Passage 1

Source: A.S. Panneerselvan, *The Hindu*

The digital transformation of journalism has radically altered the landscape of public discourse. Traditional gatekeeping mechanisms—editorial oversight, fact-checking, and journalistic ethics—have been eroded by the immediacy and decentralization of online platforms. While this shift has democratized access to information, it has also facilitated the proliferation of misinformation, often under the guise of citizen journalism or alternative media.

One of the most significant changes is the redefinition of credibility. In legacy media, credibility was institutionally conferred through editorial standards and professional accountability. In contrast, digital platforms often equate popularity with trustworthiness. Algorithms prioritize engagement metrics—likes, shares, and comments—over factual accuracy, creating an environment where sensationalism is rewarded and nuance is penalized.

This transformation has also disrupted the epistemic contract between journalists and the public. Historically, journalism operated on a shared understanding: that facts would be verified, sources scrutinized, and narratives constructed with integrity. In the digital age, this contract is increasingly fragmented. Audiences now curate their own information ecosystems, often selecting sources that reinforce their ideological preferences. This selective exposure not only deepens polarization but also undermines the possibility of a shared reality.

Critics argue that the solution lies in restoring editorial rigor and reasserting the normative values of journalism. Others contend that such efforts are futile in a media environment defined by decentralization and user-generated content. They propose media literacy as a more viable intervention, empowering individuals to critically evaluate information rather than relying on institutional filters.

However, media literacy itself faces challenges. It presupposes a level of cognitive engagement and skepticism that may not be uniformly distributed across populations. Moreover, the emotional appeal of misinformation often outpaces the rational appeal of verified content. In this context, the digital transformation of journalism is not merely a technological shift but a philosophical one—raising fundamental questions about truth, authority, and the role of media in democratic societies.

1. Which of the following best captures the implicit tension in the passage's portrayal of digital journalism?

A. It democratizes information but undermines editorial standards.

B. It increases access to facts while reducing misinformation.

C. It enhances credibility through decentralization.

D. It strengthens institutional trust in media organizations.

2. What assumption underlies the argument that media literacy is a viable solution to misinformation?

A. Individuals are motivated to seek out accurate information.

B. Institutional journalism is no longer relevant.

C. Algorithms can be redesigned to prioritize truth.

D. Emotional content is less persuasive than factual content.

3. Which of the following, if true, would most strengthen the argument that editorial rigor should be restored?

A. Studies show that misinformation spreads faster than verified news.

B. Audiences prefer curated content over institutional reporting.

C. Legacy media outlets have higher trust ratings than digital platforms.

D. Media literacy programs have limited impact on belief revision.

4. What is the structure of the author's argument?

A. It presents a transformation, analyzes its consequences, and evaluates competing solutions.

B. It compares traditional and digital journalism and endorses one.

C. It narrates the historical evolution of media ethics.

D. It proposes a new model for media regulation and tests its feasibility.

5. Which of the following best evaluates the conclusion that digital journalism raises philosophical questions about truth and authority?

A. It is valid only if misinformation is shown to influence democratic outcomes.

B. It is supported by the fragmentation of epistemic contracts between media and audiences.

C. It is undermined by the persistence of legacy media institutions.

D. It is irrelevant unless digital platforms become the sole source of news.

Passage 2

Source: *The Telegraph* and RBI policy commentary

The depreciation of the Indian rupee against major global currencies has reignited debates about the Reserve Bank of India's (RBI) role in managing exchange rate volatility. While currency depreciation is often viewed as a natural market response to global economic pressures—such as rising interest rates in the United States or geopolitical instability—it poses significant challenges for a developing economy like India, particularly in terms of inflation, import costs, and investor confidence.

The RBI faces a complex dilemma. On one hand, intervening in the foreign exchange market by selling dollars from its reserves can stabilize the rupee and reassure investors. On the other hand, such interventions are costly and unsustainable in the long term. Moreover, excessive interference may distort market signals and undermine the credibility of India's monetary policy framework, which is ostensibly based on inflation targeting and market-determined exchange rates.

Complicating matters further is the dual mandate of the RBI: to maintain price stability while supporting economic growth. A weaker rupee can boost exports by making Indian goods cheaper abroad, potentially aiding growth. However, it also makes imports—especially oil and essential commodities—more expensive, thereby fueling inflation. The RBI must therefore weigh the trade-offs between short-term stability and long-term macroeconomic objectives.

Critics argue that the RBI's reluctance to allow the rupee to depreciate freely reflects a deeper institutional anxiety about global investor sentiment. In an era of rapid capital flows, even minor currency fluctuations can trigger large-scale portfolio rebalancing by foreign institutional investors (FIIs), leading to volatility in equity and bond markets. This sensitivity forces the RBI into a reactive posture, where it must constantly balance domestic priorities against external pressures.

Supporters of a more hands-off approach contend that India should embrace exchange rate flexibility as a sign of economic maturity. They argue that market-driven adjustments, though painful in the short term, lead to more efficient resource allocation and reduce the moral hazard associated with central bank intervention. The debate ultimately centers on whether the RBI should act as a stabilizer or a facilitator of market forces—a question that remains unresolved in the face of evolving global dynamics.

