



An Institute for Civil Services

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INDIAN ECONOMY

PRACTICE TEST - 3

**Sectors of the Indian Economy
& Structural Trends**

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Question Booklet

GENERAL STUDIES

PRACTICE TEST - 3

(Indian Economy: Sectors of the Indian Economy & Structural Trends)

Time Allowed: 40 Min.

Maximum Marks: 50

INSTRUCTIONS

1. IMMEDIATELY AFTER THE COMMENCEMENT OF THE EXAMINATION, YOU SHOULD CHECK THAT THIS TEST BOOKLET DOES NOT HAVE ANY UNPRINTED OR TORN OR MISSING PAGES OR ITEMS, ETC. IF SO, GET IT REPLACED BY A COMPLETE TEST BOOKLET.
2. **Please note that it is the candidate's responsibility to encode and fill in the Roll Number carefully without any omission or discrepancy at the appropriate places in the OMR Answer Sheet. Any omission/discrepancy will render the Answer Sheet liable for rejection.**
3. You have to enter your Roll Number on the test booklet in the Box provided alongside. **DO NOT** write anything else on the Test Booklet.
4. This Test Booklet contains **25** items (questions). Each item is printed in English. Each item comprises four responses (answers). You will select the response which you want to mark on the Answer Sheet. In case you feel that there is more than one correct response, mark the response which you consider the best. In any case, choose **ONLY ONE** response for each item.
5. You have to mark all your responses **ONLY** on the separate Answer Sheet provided. See directions in the Answer Sheet.
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7. Before you proceed to mark in the Answer Sheet in response to various items in the Test Booklet, you have to fill in some particulars in the Answer Sheet as per instructions sent to you with your Admission Certificate.
8. After you have completed filling in all your responses on the Answer Sheet and the examination has concluded, you should hand over to the Invigilator **only the Answer Sheet**. You are permitted to take away with you the Test Booklet.
9. Sheets for rough work are appended in the Test Booklet at the end.
10. **Penalty for wrong answers:**

THERE WILL BE PENALTY FOR WRONG ANSWERS MARKED BY A CANDIDATE IN THE OBJECTIVE TYPE QUESTION PAPERS.

 - (i) There are four alternatives for the answer to every question. For each question for which a wrong answer has been given by the candidate, **one-third** of the marks assigned to that question will be deducted as penalty.
 - (ii) If a candidate gives more than one answer, it will be treated as a **wrong answer** even if one of the given answers happens to be correct and there will be same penalty as above to that question.
 - (iii) If a question is left blank, i.e., no answer is given by the candidate, there will be **no** penalty for that question.

1. With reference to agricultural productivity in India, consider the following factors:

1. Availability of irrigation facilities
2. Use of high-yielding variety seeds
3. Landholding size of farmers
4. Access to agricultural credit

Which of the factors listed above contribute significantly to increasing agricultural productivity?

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

2. Consider the following statements regarding Agricultural Market Reforms in India:

1. The Essential Commodities Act regulates hoarding and black marketing of essential food items.
2. The Agricultural Produce Market Committee (APMC) Act allows private players to set up their own wholesale markets without state regulation.
3. The Model Contract Farming Act provides a legal framework for farmers to enter into agreements with agribusiness firms.

Which of the statements given above is/are correct?

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

3. With reference to the role of Public Sector Enterprises (PSEs) in India, consider the following statements:

1. PSEs play a crucial role in strategic industries like defense and energy.
2. The government has a policy of gradual disinvestment in PSEs primarily to reduce fiscal burden.
3. PSEs operate under the administrative control of the Government of India.

Which of the statements given above is/are correct?

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

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

4. With reference to India's power generation sector, consider the following statements:

1. Renewable energy contributes more to India's total power generation than thermal power.
2. Hydropower is the largest source of renewable energy in India.
3. India aims to achieve 500 GW of renewable energy capacity by 2030.

Which of the statements given above is/are correct?

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

5. Which of the following factors have contributed to the stagnation of agricultural productivity in India?

1. Soil degradation and overuse of chemical fertilizers lack of diversification
2. Fragmented landholdings and lack of mechanization
3. High dependence on rain-fed agriculture

Select the correct answer using the code given below:

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

6. What are the possible consequences of a high Minimum Support Price (MSP) for certain crops?

1. Excessive cultivation of MSP-backed crops
2. Distortion of cropping patterns
3. Inflationary impact on food prices
4. Reduction in fiscal deficit

Select the correct answer using the code given below:

- (a) 1, 2, and 3 only
- (b) 2, 3, and 4 only

- (c) 1, 3, and 4 only
(d) 1, 2, 3, and 4

7. Which of the following initiatives aims to improve India's road and transport infrastructure?

- (a) National Infrastructure Pipeline (NIP)
(b) National Monetization pipeline
(c) Smart Cities Mission
(d) New Logistics Policy

8. Which of the following reforms can improve the condition of workers in the informal sector in India?

1. Extension of social security schemes like Employees' Provident Fund (EPF)
2. Formalizing employment contracts for gig workers
3. Providing skilling and vocational training for informal laborers
4. Decreasing the taxation on formal businesses

Select the correct answer using the code given below:

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

9. Which of the following statements regarding the Indian digital economy are correct?

1. The Reserve Bank of India (RBI) has launched the Digital Rupee as a Central Bank Digital Currency (CBDC).
2. India's Unified Payments Interface (UPI) is among the world's most widely used digital payment systems.
3. The Personal Data Protection Bill governs all aspects of digital transactions in India.

Select the correct answer using the code given below:

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

10. Consider the following trends in the Indian economy:

1. The share of the service sector in India's GDP has been increasing over the past two decades.
2. The contribution of the agriculture sector to GDP has declined in recent years while employment in agriculture remains high.
3. The manufacturing sector's share in GDP has remained stagnant despite initiatives like "Make in India."

Which of the statements given above is/are correct?

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

11. Consider the following statements regarding agricultural subsidies in India:

Assertion (A): The government provides subsidies on fertilizers, irrigation, and electricity to promote agricultural productivity.

Reason (R): These subsidies have led to overuse of groundwater and soil degradation in certain regions.

Which one of the following is correct?

- (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.

12. Consider the following statements regarding agricultural market reforms in India:

1. The Model Agricultural Produce and Livestock Marketing (APLM) Act, 2017 aimed to promote fair and competitive agricultural markets.
2. The e-NAM (Electronic National Agricultural Market) platform was launched to integrate agricultural markets across India.
3. Contract farming is prohibited under Indian agricultural laws.

How many of the above statements are correct?

- (a) Only one
- (b) Only two
- (c) All three
- (d) None

13. With reference to urban infrastructure and economic growth in India, consider the following statements:

1. The Smart Cities Mission aims to improve urban infrastructure and promote sustainable urbanization.
2. The AMRUT scheme focuses on improving water supply, sanitation, and drainage in urban areas.
3. The Pradhan Mantri Awas Yojana (PMAY) only targets rural housing needs.

Which of the statements given above are correct?

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

14. With reference to employment trends in India, which of the following factors contribute to informal employment?

1. Lack of adequate social security coverage
2. High cost of formalization for small enterprises
3. Growing demand for contractual and gig-based jobs
4. Rising foreign direct investment in the services sector

Select the correct answer using the code given below:

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

15. Which of the following best describes the objective of the National Monetization Pipeline (NMP)?

- (a) Raising funds by leasing public assets to private players for a fixed period

- (b) Reducing fiscal deficit by monetizing public sector enterprises
- (c) Selling public sector enterprises to increase revenue for the government
- (d) Enhancing liquidity in financial markets by issuing government bonds

16. Consider the following statements regarding agricultural productivity in India:

Assertion (A): Agricultural productivity in India has increased significantly due to mechanization and high-yield crop varieties.

Reason (R): Government subsidies on fertilizers and irrigation have led to a balanced and sustainable use of resources.

Which one of the following is correct?

- (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.

17. Consider the following statements regarding India's Minimum Support Price (MSP) system:

1. MSP is announced before each agricultural season for major crops.
2. The government announces MSP for all the crops.
3. The Commission for Agricultural Costs and Prices (CACP) decides the MSP.

How many of the above statements are correct?

- (a) Only one
- (b) Only two
- (c) All three
- (d) None

18. With reference to disinvestment in India, consider the following statements:

1. Strategic disinvestment involves selling minority stakes in Public Sector Enterprises (PSEs).
2. The proceeds from disinvestment are used for infrastructure development and reducing the fiscal deficit.

3. The NITI Aayog plays a role in identifying PSEs for disinvestment.

Which of the statements given above are correct?

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

- 19.** Which of the following factors increases the unemployment rate in India?

- 1. Automation and technological advancements
- 2. Growth of the gig and platform economy
- 3. Increase in public sector hiring
- 4. Decline in agricultural workforce participation

Select the correct answer using the code given below:

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

- 20.** What is the primary focus of the Production-Linked Incentive (PLI) Scheme?

- (a) Boosting domestic manufacturing and reducing import dependence
- (b) Increasing foreign direct investment in India
- (c) Enhancing exports through subsidies
- (d) Promoting skill development

- 21.** Consider the following statements regarding India's power sector:

- 1. India has committed to achieving net-zero emissions by 2070.
- 2. The National Electricity Policy focuses on reducing dependence on coal.
- 3. The UDAY scheme was introduced to improve the financial health of power distribution companies.

