

**Model questions (ECONOMY) based on
TELANGANA SOCIO-ECONOMIC OUTLOOK 2022
STUDY MATERIAL FOR UPSC CIVIL SERVICES /
TSPSC GROUP I & Group 4 ;
TSLPRS SUB-INSPECTOR /CONSTABLE**

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**ECONOMIC DEVELOPMENT IN TELANGANA STATE (Test Paper 2)
MACRO ECONOMIC TRENDS in Telangana State**

Please Note:

All GSDP, GVA/GVA, and PCI figures reported for Telangana for the year 2021-22 represent the Advance Estimates (AE). All GDP, GVA and PCI figures reported for India for the year 2021-22 represent the Second Advance Estimates (SAE). Wherever interstate comparisons are carried out, figures reflect Provisional Estimates (PE) released in August, 2021, on account of non-availability of state-wise Advance Estimate data.

1) In 2021-22, Telangana's Gross State Domestic Product (GSDP) at current prices (AE) is _____. Telangana's GSDP at current prices increased by 19.1% in 2021-22.

Ans : Rs. 11.55 lakh crore

2) In 2021-22, What is the Per Capita Income (PCI) at current prices (AE) in Telangana? PCI in Telangana State is _____, which is Rs. 1.3 lakh higher than the National Per Capita Income in 2021-22 (SAE) (Rs.1.5 lakh).

Ans : Rs. 2.8 lakh,

3) Based on the Compound Annual Growth Rate (CAGR) of PCI at current prices for Telangana and India for the period 2014-15 to 2021-22, the average citizen in Telangana can expect his/her income to double in roughly _____ years, whereas the average citizen in the country as a whole would have to wait for about 8 to 9 years for their income to double

Ans : 5 to 6

4) The Agriculture and allied sectors in Telangana achieved a year -on-year growth in Gross Value Added (GVA) (current prices) of 9.09% between 2020-21 and 2021-22.

Since the Agriculture and allied sectors in Telangana, employs _____ of the population of the state, its economic success is crucial to improving the living standards in Telangana.

Ans : 48.4 %

5) While the Industries sector in Telangana experienced a decline in GVA at current prices in 2020-21 (growth rate of the sector was -1.73% in 2020-21), the sector grew at a notable _____ in 2021-22 (AE).

Ans : 20.23 %

6) The Services sector in Telangana witnessed a remarkable growth of _____ in its GVA at current prices in 2021-22, against a growth of 0.91% in 2020-21.

Ans : 18.32 %

7) The _____ sector has been a primary contributor to the Telangana state's economic growth in all years between 2014-15 and 2021-22, except 2020-21.

Ans : Services

8) Which of the following is correct about GSDP ?

a) The Gross State Domestic Product (GSDP) measures the monetary value of all final goods and services produced in an economy (i.e., Telangana State Economy) during any given year.

b) The GSDP is one of the most important economic indicators, as it provides information about the general economic health of the economy in terms of its size and growth.

c) Both (a) & (b)

d) None of these

Ans : c

9) What is GSDP ? (Gross State Domestic Product)

a) GSDP is the value of all the final goods (e.g. cars, food, furniture) and services (e.g. services provided by barbers, taxi drivers, waiters) produced within the state during the year.

b) Generally a rapidly increasing GSDP is a sign of a healthy economy

c) Both (a) & (b)

d) None of these

Ans : c

10) What is nominal GSDP and real GSDP ?

a) Importantly, there are two measures of GSDP: nominal GSDP (GSDP at current prices) and real GSDP (GSDP at constant prices).

b) While nominal GSDP is calculated by using the prices of the current year, real GSDP is calculated by using the prices of some other year designated as the 'base year' (in the context of this chapter, the base year is 2011-12).

c) Therefore, changes in nominal GSDP between years reflect the change in both prices as well as quantity of final goods (e.g. number of cars) and services (e.g. number of haircuts) produced. In contrast, changes in real GSDP reflect only changes in the quantity of goods and services produced, since the same prices are used for all years.

d) All the above

Ans : d

11) Which of the following is correct about General Category states in India ?

- a) General Category states include 18 Indian states of Andhra Pradesh, Bihar, Chhattisgarh, Goa, Gujarat, Haryana, Jharkhand, Karnataka, Kerala, Madhya Pradesh, Maharashtra, Odisha, Punjab, Rajasthan, Tamil Nadu, Telangana, Uttar Pradesh and West Bengal.
- b) These 18 states account for approximately 92% of India's population.
- c) Both (a) & (b)
- d) None of these

Ans : c

12) Which of the following is correct about 4 General Category States ?