1. Which of the following best reflects the underlying tension in the RBI's policy dilemma as described in the passage?

A. The RBI must choose between supporting exports and controlling inflation.

B. The RBI is torn between maintaining investor confidence and allowing market flexibility.

C. The RBI is unable to manage both monetary policy and fiscal policy simultaneously.

D. The RBI must prioritize currency appreciation over economic growth.

2. Suppose new data shows that countries with flexible exchange rates experience lower long-term inflation. How would this affect the argument in favor of RBI intervention?

A. It would weaken the case for intervention by highlighting the benefits of flexibility.

B. It would strengthen the argument that inflation targeting requires active currency management.

C. It would undermine the credibility of RBI's dual mandate.

D. It would support the view that currency depreciation is inherently harmful.

3. Which assumption is necessary for the argument that RBI interventions may create moral hazard?

A. Market participants expect the RBI to always stabilize the rupee.

B. Currency depreciation leads to immediate economic collapse.

C. The RBI has unlimited foreign exchange reserves.

D. Export growth is unaffected by exchange rate fluctuations.

4. Which of the following, if true, would most strengthen the argument that the RBI should adopt a hands-off approach?

A. FIIs are more influenced by domestic interest rates than currency movements.

B. Inflation in India is primarily driven by supply-side factors.

C. The rupee has appreciated during periods of RBI non-intervention.

D. Historical data shows that RBI interventions have failed to prevent long-term depreciation.

5. What is the structure of the author's argument in the passage?

A. It presents a policy dilemma, explores its economic implications, and evaluates competing perspectives.

B. It narrates the historical evolution of RBI's currency management strategies.

C. It compares India's monetary policy with that of other emerging economies.

D. It proposes a new framework for managing exchange rate volatility and tests its feasibility.

ANSWER KEY

Passage 1

1. **A**

A. Correct - The passage states that the digital shift has "democratized access to information" but has also "eroded" traditional gatekeeping mechanisms like editorial oversight and fact-checking. This captures the central tension between the positive aspect of increased access and the negative consequence of diminished quality control.

B. Incorrect - The passage argues that the digital transformation has facilitated the "proliferation of misinformation," not reduced it. This option directly contradicts a key point of the text.

C. Incorrect - The author argues that decentralization has undermined credibility, not enhanced it. Credibility has shifted from being "institutionally conferred" to being equated with popularity metrics like likes and shares.

D. Incorrect - The passage describes a disruption of the "epistemic contract between journalists and the public" and a fragmentation of trust. This indicates that institutional trust has been weakened, not strengthened.

2. **A**

A. Correct - Media literacy is proposed as an intervention to empower "individuals to critically evaluate information." For this to be a viable solution, it must be assumed that individuals, when given the proper tools and skills, are motivated to apply them to seek out accurate information rather than simply reinforcing their existing beliefs.

B. Incorrect - Proposing media literacy as a solution does not require the assumption that institutional journalism is irrelevant. It can be seen as a necessary supplement to, or a substitute for, weakened institutional filters, but it does not negate the value of those institutions entirely.

C. Incorrect - The argument for media literacy focuses on empowering the consumer of information, not on redesigning the technological systems that deliver it. It is a demand-side solution, not a supply-side one.

D. Incorrect - The passage itself challenges this by noting that the "emotional appeal of misinformation often outpaces the rational appeal of verified content." Therefore, the argument for media literacy must contend with this reality rather than assuming its opposite.

3. C

A. Incorrect - While the speed at which misinformation spreads highlights the scale of the problem, it does not, by itself, strengthen the argument that restoring editorial rigor is the best solution. It describes the problem, not the efficacy of a particular solution.

B. Incorrect - This would weaken, not strengthen, the argument for restoring editorial rigor. If audiences prefer their own curated content, it suggests they may be resistant to re-imposing institutional reporting and gatekeeping.

C. Correct - The argument for restoring editorial rigor is based on the idea that traditional journalistic values produce more trustworthy information. Evidence that legacy media outlets (which embody these values) have higher trust ratings than digital platforms would directly support the claim that these standards are valued by the public and are effective at building credibility.

D. Incorrect - This fact would weaken the case for media literacy as a solution, which would indirectly strengthen the case for other solutions like restoring editorial rigor. However, option C provides more direct and positive support for the argument itself.

4. A

A. Correct - The author's argument follows a clear logical structure: it first presents the "digital transformation of journalism," then analyzes its negative consequences (erosion of credibility, fragmented epistemic contract), and finally evaluates two competing solutions (restoring editorial rigor vs. promoting media literacy).

B. Incorrect - The author presents the pros and cons of both traditional and digital journalism and evaluates solutions without explicitly endorsing one model over the other. The tone is analytical, not prescriptive.

C. Incorrect - The passage discusses a contemporary transformation, not a long-term historical evolution of media ethics. Its focus is on the shift from legacy to digital media.

D. Incorrect - The author evaluates existing proposals for solutions (restoring rigor, media literacy) but does not propose a new, specific model for media regulation or test its feasibility.

