

- imposing provisional safeguard duty
- imposing minimum import price

All the above steps have been taken by the government in recent times as explained in the Economic Survey 2015-16.

Statement 1 is incorrect as decreasing basic customs duties would make the imported product cheaper further eroding the competitiveness of Indian steel manufacturers.

Statement 2 is correct as it would provide Indian steel manufacturers some parity.

#### Q 10.D

Challenges to Ease of Doing Business:

- Time required to obtain clearances.
- Challenges in transfer pricing audit
- Indian tax regime not proactive in promoting investments etc.

Steps that can be taken:

- Need for simplification & transparency in process
- Promote industrial clusters
- Introduce market price-based pricing mechanism
- Implement Goods & Services Tax
- Reduce discretionary nature of taxes
- Time-bound taxation-related dispute resolution

#### Q 11.D

- Statement 1 is not correct. Micro, Small & Medium Enterprises Development Act, 2006 (MSMED Act) provides for classification of enterprises based on their investment size and the nature of the activity undertaken by that enterprise. As per MSMED Act, enterprises are classified into two categories - manufacturing enterprises and service enterprises.
- Statement 2 is not correct. There is no item reserved for exclusive manufacture in the micro small and medium scale sector unlike such a provision that existed during pre-liberalisation phase. In 2015 Government has dereserved the remaining 20 items from the erstwhile list of items reserved for exclusive manufacture in MSMEs.

#### Q 12.C

- The Nutrient Based Subsidy (NBS) Policy is being implemented by the Department of Fertilizers and under the said policy, a fixed amount of subsidy decided on annual basis, is provided on each grade of subsidized Phosphatic and Potassic (P&K) fertilizers depending on its Nutrient Content. At present 22 grades of P&K fertilizers are covered under the NBS policy.
- Under the NBS Policy, a fixed rate of subsidy is announced on nutrients namely Nitrogen (N), Phosphate (P), Potash (K) and Sulphur (S) by the Government on annual basis.

#### Q 13.B

- The key difference between a share and a debenture is that while share represents part of ownership of a company, debenture acknowledges loan or debt to the company. Thus, a shareholder is a participant in the profits as well as losses of the company.
- Dividend is paid on share, which is an appropriation of profits, but a debenture holder is paid interest over the lifetime of the debenture and principal amount at the end of life.

#### Q 14.B

- At the time of independence, there were less private entrepreneurs and India needed a large capital in order to bring industrialisation.
- The demand for industrial goods in market was less during that time owing to low income levels. The low demand had resulted in lack of incentives for the profit driven private investment.