

Economic and Financial Updates Kit

Notes + 58 MCQs | Oct 2025 - Oct 2026 | RBI, GDP, GST, Budget, Kerala economy

How to use this kit

Who it is for	Revision for Kerala PSC and High Court style exams (Office Attendant, clerk, assistant) where economy questions are short fact questions. It works well next to mock tests in an app like Entri.
Plan	Read Part A once (10 minutes). Attempt the MCQs in Part B timed at 40 seconds each. Check Part C. Revise Part D the night before.
Latest event	The RBI MPC met on 5-7 Oct 2026 and the decision is due on 7 Oct. Markets were split between a hold at 5.25% and a 25 bp hike (the first since Feb 2023). This kit shows the rate as of 6 Oct; update it with the actual outcome.
Big picture	Strong growth (Q1 FY27: 7.8%) sits beside an oil and currency shock from the Iran war: rupee past 96 per dollar, a record weekly fall in forex reserves, and CPI inflation rising to 4.82% in August 2026.

PART A - Quick Notes

1. Monetary policy and the RBI

Policy rates	Repo 5.25% (unchanged at the Feb, Apr, Jun and Aug 2026 reviews); SDF 5.00% ; MSF and Bank Rate 5.50% ; reverse repo 3.35%. Stance: neutral . Governor: Sanjay Malhotra . MPC has 6 members.
Rate path	The RBI cut repo by a cumulative 125 bp in 2025 (6.50% to 5.25%, last cut 25 bp in Dec 2025). Last hike: Feb 2023. The Oct 2026 review (5-7 Oct, decision 7 Oct) was watched for a first hike because of oil-driven inflation.
Rupee and reserves	Rupee hit record lows through 2026: about 92 per dollar in early March, then past 96 by late September. The RBI intervened heavily (net forward dollar sales near \$100 billion). Forex reserves fell a record \$18.34 billion in the week of 25 Sep to \$747.56 billion (from about \$766 billion).

2. Growth, GDP and inflation

New GDP series	Base year 2022-23 (replacing 2011-12) was released in Feb 2026. FY26 growth was put at 7.6% (up from 7.1% the year before). It lowered the size of the economy and nudged fiscal ratios up: FY26 fiscal deficit about 4.51%, and FY27 debt-to-GDP about 57.5% versus 55.6% budgeted.
Economic Survey 2025-26	Tabled 29 Jan 2026 . FY26 first advance estimate 7.4%; FY27 projection 6.8-7.2% (raised by the CEA to 7-7.4% under the new series); potential growth about 7%; CPI inflation averaged 1.7% in Apr-Dec 2025, the lowest since the series began. CEA: V. Anantha Nageswaran.
Q1 FY27 GDP (released 31 Aug 2026)	Real GDP up 7.8% (6.9% a year earlier); nominal GDP up 10.3% to Rs 88.27 lakh crore; real GVA up 8.2%; investment (GFCF) up 11.9% versus private consumption up 7.1%. SBI Research raised its FY27 forecast to 7.3%.
Inflation	CPI inflation rose to 4.82% in Aug 2026; WPI and producer inflation also rose, with crude and gas inflation near 38% year on year. India imports over 80% of its energy.

3. External shocks and markets

Iran war effect	Fighting from late Feb 2026 and threats to the Strait of Hormuz pushed Brent above \$100 at times, widening the current account deficit risk. Foreign investors withdrew over \$8 billion from equities in early March. Late September saw fresh pressure after the US rejected an Iranian proposal to reopen the strait.
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4. GST, taxes and the Union Budget

GST collections	Gross GST in Aug 2026: Rs 1,99,853 crore (+14.8%) ; domestic Rs 1.37 lakh crore, imports Rs 62,604 crore; refunds Rs 31,795 crore; net about Rs 1.68 lakh crore. Apr-Aug 2026 gross: Rs 10.43 lakh crore (+11%) .
GST 2.0	From 22 Sep 2025 GST was simplified to two main slabs, 5% and 18% , with a higher rate for demerit goods.
Budget 2026-27 recap	Presented 1 Feb 2026 (first Sunday budget). Fiscal deficit 4.3% of GDP; capex Rs 12.2 lakh crore; target of 50% central debt-to-GDP by 2031; Sixteenth Finance Commission period 2026-31; new Income Tax Act, 2025 replaces the 1961 Act.

