

**Q.1)** Consider the following:

1. Demographic performance
2. Forest and ecology
3. Governance reforms
4. Stable government
5. Tax and fiscal efforts

For the horizontal tax devolution, the Fifteenth Finance Commission used how many of the above as criteria other than population, area and income distance?

- a) Only two
- b) Only three
- c) Only four
- d) All five

**Ans) b**

**Exp) Option b is the correct answer.**

**Option 1 is correct-** Demographic performance refers to the assessment of population-related factors such as population growth rate, demographic composition, and demographic changes over time. The Commission used 2011 population data for its recommendations. States with a lower fertility ratio will be scored higher on this criterion. The 15th Finance Commission suggested 12.5% weightage to the Demographic performance.

**Option 2 is correct-** Forest and ecology refer to the assessment of environmental factors, including the preservation and conservation of forests, biodiversity, and ecological balance. This criterion has been determined by calculating the proportion of dense forest within each state relative to the total dense forest across all states. The 15th Finance Commission suggested 10% weightage to the Forest and Ecology.

**Option 3 is incorrect-** Governance reforms encompass various measures aimed at improving the efficiency, transparency, and effectiveness of government operations and public service delivery. This criterion was not considered by the Fifteenth Finance Commission as one of the criteria for horizontal tax devolution.

**Option 4 is incorrect-** Stable government refers to the political stability and continuity of government institutions. While stability in government can be a desirable factor, it was not explicitly mentioned as a criterion for horizontal tax devolution by the Fifteenth Finance Commission.

**Option 5 is correct-** Tax and fiscal efforts involve the assessment of a state's efforts in tax collection and fiscal management. This criterion has been employed to incentivize states with better efficiency in tax collection. It is determined by the ratio of the average per capita own tax revenue to the average per capita state GDP over a three-year period from 2016-17 to 2018-19. The 15th Finance Commission suggested 2.5% weightage to the Tax and fiscal efforts.

Source: UPSC CSE Pre 2023

Subject:) Economy

Subtopic:) Fiscal Policy

**Q.2)** Consider the following sources of income:

1. Dividends from Public Sector Undertakings
2. Interest received on loans given by the Central Government
3. Income from Disinvestment of Public Sector Undertakings
4. Dividends from the Reserve Bank of India's operations
5. Recovery of loans given to the state government
6. Profit from circulation of small coins

How many of the above are considered non-tax revenue receipts of Government of India?

- a) Only three
- b) Only four
- c) Only five
- d) All six

Ans) b

Exp) Option b is the correct answer.

**Revenue receipts** in a **government budget** are **classified** into **two broad categories**: **tax revenue** and **non-tax revenue**. **Tax revenue** comprises **all receipts from taxes and duties** levied by the government. **Non-tax revenue** includes **all other revenue receipts that the government earns not as a result of taxes** but through its investments, services, and other administrative activities.

**Option 1 is correct**: Dividends from Public Sector Undertakings (PSUs) represent the government's earnings from its investments in various public enterprises, classifying them as non-tax revenue.

**Option 2 is correct**: Interest received on loans given by the Central Government is another form of non-tax revenue, as it represents earnings from the government's lending activities.

**Option 3 is incorrect**: When the government sells its stake in public sector undertakings (PSUs), the revenue generated is considered a capital receipt. It is not part of non-tax revenue receipts.

**Option 4 is correct**: Dividends from the Reserve Bank of India's operations, which include interest on foreign currency assets and earnings from its domestic operations, are considered non-tax revenue.

**Option 5 is incorrect**: When the government recovers loans it has previously issued, it's considered a capital receipt. It does not qualify as non-tax revenue.

**Option 6 is correct**: Non-tax revenue receipts encompass income for the government besides taxes collected from citizens. Profits from minting coins arise from the difference between the face value of the coin and the cost of production. The government generates income from this difference. This revenue stream isn't directly levied on citizens, unlike taxes on income or goods.

**Source**: Indian Economy by Ramesh Singh

[https://www.indiabudget.gov.in/budget\\_archive/ub2005-06/rec/ntaxrev.pdf](https://www.indiabudget.gov.in/budget_archive/ub2005-06/rec/ntaxrev.pdf)

[https://www.moneycontrol.com/news/business/budget/budget-2024-what-is-non-tax-revenue-12007131.html#:~:text=from%20other%20sources,-](https://www.moneycontrol.com/news/business/budget/budget-2024-what-is-non-tax-revenue-12007131.html#:~:text=from%20other%20sources,-,Non%2Dtax%20revenue%20refers%20to%20the%20income%20earned%20from%20sources,for%20the%20services%20it%20provides.)

[https://cag.gov.in/uploads/old\\_reports/union/union\\_compliance/2005\\_2006/Non\\_Tax\\_Receipts/Report\\_No\\_9/chap\\_1.pdf](https://cag.gov.in/uploads/old_reports/union/union_compliance/2005_2006/Non_Tax_Receipts/Report_No_9/chap_1.pdf)

[https://cag.gov.in/uploads/old\\_reports/union/union\\_compliance/2005\\_2006/Non\\_Tax\\_Receipts/Report\\_No\\_9/chap\\_1.pdf](https://cag.gov.in/uploads/old_reports/union/union_compliance/2005_2006/Non_Tax_Receipts/Report_No_9/chap_1.pdf)

Subject:) Economy

Subtopic:) Budgetary Economics

**Q.3)** In context of Indian Economy, which one of the following statements best reflects the meaning of the terms "Crowding in"?

- a) The private sector is being displaced in the financial market due to borrowing by the government.
- b) The private sector is being encouraged in the financial market due to increased spending by the government.
- c) Government borrowing to boost employment in the public sector.
- d) Government providing financial rescue plans for business entities in distress.

Ans) b

Exp) Option b is the correct answer.

**Option a is incorrect**. **Crowding out** refers to the phenomenon where increased government borrowing leads to higher interest rates, which in turn reduces the funds available to the private sector.

**Option b is correct.** "Crowding in" refers to the phenomenon where **increased government spending or investment attracts additional private investment**, leading to overall economic growth and expansion

**Option c is incorrect.** **Sovereign debt** is issued by a national government and referred to as government debt, public debt, and national debt. Governments borrow for public investments and to boost employment.

**Option d is incorrect.** A **bailout package** is a financial rescue plan provided by the government or other entities to support a struggling company, industry, or economy facing financial distress. It typically involves providing funds, loans, guarantees, or other forms of assistance to prevent the entity from collapsing or defaulting on its obligations. Bailout packages are often implemented to stabilize financial markets, prevent systemic risks, preserve jobs, and maintain economic stability.

Knowledge Base: **Difference between crowding out and crowding in**

When the government pursues expansionary fiscal policy (higher spending financed by borrowing) there are two possible effects

**Crowding out** – higher government spending financed by borrowing leads to a fall in private sector saving. This is for two main reasons

- 1) With expansionary fiscal policy, private sector savers buy government bonds and so have fewer savings to fund private sector investment.
- 2) Also, higher government borrowing tends to push up interest rates and these higher interest rates reduce investment.

**Crowding in** – this relates to how higher government spending encourages firms to invest more. This is due to the income effect of higher government spending. If the economy is in a recession or below full capacity, expansionary fiscal policy can increase the economic growth rate and create a positive multiplier effect, which leads to greater private sector investment.

Source: <https://www.economicshelp.org/blog/glossary/crowding-in-effect/>

Subject:) Economy

Subtopic:) Fiscal Policy

**Q.4)** With reference to 'GST composition scheme', consider the following statements:

1. A person whose aggregate turnover in the preceding financial year is more than 75 lakhs cannot opt for the scheme.
2. Tax-payer opting for the composition levy under the GST composition scheme, cannot avail Input Tax Credit.
3. Tax-payer under the composition scheme can make supplies of goods to Special Economic Zones (SEZs).

How many of the above statements are correct?

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

**Ans) b**

**Exp) Option b is the correct answer.**

The **GST composition scheme** is an alternative tax levy method intended for small taxpayers with **turnover up to Rs. 75 lakhs (Rs. 50 lakhs for some states)**. Its purpose is to simplify taxation and lower compliance costs for small-scale taxpayers.

**Statement 1 is correct:** Following persons **are not allowed to opt** for the GST composition scheme:

- a) a casual taxable person or a non-resident taxable person;
- b) **suppliers whose aggregate turnover in the preceding financial year crossed Rs. 75 lakhs (Rs. 50 lakhs for some states);**

- c) supplier who has purchased any goods or services from unregistered supplier unless he has paid GST on such goods or services on reverse charge basis;
- d) supplier of services, other than restaurant service;
- e) persons supplying goods which are not taxable under GST law;
- f) persons making any inter-State outward supplies of goods;
- g) suppliers making any supply of goods through an electronic commerce operator who is required to collect tax at source under section 52

**Statement 2 is correct:** Taxpayers opting for the composition levy under the GST composition scheme **cannot claim Input Tax Credit (ITC) on their purchases**, which is a trade-off for the simplified tax structure.

**Statement 3 is incorrect:** Supplies from the domestic tariff area to Special Economic Zones (SEZs) are categorised **as inter-State supplies. Taxpayers enrolled under the composition scheme are not permitted to conduct inter-State outward supplies of goods.** Therefore, to supply goods to an SEZ unit, a person must register as a regular taxpayer.

Source: <https://cbic-gst.gov.in/pdf/faq-manual/faq-composition-levy-revised.pdf>

Subject:) Economy

Subtopic:) Taxation

**Q.5)** Consider the following statements regarding Newly constructed Parliament of India:

1. The Lok Sabha chamber of the new Parliament building bears a resemblance to Lotus.
2. The entire building has been designed to be energy efficient and has a Platinum rated Green Building Certification.

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

**Ans) b**

**Exp) Option b is the correct answer.**

Recently, a new Parliament House was inaugurated. It was constructed indigenously by Tata Projects Ltd. and the design for the building was modulated by Padma Shri architect Bimal Patel.

**Statement 1 is incorrect: The Lok Sabha chamber has been designed in the likeness of Peacock and the Rajya Sabha chamber bears resemblance to Lotus.**

**Statement 2 is correct:** Beyond its grandeur, the New Parliament Building is a beacon of environmental sustainability. With its **platinum-rated green building certification and a GRIHA 5-star rating**, it exemplifies India's commitment to a greener future.

Source: Forum IAS Quarterly Current Affairs APRIL 2023 – JUNE 2023-Page: 5

Subject:) Current Affairs

Subtopic:) Parliament of India

**Q.6)** With reference to the difference between Old Pension Scheme (OPS) and New Pension scheme (NPS), consider the following statements:

1. Only government employees were eligible under OPS, whereas private sector employees can also join under NPS.
2. Under OPS, there is no provision for tax on pension, whereas certain proportion of pension is taxable under the NPS.

