



Daily Article (Bharath's Reading list) - Answers and Explanations 06.06.2023

Article link : <https://bit.ly/3MQ5f2U> (The state of the Indian Economy Today : What do the numbers actually say?)

1. Based on the article, which of the following statements is incorrect?

- A. There has been a marginal turnaround when it comes to investment in the economy, but this is difficult to sustain without a more equitable growth in consumption
- B. GDP growth is an aggregate measure that tells little about how equitably the benefits of growth are distributed in the population
- C. The number of households demanding work under the MGNREGA scheme is greater than in the pre-pandemic years, indicating that the overall financial state of the rural poor has improved marginally
- D. There are not enough jobs for India's youth, possibly because the informal sector has been gradually destroyed over the years and micro, small and medium enterprises are struggling

Explanation : C

All statements except C are true. Option C is incorrect: "That the number of households demanding work under the scheme is still greater than in the pre-pandemic years tells us that the overall financial state of the rural poor is not really great."

2. The improvement in gross tax collections over the last couple of years can be explained by all the following except:

- A. better implementation of goods and services tax (GST) through increasing compliance
- B. rise in personal income tax collections due to the the upper echelons of society doing well
- C. the growth in the number and scale of investment projects announced in recent years
- D. Higher inflation, which in turn has helped drive tax collected under GST

Explanation: C

All options except C are stated in the article.

3. According to the article, the gung-ho optimism of the talking heads in the media on the economy is explained by:

- A.consumer good sales for the higher income groups growing rapidly in recent years
- B.the projected real GDP growth for India making it one of the fastest growing economies in the world
- C.the economists appearing in the media being incentivised to project one side of the picture
- D.all the above

Explanation: C

Refer to the last paragraph.