5. Kerala economy

Kerala Budget 2026-27	Presented 29 Jan 2026 by K.N. Balagopal (the LDF government's last budget). GSDP projected at Rs 16,29,073 crore (about 14% growth). Fiscal deficit about 3.4% of GSDP (Rs 55,419.5 crore; PRS rounds to 3.5%); revenue deficit about 2.12% (Rs 34,587 crore). Revenue receipts Rs 1,82,972 crore; revenue expenditure Rs 2,17,559 crore; net capital expenditure Rs 19,385 crore.
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Economic Review	Real GSDP growth 6.19% in 2024-25 (from 6.73%). Per capita GSDP Rs 1,90,149 (current prices), above India's real per capita GDP of Rs 1,33,501. Primary sector grew 2.36%.
Welfare spend	Rs 14,500 crore for welfare pensions; Women's Safety scheme allocation Rs 3,820 crore.
Rules	Kerala Fiscal Responsibility Act, 2003, mirrors the Union FRBM Act.

PART B - 58 Practice MCQs

Choose the best option. Answers and reasons are in Part C.

RBI AND MONEY

- What was the RBI repo rate on 6 October 2026 (before the October review)?**
 (A) 4.75% (B) 5.25%
 (C) 5.50% (D) 6.00%
- Who is the Governor of the Reserve Bank of India (2026)?**
 (A) Raghuram Rajan (B) Urjit Patel
 (C) Sanjay Malhotra (D) Shaktikanta Das
- How many members does the Monetary Policy Committee have?**
 (A) 9 (B) 6
 (C) 4 (D) 5
- The October 2026 MPC meeting was scheduled for:**
 (A) 12 to 14 October (B) 5 to 7 October
 (C) 8 to 10 October (D) 1 to 3 October
- The last repo rate hike before 2026 happened in:**
 (A) April 2025 (B) May 2022
 (C) February 2023 (D) December 2024
- The cumulative repo rate cut in 2025 was:**
 (A) 200 basis points (B) 100 basis points
 (C) 125 basis points (D) 50 basis points
- In December 2025 the RBI cut the repo rate from 5.50% to:**
 (A) 5.25% (B) 5.40%
 (C) 5.00% with CRR cut (D) 5.00%
- The Standing Deposit Facility (SDF) rate is:**
 (A) 5.50% (B) 5.25%
 (C) 3.35% (D) 5.00%
- The Marginal Standing Facility (MSF) and Bank Rate stand at:**
 (A) 5.00% (B) 5.25%
 (C) 5.50% (D) 6.00%
- The RBI's policy stance as of August 2026 was:**
 (A) Withdrawal of accommodation (B) Calibrated tightening
 (C) Neutral (D) Accommodative
- India's forex reserves fell by a record weekly amount of how much in the week of 25 September 2026?**
 (A) \$18.34 billion (B) \$25 billion
 (C) \$9.8 billion (D) \$5.2 billion
- Forex reserves after that record fall stood at about:**
 (A) \$640 billion (B) \$701 billion
 (C) \$800 billion (D) \$747.56 billion
- The rupee weakened past which level per US dollar by late September 2026?**
 (A) 88 (B) 100
 (C) 96 (D) 92
- The rupee first hit a record low near 92 per dollar in:**
 (A) January 2025 (B) December 2025
 (C) March 2026 (D) June 2026

