

Corrigendum/Explanation SFG 2025 Level 2 Test 6

There are no changes to the solutions/answers. Explanations have been provided for the students who have raised doubts.

In Q.3) There was a doubt raised with respect to Statement III of the question that the Producer Price Index (PPI) includes the price of imported goods while calculating the index.

Explanation-Statement III is incorrect. The main difference between Wholesale Price Index and Producer Price Index is that the PPI in general excludes the imported products while calculating the Index. The PPI is all about the domestically produced goods and/or services.

Source: <https://www.imf.org/external/np/sta/tegppi/ch2.pdf>

In Q.22) There was a doubt raised with respect to Option 3 of the question that Fuel Cess is an example of Pigouvian tax or not?

Explanation- Option 3 is correct. Pigouvian Tax is a theoretical concept and any tax or cess that have an effect of reducing the negative externalities can be an example of Pigouvian Tax. For example, the fuel cess can reduce the overall use of hydrocarbon based fuels.