How many of the above statements are correct?

- (a) Only one
- (b) Only two

- (c) All three
- (d) None

- 22.** Consider the following statements regarding India's transport infrastructure:

- 1. The Bharatmala Pariyojana focuses on the development of economic corridors.
- 2. The Sagarmala Project aims to modernize India's ports and enhance coastal trade.
- 3. The Regional Connectivity Scheme (UDAN) focuses on high-speed rail connectivity.

Which of the statements given above are correct?

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

- 23.** With reference to India's renewable energy sector, consider the following:

- 1. India is a signatory to the International Renewable Energy Agency (IRENA).
- 2. The KUSUM scheme promotes solar energy adoption among farmers.
- 3. India aims to achieve 50% of its energy requirements from renewable sources by 2030.

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

- 24.** Consider the following statements regarding India's renewable energy sector:

Assertion (A): India has committed to achieving net-zero emissions by 2070.

Reason (R): The government has made it mandatory for all power generation companies to switch entirely to renewable energy sources by 2070.

Which one of the following is correct?

- (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.

25. Consider the following statements regarding India's urbanization trends:

1. Urbanization in India has led to an increasing contribution of cities to the national GDP.
2. The Smart Cities Mission aims to improve urban infrastructure and governance.

3. The majority of India's urban population resides in metropolitan cities with over 10 million residents.

Which of the statements given above are correct?

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



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GENERAL STUDIES

PRACTICE TEST - 3

(Indian Economy: Sectors of the Indian Economy
& Structural Trends)

Answer Key

Q. 1 (d)	Q. 6 (a)	Q. 11 (b)	Q. 16 (c)	Q. 21 (b)
Q. 2 (c)	Q. 7 (a)	Q. 12 (b)	Q. 17 (a)	Q. 22 (a)
Q. 3 (d)	Q. 8 (c)	Q. 13 (a)	Q. 18 (b)	Q. 23 (d)
Q. 4 (c)	Q. 9 (a)	Q. 14 (a)	Q. 19 (c)	Q. 24 (c)
Q. 5 (a)	Q. 10 (d)	Q. 15 (a)	Q. 20 (a)	Q. 25 (a)

1. Correct Option: (d) 1, 2, 3, and 4

Step 1: Understanding Agricultural Productivity

- **Definition:** Agricultural productivity refers to the **output per unit of input (land, labor, capital, etc.)** in farming.
- **Key determinants:** Productivity is influenced by factors such as **technology, infrastructure, credit, irrigation, and landholding patterns**.

Step 2: Evaluating Each Given Factor

- **Factor 1: Availability of Irrigation Facilities**
 - **Why it matters?**
 - Ensures **year-round farming** and multiple cropping.
 - Reduces dependency on **monsoons**, increasing yield stability.
 - Supports HYV seeds and fertilizer use, which need assured water supply.
 - **Conclusion:** **Significantly contributes** to higher productivity.
- **Factor 2: Use of High-Yielding Variety (HYV) Seeds**
 - **Why it matters?**
 - HYVs produce **higher yields per hectare** compared to traditional seeds.
 - Played a major role in **Green Revolution**, boosting wheat and rice productivity.

- Requires irrigation and fertilizers for full potential.

- **Conclusion:** **Strongly contributes** to higher productivity.

- **Factor 3: Landholding Size of Farmers**

- **Why it matters?**

- Large holdings allow for **mechanization, efficient input use, and economies of scale**.
- Small and fragmented landholdings reduce efficiency and lead to **suboptimal input use**.
- However, **small farmers can still achieve high productivity** if they have access to technology and credit.

- **Conclusion:** **Influences productivity but its effect depends on associated factors** like credit and technology.

- **Factor 4: Access to Agricultural Credit**

- **Why it matters?**

- Enables investment in **better seeds, fertilizers, irrigation, and machinery**.
- Reduces reliance on informal moneylenders and helps in **adopting modern farming techniques**.
- Government initiatives like **Kisan Credit Card, NABARD support, and farm loan waivers** have improved access to credit.

- **Conclusion:** **Significantly contributes** to higher productivity.

Evaluating Answer Options

Factors	Option (a) 1 & 2 only	Option (b) 1, 2 & 3 only	Option (c) 2, 3 & 4 only	Option (d) 1, 2, 3 & 4
Irrigation	Correct	Correct	Incorrect	Correct
HYV Seeds	Correct	Correct	Correct	Correct
Landholding Size	Incorrect	Correct	Correct	Correct
Agricultural Credit	Incorrect	Incorrect	Correct	Correct
Final Verdict	Incorrect	Incorrect	Incorrect	Correct

- **Option (a) (1 and 2 only) is incorrect** – It ignores **landholding size and credit**, which are also significant factors.
- **Option (b) (1, 2, and 3 only) is incorrect** – It excludes **agricultural credit**, which plays a key role in increasing productivity.
- **Option (c) (2, 3, and 4 only) is incorrect** – It omits **irrigation**, which is a crucial determinant of productivity.

- **Option (d) (1, 2, 3, and 4) is correct** – All four factors significantly contribute to agricultural productivity.

2. Correct Option: (c) 1 and 3 only

Step 1: Understanding Agricultural Market Reforms in India

- Agricultural market reforms in India aim to **improve efficiency, reduce exploitation of farmers, enhance price realization, and ensure a stable supply of agricultural commodities**. Major reforms include APMC Act amendments, Essential Commodities Act (ECA) modifications, and Model Contract Farming Act.

Step 2: Evaluating Each Statement

- **Statement 1: The Essential Commodities Act regulates hoarding and black marketing of essential food items.**
 - **What is the Essential Commodities Act (ECA), 1955?**
 - It empowers the government to **regulate the production, supply, and distribution** of essential commodities.
 - Helps in **preventing hoarding, price manipulation, and black marketing**.
 - It was **amended in 2020** to deregulate cereals, pulses, oilseeds, edible oils, onions, and potatoes (except in exceptional circumstances like price surges, war, or natural calamities).
 - **Conclusion: Correct statement** as the ECA plays a key role in controlling hoarding and black marketing.
- **Statement 2: The Agricultural Produce Market Committee (APMC) Act allows private players to set up their own wholesale markets without state regulation.**
 - **What is the APMC Act?**
 - APMCs are **state-regulated** wholesale markets where farmers sell their produce.
 - The **original APMC laws restrict private players** from setting up parallel wholesale markets, requiring

them to trade through APMC mandis.

- However, recent reforms (such as the 2020 Farm Laws, which were later repealed) attempted to allow private players to set up wholesale markets without state control.
- Currently, **APMC regulations vary by state**, and many still require government oversight for market establishment.
- **Conclusion: Incorrect statement** because private wholesale markets still require state regulation in most cases.
- **Statement 3: The Model Contract Farming Act provides a legal framework for farmers to enter into agreements with agribusiness firms.**
 - **What is the Model Contract Farming Act, 2018?**
 - This model law was introduced to facilitate **contractual agreements between farmers and agribusiness firms**.
 - Provides a **legal framework** ensuring that farmers are protected from price fluctuations while agribusinesses get assured supply.
 - **Key features:**
 - ◊ Establishes **Contract Farming Facilitation Groups** at district levels.
 - ◊ Prohibits **land transfer risks** (companies cannot claim land ownership).
 - ◊ Ensures **price determination mechanisms** for farmers' benefit.
 - **Conclusion: Correct statement** as the Act explicitly provides a **legal structure for contract farming**.

Step 3: Evaluating Answer Options

Statement	Correct?	Reason
Statement 1 (ECA & hoarding control)	Correct	The ECA regulates hoarding and black marketing of essential commodities.
Statement 2 (APMC & private markets)	Incorrect	APMCs do not allow fully independent private wholesale markets without state regulation.
Statement 3 (Model Contract Farming Act & legal framework)	Correct	The Act provides a legal framework for contract farming agreements.

- **Option (a) (1 and 2 only) is incorrect** – Statement 2 is incorrect.

- **Option (b) (2 and 3 only) is incorrect** – Statement 2 is incorrect.

- **Option (c) (1 and 3 only) is correct** – Statements 1 and 3 are correct.
- **Option (d) (1, 2, and 3) is incorrect** – Statement 2 is incorrect.

3. Correct Option: (d) 1, 2, and 3

Step 1: Understanding Public Sector Enterprises (PSEs) in India

- Public Sector Enterprises (PSEs) in India play a significant role in **economic development, strategic sectors, infrastructure, and employment generation**. Their regulation, ownership, and operational structure are determined by government policies, including **strategic disinvestment and privatization**.

Step 2: Evaluating Each Statement

- **Statement 1: PSEs play a crucial role in strategic industries like defense and energy.**
 - **Why is this correct?**
 - PSEs are **dominant players in strategic sectors** such as:
 - ◊ **Defense** (e.g., Hindustan Aeronautics Limited, Bharat Dynamics Limited)
 - ◊ **Energy** (e.g., ONGC, Coal India, NTPC)
 - ◊ **Railways, Space, and Heavy Engineering**
 - **Government policy protects these industries from complete privatization** to maintain national security and economic stability.
 - **Conclusion: Correct statement**, as PSEs are vital for strategic sectors.
- **Statement 2: The government has a policy of gradual disinvestment in PSEs primarily to reduce fiscal burden.**

◦ Why is this correct?

