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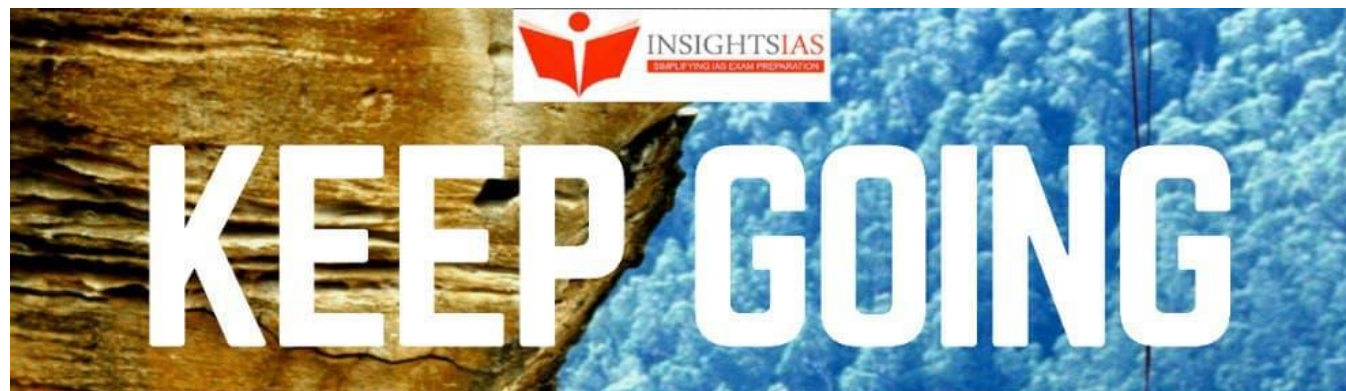
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AT TIMES, YOU MAY FAIL, YOU MAY FALL, YOU MAY GET DISHEARTENED. BUT KEEP GOING



1. Polity

1) Consider the following statements

1. Vice-President is a member and chairman of Council of States.
2. Vice-President can be removed only through a formal impeachment process similar to that of President.
3. Dr S. Radhakrishnan was elected as Vice President continuously for two terms.

Which of the above statements is/are correct?

- a) 3 only
- b) 1, 3
- c) 2, 3
- d) 1 only

Solution: a)

Vice-President is not a member, however he/she is the chairman of Council of States. There is no exact procedure mentioned in Indian Constitution for the removal of Vice President.

2) Consider the following statements.

1. The Constitution does not contain any procedure for the selection and appointment of the Prime Minister.
2. Sometimes, the President can exercise his/her personal discretion in the selection and appointment of the Prime Minister.

Which of the above statements is/are correct?

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

Solution: c)

The **Constitution does not contain any specific procedure for the selection and appointment of the Prime Minister**. Article 75 says only that the Prime Minister shall be appointed by the president. However, this does not imply that the president is free to appoint any one as the Prime Minister. In accordance with the **conventions of the parliamentary system** of government, the President has to appoint the leader of the majority party in the Lok Sabha as the Prime Minister. But, **when no party has a clear majority in the Lok Sabha, then the President may exercise his personal discretion** in the selection and appointment of the Prime Minister. In such a situation, the President usually appoints the leader of the largest party or coalition in the Lok Sabha as the Prime Minister and asks him to seek a vote of confidence in the House within a month. There is also one more situation when the president may have to exercise his individual judgement in the selection and appointment of the Prime Minister, that is, when the Prime Minister in office dies suddenly and there is no obvious successor.

3) Consider the following statements.

1. According to the Constitution of India, The Governor shall from time to time summon the House or each House of the Legislature of the State to meet at such time and place as he thinks fit.
2. The Governor always has to act on the aid and advice of the cabinet and cannot decide on his or her own on summoning the House.

Which of the above statements is/are correct?

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

Solution: a)

“The Governor shall from time to time summon the House or each House of the Legislature of the State to meet at such time and place as he thinks fit...” says Article 174 of the Constitution. The provision also puts on the Governor the responsibility of ensuring that the House is summoned at least once every six months.

Although it is the Governor’s prerogative to summon the House, according to Article 163, the Governor is required to act on the “aid and advice” of the Cabinet. So when the Governor summons the House under Article 174, this is not of his or her own will but on the aid and advice of the Cabinet.

There are a **few instances where the Governor can summon the House despite the refusal of the Chief Minister who heads the Cabinet.** When the Chief Minister appears to have lost the majority and the legislative members of the House propose a no-confidence motion against the Chief Minister, then the Governor can decide on his or her own on summoning the House.

But the actions of the Governor, when using his discretionary powers can be challenged in court.

4) Consider the following statements

1. Council of Ministers are collectively responsible to the Parliament.
2. Chairman of Rajya Sabha preside over a joint sitting of the two houses of the Parliament in the absence of Speaker.
3. Resignation or death of an incumbent Chief Minister dissolves the Council of Ministers.

Which of the above statements is/are correct?

- a) 1 and 3 only
- b) 1, 2 and 3
- c) 1 only
- d) 3 only

Solution: d)

Council of Ministers are collectively responsible to the Lok Sabha. Chairman of Rajya Sabha cannot preside over a joint sitting of the two houses of the Parliament in any circumstance.

5) Speaker of the Lok Sabha is the chairman of which of the following committees?

1. Business Advisory Committee
2. Rules Committee
3. Committee on Private Members’ Bills and Resolutions
4. Committee on Absence of Members from Sitzings of the House

Select the correct answer code:

- a) 1, 2, 3
- b) 1, 2
- c) 1, 3, 4
- d) 1, 2, 3, 4

Solution: b)

Speaker of the Lok Sabha is the chairman of the Business Advisory Committee, the Rules Committee and the General-Purpose Committee.

6) The representatives of union territory in the Rajya Sabha are

- a) Nominated by the President
- b) Indirectly elected by members of an electoral college specially constituted for the purpose.
- c) Nominated by the Union Territory (UT) Government
- d) Not represented in the house

Solution: b)

The representatives of union territory in the Rajya Sabha are indirectly elected by members of an electoral college specially constituted for the purpose. This election is also held in accordance with the system of proportional representation by means of the single transferable vote.

7) The term of the Lok Sabha can be extended under which of these circumstances?

1. When a national or financial emergency is in operation
2. When a new government cannot be formed even after the completion of the term of the previous Lok Sabha
3. When the Rajya Sabha approves so on a special recommendation made by the Prime Minister

Select the correct answer code:

- a) 1 only
- b) 2, 3
- c) 1, 2
- d) None of the above

Solution: d)

During National Emergency, the duration of Lok Sabha can be extended to a maximum of 1 year at a time by passing a law in the parliament. The term of 5th Lok Sabha was extended twice by passing House of the People (extension of duration) Act, 1976. However, this extension cannot continue beyond a period of six months after the Emergency ceases to operate.

However, the same is **not applicable for financial emergency**.

8) The Constitution lays down which of the following qualifications for a person to be chosen a member of the state legislature:

1. He must be a citizen of India.
2. He must be not less than 25 years of age in the case of the legislative council and legislative assembly.
3. He must make and subscribe to an oath or affirmation before the person authorised by the Election Commission.

Commission.

4. A person to be elected to the legislative assembly must be an elector for an assembly constituency in the concerned state.

Select the correct answer code:

- a) 1, 3
- b) 1, 2, 3
- c) 1, 3, 4
- d) 1, 2, 3, 4

Solution: c)

The Constitution lays down the following qualifications for a person to be chosen a member of the state legislature.

(a) He must be a citizen of India.

(b) He must make and subscribe to an oath or affirmation before the person authorised by the Election Commission for this purpose. In his oath or affirmation, he swears

- (i) To bear true faith and allegiance to the Constitution of India
- (ii) To uphold the sovereignty and integrity of India

(c) **He must be not less than 30 years of age in the case of the legislative council and not less than 25 years of age in the case of the legislative assembly.**

(d) He must possess other qualifications prescribed by Parliament.

9) When a bill is sent to the Governor after it is passed by state legislature, he can

1. Withhold his assent to the bill
2. Return the bill, including a money bill, for reconsideration of the state legislature

3. Reserve the bill for the consideration of the President

Select the correct answer code:

- a) 1, 2
- b) 2, 3
- c) 1, 3
- d) 1 only

Solution: c)

When a bill is sent to the governor after it is passed by state legislature, he can:

- (a) Give his assent to the bill, or
- (b) Withhold his assent to the bill, or
- (c) Return the bill (if it is not a money bill) for reconsideration of the state legislature. However, if the bill is passed again by the state legislature with or without amendments, the governor has to give his assent to the bill, or
- (d) Reserve the bill for the consideration of the president. In one case such reservation is obligatory, that is, where the bill passed by the state legislature endangers the position of the state high court. In addition, the governor can also reserve the bill if it is of the following nature:
 - (i) Ultra-vires, that is, against the provisions of the Constitution.
 - (ii) Opposed to the Directive Principles of State Policy.
 - (iii) Against the larger interest of the country.
 - (iv) Of grave national importance.
 - (v) Dealing with compulsory acquisition of property under Article 31A of the Constitution.

10) Which of the following schedules of the constitution gives a clear constitutional recognition to the existence of the system of "political parties" in India?

- a) Ninth Schedule
- b) Tenth Schedule
- c) Seventh Schedule
- d) Third Schedule

Solution: b)

The Tenth Schedule of the Constitution (which embodies the anti-defection law) is designed to prevent the evil or mischief of political defections motivated by the lure of office or material benefits or other similar considerations. Since the **anti-defection provisions clearly mention the existence of political parties** (and members being disqualified on leaving its membership), the Tenth schedule recognizes the system of political parties.

11) Every member of either House of Parliament, before taking his seat in the House, has to make and subscribe to an oath or affirmation before the

- a) President of India
- b) Presiding officer of the House
- c) Chief Justice of India
- d) Leader of the concerned party or coalition

Solution: a)

The oath is taken before the President or some person appointed by him for this purpose.

In his oath or affirmation, a Member of Parliament swears:

- to bear true faith and allegiance to the Constitution of India;
- to uphold the sovereignty and integrity of India; and
- to faithfully discharge the duty upon which he is about to enter.

12) Consider the following statements regarding Speaker Pro Tem.

1. She is elected by the Lok Sabha from amongst the members of the house.
2. She is responsible for chairing the meetings of Lok Sabha until the new elected Speaker becomes acquainted with the Parliamentary procedures.
3. The Speaker Pro Tem has all the powers of the Speaker.

Which of the above statements is/are correct?

- a) 3 only
- b) 1, 2
- c) 1 only
- d) None of the above

Solution: a)

As provided by the Constitution, the Speaker of the last Lok Sabha vacates his office immediately before the first meeting of the newly elected Lok Sabha. Therefore, the **President appoints a member of the Lok Sabha as the Speaker Pro Tem**. Usually, the seniormost member is selected for this.

The Speaker Pro Tem has all the powers of the Speaker. She presides over the first sitting of the newly elected Lok Sabha.

Her main duty is to administer oath to the new members. She also enables the House to elect the new Speaker. When the new Speaker is elected by the House, the office of the Speaker Pro Tem ceases to exist. Hence, this office is a temporary office, existing for a few days.

13) Which of the following are usually mentioned as arguments against having a second house in the State Legislature?

1. Unlike Rajya Sabha which has substantial powers to shape legislation, Legislative Councils lack the constitutional mandate to do so.
2. As regards Money bills, only fourteen days' delay can be caused by the Council, which is more or less a formality rather than a barrier in the way of Money Bill passed by the Assembly.

Select the correct answer code:

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

Solution: c)

Arguments against having a second house:

- Rather than fulfilling the lofty objective of getting intellectuals into the legislature, the forum is likely to be used to accommodate party functionaries who fail to get elected.
- Unlike Rajya Sabha which has substantial powers to shape non-financial legislation, Legislative Councils lack the constitutional mandate to do so. **Legislative Assemblies have the power to override suggestions/amendments made to a legislation by the Council.**
- While Rajya Sabha MPs can vote in the election of the President and Vice-President, members of Legislative Councils can't. MLCs also can't vote in the elections of Rajya Sabha members.
- As regards Money bills, only fourteen days' delay can be caused by the Council, which is more or less a formality rather than a barrier in the way of Money Bill passed by the Assembly.

14) Consider the following statements.

1. The Constitution requires that a person must prove his majority in the legislative assembly before he is appointed as the Chief Minister.
2. Only a person who is a member of the legislative assembly can be appointed as Chief Minister.

Which of the above statements is/are correct?

- a) 1 only
- b) 2 only
- c) Both 1 and 2

d) Neither 1 nor 2

Solution: d)

The governor may first appoint him as the Chief Minister and then ask him to prove his majority in the legislative assembly within a reasonable period. This is what has been done in a number of cases.

A person who is not a member of the state legislature can be appointed as Chief Minister for six months, within which time, he should be elected to the state legislature, failing which he ceases to be the Chief Minister. According to the Constitution, **the Chief Minister may be a member of any of the two Houses of a state legislature.**

15) Consider the following statements.

1. The Tenth Schedule was inserted into Constitution in 1985 by 42nd Amendment Act.
2. The anti-defection law allows the Speaker/Chairperson to disqualify such a member who goes against the voting directions of the whip.
3. Anti-defection law provides stability to the government by preventing shifts of party allegiance.

Which of the above statements is/are correct?

- a) 3 only
- b) 1, 2
- c) 2, 3
- d) 1, 2, 3

Solution: c)

The Tenth Schedule was inserted in the Constitution in 1985 by **the 52nd Amendment Act.**

It lays down the process by which legislators may be disqualified on grounds of defection by the Presiding Officer of a legislature based on a petition by any other member of the House.

The decision on question as to disqualification on ground of defection is referred to the Chairman or the Speaker of such House, and **his/her decision is final and can be challenged in the court.**

Advantages of anti-defection law:

Provides stability to the government by preventing shifts of party allegiance.

Ensures that candidates remain loyal to the party as well the citizens voting for him.

Promotes party discipline.

In India, rebelling against a three-line whip can put a lawmaker's membership of the House at risk.

The anti-defection law allows the Speaker/Chairperson to disqualify such a member; the only exception is when more than a third of legislators vote against a directive, effectively splitting the party.

