

UPSC CURRENT AFFAIRS MCQS 11-02-2024

Q1:

Consider the following pairs:

1. Cost-push inflation	Increase in production costs
2. Demand-pull inflation	Increased demand for goods and services
3. Hyperinflation	Inflation rate exceeding 50% per month

How many of the above pairs are correctly matched?

A: Only one pair

B: Only two pairs

C: All three pairs

D: None of the pairs

Answer: (B)

Explanation:

Cost-push inflation occurs when the cost of producing goods and services rises.

Demand-pull inflation happens when overall demand for goods and services exceeds the available supply.

Generally, hyperinflation refers to sustained, uncontrolled inflation at extremely high rates, often exceeding 1000% per year.

Q2:

Consider the following statements:

Statement-I: Fiscal measures can be used to address inflation.

Statement-II: Fiscal measures involve changes in government spending and taxation.

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 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

Answer: (A)

Explanation:

By managing government spending and taxation, the government can influence aggregate demand and inflation. For example, reducing government spending or increasing taxes can decrease aggregate demand, potentially lowering inflationary pressures.

Fiscal measures indeed involve changes in government spending and taxation. This is their primary tool for influencing the economy and affecting inflation. By adjusting these aspects, the government can manipulate aggregate demand and influence various economic indicators, including inflation.

Therefore, both statements are true, and Statement-II accurately explains how fiscal measures achieve their effects on inflation through manipulation of government spending and taxation. They act as the instruments through which fiscal policy impacts inflation.

Q3:

Consider the following about Green accounting:

- 1. It aims to incorporate environmental costs and benefits into traditional accounting systems.**
- 2. It can help businesses make more sustainable decisions.**
- 3. It is only relevant for large corporations.**

How many of the above statements are correct?

A: Only one

B: Only two

C: All three

D: None



Answer: (B)

Explanation:

Green accounting indeed aims to integrate environmental costs and benefits into traditional accounting systems. This means considering the environmental impact of business activities like resource depletion, pollution, and waste generation, alongside traditional financial costs and benefits.

By understanding the environmental costs and benefits associated with their decisions, green accounting can help businesses make more sustainable choices.

Green accounting isn't just relevant for large corporations. While bigger businesses may have more resources to implement comprehensive green accounting practices, the principles and benefits apply to all organizations. Hence, only statement 3 is not correct.

Q4:

With reference to the 12th Five Year Plan, consider the following:

- 1. Inclusive growth**
- 2. Sustainable development**
- 3. Skill development**
- 4. Infrastructure development**

How many of the above are correct?

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

Answer: (D)

Explanation:

The Twelfth Five Year Plan (2012-2017) of India did indeed focus on all four of the mentioned aspects:



Inclusive growth: The plan aimed to achieve faster, sustainable, and more inclusive growth, focusing on reducing poverty and inequality and bringing benefits to all sections of society. This involved initiatives like rural development programs, social safety nets, and educational programs for disadvantaged groups.

Sustainable development: The plan emphasized the importance of environmental sustainability and ecological conservation. It included initiatives for renewable energy, forest conservation, pollution control, and efficient resource utilization.

Skill development: Recognizing the need for a skilled workforce to support economic growth, the plan focused on skill development programs and vocational training across different sectors. This aimed to bridge the gap between available jobs and skills of the workforce.

Infrastructure development: The plan acknowledged the critical role of infrastructure in enabling economic growth and improving living standards. It emphasized investments in areas like roads, railways, ports, airports, irrigation, and power generation to create a strong infrastructure base for the country.

Q5:

Consider the following statements about GDP deflator:

- 1. It is a price index that measures the average price level of all goods and services produced in an economy.**
- 2. It differs from the Consumer Price Index (CPI) in that it includes goods and services produced for intermediate consumption as well as final consumption.**

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**

Answer: C

Explanation:



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The GDP deflator is indeed a price index measuring the average price level of all goods and services produced in an economy, including both final consumption and intermediate consumption. This differs from the CPI, which only focuses on the prices of goods and services purchased by consumers for final use. Hence, both statements are correct.