



30 Days Revision Module Day 14 - Economy III (UPSC Prelims 2021)

1) Which of the following are true regarding Poverty in India

1. In post liberalization India, poverty in absolute terms has largely declined, except for a period in the mid 1990s.
2. The percentage of poor on the other hand has shown a steady decline ever since the 1991 reforms.

Which of the statements given above is/are correct?

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

Answer : a

- Both percentage and absolute number of poverty show the same trend.

2) Consider the following statements:

1. Frictional unemployment is the time period between jobs when a worker is searching for or transitioning from one job to another.
2. Structural unemployment occurs when there is a mismatch between the skills of the unemployed workers and the skills needed for the available jobs.

Which of the statements given above is/are correct?

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

Answer : c

- Unemployment may be defined as “a situation in which the person is capable of working both physically and mentally at the existing wage rate, but does not get a job to work”.
- Frictional Unemployment: Frictional unemployment is caused due to improper adjustment between supply of labour and demand for labour.
- This type of unemployment is due to immobility of labour, lack of correct and timely information, seasonal nature of work. etc.
- Structural Unemployment - It arises due to drastic changes in the economic structure of a country. These changes may affect either the supply of a factor or demand for a factor of production.
- It is a natural outcome of economic development and technological advancement and innovation that are taking place rapidly all over the world in every sphere.

3) Consider the following statements with respect to *Global Multidimensional Poverty Index*

1. It is an international measure of multidimensional poverty released every year by scoring each

surveyed household on 10 parameters.

2. It was launched in 2010 by the Oxford Poverty and Human Development Initiative (OPHI) and United Nations Development Programme (UNDP).
3. NITI Aayog is the nodal agency for leveraging the monitoring mechanism of the Global MPI to drive reforms in India.

Which of the statement(s) given above is/are correct?

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

Answer : d

- Global MPI is an international measure of multidimensional poverty covering 107 developing countries.
- It was first developed in 2010 by Oxford Poverty and Human Development Initiative (OPHI) and United Nations Development Programme (UNDP) for UNDP's Human Development Reports.
- The Global MPI is released at the High-Level Political Forum (HLPF) on Sustainable Development of the United Nations in July, every year.
- Global MPI is computed by scoring each surveyed household on 10 parameters based on - nutrition, child mortality, years of schooling, school attendance, cooking fuel, sanitation, drinking water, electricity, housing and household assets.
- It utilises the National Family Health Survey (NFHS) which is conducted under the aegis of Ministry of Health and Family Welfare (MoHFW) and International Institute for Population Sciences (IIPS).
- According to Global MPI 2020, India is 62nd among 107 countries with an MPI score of 0.123 and 27.91% headcount ratio, based on the NFHS 4 (2015/16) data.
- Neighbouring countries like Sri Lanka (25th), Bhutan (68th), Nepal (65th), Bangladesh (58th), China (30th), Myanmar (69th) and Pakistan (73rd) are also ranked in this index.

4) One of the reasons for India's occupational structure remaining more or less the same over the years has been that

- a. Investment pattern has been directed towards capital intensive industries
- b. Productivity in agriculture has been high enough to induce people to stay with agriculture
- c. Ceiling on land holdings have enabled more people to own land and hence their preference to stay with agriculture
- d. There has been a lack of unskilled jobs in secondary sector

Answer : d

A developing economy that is in a transition from primary sector ought to pass through secondary and then tertiary. India seems to have missed this because,

- India did not create enough low skilled secondary sector jobs and hence situation of disguised unemployment arose.
- Failure to create prosperity in rural areas by creating employment in higher productivity areas than agriculture
- Low productivity in agriculture.
- Failure of land reforms and restrictive acts like Land Ceiling Act.
- Focus on large scale industries than focussing on indigenous smallscale industries / MSME.
- Lack of investment in health, education and skilling

5) Consider the following statements

1. In India, Sex ratio at birth is defined as the number of females per thousand males in the age group 0-6 years.
2. Arunachal Pradesh is having the best sex ratio in the country while Manipur recorded the worst sex ratio.

Which of the statement(s) given above is/are correct?

