

Q.6)

Exp) Option a is the correct answer.

Pair 1 is correct: The concept of **economic meltdown** is an economic collapse which may be due to bad financial conditions, like recession, bankruptcy, and high joblessness. The economy is in trouble for a significant amount of time. **As a result, there is fall in stock prices during this time due to the loss of confidence of investors in market.**

Pair 2 is incorrect: **Recession refers to two quarters of continued negative growth rate of GDP** which leads to slide in the GDP. So, just fall in growth rate does not lead to recession. **For example, if GDP growth rate falls from 10% to 5% from FY 2022 to 2023. It is not the condition of recession.** But if growth rate changed 10% to -5% for two quarters, then it would be called recession.

Pair 3 is incorrect: An economic slowdown is a **period of slower economic growth**, typically characterised by a **decrease in the rate of growth of real gross domestic product (GDP).** **But it does cause any fall in GDP. For Example,** if GDP growth rate decreases from 10% to 5% from FY 2022 to 2023. It is called Slow down. But GDP increases from FY 2022 to FY2023.

Q.15)

Exp) Option d is the correct answer.

All of the taxes mentioned in the question are direct taxes:

- **Fringe Benefit Tax (FBT) is a tax levied on the value of fringe benefits provided by employers to their employees.** It is a direct tax, as it is paid directly by the employer to the government.
- **Interest Tax is a tax levied on the interest income earned by individuals and businesses.** It is a direct tax, as it is paid directly by the taxpayer to the government.
- **Security Transaction Tax (STT) is a tax levied on the purchase and sale of securities.** It is a direct tax, as it is paid directly by the buyer or seller of the securities to the government

Q.16)

Exp) Option b is the correct answer.

Statement 1 is incorrect: FDI represents investment by foreign entities in the country's businesses and projects, and it does not result in immediate revenue generation for the government.

Statement 2 is correct: Privatization of higher educational institutions involves transferring ownership and control of these institutions from the government to private entities. This can potentially generate funds for the government through the sale of assets or through partnerships with private organizations. These funds can be utilized to reduce the fiscal deficit.

Statement 3 is correct: Down-sizing of bureaucracy means reducing the size of the government workforce, which can lead to cost savings and help in controlling fiscal deficits by reducing personnel expenses.

Statement 4 is correct: Selling/offloading the shares of Public Sector Undertakings (PSUs) means the government selling its ownership stakes in PSUs to the private sector. The revenue generated from such disinvestments can be used to bridge fiscal deficits.

Q.23)

Exp) Option c is the correct answer.

M3 also known as Broad Money is made up of Currency with the Public, Current Deposits with the Banking System, Savings Deposits with the Banking System, Certificates of Deposits issued by Banks, Term Deposits of residents with the Banking System, Call/Term borrowings from 'Non-depository' financial corporations by the Banking System, and 'Other' Deposits with RBI.

The components of M3 are:

- **Currency with the Public**
- **Current Deposits with the Banking System**
- Savings Deposits with the Banking System
- Certificates of Deposits issued by Banks
- **Term Deposits of residents** with a contractual maturity up to and including one year with the Banking System **'Other' Deposits with RBI**
- Term Deposits of residents with a contractual maturity of over one year with the Banking System
Call/Term borrowings from 'non-depository' financial corporations by the Banking System.

Q.26)

Exp) Option d is the correct answer.

Internal debt is the component of the **total debt that is owed to lenders within the country**. It is the money the government borrows from its own citizens or financial institutions.

The internal debt comprises loans raised in the **open market, compensation and other bonds**, etc.

It also includes borrowings through treasury bills including **treasury bills issued to State Governments, commercial banks and other investors**, as well as non-negotiable, non-interest-bearing rupee securities issued to international financial institutions

Q.30)

Exp) Option b is the correct answer.

Statement 1 is incorrect: Non-Banking Financial Companies can engage in the acquisition of securities issued by the government, as well as other marketable securities, such as shares, debentures, bonds, etc. This is one of the functions of NBFCs as defined by the Reserve Bank of India (RBI), which regulates and supervises them. NBFCs can invest in government securities for their own account or on behalf of their clients, and also act as brokers or agents for their clients who want to invest in government securities.

