Daily subject quiz – Economy (19-11-2026)

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Questions

1. The Phillips curve shows the relationship between:

A. Tax rates and tax revenue

B. Inflation and unemployment

C. Income and consumption

D. Money supply and interest rates

2. Consider the following statements about Treasury bills (T-bills) in India:
1. They are issued in three tenors – 91 days, 182 days and 364 days.
2. They pay a fixed rate of interest (coupon) every six months.
3. They are issued by the Reserve Bank of India on behalf of the Central Government.
Which of the above are correct?

A. 1 and 2 only

B. 2 and 3 only

C. 1 and 3 only

D. 1, 2 and 3

3. Match the data / report (List I) with the body that releases it (List II):
(a) Wholesale Price Index (WPI) – 1. Reserve Bank of India
(b) Consumer Price Index for Industrial Workers (CPI-IW) – 2. National Statistics Office (MoSPI)
(c) Periodic Labour Force Survey (PLFS) – 3. Labour Bureau
(d) Financial Stability Report – 4. Office of the Economic Adviser, DPIIT
Codes: (a) (b) (c) (d)

A. 4 3 2 1

B. 3 4 2 1

C. 4 2 3 1

D. 2 3 4 1

4. Assertion (A): The Goods and Services Tax (GST) is described as a destination-based consumption tax.
Reason (R): Under GST, the tax revenue accrues to the State where the goods or services are finally consumed, not to the State where they are produced.

A. Both A and R are true, and R is the correct explanation of A
B. Both A and R are true, but R is not the correct explanation of A
C. A is true, but R is false
D. A is false, but R is true

5. The self-help group (SHG) movement in Tamil Nadu began in 1989, with assistance from the International Fund for Agricultural Development (IFAD), in which district?

A. Madurai
B. Dharmapuri
C. Coimbatore
D. Thanjavur

6. Consider the following statements:
1. The Commission for Agricultural Costs and Prices (CACP) is a statutory body created by an Act of Parliament.
2. Minimum Support Prices are announced for 22 mandated crops on the recommendations of the CACP.
3. For sugarcane, the Central Government fixes a Fair and Remunerative Price (FRP).
Which of the above are correct?

A. 1 and 2 only
B. 2 and 3 only
C. 1 and 3 only
D. 1, 2 and 3

7. Match the laws (List I) with the year they were enacted (List II):
(a) Reserve Bank of India Act – 1. 2016
(b) Banking Regulation Act – 2. 2002
(c) SARFAESI Act – 3. 1949
(d) Insolvency and Bankruptcy Code – 4. 1934
Codes: (a) (b) (c) (d)

A. 4 2 3 1
B. 4 3 2 1
C. 3 4 2 1
D. 4 3 1 2

8. Assertion (A): An increase in the Statutory Liquidity Ratio (SLR) reduces the funds banks have available for lending.
Reason (R): SLR assets must be kept only as cash balances with the Reserve Bank of India.

A. Both A and R are true, and R is the correct explanation of A
B. Both A and R are true, but R is not the correct explanation of A
C. A is true, but R is false
D. A is false, but R is true

9. Which curve shows that beyond a point, raising tax rates can reduce total tax revenue?

A. Lorenz curve
B. Phillips curve
C. Laffer curve
D. Engel curve

10. Consider the following statements about the Gini coefficient:
1. A Gini coefficient of 0 indicates perfect equality of income or consumption.
2. It is derived from the Lorenz curve.
3. A higher Gini coefficient indicates a more equal distribution.
Which of the above are correct?

A. 1 and 2 only
B. 2 and 3 only
C. 1 and 3 only
D. 1, 2 and 3

Answers with explanations

1. **B) Inflation and unemployment** – A.W. Phillips (1958) found an inverse relation between unemployment and the rate of change of money wages in Britain; it was later restated as a trade-off between inflation and unemployment.

2. **C) 1 and 3 only** – Statements 1 and 3 are correct. Statement 2 is wrong: T-bills are zero-coupon, short-term money-market instruments – they are issued at a discount and redeemed at face value; the difference is the investor's return. State governments do not issue T-bills.

3. **A) 4 3 2 1** – WPI – Office of the Economic Adviser, Department for Promotion of Industry and Internal Trade (Ministry of Commerce and Industry); CPI-IW – Labour Bureau (Ministry of Labour and Employment); PLFS – National Statistics Office, Ministry of Statistics and Programme Implementation; Financial Stability Report – RBI, twice a year.

4. **A) Both A and R are true, and R is the correct explanation of A** – Both are true and R explains A. On inter-State supplies, IGST is levied and the State share is settled in favour of the consuming State. This is why manufacturing States such as Tamil Nadu sought compensation for possible revenue loss in the early years (GST compensation, 2017–22).

5. **B) Dharmapuri** – The SHG approach was started in a small way in Dharmapuri district in 1989 with IFAD assistance, and was later scaled up across the State as Mahalir Thittam, implemented by the

Tamil Nadu Corporation for Development of Women.

6. **B) 2 and 3 only** – Statements 2 and 3 are correct. Statement 1 is wrong: the CACP is an attached office of the Ministry of Agriculture and Farmers Welfare, set up in 1965 as the Agricultural Prices Commission (renamed in 1985); it is not statutory. The FRP for sugarcane is fixed under the Sugarcane (Control) Order, 1966.

7. **B) 4 3 2 1** – RBI Act, 1934 (the RBI began operations on 1 April 1935); Banking Regulation Act, 1949 (enacted as the Banking Companies Act, renamed in 1966); SARFAESI Act, 2002 – lets banks enforce security interest without going to court; Insolvency and Bankruptcy Code, 2016 – time-bound resolution through the NCLT.

8. **C) A is true, but R is false** – A is true; R is false. Under Section 24 of the Banking Regulation Act, banks keep SLR assets with themselves – cash, gold and unencumbered approved securities such as government bonds. Balances kept with the RBI are the Cash Reserve Ratio (CRR).

9. **C) Laffer curve** – The Laffer curve, associated with the economist Arthur Laffer, shows revenue rising with the tax rate up to an optimum and then falling, as very high rates discourage work and encourage evasion. The Lorenz curve shows income distribution; the Engel curve links income and spending on a good.

10. **A) 1 and 2 only** – Statements 1 and 2 are correct. The Gini coefficient is the area between the line of perfect equality and the Lorenz curve, divided by the total area under that line; it ranges from 0 (perfect equality) to 1 (perfect inequality). Statement 3 is wrong – a higher Gini means greater inequality.

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