GROWTH AND INFLATION

- 15. India's real GDP growth in Q1 (Apr-Jun) FY27 was:**
 (A) 7.1% (B) 7.8%
 (C) 6.9% (D) 8.2%
- 16. Q1 FY27 growth compares with how much a year earlier?**
 (A) 7.8% (B) 6.9%
 (C) 8.2% (D) 5.8%
- 17. Nominal GDP growth in Q1 FY27 was:**
 (A) 7.8% (B) 10.3%
 (C) 12.5% (D) 8.8%
- 18. Which body releases India's quarterly GDP estimates?**
 (A) NSO under MoSPI (B) Finance Commission
 (C) NITI Aayog (D) RBI
- 19. The new GDP series released in Feb 2026 uses which base year?**
 (A) 2011-12 (B) 2022-23
 (C) 2018-19 (D) 2020-21
- 20. The earlier GDP series used which base year?**
 (A) 2004-05 (B) 2015-16
 (C) 2011-12 (D) 2017-18
- 21. India's FY26 growth under the new series (second advance estimate) is about:**
 (A) 8.8% (B) 7.1%
 (C) 6.5% (D) 7.6%
- 22. The Economic Survey 2025-26 was tabled on:**
 (A) 27 February 2026 (B) 29 January 2026
 (C) 1 February 2026 (D) 31 January 2025
- 23. Who is India's Chief Economic Adviser?**
 (A) V. Anantha Nageswaran (B) Arvind Panagariya
 (C) Kaushik Basu (D) Sanjeev Sanyal
- 24. The Survey projected FY27 real GDP growth of:**
 (A) 8% to 8.5% (B) 5.5% to 6.0%
 (C) 7.5% to 8.0% (D) 6.8% to 7.2%
- 25. Average CPI inflation for Apr-Dec 2025 was a record low of about:**
 (A) 4.6% (B) 3.5%
 (C) 0.5% (D) 1.7%
- 26. Retail (CPI) inflation in August 2026 was:**
 (A) 6.2% (B) 1.7%
 (C) 3.1% (D) 4.82%
- 27. Gross fixed capital formation grew by how much in Q1 FY27?**
 (A) 9.2% (B) 11.9%
 (C) 5.8% (D) 7.1%
- 28. Which agency raised its FY27 growth forecast to 7.3% in August 2026?**
 (A) ICRA (B) IMF
 (C) Moody's (D) SBI Research
- 29. India's RBI inflation target is:**
 (A) 2% fixed (B) 3% to 7%
 (C) 6% fixed (D) 4% with a band of 2% either side

30. India's economy is expected to cross which size during FY27 (CEA, Feb 2026)?

- | | |
|--------------------|--------------------|
| (A) USD 5 trillion | (B) USD 6 trillion |
| (C) USD 4 trillion | (D) USD 3 trillion |

EXTERNAL SHOCKS AND MARKETS

31. Oil prices and the rupee came under pressure from 2026 mainly due to which conflict?

- | | |
|------------------------|-------------------|
| (A) Red Sea piracy | (B) Taiwan crisis |
| (C) Russia-Ukraine war | (D) Iran war |

32. Disruption of which strait raised India's oil and LNG import worries?

- | | |
|-------------------------|----------------------|
| (A) Strait of Malacca | (B) Bab-el-Mandeb |
| (C) Strait of Gibraltar | (D) Strait of Hormuz |

33. India imports over what share of its energy needs?

- | | |
|---------|---------|
| (A) 40% | (B) 65% |
| (C) 80% | (D) 55% |

34. Foreign investors pulled out over how much from Indian equities in early March 2026?

- | | |
|------------------|------------------|
| (A) \$50 billion | (B) \$20 billion |
| (C) \$8 billion | (D) \$1 billion |

35. Net forward dollar sales by the RBI to defend the rupee approached:

- | | |
|-------------------|-------------------|
| (A) \$10 billion | (B) \$30 billion |
| (C) \$250 billion | (D) \$100 billion |

GST, TAX AND BUDGET

36. Gross GST collection in August 2026 was about:

- | | |
|------------------------|------------------------|
| (A) Rs 1.99 lakh crore | (B) Rs 1.45 lakh crore |
| (C) Rs 2.50 lakh crore | (D) Rs 1.20 lakh crore |

37. Gross GST in August 2026 rose by:

- | | |
|-----------|-----------|
| (A) 14.8% | (B) 6.5% |
| (C) 11.0% | (D) 20.2% |

38. April-August 2026 gross GST collection was about:

- | | |
|-----------------------|-------------------------|
| (A) Rs 5 lakh crore | (B) Rs 12 lakh crore |
| (C) Rs 8.5 lakh crore | (D) Rs 10.43 lakh crore |

39. After the 2025 reform, GST has two main slabs of:

- | | |
|----------------|-----------------|
| (A) 5% and 18% | (B) 12% and 28% |
| (C) 3% and 28% | (D) 5% and 12% |

40. The GST rate reform took effect on:

- | | |
|--------------------|-----------------------|
| (A) 2 October 2025 | (B) 22 September 2025 |
| (C) 1 July 2025 | (D) 1 April 2026 |

41. Fiscal deficit target in the Union Budget 2026-27 is:

- | | |
|-----------------|-----------------|
| (A) 4.8% of GDP | (B) 5.1% of GDP |
| (C) 3.0% of GDP | (D) 4.3% of GDP |