16) Consider the following statements regarding appointment of Supreme Court judges.

1. The Chief Justice of India and the Judges of the Supreme Court are appointed by the President of India.
2. Whenever there is any doubt about the senior most Judge to hold the office of the Chief Justice of India, the matter is decided by the Parliament.
3. For appointing Judges of the Supreme Court, the recommendation of collegium to the President is binding during first instance.

Which of the above statements is/are correct?

- a) 1 only
- b) 1, 2
- c) 1, 3
- d) 1, 2, 3

Solution: a)

The **Chief Justice of India and the Judges of the Supreme Court** are appointed by the **President** under clause (2) of **Article 124** of the Constitution.

- The names are recommended by the **Collegium**.
- The collegium sends its final recommendation to the President of India for approval. The President can either accept it or reject it. In the case it is rejected, the recommendation comes back to the collegium. If the collegium reiterates its recommendation to the President, then he/she is bound by that recommendation.
- Appointment to the office of the Chief Justice of India should be of the senior most Judge of the Supreme Court considered fit to hold the office.
- Whenever there is any doubt about the fitness of the senior most Judge to hold the office of the Chief Justice of India, consultation with other Judges as envisaged in Article 124 (2) of the Constitution would be made for appointment of the next Chief Justice of India.

Source

17) Consider the following statements regarding mandamus.

1. In India, the Supreme Court and High courts can issue prerogative writs under Article 32 of the Constitution.
2. The writ of mandamus cannot be issued unless the legal duty is of public nature, and to whose performance the applicant of the writ has a legal right.
3. Mandamus cannot be granted against the President or Governor of a State.

Which of the above statements is/are correct?

- a) 1, 2
- b) 1, 3
- c) 2, 3
- d) 2 only

Solution: c)

The Supreme Court has ruled that reservation in the matter of promotions in public posts **is not a fundamental right**, and a state cannot be compelled to offer the quota if it chooses not to.

“There is no fundamental right which inheres in an individual to claim reservation in promotions. No mandamus can be issued by the court directing state governments to provide reservations,”

Mandamus is among the “prerogative writs” in English common law — meaning the extraordinary writs or orders granted by the Sovereign when ordinary legal remedies are inadequate. These are habeas corpus, mandamus, prohibition, certiorari, and quo warranto.

In India, the Supreme Court can issue prerogative writs under Article 32 of the Constitution, and the High Courts under Article 226.

Mandamus literally means ‘we command’. When issued to a person or body, the writ of mandamus demands some activity on their part. It orders the person or body to perform a public or quasi-public duty, which they have refused to perform, and where no other adequate legal remedy exists to enforce the performance of that duty.

The writ cannot be issued unless the legal duty is of public nature, and to whose performance the applicant of the writ has a legal right.

The remedy is of a discretionary nature — a court can refuse to grant it when an alternative remedy exists. However, for enforcing fundamental rights, the alternative remedy argument does not hold as much weight, since it is the duty of the Supreme Court and the High Courts to enforce fundamental rights.

When a public officer or government does an act that violates the fundamental right of a person, the court would issue a writ of mandamus against such authorities so that the person’s rights are not infringed.

The writ can also be issued against inferior courts or other judicial bodies when they have refused to exercise their jurisdiction and perform their duty.

Under Article 361, mandamus cannot be granted against the President or Governor of a State, "for the exercise and performance of the powers and duties of his office or for any act done or purporting to be done by him in the exercise and performance of those powers and duties".

The writ also cannot be issued against a private individual or body, except where the State is in collusion with the private party for contravening a provision of the Constitution or a statute.

18) Which of the following statements is/are incorrect regarding Judicial Review?

1. Indian Constitution confers the power of judicial review to Supreme Court only.
2. The purpose of the judicial review is to review constitutional amendments only.
3. Judicial review is not a part of the basic structure of the constitution.

Select the correct answer code:

- a) 1 only
- b) 2, 3
- c) 1, 2, 3
- d) None of the above

Solution: c)

In India the Constitution confers the **power of judicial review on the judiciary (both the Supreme Court as well as High Courts)**. Further, the Supreme Court has declared the power of judicial review as a basic feature of the Constitution or an element of the **basic structure of the Constitution**. Hence, the power of judicial review cannot be curtailed or excluded even by a constitutional amendment.

Judicial review can be classified into the following three categories:

1. Judicial review of constitutional amendments.
2. Judicial review of legislation of the Parliament and State Legislatures and subordinate legislations.
3. Judicial review of administrative action of the Union and State and authorities under the state.

19) Consider the following with reference to the impeachment of a high court judge.

1. The procedure for the impeachment of a judge of a high court is the same as that for a judge of the Supreme Court.
2. The Speaker or Chairman of the house may refuse to admit a motion for the impeachment of a high court judge.
3. No judge of a high court has been impeached so far.
4. Only the Chief Justice of India can pass the final order for the removal of a high court judge post-impeachment.

Select the correct answer code:

- a) 1, 2, 3
- b) 3, 4
- c) 1, 2
- d) 1, 3

Solution: a)

The Judges Enquiry Act (1968) regulates the procedure relating to the removal of a judge of a high court by the process of impeachment.

A removal motion signed by 100 members (in the case of Lok Sabha) or 50 members (in the case of Rajya Sabha) is to be given to the Speaker/Chairman.

The Speaker/Chairman may admit the motion or refuse to admit it.

If it is admitted, then the Speaker/Chairman is to constitute a three-member committee to investigate into the charges.

The procedure is same for a SC judge.

After the motion is passed by each House of Parliament by special majority, an address is presented to the president for removal of the judge.

Finally, the president passes an order removing the judge.

20) The High Court defends

1. Fundamental rights
2. Constitutional rights
3. Statutory rights

Select the correct answer code:

- a) 1 only
- b) 1, 2
- c) 1, 2, 3
- d) 2 only

Solution: c)

For instance, if a person's "Right to Vote" is infringed, he can move the High court for infringement of a constitutional right. SC cannot be approached for issuing a writ petition.

High court also enforces legal rights, and should be approached in case of its infringement.

Fundamental rights are enforced by both SC and HCs.

21) Consider the following statements regarding Review Petition.

1. According to the Indian Constitution, *the Supreme Court has* the power to review any of its judgments or orders.
2. Any person aggrieved by a ruling can seek a review.
3. *The court exercises* its discretion to allow a review petition only when it shows the grounds for seeking the review.

Which of the above statements is/are correct?

- a) 1, 2
- b) 1, 3
- c) 2, 3
- d) 1, 2, 3

Solution: d)

Under *Article 137*, the Supreme Court has *the power to review any of its judgments or orders*.

When a review takes place, the law is that *it is allowed not to take fresh stock of the case but to correct grave errors that have resulted in the miscarriage of justice*.

The court has *the power to review its rulings to correct a "patent error" and not "minor mistakes of inconsequential import"*.

Who can file a review petition?

As per the Civil Procedure Code and the Supreme Court Rules, *any person aggrieved by a ruling can seek a review*. However, the court exercises *its discretion to allow a review petition only when it shows the grounds for seeking the review*.

22) With reference to the power of judicial review of high courts, consider the following statements

1. High court can review the laws enacted by state legislatures only and not the ones enacted by the Parliament.
2. High court cannot interpret the Constitution while reviewing any law or order passed by the government, as Supreme Court is the sole interpreter of Constitution.

Which of the above statements is/are correct?

- a) 1 only
- b) 2 only

- c) Both 1 and 2
- d) Neither 1 nor 2

Solution: d)

Both the statements are incorrect. High court can review the laws enacted by Parliament. High court can interpret the Constitution while reviewing any law or order passed by the government.

23) Consider the following statements.

1. The writ jurisdiction of the high court is not exclusive but concurrent with the writ jurisdiction of the Supreme Court.
2. Writ jurisdiction of both the high court and the Supreme Court constitute a part of the basic structure of the Constitution.

Which of the above statements is/are correct?

- a) 1 only
- b) 2 only
- c) Both 1 and 2
- d) None of the above

Solution: c)

The writ jurisdiction of the high court (under Article 226) is not exclusive but concurrent with the writ jurisdiction of the Supreme Court (under Article 32). It means, when the fundamental rights of a citizen are violated, the aggrieved party has the option of moving either the high court or the Supreme Court directly. But, the Supreme Court can issue writs only for the enforcement of fundamental rights and not for any other purpose, that is, it does not extend to a case where the breach of an ordinary legal right is alleged. This is valid for both centre/state laws/rules/regulations.

24) A judge of the Supreme Court can be removed from his Office by an order of the president after an address by Parliament has been presented to him in the same session for such removal supported by

- a) Special majority in Lok Sabha only
- b) Absolute majority in both Houses of Parliament
- c) Simple majority in each house of Parliament approved by the Presiding officer of the House
- d) Special majority in both Houses of Parliament

Solution: d)

The President can issue the removal order only after an address by Parliament has been presented to him in the same session for such removal.

The address must be supported by a special majority of each House of Parliament (i.e., a majority of the total membership of that House and a majority of not less than two-thirds of the members of that House present and voting).

The grounds of removal are two—proved misbehaviour or incapacity.

The Judges Enquiry Act (1968) regulates the procedure relating to the removal of a judge of the Supreme Court by the process of impeachment.

25) The Constitution has made which of the following provisions to safeguard and ensure the independent and impartial functioning of the Supreme Court?

1. The judges of the Supreme Court are provided with the Security of Tenure.
2. Their service conditions cannot be changed to their disadvantage after their appointment even during a financial emergency.
3. The salaries, allowances and pensions of judges cannot be discussed and are non-votable by the Parliament.

Select the correct answer code:

- a) 1, 2

- b) 2, 3
- c) 1 only
- d) 1, 2, 3

Solution: c)

They can be removed from office by the President only in the manner and on the grounds mentioned in the Constitution. This means that they do not hold their office during the pleasure of the President, though they are appointed by him.

While it cannot be changed during normal circumstances, it can be changed during a financial emergency.

The salaries, allowances, privileges, leave and pension of the judges of the Supreme Court are determined from time to time by the Parliament.

They can be discussed, but they are non-votable.

They are expenses Charged on Consolidated Fund of India.

26) The powers and the independence of the Indian judiciary allow it to act as the guardian of Indian democracy. What are these powers?

1. Anyone can approach the higher judiciary if public interest is hurt by the actions of government.
2. Higher Judiciary can issue directives to check malpractices on the part of public officials.

Which of the above statements is/are correct?

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

Solution: c)

Statement 1: This is called public interest litigation. The courts intervene to prevent the misuse of the government's power to make decisions. For e.g. the first PIL was filed on the poor living condition of the jail inmates, the court took immediate action on the issue.

Statement 2: Courts can issue writs of Mandamus to warn public officials of lapse of duty and unruly behaviour. They can also order them to perform certain functions, for e.g. ensuring passenger safety on roads or safety of women at workplaces (Vishakha guidelines).

27) Consider the following statements.

1. The writ jurisdiction of the high court is not exclusive but concurrent with the writ jurisdiction of the Supreme Court.
2. Writ jurisdiction of both the high court and the Supreme Court constitute a part of the basic structure of the Constitution.

Which of the above statements is/are correct?

- a) 1 only
- b) 2 only
- c) Both 1 and 2
- d) None of the above

Solution: c)

The writ jurisdiction of the high court (under Article 226) is not exclusive but concurrent with the writ jurisdiction of the Supreme Court (under Article 32). It means, when the fundamental rights of a citizen are violated, the aggrieved party has the option of moving either the high court or the Supreme Court directly. But, the Supreme Court can issue writs only for the enforcement of fundamental rights and not for any other purpose, that is, it does not extend to a case where the breach of an ordinary legal right is alleged. This is valid for both centre/state laws/rules/regulations.

28) Consider the following statements about Leader of the House.

1. The term Leader of the House has been defined in the Constitution of India.
2. Leader of the House, *in the Lok Sabha is the prime Minister by default, if he is a Member of that House.*
3. The *Leader of the Lok Sabha never sits in the Business advisory Committee.*

Which of the above statements is/are correct?

- a) 1, 2
- b) 1, 3
- c) 2 only
- d) 2, 3

Solution: d)

The term Leader of the House has been defined in Rules of Procedure of the Lok Sabha and the Rajya Sabha. Leader of the House, according to Rule 2 of the Rules of Procedure and Conduct of Business in the Lok Sabha means the prime Minister, if he is a Member of the House or a Minister who is a Member of the House and is nominated by the Prime Minister to function as the Leader of the House.

The Prime Minister is invariably the Leader of the Lok Sabha.

The Leader of the Lok Sabha, viz., Prime Minister, never sits in the Business advisory Committee; he or she is represented by the Minister for Parliamentary Affairs in the Business Advisory Committee. The Leader of the House in the Rajya Sabha is generally a member of the Business Advisory Committee (BAC). In the event, he is not a member of the BAC, he is invited to attend its meetings.

29) Consider the following statements.

1. National Human Rights Commission (NHRC) can take suo motu cognisance and issue notices to central ministries, states and Union Territories on the issue of public health infrastructure in the country.
2. Right to live with human dignity is part of Right to Life and it is the Constitutional duty of the Central/State Governments to ensure that Right to Life is guaranteed.

Which of the above statements is/are correct?

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

Solution: c)

The National Human Rights Commission (NHRC) recently issued notices to the Union Health and Family Welfare Ministry (MoHFW), and all States and Union Territories, over what it termed was the “deplorable public health infrastructure in the country”.

The NHRC took suo motu cognisance of several media reports on recent deaths across the country due to “deficiencies and inadequacies in the healthcare system”.

“The Commission has reminded the Central/State Governments of their constitutional duty under Article 21 of the Constitution under which Right to Life is guaranteed.

Quoting the Supreme Court of India, the Commission has observed that right to live with human dignity is part of Right to Life.

30) The practice of “Fiscal Federalism” in India involves

- a) Distribution of financial powers between Centre and States
- b) Devolution of central pool to states
- c) Setting up of Finance Commission every five years
- d) All of the above

Solution: d)

Federalism refers to the division of responsibilities and functions between the Centre and States. Fiscal federalism is an important component of federalism. It refers to all financial matters conducted between the Centre and states with a view of a political federal structure in mind. For e.g. the 14th FC radically enhanced the share of the states in the central divisible pool from 32 percent to 42 per cent which is the biggest ever increase in vertical tax devolution. This is supposed to strengthen fiscal federalism.