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

Answer : b

- According to the 2018 report on "vital statistics of India based on the Civil Registration System (CRS), Arunachal Pradesh recorded the best sex ratio in the country while Manipur recorded the worst sex ratio.
- Sex ratio at birth is the number of females born per thousand males.
- Child Sex ratio is the number of females per thousand males in the age group 0-6 years in a human population.
- Arunachal Pradesh recorded 1,084 females born per thousand males, followed by Nagaland (965) Mizoram (964), Kerala (963) and Karnataka (957).
- The worst was reported in Manipur (757), Lakshadweep (839) and Daman & Diu (877), Punjab (896) and Gujarat (896).
- Delhi recorded a sex ratio of 929, Haryana 914 and Jammu and Kashmir 952.
- The prescribed time limit for registration of birth or death is 21 days. Some States however register the births and deaths even after a year.

6) Consider the following statements with respect to India Report on Longitudinal Ageing Study of India (LASI)

1. It is a full-scale national survey of scientific investigation of the health, economic, and social determinants and consequences of population ageing in India.
2. The study was undertaken by the National Programme for Health Care of Elderly, Ministry of Health & Family Welfare.

Which of the statement(s) given above is/are correct?

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

Answer : c

Longitudinal Ageing Study of India (LASI)

- It is a full-scale national survey of scientific investigation of the health, economic, and social determinants and consequences of population ageing in India.
- The National Programme for Health Care of Elderly, Ministry of Health & Family Welfare has undertaken the Longitudinal Ageing Study of India, through International Institute for Population Sciences, (IIPS), Mumbai.
- The study was conducted in collaboration with Harvard School of Public Health, University of Southern California, USA, Dte.GHS, United Nations Population Fund (UNFPA) and National Institute on Ageing.
- It covered a baseline sample of individuals aged 45 and above and their spouses including elderly persons aged 60 and above and oldest-old persons aged 75 and above from all States

and Union Territories (UTs) of India (excluding Sikkim).

- It is India's first and the world's largest ever survey that provides a longitudinal database for designing policies and programmes for the older population in the broad domains of social, health, and economic well-being.

7) With respect to Census 2011, consider the following statements:

1. According to 2011 census, 60+ populations accounted for 8.6% of India's population.
2. The number of elderly age population in India is declining at a rate of 1.5%.

Which of the statement(s) given above is/are correct?

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

Answer : a

- In 2011 census, the 60+ population accounted for 8.6% of India's population, accounting for 103 million elderly people.
- Growing at around 3% annually, the number of elderly age population will rise to 319 million in 2050.
- 75% of the elderly people suffer from one or the other chronic disease.
- 40% of the elderly people have one or the other disability and 20% have issues related to mental health.

8) Consider the following statements with respect to Socio Economic Caste Census

1. All the personal information collected under SECC is open for use by Government departments.
2. It is conducted under the overall coordination of Office of the Registrar General and Census Commissioner under Ministry of Home Affairs.

Which of the statement(s) given above is/are **not correct**?

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

Answer : b

- SECC was conducted in 2011 for the first time since 1931.
 - SECC 2011 has three census components which were conducted by three separate authorities but under the overall coordination of Department of Rural Development in the Government of India.
1. Census in Rural Area has been conducted by the Department of Rural Development (DoRD).
 2. Census in Urban areas is under the administrative jurisdiction of the Ministry of Housing and Urban Poverty Alleviation (MoHUPA).
 3. Caste Census is under the administrative control of Ministry of Home Affairs: Registrar General of India (RGI) and Census Commissioner of India.
- The Decennial Census provides a portrait of the Indian population, while the SECC is a tool to identify beneficiaries of state support.
 - Since the Decennial Census falls under the Census Act of 1948, all data are considered confidential, whereas all the personal information given in the SECC is open for use by Government departments to grant and/or restrict benefits to households.

9) Phillips curve explains the relationship between

- a. Rates of taxation and the resulting levels of Government revenue.
- b. Relation between rates of unemployment and corresponding rates of inflation.
- c. Deviation of Distribution of income among individuals or households within an economy
- d. Graph depicting the relationship between the price of a certain commodity and the amount of it that consumers are willing and able to purchase at that given price.

Answer : b

- The Phillips curve is a single-equation empirical model, named after A. W. Phillips, describing a historical inverse relationship between rates of unemployment and corresponding rates of inflation that result within an economy.
- Stated simply, decreased unemployment, (i.e., increased levels of employment) in an economy will correlate with higher rates of inflation.

10) Which of the following correctly explains 'Fixed term Employment' category of worker?

