P.L.RAJ IAS & IPS ACADEMY

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MCQ

1. Which of the following correctly explains the reasons for Indian depositors increasingly preferring Fixed Deposits over Savings Accounts?

1. Savings account interest rates (2.5-3%) are significantly lower than Fixed Deposit returns (6.25-6.45%)
2. Retail inflation at 3.48% makes savings account returns negative in real terms
3. DICGC insures Fixed Deposits up to ₹10 lakh per depositor per bank
4. Fixed Deposits cannot be broken prematurely, ensuring disciplined long-term savings

Select the correct answer:

(a) 1 and 2 only

(b) 1, 2 and 3 only

(c) 2, 3 and 4 only

(d) 1, 2, 3 and 4

Answer: (a)

SIMPLE EXPLANATION:

1. **Reason 1 is CORRECT CAUSE:** Major banks offering only 2.5-3% on savings accounts versus 6.25-6.45% on 1–2-year FDs; significant yield differential is primary driver of shift toward fixed deposits.
2. **Reason 2 is CORRECT CAUSE:** Retail inflation at 3.48% exceeds savings account yield of 2.5% generating negative real return (-0.98%); FDs at 6.45% generate positive real return (~3%) making them rationally preferable.
3. **Reason 3 is WRONG:** DICGC insures deposits up to **₹5 lakh** (NOT ₹10 lakh) per depositor per bank; while insurance does encourage FD preference, the stated amount is incorrect.
4. **Reason 4 is WRONG:** Fixed Deposits CAN be broken prematurely; investors can break FD or take loan/overdraft against FD without losing all benefits; premature withdrawal flexibility actually ADDS to FD attractiveness rather than restricting it.

2. With reference to the Panchayats (Extension to Scheduled Areas) Act, 1996 (PESA), which one of the following best describes its primary constitutional purpose?

(a) To extend the provisions of Part X of the Constitution relating to Municipalities to Scheduled Areas with modifications

(b) To extend the provisions of Part IX of the Constitution relating to Panchayats to Fifth Schedule Scheduled Areas in a modified form recognising tribal self-governance

(c) To provide constitutional status to Sixth Schedule areas by extending panchayat provisions to northeastern tribal regions

(d) To replace customary tribal laws in Scheduled Areas with uniform panchayat governance structures under state legislation

Answer: (b)

EXPLANATION:

1. **Option (a) is WRONG:** PESA extends Part IX (Panchayats) NOT Part X (Municipalities); Municipalities are governed by 74th Amendment under Part IXA; confusing Parts IX and X is a common distractor in UPSC.
2. **Option (b) is CORRECT:** PESA extends provisions of Part IX of Constitution (Panchayats) to Fifth Schedule Scheduled Areas in modified form; modification essential to preserve tribal customary rights, self-governance traditions; enacted 1996 recognizing tribal communities' right to govern themselves through Gram Sabhas.
3. **Option (c) is WRONG:** PESA applies to Fifth Schedule areas (central and peninsular India tribal regions) NOT Sixth Schedule; Sixth Schedule covers northeaster states (Assam, Meghalaya, Tripura, Mizoram) with autonomous district councils — entirely different framework.
4. **Option (d) is WRONG:** PESA does NOT replace customary tribal laws; it explicitly preserves and recognizes customary law, social and religious practices, and traditional resource management systems of tribal communities — opposite of what option states.

3. **With reference to India's recently introduced Producer Price Index (PPI) framework, which of the following descriptions correctly identifies the Output Producer Price Index (OPPI)?**

(a) An index measuring the cost of raw materials and inputs purchased by industries at Purchaser's Price including transport costs and trade margins

(b) An index measuring average price changes received by domestic producers for their goods and services at Basic Price before entering the market, excluding net taxes and transport costs

(c) An index measuring quarterly price changes in the services sector covering banking, insurance, railways, and telecommunications for consumer welfare assessment

(d) An index measuring price changes at the wholesale distribution stage including trade and transport margins to track intermediate supply chain inflation

Answer: (b)

EXPLANATION:

1. **Option (a) is WRONG:** This describes the Trial Input Producer Price Index (IPPI) — which tracks cost of raw materials and inputs bought by industries at Purchaser's Price including transport costs and trade margins; NOT the OPPI.
2. **Option (b) is CORRECT: Output Producer Price Index (OPPI)** measures average change in prices domestic producers RECEIVE for their goods and services BEFORE entering market; measured at Basic Price (excludes net taxes and transport/trade costs); released monthly from June 15, 2026 starting with 125 items expanding to 1,500.
3. **Option (c) is WRONG:** This describes the Services Producer Price Index (Service PPI) — which tracks quarterly price changes in services sector (banking, insurance, railways, telecom); NOT the OPPI which covers goods and services at production stage.
4. **Option (d) is WRONG:** This describes the old WPI (Wholesale Price Index) — which measures prices at intermediate wholesale distribution points including trade, transport margins; this is precisely the limitation that PPI transition aims to correct.

4. **Assertion (A):** The re-promulgation of Ordinances without placing them before Parliament was held to be a fraud on the Constitution by the Supreme Court.