5. B

A. Incorrect - The philosophical questions about truth and authority arise from the breakdown of the shared "epistemic contract" and the shift in how credibility is defined. These are fundamental societal issues, and their philosophical relevance does not depend on proving a direct link to specific democratic outcomes.

B. Correct - The conclusion that digital journalism raises philosophical questions is directly supported by the author's analysis throughout the passage. The "fragmentation of epistemic contracts" and the challenge to a "shared reality" are precisely the developments that force a reconsideration of fundamental concepts like truth and authority.

C. Incorrect - The persistence of legacy media institutions does not negate the philosophical challenge posed by the rise of a new, dominant media ecosystem with a different logic. The problem exists because of the new reality, regardless of the old one's survival.

D. Incorrect - The philosophical questions are relevant now because digital platforms have become a major, influential part of the media landscape, fundamentally altering public discourse. They do not need to become the sole source of news for these concerns to be valid.

Passage 2

1. **B**

A. Incorrect - The choice between supporting exports and controlling inflation is a direct consequence or trade-off of the RBI's actions. However, the underlying tension described is the strategic choice between intervention and non-intervention.

B. Correct - The passage frames the core dilemma as a choice between two postures. One is intervening to "stabilize the rupee and reassure investors," and the other is a "hands-off approach" that embraces "exchange rate flexibility" as a sign of maturity. This is the central tension between confidence and flexibility.

C. Incorrect - The passage focuses exclusively on monetary policy and the RBI's role. Fiscal policy, which is the domain of the government, is not discussed.

D. Incorrect - The passage discusses managing depreciation, not prioritizing appreciation. The goal of intervention is stability, not necessarily strengthening the currency, and this must be balanced against the potential benefits of a weaker rupee for growth.

2. **A**

A. Correct - The argument in favor of intervention is that it is necessary to maintain stability and control inflation. New data showing that flexible (i.e., non-intervened) exchange rates are associated with lower long-term inflation would directly weaken the case for intervention by suggesting that flexibility achieves the desired outcome more effectively.

B. Incorrect - This evidence would weaken, not strengthen, the argument for active currency management. It suggests that allowing the market to function freely is a better path to achieving the goal of inflation targeting.

C. Incorrect - The data is about the effectiveness of a policy choice (flexibility vs. intervention) in achieving one part of the dual mandate (price stability). It does not undermine the credibility of having a dual mandate itself.

D. Incorrect - The data suggests that flexible rates, which may include periods of depreciation, are linked to a positive outcome (lower inflation). This would counter, not support, the view that depreciation is inherently harmful.

3. A

A. Correct - Moral hazard arises when one party is encouraged to take on more risk because it knows another party will bear the cost. In this context, the argument assumes that market participants (like importers or FIIs) will take on unhedged currency risk because they expect the RBI to intervene and prevent significant depreciation, thus creating a safety net.

B. Incorrect - The argument about moral hazard does not require an assumption of immediate economic collapse. It is about the distortion of risk-taking behavior based on the expectation of a bailout or stabilization from the central bank.

C. Incorrect - The passage explicitly states that interventions are "costly and unsustainable in the long term," implying that the RBI's reserves are finite. The moral hazard argument does not depend on an assumption of unlimited reserves.

D. Incorrect - The passage states that a weaker rupee can "boost exports." The moral hazard argument is about financial risk-taking, not the real-world effects of currency movements on trade.

4. D

A. Incorrect - The passage argues that the RBI is sensitive to FIIs because currency fluctuations can trigger portfolio rebalancing. If FIIs were more influenced by other factors, it might reduce the pressure on the RBI to intervene, but it doesn't actively strengthen the argument that a hands-off approach is superior in itself.

B. Incorrect - If inflation is driven by supply-side factors, it would mean that the RBI's tools (which primarily affect demand) are less effective. This might weaken the case for intervention but does not provide as strong support for a hands-off approach as evidence of direct intervention failure.

C. Incorrect - This would be a weak argument. The appreciation could be due to other factors (e.g., strong economic growth, global conditions), and a correlation during periods of non-intervention does not prove that the hands-off approach is the cause of the positive outcome.

D. Correct - A hands-off approach is justified if the alternative—intervention—is ineffective. Historical data showing that RBI interventions have consistently failed to prevent long-term depreciation would provide strong evidence that the costs of intervention are not justified by the results, thereby strengthening the case for a hands-off approach.

5. A

A. Correct - The passage's structure is to first present the RBI's "complex dilemma" regarding currency depreciation. It then explores the economic implications (for inflation, exports, investor confidence) and evaluates the competing perspectives of those who favor intervention and those who support a "hands-off approach."

B. Incorrect - The passage is a snapshot of a current policy debate. It does not provide a historical narrative of the evolution of the RBI's strategies over time.

C. Incorrect - The passage focuses solely on India's monetary policy dilemma. It does not make any comparisons with the policies of other emerging economies.

D. Incorrect - The author analyzes and evaluates existing viewpoints on managing exchange rates but does not propose a new, specific framework or test its feasibility. The passage is descriptive and analytical, not prescriptive.