- **Disinvestment policy** is aimed at:
 - ◊ Reducing **fiscal burden and revenue deficits**.
 - ◊ Improving **efficiency by involving private sector participation**.
 - ◊ **Strategic disinvestment** of non-core sectors while retaining control over essential ones.
- The government **sells stakes in PSEs to raise capital**, as seen in:
 - ◊ **Privatization of Air India (2021)**
 - ◊ **Stake sales in BPCL, LIC IPO, and other PSEs**

◦ **Conclusion: Correct statement**, as disinvestment aims to **reduce fiscal stress and improve efficiency**.

- **Statement 3: PSEs operate under the administrative control of the Government of India.**

◦ Why is this correct?

- PSEs are classified as:
 - ◊ **Central Public Sector Enterprises (CPSEs)** – Under the **administrative control of the Central Government** (Ministries or Departments).
 - ◊ **State Public Sector Enterprises (SPSEs)** – Operate under **State Governments**.
- **Maharatna, Navratna, and Miniratna CPSEs** enjoy **financial autonomy** but remain government-controlled.

◦ **Conclusion: Correct statement**, but applies mainly to CPSEs.

Step 3: Evaluating Answer Options

Statement	Correct?	Reason
Statement 1 (Strategic role of PSEs in defense & energy)	Correct	PSEs play a crucial role in defense, energy, railways, and other core industries.
Statement 2 (Disinvestment policy)	Correct	Government disinvestment aims to reduce fiscal burden and enhance efficiency.
Statement 3 (Administrative control under the Government of India)	Correct	PSEs, particularly CPSEs, function under the administrative control of the Central Government.

- **Option (a) (1 only) is incorrect** – Statements 2 and 3 are also correct.
- **Option (b) (2 and 3 only) is incorrect** – Statement 1 is also correct.

- **Option (c) (1 and 3 only) is incorrect** – Statement 2 is also correct.
- **Option (d) (1, 2, and 3) is correct** – All three statements are factually accurate.

4. Correct Option: (c) 3 only

Step 1: Understanding India's Power Generation Sector

- India's power sector is **diverse**, including **thermal power, renewable energy (solar, wind, hydro, biomass), and nuclear energy**. The government is focused on expanding **renewable energy capacity** to meet climate goals and energy security.

Step 2: Evaluating Each Statement

- Statement 1: Renewable energy contributes more to India's total power generation than thermal power.**
 - Current Power Generation Share** (as of recent reports from the Ministry of Power & CEA):
 - ◇ **Thermal Power (coal, gas, diesel):** ~55-60% of total electricity generation.
 - ◇ **Renewable Energy (solar, wind, hydro, biomass):** Around 40-45% of installed capacity, but its actual generation is lower than thermal power due to intermittency issues.
 - ◇ **Fact Check:** While installed renewable energy capacity is growing rapidly, thermal power (especially coal) still dominates actual electricity generation in India.
 - Conclusion: Incorrect statement**, as thermal power still contributes more than renewable energy in total power generation.
- Statement 2: Hydropower is the largest source of renewable energy in India.**

- Breakdown of Renewable Energy Sources in India** (as per MNRE, 2023 data):

- **Solar Power (~50% of renewable capacity)**
- **Wind Power (~30%)**
- **Hydropower (~15%)**
- **Biomass & Others (~5%)**

- Fact Check:** Hydropower was historically the largest renewable source, but **solar power has now surpassed it** in installed capacity.

- Conclusion: Incorrect statement**, as solar power is now the largest renewable energy source.

- Statement 3: India aims to achieve 500 GW of renewable energy capacity by 2030.**

- India's Renewable Energy Target:**

- Under the **Paris Climate Agreement & COP26 commitments**, India aims to achieve:

- ◇ **500 GW of non-fossil fuel-based capacity by 2030.**
- ◇ **Reduction in carbon emissions intensity by 45% from 2005 levels.**
- ◇ **Net zero emissions by 2070.**

- Fact Check:** This is a well-established target set by India.

- Conclusion: Correct statement**, as the 500 GW renewable capacity goal is a major national policy.

Step 3: Evaluating Answer Options

Statement	Correct?	Reason
Statement 1 (Renewable energy > Thermal power)	Incorrect	Thermal power still contributes more to total power generation than renewables.
Statement 2 (Hydropower is the largest renewable source)	Incorrect	Solar power has surpassed hydropower as the largest renewable source.
Statement 3 (500 GW renewable energy target by 2030)	Correct	This is India's official climate commitment.

- **Option (a) (1 and 2 only) is incorrect** – Both statements 1 and 2 are incorrect.
- **Option (b) (2 and 3 only) is incorrect** – Statement 2 is incorrect.
- **Option (c) (3 only) is correct** – Only statement 3 is correct.

- **Option (d) (1, 2, and 3) is incorrect** – Statements 1 and 2 are incorrect.

5. Correct Option: (a) 1, 2, and 3 only

Step 2: Evaluating Each Factor

- Factor 1: Soil Degradation and**

Overuse of Chemical Fertilizers, Lack of Diversification

◦ Why it matters?

- **Soil degradation** due to excessive use of **chemical fertilizers, pesticides, and monoculture cropping** reduces soil fertility.
- **Lack of crop diversification** (over-reliance on wheat and rice) depletes soil nutrients and increases vulnerability to climate change.
- **Depletion of groundwater due to excessive irrigation** further impacts productivity.

◦ Conclusion: Correct factor contributing to stagnation.

• Factor 2: Fragmented Landholdings and Lack of Mechanization

◦ Why it matters?

- **Small and fragmented landholdings** (due to land inheritance laws) make mechanization difficult and reduce economies of scale.

- **Lack of access to farm machinery** (such as tractors, harvesters) reduces efficiency in farming operations.

- **Low capital investment** in small farms prevents modernization.

◦ Conclusion: Correct factor contributing to stagnation.

• Factor 3: High Dependence on Rain-fed Agriculture

◦ Why it matters?

- **Over 50% of net sown area in India is rain-fed**, making it vulnerable to erratic monsoons.
- **Lack of irrigation infrastructure** in many regions results in low cropping intensity and yield variations.
- **Drought-prone areas** (like Bundelkhand and Marathwada) face severe agricultural distress.

◦ Conclusion: Correct factor contributing to stagnation.

Step 3: Evaluating Answer Options

Factor	Correct?	Reason
1. Soil Degradation & Lack of Diversification	Correct	Soil fertility decline, excessive fertilizer use, and lack of crop diversification impact productivity.
2. Fragmented Landholdings & Lack of Mechanization	Correct	Small landholdings and poor mechanization reduce efficiency.
3. High Dependence on Rain-fed Agriculture	Correct	Erratic monsoons and lack of irrigation cause low yields.

- **Option (a) (1, 2, and 3 only) is correct** – All three given factors contribute to stagnation.
- **Option (b) (2, 3, and 4 only) is incorrect** – There is no statement 4 in the question.
- **Option (c) (1, 3, and 4 only) is incorrect** – There is no statement 4.
- **Option (d) (1, 2, 3, and 4) is incorrect** – There is no statement 4.

6. Correct Option: (a) 1, 2, and 3 only

Step 1: Understanding the Concept of Minimum Support Price (MSP)

- **Minimum Support Price (MSP)** is a **price guarantee provided by the government** to farmers for specific crops before sowing.
- It aims to **protect farmers from market fluctuations** and ensure a **minimum income**.

- However, **high MSP for certain crops** can lead to **economic and ecological consequences**.

Step 2: Evaluating Each Consequence

• Consequence 1: Excessive Cultivation of MSP-backed Crops

◦ Why?

- When MSP is **higher than market price**, farmers **prefer MSP-backed crops** over others.
- Example: **Over-cultivation of wheat and rice in Punjab and Haryana** due to assured procurement by the government.
- Leads to **over-exploitation of groundwater and soil degradation**.

◦ Conclusion: Correct consequence of a high MSP.

- **Consequence 2: Distortion of Cropping Patterns**
 - **Why?**
 - High MSP for certain crops discourages crop diversification.
 - Farmers reduce cultivation of pulses, oilseeds, and millets, increasing reliance on cereals like wheat and rice.
 - This affects nutritional security and agricultural sustainability.
 - **Conclusion: Correct consequence of a high MSP.**
- **Consequence 3: Inflationary Impact on Food Prices**
 - **Why?**
 - Higher MSP increases procurement costs for the government.
 - This can push up food prices, particularly for commodities linked to MSP-based procurement (e.g., wheat, rice, sugarcane).

- If higher procurement costs are passed to consumers, it fuels food inflation.
- **Conclusion: Correct consequence of a high MSP.**
- **Consequence 4: Reduction in Fiscal Deficit**
 - **Why?**
 - MSP increases government spending due to higher procurement costs and subsidy burdens (e.g., Food Corporation of India purchases).
 - More government expenditure = higher fiscal deficit, not a reduction.
 - Example: Rising food subsidy bills worsen the fiscal deficit, especially under the National Food Security Act (NFSA).
 - **Conclusion: Incorrect consequence of a high MSP.**

Step 3: Evaluating Answer Options

Consequence	Correct?	Reason
1. Excessive cultivation of MSP-backed crops	Correct	Farmers focus more on MSP-supported crops, leading to overproduction.
2. Distortion of cropping patterns	Correct	MSP discourages diversification, increasing reliance on certain crops.
3. Inflationary impact on food prices	Correct	Higher MSP can raise procurement and retail prices.
4. Reduction in fiscal deficit	Incorrect	MSP increases subsidy burden and raises the fiscal deficit.