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

Ans) c

Exp) Option c is the correct answer.

The Old Pension Scheme (OPS) and National Pension System (NPS) are two pension schemes in India.

**Statement 1 is correct:** Under the OPS, only government employees were eligible for the pension scheme, while the NPS is open to all citizens between 18-60 years of India, including private sector employees.

**Statement 2 is correct:** Under Old Pension Scheme (OPS), there is no tax on pension. However, under National Pension System (NPS), 60% of the NPS Corpus is tax-free while the remaining 40% is taxable.

Knowledge Base:

## Old vs New

A look at the difference between the old and the new pension schemes

Old Pension Scheme	National Pension Scheme
<ul style="list-style-type: none"><li>■ The scheme guarantees a life-long income, post-retirement</li><li>■ Government bears the expenditure incurred on the pension</li><li>■ Under the scheme, a monthly payment is assured, where the amount is equivalent to 50% of the last drawn salary</li></ul>	<ul style="list-style-type: none"><li>■ It is a participatory scheme, where employees contribute to their pension corpus from their salaries, with matching contribution from the government</li><li>■ The funds are invested in earmarked investment schemes through Pension Fund Managers</li><li>■ On retirement, 60% of the corpus, which is tax-free, is withdrawn while the remaining 40% is invested in annuities, which is taxed</li></ul>

Source: <https://economictimes.indiatimes.com/wealth/save/ops-vs-nps-demand-to-restore-ops-in-place-of-nps-for-central-government-employees-know-what-govt-says/articleshow/107264906.cms?from=mdr>

Subject:) Economy

Subtopic:) Fiscal Policy

Q.7) Which of the following statements best describes the concept of “Fiscal profligacy”?

- a) A scenario where government reduces taxes to stimulate economic growth.
- b) The government's heavy reliance on central bank borrowing to address its fiscal obligations.
- c) A situation where the government spends more than it can afford, leading to unsustainable levels of debt and deficits.
- d) The government's fiscal measures aimed at controlling the higher inflationary situation in an economy.

Ans) c

Exp) Option c is the correct answer.

The Reserve Bank of India (RBI), in its latest Financial Stability Report released in June, has sounded a note of caution on the high debt levels among states due to fiscal profligacy.

**Fiscal profligacy refers to excessive government spending beyond its means, often leading to budget deficits, debt accumulation, and economic instability.** It neglects long-term financial health



for short-term gains, rising inflation and currency devaluation. Prudent fiscal management is crucial for sustainable economic growth and stability.

**In recent times it can be seen in government spending the loan money on populist giveaways such as transfer payments, freebies etc** that generate no additional revenue which **in turn increases the debt burden of the government**. In long run, the situation will result in economic instability.

Source: <https://www.thehindu.com/opinion/lead/states-freebies-and-the-costs-of-fiscal-profligacy/article65573164.ece>

Subject:) Economy

Subtopic:) Budgetary Economics

**Q.8)** With reference to Indian Economy, consider the following statements about E-Way bill:

1. It is not mandatory for intra-state movement of goods and services.
2. Fresh Fruits and vegetables transport are exempted from the requirement of obtaining e-way bills.
3. It can be generated only by the GST registered transporter for the movement of goods.

How many of the statements given above are correct?

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

**Ans) a**

**Exp) Option a is the correct answer.**

E-way bill is a document required to be carried by a person in charge of the conveyance carrying any consignment of goods of value exceeding fifty thousand rupees as mandated by the Government in terms of Section 68 of the Goods and Services Tax Act read with Rule 138 of the rules framed thereunder.

**Statement 1 is incorrect:** The E-way bill, an abbreviation for electronic way bill, is a document required to be created online within the GST system. It is necessary for the transportation of goods valued at over specific value, whether they are being transported between states or within the same state. Prior to shipping, the E-way bill must be generated and contain comprehensive information about the goods, including details about the sender, receiver, and transporter.

**Statement 2 is correct:** Including fresh Fruits and vegetables. around 153 items are exempted from the requirement of obtaining e-way bills for its transport.

**Statement 3 is incorrect:** It is generated from the GST Common Portal for E-Way bill system by the registered persons or transporters who cause movement of goods of consignment before commencement of such movement. The unregistered transporter can enroll on the common portal and generate the e-way bill for movement of goods for his clients.

Source:

<https://docs.ewaybillgst.gov.in/html/faq.html#:~:text=e%2Dway%20bill%20is%20a,of%20the%20rules%20framed%20thereunder>.

<https://www.thehindubusinessline.com/economy/common-use-items-exempt-from-eway-bill-under-gst/article9818425.ece>

Subject:) Economy

Subtopic:) Taxation

**Q.9)** With reference to Securities Transaction Tax, consider the following statements:

1. It is the direct tax levied on both purchase and sale of the securities in the capital market.
2. It is levied only when the investor makes profits from the sale of financial assets.
3. It is not applicable to the off-market securities transactions.

How many of the statements given above are correct?

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

Ans) b

Exp) Option b is the correct answer.

Security Transaction Tax (STT) is levied on transactions involving the purchase or sale of securities such as stocks, derivatives, and equity-oriented mutual funds in the Indian stock market. Introduced in India in 2004, STT is collected by the government to help regulate and generate revenue from stock market transactions.

**Statement 1 is correct:** The Securities Transaction Tax is imposed on both the purchase and sale of the securities and is calculated as a percentage of the transaction value. The rate of STT varies depending on the type of transaction and the category of securities involved.

**Statement 2 is incorrect:** Securities Transaction Tax (STT) is imposed on the transaction value, irrespective of any profit or loss made and hence applicable to both profitable and loss-making transactions in stocks.

**Statement 3 is correct:** STT charge is applicable only on share transactions made through a recognized stock exchange in the country. Off-market share transactions are not covered under STT.

Source: <https://www.livemint.com/market/stock-market-news/demat-account-what-are-the-tax-implications-of-transactions-securities-transaction-tax-ltcg-stcg-capital-gains-tax-11710237653578.html>

<https://www.bankbazaar.com/tax/securities-transaction-tax.html>

Subject:) Economy

Subtopic:) Taxation

**Q.10)** With reference to various reports/index sometimes mentioned in the news, consider the following pairs:

Reports	Published by
1. India Justice Report	Office of the Registrar of the Supreme Court of India.
2. World Press Freedom Index	Reporters without Borders
3. Global Terrorism Index (GTI)	United Nation Office on Drugs and Crime (UNODC).

How many of the above pairs are correctly matched?

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

Ans) a

Exp) Option a is the correct answer.

**Pair 1 is incorrect:** India Justice Report is an initiative undertaken by Tata Trusts (not by the Office of the Registrar of the Supreme Court). In 2019, Tata Trusts in partnership with the Centre for Social Justice, Common Cause, Commonwealth Human Rights Initiative, DAKSH, TISS-Prayas, Vidhi Centre for Legal Policy and How India Lives published this report. The report compiles and categorizes data of states and UTs, based on “four pillars” of justice delivery: the police, judiciary, prisons and legal aid.

**Pair 2 is correct: The World Press Freedom Index 2022 has been published by the global media watchdog, the Reporters without Borders or Reporters Sans Frontieres (RSF) since 2002.** It ranks countries and regions according to the level of media freedom available to journalists. It is based on an evaluation of media freedom that measures pluralism, media independence, media environment and self-censorship, transparency, and the legal framework and the safety of journalists.

**Pair 3 is incorrect: The Global Terrorism Index (GTI) is published by the Institute for Economics & Peace, not by the United Nation Office on Drugs and Crime (UNODC).** The index provides a comprehensive summary of the key global trends and patterns in terrorism. As per the latest index(2023), India has been ranked 13 and Afghanistan remains the worst country affected by terrorism for the last 4 consecutive years.

Source: Forum IAS Quarterly Current Affairs APRIL 2023 – JUNE 2023-Page: 10

Subject:) Current Affairs

Subtopic:) International Reports

**Q.11)** Which one of the following effects of creation of black money in India has been main cause of worry to the Government of India?

- a) Diversion of resources to the purchase of real estate and investment in luxury housing
- b) Investment in unproductive activities and purchase of precious stones, jewellery, gold, etc.
- c) Large donations to political parties and growth of regionalism
- d) Loss of revenue to the State Exchequer due to tax evasion

**Ans) d**

**Exp) Option d is the correct answer.**

Black money includes all funds earned through illegal activity and otherwise legal income that is not recorded for tax purposes. Black money causes financial leakage, as **unreported income that is not taxed causes the government to lose revenue.** In addition, these funds rarely enter the banking system. As a result, it can be more difficult for legitimate small businesses and entrepreneurs to obtain loans.

Source: UPSC CSE Pre 2021

Subject:) Economy

Subtopic:) Fiscal Policy

**Q.12)** Which among the following best describes the “Golden Rule” in public finance?

- a) Government's capital expenditure should be more than revenue expenditure.
- b) Government should borrow only to finance the capital formation and not to fund current spending.
- c) Government debt should not be more than 50% of its country's GDP.
- d) The government should maintain strict adherence to the fiscal deficit target at all times.

**Ans) b**

**Exp) Option b is the correct answer.**

The Golden Rule of Public Finance is that **the amount borrowed must be used for capital formation rather than revenue expenditure. In essence, whatever the government borrows, it must use it for productive investments.**

Source: <https://www.deccanherald.com/opinion/adhering-to-the-golden-rule-of-public-finance-2-2891855>

Subject:) Economy

Subtopic:) Public Finance in India



**Q.13)** In the context of the taxation system in India, which of the following best describes the nature of personal income tax in India?

- a) Progressive tax
- b) Regressive tax
- c) Proportional tax
- d) Digressive tax

**Ans) a**

**Exp) Option a is the correct answer.**

**Tax systems** are mechanisms through which **governments finance their expenditure** by imposing **charges on citizens and corporate entities**. Taxes are primarily **classified into three types: progressive, regressive, and proportional**.

**Option a is correct:** A **progressive tax** imposes a **higher rate on the rich than on the poor**, based on the **principle of the taxpayer's ability to pay**, making it **equitable** across different income groups. This system is **designed to ensure fairness**, as it places a **larger financial burden** on those **who can afford** to pay more, in proportion to their income. Example for such a tax is the Income tax in India.

**Option b is incorrect:** A **regressive tax is applied uniformly**, resulting in a **higher burden** on the **lower-income earners**. This is not how personal income tax operates in India, where the tax system is designed to be more equitable. Example for such a tax is the Goods and Services Tax (GST) in India.