- a) Goa, Gujarat, Kerala, and Maharashtra are the 4 General Category states for which data for the year 2020-21 was not released by MoSPI (Government of India)
- b) The same applies to all other indicators where MoSPI data for the year 2020-21 has been used.
- c) Both (a) & (b)
- d) None of these

Ans : c

13) Based on the Advance Estimates (AE) released by the Ministry of Statistics and Programme Implementation, Government of India, in 2021-22, Telangana's nominal GSDP was valued at Rs. 11.55 lakh crore, after achieving a growth rate of _____ over the previous year, showing strong signs of recovery from the shock of the COVID-19 pandemic.

Ans : 19.1 %

14) Telangana's nominal growth rate exceeded that of India's by 1.0 percentage points in 2014-15. The gap had increased to 3.6 percentage points by 2020-21, declining thereafter as the pan-Indian economy recovered from the pandemic in 2021-22 (The V-shaped recovery is evident, both in the case of Telangana and India). Compared to the pre-pandemic levels in 2019-20, Telangana's nominal GSDP is 21.8% higher in 2021-22, while India's nominal GDP has only increased by _____ in the two years.

Ans : 17.8%

15) Based on the Advance Estimates (AE) figures for the year 2021-22, Telangana's GSDP at constant (2011-12) prices increased by _____ over the previous year. The Telangana State's performance was significantly better than that of India's, which experienced an increase of 8.9% in the real GDP in 2021-22.

Ans : 11.2%

16) What is Per Capita Income (PCI) ?

a) Per Capita Income (PCI) measures the amount of money that would be available per person if the total value of all goods and services produced in the economy were to be divided equally among all citizens.

b) An important point to note is that capital goods (e.g. machines) depreciate in value with time.

c) To adjust for this, depreciation is first subtracted from the GSDP before calculating the PCI.

d) All the above

Ans : d

17) While the Gross State Domestic Product reflects the size of an economy as a whole, a better measure of economic growth accrued by an individual is the Per Capita Income (PCI). In the year 2020-21, Telangana's nominal PCI (Rs. _____ as per Provisional Estimates) was the second highest among the 14 General Category States for which data had been released by MoSPI.

Ans : Rs.2,37,632 /-

18) Which of the following is correct about Per Capita Income (PCI) In Telangana State ?

a) In the year 2021-22, Telangana's nominal PCI (AE) had increased to Rs. 2.79 lakh.

b) Telangana's PCI has consistently been higher than the average national PCI since the year of state formation, and the gap has widened with each successive year .

c) In 2014-15, the PCI of Telangana was 1.43 times the national PCI (Telangana's PCI was Rs. 37,457 higher than the national PCI). As of 2021-22, the multiplier had increased to 1.86 (Telangana's PCI was Rs. 1,28,985 higher than the national PCI).

d) All the above

Ans : d

19) Based on the Compound Annual Growth Rate (CAGR) of PCI (at current prices) for Telangana and India from 2014-15 to 2021-22, the average citizen in Telangana can expect their income to double in roughly _____, whereas the average citizen in the country as a whole would have to wait for about 8 to 9 years for their income to double.

Ans : 5 to 6 years

20) Since state formation, the Services sector has been the highest contributor to Telangana's Gross State Value Added (GSVA), followed by the Industries and Agriculture and allied sectors. Based on the Advance Estimates of GSVA for Telangana, in 2021-22, the Services sector accounted for _____ of Telangana's GSVA at current prices, followed by the Industrial sector (20.4%) and the Agriculture and allied sector (18.3%).

Ans : 61.3%

21) Traditionally, the three sectors discussed are the primary, secondary and tertiary sectors. Which of the following is correct ?

- a) the primary sector comprises the 'Agriculture and Allied Sectors', and 'Mining & Quarrying',
- b) the secondary sector comprises 'Construction', 'Manufacturing', and 'Electricity, Gas, Water Supply & other Utility Services', and
- c) the (tertiary sector) services sector comprises 'Trade, Repair, Hotels and Restaurants', 'Transport, Storage, Communication & Services related to Broadcasting', 'Financial Services', 'Real Estate, Ownership of Dwelling, & Professional Services', 'Public Administration', and 'Other Services'.
- d) All the above

Ans : d

22) We divide the economy into _____ .

- a) the agriculture and allied sectors (primary sector minus the mining and quarrying subsector),
- b) the industrial sector (secondary sector plus the mining and quarrying subsector), and
- c) the services sector (tertiary sector).
- d) All the above

Ans : d

23) Which of the following GVA is correct ?