- **Option (a) (1, 2, and 3 only) is correct** – The first three consequences are valid.
- **Option (b) (2, 3, and 4 only) is incorrect** – Statement 4 is incorrect.
- **Option (c) (1, 3, and 4 only) is incorrect** – Statement 4 is incorrect.
- **Option (d) (1, 2, 3, and 4) is incorrect** – Statement 4 is incorrect.

7. Correct Option: (a) National Infrastructure Pipeline (NIP)

Step 1: Understanding the Context

- India has launched several initiatives to improve road and transport infrastructure as part of its broader economic development and connectivity goals. We need to identify the initiative that directly focuses on road and transport infrastructure.

Step 2: Evaluating Each Option

- **National Infrastructure Pipeline (NIP)**
 - **What is NIP?**
 - Launched in 2019, NIP is a **Rs. 111 lakh crore** investment plan aimed at **boosting infrastructure across multiple sectors**, including:
 - ◊ **Roads & Highways**
 - ◊ **Railways**
 - ◊ **Airports & Ports**
 - ◊ **Urban Transport** (Metros, Public Transit)
 - Aims to improve **multi-modal connectivity**, logistics efficiency, and economic growth.
 - **Conclusion: Correct answer** as NIP is a comprehensive plan for road and transport infrastructure.

- **National Monetization Pipeline (NMP)**
 - **What is NMP?**
 - Launched in **2021**, it focuses on **monetizing existing public assets** (like highways, railways, power transmission) by leasing them to private entities.
 - **Does not directly build new infrastructure** but instead generates revenue from existing assets.
 - **Conclusion: Incorrect answer** as it does not focus on infrastructure development but on asset monetization.
- **Smart Cities Mission**
 - **What is Smart Cities Mission?**
 - Launched in **2015**, it focuses on **urban development**, including smart traffic management and mobility solutions.
 - While it includes some transport components (e.g., intelligent

traffic systems, urban roads), it is **not primarily about national transport infrastructure**.

- **Conclusion: Incorrect answer** as it focuses more on urban planning than national transport networks.

- **New Logistics Policy**

- **What is the New Logistics Policy (NLP), 2022?**
 - Aims to **improve supply chain efficiency**, reduce logistics costs, and enhance competitiveness.
 - Focuses on **digital infrastructure, policy reforms, and logistics hubs** rather than direct road and transport development.
- **Conclusion: Incorrect answer** as it focuses on logistics efficiency rather than road construction.

Step 3: Selecting the Correct Answer

Option	Correct?	Reason
(a) National Infrastructure Pipeline (NIP)	Correct	Focuses on transport infrastructure, including roads and highways.
(b) National Monetization Pipeline (NMP)	Incorrect	Focuses on asset monetization, not new infrastructure development.
(c) Smart Cities Mission	Incorrect	Primarily for urban planning, not national transport.
(d) New Logistics Policy (NLP)	Incorrect	Focuses on logistics efficiency, not road construction.

8. Correct Option: (c) 1, 2, and 3 only

Step 1: Understanding the Informal Sector in India

- The **informal sector** consists of workers who **lack job security, fixed wages, social security benefits, and formal contracts**.
- Key issues include **low wages, lack of healthcare, absence of pension benefits, and skill gaps**.
- **Reforms needed** focus on **social security, job formalization, skill development, and better working conditions**.

Step 2: Evaluating Each Reform

- **Reform 1: Extension of Social Security Schemes like Employees' Provident Fund (EPF)**
 - **Why?**
 - Social security schemes like **EPF, ESI (Employees' State Insurance)**,

and **PMSBY (Pradhan Mantri Suraksha Bima Yojana)** can **provide financial stability and healthcare benefits** to informal workers.

- The **Code on Social Security, 2020**, aims to extend social security to **gig and platform workers**.
- **Conclusion: Correct reform to improve worker conditions.**
- **Reform 2: Formalizing Employment Contracts for Gig Workers**
 - **Why?**
 - **Gig workers and platform workers** (e.g., food delivery, ride-hailing drivers) **lack job security and benefits**.
 - **Legal contracts can ensure better wages, insurance, and job protection**.
 - The **Code on Wages, 2019**, promotes

formal contracts to regulate gig employment.

- **Conclusion: Correct reform to improve worker conditions.**
- **Reform 3: Providing Skilling and Vocational Training for Informal Laborers**
 - **Why?**
 - Skill development programs can increase employability and income levels for informal workers.
 - Initiatives like PMKVY (Pradhan Mantri Kaushal Vikas Yojana) focus on vocational training, upskilling, and certification.
 - **Conclusion: Correct reform to improve worker conditions.**

• **Reform 4: Decreasing the Taxation on Formal Businesses**

- **Why?**
 - Reducing corporate or business taxes benefits formal businesses but does not directly improve conditions of informal workers.
 - However, lower taxes may encourage formalization, but the impact on informal workers is indirect.
- **Conclusion: Incorrect reform, as it does not directly address worker conditions.**

Step 3: Evaluating Answer Options

Reform	Correct?	Reason
1. Social Security Schemes (EPF, ESI, PMSBY, etc.)	Correct	Provides financial stability and benefits.
2. Formalizing Employment Contracts for Gig Workers	Correct	Ensures job security and regulated wages.
3. Skilling and Vocational Training	Correct	Improves employability and income.
4. Decreasing Taxation on Formal Businesses	Incorrect	Helps businesses but does not directly improve informal workers' conditions.

- **Option (a) (1 and 2 only) is incorrect** – Skilling and vocational training is also crucial.
- **Option (b) (2 and 3 only) is incorrect** – Social security is also essential.
- **Option (c) (1, 2, and 3 only) is correct** – All three are necessary reforms.
- **Option (d) (1, 2, 3, and 4) is incorrect** – Tax cuts do not directly improve informal worker conditions.

9. Correct Option: (a) 1 and 2 only

Step 1: Understanding the Indian Digital Economy

- The Indian digital economy has witnessed rapid transformation with digital payments, data protection regulations, and digital currency innovations. Key developments include UPI, the introduction of the Digital Rupee, and evolving data protection laws.

Step 2: Evaluating Each Statement

- **Statement 1: The Reserve Bank of India (RBI) has launched the Digital Rupee as a Central Bank Digital Currency (CBDC).**

◦ **What is the Digital Rupee (CBDC)?**

- Launched by the Reserve Bank of India (RBI) in 2022, the Digital Rupee (₹) is a Central Bank Digital Currency (CBDC).
- It exists in two forms:
 - ◊ **Retail CBDC (CBDC-R):** Used by the public for payments.
 - ◊ **Wholesale CBDC (CBDC-W):** Used for interbank transactions.
- **Aim:** Reduce dependency on cash, improve digital transactions, and provide a sovereign digital currency.

- **Conclusion: Correct statement, as RBI has officially launched the Digital Rupee.**

- **Statement 2: India's Unified Payments Interface (UPI) is among the world's most widely used digital payment systems.**

◦ **What is UPI?**

- **Launched in 2016,** UPI enables instant real-time bank-to-bank transfers via mobile apps like Google Pay, PhonePe, Paytm, and BHIM.

- **India's dominance in digital payments:**
 - ◊ UPI processed over 12 billion transactions in a single month (October 2023).
 - ◊ Adopted in countries like UAE, Singapore, France, and Nepal.
- **International recognition:** UPI is considered one of the most efficient and widely used digital payment platforms globally.
- **Conclusion:** Correct statement, as UPI is a world leader in digital payments.
- **Statement 3: The Personal Data Protection Bill governs all aspects of digital transactions in India.**
 - **What is the Personal Data Protection Bill?**
 - The Digital Personal Data Protection Act (DPDP Act),

2023, focuses on data privacy and security.

- It does not govern digital transactions but regulates how personal data is collected, stored, and processed.
- Digital transactions are regulated by:
 - ◊ The Information Technology Act, 2000 (governing electronic transactions).
 - ◊ RBI guidelines for digital payments and fintech companies.
 - ◊ UPI & NPCI regulations for payment infrastructure.
- **Conclusion:** Incorrect statement, as the DPDP Act governs data protection, not digital transactions.

Step 3: Evaluating Answer Options

Statement	Correct?	Reason
1. RBI launched Digital Rupee (CBDC)	Correct	Digital Rupee (CBDC) introduced by RBI in 2022.
2. UPI is a globally recognized digital payment system	Correct	UPI is among the world's most widely used real-time payment systems.
3. Personal Data Protection Bill governs all digital transactions	Incorrect	It governs data privacy, not digital transactions.

- **Option (a) (1 and 2 only) is correct** – Both statements are true.
- **Option (b) (2 and 3 only) is incorrect** – Statement 3 is incorrect.
- **Option (c) (1, 2, and 3) is incorrect** – Statement 3 is incorrect.
- **Option (d) (1 and 3 only) is incorrect** – Statement 3 is incorrect.