**Option c is incorrect:** A **proportional tax**, also known as a **flat tax**, applies the **same rate to all income levels**. While simple, it's not how India's personal income tax system works, as India employs a tiered tax rate system based on income brackets. A sales tax can be considered a type of proportional tax since all consumers, regardless of earnings, must pay the same fixed rate.

**Option d is incorrect:** **Digressive tax** refers to a type of tax in which people with high incomes pay less tax as a percentage of their income than those people with low incomes. Degressive taxes redistribute wealth from the bottom to the top.

**Source:** Indian Economy by Ramesh Singh

<https://timesofindia.indiatimes.com/readersblog/financial-insights-and-beyond/examining-the-tax-structure-in-india-perspectives-comparisons-and-suggestions-55864/>

<https://www.livemint.com/money/personal-finance/where-does-india-stand-in-the-world-in-comparison-of-individual-tax-rates-11675002374282.html>

<https://timesofindia.indiatimes.com/business/budget/budget-2024-income-tax-progressive-taxation-and-redistribution-policy-recommendations/articleshow/107300095.cms>

Subject:) Economy

Subtopic:) Taxation

**Q.14)** Consider the following statements about a 'Cut Motion':

It is a type of parliamentary motion moved in Lok Sabha during the voting for demand for grant while enacting the budget. If the motion is passed, the budgetary demand will be reduced by Rs 100. It is proposed specifically to ventilate a specific grievance that falls under the jurisdiction of the Government of India.

The above statements describe which one of the following types of cut motion?

- a) Policy cut motion
- b) Economic cut motion
- c) Token cut motion
- d) None of the Above

**Ans) c**

**Exp) Option c is the correct answer.**

A cut motion is a special power vested in members of the Lok Sabha to oppose a demand being discussed for specific allocation by the government in the Finance Bill as part of the Demand for Grants. There are three main types of cut motions such as policy cut, economic cut and token cut.

**Option a is incorrect:** A disapproval of **policy cut** demand seeks the amount of the demand be reduced to Re 1, representing the disapproval of the policy undermining the demand.

**Option b is incorrect:** The **economic cut** motion calls for a reduction in the allocation of the demand to a specific amount. It represents the economy that can be affected. Such a specified amount may either be a lump-sum reduction in the demand or omission or reduction of an item in the demand.

**Option c is correct:** A **token cut** motion is moved so that **the amount of the demand is reduced by Rs 100**. This is to ventilate a specific grievance that is within the sphere of the responsibility of the Government of India.

Source: <https://www.business-standard.com/about/what-is-cut-motion>

Subject:) Economy

Subtopic:) Budgetary Economics

**Q.15)** With reference to the National Electricity Plan 2022-27, consider the following statements:

1. It was prepared by the Central Electricity Authority.
2. It aims to increase the share of non-fossil based capacity in electricity to more than two-third by end of 2026-27.

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

**Ans) a**

**Exp) Option a is the correct answer.**

**Statement 1 is correct:** The National Electricity Plan 2022-27 was prepared by the Central Electricity Authority. As per section 3(4) of the Electricity Act, 2003, the Central Electricity Authority has been mandated to prepare a National Electricity Plan (NEP) in accordance with the National Electricity Policy and notify such plan once in five years.

**Statement 2 is incorrect:** The National Electricity Plan 2022-27 (NEP) envisages that the share of non-fossil based capacity is likely to increase to 57.4% by the end of 2026-27 and may likely to further increase to 68.4% by the end of 2031-32 from around 42.5% as on April'2023.

Source: Forum IAS Quarterly Current Affairs APRIL 2023 – JUNE 2023-Page: 20

Subject:) Current Affairs

Subtopic:) National Electricity Plan

**Q.16)** With reference to Capital Gains Tax, consider the following statements:

1. It can be imposed on the profits from the transfer of patent and trademark rights.
2. Long term capital gains tax rate is generally higher than short term capital gains tax rate in India.
3. It is applicable exclusively to capital gains realized by Indian citizens.

How many of the statements given above are correct?

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

**Ans) a**

**Exp) Option a is the correct answer**

The term capital gain refers to any profit or gain that is received from the sale or transfer of a 'capital asset'. The profit received from the sale comes under the category 'income' and hence, a tax must be paid on the income received. The tax paid is known as capital gains tax and there are two types of capital gains, short-term capital gains tax (STCG) and long-term capital gains tax (LTCG).

**Statement 1 is correct:** Capital gains is levied on the income and profits obtained from the sale or exchange of certain assets such as jewelry, vehicles, leasehold rights, machinery, patents, trademarks, buildings, house property, and land.

**Statement 2 is incorrect:** Generally Short-term capital gains tax rate (STCG) is higher than long-term capital gains tax rate (LTCG). As per the recent interim budget 2024, **the long-term capital gains tax rate can be aligned at 10% and short-term capital gains tax at 15%** for all types of financial assets (such as listed and unlisted equity / preference shares, equity oriented mutual funds and instruments like REIT/Invit units and other financial assets like debt oriented mutual fund units, bonds, debentures).

**Statement 3 is incorrect:** Capital gains tax is applicable to the **profit gained through sale of capital assets of all the residents in India.**

Source:

<https://timesofindia.indiatimes.com/business/faqs/income-tax-faqs/what-is-capital-gains-tax/articleshow/93588264.cms>

<https://www.livemint.com/money/personal-finance/budget-2024-long-term-capital-gains-tax-and-the-holding-period-for-different-assets-shares-mutual-funds-gold-land-11704984631995.html>

<https://www.mea.gov.in/images/pdf/OIFCPublication2009GuidebookonTaxationforOI.pdf>

Subject:) Economy

Subtopic:) Taxation

**Q.17)** With reference to the Prime Minister's National Relief Fund (PMNRF), consider the following statements:

1. The disbursement of the funds out of PMNRF is made at the discretion of the Prime Minister.
2. It is audited by the Comptroller and Auditor General of India (CAG).
3. Not all the contributions towards PMNRF are exempt from Income Tax.

How many of the above statements are correct?

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

**Ans) a**

**Exp) Option a is the correct answer.**

The **Prime Minister's National Relief Fund (PMNRF)** is a trust established in India to provide immediate relief to families and individuals affected by natural calamities, such as floods, earthquakes, cyclones, and other disasters. The fund also extends support to individuals facing serious health issues and those requiring medical treatment. The PMNRF operates as a voluntary contribution fund, with donations coming from individuals, organisations, and corporates. It was established in 1948.

**Statement 1 is correct:** Disbursement from the Prime Minister's National Relief Fund (PMNRF) is carried out at the **discretion of the Prime Minister** and in alignment with the directives issued by the Prime Minister.

**Statement 2 is incorrect:** The PMNRF is **audited by an independent auditor outside the Government.** At present, Sarc & Associates, Chartered Accountants are the auditors. It is, thus, not audited by the Comptroller and Auditor General of India (CAG).

**Statement 3 is incorrect:** **All contributions towards PMNRF are exempt from Income Tax under section 80 (G).**

Source: <https://pmnrf.gov.in/en/faqs/pmnrf> <https://www.business-standard.com/about/what-is-pm-national-relief-fund>

Subject:) Economy

Subtopic:) Fiscal Policy

**Q.18)** With reference to Economic growth, which of the following statements best describes the concept of 'Fiscal drag'?

- a) A situation where interest on previous loans is increasing year by year.
- b) A situation where inflation or income growth moves taxpayers into higher tax brackets.
- c) A situation where combination of tax increases and spending cuts are scheduled to take place automatically.
- d) A situation where the government increases spending to boost economic growth and tries to increase employment levels.

**Ans) b**

**Exp) Option b is the correct answer.**

**Fiscal drag** is an economic term whereby inflation or income growth moves taxpayers into higher tax brackets. This in effect increases government tax revenue without actually increasing tax rates.

**Option b is correct: Fiscal drag** refers to a situation in which inflation or income growth moves **taxpayers into higher tax brackets**. As taxpayers' incomes increase, they may move into higher income tax brackets, resulting in a higher average tax rate on their income. This phenomenon can lead to a **higher tax burden** on individuals with increasing incomes, **reducing disposable income** which leads to deflationary policies, or drag, on the economy.

**Fiscal Cliff:** The term "fiscal cliff" refers to a situation **where a combination of tax increases and spending cuts is scheduled to take place automatically**, typically at the beginning of a new fiscal year. This scenario arises when certain laws or policies have expiration dates or triggers that, if not addressed or changed, can lead to significant changes in fiscal policy. The concept gained prominence in the **United States** during debates over budgetary matters, especially related to the expiration of tax cuts and the implementation of automatic spending cuts. The concern with a fiscal cliff is that the sudden tax increases and spending cuts could have adverse effects on the economy, potentially leading to a recession or economic.

Knowledge Base:

Source: <https://www.investopedia.com/terms/f/fiscal-drag.asp>

<https://www.investopedia.com/terms/f/fiscalcliff.asp>

Subject:) Economy

Subtopic:) Fiscal Policy

**Q.19)** Consider the following statements about Goods and Service Tax (GST) in India:

Statement I: GST is not applied at each stage of value addition, but only on the end product.

Statement II: GST is a destination-based tax.

Which one of the following is correct in respect of the above statements?

- a) Both Statement I and Statement II are correct, and Statement II is the correct explanation for Statement I.
- b) Both Statement I and Statement II are correct, but Statement II is not the correct explanation for Statement I.
- c) Statement I is correct, but Statement II is incorrect.
- d) Statement I is incorrect, but Statement II is correct.

**Ans) d**

**Exp) Option d is the correct answer.**

The idea of a nationwide GST in India was first proposed by **the Kelkar Task Force** on Indirect taxes in 2000. GST was enacted as the 101st Constitution Amendment Act, 2016. On 1st July 2017, GST laws were implemented, replacing a complex web of Central and State taxes.

**Statement I is incorrect.** GST is applied only to the net value added at each stage of the supply chain. It is **applied to the value addition at each stage**, allowing for the seamless flow of credits and reducing the tax burden on the end consumer.

**Statement II is correct. GST is a destination-based tax as it** is levied at each stage of the supply chain, from the manufacturer to the consumer. GST is levied in the state where goods and services are finally consumed which is also the destination for those goods and services. Hence it is called destination-based tax.

Source: <https://gstcouncil.gov.in/brief-history-gst#:~:text=Destination%2Dbased%20Tax%3A%20GST%20is,burden%20on%20the%20end%20consumer.>

Subject:) Economy

Subtopic:) Taxation

**Q.20)** With reference to India's Foreign Trade Policy, 2023, consider the following statements:

1. It was notified under the provisions of Foreign Trade Act, 1992.
2. It aims to transform India into a merchandise trade surplus country by 2030.
3. It aims to develop the districts as export hubs in partnership with the respective State Governments.