31) Which of the following directives is/are outside the Part IV of the Indian Constitution?

1. Claims of SC and ST to public services
2. Instruction in mother tongue to linguistic minority children
3. Development of the Hindi Language

Select the correct answer codes:

- a) 1 only
- b) 1, 2
- c) 2, 3
- d) 1, 2, 3

Solution: d)

Apart from the Directives included in Part IV, there are some other Directives contained in other Parts of the Constitution. They are:

1. **Claims of SCs and STs to Services:** The claims of the members of the Scheduled Castes and the Scheduled Tribes shall be taken into consideration, consistently with the maintenance of efficiency of administration, in the making of appointments to services and posts in connection with the affairs of the Union or a State (Article 335 in Part XVI)
2. **Instruction in mother tongue:** It shall be the endeavor of every state and every local authority within the state to provide adequate facilities for instruction in the mother-tongue at the primary stage of education to children belonging to linguistic minority groups (Article 350-A in Part XVII).
3. **Development of the Hindi Language:** It shall be the duty of the Union to promote the spread of the Hindi language and to develop it so that it may serve as a medium of expression for all the elements of the composite culture of India (Article 351 in Part XVII)

32) Consider the following statements.

1. Each village, demarcated as per the Census, must have its own dedicated Gram Sabha and Gram Panchayat.
2. Anyone who is eligible to vote in Lok Sabha elections from a particular village can also vote in Gram Panchayat elections.

Which of the above statements is/are correct?

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

Solution: b)

The Gram Sabha is a meeting of all adults who live in the area covered by a Panchayat. This could be **only one village or a few villages**. In some states, a village meeting is held for each village. Anyone who is 18 years old or more and who has the right to vote is a member of the Gram Sabha. These adults also have a right to vote in Lok Sabha (LS) elections.

33) What was/were the essential changes brought by the 73rd constitutional amendment Act in the Panchayati Raj system in India?

1. Panchayats were created by Act as they did not exist in Independent India.
2. Panchayati Raj System received constitutional status.

3. It fixed the size of Panchayats and granted executive power to the panchayats.

Select the correct answer code:

- a) 1, 2
- b) 2 only
- c) 1, 3
- d) 1, 2, 3

Solution: b)

Rajasthan was the first state to establish Panchayati Raj in 1959. Other states also followed suit.

Though most of the states created panchayati raj institutions by mid 1960s, there were differences from one state to another with regard to the number of tiers, relative position of samiti and parishad, their tenure, composition, functions, finances and so on.

The 73rd Act harmonized all the systems into a common structure and granted PRIs constitutional status.

Panchayat is elected from area wards, and its size is not fixed by the constitution.

34) A State Legislature may provide for the representation of which of the following persons in a municipality?

- 1. MLAs or MPs eligible to get elected from the municipal area
- 2. Teachers and graduates living within the municipal area
- 3. Persons having special knowledge or experience in municipal administration

Select the correct answer code:

- a) 1, 2
- b) 2, 3
- c) 1 only
- d) 1, 2, 3

Solution: c)

The provision is made to augment municipal administration and the municipality may include:

- Persons having special knowledge or experience in municipal administration without the right to vote in the meetings of municipality.
- The members of the Lok Sabha and the state legislative assembly representing constituencies that comprise wholly or partly the municipal area.
- The members of the Rajya Sabha and the state legislative council registered as electors within the municipal area.
- The chairpersons of committees (other than wards committees).

35) With reference to the 'Cantonment' boards, which of the following statements is/are correct?

- 1. It is established for municipal administration for civilian population in the cantonment area.
- 2. It works under the administrative control of the Ministry of Housing and Urban Affairs.

Select the correct answer code:

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

Solution: a)

A cantonment board is **established for municipal administration for civilian population in the cantonment area.**

It is set up under the provisions of the Cantonments Act of 2006—a legislation enacted by the Central government. **It works under the administrative control of the defence ministry** of the Central government.

36) The 97th constitutional amendment act

1. Gave a constitutional status and protection to cooperative societies
2. Made the right to form co-operative societies a fundamental right under Article 19
3. Included a new Directive Principle of State Policy on promotion of co-operative societies

Select the correct answer code:

- a) 1, 2, 3
- b) 1, 3
- c) 1, 2
- d) 2, 3

Solution: a)

The 97th Constitutional Amendment Act of 2011 gave a constitutional status and protection to co-operative societies. In this context, it made the following three changes in the constitution:

1. **It made the right to form co-operative societies a fundamental right** (Article 19).
2. **It included a new Directive Principle of State Policy on promotion of cooperative societies** (Article 43-B2).
3. It added a new Part IX-B in the Constitution which is entitled "The Cooperative Societies" (Articles 243-ZH to 243-ZT).

37) The subject of 'urban local government' in Union Territories (UT) is dealt by the

- a) Union Ministry of Minority Affairs
- b) Union Ministry of Home Affairs
- c) Union Ministry of Defence
- d) Union Ministry of Urban Development

Solution: b)

Under the Government of India (Allocation of Business) Rules, 1961, certain subjects pertaining to the UTs have been allocated to the Ministry of Home Affairs.

The Union Territory Division of the MoHA deals with all legislative and constitutional matters relating to Union Territories, including National Capital Territory of Delhi.

Ministry of Defence deals with cantonments boards only in the context of urban local government.

Ministry of Urban Development deals with the same subject in States of India.

38) A State can be designated into a Union Territory (UT) through

- a) by an executive order of the President
- b) by a law enacted by the Parliament
- c) by a constitutional amendment made by Parliament and agreed by the President
- d) by a resolution passed by the Legislatures of the concerned states and assented to by the President

Solution: b)

Article 2 of the Constitution says that Parliament may by law admit into the Union, or establish, new States on such terms and conditions, as it thinks fit.

The power conferred on Parliament by clause (a) includes the power to form a new State or Union territory by uniting a part of any State or Union territory to any other State or Union territory.

39) The Governor is authorised to

1. Direct that any particular Act of Parliament or of the Legislature of the State shall not apply to a Scheduled Area or apply with modifications

2. Make regulations to prohibit or restrict the transfer of land by or among members of the Scheduled Tribes

Which of the above statements is/are correct?

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

Solution: c)

- The Governor may, by public notification, direct that any particular Act of Parliament or of the Legislature of the State shall or shall not apply to a SA or any part thereof in the State, subject to such exceptions and modifications, as specified. The Governor may make regulations for the peace and good government of any area in the State which is for the time being a SA. Such regulations may
 - prohibit or restrict the transfer of land by or among members of the Scheduled tribes in such area;
 - regulate the allotment of land to members of the STs in such area;
 - regulate the carrying on of business as money-lender by persons who lend money to members of the STs in such area.

40) Consider the following statements:

1. The Tribes Advisory Councils have been constituted only in the Scheduled Areas States.
2. It shall be the duty of the Tribes Advisory Council to advise on such matters pertaining to the welfare and advancement of the Scheduled Tribes in the State as may be referred to them by the Chief Minister of concerned state.

Which of the above statements is/are correct?

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

Solution: d)

The Tribes Advisory Councils have been constituted in the Scheduled Areas States i.e. Andhra Pradesh, Telangana, Chhattisgarh, Gujarat, Jharkhand, Himachal Pradesh, Madhya Pradesh, Maharashtra, Odisha and Rajasthan and **non-Scheduled Areas States of Tamil Nadu and West Bengal**. With regard to the Tribes Advisory Council, the Para 4 (1) of the Fifth Schedule to the Constitution envisages that "There shall be established in each State having Scheduled Areas therein and, if the President so directs, also in any State having Scheduled Tribes but not Scheduled Areas therein. **In terms of clause (2) of Para 4 of the Fifth Schedule, it shall be the duty of the Tribes Advisory Council to advise on such matters pertaining to the welfare and advancement of the Scheduled Tribes in the State as may be referred to them by the Governor.**

41) Consider the following pairs.

Union Territory		Name of the High Court
1. Andaman and Nicobar Islands	:	Madras High Court
2. Lakshadweep Islands	:	Kerala High Court
3. Daman and Diu	:	Gujarat High Court

Which of the above pairs is/are correctly matched?

- a) 2 only
- b) 1, 3
- c) 2, 3
- d) 1, 2, 3

Solution: a)

- Territorial Jurisdiction of Bombay High Court: Maharashtra, Goa, Dadra and Nagar Haveli and Daman and Diu
- Territorial Jurisdiction of Calcutta High Court: West Bengal and Andaman and Nicobar Islands.
- Territorial Jurisdiction of Kerala High Court: Kerala and Lakshadweep.

42) Consider the following statements.

1. The Constitution gives the President of India the power to address either House or a joint sitting of the two Houses of Parliament.
2. When the Constitution came into force, the President was required to address each session of Parliament.
3. The 42nd Amendment of the Constitution made that the President shall address both Houses of Parliament only once a year.

Which of the above statements is/are correct?

- a) 1, 2
- b) 1 only
- c) 1, 3
- d) 2, 3

Solution: a)

The Constitution gives the President the power to address either House or a joint sitting of the two Houses of Parliament.

Article 87 provides two special occasions on which the President addresses a joint sitting.

- The first is to address the opening session of a new legislature after a general election.
- The second is to address the first sitting of Parliament each year.

When the Constitution came into force, the President was required to address each session of Parliament. So, during the provisional Parliament in 1950, President Prasad gave an address before every session. **The First Amendment to the Constitution in 1951 changed this position and made the President's address once a year.**

43) Consider the following statements regarding Public Account of India.

1. Public Account of India accounts for flows for those transactions where the Union government acts as a banker.
2. It includes state provident funds and small savings deposits.
3. Expenditures from Public Account of India require the approval of the parliament.

Which of the above statements is/are correct?

- a) 1, 3
- b) 1, 2
- c) 2 only
- d) 2, 3

Solution: b)

Public Account of India accounts for flows for those transactions where the government is merely acting as a banker. This fund was constituted under Article 266 (2) of the Constitution.

Examples of those are **provident funds, small savings** and so on. These funds do not belong to the government. They have to be paid back at some time to their rightful owners. Because of this nature of the fund, **expenditures from it are not required to be approved by the Parliament.**

44) Consider the following statements regarding National Commission for Backward Classes (NCBC).

1. National Commission for Backward Classes is a non-constitutional body under the Ministry of Social Justice and Empowerment.
2. The commission was the outcome of Indra Sawhney & Ors. Vs. Union of India.

3. The commission considers inclusions in and exclusions from the lists of communities notified as backward for the purpose of job reservations.

4. The commission have the same powers as a Civil Court.

Which of the above statements is/are correct?

- a) 1, 2, 3
- b) 2, 3, 4
- c) 3, 4
- d) 1, 3, 4

Solution: b)

National Commission for Backward Classes is a constitutional body (123rd constitutional amendment bill 2017 and 102nd amendment 2018 in constitution to make it constitutional body) (Article 338B of the Indian Constitution) **under Ministry of Social Justice and Empowerment** established on 14 August 1993. It was constituted pursuant to the provisions of the National Commission for Backward Classes Act, 1993.

The commission was the outcome of Indra Sawhney & Ors. Vs. Union of India.

The commission considers inclusions in and exclusions from the lists of communities notified as backward for the purpose of job reservations and tenders the needful advice to the Central Government as per Section 9(1) of the NCBC Act, 1993. Similarly, the states have also constituted commissions for BC's.

The National Commission for Backward Classes, National Commission for Scheduled Castes as well as National Commission for Scheduled Tribes have the same **powers as a Civil Court.**

45) Consider the following statements regarding Puducherry Legislative Assembly.

1. The Puducherry Legislative Assembly is the unicameral legislature.

2. The members of the legislative assembly are both elected directly by the people on the basis of universal adult franchise and nominated by the Government of India.

Which of the above statements is/are correct?

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

Solution: c)

Exercising the power given by the Constitution, the central government made The Government of Union Territories Act, 1963. This law specifies that the Puducherry legislature will have 30 elected MLAs, and a maximum of three MLAs nominated by the central government. The law also specifies that the nominated persons should not be government employees.

46) Consider the following statements regarding Law Commission of India.

1. The Law Commission of India is a statutory body constituted by the Government of India from time to time.

2. The commission is re-constituted every five years.

3. The Law Commission shall suo-motu, undertake research in law and review of existing laws in India.

Which of the above statements is/are incorrect?

- a) 1, 2
- b) 1, 3
- c) 2, 3
- d) None of the above

Solution: a)

The Law Commission shall, on a reference made to it by the Central Government or **suo-motu, undertake research in law and review of existing laws in India** for making reforms therein and enacting new legislations. It shall also undertake studies and research for bringing reforms in the justice delivery systems for elimination of delay in procedures, speedy disposal of cases, reduction in cost of litigation etc.

The Law Commission of India is a non-statutory body constituted by the Government of India from time to time. The Commission was originally constituted in 1955 and is **re-constituted every three years**.

The Union Cabinet had approved Twenty-second Law Commission of India for a period of three years from the date of publication of the Order of Constitution in the Official Gazette.

47) Consider the following statements.

1. The absentee voter refers to a vote cast by someone who is unable to go to the polling station.

2. The power to include any category of persons like disabled and people over 80 years of age in the absentee voter list lies with the Election Commission of India.

Which of the above statements is/are correct?

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

Solution: a)

On the recommendation of the Election Commission, the **Ministry of Law and Justice can amend the Conduct of Election Rules, 1961, for allowing senior citizens and person with disabilities in the absentee voter list.**

The absentee voter refers to a vote cast by someone who is unable to go to the polling station.

48) Consider the following statements regarding Urban local bodies.

1. Since the enactment of 74th Constitution Amendment Act, elections to urban local bodies is held once in every five years in all states in India.

2. As per the amended Municipal Corporation Act of 1888, Mayors are directly elected by the people in all states.

Which of the above statements is/are incorrect?

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

Solution: c)

In some States, elections to urban local bodies have not been held for years, defeating the lofty goal of decentralised governance.

In some states like Bihar, Chhattisgarh, Jharkhand, Madhya Pradesh, Odisha, Uttar Pradesh and Uttarakhand; Mayors are directly elected by the people.

