

# 50 IMPORTANT TOPICS FOR PRELIMS 2023

## SCHEDULE

27-03-2023	Monday	Polity	06-04-2023	Thursday	Geography
28-03-2023	Tuesday	Science	07-04-2023	Friday	Economy
29-03-2023	Wednesday	Environment	08-04-2023	Saturday	History
30-03-2023	Thursday	Geography	09-04-2023	Sunday	HOLIDAY
31-03-2023	Friday	Economy	10-04-2023	Monday	Polity
01-04-2023	Saturday	History	11-04-2023	Tuesday	Science
02-04-2023	Sunday	HOLIDAY	12-04-2023	Wednesday	Environment
03-04-2023	Monday	Polity	13-04-2023	Thursday	IR
04-04-2023	Tuesday	Science	14-04-2023	Friday	Economy
05-04-2023	Wednesday	Environment	15-04-2023	Saturday	Schemes

Starting from **27th March** 2023 on YouTube Channel

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## UPSC 2023

### FULL - LENGTH TESTS

 | 9 Full-length Tests

 | Questions as per UPSC Format

 | Detailed explanations for all questions

 | Mix of Factual and Conceptual Questions

 | Comprehensive Coverage of Current Affairs

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## Pre-Mix - 5 MCQs for Prelims

### Subject - Economy

Date - 03<sup>rd</sup> April 2023

Source: Crash Course 2023

Eco Survey

**1. Which one of the following statements is incorrect?**

- A. Internal debt of GOI has steadily increased in the last 5 years.
- B. Capital expenditure as a percentage of GDP has steadily increased in the last 5 years.
- C. In FY23, Corporate tax has the highest weightage in Gross Tax Revenue.
- D. None of the above

Source: Crash Course (Quiz) 2023

**2. Which of the following could lead to inflation in the Indian economy?**

- 1. Declining global inflation
- 2. Hike in interest rates in the economy
- 3. Decline in the value of money

Select the correct answer using the code given below.

- A. 1 and 2 only
- B. 2 and 3 only
- C. 1 and 3 only
- D. 1, 2 and 3

Source: Crash Course (Quiz) 2023

**3. Which one of the following statements is correct?**

- A. Debenture holders have the right to vote.
- B. Debentures carry a charge on the company's assets.
- C. Debentures are generally transferable and debenture holders can sell them on stock exchanges at any price.
- D. A debenture can be redeemed at any period.

Source: Eco Survey 2023

**4. Arrange the following sectors in increasing order of their share in FDI inflows?**

- 1. Computer software and Hardware
- 2. Trading
- 3. Drugs and Pharma
- 4. Automobile

Select the correct code:

- A. 3-4-1-2
- B. 4-3-1-2
- C. 4-3-2-1
- D. 3-4-2-1

Source: Crash Course 2023

**5. With reference to the Sovereign Gold Bond Scheme, consider the following statements:**

- 1. The RBI will issue Sovereign Gold Bonds on behalf of the Government of India.
- 2. The motive of the scheme was to increase the demand for physical gold.
- 3. The bonds are restricted for sale to resident individuals, Hindu Undivided Families (HUFs), trusts universities and charitable institutions.

Which of the statements given above is/are correct?

- A. 1 only
- B. 1 and 3 only
- C. 2 and 3 only
- D. 1, 2 and 3

## Answers with Explanations

Click [here](#) to watch the following topics on YouTube.

Source: Crash Course 2023

Eco Survey

**1. Which one of the following statements is incorrect?**

- A. Internal debt of GOI has steadily increased in the last 5 years.
- B. Capital expenditure as a percentage of GDP has steadily increased in the last 5 years.
- C. In FY23, Corporate tax has the highest weightage in Gross Tax Revenue.
- D. None of the above

**Answer: C**

**Explanation**

**Fiscal Developments: Revenue Relish**

Table III.9: Debt Position of Union Government (in ₹ lakh crore)

Components	FY16	FY17	FY18	FY19	FY20	FY21	FY22 PA
	1	2	3	4	5	6	7
<b>A. Public Debt (A1+A2)</b>	57.11	61.50	68.45	75.49	85.65	105.23	121.21
<b>A1. Internal Debt (a+b)</b>	53.05	57.42	64.01	70.75	80.20	99.08	114.62
<b>a. Marketable Securities</b>	47.28	50.49	55.10	59.69	65.60	78.59	88.17
<b>b. Non-marketable Securities</b>	5.77	6.93	8.91	11.06	14.60	20.49	26.45
<b>A2. External Debt</b>	4.07	4.08	4.45	4.74	5.44	6.15	6.59

Table2: Union Government's Fiscal Parameters (Per cent of GDP)

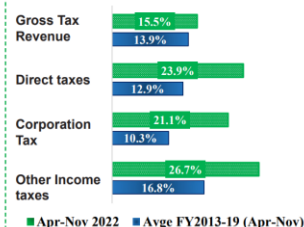
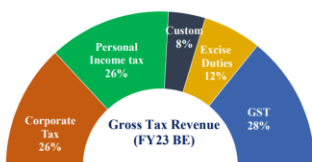
	FY18	FY19	FY20	FY21	FY22 PA	FY23 BE
Revenue Receipts	8.4	8.2	8.4	8.3	9.2	8.5
Gross Tax Revenue	11.2	11.0	10.0	10.2	11.4	10.7
Net tax revenue	7.3	7.0	6.8	7.2	7.7	7.5
Non-tax revenue	1.1	1.2	1.6	1.0	1.5	1.0
Non-debt capital receipts	0.7	0.6	0.3	0.3	0.2	0.3
Non-debt receipts	9.1	8.8	8.7	8.5	9.3	8.9
Total Expenditure	12.5	12.3	13.4	17.7	16.0	15.3
Revenue Expenditure	11.0	10.6	11.7	15.6	13.5	12.4
Capital Expenditure	1.5	1.6	1.7	2.2	2.5	2.9
Fiscal Deficit	3.5	3.4	4.7	9.2	6.7	6.4
Revenue Deficit	2.6	2.4	3.3	7.3	4.4	3.8
Primary Deficit	0.4	0.4	1.6	5.7	3.3	2.8

Source: Union Budget documents, O/o CGA

**Sustained revenue buoyancy over the last two years**

- ◆ Direct taxes constitute half of the Gross Tax Revenue.
- ◆ They are the key drivers of revenue growth.

