

# OFFICERS IAS ACADEMY

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Daily MCQs: 18-09-2024

**1. Which of the following statements is correct regarding windfall taxes?**

- A. Windfall taxes are generally permanent and unchangeable.
- B. Windfall taxes are designed to capture additional revenue from companies experiencing unexpected profit surges.
- C. Windfall taxes are applicable to all sectors uniformly.
- D. Windfall taxes are only imposed during economic booms.

**2. With reference to the Wholesale Price Index (WPI) and Consumer Price Index (CPI), consider the following statements.**

- 1. While the Wholesale Price Index keeps track of the wholesale price of goods, the CPI measures the average price that households pay for a basket of different goods and services.
- 2. The WPI does not capture changes in the prices of services, which CPI does.

**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

**3. Consider the following statements about Nipah infection**

- 1) It is a zoonotic disease.
- 2) Fruit bats are considered the natural reservoirs of the Nipah virus.
- 3) There are currently no drugs or vaccines specific for Nipah virus infection.

**How many of the statements given above is/are correct?**

- A) Only one
- B) Only two
- C) All three
- D) None

**4. Which of the following issues has been a point of contention in the Demchok and Despang areas?**

- A. Water resources
- B. Territorial claims
- C. Trade routes
- D. Environmental concerns

**5. The central bank currently uses which of the indicators to set the monetary and credit policy in India?**

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- A. Consumer Price Index
- B. Wholesale Price Index
- C. Index of Industrial Production
- D. Index of Eight Core Industries

### Solutions:

#### 1. Answer: B

#### Explanation

- Windfall taxes are designed to **tax the profits a company derives from an external, sometimes unprecedented event**— for instance, the energy price-rise as a result of the Russia-Ukraine conflict. Hence **option B is the correct answer.**
- These are profits that cannot be attributed to something the firm actively did, like an investment strategy or an expansion of business.
- Governments typically levy a **one-off tax retrospectively over and above the normal rates of tax on such profits**, called **windfall tax**.
- One area where such taxes have routinely been discussed is **oil markets**, where price fluctuation leads to volatile or erratic profits for the industry.
- They are not necessarily permanent, applicable to all sectors uniformly, or restricted to times of economic booms.

#### 2. Answer: C

#### Explanation:

#### About CPI

- Consumer Price Index (CPI) is an index which measures the weighted average of prices of a basket of **consumer goods and services** such as transportation, food and medical care.
- It is calculated by measuring price changes for each item in the **predetermined basket of goods and services** and averaging them.
- It is released by the **National Statistical Office (NSO)** under the Ministry of Statistics and Programme Implementation.
- The base year used to calculate CPI in India is **2011-2012**.

#### WPI Vs CPI

- **Statement 1 is correct:** While the Wholesale Price Index keeps track of the wholesale price of goods, the CPI measures the average price that households pay for a basket of different goods and services.
- **Statement 2 is correct:** The CPI basket consists of **services like housing, education, medical care, recreation etc. which are not part of WPI basket**. A significant proportion of WPI item basket represents **manufacturing inputs and intermediate goods** like

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minerals, basic metals, machinery etc. whose prices are influenced by global factors but these are not directly consumed by the households and are **not part of the CPI item basket**.

- Even as the WPI is used as a key measure of inflation in some economies, the RBI **no longer uses it for policy purposes**. The central bank currently uses the **Consumer Price Index** as a key measure of inflation to set the monetary and credit policy.
- Under the Flexible Inflation Targeting (FIT) framework, RBI aims to contain CPI based inflation **within 4 percent with a band of (+/-) 2 percent**.

### 3. Answer: C

#### Explanation

##### About Nipah infection

- It is a **viral infection** caused by the **Nipah virus (NiV)**.
- **Fruit bats of the Pteropodidae family** are the natural host of Nipah virus. **Hence, Statement 2 is correct.**
- The disease was first identified in **1998** during an outbreak in **Malaysia** and it was named after a village in Malaysia, Sungai Nipah. Later, Nipah outbreaks have been reported in **Singapore, Bangladesh and India**.
- A study in 2018 has identified many **South East Asian countries including Indian states as potential hotspots** for the NiV disease.
- NiV is on the **top-10 priority list pathogens** identified by the World Health Organization.

##### Transmission

- It is a **zoonotic virus** (transmitted from animals to humans) which can also be transmitted through **contaminated food or directly between people**. **Hence, Statement 1 is correct.**
- **Consumption of fruits or fruit products** (such as raw date palm juice) **contaminated with urine or saliva from infected fruit bats** is the most likely source of infection.
- In infected people, it causes a **range of illnesses** from asymptomatic (subclinical) infection to acute respiratory illness and fatal encephalitis.
- The virus can also cause **severe disease in animals** such as pigs, resulting in significant economic losses for farmers.

##### Treatment

- **Statement 3 is correct:** There are currently **no drugs or vaccines** specific for Nipah virus infection.
- The primary treatment for humans is supportive care.
- Preventing the Nipah virus involves **infection control measures** like using protective equipment, disinfecting surfaces, and avoiding sick animals or areas with known Nipah virus outbreaks.

### 4. Answer: B

#### Explanation

- Demchok and Despang are areas in Ladakh along the Line of Actual Control that have been points of contention between India and China due to territorial claims and border disputes.

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5. Answer: A

**Explanation:**

- The Reserve Bank of India currently uses **Consumer Price Index (CPI)** to set the monetary and credit policy in India.