10. Correct Option: (d) 1, 2, and 3

Step 1: Understanding Trends in the Indian Economy

- India's economy has undergone significant structural changes over the past two decades, with shifts in sectoral contributions to **GDP and employment**. The key sectors are:
 - ◊ **Agriculture** – Declining share in GDP but still employing a large workforce.
 - ◊ **Manufacturing** – Targeted for growth through initiatives like **Make in India**.
 - ◊ **Services** – Growing rapidly and contributing the most to GDP.

Step 2: Evaluating Each Statement

- **Statement 1: The share of the service sector in India's GDP has been increasing over the past two decades.**
 - ◊ **Why?**
 - The service sector contributes the largest share to India's GDP, growing steadily over the past 20 years.
 - **Major contributors:** IT, financial services, telecom, healthcare, and retail.
 - **Current trend:**
 - ◊ In 2023, the service sector contributed ~55% to India's GDP.
 - ◊ In 2000, it was around 45%—showing a clear increasing trend.
 - ◊ **Conclusion:** Correct statement, as services dominate India's GDP.
- **Statement 2: The contribution of the agriculture sector to GDP has declined**

in recent years while employment in agriculture remains high.

◦ **Why?**

• **Agriculture's GDP contribution:**

- ◊ In 1991, agriculture contributed ~32% to GDP.
- ◊ In 2023, it contributes only ~15-17%.

• **Employment in agriculture:**

- ◊ Even though agriculture's GDP share has declined, **over 40% of India's workforce** is still engaged in agriculture (as per PLFS data).
- ◊ This reflects **low productivity in agriculture and slow transition to manufacturing/service jobs**.

- **Conclusion: Correct statement**, as agriculture's GDP share has declined but employment remains high.

- **Statement 3: The manufacturing sector's share in GDP has remained stagnant despite initiatives like "Make in India."**

◦ **Why?**

- **Manufacturing's GDP share** has remained around **16-18%** over the last two decades.
- The **"Make in India" initiative (2014)** aimed to **increase manufacturing's contribution to 25% of GDP**, but this target has **not been achieved**.
- **Challenges:** Low investment, global competition, infrastructure issues, and slow labor market reforms.
- **Conclusion: Correct statement**, as manufacturing's GDP share has not seen significant growth.

Step 3: Evaluating Answer Options

Statement	Correct?	Reason
1. Service sector share in GDP has been increasing	Correct	Services now contribute ~55% to GDP.
2. Agriculture GDP share declined, but employment remains high	Correct	Agriculture's GDP share is ~15-17%, yet 40% of workforce remains engaged.
3. Manufacturing GDP share has remained stagnant	Correct	Despite "Make in India," manufacturing remains ~16-18% of GDP.

- **Option (a) (1 and 2 only) is incorrect** – Statement 3 is also correct.
- **Option (b) (2 and 3 only) is incorrect** – Statement 1 is also correct.
- **Option (c) (1 and 3 only) is incorrect** – Statement 2 is also correct.
- **Option (d) (1, 2, and 3) is correct** – All three statements are factually accurate.

11. Correct Option: (b) Both A and R are correct, but R is not the correct explanation of A.

Step 2: Understanding the Reason (R)

- **Reason (R):** *These subsidies have led to overuse of groundwater and soil degradation in certain regions.*
 - **How subsidies contribute to environmental issues?**
 - **Unrestricted electricity subsidies** → **Over-extraction of groundwater** (e.g., Punjab & Haryana overuse tube wells).

- **Fertilizer subsidies (especially urea)** → **Imbalanced use of nitrogen-based fertilizers**, causing **soil degradation and pollution**.
- **Canal irrigation subsidies** → **Waterlogging and salinity** in regions like Punjab, leading to soil degradation.
- **Example:** The **Green Revolution** led to high productivity but also **excessive groundwater depletion and soil fertility loss**.
- **Conclusion: Reason is correct** as subsidies have indeed led to groundwater overuse and soil degradation.

Step 3: Establishing the Cause-and-Effect Relationship

- **Does R explain A?**
 - The government **provides subsidies (A) to increase productivity**.
 - However, **the negative environmental consequences (R) are an unintended outcome** rather than the direct reason for subsidies.

- The **primary reason for subsidies is agricultural productivity**, not environmental degradation.
- **Correct interpretation:**

- Both A and R are correct, but R is **NOT** the direct reason for A.

Step 4: Evaluating Answer Options

Option	Correct?	Reason
(a) Both A and R are correct, and R is the correct explanation of A.	Incorrect	R is a consequence, not the primary reason for A.
(b) Both A and R are correct, but R is not the correct explanation of A.	Correct	R is an unintended outcome, not the primary reason for subsidies.
(c) A is correct, but R is incorrect.	Incorrect	R is factually correct.
(d) A is incorrect, but R is correct.	Incorrect	A is correct.

12. Correct Option: (b) Only two

Step 1: Evaluating Each Statement

- **Statement 1: The Model Agricultural Produce and Livestock Marketing (APLM) Act, 2017 aimed to promote fair and competitive agricultural markets.**
 - The **Model APLM Act, 2017** was introduced to **replace restrictive APMC laws** and create a **more liberalized agricultural market**.
 - **Key objectives:**
 - Allow **direct sale of produce** outside APMC mandis.
 - Permit **private wholesale markets** and electronic trading.
 - Encourage **contract farming** and ease farmer-producer trade.
 - **Conclusion: Correct statement**, as the Act aimed to create a **fair and competitive agricultural market**.
- **Statement 2: The e-NAM (Electronic National Agricultural Market) platform was launched to integrate agricultural markets across India.**
 - **What is e-NAM?**
 - Launched in **2016**, **e-NAM is an online platform** that links APMC mandis across different states.
 - **Objectives:**
 - ◊ Improve **price discovery** through online trading.

- ◊ Reduce **middlemen involvement**.

- ◊ Enable **interstate agricultural trade**.

- Over **1,000 APMC markets** are now integrated with e-NAM.

- **Conclusion: Correct statement**, as e-NAM promotes a **unified national market for farmers**.

- **Statement 3: Contract farming is prohibited under Indian agricultural laws.**

- **Reality of contract farming in India:**

- Contract farming is **not prohibited**; rather, it has been **encouraged under various reforms**.

- **Model Contract Farming Act, 2018:**

- ◊ Provides **legal framework** for agreements between farmers and agribusiness firms.

- ◊ Protects **farmers from price fluctuations** while ensuring **market access**.

- Many states allow **contract farming** through their own laws (e.g., Punjab Contract Farming Act).

- **Conclusion: Incorrect statement**, as contract farming is **allowed and legally supported**.

Step 2: Evaluating Answer Options

Statement	Correct?	Reason
1. Model APLM Act, 2017 promotes competitive agricultural markets	Correct	Aimed to liberalize agricultural markets.
2. e-NAM integrates agricultural markets across India	Correct	An online platform linking APMC mandis.
3. Contract farming is prohibited in India	Incorrect	Contract farming is legal and encouraged under reforms.

- Only Statements 1 and 2 are correct.
- Statement 3 is incorrect.
- Thus, two statements are correct.

13. Correct Option: (a) 1 and 2 only

Step 1: Evaluating Each Statement

- **Statement 1: The Smart Cities Mission aims to improve urban infrastructure and promote sustainable urbanization.**
 - **What is the Smart Cities Mission?**
 - Launched in **2015**, it aims to **develop 100 smart cities with better infrastructure, sustainable urbanization, and efficient governance.**
 - **Key focus areas:**
 - ◊ Smart mobility (public transport, traffic management)
 - ◊ Energy efficiency and sustainable urban development
 - ◊ Digital governance (e-governance, smart grids, IoT-based services)
 - **Conclusion: Correct statement**, as the mission focuses on improving urban infrastructure and sustainability.
 - **Statement 2: The AMRUT scheme focuses on improving water supply, sanitation, and drainage in urban areas.**
 - **What is AMRUT (Atal Mission for Rejuvenation and Urban Transformation)?**
 - Launched in **2015**, AMRUT aims to improve **urban water supply,**

sanitation, and drainage in 500 cities.

- **Key components:**

- ◊ Providing **universal water supply** coverage.
- ◊ Improving **sewerage and drainage systems** to reduce waterlogging.
- ◊ Developing **non-motorized urban transport** and open spaces.

- **Conclusion: Correct statement**, as AMRUT focuses on urban water supply, sanitation, and drainage.

- **Statement 3: The Pradhan Mantri Awas Yojana (PMAY) only targets rural housing needs.**

- **What is PMAY?**

- **PMAY is divided into two components:**

- ◊ **PMAY-Urban (PMAY-U)** – Focuses on providing affordable housing in **urban areas.**
- ◊ **PMAY-Gramin (PMAY-G)** – Targets **rural housing needs.**

- **Mission Objective:** Providing “Housing for All” by constructing pucca houses for the economically weaker sections.

- **Conclusion: Incorrect statement**, as PMAY targets **both rural and urban housing needs.**

Step 2: Evaluating Answer Options

Statement	Correct?	Reason
1. Smart Cities Mission improves urban infrastructure	Correct	Focuses on sustainable urban development.
2. AMRUT improves water supply, sanitation, and drainage	Correct	Aims to enhance urban water and drainage systems.
3. PMAY only targets rural housing	Incorrect	PMAY has both urban and rural components.

- Only Statements 1 and 2 are correct.
- Statement 3 is incorrect.