- a. A worker appointed against the post of a permanent worker who is absent for a temporary period
- b. Engagement of the worker on the basis of a written contract of employment for a fixed period
- c. A worker who is permanently engaged with the organization
- d. A worker whose contract will be renewed after the fixed period of time

Answer : b

- Fixed-term employment is a contract in which a company or an enterprise hires an employee for a specific period of time.
- In most case, it is for a year but can be renewed after the term expires depending on the requirement.
- In fixed-term employment, the employee is not on the payroll of the company. Under the fixed-term employment contract, the pay-out or the payment is fixed in advance and is not altered until the

11) The Economic Survey, 2020-21 stated that the spread and intensity of COVID-19 induced twin economic shocks. The Twin Economic Shocks mentioned in the survey refers to?

1. Inflation Shock
2. Employment Shock
3. Demography Shock
4. Gross Value Added (GVA) Shock

Select the correct answer using the codes given below

- a. 1 and 2 only
- b. 2 and 3 only
- c. 2 and 4 only
- d. 3 and 4 only

Answer : c

- According to the Economic Survey, 2020-21, the spread and intensity of COVID-19 induced twin economic shocks.
- The shocks can be broadly captured through impact on **output/Gross Value Added (GVA) and employment.**
- In terms of GVA shock, non-essential activities are likely to endure a combined shock directly proportional to their respective GVA contribution, given that they could not operate during lockdown.
- Essential activities are likely to undergo a dampened shock, primarily arising from the indirect impact of restricted activities in non-essential sectors.
- In terms of employment shock, contact-sensitive sectors like trade, hotels, transport, tourism, etc. are likely to undergo a shock proportional to the respective employment share, with informal workers likely to bear the larger brunt.

- The construction and mining sectors, that employ a larger share of informal workers, have been severely affected by the pandemic-induced lockdowns.

12) Consider the following statement:

1. Labour force is the part of the population which is both willing and able to work.
2. Labour force participation rate is the ratio of labour force to the total population of a country.
3. Unemployment rate is the ratio of unemployed people to the total labour force of a country.

Which of the above given statements is/are correct?

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

Answer : b

- Labour force participation rate is defined as the section of working population in the age group of 16-64 in the economy currently employed or seeking employment.
- People who are not interested in working or getting some sort of employment are not included in the participation rate.

13) Consider the following statements with respect to *Garib Kalyan Rojgar Abhiyaan (GKRA)*

1. It is a 125-day programme implemented all over India, mainly focusing on 25 works.
2. It aims to provide livelihood employment to the returnee migrant workers and similarly affected rural population by Covid-19 pandemic.

Which of the statement(s) given above is/are **not correct**?

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

Answer : a

Garib Kalyan Rojgar Abhiyaan (GKRA)

- It is a **125-day Abhiyan** launched by Hon'ble Prime Minister on 20th June, 2020.
- It was launched with a mission to address the issues of returnee migrant workers and similarly affected rural population by Covid-19 pandemic.
- It aims to achieve this through a multi- pronged strategy of providing immediate employment & livelihood opportunities to the distressed, to saturate the villages with public infrastructure and creation of livelihood assets to boost the income generation activities and enhance long term livelihood opportunities.
- It focuses on 25 works in **116 selected districts across 6 States** with a resource envelope of Rs 50,000 crore.
- There are 6 states included in this campaign: **Bihar, Rajasthan, Uttar Pradesh, Madhya Pradesh, Jharkhand, and Odisha.**
- Rural Development Ministry and other 11 participating Ministries and six State Government regularly monitors the implementation of the Abhiyaan.
- A Central Nodal officer has been appointed for each Abhiyaan District to guide and facilitate the districts as also monitor Abhiyaan.

14) "*Beveridge Curve*" in economics, shows the relationship between?

- a. Income inequality and wealth distribution

- b. Unemployment and Job vacancy
- c. Average tax rate and total tax revenue
- d. Inflation and unemployment

Answer : b

- **Beveridge curve** refers to a graphical representation that shows the relationship between the **unemployment rate** (on the horizontal axis) and the **job vacancy rate** (on the vertical axis) in an economy.
- The Beveridge curve **usually slopes downwards** because times when there is high job vacancy in an economy are also marked by relatively low unemployment since companies may actually be actively looking to hire new people.
- By the same logic, a low job vacancy rate usually corresponds with high unemployment as companies may not be looking to hire many people in new jobs.

15) Consider the following statements with respect to *Khadi Agarbatti Aatmanirbhar Mission*

1. The scheme aims at creating employment for unemployed and migrant workers while increasing domestic Agarbatti production substantially.
2. The scheme is designed by Khadi and Village Industries Commission (KVIC) on Public Private Partnership (PPP) mode.

