

# OFFICERS IAS ACADEMY

IAS ACADEMY RUN BY FORMER CIVIL SERVANTS

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## 1. Consider the following statements:

1. A major drawback of introducing the Goods and Services Tax (GST) is the increased impact of cascading effect.
2. Under the GST regime, it is mandatory for a state to get approval of the GST council to levy cess.

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: **B**

## Explanation:

- Cascading tax effect is also termed as “tax on tax”. This effect occurs when a good is taxed on every stage of production. Such a good is taxed till it is finally sold to the consumer. This means each succeeding transfer of good is taxed inclusive of the taxes charged on the preceding transfer. As a result, the final consumer bears the burden of the multiple taxes imposed on every stage of production.
- **Statement 1 is incorrect:** Under the GST system, the consumer pays the final tax but an efficient input tax credit system **ensures that there is no cascading of taxes**- tax on tax paid on inputs that go into manufacture of goods.
- **Statement 2 is correct:** Under the GST regime, it is mandatory for a state to get approval of the GST council to levy cess. In January 2019, the GST council gave permission to Kerala to implement 1 per cent Flood Cess, apart from GST.

<http://www.gstcouncil.gov.in/gst-council>

## 2. Consider the following statements.

1. India is the second largest producer of coal in the world.

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2. At present, 100 per cent FDI is allowed through the automatic route in coal mining and related activities.
3. The Central government has allowed commercial mining in the coal sector, without any end-use criteria.

Which of the statements given above is/are correct?

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

Answer: **D**

#### Explanation:

- As a part of the announcements made under the **Atmanirbhar Bharat Abhiyan**, the Central government announced that it would allow commercial mining in the coal sector.

#### What is commercial mining?

- **Statement 3 is correct:** Commercial mining **allows the private sector** to mine coal commercially on a **revenue-sharing model without placing any end-use restrictions**.
- *A revenue sharing mechanism instead of the earlier fixed price per tonne will introduce competition, transparency and private sector participation in the market.*
- *Captive mining is the coal mined for a specific end-use by the mine owner, but not for open sale in the market.*
- The private firms have the option of either gasification of the coal or exporting it. They can also use it in their own end-use plants or **sell them in the markets**.
- **Statement 2 is correct:** In 2019, the government approved 100 per cent FDI through the automatic route in coal mining and related activities.
- With 100 per cent foreign direct investment allowed in the coal sector, global companies can also participate in the auctions.
- The complete freedom to decide on sale, pricing, and captive utilisation is expected to attract many private sector firms to participate in the auction process.
- The government expects these steps will generate employment and reduce India's import bill.

#### Was the private sector never allowed in mining?

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- Private sector participation was permitted until the early 1970s. The Indira Gandhi government announced the **nationalisation of the coal blocks** in two phases **between 1971 and 1973**.
- The recently announced reforms will effectively **end state-owned Coal India Ltd (CIL)'s monopoly** over mining and selling of coal.

#### Is this the first attempt by govt to open up the sector?

- After the Supreme Court cancelled the coal block allocations made to the private sector in 2014, the central government had brought in the Coal Mines (Special provisions) Act of 2015 to return these coal blocks to the private sector through **auctions**.
- But there had been **end-use restrictions** and the private sector was **not allowed to trade into the market** making it unattractive for the private sector.
- Further in 2018, private sector firms were allowed to **sell upto 25 per cent of the output** in the market, but this also saw a lukewarm response from the private sector.

#### Significance

- The government has also decided to spend Rs 50,000 crore on creating **infrastructure for coal extraction and transport**. This would also create job opportunities for locals closer to their homes.
- **Statement 1 is correct:** Despite India having the **world's fourth largest coal reserve** and being the **second largest producer**, the country was the **second largest coal importer**. The sector had been kept out of competition and devoid of transparency, hampering investment and efficiency.
- Fully opening up the sector would increase competition, capital, participation and technology. It would ensure new private players did not face the problem of finance.

#### 3. With reference to the National Payments Corporation of India (NPCI), consider the following statements.

1. It is an initiative of the RBI and Indian Banks' Association (IBA) under the provisions of the Payment and Settlement Systems Act, 2007.
2. It has been incorporated as a "Not for Profit" Company under the Companies Act 2013.
3. Unified Payments Interface (UPI) is an initiative of the NPCI.

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Which of the statements given above is/are correct?