How many of the above statements are correct?

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

**Ans) b**

**Exp) Option b is the correct answer.**

India introduced its latest Foreign Trade Policy (FTP) in 2023, replacing the previous FTP (2015-2020) which was extended after its expiration in 2020 due to the extraordinary circumstances brought about by the COVID-19 pandemic. The new policy became effective from April 1st, 2023.

**Statement 1 is correct:** The New Foreign Trade Policy (FTP), 2023, was **notified under the Section 5 of Foreign Trade Act, 1992**

**Statement 2 is incorrect.** The new Foreign Trade Policy (FTP), 2023, **does not aim to transform India into a merchandise trade surplus nation by 2030.** Instead, it endeavors to foster growth in India's goods and services exports, targeting a combined export figure of US\$2 trillion by 2030.

**Statement 3 is correct:** The new FTP 2023 aims at building partnerships with State governments and taking forward the **Districts as Export Hubs (DEH) initiative**. This initiative is designed to stimulate exports at the district level and expedite the growth of the local trade ecosystem.

Source: Forum IAS Quarterly Current Affairs APRIL 2023 – JUNE 2023–Page: 19

<https://www.isas.nus.edu.sg/papers/indias-foreign-trade-policy-2023-new-ideas-and-old-challenges/>

Subject:) Current Affairs

Subtopic:) Foreign Trade Policy

**Q.21)** Along with the Budget, the Finance Minister also places other documents before the Parliament which include 'The Macro Economic Framework Statement'. The aforesaid document is presented because this is mandated by

- a) Long standing parliamentary convention
- b) Article 112 and Article 110(1) of the Constitution of India



- c) Article 113 of the Constitution of India  
d) Provisions of the Fiscal Responsibility and Budget Management Act, 2003

**Ans) d**

**Exp) Option d is the correct answer**

Every year, a Macro Economic Framework Statement is presented before Parliament at the time of Union Budget presentation. This is under Section 3(5) of the Fiscal Responsibility and Budget Management (FRBM) Act, 2003.

Source: UPSC CSE Pre 2020

Subject:) Economy

Subtopic:) Budgetary Economics

**Q.22)** Consider the following pairs:

Term	Meaning
1. Tax expenditure	The responsiveness of tax revenue to changes in the tax rate.
2. Tax Elasticity	The responsiveness of tax revenue to changes in GDP.
3. Tax Buoyancy	The revenue foregone by the government due to various exemptions provided under the tax laws

How many of the above pairs are correctly matched?

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

**Ans) d**

**Exp) Option d is the correct answer.**

**Pair 1 is incorrectly matched:** Tax Expenditure refers to the various deductions, exemptions, credits, and preferential rates provided by tax laws that lead to a reduction in tax liability for certain taxpayers. **These are considered government spending because they result in a loss of revenue that would otherwise have been collected.**

**Pair 2 is incorrectly matched:** Tax Elasticity is a measure of how sensitive tax revenue is to changes in the tax rate. It indicates how much tax revenue will change when the government alters tax rates.

**Pair 3 is incorrectly matched:** Tax Buoyancy measures how tax revenue growth responds to changes in GDP. A buoyant tax system sees tax revenues increase more than proportionately with a rise in GDP, without an increase in the tax rate, reflecting a strong and responsive tax system.

Source: <https://taxfoundation.org/taxedu/glossary/tax-expenditure/>, [https://mof.portal.gov.bd/sites/default/files/files/mof.portal.gov.bd/page/17643e1a\\_542c\\_47c8\\_a833\\_91a90d156ac7/chapter3.pdf](https://mof.portal.gov.bd/sites/default/files/files/mof.portal.gov.bd/page/17643e1a_542c_47c8_a833_91a90d156ac7/chapter3.pdf)

Subject:) Economy

Subtopic:) Taxation

**Q.23)** The Budget of government of India is broadly categorized under Revenue and Capital expenditure. In this context consider the following:

1. Construction of highways
2. Salaries for government employees
3. Pension for government employees
4. Food subsidy
5. Investment in public sector enterprises for the acquisition of fixed assets

How many of the above are part of capital expenditure of Government of India under budget?

- a) Only two
- b) Only three
- c) Only four
- d) All five

**Ans) a**

**Exp) Option a is the correct answer.**

**Capital expenditure represents funds allocated by an organization for long-term investments in assets such as property, machinery, or infrastructure.** Unlike operating expenses, which are incurred for day-to-day operations, capital expenditures are aimed at enhancing productivity, expanding capacity, or improving efficiency, thereby facilitating future growth and development.

**Option 1 is correct: Construction of highways is a capital expenditure** as it involves investment in infrastructure that will benefit the economy over many years.

**Option 2 is incorrect: Salaries for government employees is not a capital expenditure;** it is a revenue expenditure used for day-to-day operations.

**Option 3 is incorrect: Pension for government employees is a revenue expenditure** and not a capital expenditure because it doesn't lead to creation of assets.

**Option 4 is incorrect: According to the fiscal statement subsidies form a significant portion of the Revenue expenditures** which includes food, fertilizer, and petroleum subsidies. Major subsidies at Rs.3.75 lakh crore (1.2 per cent of GDP) is 10.7 % of Revenue Expenditure.

**Option 5 is correct: Investment in public sector enterprises can be considered a capital expenditure if it is meant for the acquisition of fixed assets or significant upgrading of existing assets.**

Source:

<https://www.investopedia.com/terms/c/capitalexpenditure.asp#:~:text=Capital%20expenditures%20are%20payments%20made,and%20other%20assets%20for%20growth.>

[https://cag.gov.in/uploads/download\\_audit\\_report/2017/Chapter\\_1\\_-\\_](https://cag.gov.in/uploads/download_audit_report/2017/Chapter_1_-_Introduction_of_Report_No.24_of_2017_-_Compliance_audit_Union_Government_Air_Force_Reports_of_Defence_Services.pdf)

[\\_Introduction\\_of\\_Report\\_No.24\\_of\\_2017\\_-\\_](https://cag.gov.in/uploads/download_audit_report/2017/Chapter_1_-_Introduction_of_Report_No.24_of_2017_-_Compliance_audit_Union_Government_Air_Force_Reports_of_Defence_Services.pdf)

[\\_Compliance\\_audit\\_Union\\_Government\\_Air\\_Force\\_Reports\\_of\\_Defence\\_Services.pdf](https://cag.gov.in/uploads/download_audit_report/2017/Chapter_1_-_Introduction_of_Report_No.24_of_2017_-_Compliance_audit_Union_Government_Air_Force_Reports_of_Defence_Services.pdf)

Subject:) Economy

Subtopic:) Budgetary Economics

**Q.24)** Consider the following:

1. Presence of a large informal sector
  2. Low per capita income
  3. Predominance of a cash-based economy
  4. High levels of tax evasion and avoidance
- How many of the above contribute to low Tax to GDP ratio in India?
- a) Only one
  - b) Only two
  - c) Only three
  - d) All four

Ans) d

Exp) Option d is the correct answer.

**Tax-to-GDP ratio denotes the percentage of a country's GDP collected in taxes, serving as a key indicator of fiscal health and government revenue generation.** It reflects the extent of taxation relative to economic activity, impacting public finances, social programs, and overall economic stability, influencing investment and growth prospects.

**Option 1 is correct: A significant part of India's economy operates informally, which means many transactions and incomes are not recorded and thus are not taxed.**

- 1) The informal sector accounts for a large portion of employment and economic activity but remains outside the tax net.

**Option 2 is correct: With a considerable population earning below the taxable threshold, the potential tax revenue is limited.**

- 1) India's per capita income is relatively low compared to developed countries, which translates into a smaller proportion of the population falling into the tax-paying bracket.

**Option 3 is correct: Cash transactions are harder to track, leading to underreporting of income and lower tax collections.**

- 1) India's economy has a high reliance on cash, which makes it challenging for tax authorities to monitor and collect taxes effectively.

**Option 4 is correct: Tax evasion and avoidance practices reduce the effective collection of taxes.**

Despite efforts to widen the tax base, there are still significant gaps in tax compliance.

Source: <https://m.economictimes.com/news/economy/policy/interim-budget-2024-what-is-tax-to-gdp-ratio-where-does-india-fare-on-this-indicator/articleshow/73222499.cms?ssp=1&darkschemeovr=1&setlang=en&cc=IN&safesearch=mode rate>

Subject:) Economy

Subtopic:) Taxation

**Q.25) Consider the following statements:**

Statement-I: The McMahon Line demarcates the boundary between India and Pakistan.

Statement-II: The McMahon line was drawn during the Shimla Convention of 1914.

Which of the following is correct in respect of the above statements?

- a) Both Statement-I and Statement-II are correct and Statement-II is the correct explanation for Statement-I.
- b) Both Statement-I and Statement-II are correct and Statement-II is not the correct explanation for Statement-I.
- c) Statement-I is correct but Statement-II is incorrect.
- d) Statement I is incorrect but Statement-II is correct.

Ans) d

Exp) Option d is the correct answer.



**Statement-I is incorrect: The McMahon Line is an international boundary line between India and China (not Pakistan).** Sir Henry McMahon who was the foreign secretary of the British government determined the McMahon Line, which is 890 km long running from Bhutan to Myanmar.

**Statement-II is correct: The Simla Convention officially described as the Convention Between Great Britain, China, and Tibet was signed in 1914.** This convention gave birth to an international boundary line 'McMohan line'. However China has had a dispute over McMohan line since the ascent of Communist party in 1949 and in fact China has issued 'stapled visa' to residents of Arunachal and more recently it has announced new names for nine locations in Arunachal Pradesh.

Source: Forum IAS Quarterly Current Affairs APRIL 2023 – JUNE 2023-Page: 12

Subject:) Current Affairs

Subtopic:) McMahon Line

**Q.26)** Consider the following:

1. Provident Funds
2. Small Savings
3. Post Office Deposits
4. Remittances
5. Judicial Deposits

The proceeds from how many of the above are accounted under the Public Accounts of India?

- a) Only two
- b) Only three
- c) Only four
- d) All five

**Ans) d**

**Exp) Option d is the correct answer.**

**The Public Account of India is a key component of government accounting, distinct from the Consolidated Fund. It comprises funds held by the government for specific purposes, including public savings, debt funds, and other liabilities.** These funds are managed separately to ensure transparency, accountability, and effective financial management.