- a) The Gross Value Added (GVA) of any unit (sector, sub-sector, firm, etc) measures the contribution of that unit to the overall output of a country or state.
- b) It is calculated by subtracting the value of all intermediate goods and services from the total value of units output. This is done to remove any 'double counting'.
- c) For instance, assume that a firm buys oranges and sells orange juice. The value of the oranges should be subtracted while calculating the firm's gross value added, as this is already included in the final value of the orange juice.
- d) All the above

Ans : d

24) The share of the Agriculture and allied sectors in the total GSVA of the State increased from 16.3% in 2014-15 to 18.3% in 2021-22, while its share in the national GVA remained largely constant (close to 18.5% in both years). The increase in the contribution of this sector (i.e., Agriculture and Allied Sectors) in Telangana was driven by the significant increase in its nominal growth rate, from negative 0.66% in 2014-15 to _____ in 2021-22.

Ans : 9.09%

25) Industrial sector in the Telangana State is very vibrant. As the Government of Telangana recognizes that industrial development is crucial to job creation and increasing productivity in other sectors, it has taken up several measures to ensure sustained growth of the Industrial sector. This includes business reforms like which of the following :

a)TS-iPASS,

b)schemes for entrepreneurship like T-IDEA and T-PRIDE,

c)multiple initiatives for the MSME sector including Industrial Health Clinics, TS-Globalinker, and partnerships with private companies like SAP and Sapio Analytics.

d)All the above

Ans : d

26) The Services sector accounted for _____ of the Telangana State's value added in 2021-22, and is therefore, one of the most important sectors in Telangana's economy. Its share in the State's nominal GSVA (61.3%) is larger than the share of this sector in India's nominal GVA (52.8%).

Ans : 61.3%

27) While the Industries and Services sectors were badly hit by the pandemic, during the year 2021-22, the sectors experienced a sharp rebound over the previous year values **in India**, increasing from -1.63% and -4.65% respectively in 2020-21, to 25.93% and _____ in 2021-22.

Ans : 17.57%

28) The Agriculture and allied sectors **in India** experienced a growth of _____ in 2021-22

Ans : 9.83 %

29) In Telangana, the Agriculture and allied sectors registered a robust growth in current price GVA, of 12.24% and 9.09% in 2020-21 and 2021-22, respectively. It is noteworthy that the, _____ which are the backbone of rural Telangana, employ 48.4% of the population of the State. Therefore, its economic success is crucial to improving the living standards in Telangana.

Ans : 'Agriculture & Allied Sectors'

30) While the country's Agriculture and allied sector grew by 7.48% in 2020-21, Telangana's Agriculture and allied sector experienced a 12.24% growth at current prices during that year. This has been achieved through a multitude of factors including which of the following ;

- a) new irrigation schemes such as the Kaleshwaram Lift Irrigation Project and Mission Kakatiya,
- b) innovative agricultural support policies like the Rythu Bandhu Scheme, insurance policies (Rythu Bima), and 24*7 free power supply to the Agriculture and allied sector.
- c)Both (a) & (b)
- d) None of these

Ans : c

31) Policies like the Rythu Bandhu scheme have not only benefited the primary sector, but have also had spillover effects on the secondary and tertiary sectors. Which of the following is correct ?

- a)Direct Benefit Transfers (DBTs) into the accounts of the farmers under Rythu Bandhu, for instance, have led to increased liquidity in the hands of the farming households.
- b)This in turn has been utilised by the farmers for buying goods produced by the industrial sector, and for availing services, thus creating knock-on effects for non-farming sectors as well.
- c)Both (a) & (b)
- d) None of these

Ans : d

32) The Industrial sector in Telangana saw a robust recovery from the pandemic in 2021-22, growing at a notable _____ over the previous year

Ans : 20.23 %

33) Within the Industrial sector, the manufacturing sub-sector, which is critical to job creation in any economy, saw the steepest recovery in Telangana, witnessing an annual growth rate of 28.59% in 2021-22. Which of the following is correct ?

- a)In comparison, the growth rate of this sub-sector in India was 22.78% in 2021-22 —5.81 percentage points lower than Telangana.
- b)In the same period, in Telangana, the mining and quarrying sub-sector witnessed a growth of 13.24%,
- c)It is followed by the construction sub-sector, which grew by 10.38%, and the electricity and utilities sub-sector, which grew by 7.38% in Telangana.
- d) All the above

Ans : d

34) This rebound in industrial activity was also reflected in the Index of Industrial Production.

Which of the following is correct ?

- a)The monthly Index of Industrial Production across all three subsectors (Mining, Manufacturing and Electricity utilities) experienced an upswing compared to the corresponding values across the same months in 2020 for most months of the financial year .
- b)In April 2021, the General Index of Industrial Production (IIP) was 97.4% higher than its value in April 2020.
- c)In the following months of 2021, the year-on-year growth in these sectors had moderated, but stayed positive for all 3 sub-sectors for most months, reflecting the strong recovery of all sub-sectors under the Industrial sector.
- d)All the above

Ans : d

35) Which of the following is correct about Index of Industrial Production (IIP) ?