14. Correct Option: (a) 1, 2, and 3 only

Step 1: Understanding Informal Employment in India

- **Informal employment** refers to jobs that lack social security, job contracts, and

legal protections.

- In India, a **large share of the workforce (around 90%)** is engaged in the informal sector.
- Key reasons include **high costs of compliance, lack of employer incentives, and a rise in gig/contractual work.**

Step 2: Evaluating Each Factor

- **Factor 1: Lack of Adequate Social Security Coverage**
 - **Why?**
 - The **absence of social security benefits** (like EPF, ESI, pensions) discourages formal employment.
 - Many small businesses prefer **hiring informal workers** to avoid **compliance costs**.
 - **Example:** Gig workers (like delivery partners, cab drivers) lack **statutory benefits**.
 - **Conclusion:** **Correct factor contributing to informal employment.**
- **Factor 2: High Cost of Formalization for Small Enterprises**
 - **Why?**
 - Small and micro-enterprises **avoid formalization** due to **high regulatory burdens, taxes, and labor laws**.
 - **Formal compliance** (e.g., PF contributions, minimum wages, contract registration) adds to **business costs**.
 - **Example:** Many MSMEs prefer **hiring informal labor** instead of bearing the costs of formal employment.
 - **Conclusion:** **Correct factor contributing to informal employment.**
- **Factor 3: Growing Demand for**

Contractual and Gig-Based Jobs

- **Why?**
 - The rise of **platform-based work** (Zomato, Swiggy, Ola, Uber, etc.) has increased **informal contractual work**.
 - Companies **prefer gig workers** to **avoid long-term employment liabilities**.
 - **Example:** IT firms, food delivery, e-commerce, and logistics are shifting towards **contractual staffing**.
- **Conclusion:** **Correct factor contributing to informal employment.**
- **Factor 4: Rising Foreign Direct Investment (FDI) in the Services Sector**
 - **Why?**
 - **FDI in services** (IT, banking, healthcare) creates **formal jobs** with benefits.
 - Foreign companies usually follow **structured employment practices**, providing **better job security and contracts**.
 - **Example:** MNCs in IT/BPO sectors offer **formal employment**.
 - **Conclusion:** **Incorrect factor, as FDI in services typically leads to formal jobs.**

Step 3: Evaluating Answer Options

Factor	Contributes to Informal Employment?	Reason
1. Lack of social security coverage	Yes	Encourages informal hiring due to lack of protection for workers.
2. High cost of formalization for small enterprises	Yes	Small businesses avoid formal employment due to compliance costs.
3. Growing demand for contractual and gig-based jobs	Yes	Gig economy increases informal, temporary jobs.
4. Rising FDI in services sector	No	FDI generally increases formal employment.

- **Option (a) (1, 2, and 3 only) is correct** – Factors 1, 2, and 3 contribute to informal employment.
- **Option (b) (2, 3, and 4 only) is incorrect** – Factor 4 does not contribute to informal jobs.

- **Option (c) (1, 3, and 4 only) is incorrect** – Factor 4 does not contribute to informal jobs.
- **Option (d) (1, 2, 3, and 4) is incorrect** – Factor 4 is incorrect.

15. Correct Option: (a) Raising funds by leasing public assets to private players for a fixed period

Step 1: Understanding the National Monetization Pipeline (NMP)

- The National Monetization Pipeline (NMP) was launched in 2021 by the Government of India.
- **Objective:** To unlock the value of public infrastructure assets by leasing them to private players for a fixed period.
- **Key sectors covered:** Roads, railways, airports, power transmission, gas pipelines, and telecom.

Step 2: Evaluating Each Option

- **Raising funds by leasing public assets to private players for a fixed period**
 - **Why?**
 - NMP does not involve selling assets; instead, it leases assets to private entities for a defined period.
 - After the lease expires, ownership remains with the government.
 - The funds raised are used to develop new infrastructure projects.
 - **Conclusion:** Correct answer, as NMP focuses on leasing public assets, not selling them.

- **Reducing fiscal deficit by monetizing public sector enterprises**
 - **Why?**
 - NMP does not directly aim to reduce fiscal deficit.
 - It monetizes infrastructure assets, not PSUs (Public Sector Enterprises).
 - **Conclusion:** Incorrect, as NMP does not primarily target fiscal deficit reduction.
- **Selling public sector enterprises to increase revenue for the government**
 - **Why?**
 - Selling PSUs is part of the Disinvestment Policy, not NMP.
 - NMP involves leasing assets, not outright selling them.
 - **Conclusion:** Incorrect, as NMP does not involve PSU sales.
- **Enhancing liquidity in financial markets by issuing government bonds**
 - **Why?**
 - NMP does not deal with government bonds or financial markets.
 - It focuses on leasing infrastructure assets to private players.
 - **Conclusion:** Incorrect, as NMP is not related to bond issuance.

Step 3: Selecting the Correct Answer

Option	Correct?	Reason
(a) Raising funds by leasing public assets to private players for a fixed period	Correct	NMP monetizes assets through leasing, not selling.
(b) Reducing fiscal deficit by monetizing public sector enterprises	Incorrect	NMP focuses on asset leasing, not fiscal deficit reduction.
(c) Selling public sector enterprises to increase revenue	Incorrect	Selling PSUs falls under disinvestment, not NMP.
(d) Enhancing liquidity by issuing bonds	Incorrect	NMP is not related to financial markets or bond issuance.

16. Correct Option: (c) A is correct, but R is incorrect.

Step 1: Evaluating the Assertion (A)

- **Assertion (A):** Agricultural productivity in India has increased significantly due to mechanization and high-yield crop varieties.
 - **Why?**
 - **Mechanization** (use of tractors, harvesters, and irrigation systems) has improved efficiency and output.

- **High-Yielding Variety (HYV) seeds** introduced during the Green Revolution significantly boosted crop productivity, especially for wheat and rice.
- **Irrigation expansion and precision farming techniques** have further increased productivity.
- **Conclusion:** Correct assertion, as agricultural productivity has increased due to these advancements.

Step 2: Evaluating the Reason (R)

- **Reason (R):** *Government subsidies on fertilizers and irrigation have led to a balanced and sustainable use of resources.*
 - **Why?**
 - **Fertilizer subsidies** have led to **overuse of chemical fertilizers** (especially urea), causing **soil degradation**.
 - **Irrigation subsidies** (free electricity for tube wells) have resulted in **groundwater depletion**, especially in Punjab and Haryana.
 - **Imbalanced use of fertilizers (excessive nitrogen application)** has caused environmental damage

rather than sustainable resource use.

- **Conclusion:** **Incorrect reason**, as subsidies have often led to **resource overuse rather than sustainability**.

Step 3: Establishing the Cause-and-Effect Relationship

- While **Assertion (A)** is correct, **Reason (R)** is **incorrect** because **government subsidies have contributed to unsustainable practices**, not balanced resource use.
- **R does not explain A** because increased productivity is primarily due to **technology and better seeds**, not balanced resource management.

Step 4: Evaluating Answer Options

Option	Correct?	Reason
(a) Both A and R are correct, and R is the correct explanation of A.	Incorrect	R is incorrect, as subsidies have led to overuse of resources.
(b) Both A and R are correct, but R is not the correct explanation of A.	Incorrect	R is incorrect.
(c) A is correct, but R is incorrect.	Correct	Productivity has increased, but subsidies have caused unsustainable practices.
(d) A is incorrect, but R is correct.	Incorrect	A is correct, and R is incorrect.

17. Correct Option: (a) Only one**Step 1: Evaluating Each Statement**

- **Statement 1: MSP is announced before each agricultural season for major crops.**
 - **Why?**
 - The **Government of India announces the Minimum Support Price (MSP) before the sowing season** to provide farmers with price assurance.
 - MSP is declared **twice a year**:
 - ◊ **Kharif season** (before June-July)
 - ◊ **Rabi season** (before October-November)
 - This ensures farmers make **informed cropping decisions**.
 - **Conclusion:** **Correct statement**, as MSP is indeed announced before the sowing season.
- **Statement 2: The government announces MSP for all the crops.**
 - **Why?**

- **MSP is announced for 22 crops**, not for all crops. These include:

- ◊ **Cereals** (paddy, wheat, maize, barley, etc.)
- ◊ **Pulses** (chana, moong, urad, etc.)
- ◊ **Oilseeds** (groundnut, soybean, sunflower, etc.)
- ◊ **Commercial crops** (sugarcane, cotton, jute)

- **Not all crops have MSP**, e.g., many vegetables and fruits do not have MSP coverage.

- **Conclusion:** **Incorrect statement**, as MSP is **not** announced for all crops.

- **Statement 3: The Commission for Agricultural Costs and Prices (CACP) decides the MSP.**

- **Why?**

- **CACP recommends MSP** based on various factors like cost of production, demand-supply, price trends, etc.
- However, **the final decision to announce MSP is made by the Government of India (Cabinet Committee on Economic Affairs - CCEA), not the CACP.**

- **Conclusion: Incorrect statement,** as CACP only recommends MSP,

but the final decision is taken by the government.

Step 2: Evaluating Answer Options

Statement	Correct?	Reason
1. MSP is announced before each agricultural season.	Correct	MSP is declared before sowing for kharif and rabi crops.
2. The government announces MSP for all crops.	Incorrect	MSP is only for 22 crops, not all.
3. CACP decides MSP.	Incorrect	CACP recommends, but the government decides MSP.