There are five major heads of accounts under the Public Account: (i) Small Savings, Provident Fund and Other Accounts (ii) Reserve Funds (iii) Deposits and Advances (iv) Suspense and Miscellaneous and (v) Remittances.

**Option 1 is correct:** Provident Funds are funds where both employees and employers contribute a certain percentage of the salary, which is returned to employees upon retirement. **They are part of the Public Account as they are held in trust by the government.**

**Option 2 is correct:** Collections from various small savings schemes, like the Public Provident Fund or National Savings Certificates, are included in the Public Account.

**Option 3 is correct:** Savings accounts held at post offices are also part of the Public Account, as the government acts as a custodian for these funds.

**Option 4 is correct:** Remittances are money sent into or out of the country that is held temporarily by the government is included in the Public Account.

**Option 5 is correct:** Deposits related to judicial matters, which the government holds in trust, are part of the Public Account.

Source: <https://www.business-standard.com/about/what-is-public-account>

Subject:) Economy

Subtopic:) Public Finance in India

**Q.27)** Consider the following statements:

**Statement-I-** The Economic Survey is prepared by the Chief Economic Adviser (CEA) annually.

**Statement-II -** Article 112 provides for the submission of the annual financial statement every year.

Which one of the following is correct in respect of the above statements?

- a) Both Statement-I and Statement-II are correct and Statement-II is the correct explanation for Statement-I
- b) Both Statement-I and Statement-II are correct and Statement-II is not the correct explanation for Statement-I
- c) Statement-I is correct but Statement-II is incorrect
- d) Statement-I is incorrect but Statement-II is correct

**Ans) b**

**Exp) Option b is the correct answer**

**Statement-I is correct:** The Economic Survey is prepared by the Chief Economic Adviser (CEA) annually. It is a document that reviews the developments in the Indian economy over the past twelve months.

**Statement-II is correct:** Article 112 of the Indian Constitution requires the government to present to Parliament a statement of estimated receipts and expenditure in respect of every financial year, which is known as the annual financial statement.

**Statement-II is not the correct explanation for Statement-I:** The preparation of the Economic Survey by the CEA is a practice related to the presentation of economic data and trends, which is separate from the constitutional requirement of submitting the annual financial statement as per Article 112.

**Publishing the Survey is not a constitutional requirement. It started to be published because of an executive decision.**

Source: <https://economictimes.indiatimes.com/opinion/et-commentary/view-the-economic-survey-2021-22-is-the-first-one-to-document-the-surveyhistory/articleshow/89256439.cms?from=mdr#:~:text=Publishing%20the%20Survey%20is%20not%20a%20constitutional%20requirement.%20It%20started%20to%20be%20published%20because%20of%20an%20executive%20decision%20and%20a%20precedent%20was%20set.>

Subject:) Economy

Subtopic:) Budgetary Economics

**Q.28) Consider the following functions:**

- 1. Responsible for the preparation of the budget.
  - 2. Announces the interest rates of small saving schemes.
  - 3. Manages the internal and external aspects of the economic policies and programs of the country.
- Which department of the Government of India is responsible for the above-given functions?

- a) Department of Economic Affairs
- b) Department of Expenditure
- c) Department of Financial Services
- d) Department of Revenue

**Ans) a**

**Exp) Option a is the correct answer.**

**The Department of Economic Affairs (DEA) spearheads the meticulous planning and formulation of India's annual budget, outlining the government's financial priorities and resource allocations for the fiscal year.**

- 1) **The DEA regulates and announces the interest rates for various small saving schemes, ensuring transparency and stability in the financial sector while promoting savings among citizens.**
- 2) **The DEA oversees both domestic and international economic policies and programs, coordinating with various ministries and agencies to promote sustainable economic growth, monetary stability, and fiscal discipline.**



- 3) Additionally, it manages India's external economic relations, including negotiations with international financial institutions and bilateral/multilateral partners, to bolster economic resilience and foster inclusive development.

Source: <https://dea.gov.in/divisionbranch/major-functions>

Subject:) Economy

Subtopic:) Fiscal Policy

**Q.29)** In context of Cess, consider the following statements:

1. The proceeds from the cess levied shall be credited to the Consolidated Fund of India
2. Its proceeds have to be used for a specific purpose.
3. It is imposed only on indirect taxes in India.
4. Article 270 of the Constitution of India allows cess to be excluded from the purview of the divisible pool of taxes that the Union government must share with the States.

How many of the above statements are correct?

- a) Only one
- b) Only two
- c) Only three
- d) All four

**Ans) c**

**Exp) Option c is the correct answer.**

**Statement 1 is correct:** Cess is a tax levied by the government for a specific purpose, and the funds collected are initially credited to the Consolidated Fund of India (CFI).

**Statement 2 is correct:** Cess must be used only for the purpose for which they were collected.

**Example– Swachh Bharat cess etc.**

**Statement 3 is incorrect:** Cess in India is imposed on both indirect and direct taxes. The revenue from cess is earmarked for specific purposes and cannot be spent elsewhere.

**Statement 4 is correct:** Article 270, expressly recognized that cesses are used for specific purposes and are excluded from divisible pool of taxes, and it comes under the sole jurisdiction of Centre

Source: <https://www.deccanherald.com/business/union-budget/union-budget-2024-what-is-cess-2866296>

[https://fincomindia.nic.in/archive/writereaddata/html\\_en\\_files/fincom15/StudyReports/Cesses%20and%20Surcharges.pdf](https://fincomindia.nic.in/archive/writereaddata/html_en_files/fincom15/StudyReports/Cesses%20and%20Surcharges.pdf)

<https://sansad.in/getFile/annex/262/AS173.pdf?source=pqars>

Subject:) Economy

Subtopic:) Taxation

**Q.30)** With reference to Asian Development Bank (ADB), consider the following statements:

1. The headquarters of ADB is in Beijing.
2. India is one of the founding members of ADB.
3. It does not have any members from outside Asia.
4. China is the largest shareholder of ADB.

How many of the statements given above are correct?

- a) Only one
- b) Only two
- c) Only three
- d) All four

**Ans) a**

**Exp) Option a is the correct answer.**

The Asian Development Bank (ADB) has launched its 2023-27 country partnership strategy for India, pledging to focus on accelerating structural transformation and job creation, promoting climate-resilient growth, and deepening social and economic inclusiveness.

**Statement 1 is incorrect:** The Asian Development Bank (ADB) is a regional development bank headquartered in Manila, Philippines.

On the other hand, the Asian Infrastructure Investment Bank (AIIB) is a multilateral development bank headquartered in Beijing, China.

**Statement 2 is correct:** The ADB was set up in 1966 with 31 founding members, including India. Hence India is one of the founding members of ADB.

**Statement 3 is incorrect:** Currently, the ADB has 67 members—of which 48 are from Asia and Pacific and 19 from outside. Hence the statement that ADB does not have any members from outside Asia is not true.

**Statement 4 is incorrect:** While China is a major shareholder, it is not the largest. Japan and the United States are the two largest shareholders, each with 15.6% of the total shares followed by China (6.4%) and India (6.3%).

Source: Forum IAS Quarterly Current Affairs APRIL 2023 – JUNE 2023-Page: 14

Subject:) Current Affairs

Subtopic:) Asian Development Bank

**Q.31)** There has been a persistent deficit budget year after year. Which of the following actions can be taken by the government to reduce the deficit?

1. Reducing revenue expenditure
2. Introducing new welfare schemes
3. Rationalizing subsidies
4. Expanding industries

Select the correct answer using the code given below.

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

**Ans) a**

**Exp) Option a is the correct answer**

A budget deficit is when spending exceeds income.

Introducing new welfare schemes will further inflate the budget. Expanding industries by budgetary support will not add anything in the short run to the tax revenues of the government and thus will increase the budget deficit. Rationalizing subsidies and reducing revenue expenditure are two direct ways of reducing the fiscal burden of the government of India.

Source: UPSC CSE Pre 2015

Subject:) Economy

Subtopic:) Budgetary Economics

**Q.32)** In context of Angel tax in India, consider the following statements:

1. It is the tax paid by unlisted companies on gaining funding from angel investors through issuing shares
2. The Income Tax Act, 1961 provides the legal framework for Angel Tax.
3. Start-ups recognized by the Dept. of Promotion of Industry and Internal Trade (DPIIT) are excluded from angel tax levy.

How many of the above statements are correct?

- a) Only one
- b) Only two

- c) All three  
d) None

Ans) c

Exp) Option c is the correct answer.

**Statement 1 is correct: Angel tax is the tax paid by unlisted companies on gaining funding from angel investors through issuing shares.** The companies doing very well operationally use their brand value to get funding and issue shares at a price more than its fair market value. The company's excess earnings are considered income from other sources.

**Statement 2 is correct: The legal backing for Angel Tax comes from the Income Tax Act, 1961, specifically Section 56(2)(viib), which was introduced in the Finance Act, 2012.**

**Statement 3 is correct: Initially, Angel Tax provisions were applicable only to investments received from resident investors.** Following repeated appeals from startups, the Indian Government introduced certain relaxations in the 2019 Union budget. Under these provisions, **startups registered under the DPIIT, or the Department for Promotion of Industry and Internal Trade, would be exempt from such taxation.**

Source: <https://indianexpress.com/article/explained/explained-economics/angel-tax-start-ups-cbdt-8985309/>

Subject:) Economy

Subtopic:) Taxation

Q.33) With reference to various types of taxes, consider the following pairs:

Tax	Description
1. Ad- Valorem tax	Tax on value of goods and services.
2. Pigouvian Tax	Tax on market transaction that creates a negative externality
3. Tobin Tax	Tax on Spot Exchange Transactions.

How many of the above pairs are correctly matched?

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

Ans) c

Exp) Option c is the correct answer.

**Pair 1 is correct.** Ad valorem tax is a tax that is **imposed on the value of a good or service**. An example for ad valorem tax is imposition of 28% GST on luxury cars. Here, if the price of a car is Rs 10 lakh, the GST amount will be Rs 2.8 lakh.

Another type of tax is specific tax; where tax is imposed on quantity.

**Pair 2 is correct.** A Pigouvian tax, named after 1920 British economist Arthur C. Pigou, is a tax on a market **transaction that creates a negative externality**, or an additional cost, borne by individuals not directly involved in the transaction. For example carbon tax etc.

**Pair 3 is correct.** The Tobin Tax, named after Nobel laureate economist James Tobin, is a **proposed tax on all spot conversions of one currency into another**. It was first suggested in the 1970s, the Tobin Tax gained prominence as a potential tool to curb currency speculation and stabilize global financial markets

Knowledge Base: Sin taxes are imposed to **discourage consumers from using goods or services that are seen as undesirable or detrimental to society**. Sin Taxes makes the undesirable goods so

expensive that rational consumer would be forced to give up the habit. Tobacco, gambling ventures, alcohol, cigarettes. Etc.