42. Government debt target for 2031 is:

- | | |
|----------------|----------------|
| (A) 40% of GDP | (B) 60% of GDP |
| (C) 30% of GDP | (D) 50% of GDP |

43. The new Income Tax Act that replaces the 1961 Act is of the year:

- | | |
|----------|----------|
| (A) 2023 | (B) 2026 |
| (C) 2025 | (D) 2024 |

44. Union Budget 2026-27 capital expenditure is:

- (A) Rs 9 lakh crore (B) Rs 5.5 lakh crore
(C) Rs 15 lakh crore (D) Rs 12.2 lakh crore

KERALA ECONOMY**45. Kerala's GSDP for 2026-27 (current prices) is projected at about:**

- (A) Rs 22 lakh crore (B) Rs 14.27 lakh crore
(C) Rs 10 lakh crore (D) Rs 16.29 lakh crore

46. Kerala's real GSDP growth in 2024-25 was:

- (A) 7.5% (B) 8.5%
(C) 4.2% (D) 6.19%

47. The Kerala Budget 2026-27 was presented on:

- (A) 29 January 2026 (B) 18 May 2026
(C) 7 February 2026 (D) 1 February 2026

48. Kerala's fiscal deficit target for 2026-27 in the budget documents is about:

- (A) 5.0% of GSDP (B) 2.1% of GSDP
(C) 3.4% of GSDP (D) 1.3% of GSDP

49. Kerala's revenue deficit in 2026-27 is estimated at about:

- (A) 5.7% of GSDP (B) 2.12% of GSDP
(C) 0.5% of GSDP (D) 3.8% of GSDP

50. Kerala per capita GSDP (current prices) in 2024-25 was about:

- (A) Rs 90,000 (B) Rs 1.90 lakh
(C) Rs 1.33 lakh (D) Rs 2.80 lakh

51. Kerala Budget 2026-27 set aside how much for welfare pensions?

- (A) Rs 14,500 crore (B) Rs 30,000 crore
(C) Rs 3,820 crore (D) Rs 1,000 crore

52. Kerala's own fiscal rules law is the Kerala Fiscal Responsibility Act of:

- (A) 2003 (B) 1996
(C) 2011 (D) 2019

KEY CONCEPTS**53. The repo rate is the rate at which the RBI:**

- (A) Lends short-term funds to banks against securities (B) Sets deposit rates for savers
(C) Borrows from banks without collateral (D) Lends to the government free

54. The Standing Deposit Facility lets the RBI:

- (A) Print currency (B) Buy gold
(C) Lend to NBFCs (D) Absorb surplus liquidity without giving collateral

55. Which index is published by the Office of the Economic Adviser, DPIIT?

- (A) Index of Industrial Production (B) Human Development Index
(C) Wholesale Price Index (D) Consumer Price Index

56. Retail inflation (CPI) is compiled by:

- (A) RBI (B) Finance Ministry
(C) SEBI (D) MoSPI

57. GDP at market prices equals GVA plus:

- (A) Exports minus imports (B) Net factor income
(C) Depreciation (D) Taxes minus subsidies on products