- Only Statement 1 is correct.
- Statements 2 and 3 are incorrect.
- Thus, only one statement is correct.

18. Correct Option: (b) 2 and 3 only

Step 1: Evaluating Each Statement

- **Statement 1: Strategic disinvestment involves selling minority stakes in Public Sector Enterprises (PSEs).**
 - **Why?**
 - Strategic disinvestment (or privatization) refers to the sale of a significant stake (often majority control) in a PSE to a private entity.
 - Minority stake sales (where the government retains control) are considered **partial disinvestment**, not strategic disinvestment.
 - **Example:** The government sold its entire stake in Air India (2021), transferring control to the Tata Group—this was **strategic disinvestment**.
 - **Conclusion: Incorrect statement,** as strategic disinvestment involves selling a **majority stake**, not just a minority stake.
- **Statement 2: The proceeds from disinvestment are used for infrastructure development and reducing the fiscal deficit.**

◦ **Why?**

- The government earmarks **disinvestment proceeds** for **capital expenditure**, including **infrastructure projects**.
- Additionally, disinvestment helps in **reducing the fiscal deficit** by generating non-tax revenue.
- **Example:** The **2021-22 Budget** set a **disinvestment target of Rs. 1.75 lakh crore**, partly to **reduce the fiscal deficit**.

- **Conclusion: Correct statement,** as disinvestment revenue is used for fiscal management and development projects.

- **Statement 3: The NITI Aayog plays a role in identifying PSEs for disinvestment.**

◦ **Why?**

- NITI Aayog identifies and recommends PSEs for **strategic disinvestment**.
- It provides **policy inputs** and assesses **which enterprises should be privatized** or retained.
- Final decisions are made by the **Department of Investment and Public Asset Management (DIPAM)** under the **Ministry of Finance**.

- **Conclusion: Correct statement,** as NITI Aayog plays a key role in **shortlisting enterprises** for disinvestment.

Step 2: Evaluating Answer Options

Statement	Correct?	Reason
1. Strategic disinvestment involves selling minority stakes.	Incorrect	Strategic disinvestment means selling majority stake, not minority.
2. Disinvestment proceeds are used for infrastructure and fiscal deficit reduction.	Correct	Funds are used for fiscal management and capital expenditure.
3. NITI Aayog identifies PSEs for disinvestment.	Correct	NITI Aayog recommends enterprises for privatization.

- Only Statements 2 and 3 are correct.
- Statement 1 is incorrect.

19. Correct Option: (c) 1 and 4 only

Step 1: Understanding Factors Affecting Unemployment in India

- Unemployment in India is influenced by **technological, structural, and economic changes**. Some factors **increase unemployment**, while others **reduce it**.

Step 2: Evaluating Each Factor

- **Factor 1: Automation and Technological Advancements**
 - **Why?**
 - **Machines & AI replace low-skilled jobs**, leading to **technological unemployment**.
 - **Manufacturing, banking, and service sector jobs** are increasingly automated.
 - **Example:** ATM adoption reduced the demand for bank clerks; automation in factories reduced manual labor jobs.
 - **Conclusion:** **Correct factor**, as automation reduces traditional employment opportunities.
- **Factor 2: Growth of the Gig and Platform Economy**
 - **Why?**
 - The **gig economy** (e.g., Swiggy, Uber, Zomato, freelancing

platforms) creates new employment opportunities.

- While gig jobs **lack job security**, they **reduce unemployment** by providing flexible work options.
- **Conclusion:** **Incorrect factor**, as the gig economy creates, rather than reduces, employment.
- **Factor 3: Increase in Public Sector Hiring**
 - **Why?**
 - **More public sector jobs reduce unemployment**, not increase it.
 - **Government hiring in railways, education, and healthcare** expands employment opportunities.
 - **Conclusion:** **Incorrect factor**, as public sector hiring lowers unemployment.
- **Factor 4: Decline in Agricultural Workforce Participation**
 - **Why?**
 - As **people leave agriculture**, they often **lack skills** for jobs in industry or services.
 - **Structural unemployment** arises when rural workers **fail to find jobs in other sectors**.
 - **Example:** Rural workers migrating to cities often struggle to get stable employment.
 - **Conclusion:** **Correct factor**, as a decline in agricultural employment increases unemployment.

Step 3: Evaluating Answer Options

Factor	Increases Unemployment?	Reason
1. Automation and Technological Advancements	Yes	Replaces low-skilled workers with machines.
2. Growth of Gig and Platform Economy	No	Creates flexible job opportunities.
3. Increase in Public Sector Hiring	No	More government jobs reduce unemployment.
4. Decline in Agricultural Workforce Participation	Yes	Many rural workers fail to find jobs in industry/services.

- **Option (a) (1 only) is incorrect** – Factor 4 also increases unemployment.
- **Option (b) (2 and 3 only) is incorrect** – Neither of these factors increase unemployment.
- **Option (c) (1 and 4 only) is correct** – Both automation and decline in agricultural jobs increase unemployment.

- **Option (d) (1, 2, and 4) is incorrect** – Factor 2 (gig economy) does not increase unemployment.

20. Correct Option: (a) Boosting domestic manufacturing and reducing import dependence

Step 1: Understanding the Production-Linked Incentive (PLI) Scheme

- **Launched in 2020**, the **PLI scheme** aims to **boost domestic manufacturing** and **reduce import dependence**.
- **How does it work?**
 - Provides **financial incentives** to **manufacturers** based on **incremental production**.
 - Targets **key sectors** such as **electronics, pharmaceuticals, automobiles, textiles, and semiconductors**.
 - Encourages **local production** instead of **relying on imports**.

Step 2: Evaluating Answer Options

- **Boosting domestic manufacturing and reducing import dependence**
 - **Why?**
 - The **PLI scheme's** primary goal is to **increase India's manufacturing capabilities**.
 - It aims to **reduce reliance on imports**, particularly in critical sectors like **electronics, semiconductors, and solar energy**.
 - **Example:** The **PLI scheme** for **mobile manufacturing** attracted **companies like Apple and Samsung** to set up plants in India.
 - **Conclusion: Correct answer**, as **PLI** is directly linked to **strengthening domestic production** and **reducing imports**.

- **Increasing foreign direct investment in India**

◦ **Why?**

- While **PLI** may **attract foreign companies**, its **primary focus** is on **domestic manufacturing**, not just **FDI**.
- **FDI promotion** is handled through **separate policies** (like the **Make in India** initiative).

- **Conclusion: Incorrect**, as **PLI** is about **production incentives**, not just **FDI**.

- **Enhancing exports through subsidies**

◦ **Why?**

- **PLI** provides **incentives based on production levels**, not **direct export subsidies**.
- While **increased manufacturing may lead to higher exports**, the scheme **does not specifically provide export-focused subsidies**.

- **Conclusion: Incorrect**, as **PLI** is about **domestic production**, not **direct export subsidies**.

- **Promoting skill development**

◦ **Why?**

- The **Skill India Mission** and other **vocational training programs** focus on **skill development**.
- **PLI** **does not directly focus on training workers** but aims to **improve manufacturing**.

- **Conclusion: Incorrect**, as **PLI** is about **production incentives**, not **skill training**.

Step 3: Selecting the Correct Answer

Option	Correct?	Reason
(a) Boosting domestic manufacturing and reducing import dependence	Correct	PLI incentivizes local production to reduce reliance on imports.
(b) Increasing foreign direct investment in India	Incorrect	FDI attraction is a secondary effect, not the main goal.
(c) Enhancing exports through subsidies	Incorrect	PLI focuses on production incentives, not direct export subsidies.
(d) Promoting skill development	Incorrect	Skill training is not the primary focus of PLI.

21. Correct Option: (b) Only two**Step 1: Evaluating Each Statement**

- **Statement 1:** India has committed to achieving **net-zero emissions by 2070**.
 - **Why?**

- At **COP26 (Glasgow, 2021)**, India pledged to achieve **net-zero emissions by 2070**.

- The commitment includes:

- ◊ **500 GW of non-fossil fuel capacity by 2030**.

- ◊ Reducing carbon intensity by 45% by 2030.
- ◊ Meeting 50% of energy needs from renewables by 2030.
- **Conclusion:** Correct statement, as the 2070 net-zero target was officially announced.
- **Statement 2: The National Electricity Policy focuses on reducing dependence on coal.**
 - **Why?**
 - The National Electricity Policy (NEP), 2005 aims at:
 - ◊ Ensuring reliable and quality electricity supply.
 - ◊ Increasing generation capacity, including coal-based power.
 - ◊ Promoting renewable energy but not eliminating coal dependency.
 - India still relies heavily on coal (over 50% of electricity generation), and the government continues expanding coal-based power plants.

- **Conclusion:** Incorrect statement, as NEP does not explicitly focus on reducing coal use.
- **Statement 3: The UDAY scheme was introduced to improve the financial health of power distribution companies.**
 - **What is UDAY (Ujwal DISCOM Assurance Yojana)?**
 - Launched in 2015, UDAY aimed to revive financially stressed power distribution companies (DISCOMs).
 - **Key objectives:**
 - ◊ Reducing debt burden of DISCOMs.
 - ◊ Improving operational efficiency (reducing AT&C losses).
 - ◊ Encouraging state governments to take over DISCOM debts.
 - **Outcome:** While it improved some DISCOM finances, many DISCOMs still face financial stress.
 - **Conclusion:** Correct statement, as UDAY was specifically designed to help DISCOMs.

