tax rates and the amount of tax revenue collected by governments.

- **Pair 4 is incorrectly matched:** Lorenz curve is graphical representation of the distribution of income or of inequality.

Supplementary notes:

Laffer Curve

- **The Laffer Curve states that if tax rates are increased above a certain level, then tax revenues can actually fall because higher tax rates discourage people from working.**
- The Curve was developed by economist Arthur Laffer to show the relationship between tax rates and the amount of tax revenue collected by governments.
- The curve is used to illustrate Laffer's argument that sometimes cutting tax rates can increase total tax revenue.

Kuznets Curve

- **Kuznets Curve is used to demonstrate the hypothesis that economic growth initially leads to greater inequality, followed later by the reduction of inequality.** The idea was first proposed by American economist Simon Kuznets.
- As economic growth comes from the creation of better products, it usually boosts the income of workers and investors who participate in the first wave of innovation. The industrialisation of an agrarian economy is a common example.
- This inequality, however, tends to be temporary as workers and investors who were initially left behind soon catch up by helping offer either the same or better products. This improves their incomes.

Phillips Curve

- **The Phillips curve is an economic concept developed by A. W. Phillips. He stated that inflation and unemployment have a stable and inverse relationship.**
- The theory claims that with economic growth comes inflation, which in turn should lead to more jobs and less unemployment.

Lorenz Curve

- **The Lorenz curve shows the cumulative share of income from different sections of the population.**
- If there was perfect equality – if everyone had the same salary – the poorest 20% of the population would gain 20% of the total income. The poorest 60% of the population would get 60% of the income.
- The Lorenz Curve can be used to calculate the Gini coefficient – another measure of inequality.
- A rise in the Gini coefficient shows a rise in inequality – it shows the Lorenz curve is further away from the line of equality.

4. Correct Option: (d)

Explanation:

- **Option (d) is correct**

Supplementary notes:

Blue Chip Companies:

- **A Blue chip company is a corporation with national reputation for quality, reliability and the ability to perform profitably in good and bad market conditions.**
- These companies are having a strong financial background with a solid track record for producing earnings with only a moderate amount of debt. Such organizations are considered stable because these have been for years in the business.
- Bharti Airtel Ltd., BPCL, Dr. Reddy, HDFC, Reliance industries Ltd., Infosys Technologies Ltd., ICICI Bank Ltd. Are some major examples of Blue chip companies.

5. Correct Option: (c)

Explanation:

- **Both statements are correct**

Supplementary notes:

Pitt's India Act, 1784

- The defects of the Regulating Act and the exigencies of British politics necessitated the passing in 1784 of another important act known as Pitt's India Act.
- **This Act gave the British Government supreme control over the Company's affairs and its administration in India.**
- It established six Commissioners for the affairs of India, popularly known as the Board of Control, including two Cabinet Ministers. The Board of Control was to guide and control the work of the Court