◆ YoY growth rates for Apr-Nov 22 higher than longer-term averages



Source: Crash Course (Quiz) 2023

**2. Which of the following could lead to inflation in the Indian economy?**

1. Declining global inflation
2. Hike in interest rates in the economy
3. Decline in the value of money

Select the correct answer using the code given below.

- A. 1 and 2 only
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- C. 1 and 3 only
- D. 1, 2 and 3

**Answer: B**

**Explanation**

- Inflation is the rate at which prices increase over a given period. Typically, in India, the inflation rate is calculated on a year-on-year basis.
- In other words, if the inflation rate for a particular month is 10 percent, it means that the prices in that month were 10 percent more than the prices in the same month a year earlier.
- When prices increase globally, it will lead to higher imported inflation. In other words, everything that India and Indians import will become costlier leading to an increase in inflation.
- In general, when interest rates are low, the economy grows, and inflation increases. Conversely, when interest rates are high, the economy slows and inflation decreases. A country's central bank typically hikes the interest rates in the economy to contain inflation.
- By doing so, it incentivises people to spend less and save more because saving becomes more profitable as interest rates go up. As more and more people choose to save, money is sucked out of the market and the inflation rate moderates.
- A devaluation of currency leads to a decline in the value of a currency making exports

more competitive and imports are more expensive.

- Generally, a devaluation is likely to contribute to inflationary pressures because of higher import prices and rising demand for exports.

**Source: Crash Course (Quiz) 2023**

**3. Which one of the following statements is correct?**

- Debenture holders have the right to vote.
- Debentures carry a charge on the company's assets.
- Debentures are generally transferable and debenture holders can sell them on stock exchanges at any price.
- A debenture can be redeemed at any period.

**Answer: C**

**Explanation**

- Debentures are debt instruments used by companies and the government to issue loans.
- Debentures are issued to raise capital to meet the expenses of an upcoming project or to pay for a planned expansion in business.

**Features of Debentures:**

- A debenture is redeemed after a fixed period.
- Debentures may be either secured or unsecured.
- Debenture holders do not have any voting rights.
- The interest on debentures is always payable at a fixed rate. Further, the company has to pay interest regardless of whether it makes profits or not.
- The company may either repay the debt or even convert the debenture into shares or other debentures.
- Debentures may or may not carry a charge on the company's assets.

- Debentures are generally transferable. Debenture-holders can sell them on stock exchanges at any price.

**Source: Eco Survey 2023**

**4. Arrange the following sectors in increasing order of their share in FDI inflows?**

- Computer software and Hardware
- Trading
- Drugs and Pharma
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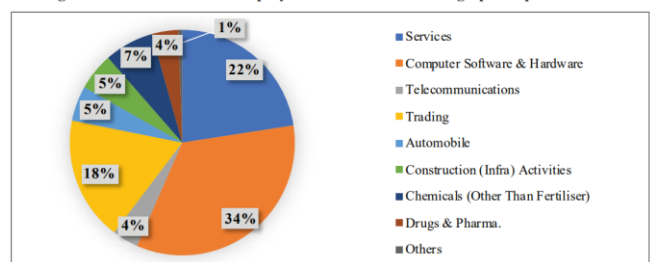
**Select the correct code:**

- 3-4-1-2
- 4-3-1-2
- 4-3-2-1
- 3-4-2-1

**Answer: D**

**Explanation**

Figure IX.8: Sector-wise FDI Equity Inflows in 2022-23 during April-September 2022



Source: DPIIT data

**Source: Crash Course 2023**

**5. With reference to the Sovereign Gold Bond Scheme, consider the following statements:**

- The RBI will issue Sovereign Gold Bonds on behalf of the Government of India.
- The motive of the scheme was to increase the demand for physical gold.
- The bonds are restricted for sale to resident individuals, Hindu Undivided Families (HUFs), trusts universities and charitable institutions.

**Which of the statements given above is/are correct?**

- 1 only

- B. 1 and 3 only
- C. 2 and 3 only
- D. 1, 2 and 3

**Answer: B**

### Explanation

- The Gold Bonds are issued as Government of India Stock under the Government Securities (GS) Act, 2006.
- **Statement 1 is correct:** These are issued by the Reserve Bank of India (RBI) on behalf of the Government of India.
- Bonds are sold through Commercial banks, Stock Holding Corporation of India Limited (SHCIL), designated post offices and recognised stock exchanges viz., National Stock Exchange of India Limited and Bombay Stock Exchange, either directly or through agents.
- **Statement 2 is not correct:** The SGB scheme was launched in November 2015 to reduce the demand for physical gold and shift a part of the domestic savings - used for the purchase of gold - into financial saving
- Statement 3 is correct: The bonds are restricted for sale to resident individuals, Hindu Undivided Families (HUFs), trusts, universities and charitable institutions.
- Bonds can be used as collateral for loans.
- The capital gains tax arising on redemption of SGB to an individual has been exempted.
  - Redemption is the act of an issuer repurchasing a bond at or before maturity.