49) Consider the following statements regarding Star campaigner.

1. Only a recognised political party can have a Star campaigner.

2. The list of star campaigners has to be communicated to the Chief Electoral Officer and Election Commission within a week from the date of notification of an election.

3. Only President can remove the leaders from the political party's list of star campaigners.

Which of the above statements is/are correct?

- a) 1, 2
- b) 2 only

- c) 1, 3
- d) 2, 3

Solution: b)

The Election Commission (EC) has removed many leaders from *the party's list of star campaigners*.

Who is a star campaigner?

A recognised political party can have 40 star campaigners and an unrecognised (but registered) political party can have 20. The list of star campaigners has to be communicated to the Chief Electoral Officer and Election Commission within a week from the date of notification of an election.

The expenditure incurred on campaigning by such notified star campaigners is exempt from being added to the election expenditure of a candidate. However, this only applies when a star campaigner limits herself to a general campaign for the political party she represents.

50) The Vice-president of India is elected by the electoral college consisting of

1. Elected Members of the Parliament.
2. Nominated Members of the Parliament.
3. Elected Members of State Legislative Assemblies

Select the correct answer code:

- a) 1, 3
- b) 1 only
- c) 1, 2
- d) 1, 2, 3

Solution: c)

The Vice-President is elected by the method of indirect election. He is elected by the members of an electoral college consisting of the members of both Houses of Parliament. Thus, this electoral college is different from the electoral college for the election of the President in the following two respects:

1. It consists of both elected and nominated members of the Parliament (in the case of president, only elected members).
2. It does not include the members of the state legislative assemblies (in the case of President, the elected members of the state legislative assemblies are included).

51) Consider the following statements about Election Commission of India.

1. Election Commission of India is a permanent Constitutional Body.
2. The Chief Election Commissioner can be removed from office only through impeachment by Parliament.
3. If elections are being held only for the State Legislature, the expenditure is borne entirely by the concerned State.

Which of the above statements is/are correct?

- a) 1, 3
- b) 1 only
- c) 1, 2
- d) 1, 2, 3

Solution: d)

The Constitution of India has vested in the Election Commission of India the superintendence, direction and control of the entire process for conduct of elections to Parliament and Legislature of every State and to the offices of President and Vice-President of India.

Election Commission of India is a permanent Constitutional Body. The Election Commission was established in accordance with the Constitution on 25th January 1950.

The President appoints Chief Election Commissioner and Election Commissioners. They have tenure of six years, or up to the age of 65 years, whichever is earlier. They enjoy the same status and receive salary and perks as available to Judges of the Supreme Court of India. **The Chief Election Commissioner can be removed from office only through impeachment by Parliament.**

If elections are being held only for the Parliament, the expenditure is borne entirely by the Union Government while for the **elections being held only for the State Legislature, the expenditure is borne entirely by the concerned State.** In case of simultaneous elections to the Parliament and State Legislature, the expenditure is shared equally between the Union and the State Governments. For Capital equipment, expenditure related to preparation for electoral rolls and the scheme for Electors' Identity Cards too, the expenditure is shared equally.

52) Consider the following statements.

1. The Official language of an Indian state is confined to the languages listed in the Eighth Schedule of the Constitution.
2. The Constitution specifies the official language of different states.

Which of the above statements is/are incorrect?

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

Solution: c)

The legislature of a state may adopt **any one or more of the languages in use in the state or Hindi as the official language of that state.**

- It is not necessary that states adopt Hindi as their official language.
- For e.g. Goa has adopted Marathi in addition to Konkani. Certain north-eastern States like Meghalaya, Arunachal Pradesh and Nagaland have adopted English.
- Also, **the choice of the state is not limited to the languages enumerated in the Eighth Schedule of the Constitution** (including Hindi).

53) Consider the following statements about the Civil Services created by the Constitution of India.

1. An officer of All-India services cannot be dismissed by any authority in India other than the President of India.
2. A civil servant cannot be dismissed or removed by an authority subordinate to that by which he was appointed.

Which of the above statements is/are correct?

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

Solution: c)

As per the constitution, a civil servant cannot be dismissed or removed by an authority subordinate to that by which he was appointed. **Since, the Central government makes their appointment on the warrant of the President, they can't be removed by anyone other than the President.**

However, the all-India services are controlled jointly by the Central and state governments.

The ultimate control lies with the Central government while the immediate control is vested in the state governments.

Any disciplinary action (imposition of penalties or removal or reduction in rank) against these officers can only be taken by the Central government.

54) Consider the following statements

1. Article 341 of the Constitution provides certain privileges and concessions to the members of Scheduled Castes.
2. President alone is vested with the power to include or exclude any entry in the Scheduled Castes (SC) list.
3. There is provision for the reservation of Scheduled Castes both in the Lok Sabha and Rajya Sabha.

Which of the above statements is/are correct?

- a) 1 only
- b) 2 only
- c) 2, 3
- d) 1, 3

Solution: a)

Article 341 of the Constitution provides certain privileges and concessions to the members of Scheduled Castes.

Parliament alone is vested with the power to include or exclude any entry in the SC list under Article 341 of the Constitution.

Reservation is there only in the **Lok Sabha**.

55) Which of these constitutional provisions secure the independence of certain Constitutional bodies from the government?

1. Security of tenure
2. Fixed service conditions
3. Expenses being charged on the Consolidated Fund of India

Select the correct answer code:

- a) 1 only
- b) 1, 2, 3
- c) 2, 3
- d) 1, 2

Solution: b)

The Constitution ensures the independence of these bodies through various provisions like **security of tenure, fixed service conditions, expenses being charged on the Consolidated Fund of India**, and so on.

For instance, Chief election Commissioner can only be removed from office on proved misbehaviour or incapacity, which are the same grounds as that for a Supreme Court Judge.

CEC Service conditions cannot be varied after appointment, and the recommendation of CEC is needed to remove ECs/regional commissioners.

56) Which of the following bodies have the leader of the opposition in Rajya Sabha, in their appointment committees?

- a) The National Human Rights Commission
- b) The Central Vigilance Commission
- c) The Central Information Commission
- d) CEO of NITI Aayog

Solution: a)

The National Human Rights Commission is a statutory (and not a constitutional) body. It was established in 1993 under a legislation enacted by the Parliament, namely, the Protection of Human Rights Act, 1993.

The chairman and members are appointed by the president on the recommendations of a **six-member committee consisting of the prime minister as its head, the Speaker of the Lok Sabha, the Deputy Chairman of the Rajya Sabha, leaders of the Opposition in both the Houses of Parliament and the Central home minister.**

57) Consider the following statements.

1. It is the primary duty of the State under Article 47 of the Constitution to raise the level of nutrition and standard of living of its people.
2. Article 47 also makes provision for Prohibition of consumption except for medicinal purposes of intoxicating drinks and of other drugs which are injurious to health.

Which of the above statements is/are correct?

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

Solution: c)

Article 47: Duty of the State to raise the level of nutrition and the standard of living and to improve public health. The State shall regard the raising of the level of nutrition and the standard of living of its people and the improvement of public health as among its primary duties and, in particular, the State shall endeavour to bring about prohibition of the consumption except for medicinal purposes of intoxicating drinks and of drugs which are injurious to health.

58) Parliament can make laws on the subjects enumerated in the state list to give effect to international agreements, treaties and conventions with

- a) Consent of the states concerned
- b) Consent of majority of the states
- c) Consent of all the states
- d) Without the consent of any state

Solution: d)

Article 253 - Parliament has power to make any law for the whole or any part of the territory of India for implementing any treaty, agreement or convention with any other country or countries or any decision made at any international conference, association or other body.

59) Consider the following statements regarding Emergency Provisions in Indian Constitution

1. All types of emergency proclaimed by the President has to be approved by the Parliament.
2. Financial emergency is in operation indefinitely till the President revokes it
3. In the case of National emergency, approval of half of the state's legislature and Parliament is required.

Which of the above statements is/are correct?

- a) 1 only
- b) 1, 2
- c) 2, 3
- d) 1, 2, 3

Solution: b)

National Emergency requires approval from the parliament only.

60) Consider the following statements regarding *Privilege motion*.

1. It can be moved only in the Lok Sabha.
2. Any notice should be relating to an incident of recent occurrence.
3. The Speaker is the first level of scrutiny of a privilege motion.

Which of the above statements is/are correct?

- a) 1, 2
- b) 1, 3
- c) 2, 3

d) 1, 2, 3

Solution: c)

Parliamentary privileges are certain **rights and immunities enjoyed by members of Parliament, individually and collectively**, so that they can “effectively discharge their functions”. When any of these rights and immunities are disregarded, the offence is called a *breach of privilege* and is punishable under law of Parliament.

A notice is moved in the form of a motion by *any member of either House against those being held guilty of breach of privilege*.

A member may, with the consent of the Speaker or the Chairperson, raise a question involving a breach of privilege either of a member or of the House or of a committee thereof. The rules however mandate that *any notice should be relating to an incident of recent occurrence and should need the intervention of the House*.

The Speaker/RS chairperson is the first level of scrutiny of a privilege motion. The Speaker/Chair can decide on the privilege motion himself or herself or refer it to the privileges committee of Parliament.

61) Consider the following statements regarding Demands for Grants.

1. *The demands for grants* are presented to the Lok Sabha along with the Annual Financial Statement.
2. Regarding Union Territories without Legislature, a separate demand is presented *for each of such Union Territories*.
3. The voting of demands for grants has to be done by Lok Sabha and Rajya Sabha separately.

Which of the above statements is/are correct?

- a) 1, 2
- b) 2, 3
- c) 1, 3
- d) 1, 2, 3

Solution: a)

- Article 113 of the Constitution of India mandates that estimates of expenditure from the Consolidated Fund of India are included in the Annual Financial Statement, which are required to be voted by the Lok Sabha, and submitted in the form of demand for grants.
- The demands for grants are presented to the Lok Sabha along with the Annual Financial Statement. More than one Demand may be presented for a Ministry or Department depending on the nature of expenditure.
- Regarding Union Territories without Legislature, a separate demand is presented for each of such Union Territories.

The voting of demands for grants is the exclusive privilege of the Lok Sabha, that is, the Rajya Sabha has no power of voting the demands. The voting is confined to the votable part of the budget—the expenditure charged on the Consolidated Fund of India is not submitted to the vote (it can only be discussed).

62) Consider the following statements regarding Public Interest Litigation (PIL).

1. In a PIL, there is no determination on adjudication of individual rights.
2. It helps in expanding the meaning of fundamental right to equality, life and personal liberty.

Which of the above statements is/are correct?

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

Solution: c)

PIL is brought before the Court not for the purpose of enforcing the right of one individual against another as happens in the case of ordinary litigation, but it is intended to promote and vindicate public interest. In a PIL, unlike traditional dispute resolution mechanism, **there is no determination on adjudication of individual rights**.

It creates a new regime of human rights by **expanding the meaning of fundamental right to equality, life and personal liberty.**

63) How do pressure groups influence governance in India?

1. Contesting in political elections by fielding their candidates
2. Influencing policies by lobbying for them

Which of the above statements is/are correct?

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

Solution: b)

The pressure groups are also called interest groups or vested groups. **They are different from the political parties in that they neither contest elections nor try to capture political power.**

They are concerned with specific programmes and issues and their activities are confined to the protection and promotion of the interests of their members by influencing the government.

The pressure groups influence the policy-making and policy-implementation in the government through legal and legitimate methods like lobbying, correspondence, publicity, propagandising, petitioning, public debating, maintaining contacts with their legislators and so forth.

However, sometimes they resort to illegitimate and illegal methods like violence, for e.g. LWE groups.

64) Consider the following statements regarding Cabinet Secretariat

1. It functions directly under the Ministry of Parliamentary Affairs.
2. The Cabinet Secretary is the ex-officio Chairman of the Civil Services Board.
3. It is responsible for facilitating smooth transaction of business in Ministries/ Departments.

Which of the above statements is/are correct?

- a) 1 only
- b) 2, 3
- c) 1, 3
- d) 3 only

Solution: b)

The Cabinet Secretariat functions directly under the Prime Minister.

The administrative head of the Secretariat is **the Cabinet Secretary who is also the ex-officio Chairman of the Civil Services Board.**

The business allocated to Cabinet Secretariat under Government of India (Allocation of Business) Rules, 1961 includes (i) Secretarial assistance to the Cabinet and Cabinet Committees; and (ii) Rules of Business.

The Cabinet Secretariat is responsible for the administration of the Government of India (Transaction of Business) Rules, 1961 and Government of India (Allocation of Business) Rules, 1961 facilitating smooth transaction of business in Ministries/ Departments.

The Secretariat assists in decision-making in Government by ensuring Inter-Ministerial coordination, ironing out differences amongst Ministries/Departments and evolving consensus through the instrumentality of the standing/adhoc Committees of Secretaries. Management of major crisis situations in the country and coordinating activities of various ministries in such a situation is also one of the functions of the Cabinet Secretariat.

65) Article 310 and Article 311 of the constitution, sometimes seen in news, are concerned with

- a) Election to Rajya Sabha
- b) President's power of pardoning
- c) Instruction in Mother tongue
- d) Service conditions of Civil Services

Solution: d)

A310 essentially conveys that civil servants of the Union hold office during the pleasure of the President, and those at the state at the pleasure of the Governor.

A311 conveys that they cannot be removed by an authority subordinate to the one that appointed them, and that due inquiry must be conducted where they are allowed to hear charges against them and defend themselves appropriately.

66) With regards to media, election and political rights, consider the following statements.

1. Media persons are given special passes to enter polling stations to cover the poll process and the counting halls during the actual counting of votes.
2. All recognised National and State parties are allowed free access to the state owned electronic media scale for their campaigns for a certain duration during elections.

Which of the above statements is/are correct?

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

Solution: c)

After the polling has finished, the votes are counted under the supervision of Returning Officers and Observers appointed by the Election Commission.

In order to bring as much transparency as possible to the electoral process, the media are encouraged and provided with facilities to cover the election (including the actual counting of votes), although subject to maintaining the secrecy of the vote.