Reason (R): Under Article 123, an Ordinance must be laid before Parliament when it reassembles and ceases to operate if not approved within six weeks, making re-promulgation a deliberate subversion of Parliamentary oversight.

(a) Both A and R are true and R is the correct explanation of A

(b) Both A and R are true but R is NOT the correct explanation of A

(c) A is true but R is false

(d) A is false but R is true

Answer: (a)

EXPLANATION:

1. **Assertion (A) is TRUE:** In **D.C. Wadhwa v. State of Bihar (1987)**, the Supreme Court explicitly held that re-promulgation of Ordinances — issuing fresh Ordinances on the same subject repeatedly without Parliamentary approval — constitutes a "fraud on the Constitution"**;** it was being done to bypass Parliamentary scrutiny indefinitely.
2. **Reason (R) is TRUE:** Article 123 mandates Ordinance must be laid before Parliament when it reassembles and ceases to operate within six weeks if not approved; re-promulgation deliberately circumvents this mandatory Parliamentary approval requirement, making it a constitutional subversion of legislative oversight.
3. **R correctly explains A:** The constitutional fraud identified in D.C. Wadhwa DIRECTLY results from the mechanism described in R — re-promulgation is fraudulent precisely BECAUSE it defeats the six-week approval requirement and Parliamentary oversight that Article 123 mandates; R provides the exact constitutional basis explaining why re-promulgation is constitutionally impermissible.

5. **Which of the following statements about India's government initiatives for Electric Vehicle promotion are correct?**

1. PLI-Auto scheme mandates companies to ensure at least 50% Domestic Value Addition (DVA) to qualify for incentives
2. ACC Battery PLI scheme was approved with budgetary outlay of ₹18,100 crore aiming to establish 50 GWh domestic manufacturing capacity
3. SPMEPCI 2024 allows approved applicants to import electric four-wheelers at reduced customs duty of 15% with minimum CIF value of USD 35,000
4. Rare Earth Permanent Magnet (REPM) Scheme focuses exclusively on developing charging infrastructure for electric vehicles

Select the correct answer:

(a) 1 and 2 only

(b) 1, 2 and 3 only

(c) 2, 3 and 4 only

(d) 1, 2, 3 and 4

Answer: (b)

EXPLANATION:

1. **Statement 1 is CORRECT:** PLI-Auto scheme launched 2021 for Advanced Automotive Technologies; key mandate requires companies ensuring at least 50% Domestic Value Addition (DVA) to qualify for incentives; encouraging localization of EV components.

2. **Statement 2 is CORRECT:** ACC Battery PLI scheme approved 2021 with budgetary outlay of ₹18,100 crore; aims to establish competitive domestic manufacturing ecosystem for 50 GWh of Advanced Chemistry Cell batteries; currently only ~1 GWh installed against 40 GWh awarded.
3. **Statement 3 is CORRECT:** SPMEPCI 2024 grants approved applicants five-year window to import Completely Built-in Units (CBUs) of electric four-wheelers valued at minimum CIF USD 35,000 at significantly reduced customs duty of 15%; conditional on domestic manufacturing commitment.
4. **Statement 4 is WRONG:** Rare Earth Permanent Magnet (REPM) Scheme focuses on domestic production of rare-earth permanent magnets used in EV motors (NOT charging infrastructure); reduces critical mineral import dependence; strengthens upstream supply chains for electric mobility; charging infrastructure is addressed separately through PM e-DRIVE and other schemes.

6. Which of the following pairs of Government Schemes and their Primary Objectives are correctly matched?

	Scheme	Primary Objective
1.	Namo Drone Didi	Training women SHG members as drone pilots for agricultural services
2.	Pradhan Mantri Matru Vandana Yojana (PMMVY)	Providing financial incentive to women for first live birth to improve maternal nutrition
3.	Sukanya Samriddhi Yojana	Providing collateral-free loans to women entrepreneurs for small businesses
4.	Womaniya on GeM	Expanding market access for women entrepreneurs through government procurement platform

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

Answer: (a)

EXPLANATION:

1. **Pair 1 is CORRECT:** NaMo Drone Didi trains women Self-Help Group (SHG) members as drone pilots enabling them to become technology-driven service providers in agriculture; part of digital-economic empowerment pillar of women-led development.
2. **Pair 2 is CORRECT:** Pradhan Mantri Matru Vandana Yojana (PMMVY) provides financial incentive to pregnant women for first live birth to improve maternal health and nutrition outcomes; part of health-nutrition pillar of women-led development.
3. **Pair 3 is WRONG:** Sukanya Samriddhi Yojana is a small savings scheme encouraging long-term financial planning for girl children (opened by parents/guardians for girls below 10 years); NOT a loan scheme; Pradhan Mantri Mudra Yojana provides collateral-free loans to entrepreneurs including women.
4. **Pair 4 is CORRECT:** Womaniya on Government e-Marketplace (GeM) specifically expands market access for women entrepreneurs, self-help groups, and women-led businesses through the government's procurement platform connecting them to government buyers.