Which of the statement(s) given above is/are correct?

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

Answer : c

- Union Minister for MSME has recently approved a unique employment generation program proposed by Khadi and Village Industries Commission (KVIC) to make India Aatmanirbhar in Agarbatti production.
- The program named as “**Khadi Agarbatti Aatmanirbhar Mission**” aims at creating employment for unemployed and migrant workers in different parts of the country while increasing domestic Agarbatti production substantially.
- The scheme designed by KVIC on PPP mode is unique in the sense that in a very less investment, it will create sustainable employment and help private Agarbatti manufacturers to scale up Agarbatti production without any capital investment by them.
- Under the scheme, **KVIC will provide Automatic Agarbatti making machines and powder mixing machines to the artisans** through the successful private Agarbatti manufacturers who will sign the agreement as business partners.
- KVIC has decided to procure only locally made machines by Indian manufacturers which also aims at encouraging local production.
- KVIC will provide 25% subsidy on the cost of the machines and will recover the remaining 75% of the cost from the artisans in easy installments every month.
- The business partner will provide the raw material to the artisans for making Agarbatti and will pay them wages on job work basis. ‘
- Cost of artisans’ training will be shared between KVIC and the private business partner wherein KVIC will bear 75% of the cost while 25% will be paid by the business partner.

16) Consider the following statements about Atal Bimit Vyakti Kalyan Yojana

1. It is a scheme for providing unemployment allowance to workers rendered jobless due to the changing employment pattern
2. It is implemented by LIC of India

Which of the statements given above is/ are correct?

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

Answer : a

- It is a scheme of Employment State Insurance Corporation
- Under the scheme, workers who are left unemployed for whatsoever reasons will be paid money, from their own contribution towards the ESI scheme, in cash through bank account transfer.
- It will be applicable for employees covered under the Employees' State Insurance (ESI) Act, 1948

17) The 'Poverty and Shared Prosperity 2018: Piecing Together the Poverty Puzzle is a flagship report of?

- a. World Bank
- b. World Economic Forum
- c. UNDP
- d. Transparency International

Answer : a

- It is a report of World Bank
- The World Bank's preliminary forecast is that extreme poverty has declined to 8.6 per cent in 2018.
- It finds out that that despite the tremendous progress in reducing extreme poverty, rates remain stubbornly high in low-income countries and those affected by conflict and political upheaval.
- It also focuses on reducing relative poverty in the South Asian region

18) Assertion (A): Labor Force Participation Rate (LFPR) of females in the productive age (15-59 years) was low when compared to males.

Reason (R): Females spend large time on unpaid domestic and caregiving services to household members compared to their male counterparts.

Select the correct answer using the codes given below

- a. Both A and R are correct and R is the correct explanation of A
- b. Both A and R are correct but R is not the correct explanation of A
- c. A is correct but R is incorrect
- d. A is incorrect but R is correct

Answer : a

Time Use Survey, 2019

- According to the survey, LFPR of females in the productive age (15-59 years) was 26.5 per cent in 2018-19, as compared to 80.3 per cent for males (rural+urban).
- The survey showed that females spend disproportionately large time on unpaid domestic and caregiving services to household members compared to their male counterparts.
- This explains the reason for the relatively low level of female LFPR in India.

19) Consider the following statements

1. The average age of India is lower than most other countries.
2. Elderly Population is much higher in India than other countries.

Which of the statements given above is/are correct?

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

Answer : c

- Although all age groups are at risk of contracting COVID-19, older people face significant risk of developing severe illness if they contract the disease due to physiological changes that come with ageing and potential underlying health conditions.
- Though India has a young population with **only around 10 per cent share of people above 60 years of age**, the population of people above 60 years of age in absolute numbers is significantly higher in India.

20) Which of the following is/are **not among the five dimensions** based on which *Bare Necessities Index (BNI)* ranks Indian states?

1. Water
2. Housing
3. Sanitation
4. Mode of Transport
5. Macro-environment

Select the correct answer using the codes given below:

- a. 4 only
- b. 2 and 5 only
- c. 4 and 5 only
- d. None of the above



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Answer : c

Bare Necessities Index (BNI)

- The BNI is created for all States/UTs by employing the data at State level.
- The index is constructed at two points of time - 2012 and 2018 - using 26 indicators on five dimensions viz.,

1. ***Water***
2. ***Sanitation***
3. ***Housing***
4. ***Micro-environment***
5. ***Other facilities***