All recognised National and State parties, by Election Commission, have been allowed free access to the state-owned electronic media-AIR and Doordarshan- on an extensive scale for their campaigns during elections.

67) Which of the following terms has/have not been defined in the constitution?

- a) Procedure Established by Law
- b) Union Territory
- c) Agricultural Income
- d) Securities or stock

Solution: a)

Article 366 contains the definitions of various terms used in different provisions of the constitution. These are mentioned below:

- **Agricultural Income** means agricultural income as defined for the purposes of the enactments relating to Indian income-tax.
- **Securities** include stock.
- **Union Territory** means any Union territory specified in the First Schedule and includes any other territory comprised within the territory of India but not specified in that Schedule.

The term “procedure established by law” is not defined.

[Source](#)

68) Which of the provisions of the constitution provide for the secular character of the Indian State?

1. The Preamble secures to all citizens of India liberty of belief, faith and worship.
2. No person shall be compelled to pay any taxes for the promotion of a particular religion.
3. The State shall endeavour to secure for all the citizens a Uniform Civil Code.

Which of the above statements is/are correct?

- a) 1, 2
- b) 2 only
- c) 1, 3
- d) 1, 2, 3

Solution: d)

The Constitution of India stands for a secular state. Hence, it does not uphold any particular religion as the official religion of the Indian State. The following provisions of the Constitution reveal the secular character of the Indian State:

- (a) The term 'secular' was added to the Preamble of the Indian Constitution by the 42nd Constitutional Amendment Act of 1976.
- (b) The Preamble secures to all citizens of India liberty of belief, faith and worship.
- (c) The State shall not deny to any person equality before the law or equal protection of the laws (Article 14).
- (d) The State shall not discriminate against any citizen on the ground of religion (Article 15).
- (e) Equality of opportunity for all citizens in matters of public employment (Article 16).
- (f) All persons are equally entitled to freedom of conscience and the right to freely profess, practice and propagate any religion (Article 25).
- (g) Every religious denomination or any of its section shall have the right to manage its religious affairs (Article 26).
- (h) No person shall be compelled to pay any taxes for the promotion of a particular religion (Article 27).
- (i) No religious instruction shall be provided in any educational institution maintained by the State (Article 28).
- (j) Any section of the citizens shall have the right to conserve its distinct language, script or culture (Article 29).
- (k) All minorities shall have the right to establish and administer educational institutions of their choice (Article 30).
- (l) The State shall endeavour to secure for all the citizens a Uniform Civil Code (Article 44).

69) The principle of absolute liability, as considered by the apex court, is a part of

- a) Article 14 (equality before law)
- b) Article 19 (freedom of expression)
- c) Article 21 (right to life)
- d) Article 22 (right against exploitation)

Solution: c)

The **Supreme Court**, while deciding the **Oleum gas leak case of Delhi in 1986**, found strict liability woefully inadequate to protect citizens' rights in an industrialised economy like India and replaced it with the '**absolute liability principle**'.

Under the absolute liability principle, the apex court held that a company in a hazardous industry cannot claim any exemption.

It has to mandatorily pay compensation, whether or not the disaster was caused by its negligence. The court said a hazardous enterprise has an "absolute non-delegable duty to the community".

The principle of absolute liability is **part of Article 21 (right to life)**.

70) The Directive Principles resemble the 'Instrument of Instructions' enumerated in the

- a) Government of India Act of 1935
- b) Montague Chelmsford Act 1919
- c) Objectives Resolution, 1946
- d) Government of India Act of 1918

Solution: a)

Dr B R Ambedkar had said 'the Directive Principles are like the instrument of instructions, which were issued to the Governor-General and to the Governors of the colonies of India by the British Government under the Government of India Act of 1935.'

What is called Directive Principles is merely another name for the instrument of instructions.

The only difference is that they are instructions to the legislature and the executive.

71) Consider the following statements

1. The original constitution did not provide for the fundamental duties of the citizens.
2. Rights and duties of the citizens are co-relative and inseparable

Which of the above statements is/are incorrect?

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

Solution: d)

The original constitution did not provide for the fundamental duties of the citizens. These were added during the operation of internal emergency (1975–77) by the 42nd Constitutional Amendment Act of 1976 on the recommendation of the Swaran Singh Committee.

Rights and duties of the citizens are co-relative and inseparable.

72) The procedure for the amendment of the Constitution as laid down in Article 368 includes

1. An amendment of the Constitution can be initiated only in the Lok Sabha.
2. Concerned bill must be introduced by a minister.
3. Prior Presidential recommendation is not necessary to introduce the bill.

Select the correct answer code:

- a) 1, 2
- b) 3 only
- c) 2, 3
- d) 1, 3

Solution: b)

An amendment of the Constitution can be initiated only by the introduction of a bill for the purpose in either House of Parliament and not in the state legislatures.

The bill can be introduced **either by a minister or by a private member** and **does not require prior permission of the president.**

73) Which of the following is not a part of the 'basic structure' of the constitution?

- a) Freedom and dignity of the individual
- b) Effective access to justice
- c) Panchayati Raj Institutions
- d) The concept of social and economic justice

Solution: c)

The basic features of the Constitution have not been explicitly defined by the Judiciary. At least, 20 features have been described as "basic" or "essential" by the Courts in numerous cases, and have been incorporated in the basic structure.

In *Indira Nehru Gandhi v. Raj Narain* and also in the *Minerva Mills* case, it was observed that the claim of any particular feature of the Constitution to be a "basic" feature would be determined by the Court in each case that comes before it.

The following, inter alia, come under the basic structure

- The Sovereign, Democratic, Republican structure

- Unity and integrity of the Nation
- The principle of equality, not every feature of equality, but the quintessence of equal justice;
- The concept of social and economic justice — to build a Welfare State
- Limitations upon the amending power conferred by Article 368
- Independence of the Judiciary
- Effective access to justice
- Freedom and dignity of the individual

74) Which of the following is/are the features of Parliamentary Form of government?

1. Collective responsibility of the executive to the President.
2. Dissolution of the lower House
3. Membership of the ministers in the legislature
4. Presence of nominal and real executives

Select the correct answer code:

- a) 1, 3
- b) 2, 4
- c) 1, 3, 4
- d) 2, 3, 4

Solution: d)

The Constitution establishes the parliamentary system not only at the Centre but also in the states. The features of parliamentary government in India are:

- (a) Presence of nominal and real executives;
- (b) Majority party rule,
- (c) Collective responsibility of the executive to the legislature.
- (d) Membership of the ministers in the legislature,
- (e) Leadership of the prime minister or the chief minister,
- (f) Dissolution of the lower House (Lok Sabha or Assembly).

75) The Constitution of India establishes a federal system of government. It contains most of the usual features of a federation, but also of a unitary system. Which of the following signify the later?

1. Division of powers between Central and State governments
2. Flexibility of the Constitution
3. Independent Judiciary
4. All-India Services

Select the correct answer code:

- a) 1, 2
- b) 2, 4
- c) 1, 3
- d) 1, 2, 3

Solution: b)

The usual features of a federation, viz., two government, division of powers, written Constitution, supremacy of Constitution, rigidity of Constitution, independent judiciary and bicameralism.

However, the Indian Constitution also contains a large number of unitary or non-federal features, viz., a strong Centre, single Constitution, single citizenship, flexibility of Constitution, integrated judiciary, appointment of state governor by the Centre, all-India services, emergency provisions, and so on.

76) 'Constitutional Emergency' is declared when

- a) Constitutional machinery in a state(s) of India has failed
- b) External aggression or armed rebellion has been declared against the State of India

- c) Council of Ministers is dissolved without the possibility of formation of an interim government at the center.
- d) Any of the above occurs

Solution: a)

The Constitution stipulates three types of emergencies:

- An emergency due to war, external aggression or armed rebellion (Article 352). This is popularly known as 'National Emergency'. However, the Constitution employs the expression 'proclamation of emergency' to denote an emergency of this type.
- An **Emergency due to the failure of the constitutional machinery in the states** (Article 356). This is popularly known as 'President's Rule'. It is also known by two other names—'**State Emergency**' or '**constitutional Emergency**'. However, the Constitution does not use the word 'emergency' for this situation.
- Financial Emergency due to a threat to the financial stability or credit of India (Article 360).

77) Attorney General's consent is mandatory for initiating contempt of court in which of the following circumstances?

1. When a private citizen wants to initiate a case of contempt of court against a person.
2. When the Supreme court want to initiate a contempt of court case.

Select the correct answer code:

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

Solution: a)

The Contempt of Courts Act, 1971, lays down the law on contempt of court. Section 15 of the legislation describes the procedure on how a case for contempt of court can be initiated.

In the case of the Supreme Court, the Attorney General or the Solicitor General, and in the case of High Courts, the Advocate General, may bring in a motion before the court for initiating a case of criminal contempt. However, if the motion is brought by any other person, **the consent in writing** of the Attorney General or the Advocate General is required.

The AG's consent is mandatory when a private citizen wants to initiate a case of contempt of court against a person.

However, when the court itself initiates a contempt of court case, the AG's consent is not required.

Article 129 of the Constitution gives the Supreme Court the power to initiate contempt cases on its own, independent of the motion brought before it by the AG or with the consent of the AG.

78) Consider the following statements regarding Article 32 of the Indian Constitution.

1. Article 32 affirms the right to move the Supreme Court for the enforcement of the rights conferred in Part III of the Indian Constitution.
2. The right guaranteed under Article 32 is absolute and shall not be suspended.
3. An individual approaching the High Court under Article 226 for the violation of fundamental rights is itself is a fundamental right.

Which of the above statements is/are incorrect?

- a) 1, 2
- b) 1, 3
- c) 2, 3
- d) 3 only

Solution: c)

What is Article 32?

- It is one of the fundamental rights listed in the Constitution that each citizen is entitled. Article 32 deals with the 'Right to Constitutional Remedies', or affirms the right to move the Supreme Court by appropriate proceedings for the enforcement of the rights conferred in Part III of the Constitution.
- It states that the Supreme Court "shall have power to issue directions or orders or writs, including writs in the nature of habeas corpus, mandamus, prohibition, quo warrant and certiorari, whichever may be appropriate, for the enforcement of any of the rights conferred by this Part". **The right guaranteed by this Article "shall not be suspended except as otherwise provided for by this Constitution".**
- During the 1975 Emergency, a five-judge bench of the Supreme Court, in the ADM Jabalpur vs Shivakant Shukla case, had ruled that the **right to constitutional remedies under Article 32 would remain suspended during a national emergency.**
- The 44th Amendment also stated that according to Article 359, the president could issue orders suspending the right to move any court for the enforcement of fundamental rights, under Article 32, during a national emergency, with the exception of Article 20 (deals with protection of certain rights in case of conviction for offences) and Article 21 (protection of life and personal liberty).

In civil or criminal matters, the first remedy available to an aggrieved person is that of trial courts, followed by an appeal in the High Court and then the Supreme Court. When it comes to violation of fundamental rights, an individual can approach the High Court under Article 226 or the Supreme Court directly under Article 32. **Article 226, however, is not a fundamental right like Article 32.**

79) Consider the following statements regarding the Sessions of Parliament in India.

1. India does have a fixed parliamentary calendar and meets for three sessions in a year.
2. Usually the Budget session has the longest period.
2. The summoning of Parliament is based on the provisions of the Government of India Act, 1935.

Which of the above statements is/are correct?

- a) 1, 2
- b) 1, 3
- c) 2, 3
- d) 2 only

Solution: c)

India does not have a fixed parliamentary calendar. By convention, Parliament meets for three sessions in a year. **The longest, the Budget Session**, starts towards the end of January, and concludes by the end of April or first week of May. The session has a recess so that Parliamentary Committees can discuss the budgetary proposals.

The **summoning of Parliament** is specified in Article 85 of the Constitution. Like many other articles, it is **based on a provision of The Government of India Act, 1935.**

80) Consider the following statements.

1. According to the Constitution of India, The Governor shall from time to time summon the House or each House of the Legislature of the State to meet at such time and place as he thinks fit.
2. The Governor always has to act on the aid and advice of the cabinet and cannot decide on his or her own on summoning the House.

Which of the above statements is/are correct?

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

Solution: a)

“The Governor shall from time to time summon the House or each House of the Legislature of the State to meet at such time and place as he thinks fit...” says Article 174 of the Constitution. The provision also puts on the Governor the responsibility of ensuring that the House is summoned at least once every six months.

Although it is the Governor’s prerogative to summon the House, according to Article 163, the Governor is required to act on the “aid and advice” of the Cabinet. So when the Governor summons the House under Article 174, this is not of his or her own will but on the aid and advice of the Cabinet.

There are a **few instances where the Governor can summon the House despite the refusal of the Chief Minister who heads the Cabinet.** When the Chief Minister appears to have lost the majority and the legislative members of the House propose a no-confidence motion against the Chief Minister, then the Governor can decide on his or her own on summoning the House.

But the actions of the Governor, when using his discretionary powers can be challenged in court.

81) Consider the following statements regarding President’s rule that is imposed under Article 356 of the Constitution.

1. It cannot be imposed without the written recommendation of the Governor of the concerned state.
2. Every proclamation of President’s rule must be approved by both the houses of Parliament within a stipulated time.

Which of the above statements is/are correct?

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

Solution: b)

Article 356 empowers the President to issue a proclamation, if he is satisfied that a situation has arisen in which the government of a state cannot be carried on in accordance with the provisions of the Constitution.

Notably, the president can act either on a report of the governor of the state or otherwise too (ie, even without the governor’s report).

A proclamation imposing President’s Rule must be approved by both the Houses of Parliament within two months from the date of its issue. If approved by both the Houses of Parliament, the President’s Rule continues for six months.

2. Economy

- 1) If the total size of the economy is growing year after year, it implies that
1. GDP growth rate must be increasing steadily year after year.
 2. Gross Capital formation in the economy must be increasing year after year.

Which of the above statements is/are incorrect?

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

Solution: c)

GDP at market prices calculates total value of goods and services produced within a year at market prices. If it increases, it means entrepreneurs have decided to produce more goods and services. This can happen even without an increase in actual investment, with the same machinery and labour.

If the size of economy grows proportionately larger each year, while the growth rate is positive, it may not necessarily be increasing.

