

TEST – 4 (Textbook) (SOLUTION)

(INSTA Prelims Test Series 2023)

27. Correct Answer : C

Answer Justification :

The tax on fuel does not fall under the Goods and Services Tax (GST).

- Taxes on petrol and diesel are split into multiple components at the state and central level.
- **States apply an ad valorem VAT or sales tax on the base price, freight charges, excise duty and dealer commission on petrol and diesel.**
- While state VAT collections have risen along with higher fuel prices and previous hikes in excise duties, the states' share of excise duties on fuel was reduced in the FY2022 Budget.

Changes introduced

- o The Basic Excise Duty (BED) on petrol and diesel was cut by Rs 1.6 and Rs 3 per litre respectively.
- o The special additional excise duty was cut on both by Rs 1 per litre.
- o **An Agriculture Infrastructure and Development Cess (AIDC) of Rs 2.5 per litre on petrol and Rs 4 on diesel was introduced.**

It reduced the states' share as collections from cesses are not part of the shareable pool.

The Latin phrase ad valorem means "according to value." All ad valorem taxes are based on the assessed value of the item being taxed.

Q Source: Current events

28. Correct Answer : A

Answer Justification :

Several States across the country are expected to face coal shortages that might lead to power shortages in the coming weeks.

- India had faced a similar energy crisis in October 2021, but the crisis this around may be worse with peak power demand expected to rise higher due to increasing temperatures.

Reasons for this crisis

- o Depleting coal supplies at thermal power plants
- o High global thermal coal prices (the prices of coal are over 350% higher year on year)
- o Below normal imports
- o Interruption in coal supply mainly due to heavy rains
- o High demand for coal (Demand for coal has increased by 9% over the previous year)

As per the Central Electricity Authority report, of the total 173 thermal power plants in the country, 100 thermal power plants' coal stock situations are critical.

The total stocks available were 23.17 million tonnes (MT) against a daily requirement of 2.76 MT.

Q Source: Current events

29. Correct Answer : B

Answer Justification :

Article 38: State to secure a social order for the promotion of welfare of the people.—1[(1)] The State shall strive to promote the welfare of the people by securing and protecting as effectively as it may a social order **in which justice, social, economic and political**, shall inform all the institutions of the national life.

2[(2) The State shall, in particular, strive to minimise the inequalities in income, and endeavour to eliminate inequalities in status, facilities and opportunities, not only amongst individuals but also amongst groups of people residing in different areas or engaged in different vocations.]

Q Source: Bare Act: Constitution of India

30. Correct Answer : C

Answer Justification :

Article 86: Right of President to address and send messages to Houses.—(1) The President may address either House of Parliament or both Houses assembled together, and for that purpose require the attendance of members.

(2) The President may send messages to either House of Parliament, whether with respect to a Bill then pending in Parliament or otherwise, and a House to which any message is so sent shall with all convenient despatch consider any matter required by the message to be taken into consideration.

Article 87. Special address by the President.—(1) At the commencement of 3[the first session after each general election to the House of the People and at the commencement of the first session of each year] the President shall address both Houses of Parliament assembled together and inform Parliament of the causes of its summons.

Q Source: Bare Act: Constitution of India