Source:

[https://lms.indianeconomy.net/glossary/ad-valorem-](https://lms.indianeconomy.net/glossary/ad-valorem-tax/#:~:text=Ad%20valorem%20tax%20is%20a,ad%20valorem%20is%20at%20value.)

[tax/#:~:text=Ad%20valorem%20tax%20is%20a,ad%20valorem%20is%20at%20value.](https://lms.indianeconomy.net/glossary/ad-valorem-tax/#:~:text=Ad%20valorem%20tax%20is%20a,ad%20valorem%20is%20at%20value.)

<https://taxfoundation.org/taxedu/glossary/pigouvian-tax/>

[https://www.business-standard.com/podcast/finance/what-is-sin-tax-what-are-they-imposed-on-122021400044\\_1.html](https://www.business-standard.com/podcast/finance/what-is-sin-tax-what-are-they-imposed-on-122021400044_1.html)

<https://www.imf.org/external/pubs/ft/fandd/1996/06/pdf/spahn.pdf>

Subject:) Economy

Subtopic:) Taxation

**Q.34)** With reference to Central Board of Direct Taxes, consider the following statements:

1. It is a statutory body established under the Income Tax Act of 1961.
2. It oversees the matter relating to the impositions and collection of all direct taxes in India levied by the central government.
3. The cost inflation index is released by the Central Board of Direct Taxes.

How many of the above statements are correct?

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

**Ans) b**

**Exp) Option b is the correct answer.**

The Central Board of Revenue, as the apex body of the Department, was entrusted with the task of administration of taxes. It came into existence as a result of the Central Board of Revenue Act, 1924. Initially, the Board was in charge of both direct and indirect taxes. Subsequently, **the Board was split up into two, namely the Central Board of Direct Taxes and Central Board of Excise and Customs in 1963.**

**Statement 1 is incorrect:** The Central Board of Direct Taxes is **a statutory authority constituted under the Central Board of Revenue Act, 1963 (not under Income Tax Act of 1961).**

**Statement 2 is correct:** Its functions include formulation of policies, dealing with matters relating to levy and collection of direct taxes, and supervision of the functioning of the entire Income Tax Department. **CBDT also proposes legislative changes in direct tax enactments and changes in rates and structure of taxation** in tune with the policies of the Government.

**Statement 3 is correct: Central Board of Direct Taxes (CBDT) releases the Cost Inflation Index (CII) annually.** The formula to calculate inflation-adjusted cost price is: CII of the year of sale / CII for the year of purchase \* Actual cost price.

Source: <https://incometaxindia.gov.in/pages/about-us/central-board-of-direct-taxation.aspx>

<https://www.dor.gov.in/sites/default/files/main01.pdf>

Subject:) Economy

Subtopic:) Taxation

**Q.35)** In the context of Indian Polity, consider the following Political Parties:

1. National People's Party (NPP)
2. Bahujan Samaj Party (BSP)
3. All-India Trinamool Congress (AITC)
4. Nationalist Congress Party (NCP)
5. Communist Party of India (CPI)
6. Aam Aadmi Party (AAP)

At present, how many of the above are given the status of National Party?

- a) Only three
- b) Only four
- c) Only five
- d) All six

Ans) a

Exp) Option a is the correct answer.

The Election Commission registers political parties for the purpose of elections and grants them recognition as national or state parties on the basis of their poll performance. The other parties are simply declared as registered-unrecognized parties.

**Options 1,2 and 6 are correct:** Recently, the Election Commission has **recognised the Aam Aadmi Party (AAP) as a national party**. At present the **BJP, Indian National Congress, Communist Party of India-Marxist (CPI(M)), Bahujan Samaj Party (BSP), National People's Party (NPP) and the AAP** are the **national parties** in India.

**Options 3,4 and 5 are incorrect:** Recently, the Election Commission of India **revoked the National party status of the All-India Trinamool Congress, Nationalist Congress Party (NCP) and the Communist Party of India (CPI)**.



Source: Forum IAS Quarterly Current Affairs APRIL 2023 – JUNE 2023-Page: 6

Subject:) Current Affairs

Subtopic:) National Party

**Q.36)** With reference to recommendations made by 15<sup>th</sup> Finance Commission, consider the following statements:

1. It increased the share of states in the central divisible pool of taxes from 32 to 42 percent.
2. Population was given the highest weightage under horizontal devolution of taxes.
3. It recommended sector specific grants for nutrition and pre-primary education.
4. It recommended the constitution of a dedicated modernization fund for Defense and Internal Security.

How many of the above statements are correct?

- a) Only one
- b) Only two
- c) Only three
- d) All four

Ans) b

Exp) Option b is the correct answer.

The Finance Commission (FC) is a constitutional body (Article 280), that determines the method and formula for distributing the tax proceeds between the Centre and states, and among the states as per the constitutional arrangement and present requirements.



The 15th Finance Commission was constituted by the President of India in November 2017, under the chairmanship of NK Singh. Its recommendations will cover a period of five years from the year 2021-22 to 2025-26

**Statement 1 is incorrect.** The 15<sup>th</sup> Finance Commission has recommended a total devolution of 41% of the divisible pool of taxes. This is 1% lower than the percentage recommended by the 14th Finance Commission. **It was the recommendation of 14<sup>th</sup> Finance Commission** to increase the share of divisible pool of taxes from 32% to 42%.

**Statement 2 is incorrect.** The 15th Finance Commission used the following criteria while determining the share of states: (i) 45% for the income distance, (ii) 15% for the population in 2011, (iii) 15% for the area, (iv) 10% for forest and ecology, (v) 12.5% for demographic performance, and (vi) 2.5% for tax effort. Therefore, **Income Distance was given the highest weightage** and not the population for horizontal devolution.

**Statement 3 is correct.** The Commission has recommended a grant of Rs 7,375 crore for nutrition in 2020-21. Sectors for which sector-specific grants will be provided in the final report include: (i) **nutrition**, (ii) health, (iii) **pre-primary education**, (iv) judiciary, and (v) railways.

**Statement 4 is correct.** 15<sup>th</sup> Finance Commission recommended the constitution of a **dedicated modernization fund for Defence and Internal Security by the union** government to bridge the gaps between the projected budgetary requirement and budget allocation for the capital expenditure on defence and internal security. The proceeds of this fund will be utilized for

1. Capital investment for modernization and Defence services.
2. Capital investment for CAPF and modernization of state police forces.
3. A small component of welfare fund for soldiers and paramilitary personal.

Source: <https://pib.gov.in/PressReleasePage.aspx?PRID=1693868>

Subject:) Economy

Subtopic:) Fiscal Policy

**Q.37)** With reference to the external debt in India, consider the following statements:

1. It refers to the borrowings made by India only in non-rupee denominated currency.
  2. Ministry of Finance manages external debt of the central government.
  3. In India the external debt owed by sovereign entities is greater than that of non-sovereign entities.
- How many of the above statements are correct?

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

**Ans) a**

**Exp) Option a is the correct answer.**

**Statement 1 is incorrect:** External debt is the part of country's total debt borrowed from foreign lenders, including commercial banks, government institutions or international financial institutions. It can be denominated in any currency (both foreign as well as domestic currency).

**Statement 2 is correct:** The external debt of Union government in India is managed by **External Debt Management Unit (EDMU) in the Department of economic Affairs**, Ministry of Finance.

**Statement 3 is incorrect:** The **external debt owed by non-sovereign entities is greater than that of government entities**. The external debt owed by Government organisations also known as **sovereign external debt (SED) amounted to US\$ 133.1 billion**, whereas the debt owed by non- sovereign entities known as **non-Sovereign debts amounts to US\$ 502.2 billion**, at the end of September 2023.

Source:

[https://dea.gov.in/sites/default/files/India%27s%20Quarterly%20External%20Debt%20Report%20for%20quarter%20ending%20September%202023\\_0.pdf](https://dea.gov.in/sites/default/files/India%27s%20Quarterly%20External%20Debt%20Report%20for%20quarter%20ending%20September%202023_0.pdf)

Subject:) Economy Subtopic:) Public Finance in India

**Q.38)** With reference to interim budget (2024-2025), consider the following sources of Revenue for the government:

1. Corporation tax
2. Income tax
3. Goods and Service tax
4. Union Excise Duty
5. Customs Duty

What is the correct sequence of taxes in their decreasing order of their contribution to the total tax revenue?

- a) 2-1-3-4-5
- b) 2-3-1-4-5
- c) 3-2-1-5-4
- d) 3-2-1-4-5

**Ans) b**

**Exp) Option b is the correct answer.**

Correct descending order of the Taxes in the total revenue of the government is as under;

Option 2 - Income tax – 19%

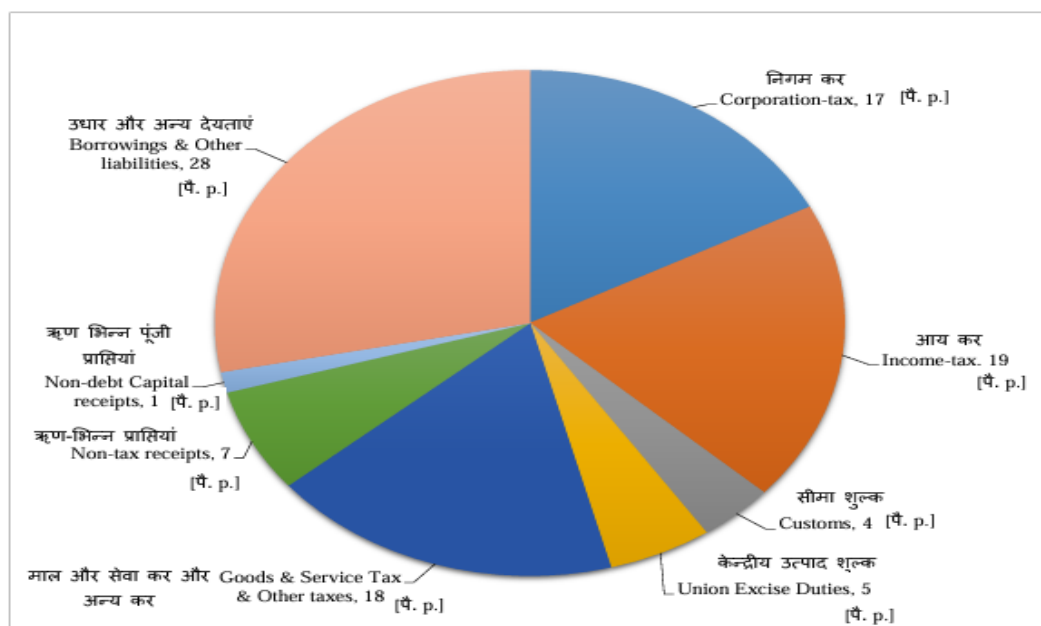
Option 3 - Goods and Service tax – 18%

Option 1 - Corporation tax – 17%

Option 4 - Union Excise Duty – 5%

Option 5 - Customs Duty – 4%

Knowledge Base:



टिप्पणियाँ:- 1. कुल प्राप्तियों में करों और शुल्कों में राज्यों का हिस्सा शामिल है, जिन्हें पृष्ठ 1 पर सारणी में घटा दिया गया है।

2. आंकड़ों को पूर्णकित किया गया है।

Notes :- 1. Total receipts are inclusive of States' share of taxes and duties which have been netted in the table on page 1.