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

Answer: D

**Explanation:**

- National Payments Corporation of India (NPCI) was incorporated in 2008 as an umbrella organization for operating retail payments and settlement systems in India.
- **Statement 1 is correct:** It is an initiative of the **RBI and Indian Banks' Association (IBA)** under the provisions of the Payment and Settlement Systems Act, 2007, for creating a robust Payment & Settlement Infrastructure in India.
- **Statement 2 is correct:** It has been incorporated as a "**Not for Profit**" Company under the Companies Act 2013.
- **Statement 3 is correct:** It has changed the way payments are made in India through a bouquet of retail payment products such as **RuPay card, Immediate Payment Service (IMPS), Unified Payments Interface (UPI), Bharat Interface for Money (BHIM), BHIM Aadhaar, National Electronic Toll Collection (NETC Fastag) and Bharat BillPay.**

4. Consider the following statements about Pradhan Mantri Kisan Samman Nidhi (PM-KISAN):

- 1. Even if one of the family members paid Income Tax in the last assessment year, that farmer family is not eligible for benefits under PM-KISAN.
- 2. All professionals like Doctors, Engineers, Lawyers, Chartered Accountants, and Architects are excluded from the scheme.
- 3. For availing benefits under the scheme, Aadhaar is mandatory.

Which of the statements given above is/are correct?

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

Answer: (b)

**Statement 2 is incorrect:** Not all professionals are excluded from the scheme. Only those who have registered with respective Professional bodies and carry out profession by undertaking practices are excluded.

### Pradhan Mantri Kisan Samman Nidhi (PM-KISAN)

- PM-KISAN is a **Central Sector scheme** with **100% funding from the Government of India**.
- Under the Scheme an **income support of Rs.6000/- per year** is provided to all farmer families across the country in **three equal installments of Rs.2000/- each every four months**.
- Definition of family for the Scheme is husband, wife and minor children.
- The entire responsibility of identification of beneficiary farmer families rests with the State / UT Governments.
- The fund is **directly transferred to the bank accounts** of the beneficiaries.
- For enrollment, the farmer is required to approach the local patwari / revenue officer / Nodal Officer (PM-Kisan) nominated by the State Government.
- The Common Service Centres (CSCs) have also been authorized to do registration of the farmers for the Scheme upon payment of fees.
- Farmers can also do their self-registration through the Farmers Corner in the portal.
- All installments falling due on or after 1st December, 2019 are being paid **only on the basis of Aadhaar authenticated bank data** of beneficiaries to ensure genuine beneficiaries and avoid duplicacy in payments, except in respect of the States of Assam and Meghalaya besides the UTs of Jammu & Kashmir and Ladakh which are exempted from this requirement till 31.3.2020. Hence, **Statement 3 is correct**.
- **Special provisions have been made for the North-Eastern States** where land ownership rights are community based, **Forest Dwellers and Jharkhand**, which does not have updated land records and restrictions on transfer of land.

### Exclusion Categories

The following categories of beneficiaries of higher economic status shall not be eligible for benefit under the scheme.

(a) All Institutional Land holders.

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(b) Farmer families in which one or more of its members belong to following categories

i) Former and present holders of constitutional posts  
ii) Former and present Ministers/ State Ministers and former/present Members of Lok Sabha/ Rajya Sabha/ State Legislative Assemblies/ State Legislative Councils, former and present Mayors of Municipal Corporations, former and present Chairpersons of District Panchayats.

iii) All serving or retired officers and employees of Central/ State Government Ministries /Offices/Departments and its field units Central or State PSEs and Attached offices /Autonomous Institutions under Government as well as regular employees of the Local Bodies

(Excluding Multi Tasking Staff /Class IV/Group D employees)

vi) All superannuated/retired pensioners whose monthly pension is Rs.10,000/- or more

(Excluding Multi Tasking Staff / Class IV/Group D employees) of above category

v) All Persons who paid Income Tax in the last assessment year. Hence, Statement 1 is correct.

vi) Professionals like Doctors, Engineers, Lawyers, Chartered Accountants, and Architects registered with Professional bodies and carrying out profession by undertaking practices.

5. Consider the following pairs with respect to spacecraft of various space agencies

#### LIST I

- |                       |   |                    |
|-----------------------|---|--------------------|
| 1. Aditya L1          | - | ISRO               |
| 2. Solar Orbiter      | - | Roscosmos (Russia) |
| 3. Parker Solar Probe | - | NASA               |

#### LIST II

Which of the above pairs is/are correctly matched?

- a) 1 only

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

ANS: B

### Explanation

- The Solar Orbiter (**SolO**) is a Sun-observing satellite, **developed by the European Space Agency (ESA)**. SolO is intended to perform detailed measurements of the **inner heliosphere and nascent solar wind**, and perform close observations of the polar regions of the Sun, which is difficult to do from Earth
- The Parker Solar Probe is a NASA robotic spacecraft launched in 2018, with the mission of repeatedly probing and **making observations of the outer corona of the Sun**.
- Aditya L1 will be **ISRO's 2nd Space-based astronomy mission** after AstroSat, which was launched in September 2015
- Aditya-L1, the mission, expected to be launched early next year, will observe the Sun from a close distance, and **try to obtain information about its atmosphere and magnetic field**