



UPSC CURRENT AFFAIRS MCQS 04-02-2024

Q1:

Consider the following statements:

Statement-I:

Gross Domestic Product (GDP) measures the total value of goods and services produced within a country in a given period.

Statement-II:

GDP is calculated using the expenditure approach, the income approach, or the production approach.

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 of 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.

Answer: B

Explanation:

GDP indeed measures the total market value of all final goods and services produced within a country's borders during a specific period. It captures the overall economic activity within the country. Hence statement-I is correct.

There are three main approaches to calculate GDP:

Expenditure approach: Measures GDP by summing up the final expenditures on goods and services made by households, businesses, and the government within the country.

Income approach: Measures GDP by summing up the income earned by factors of production like labor, capital, and land used in the production process.

Production approach: Measures GDP by summing up the value added at each stage of production by different industries within the country.



Therefore, both statements are correct, but Statement-II does not provide a detailed explanation of statement-I, as statement-I is the definition of GDP and statement-II is the approach to measure it.

Q2:

With reference to the India International Exchange (India INX), consider the following statements:

- 1. It is located in the International Financial Services Centre (IFSC).**
- 2. It allows international investors to trade from anywhere across the globe.**
- 3. The exchange provides competitive advantage against other Indian exchanges in terms of lower security transactions taxes.**
- 4. It is the first exchange in the world to operate for twenty four hours in the day.**

How many of the above statements is/are correct?

- A:** Only one
B: Only two
C: Only three
D: All four

Answer: C

Explanation:

India-INX is India's first international exchange at IFSC Gujarat International Financial Tech (GIFT) City, Gandhinagar. It is wholly-owned subsidiary of Bombay Stock Exchange (BSE), through its global bourse. It is one of world's most advanced and fastest trading technology platforms with turn-around time of 4 micro seconds. It trades in equity derivatives, currency derivatives, commodity derivatives including Index and Stocks. It also offers depository receipts and bonds. Its vision is "Emerge as the leading International Exchange with best-in-class global practice in technology, products innovation and customer service." Hence, statement 1 and 2 are correct.



The exchange being located in IFSC, GIFT City, provides competitive advantage in terms of tax structure and supportive regulatory framework. These include benefits in security transaction tax, commodity transaction tax, dividend distribution tax and long-term capital gain tax waivers and no income tax. Hence, statement 3 is correct.

Following the International trading timings, this unique stock exchange will start when trading at Japanese stock exchange starts, and will end when US stock exchange stops, from sunrise to sunset. So, it operates for 22 hours a day allowing international investors and NRIs to trade from anywhere across globe. Hence, statement 4 is incorrect.

Q3:

With reference to Stablecoins, consider the following statements:

- 1. They are crypto currencies backed by a reserve asset like fiat currency or a commodity.**
- 2. Unlike bitcoins, they cannot be used as collateral to get loans.**
- 3. Their value is based on people's trust in the company holding collateral assets.**

Which of the statements given above are correct?

- A:** 1 and 2 only
B: 2 and 3 only
C: 1 and 3 only
D: 1, 2 and 3

Answer: C

Explanation:

Stablecoins are crypto currencies backed by a reserve asset like fiat currency or a commodity. Their value is based on people's trust in the company holding collateral assets. Hence, statements 1 and 3 are correct.



Both bitcoins and stablecoins can be used as collateral to get loans. By utilizing stablecoins, lenders enjoy the high returns associated with the low operational cost of smart contracts, and borrowers can post reasonable stablecoin collateral to get a loan with low-interest rates. Hence, statement 2 is incorrect.

Q4:

Consider the following with reference to Per capita income:

- 1. It is calculated by dividing national income by the total population.**
- 2. It reflects the average income earned per person in a country.**
- 3. It is a measure of economic well-being but does not account for income distribution.**
- 4. A high per capita income always indicates equitable distribution of wealth.**

How many of the above statements are correct?

- A: Only one**
- B: Only two**
- C: Only three**
- D: All four**

Answer: C

Explanation:

Per capita income is indeed calculated by dividing the total national income of a country by its total population. This gives an average income figure for each person in the country. Hence, statement 1 is correct

Per capita income can be seen as a reflection of the average income earned per person in a country. However, it's important to remember that it's just an average and doesn't represent the income of every individual. Hence, statement 2 is correct

Per capita income is a measure of economic well-being on a national level. It indicates the overall economic prosperity of a country. However, it doesn't provide any information about the distribution of income within the population.



A high per capita income could coexist with a large gap between the rich and the poor. Hence, statement 3 is correct

A high per capita income does not always indicate equitable distribution of wealth. It is possible for a country to have a high average income while wealth is concentrated in the hands of a few individuals, leaving the majority of the population with significantly lower incomes. This creates an unequal distribution of wealth. Hence, statement 4 is not correct

Q5:

Consider the following components:

- 1. Purchase of new machinery and equipment**
- 2. Construction of new buildings and structures**
- 3. Research and development expenditure**
- 4. Increase in inventories**
- 5. Purchase of land**

How many of the above-mentioned components are typically included in Gross fixed capital formation (GFCF)?

A: Only two

B: Only three

C: Only four

D: Only five

Answer: B

Explanation:

Included in GFCF:

Purchase of new machinery and equipment: This directly adds to the productive capacity of an economy.

Construction of new buildings and structures: This expands the physical infrastructure and contributes to future production potential.



Research and development expenditure: This can lead to innovative technologies and improved production processes.

Not included in GFCF:

Increase in inventories: Adding to existing stocks of goods doesn't represent new investment in productive assets.

Purchase of land: Land itself is not considered a produced asset in national accounts, and its purchase doesn't increase production capacity.