- 2) Consider the following statements regarding Incremental Capital-Output Ratio (ICOR).
1. The incremental capital output ratio (ICOR) denotes the relationship between the level of investment made in the economy and the consequent increase in the gross domestic product (GDP).
 2. The higher the ICOR, the higher the productivity of capital.
 3. In the last ten years, the ICOR has seen substantial decline in India.

Which of the above statements is/are correct?

- a) 1, 2
- b) 1, 3
- c) 1 only
- d) 2, 3

Solution: c)

The Incremental Capital-Output Ratio (ICOR) is the ratio of investment to growth which is equal to the reciprocal of the marginal product of capital. **The higher the ICOR, the lower the productivity of capital** or the marginal efficiency of capital. The ICOR can be thought of as a measure of the inefficiency with which capital is used.

In FY19 (2018-19), the implicit incremental capital-output ratio (ICOR) was 4.6. This is relatively high because of deficient capacity utilisation.

Historically, India's average ICOR during the three-year period from FY17 to FY19 has averaged 4.23.

- 3) Which of the following expenditure by the Government are considered as Transfer payments?
1. Universal Basic Income.
 2. Subsidies paid to farmers
 3. Conditional cash transfers

Select the correct answer code:

- a) 1, 2
- b) 1, 3
- c) 2, 3
- d) 1, 2, 3

Solution: b)

Expenditure like pensions, scholarships and UBI are direct transfers of money and do not create any output. They are called Transfer payments. They are one-way payment of money for which no good or service is received in exchange. Transfer payments may be conditional cash transfers or unconditional cash transfers. Subsidies are not considered transfer payments because they are linked to an economic transaction.

4) Which of the following is/are part of the Personal Disposable Income?

1. Non-tax Payments such as fines
2. Corporate Tax.
3. Personal Tax Payments.
4. Net Interest payments made by households

Select the correct answer code:

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

Solution: d)

None of them are part of Personal Disposable Income.

In economics, personal income (PI) refers to an individual's total earnings from wages, investment enterprises, and other ventures. It is the sum of all the incomes received by all the individuals or household during a given period.

If we deduct the Personal Tax Payments (income tax, for example) and Non-tax Payments (such as fines) from PI, we obtain what is known as the Personal Disposable Income.

Personal Disposable Income (PDI) \equiv PI – Personal tax payments – Non-tax payments.

5) Consider the following statements regarding GDP deflator.

1. GDP deflator is a measure of the level of prices of all new, domestically produced, final goods and services in an economy in a year.
2. Unlike the CPI, the GDP deflator is not based on a fixed basket of goods and services.
3. When GDP deflator is negative, it necessarily means that there is inflation in the economy.

Which of the above statements is/are correct?

- a) 1, 3
- b) 2, 3
- c) 1, 2
- d) 1, 2, 3

Solution: c)

In economics, the GDP deflator is a measure of the level of prices of all new, domestically produced, final goods and services in an economy in a year.

Like the consumer price index (CPI), the GDP deflator is a measure of price inflation/deflation with respect to a specific base year.

The GDP deflator is a more comprehensive inflation measure than the CPI index because it isn't based on a fixed basket of goods.

When GDP deflator is negative, nominal GDP is less than real DP. **It means that there is deflation in the economy.**

6) With reference to the government expenditure in India, which of the following constitutes Transfer Payments?

1. The payments which are made by the government to its employees.
2. The Interest payments made to foreign countries on loans taken.
3. The payments which are made as financial aid in a social welfare programme.

Select the correct answer code:

- a) 1, 2
- b) 1, 3
- c) 3 only
- d) 2, 3

Solution: c)

In macroeconomics and finance, a **transfer payment is a redistribution of income and wealth by means of the government making a payment, without goods or services being received in return.** These payments are considered to be non-exhaustive because they do not directly absorb resources or create output. Examples of transfer payments include **welfare, financial aid, social security, and government subsidies for certain businesses.**

7) Consider the following statements regarding Off-budget borrowing.

1. Off-budget borrowings are loans taken by any public institution on the directions of the central government.
2. Off-budget borrowing helps keep the country's fiscal deficit within acceptable limits.
3. Off-budget financing is not part of the calculation of the fiscal indicators and does not have any fiscal implications.
4. Public sector banks can fund off-budget expenses.

Which of the above statements is/are correct?

- a) 1, 2, 3
- b) 1, 2, 4
- c) 1, 2
- d) 1, 2, 3, 4

Solution: b)

Off-budget borrowings are loans that are taken not by the Centre directly, but by another **public institution which borrows on the directions of the central government.** Such borrowings are used to fulfil the government's expenditure needs.

But since the liability of the loan is not formally on the Centre, **the loan is not included in the national fiscal deficit. This helps keep the country's fiscal deficit within acceptable limits.**

Comptroller and Auditor General report of 2019 points out, this route of financing puts major sources of funds outside the control of Parliament. "Such off-budget financing is **not part of the calculation of the fiscal indicators despite fiscal implications,**" said the report.

The government can ask an implementing agency to raise the required funds from the market through loans or by issuing bonds. In the Budget presentation for 2020-21, the government paid only half the amount budgeted for the food subsidy bill to the Food Corporation of India. The shortfall was met through a loan from the National Small Savings Fund.

Public sector banks are also used to fund off-budget expenses. For example, loans from PSU banks were used to make up for the shortfall in the release of fertiliser subsidy.

8) Consider the following statements regarding Anti-Dumping Duty.

1. An anti-dumping duty is a protectionist tariff that a domestic government imposes on foreign imports that it believes are priced below fair market value.
2. In India, Directorate General of Trade Remedies (DGTR), under the Ministry of Commerce & Industry conducts anti-dumping investigations.

Which of the above statements is/are correct?

- a) 1 only
- b) 2 only

- c) Both 1 and 2
- d) Neither 1 nor 2

Solution: c)

An anti-dumping duty is a protectionist tariff that a domestic government imposes on foreign imports that it believes are priced below fair market value. Dumping is a process wherein a company exports a product at a price that is significantly lower than the price it normally charges in its home (or its domestic) market.

Directorate General of Trade Remedies (DGTR) conducts anti-dumping investigations, under the Customs Tariff Act, 1975 and the rules made thereunder, on the basis of a duly substantiated application filed by the domestic industry alleging dumping of goods into the country causing injury to the domestic industry. The basic intent of anti-dumping measures is to eliminate injury caused to the domestic industry by the unfair trade practice of dumping and to create a level playing field for the domestic industry.

- 9) Consider the following statements regarding Non-Banking Financial Companies (NBFCs).
1. All the NBFCs are regulated by RBI.
 2. The designation of 'Systematically Important' is applicable for Banks and not for NBFCs.

Which of the above statements is/are correct?

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

Solution: d)

Does the Reserve Bank regulate all financial companies?

No. Housing Finance Companies, Merchant Banking Companies, Stock Exchanges, Companies engaged in the business of stock-broking/sub-broking, Venture Capital Fund Companies, Nidhi Companies, Insurance companies and Chit Fund Companies are **NBFCs but they have been exempted from the requirement of registration under Section 45-IA of the RBI Act, 1934** subject to certain condition.

What are systemically important NBFCs?

NBFCs whose asset size is of ₹ 500 cr or more as per last audited balance sheet are considered as systemically important NBFCs. The rationale for such classification is that the activities of such NBFCs will have a bearing on the financial stability of the overall economy.

- 10) Teaser loan, sometimes seen in news means
- a) Loans provided to high net worth individuals.
 - b) Loans provided to weaker sections of the society with interest rate below the repo rate.
 - c) Loans which charge lower rates of interest in the first few years after which the rates are increased.
 - d) None of the above

Solution: c)

Teaser loans are those which charge comparatively lower rates of interest in the first few years after which the rates are increased.

- 11) A share repurchase or buyback is a decision by a company to purchase its own stock from the market. Such a move may lead to
1. It reduces the number of outstanding shares of the company.
 2. It tends to increase the price of remaining shares.
 3. It is often undertaken when the company's shares are undervalued.

Select the correct answer code:

- a) 1, 2

- b) 1, 3
- c) 2, 3
- d) 1, 2, 3

Solution: d)

What is a share buyback?

A share repurchase or buyback is a decision by a company to purchase its own stock from the market. Such a move **reduces the number of outstanding shares of the company and tend to push up their price** and is often undertaken when management considers the **company's shares undervalued**.

It is also a key way to **transfer surplus earnings to shareholders** and tends to lead to an increase in share prices.

12) Consider the following statements regarding Monetary Policy.

1. The Reserve Bank of India (RBI) is vested with the responsibility of conducting monetary policy under the provisions of Reserve Bank of India Act, 1934.
2. The primary objective of monetary policy is to maintain price stability and achieve growth.
3. The inflation target is set by the Reserve Bank of India in consultation with Government of India, once in every five years.

Which of the above statements is/are correct?

- a) 1, 2
- b) 2 only
- c) 1, 3
- d) 2, 3

Solution: a)

Monetary policy refers to the policy of the central bank with regard to the use of monetary instruments under its control to achieve the goals specified in the Act.

The Reserve Bank of India (RBI) is vested with the responsibility of conducting monetary policy. This responsibility is explicitly mandated under the Reserve Bank of India Act, 1934.

The **primary objective of 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 (RBI) 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 lower tolerance limit of 2 per cent. Prior to the amendment in the RBI Act in May 2016, the flexible inflation targeting framework was governed by an Agreement on Monetary Policy Framework between the Government and the Reserve Bank of India of February 20, 2015.

13) Which of the following are regulated by Reserve Bank of India (RBI)?

1. Stock-exchanges
2. Merchant Banking Companies
3. Venture Capital Fund Companies

Select the correct answer code:

- a) 1 only
- b) 1, 2
- c) 1, 3
- d) None of the above

Solution: d)

Merchant Banker/Venture Capital Fund Company/stock-exchanges/stock brokers/sub-brokers are regulated by Securities and Exchange Board of India, and Insurance companies are regulated by Insurance Regulatory and Development Authority. Similarly, Chit Fund Companies are regulated by the respective State Governments and Nidhi Companies are regulated by Ministry of Corporate Affairs, Government of India. Companies that do financial business but are regulated by other regulators are given specific exemption by the Reserve Bank from its regulatory requirements for avoiding duality of regulation.

14) Consider the following statements regarding Angel Investors.

1. Angel Investors are high-net-worth individuals, who generally buy back failed firms for asset restructuring.
 2. The funds angel investors provide may be a one-time investment to help the business propel or an ongoing injection of money to support and carry the company.
- Which of the above statements is/are incorrect?

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

Solution: a)

An angel investor (also known as a private investor, seed investor or angel funder) is a **high-net-worth individual who provides financial backing for small startups or entrepreneurs**, typically in exchange for ownership equity in the company.

Often, angel investors are found among an entrepreneur's family and friends.

The funds that angel investors provide may be a **one-time investment to help the business get off the ground or an ongoing injection to support and carry the company through its difficult early stages**.

15) Hard currency is usually preferred because

1. It is seen as politically and economically stable.
2. It is widely accepted around the world as a form of payment for goods and services.
3. It is not likely to depreciate or appreciate suddenly.

Select the correct answer code:

- a) 1, 2
- b) 1, 3
- c) 1, 2, 3
- d) 2, 3

Solution: c)

Hard currency refers to money that is issued by a nation that is seen as **politically and economically stable**. Hard currencies are widely accepted around the world as a form of payment for goods and services and may be preferred over the domestic currency.

A hard currency is expected to **remain relatively stable** through a short period of time, and to be highly liquid in the forex or foreign exchange (FX) market. The most tradable currencies in the world are the U.S. dollar (USD), European euro (EUR), Japanese yen (JPY), British pound (GBP), Swiss franc (CHF), Canadian dollar (CAD) and the Australian dollar (AUD). All of these currencies have the confidence of international investors and businesses because they are **not generally prone to dramatic depreciation or appreciation**.

16) Consider the following statements.

1. RBI primarily factors in retail inflation while making its bi-monthly monetary policy.
2. A broad-based domestic and global economic recovery can lead to rise in inflation.

Which of the above statements is/are correct?

- a) 1 only
- b) 2 only

- c) Both 1 and 2
- d) Neither 1 nor 2

Solution: c)

RBI primarily factors in retail inflation while making its bi-monthly monetary policy.

A broad-based domestic and global economic recovery should improve aggregate demand, posing an upside risk to inflation. On the other hand, favorable base effect, appreciating rupee and any risk of second or third wave of covid led slowdown, will be a tailwind for CPI inflation.

17) Consider the following statements regarding GDP deflator.

1. The GDP deflator is basically a measure of inflation.
2. It helps show the extent to which the increase in gross domestic product has happened on account of higher prices rather than increase in output.
3. It covers only those goods and services directly consumed by households.

Which of the above statements is/are correct?

- a) 1 only
- b) 1, 2
- c) 1, 3
- d) 1, 2, 3

Solution: b)

The GDP deflator, also called implicit price deflator, is a measure of inflation. It is the ratio of the value of goods and services an economy produces in a particular year at current prices to that of prices that prevailed during the base year.

This ratio helps show the extent to which the **increase in gross domestic product has happened on account of higher prices** rather than increase in output.

Since the deflator covers the entire range of goods and services produced in the economy — as against the limited commodity baskets for the wholesale or consumer price indices — it is seen as a **more comprehensive measure of inflation**.

Changes in consumption patterns or introduction of goods and services are automatically reflected in the GDP deflator. This allows the GDP deflator to absorb changes to an economy's consumption or investment patterns. Often, the trends of the GDP deflator will be similar to that of the CPI.

18) Which of the following may lead to Inflation?

1. A reduction in the total productive capacity of the economy even as more and more people are employed
2. Oversupply of goods in the economy.

Select the correct answer code:

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

Solution: a)

Inflation is basically too much money chasing too few goods, or excess demand chasing limited supply. If income rises faster, demand for goods and services will also rise. On the other hand, if the economy is unable to satisfy the increased demand, for e.g. due to poor infrastructure, lack of production etc, the higher income will spiral the prices upwards and lead to high inflation.

Excess supply is likely to bring prices down.

- 19) High disguised unemployment will necessarily result from
1. A very high level of unemployment
 2. A small number of people engaged in primary sector

Which of the above statements is/are incorrect?