Step 2: Evaluating Answer Options

Statement	Correct?	Reason
1. India has committed to net-zero by 2070.	Correct	Announced at COP26.
2. National Electricity Policy focuses on reducing coal dependence.	Incorrect	It promotes all energy sources, including coal.
3. UDAY scheme improves DISCOMs' financial health.	Correct	Introduced to reduce DISCOM debt and losses.

- Two statements (1 and 3) are correct.
- Statement 2 is incorrect.

22. Correct Option: (a) 1 and 2 only

Step 1: Evaluating Each Statement

- **Statement 1: The Bharatmala Pariyojana focuses on the development of economic corridors.**
 - **What is Bharatmala Pariyojana?**
 - Launched in 2017, it is a highway development program aimed at:
 - ◊ Building economic corridors to improve freight movement.
 - ◊ Enhancing national highways and border roads.

- ◊ Improving last-mile connectivity to major ports and industrial hubs.
- **Example:** Delhi-Mumbai Expressway, Chennai-Bengaluru Industrial Corridor.
- **Conclusion:** Correct statement, as Bharatmala focuses on economic corridors.
- **Statement 2: The Sagarmala Project aims to modernize India's ports and enhance coastal trade.**
 - **What is the Sagarmala Project?**
 - Launched in 2015, it focuses on port-led development by:
 - ◊ Modernizing ports and enhancing coastal shipping.

- ◇ **Developing multimodal transport** to improve cargo movement.
- ◇ **Reducing logistics costs** through efficient port infrastructure.
- **Example:** New deep-water ports, connectivity to inland waterways.
- **Conclusion:** Correct statement, as Sagarmala is dedicated to port modernization.
- **Statement 3: The Regional Connectivity Scheme (UDAN) focuses on high-speed rail connectivity.**
 - **What is the UDAN Scheme?**
 - UDAN (Ude Desh Ka Aam Nagrik)

was launched in 2016 to boost regional air connectivity by:

- ◇ Making **air travel affordable** for tier-2 and tier-3 cities.
- ◇ Providing **viability gap funding** to airlines for operating small routes.
- **Incorrect focus:** UDAN is about regional air travel, NOT high-speed rail.
- **High-speed rail projects** (e.g., Mumbai-Ahmedabad Bullet Train) are separate initiatives.
- **Conclusion:** Incorrect statement, as UDAN is related to air travel, not rail.

Step 2: Evaluating Answer Options

Statement	Correct?	Reason
1. Bharatmala Pariyojana focuses on economic corridors.	Correct	Aims to develop highways and freight corridors.
2. Sagarmala Project modernizes ports and coastal trade.	Correct	Focuses on port-led development.
3. UDAN focuses on high-speed rail connectivity.	Incorrect	UDAN is for regional air connectivity, not rail.

- Only Statements 1 and 2 are correct.
- Statement 3 is incorrect.

23. Correct Option: (d) 1, 2, and 3

Step 1: Evaluating Each Statement

- **Statement 1: India is a signatory to the International Renewable Energy Agency (IRENA).**
 - **What is IRENA?**
 - **International Renewable Energy Agency (IRENA)** is an intergovernmental organization that supports countries in transitioning to sustainable energy.
 - India joined IRENA in 2015 as a full member.
 - **Conclusion:** Correct statement, as India is indeed a signatory to IRENA.
- **Statement 2: The KUSUM scheme promotes solar energy adoption among farmers.**
 - **What is the KUSUM Scheme?**
 - **Kisan Urja Suraksha evam Utthaan Mahabhiyan (KUSUM)** scheme aims to promote solar energy among farmers.

Key objectives:

- ◇ **Installation of solar pumps** to reduce dependence on grid electricity/diesel.
- ◇ **Setting up of decentralized solar power plants** for farmers.
- ◇ **Solarization of grid-connected agriculture pumps.**
- **Impact:** Helps reduce electricity costs and promotes sustainable irrigation.
- **Conclusion:** Correct statement, as KUSUM focuses on solar energy adoption in agriculture.
- **Statement 3: India aims to achieve 50% of its energy requirements from renewable sources by 2030.**
 - **Why?**
 - At COP26 (Glasgow, 2021), India committed to meeting 50% of its energy needs from renewable sources by 2030.
 - **Targets include:**
 - ◇ **500 GW of non-fossil fuel energy capacity** by 2030.
 - ◇ **Reducing carbon intensity** of GDP by 45%.

- **Renewables include:** Solar, wind, hydro, and bioenergy.
- **Conclusion:** Correct statement, as

this is a key **renewable energy goal for India.**

Step 2: Evaluating Answer Options

Statement	Correct?	Reason
1. India is a signatory to IRENA.	Correct	India is a full member of IRENA since 2015.
2. KUSUM promotes solar energy among farmers.	Correct	Encourages solar irrigation and decentralized solar plants.
3. India aims for 50% renewable energy by 2030.	Correct	India's official COP26 commitment.

- All three statements are correct.

24. Correct Option: (c) A is correct, but R is incorrect.

Step 1: Evaluating the Assertion (A)

- **Assertion (A):** India has committed to achieving net-zero emissions by 2070.
 - **Why?**
 - At COP26 (Glasgow, 2021), India announced its target of net-zero emissions by 2070.
 - **Key commitments:**
 - ◇ 500 GW of non-fossil fuel capacity by 2030.
 - ◇ 50% of energy from renewables by 2030.
 - ◇ Reducing carbon intensity by 45% by 2030.
 - **Conclusion:** Correct assertion, as this is India's official commitment.

Step 2: Evaluating the Reason (R)

- **Reason (R):** The government has made it mandatory for all power generation companies to switch entirely to renewable energy sources by 2070.

◦ Why?

- India's **net-zero goal does not mandate a 100% switch to renewables** for all power generation companies.
- **Coal and thermal power plants will continue to operate**, with increased adoption of **carbon capture, hydrogen energy, and nuclear power.**
- India is **gradually transitioning to renewables**, but **no legal mandate** forces all companies to rely entirely on renewable energy.

- **Conclusion:** Incorrect reason, as power companies are **not mandated to switch fully to renewables by 2070.**

Step 3: Establishing the Cause-and-Effect Relationship

- **Assertion (A) is correct** – India has a net-zero target for 2070.
- **Reason (R) is incorrect** – There is **no mandate requiring all power companies to switch entirely to renewables by 2070.**
- Since R is incorrect, it cannot explain A.

Step 4: Evaluating Answer Options

Option	Correct?	Reason
(a) Both A and R are correct, and R is the correct explanation of A.	Incorrect	R is incorrect.
(b) Both A and R are correct, but R is not the correct explanation of A.	Incorrect	R is incorrect.
(c) A is correct, but R is incorrect.	Correct	Net-zero by 2070 is true, but no mandate for 100% renewable switch.
(d) A is incorrect, but R is correct.	Incorrect	A is correct; R is incorrect.

25. Correct Option: (a) 1 and 2 only

Step 1: Evaluating Each Statement

- **Statement 1:** Urbanization in India has led to an increasing contribution of cities to the national GDP.

- **Why?**
 - Urban areas contribute **significantly to India's GDP** due to industrialization, services, and economic activities.
 - **Current trends:**
 - ◊ **Cities contribute ~60-65% of India's GDP** (as per NITI Aayog and World Bank reports).
 - ◊ Expected to reach **75-80% by 2050** with continued urbanization.
 - **Conclusion: Correct statement**, as urbanization has increased the GDP share of cities.
- **Statement 2: The Smart Cities Mission aims to improve urban infrastructure and governance.**
- **What is the Smart Cities Mission?**
 - Launched in **2015**, the mission focuses on:
 - ◊ **Urban infrastructure development** (roads, housing, energy efficiency).
 - ◊ **Better governance** through e-governance, smart mobility, and data-driven management.
 - ◊ **Sustainable urbanization** with technology-driven solutions.

- **Conclusion: Correct statement**, as Smart Cities Mission improves urban infrastructure and governance.
- **Statement 3: The majority of India's urban population resides in metropolitan cities with over 10 million residents.**
- **Why?**
 - Only a small portion of India's urban population lives in megacities (10+ million residents).
 - Majority of urban residents live in Tier-2 and Tier-3 cities (1-10 million residents).
 - As per Census 2011 and later estimates:
 - ◊ **8 megacities exist in India** (Delhi, Mumbai, Kolkata, Bengaluru, etc.).
 - ◊ **More than 60% of the urban population lives in smaller cities and towns.**
 - **Conclusion: Incorrect statement**, as most urban dwellers are in medium-sized cities, not just megacities.

Step 2: Evaluating Answer Options

Statement	Correct?	Reason
1. Cities contribute more to GDP due to urbanization.	Correct	Urban GDP share ~60-65% and rising.
2. Smart Cities Mission improves urban infrastructure & governance.	Correct	Focuses on e-governance, mobility, and sustainability.
3. Most urban population resides in 10+ million cities.	Incorrect	Majority live in Tier-2 and Tier-3 cities.

- Only Statements 1 and 2 are correct.
- Statement 3 is incorrect.

