Q81

With reference to Indian economy, consider the following statements: 1. The rate of growth of Real Gross Domestic Product has steadily increased in the last decade. 2. The Gross Domestic Product at market prices (in rupees) has steadily increased in the last decade. Which of the statements given above is/are correct? (a) 1 only (b) 2 only (c) Both 1 and 2 (d) Neither 1 nor 2 Official key: B.

UPSC Civil Services Prelims 2015 · General Studies · 2 marks · Economy

Indian economy, budget, schemes - Prelims GS Paper I.

Explanation

(a)

- **Statement 1 is false:** real GDP growth in India did not rise steadily through the decade before 2015; it fluctuated, including a slowdown after the global financial crisis. '1 only' is therefore not the key.

(b) Official key

- **Statement 2 is correct:** GDP at market prices in rupees (nominal GDP) rose year after year in that decade even when real growth dipped, because of positive inflation and a growing base. Statement 1 is false. Hence 2 only is the official key.

(c)

Both would require a steadily rising real growth rate, which did not occur. This option is not the key.

(d)

Neither would deny the steady rise of rupee GDP at market prices. This option is therefore wrong.

Summary

Official key is (b) 2 only. Nominal GDP in rupees trended up through the 2000s-early 2010s. Real growth rates did not increase steadily; they moved with cycles and shocks. 'Steadily' is the word that kills statement 1. Only the market-price rupee series fits.

Related possible facts

These can be asked in a future Prelims paper.

Real vs nominal GDP
Real strips out inflation; nominal is at current market prices

2008-09
Growth dip after the global financial crisis

CSO / NSO
National accounts compiler in India

GDP at market prices
Includes net indirect taxes; the series named in statement 2

Base year revisions
Change levels but not the qualitative fact of rising nominal GDP