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

Solution: c)

Disguised unemployment exists where part of the labor force is either left without work or is working in a redundant manner where worker productivity is essentially zero. It is unemployment that does not affect aggregate output.

Disguised unemployment would usually occur when there is high and redundant employment. When there is high unemployment, it means that firms are more likely to be using labour to their full potential, or that there is a lack of jobs or a lack of fit between the skills of the population and the jobs available. None of these automatically or necessarily signify disguised unemployment.

For e.g. there are more people in Indian agriculture than is necessary. So, even if you move a few people out, production will not be affected. In other words, workers in agricultural sector are under-employed. But, as S2 says, if there are very few people working in primary sectors like agriculture, then the likelihood of having high disguised unemployment is lesser.

Each one is doing some work but no one is fully employed.

This kind of underemployment is hidden in contrast to someone who does not have a job and is clearly visible as unemployed. Hence, it is also called disguised unemployment.

- 20) Suppose a small canteen owner actually needs only two workers to carry out his business, but if his entire family of five members are involved in running the business, then this situation is known as

- a) Disguised unemployment
- b) Structural unemployment
- c) Cyclic unemployment
- d) Frictional unemployment

Solution: a)

Disguised Unemployment is a kind of **unemployment** in which there are people who are visibly employed but are actually **unemployed**. This situation is also known as hidden **Unemployment**. In such a situation more people are engaged in a work than required.

- 21) The actual liabilities of the Union government include which of the following

1. Borrowings by PSUs
2. Loans taken for the recapitalisation of banks
3. Capital expenditures of various Ministries.

Select the correct answer code:

- a) 1, 2
- b) 1, 3
- c) 2, 3
- d) 1, 2, 3

Solution: a)

In addition to the borrowings by PSUs, the actual liabilities of the government would include loans taken for the recapitalisation of banks.

Capital expenditure creates assets for the government and causes reduction in liabilities for the government.

22) Which of the following are considered as tax revenue for the Union Government?

1. Personal income tax
2. Excise Duty
3. Dividends on investments
4. Income through Spectrum Auctions

Select the correct answer code:

- a) 1, 2, 3
- b) 1, 3, 4
- c) 1, 2
- d) 1, 2, 4

Solution: c)

Tax revenues consist of the proceeds of taxes and other duties levied by the central government.

Tax revenues comprise of direct taxes – which fall directly on individuals (personal income tax) and firms (corporation tax), and indirect taxes like excise taxes (duties levied on goods produced within the country), customs duties (taxes imposed on goods imported into and exported out of India) and service tax.

Non-tax revenue of the central government mainly consists of interest receipts (on account of loans by the central government which constitutes the single largest item of non-tax revenue), **dividends and profits on investments** made by the government, fees and other receipts for services rendered by the government. Cash grants-in-aid from foreign countries and international organisations are also included.

Income generated by the Central Government through the spectrum auctions is part of non-tax revenue.

23) Consider the following statements.

1. Disinvestment involves Selling minority shares of Public Enterprises, to public or private entity.
2. When the government sells majority shares in a public sector entity, that is strategic disinvestment.
3. Under strategic disinvestment, the government transfers the ownership and control of a public sector entity to another public entity and the private sector is not involved here.

Which of the above statements is/are correct?

- a) 1, 3
- b) 1, 2
- c) 2, 3
- d) 1 only

Solution: b)

What is strategic disinvestment or strategic sale?

When the government decides to transfer the ownership and control of a public sector entity to some other entity, either private or public, the process is called strategic disinvestment.

What is the difference between strategic disinvestment/sale and disinvestment

Selling minority shares of Public Enterprises, to another entity be it public or private is disinvestment. In this the government retains ownership of the enterprise. On the other hand, when the government sells majority shares in an enterprise, that is strategic disinvestment/sale. Here, the government gives up the ownership of the entity as well.

24) Consider the following statements regarding zero-coupon bond.

1. A zero-coupon bond is a debt security that not pay interest but instead trades at a deep discount, rendering a profit at maturity, when the bond is redeemed for its full-face value.

2. These are special types of bonds issued only by the Central government specifically to a particular institution.

Which of the above statements is/are correct?

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

Solution: a)

A zero-coupon bond is a debt security that does not pay interest but instead trades at a deep discount, rendering a profit at maturity, when the bond is redeemed for its full-face value.

It does not make periodic interest payments or have so-called coupons, hence the term zero coupon bond. When the bond reaches maturity, its investor receives its par (or face) value.

Zero coupon bonds by private companies are normally issued at discount.

25) Consider the following statements.

1. Indian tax revenues remain largely dependent on direct tax collections.

2. Among the Revenue expenditure made by the Centre, the Interest payments constitute the lowest share.

Which of the above statements is/are incorrect?

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

Solution: c)

Since an overwhelming majority of Indians do not pay income taxes, **Indian tax revenues remain largely dependent on indirect tax collections**, which include all taxes on spending (such as GST). These indirect taxes account for over two-thirds of total tax revenue in India.

Over half of the government's expenditure in India goes towards subsidies and other programmes.

India also spends a substantial amount on interest payments. At 2017 levels of expenditure, 6% of GDP went towards interest payments.

Higher proportion of interest payments are a direct outcome of the debt levels accumulated by the Indian government.

26) Consider the following statements regarding **Imported Inflation**.

1. When the general price level rises in a country because of the rise in prices of imported commodities, inflation is termed as imported.

2. The weakening of the domestic currency may lead to imported inflation in the country.

Which of the above statements is/are correct?

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

Solution: c)

When the general price level rises in a country due to the rise in prices of imported commodities, inflation is termed imported. Inflation may also rise due to depreciation of the domestic currency, which pushes up the landed rupee cost of imported items.

- 27) Which among the following is/are likely to result in current account surplus of Balance of Payments (BoP)?
1. Steep fall in global crude oil prices
 2. Increase in the remittances received from abroad.
 3. External commercial borrowing

Select the correct answer code:

- a) 3 only
- b) 1, 2
- c) 2, 3
- d) 1, 2, 3

Solution: b)

External Commercial borrowing is a part of Capital account.

- 28) Which of the following best describes 'Anti-Dumping' duty?
- a) a protectionist tariff imposed on foreign imports that are priced below fair market value.
 - b) an import tax imposed on certain goods in order to prevent piracy.
 - c) tax imposed on the import of the goods pertaining to core industrial sectors.
 - d) None of the statements a, b and c are correct.

Solution: a)

An anti-dumping duty is a protectionist tariff that a domestic government imposes on foreign imports that it believes are priced below fair market value. Dumping is a process where a company exports a product at a price lower than the price it normally charges in its own home market.

- 29) Consider the following statements regarding Current account convertibility.
1. Current account convertibility means freedom to convert domestic currency into foreign currency and vice versa for trade in goods and invisibles.
 2. Under current account convertibility for rupee, an exporter can sell the foreign currency he obtained from exporting a commodity at the market determined exchange rate in India.
 3. There is partial Current account convertibility in India, so as to limit imports into the country.
- Which of the above statements is/are correct?

- a) 1, 2
- b) 1, 3
- c) 2, 3
- d) 1, 2, 3

Solution: a)

Current account convertibility means freedom to convert domestic currency into foreign currency and vice versa for trade in goods and invisibles (services, transfers or income from investment). Individuals and entities can convert currencies in the foreign exchange market.

Current account convertibility is one part of currency convertibility.

When there is current account convertibility for rupee, an exporter can sell the US Dollars (or other foreign currency) he obtained from exporting a commodity at the market determined exchange rate in India. This means that there is no exchange controls (foreign exchange controls). Similarly, when an importer buys foreign currency from India's foreign exchange market by exchanging rupee, it is current account convertibility.

In India, there is full current account convertibility since August 20, 1993.

- 30) The Agreement on Trade-Related Investment Measures (TRIMs), is related to

- a) Current Account Convertibility
- b) Domestic regulations a country applies to foreign investors
- c) Most-favoured Nation principle
- d) Duty free International market access to developing countries

Solution: b)

The Agreement on Trade-Related Investment Measures (TRIMs) are rules that are applicable to the domestic regulations a country applies to foreign investors, often as part of an industrial policy. The agreement, concluded in 1994, was negotiated under the WTO's predecessor, the General Agreement on Tariffs and Trade (GATT), and came into force in 1995. The agreement was agreed upon by all members of the World Trade Organization. Trade-Related Investment Measures is one of the four principal legal agreements of the WTO trade treaty.

TRIMs are rules that restrict preference of domestic firms and thereby enable international firms to operate more easily within foreign markets. Policies such as local content requirements and trade balancing rules that have traditionally been used to both promote the interests of domestic industries and combat restrictive business practices are now banned.

31) Consider the following statements.

- 1. India is the largest producer and consumer of pulses in the world.
- 2. Though pulses are grown in both Kharif and Rabi seasons, Kharif pulses contribute more than 60 per cent of the total production.
- 3. Gram constitutes a major share in the total production of pulses in India.

Which of the above statements is/are correct?

- a) 1, 2
- b) 1 only
- c) 1, 3
- d) 1, 2, 3

Solution: c)

India is the largest producer and consumer of pulses in the world, contributing nearly 24 per cent to the global output.

The country's pulses production has grown to 24 million tonne (240 lakh tonne) from 14 million tonne (140 lakh tonne) in the last five-six years.

In 2019-20, India produced 23.15 million tonne of pulses, which is 23.62 per cent of the world output.

Gram is the most dominant pulse having a share of around 40 per cent in the total production followed by Tur/Arhar at 15 to 20 per cent and Urad/Black Matpe and Moong at around 8-10 per cent each. Madhya Pradesh, Maharashtra, Rajasthan, Uttar Pradesh and Karnataka are the top five pulses producing States.

Though pulses are grown in both Kharif and Rabi seasons, **Rabi pulses contribute more than 60 per cent of the total production.**

32) Consider the following statements regarding Zero budget natural farming (ZBNF).

- 1. Zero budget natural farming (ZBNF) is a method of chemical free agriculture drawing from traditional Indian practices.
- 2. ZBNF method uses intensive irrigation and deep ploughing.
- 3. ZBNF method promotes soil aeration, intercropping, bunds and topsoil mulching.

Which of the above statements is/are correct?

- a) 1 only
- b) 2, 3
- c) 1, 3

d) 1, 2, 3

Solution: c)

Zero budget natural farming (ZBNF) is a method of chemical-free agriculture drawing from traditional Indian practices.

- It was originally promoted by Maharashtrian agriculturist and Padma Shri recipient **Subhash Palekar**, who developed it in the mid-1990s as an alternative to the Green Revolution's methods driven by chemical fertilizers and pesticides and intensive irrigation.
- The ZBNF method also **promotes soil aeration, minimal watering, intercropping, bunds and topsoil mulching** and discourages intensive irrigation and deep ploughing.

33) Consider the following statements regarding Conservation Agriculture (CA).

1. Conservation Agriculture (CA) is a farming system that can prevent losses of arable land while regenerating degraded lands.
2. External inputs such as agrochemicals are not applied so that it does not disrupt the biological processes.
3. It includes crop-livestock integration and the integration of trees and pastures into agricultural landscapes.

Which of the above statements is/are correct?

- a) 1, 2
- b) 1, 3
- c) 2, 3
- d) 1, 2, 3

Solution: b)

Conservation Agriculture (CA) is a farming system that can **prevent losses of arable land while regenerating degraded lands**. It promotes maintenance of a permanent soil cover, minimum soil disturbance, and diversification of plant species. It enhances biodiversity and natural biological processes above and below the ground surface, which contribute to increased water and nutrient use efficiency and to improved and sustained crop production.

CA principles are universally applicable to all agricultural landscapes and land uses with locally adapted practices. Soil interventions such as mechanical soil disturbance are reduced to an absolute minimum or avoided, and **external inputs such as agrochemicals and plant nutrients of mineral or organic origin are applied optimally and in ways and quantities that do not interfere with, or disrupt, the biological processes**.

Complemented by other known good practices, including the use of quality seeds, and integrated pest, nutrient, weed and water management, etc., CA is a base for sustainable agricultural production intensification. It opens increased options for **integration of production sectors, such as crop-livestock integration and the integration of trees and pastures into agricultural landscapes**.

34) Nuclear science is being utilized in which of the following areas of agriculture in India?

1. Development of high yielding crop seeds
2. Fertilizer and pesticide related studies
3. Radiation processing of food items

Select the correct answer code:

- a) 1, 2
- b) 1, 3
- c) 2, 3
- d) 1, 2, 3

Solution: d)

The nuclear agriculture programme of Bhabha Atomic Research Centre (BARC) covers development of high yielding crop seeds using nuclear techniques, fertilizer and pesticide related studies, radiation processing of food items and other areas.

35) Consider the following statements regarding Wheat Cultivation in India.

1. Wheat can be grown in the tropical and sub-tropical zones and it cannot tolerate severe cold and snow.
2. Soils with a clay loam or loam texture and moderate water holding capacity are ideal for wheat cultivation.
3. Punjab is the largest Wheat producing state of India.

Which of the above statements is/are correct?

- a) 2 only
- b) 1, 2
- c) 2, 3
- d) 1, 2, 3

Solution: a)

Wheat is the main cereal crop in India.

Wheat crop has wide adaptability. It can be grown not only in the **tropical and sub-tropical** zones, but **also in the temperate zone and the cold tracts of the far north, beyond even the 60-degree north altitude**. Wheat can tolerate severe cold and snow and resume growth with the setting in of warm weather in spring. It can be cultivated from sea level to as high as 3300 meters.

The best wheat are produced in areas favoured with cool, moist weather during the major portion of the growing period followed by dry, warm weather to enable the grain to ripen properly.

Wheat is grown in a variety of soils of India. **Soils with a clay loam or loam texture, good structure and moderate water holding capacity are ideal for wheat cultivation.**

Uttar Pradesh is the largest Wheat producing state of India, followed by Punjab, Haryana and Madhya Pradesh.

36) Deposit insurance and credit guarantee corporation (DICGC) a wholly owned subsidiary of Reserve Bank of India insures which of the following deposits?