2. Figures have been rounded off.

Source: [https://www.indiabudget.gov.in/doc/Budget\\_at\\_Glance/bag1.pdf](https://www.indiabudget.gov.in/doc/Budget_at_Glance/bag1.pdf)

Subject:) Economy

Subtopic:) Budgetary Economics

**Q.39)** With reference to Financial Stability development council (FSDC), consider the following statements:

1. It is headed by the Union finance minister.

2. It is a statutory body.
3. No funds are separately allocated to the Council for undertaking its activities.

How many of the above statements are correct?

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

**Ans) b**

**Exp) Option b is the correct answer.**

The Financial Stability and Development Council (FSDC) was set up with a view to strengthening and institutionalizing the mechanism for maintaining financial stability, enhancing inter-regulatory coordination and promoting financial sector development.

**Statement 1 is correct.** The **Chairman of the Council is the Union finance minister**, and its members include the heads of financial sector Regulators (RBI, SEBI, PFRDA, IRDA & FMC) Finance Secretary and/or Secretary, Department of Economic Affairs, Secretary, Department of Financial Services, and Chief Economic Adviser. The Council can invite experts to its meeting if required

**Statement 2 is incorrect.** The Financial Stability and Development Council (FSDC) has been **constituted vide Government of India notification dated 30th December 2010**. Therefore, it is not a statutory body.

**Statement 3 is correct.** The Council deals with issues relating to financial stability, financial sector development, inter-regulatory coordination, financial literacy, financial inclusion and macro prudential supervision of the economy including the functioning of large financial conglomerates. **No funds are separately allocated to the Council for undertaking its activities.**

Source: <https://dea.gov.in/sites/default/files/StrucFSDC.pdf>

<https://pib.gov.in/newsite/PrintRelease.aspx?relid=95543>

Subject:) Economy

Subtopic:) Fiscal Policy

**Q.40)** Which of the following groups of countries are members of the Arab League?

- a) Egypt, Iraq, Israel and Saudi Arabia
- b) Indonesia, Armenia, Egypt and Syria
- c) Venezuela, Somalia, Israel and Ethiopia
- d) Syria, Iraq, Egypt and Somalia

**Ans) d**

**Exp) Option d is the correct answer**

The Arab League is an intergovernmental organization of Arab states in the Middle East and Africa. It was formed in 1945 following the adoption of the Alexandria Protocol in 1944.

**The Arab League currently has 22 member states**, and they are Algeria, Bahrain, Comoros, Djibouti, Egypt, Iraq, Jordan, Kuwait, Lebanon, Libya, Mauritania, Morocco, Oman, Palestinian Authority, Qatar, Saudi Arabia, Somalia, Sudan, Syria, Tunisia, United Arab Emirates and Yemen.

**Syria, Iraq, Egypt and Somalia are currently the members of the Arab League.** Recently, Foreign ministers of the Arab League reinstated Syria's membership after its suspension of membership for more than ten years. **Brazil, Eritrea, India, Armenia and Venezuela** are **Observer** countries in the League.

It is to be noted here that **Israel, Ethiopia and Indonesia** are **not the members** of the Arab League.

Source: Forum IAS Quarterly Current Affairs APRIL 2023 – JUNE 2023-Page: 12

Subject:) Current Affairs

Subtopic:) Arab League

**Q.41)** Which one of the following statements appropriately describes the “fiscal stimulus”?

- a) It is a massive investment by the Government in manufacturing sector to ensure the supply of goods to meet the demand surge caused by rapid economic growth
- b) It is an intense affirmative action of the Government to boost economic activity in the country
- c) It is Government’s intensive action on financial institutions to ensure disbursement of loans to agriculture and allied sectors to promote greater food production and contain food inflation
- d) It is an extreme affirmative action by the Government to pursue its policy of financial inclusion

**Ans) b**

**Exp) Option b is the correct answer**

Fiscal stimulus is an action taken by government to increase aggregate demand in the economy. It can be in form of tax cuts or increased public spending. Fiscal stimulus also refers to policy measures undertaken by a government that typically reduce taxes or regulations—or increase government spending—in order to boost economic activity.

Source: UPSC CSE Pre 2011

Subject:) Economy

Subtopic:) Fiscal Policy

**Q.42)** In the framework of India’s taxation system, Goods and Services Tax (GST) plays a pivotal role. In this context, consider the following goods/items:

- 1. Table Salt
- 2. Human Blood and its components
- 3. Sealed Mineral water
- 4. Pre-packed and labelled Jaggery
- 5. Loosely sold Curd

How many of the above goods/items are exempted under GST?

- a) Only two
- b) Only three
- c) Only four
- d) All five

**Ans) b**

**Exp) Option b is the correct answer.**

**Goods and Services Tax (GST)**, implemented on July 1, 2017, in India, is a **comprehensive, multi-stage, destination-based tax** that is **levied on every value addition**. It has **subsumed several erstwhile taxes** including VAT, excise duty, service tax, etc., to **eliminate the cascading effect of taxes and bring uniformity in taxation** across the country.

**Statement 1 is correct:** Table **Salt is exempted from GST**, aligning with the government's approach to keep basic and essential goods out of the tax purview to ensure they remain affordable to the general population.

**Statement 2 is correct:** Purchase of **human blood and its components are exempt from GST**.

**Statement 3 is incorrect:** Sealed or packed **mineral water is subject to GST as it is considered a luxury or non-essential item**. The imposition of GST on mineral water aims to tax goods that are not basic necessities at standard rates.

**Statement 4 is incorrect:** The Centre has recently imposed 2.5 per cent CGST and 2.5 per cent SGST on jaggery of all types including cane jaggery (gur), palmyra jaggery (pre-packaged and labelled), while jaggery other than pre-packaged and labelled attracts nil GST.

**Statement 5 is correct:** As per recent update, **under the GST regime, fresh milk and pasteurized milk will completely remain in the exemption**. Likewise, there is **no GST applicable** as long as **paneer, curd, and buttermilk are sold loose**, i.e., without any pre-packaging and branding.

**Knowledge Base:**

- 1) GST is applied on goods and services at the point of consumption, with the aim of making the taxation process transparent and reducing the burden of multiple taxations on consumers.
- 2) The GST Council, which is the apex decision-making body concerning GST in India, periodically reviews and revises the list of goods and services that are exempt from GST.
- 3) These decisions are made considering the socio-economic importance of goods and services and their impact on different sections of society.

**Source:** [http://www.msmedinewdelhi.gov.in/PDF2017-](http://www.msmedinewdelhi.gov.in/PDF2017-18/GST/List%20of%20Exempted%20Goods%20under%20GST%20with%20HSN%20Code.pdf)

<18/GST/List%20of%20Exempted%20Goods%20under%20GST%20with%20HSN%20Code.pdf>

<https://cbic-gst.gov.in/gst-goods-services-rates.html>

Subject:) Economy

Subtopic:) Taxation

**Q.43)** With reference to Interim Budget and Vote on Account in India, consider the following statements:

1. An Interim Budget is mentioned in the constitution while Vote on account is not.
2. An Interim Budget includes both expenditure and receipts while a Vote on account only deals with the expenditure.

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

**Ans) b**

**Exp) Option b is the correct answer.**

**Statement 1 is incorrect.** According to **Article 116 of the Indian constitution**, **vote on account** is a grant in advance for the Central government to meet short-term expenditure, generally lasting for a few months till the new financial year starts. Whereas there **is no constitutional provision for an interim budget**.

**Statement 2 is correct.** Though both are interchangeable used, an interim budget is one which contains both revenue and expenditure details for the period until new government takes over and presents of full budget while a vote on account includes only the government's expenditures.

Source:

<https://www.thehindu.com/business/budget/how-is-interim-budget-different-from-annual-budget-what-can-be-expected/article67776626.ece#:~:text=As%20there%20is%20no%20constitutional,the%20votes%20on%20account%20provision.>

<https://bfsi.economictimes.indiatimes.com/news/industry/union-budget-2024-what-is-vote-on-account-and-how-is-it-different-from-interim-budget/107281306#:~:text=Though%20both%20are%20interchangeably%20used,includes%20only%20the%20government's%20expenditures.>

<https://bfsi.economictimes.indiatimes.com/news/industry/union-budget-2024-what-is-vote-on-account-and-how-is-it-different-from-interim-budget/107281306#:~:text=Though%20both%20are%20interchangeably%20used,includes%20only%20the%20government's%20expenditures.>

<https://bfsi.economictimes.indiatimes.com/news/industry/union-budget-2024-what-is-vote-on-account-and-how-is-it-different-from-interim-budget/107281306#:~:text=Though%20both%20are%20interchangeably%20used,includes%20only%20the%20government's%20expenditures.>

Subject:) Economy

Subtopic:) Budgetary Economics

**Q.44)** With reference to Fiscal deficit, consider the following statements:

1. Fiscal deficit as a percent of GDP of India has been constantly declining in past five years.
2. As per the 2024-25 interim budget, for financial year 2023-24, 'External borrowing' was the largest source of financing the fiscal deficit.



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

Ans) d

Exp) Option d is the correct answer.

**Fiscal deficit** refers to the **difference** between the government's **total revenue** and its **total expenditure** during a specific fiscal year. It **indicates the amount of borrowing** required by the government to meet its expenditure. Fiscal deficit is a crucial indicator of a government's financial health and its ability to manage its budget effectively. High fiscal deficits can lead to increased borrowing, inflation, and economic instability if not managed properly.

Mathematically, it can be represented as follows:

Fiscal deficit = Total Expenditure – Total revenue (Excluding the borrowings)

**Statement 1 is incorrect:** The COVID-19 pandemic and the government's fiscal package to revive the economy from lockdowns led to a Fiscal Deficit of 9.5% in FY2020-21 from 4.6 percent for FY 2019-20.