58. MSF rate is set at repo rate plus:

- (A) 100 basis points
- (C) 10 basis points

- (B) 25 basis points
- (D) 50 basis points

PART C - Answer Key with Reasons

No.	Ans.	Answer and reason
1	B	5.25% - Held at 5.25% for the fourth straight review in Aug 2026.
2	C	Sanjay Malhotra - Sanjay Malhotra heads the MPC.
3	B	6 - Three RBI and three external members.
4	B	5 to 7 October - Decision due on 7 October.
5	C	February 2023 - A hike in Oct 2026 would be the first since Feb 2023.
6	C	125 basis points - Repo moved from 6.50% to 5.25% in 2025.
7	A	5.25% - A 25 bp cut in December 2025.
8	D	5.00% - SDF is 25 bp below repo.
9	C	5.50% - MSF is 25 bp above repo.
10	C	Neutral - Retained a neutral stance.
11	A	\$18.34 billion - The biggest weekly fall on record.
12	D	\$747.56 billion - Down from about \$766 billion.
13	C	96 - Rupee touched record lows through 2026.
14	C	March 2026 - Hit around 92 in early March 2026.
15	B	7.8% - Released by NSO on 31 Aug 2026.
16	B	6.9% - Q1 FY26 growth under the new series was 6.9%.
17	B	10.3% - Nominal GDP Rs 88.27 lakh crore.
18	A	NSO under MoSPI - National Statistics Office.
19	B	2022-23 - It replaced the 2011-12 base.
20	C	2011-12 - Replaced in Feb 2026.
21	D	7.6% - Up from 7.1% in the previous fiscal.
22	B	29 January 2026 - Tabled the day before the Budget week began.
23	A	V. Anantha Nageswaran - CEA authors the Economic Survey.
24	D	6.8% to 7.2% - Later raised to 7-7.4% under the new series.
25	D	1.7% - Lowest since the CPI series began.
26	D	4.82% - Firmed up from earlier months.
27	B	11.9% - Investment outpaced private consumption (7.1%).
28	D	SBI Research - Up from 6.6%.
29	D	4% with a band of 2% either side - Flexible inflation targeting.
30	C	USD 4 trillion - Under the new GDP series.
31	D	Iran war - Fighting began in late February 2026.
32	D	Strait of Hormuz - A key route for India's energy imports.
33	C	80% - Over 80% of energy needs.
34	C	\$8 billion - Outflows since the conflict began.
35	D	\$100 billion - Across onshore and offshore markets.
36	A	Rs 1.99 lakh crore - Rs 1,99,853 crore.
37	A	14.8% - Year-on-year growth.
38	D	Rs 10.43 lakh crore - Rs 10,42,757 crore, up 11%.
39	A	5% and 18% - Effective 22 Sept 2025.
40	B	22 September 2025 - Often called GST 2.0.

No.	Ans.	Answer and reason
41	D	4.3% of GDP - Budget Estimate for 2026-27.
42	D	50% of GDP - Aim to lower central debt to 50% by 2031.
43	C	2025 - Income Tax Act, 2025.
44	D	Rs 12.2 lakh crore - About a 9-11% rise.
45	D	Rs 16.29 lakh crore - Rs 16,29,073 crore, about 14% growth.
46	D	6.19% - Per the Economic Review.
47	A	29 January 2026 - Presented by K.N. Balagopal.
48	C	3.4% of GSDP - Rs 55,419.5 crore (some analyses round to 3.5%).
49	B	2.12% of GSDP - Rs 34,586.66 crore.
50	B	Rs 1.90 lakh - Rs 1,90,149 vs all-India real per capita GDP of Rs 1,33,501.
51	A	Rs 14,500 crore - Largest social security item.
52	A	2003 - Enacted in line with the Union FRBM Act, 2003.
53	A	Lends short-term funds to banks against securities - Policy rate for liquidity injection.
54	D	Absorb surplus liquidity without giving collateral - It is the floor of the corridor.
55	C	Wholesale Price Index - WPI comes from DPIIT.
56	D	MoSPI - The NSO compiles CPI.
57	D	Taxes minus subsidies on products - $GDP = GVA + \text{product taxes} - \text{product subsidies}$.
58	B	25 basis points - The upper limit of the policy corridor.

PART D - Last-Minute Revision Sheet

RBI rates	Repo 5.25 SDF 5.00 MSF and Bank 5.50 Reverse repo 3.35 cut 125 bp in 2025 last hike Feb 2023 Governor Sanjay Malhotra 6 MPC members
Growth	Q1 FY27 7.8% (vs 6.9%) nominal 10.3% GFCF 11.9% FY26 7.6% base year 2022-23 (old 2011-12) Survey FY27 6.8-7.2% Survey tabled 29 Jan 2026
Prices	CPI Aug 2026 4.82% Apr-Dec 2025 average 1.7% inflation target 4% (2-6%)
External	Rupee 92 (Mar) to 96+ (Sep) reserves \$747.56 bn after record \$18.34 bn weekly fall Iran war and Hormuz
GST and Budget	GST Aug Rs 1.99 lakh crore (+14.8%) Apr-Aug Rs 10.43 lakh crore slabs 5% and 18% from 22 Sep 2025 FD 4.3% debt target 50% by 2031
Kerala	GSDP Rs 16.29 lakh crore FD about 3.4% RD 2.12% real growth 6.19% (2024-25) welfare pensions Rs 14,500 crore Budget 29 Jan 2026

Note: Market and rupee figures move daily, and the RBI decision of 7 Oct 2026 is not reflected here. Kerala deficit ratios differ slightly between sources (3.4% vs 3.5%). Cross-check with the RBI, MoSPI, PIB and Kerala Finance Department before the exam.