1. Local Area Banks
2. Payment Banks
3. Small Finance Banks
4. Inter-bank deposits
5. Regional Rural Banks

Select the correct answer code:

- a) 1, 2, 3, 4
- b) 1, 2, 3, 5
- c) 1, 3, 5
- d) 1, 2, 3, 4, 5

Solution: b)

Insured Banks

Public Sector Banks

Private Sector Banks

Foreign Banks

Small Finance Banks

Payment Banks

Regional Rural Banks
 Local Area Banks
 State Co-operative banks
 District Central Co-op banks
 Urban Co-op banks

The DICGC insures all deposits such as savings, fixed, current, recurring, etc. deposits except the following types of deposits

- Deposits of foreign Governments;
- Deposits of Central/State Governments;
- **Inter-bank deposits;**
- Deposits of the State Land Development Banks with the State co-operative bank;
- Any amount due on account of and deposit received outside India
- Any amount, which has been specifically exempted by the corporation with the previous approval of Reserve Bank of India

37) Printing currency is usually the last resort for the government in managing its deficit. This is because

1. Government expenditure using this new money boosts incomes and raises private demand in the economy, thus leading to inflation.
2. Excess supply of rupee will cause its depreciation.

Select the correct answer code:

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

Solution: c)

Government expenditure using this new money boosts incomes and raises private demand in the economy. Thus, it fuels inflation.

Easy monetary policy and high inflation are two of the leading causes of currency depreciation.

38) If the Cash Reserve Ratio (CRR) is increased, it may lead to which of the following?

1. Lesser availability of loanable funds with the banks
2. Immediate foreign institutional investment flows in the economy
3. Reduction in fiscal deficit of the government

Select the correct answer code:

- a) 1 only
- b) 1, 2
- c) 1, 3
- d) None of the above

Solution: a)

CRR is one of the major weapons in the RBI's arsenal that allows it to maintain a desired level of inflation, control the money supply, and also liquidity in the economy. The lower the CRR, the higher liquidity with the banks, which in turn goes into investment and lending and vice-versa. **Higher CRR can also negatively impact the economy as lesser availability of loanable funds**, in turn, slows down investment. It thereby reduces the supply of money in the economy.

Fiscal deficit depends on government's receipts and expenditures. CRR does not have a direct bearing on fiscal deficit.

39) Consider the following statements regarding Currency Deposit Ratio (CDR).

1. CDR is calculated only with respect to the Term deposits.
2. It reflects people's preference for liquidity.
3. It generally increases during the festive season.

Which of the above statements is/are correct?

- a) 1, 2
- b) 2, 3
- c) 1, 3
- d) 1, 2, 3

Solution: b)

The currency deposit ratio (cdr) is the ratio of money held by the public in currency to that they hold in bank deposits. $\text{cdr} = \text{CU/DD}$. If a person gets Re 1 she will put Rs $1/(1 + \text{cdr})$ in her bank account and keep Rs $\text{cdr}/(1 + \text{cdr})$ in cash. It reflects people's preference for liquidity. It is a purely behavioural parameter which depends, among other things, on the seasonal pattern of expenditure. For example, **cdr increases during the festive season as people convert deposits to cash balance for meeting extra expenditure during such periods.**

40) Consider the following statements regarding the Marginal Standing Facility (MSF).

1. MSF functions as the last resort for banks to borrow short-term funds over and above that available under the Liquidity Adjustment Facility Window (LAF).
2. MSF is an extraordinary rate at which banks can borrow money from the central bank at a much cheaper rate than repo rate.

Which of the above statements is/are incorrect?

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

Solution: b)

Marginal Standing Facility (MSF) was announced by the Reserve Bank of India (RBI) in its Monetary Policy (2011-12) and refers to the **penal rate at which banks can borrow money from the central bank over and above what is available to them through the LAF window.**

MSF, being a penal rate, is always fixed above the repo rate.

41) When the Reserve Bank of India increases the repo rate by 50 basis points, which of the following likely to happen?

1. India's GDP growth rate increases drastically
2. Foreign Institutional Investors may bring more capital into our country
3. Scheduled Commercial Banks may increase their lending rates

Select the correct answer code:

- a) 1, 2
- b) 1, 3
- c) 2, 3
- d) 3 only

Solution: d)

Increase in repo rate by RBI would largely lead to increase in lending rates of banks.

42) In economics, the monetary base includes:

1. Total currency circulating in the public.

2. Currency that is physically held in the vaults of commercial banks.
3. Sum total of the capital of all financial institutions regulated by Central Bank.
4. Commercial banks' reserves held in the central bank.

Select the correct answer code:

- a) 1, 2, 3
- b) 1, 2, 4
- c) 2, 3, 4
- d) 1, 2, 3, 4

Solution: b)

In economics, the **monetary base** (also base money, high-powered money, reserve money) in a country is the total amount of bank notes and coins. This includes:

- the total currency circulating in the public,
- plus the currency that is physically held in the vaults of commercial banks,
- plus the commercial banks' reserves held in the central bank.

The **monetary base should not be confused with the money supply**, which consists of the total currency circulating in the public plus certain types of non-bank deposits with commercial banks.

43) Which of the following are RBI's main risk provision accounts?

1. Contingency Fund
2. Currency and Gold Revaluation Account (CGRA)
3. Investment Revaluation Account Foreign Securities (IRA-FS)
4. Investment Revaluation Account-Rupee Securities (IRA-RS)

Select the correct answer code:

- a) 1, 2, 3
- b) 1, 3, 4
- c) 2, 3, 4
- d) 1, 2, 3, 4

Solution: d)

The central bank's main risk provision accounts are Contingency Fund, Currency and Gold Revaluation Account (CGRA), Investment Revaluation Account Foreign Securities (IRA-FS) and Investment Revaluation Account-Rupee Securities (IRA-RS).

44) Which of the following statements is correct regarding Accommodative monetary policy?

- a) Central banks reduce the money supply to keep inflation under control
- b) Central banks expand the money supply to boost the economy
- c) Central banks increase the interest rates frequently
- d) None of the above

Solution: b)

Accommodative monetary policy, also known as **loose credit or easy monetary policy**, occurs when a central bank attempts to **expand the overall money supply to boost the economy** when growth is slowing (as measured by GDP). These measures are meant to make money less expensive to borrow and encourage more spending.

45) With reference to RBI's role in the economy, consider the following statements.

1. RBI lends borrowers who cannot avail credit through formal banking channels or SHGs.
2. RBI can help banks in matters of insolvency and defaults.

Which of the above statements is/are correct?

- a) 1 only
- b) 2 only

- c) Both 1 and 2
- d) Neither 1 nor 2

Solution: b)

RBI plays an important role as 'lender of last resort' in the Indian Financial system.

But, RBI is not a last resort for individual borrowers, and so statement 1 is wrong. RBI does not indulge in commercial borrowing.

The total amount of deposits held by all commercial banks in the country is much larger than the total size of their reserves.

So, if all the account-holders of all commercial banks in the country want their deposits back at the same time, the banks will not have enough means to satisfy the need of every accountholder and there will be bank failures. The Reserve Bank of India plays a crucial role here. In case of a crisis like the above it stands by the commercial banks as a guarantor and extends loans to ensure the solvency of the latter.

This system of guarantee assures individual account-holders that their banks will be able to pay their money back in case of a crisis and there is no need to panic thus avoiding bank runs.

- 46) Directorate General of Foreign Trade (DGFT), sometimes seen in news is under which ministry
- a) Ministry of External Affairs
 - b) Ministry of Commerce and Industry
 - c) Ministry of Finance
 - d) Ministry of Home Affairs

Solution: b)

Directorate General of Foreign Trade (DGFT) organisation is an attached office of the Ministry of Commerce and Industry and is headed by Director General of Foreign Trade. DGFT is responsible for implementing the Foreign Trade Policy with the main objective of promoting India's exports. Keeping in line with liberalization and globalization and the overall objective of increasing of exports, DGFT has since been assigned the role of "facilitator". The shift was from prohibition and control of imports/exports to promotion and facilitation of exports/imports, keeping in view the interests of the country.

- 47) Consider the following statements regarding Labour Bureau.

1. Labour Bureau is the data and survey wing of the union ministry of Commerce and Industry.
2. Labour Bureau aims to achieve in producing quality data on rural, agriculture and industrial workers.
3. The foundations of Labour Bureau can be traced to the Royal Commission on Labour setup before

India's Independence.

Which of the above statements is/are correct?

- a) 1, 2
- b) 1, 3
- c) 2, 3
- d) 1, 2, 3

Solution: c)

At least 80 years after it was established, the **Labour Bureau, the data and survey wing of the union labour ministry**, has got a logo that encapsulates the essence of **three core areas - rural, agriculture and industrial workers**.

The logo represents three goals that **Labour Bureau aims to achieve in producing quality data** -- accuracy, validity and reliability.

The foundations of Labour Bureau can be traced to the Royal Commission on Labour in 1931, which underlined the need for systematic collection of labour statistics relating to living, working and socio-economic conditions of industrial labour.



48) Consider the following statements.

1. Presently no item is reserved for exclusive manufacture by Micro and Small Industries (MSE) Sector.
2. The industries reserved for manufacture of items exclusively in the Public Sector are limited only to Railways and atomic energy in India.

Which of the above statements is/are correct?

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

Solution: a)

The government has removed all the items from the original list of over 800 items reserved for exclusive production by the MSME sector, thus bringing to an end a policy regime being followed since the 1960s to promote and facilitate the small sector, considered a big employment generator.

List Of Industries To Be Reserved For manufacture Of Items Exclusively in the Public Sector

Arms and ammunition and allied items of defence equipment

Defence aircraft and warships.

Atomic Energy.

Coal and lignite

Mineral oils.

Mining of iron ore, manganese ore, chrome ore, gypsum, sulphur, gold and diamond.

Mining of copper, lead, zinc, tin, molybdenum and wolfram.

Minerals specified in the Schedule to the Atomic Energy (Control of production and use) Order, 1953.

Railway transport.

49) Which of these can be categorized as “capital goods industries”?

1. Engineering goods
2. Textiles
3. Financial Services Industry
4. Construction and mining equipment industry

Select the correct answer code:

- a) 1, 4
- b) 2, 3
- c) 1, 2, 3
- d) 2, 4

Solution: a)

Capital Goods refer to products that are used in the production of other products but are not incorporated into the new product. These include machine tools, industrial machinery, process plant equipment, construction & mining equipment, electrical equipment, textile machinery, printing & packaging machinery etc. They are deployed to help increase future production. Consumer goods are any goods that are not capital goods; they are goods used by consumers and have no future productive use.

Textiles makeup consumer goods.

Financial Services Industry produce services, which are essentially consumed, or may be used further in the economic process, but they are not classified as capital goods industries as such.

50) Consider the following statements.

1. The classification of Organised and unorganized sector in India is mainly based on employment conditions.
2. The classification of primary, secondary and tertiary sectors are based mainly on intensity of resource usage.

Which of the above statements is/are correct?

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

Solution: a)

On the basis of employment conditions, activities in the economy are classified as organised and unorganised. The sector, which is registered with the government is called an organised sector. The sector which is not registered with the government and whose terms of employment are not fixed and regular is considered as unorganised sector.

The three-sector model in economics divides economies into three sectors of activity: extraction of raw materials (primary), manufacturing (secondary), and services (tertiary).

51) Consider the following statements.

1. The first Five Year Plan was based on the ideas of Mahalanobis, which laid down the basic ideas regarding goals of Indian planning.
2. The Second Five Year Plan tried to build the basis for a socialist pattern of society.
3. In the first seven five-year plans, trade was characterised by import substitution strategy.

Which of the above statements is/are correct?

- a) 1, 2
- b) 1, 3
- c) 2, 3
- d) 1, 2, 3

Solution: c)

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

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

• In the first seven plans, trade was characterised by what is commonly called an inward-looking trade strategy. Technically, this strategy is called import substitution. This policy aimed at replacing or substituting imports with domestic production.

52) Consider the following statements regarding Five Year Plans in India.

1. The duration of plan holiday was from 1966 to 1969.
2. "Garibi Hatao" slogan was given during Fifth Five Year Plan.

Which of the above statements is/are correct?

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

Solution: c)

Due to miserable failure of the Third Plan the government was forced to declare "**plan holidays**" (from 1966 to 1967, 1967–68, and 1968–69). Three annual plans were drawn during this intervening period. During 1966–67 there was again the problem of drought. Equal priority was given to agriculture, its allied activities, and industrial sector. The government of India declared "Devaluation of Rupee" to increase the exports of the country. The main reasons for plan holidays were the war, lack of resources and increase in inflation.

The Fifth Five-Year Plan laid stress on employment, poverty alleviation (Garibi Hatao), and justice.

53) Which of the following were the goals of the planning system in India between 1950-1990?

1. Export promotion
2. Industrialization
3. Self-reliance
4. Equity

Select the correct answer code:

- a) 1, 2, 3, 4
- b) 2, 3, 4
- c) 1, 3, 4
- d) 1, 2, 4

Solution: a)

All the above are the goals of the planning system in India between 1950-1990.

54) India's growth's story from the eve of Independence to the liberalization phase is largely termed as 'Hindu rate of growth'. What it refers to?

- a) Non inclusive growth story of India before 1990's liberalization.
- b) Religious belief of the successive government right from the independence.
- c) Irrational developmental agenda driven by majoritarian society.
- d) The phenomenon of sluggishness in growth rate of Indian economy before 1990's.

Solution: d)

'Hindu' rate of growth was coined to refer to the phenomenon of sluggishness in growth rate of Indian economy (3.5 per cent observed persistently during 1950s through 1980s).

55) Which of the following is not a valid argument for advocating 'free trade' for a developing economy?

- a) It results in more efficient allocation of resources internationally.
- b) It improves competition and reduces domestic monopoly in goods and services.
- c) It allows exporters to reap economies of scale.
- d) It creates a level-playing field between developing and developed economies.

Solution: d)

Since it allows specialization of production, statement a) is correct. Statement b) is a natural consequence of more producers of the same product or service.

Since exporters can tap domestic as well as foreign markets, they can produce more, reduce costs and thus reap economies of scale. So, statement c) is also correct.

Statement d) is not a valid argument out of the all four. **Globalization along with free trade can adversely affect the economies of developing countries by not giving equal playing field by imposing conditions which are unfavorable.**