- a)The Index of Industrial Production (IIP) is a composite indicator that measures the short-term changes in the volume of production of a basket of industrial products during a given period, with respect to that in a chosen base period.
- b)The index is computed and published by the Central Statistical Organisation (CSO) on a monthly basis.
- c)Both (a) & (b)
- d) None of these

Ans : c

36) Compared to 2020-21, the nominal GVA of the contact-intensive 'Hotels and Restaurants' subsector within Services in Telangana increased by _____ in 2021-22, that of the 'Air Transport' subsector increased by 13.31%, and of 'Railways', by 10.34%.

Ans : 29.95%

37) Other sub-sectors like 'Communication and Services related to Broadcasting' (annual growth in nominal GVA of 21.10% in 2021-22), 'Public Administration' (annual growth in nominal GVA of 19.58% in 2021-22), and 'Real Estate, Ownership of Dwelling and Professional Services' (annual growth in nominal GVA of 14.40% in 2021- 22) also witnessed strong post-pandemic recovery. This is a direct consequence of the Telangana Government's policies that were aimed at reviving growth in the Services sector. These include Which of the following ?

- a)the establishment of the "Telangana IT Investment Wing" to encourage the IT/ITeS sectors to expand into second tier towns and rural areas,
- b)launching the Artificial Intelligence for Agricultural Innovation (AI4AI) initiative, promoting blockchain initiatives, and
- c)funding government incubators like Women Entrepreneurs- Hub (WE-Hub).
- d)All the above

Ans : d

38) For India too, the Services sector has been the key driver of economic growth in all years except 2020-21. In 2021-22, both _____ sectors drove economic growth at the national level.

Ans : Industries and Services

39) The district-level contribution to the State's GSDP is an important metric used to understand the relative economic sizes of the different districts within the State.

Which of the following is correct ?

a) Despite the economic devastation caused by the pandemic, 22 out of the 33 districts in the State achieved a positive nominal growth in their Gross District Domestic Product (GDDP) in 2020-21, and 26 out of the 33 districts had a growth rate above the national nominal growth rate (-1.4%) in that year.

b) **The best performing districts were Siddipet and Mahabubabad**, with growth rates of 26.38% and 10.85% respectively, reflecting the relative immunity of majority-rural districts from the economic effects of the pandemic due to the Government's agricultural support policies.

c) Both (a) & (b)

d) None of these

Ans : c

40) Per Capita Income (PCI) of all 33 districts in Telangana in the year 2020-21. Even though there was variation between the PCI of the 33 districts, every district in the State had a higher PCI than the country's PCI (Rs. 1,26,855) in 2020-21. Which of the following is correct about PCI ?

a) The PCI of Rangareddy (Rs. 6,58,757), the district with the highest PCI in the State in 2020-21, was 5.2 times the national PCI in that year.

b) Even in the midst of the pandemic (in 2020-21), 17 out of the 33 districts had a positive growth in their PCI, with Siddipet and Mahabubabad districts achieving double-digit growth in their PCI.

c) Both (a) & (b)

d) None of these

Ans : c

41) Which of the following is correct ?

a) The performance of Telangana's economy in 2021- 22 indicates that it withstood the social, health related and economic challenges of the pandemic in 2020-21, and recovered from the same at an accelerated pace.

b)The economic resilience of the State is rooted in years of reforms undertaken across all sectors, which helped it weather the shocks of the pandemic and pursue a path of swift and lasting recovery.

c)Both (a) & (b)

d) None of these

Ans : c

42) Given the combination of innovative and broadbased policies that are being adopted by the Telangana State, its future growth trajectory also looks secure. Which of the following is correct ?

a)The irrigation potential created by projects such as the Kaleshwaram Lift Irrigation Project, augmented power supply, and industrial and administrative reforms would contribute to the strengthening of the economy's foundation.

b)In the long run, Telangana would reap the benefits of the investments in human capital that it is undertaking through initiatives such as the construction of new medical colleges, multi-speciality hospitals, and the recently launched Mana Ooru Mana Badi programme.

c) At the same time, the State is also geared towards using welfare programs like the Dalit Bandhu scheme to bridge existing inequities and boost consumption in the State.

d)All the above

Ans : d

43) The GSDP of any state is measured in terms of the economic contributions made by three key sector i.e., _____.

a)Agriculture & Allied Sectors,

b)Industries (including mining and quarrying) sector

c)Services sector

d) All the above

Ans : d