**Since 2020-21, fiscal deficit has been constantly declining.** It is expected to decline to 5.1 percent for the FY 2024-25. Hence it is not constantly declining in past 5 years.

**Statement 2 is incorrect:** **Market borrowings (G-Secs)** is the **largest source** of financing the fiscal deficit in India for the financial year 2023-24 and not the external debts. In the Union Budget 2023-24, the gross market borrowing through dated securities for 2023-24 was budgeted at ₹15,43,000 crore.

Source: [https://www.indiabudget.gov.in/doc/Budget\\_at\\_Glance/bag2.pdf](https://www.indiabudget.gov.in/doc/Budget_at_Glance/bag2.pdf)

<https://www.livemint.com/economy/budget-2024-govt-pegs-fiscal-deficit-target-at-5-1-of-gdp-for-fy25-11706760732691.html#>

Subject:) Economy

Subtopic:) Budgetary Economics

**Q.45)** With reference to the International Criminal Court (ICC), consider the following statements:

1. It is a specialized agency of the United Nation (UN).
2. It can investigate crimes referred to it by the United Nation Security Council (UNSC).
3. Recently, India became member of ICC.

How many of the statements given above are correct?

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

Ans) a

Exp) Option a is the correct answer.

**Statement 1 is incorrect:** The ICC is neither a specialized agency of the United Nation (UN) nor a part of the UN. It was created by the 1998 Rome statute and entered into force on July 1, 2002.

**Statement 2 is correct:** The ICC lacks universal territorial jurisdiction. **It may only investigate and prosecute crimes committed within the Member States or by nationals of Member States. It also investigates the crimes referred to it by the United Nations Security Council.** The Judgments of ICC are final without appeal and binding upon the States concerned.

**Statement 3 is incorrect:** **India is not part of the ICC as it never signed the treaty 'Rome Statute'.**

Source: Forum IAS Quarterly Current Affairs APRIL 2023 – JUNE 2023-Page: 12

Subject:) Current Affairs

Subtopic:) International Criminal Court

**Q.46)** How many 5-digit prime number can be formed using the digits 4, 5, 6, 7, 8 if the repetition of digits is not allowed?

- a) 4
- b) 2
- c) 1
- d) 0

**Ans) d**

**Exp) Option d is the correct answer.**

**Given:**

A 5-digit number using 4, 5, 6, 7 and 8 without repetition of digits.

**Concept used:**

A prime number is a number that can be divided exactly only by itself (example - 2, 3, 5, 7, 11 etc.)

Important divisibility rule of: -

2 = last number should be multiple of 2.

3 = sum of digits should be divisible by 3.

4 = last 2 digits should be multiple of 4

5 = last digit should be 0 or 5.

6 = should follow the divisibility rule of 2 and 3.

**Calculation:**

We can arrange the number as we want so last digit rule, we can check later.

Start with divisibility of 3

$$4+5+6+7+8=30$$

And 30 is divisible by 3

So, any combination of the number gives us sum of 30 that will not be a prime number.

There is no such combination of 4, 5, 6, 7, and 8 that will give us a prime number.

Subject:) CSAT

Subtopic:) Quantitative Aptitude

**Q.47)** A and B run a 5 km race along a circular course of length 400m. Their speeds are in the ratio 4:3. If they start together in the same direction, how many times would the first one pass the other (the start-off is not counted as passing)?

- a) 3
- b) 4
- c) 2
- d) 5

**Ans) a**

**Exp) Option a is the correct answer**

The faster runner will cross the slower one when he covers an extra 400 m.

Let their speeds be 4 m/sec and 3 m/sec.

So, their relative speed =  $4 - 3 = 1$  m/sec

So, the time taken by the faster runner to cross the slower one =  $\text{Distance} / \text{Relative Speed} = 400 / 1 = 400$  seconds

It basically means that the faster runner will cross the slower one every 400 seconds, or 6 minutes 40 seconds.

Now, the time taken for the faster racer to complete the entire race =  $\text{Total Distance} / \text{Speed} = 5000 / 4 = 1250$  seconds.

**So, the faster racer will cross the slower one 3 times during the entire race – after 400 seconds, 800 seconds, and 1200 seconds.**

Subject:) CSAT Subtopic:) Quantitative Aptitude

**Q.48)** Read the following statements and choose the correct answer.

**Statement 1:** No athlete who specializes in long-distance running is also a professional powerlifter.

**Statement 2:** Some professional swimmers have competed in triathlons, which include a long-distance running segment.

Based on the above statements, which of the following can be logically concluded?

- a) All professional swimmers who have competed in triathlons are also professional powerlifters.
- b) No professional swimmer who has competed in triathlons is a professional powerlifter.
- c) Some professional swimmers who have competed in triathlons are not professional powerlifters.
- d) None of the above can be logically concluded.

**Ans) c**

**Exp) Option c is the correct answer.**

Let's analyse the given statements:

**Statement 1:** "No athlete who specializes in long-distance running is also a professional powerlifter." This statement establishes that there is no overlap between athletes specializing in long-distance running and professional powerlifters.

**Statement 2:** "Some professional swimmers have competed in triathlons, which include a long-distance running segment." This statement indicates that there is a subset of professional swimmers who have engaged in long-distance running as part of triathlon competitions.

Combining these two statements, we can infer that some professional swimmers who have competed in triathlons (and therefore engaged in long-distance running) cannot also be professional powerlifters, as there is no overlap between long-distance runners and professional powerlifters. Therefore, the correct answer is C. Some professional swimmers who have competed in triathlons are not professional powerlifters.

Subject:) CSAT

Subtopic:) Logical and Verbal Reasoning

**Directions for the following 2 (two) items:**

Read the following **two** passages and answer the items that follow the passages. Your answers to these items should be based on the passages only.

#### **Passage-I**

Great Archaeologists are often at war with themselves. They aim to explain seismic transformations—social and cultural, economic, demographic, even genetic. But they do so by sifting (literally and figuratively) physical evidence that's scant and (literally and figuratively) fragmentary. These methods mean that nearly all their publications are narrow and exceedingly dry, even by academic standards. And even on those rare occasions when they venture beyond the journal article or monograph, their writing seldom tempts even the most archaeologically besotted general reader. For instance, although the great archaeologists of Mesopotamia have revolutionized scholars' understanding of the origins of urban civilization, their oversize tomes, with their detailed maps of watercourses and settlement patterns and meticulous charts of pottery types, resemble field reports, not works of history. But because archaeology addresses the most basic questions and explores the most profound changes in human history by means of a grossly incomplete record—and perhaps because it was long the province of aristocrats and buccaneers—it has invited the sort of bold interpretations in which speculation can too easily become untethered from evidence. When archaeology is done right, it's frequently dull; when it's fascinating, it's frequently wrong.

**Q.49)** All of the following statements, if true, would weaken the proposition about the nature of archaeological research and its implications, EXCEPT:

- a) The advent of modern technologies has enabled archaeologists to produce comprehensive and engaging narratives without sacrificing academic rigor.

- b) There have been numerous instances where bold, speculative interpretations in archaeology have been conclusively proven right, enhancing the discipline's appeal.
- c) The meticulous detail and narrow focus of archaeological publications are not inherent to the discipline but rather a result of the current academic publishing environment.
- d) Despite the challenges of working with incomplete records, the discipline's stringent methodologies ensure that even its most engaging findings are firmly rooted in evidence.

**Ans) d**

**Exp) Option d is the correct answer.**

Option d is the correct answer because it aligns with the essence of the given passage, which emphasizes the dichotomy within archaeology between rigorous, evidence-based research and the allure of broader, speculative narratives. The passage asserts that true archaeological rigor often results in work that is "narrow and exceedingly dry," but it is precisely this adherence to evidence and methodological strictness that underpins the discipline's integrity.

Options a, b, and c suggest scenarios that would undermine the passage's portrayal of archaeology as a field where the most captivating insights often come at the expense of methodological diligence and adherence to evidence. They imply that engaging narratives, speculative successes, or the influence of publishing standards could mitigate the discipline's inherent tension between rigor and readability, contrary to the passage's argument.

Subject:) CSAT

Subtopic:) Reading Comprehension

#### **Passage-II**

In the discourse on cognitive enhancement, the ethical conundrum surrounding neuroenhancement technologies stands at the forefront of contemporary bioethics. These technologies, encompassing pharmaceuticals, brain stimulation methods, and genetic engineering, promise significant improvements in cognitive functions such as memory, attention, and executive control. However, the advent of such enhancements has ignited a fervent debate over the moral implications of artificially augmenting human intellect. Central to this debate is the concern regarding equity and access. The potential for a cognitive enhancement divide, wherein only a privileged few can afford these technologies, raises profound questions about social justice and the exacerbation of existing inequalities. Moreover, the long-term effects of neuroenhancements on human cognition and society remain largely speculative, further complicating ethical considerations.

The discourse also grapples with the notion of authenticity and the value of effort. Critics argue that achievements garnered through enhanced capabilities may undermine the authenticity of human endeavor, valorizing outcomes over the intrinsic value of effort and struggle. Conversely, proponents highlight the potential for neuroenhancements to alleviate suffering and augment human potential, advocating for the ethical imperative to improve human well-being through technological progress.

This ethical landscape is further complicated by the blurring lines between therapeutic interventions and enhancements. While the former seeks to ameliorate deficits and restore normal functioning, the latter aims at surpassing the typical or average capabilities, challenging the very notion of what it means to be human.

**Q.50) Which of the following assumptions, if true, will weaken the arguments made in the passage?**

- a) Neuroenhancement technologies are readily accessible and affordable to individuals across different socio-economic strata.
- b) The use of neuroenhancement technologies significantly amplifies existing social inequalities.
- c) Achievements obtained through neuroenhancement undermine the perceived value of human effort.
- d) Neuroenhancements can be used to alleviate suffering and augment human potential.

**Ans) a**

**Exp) Option a is the correct answer.**

The passage outlines concerns about the ethical implications of neuroenhancement technologies, including the risk of exacerbating social inequalities due to differential access and affordability. If assumption a is true, indicating that neuroenhancement technologies are accessible and affordable across socio-economic strata, it directly counters the concern over equity and access presented in the passage. This assumption would suggest that the potential for a cognitive enhancement divide is mitigated, thereby weakening the argument that neuroenhancements could deepen existing inequalities.

Options b, c, and d highlight other ethical concerns raised in the passage but do not directly weaken the arguments made; instead, they reinforce the complexities and challenges associated with the ethical evaluation of cognitive enhancement technologies.

Subject:) CSAT

Subtopic:) Reading Comprehension

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