Statement 2 is correct: NBFCs cannot accept demand deposits like Savings Account, which are deposits that can be withdrawn by the depositor at any time without any prior notice or penalty. NBFCs can only accept term deposits, which are deposits that have a fixed maturity period and cannot be withdrawn before that without a penalty.

Q.34)

Exp) Option a is the correct answer

Multi-dimensional Poverty Index (MPI) identifies multiple deprivations at the household and individual level in health, education and standard of living. Each person in a given household is classified as poor or non-poor depending on the weighted number of deprivations his or her household, and thus, he or she experiences. The MPI reflects both the incidence of multidimensional deprivation (a headcount of those in multidimensional poverty) and its intensity (the average deprivation score experienced by poor people). The MPI offers a valuable complement to income-based poverty measures.

The following indicators are included to calculate MPI:

Health - Child mortality, Nutrition

Education - Years of schooling, School attendance

Standard of living - Cooking fuel, Sanitation, Drinking water, Electricity, Housing and assets.

Q.37)

Exp) Option b is the correct answer.

Option 1 is correct- The Head Count Ratio measures the proportion of the population **living below the poverty line** or a **specified income threshold**. In computing the **headcount ratio (HCR)**, the initial step involves determining the count of individuals experiencing multidimensional poverty using 12 indicators that encompass **health, education, and living standards**. After obtaining the count of multidimensionally poor individuals, their ratio to the overall population yields the headcount ratio. It is calculated as:

HCR = Number of People living below poverty line / Total population of the country.

Option 2 is correct- Calorie intake focuses on assessing the **minimum daily calorie requirements** and determining the number of people who cannot meet these requirements due to insufficient income or resources. The **Planning Commission** has established that rural **individuals** are recommended to consume a minimum of **2400 calories per day**, while **urban individuals** should aim for at least **2100 calories daily**. However, the Planning Commission was disbanded in 2014 and its functions were taken over by the NITI Aayog. The NITI Aayog **has not yet released** any new guidelines on calorie intake for measuring poverty.

Option 3 is correct- Household Consumption Expenditure involves assessing the **consumption patterns** and **average expenditure of households (on goods and services)** to identify those living below the poverty line. The **National Sample Survey Organization (NSSO)** in India conducts a survey every **five years** to collect data on household consumption expenditure. The NSSO surveys a sample of households across the country and collects data on their **income, expenditure, and other characteristics**. The data collected by the NSSO is used to calculate the poverty line.

Option 4 is incorrect- Per capita income is a measure of the average income of the population. However, it is not a very good measure of poverty, because it does not take into account **inequality**. Therefore, it is **not** used in **India**

PCI = Total Income / Population

Q.48)

Exp) Option b is the correct answer.

Duty-drawback is a **refund of import duty** that is paid on goods that are used to produce exported goods. This refund is intended to **offset the cost of the import duty**, and to make exported goods more competitive in the global market. Duty-drawback is a common practice in many countries. In India, duty-drawback is governed by the **Customs Tariff Act, 1975**. The act specifies the types of goods that are eligible for duty-drawback, and the procedures for claiming duty-drawback. Duty-drawback can be a **valuable incentive for exporters**. It can help to reduce the cost of production, and it can make exported goods more competitive in the global market.

Q.51)

Exp) Option a is the correct answer.

There are three sectors of any domestic economy:

- General government sector
- Real sector
- Financial sector

Options 1 and 2 are correct: The real sector of the economy consists of enterprises (non-financial corporations), households and non-profit institutions serving households. **Non-financial organizations comprise all resident units involved in production of market goods and non-financial services. Market goods and services are those goods and services that are sold at market prices (economically significant prices).**

Options 3 and 4 are incorrect: The financial sector consists of corporations principally engaged in financial intermediation or in auxiliary financial activities that contribute to financial intermediation.