

Indian Economy



Economics: The Discipline

Adam Smith

Father of Economics

Wealth of Nations (1776)

Capitalist Economy

Adam Smith

**David
Ricardo**

**John Kennath
Galbraith**

Division of Labour

Laissez Faire

**Invisible Hand of Market
Forces**

Which of the following is the correct regarding the term 'laissez faire' in the economic philosophy of Adam Smith?

- a) Strict control of the government in the economy**
- b) Freedom of the Market in the Economy**
- c) Socialist method of Economy**
- d) Self Sufficiency of the economy**

State Economy

**Karl Marx
(1818-1883)**

Stateless Society

USSR and China

**Dialectical
Materialism**

**Socialism and
Communism**

Karl Marx explained the process of class struggle with the help of which one of the following theories. (2011)

a)Empirical liberalism

b)Existentialism

c)Darwin's theory of evolution

d)Dialectical materialism

Mixed Economy

John Maynard
Keyns

General Theory of Employment,
Interest and Money (1936)

Milton Friedman

India was Mixed since
independence

Post 1991 Liberalization, Planning India was
connected to Market Economy

**A “closed economy” is an economy in which
(2011)**

a)The money supply is fully controlled

b)Deficit financing takes place

c)Only exports take place

d)Neither exports nor imports take place

Development Economics

Amartya Sen

Focus on Poor

**Improve Standard of
Living**

Gandhian Economy

**JC
Kumarapppa**

Swadeshi

**Economic
Decentralization**

Cottage Industry

Trusteeship

Self Sufficiency

Stateless Society

One common agreement between Gandhism and Marxism is (2020)

(a) The final goal of a stateless society

(b) Class struggle

(c) Abolition of private property

(d) Economic determinism

Nehruvian Economics

Socialism

**State Ownership of
Means of Production**

Self Reliance

Sectors of Economy

Primary

**Agriculture, Forestry, Fishery,
Metals and Minerals**

Secondary

Manufacturing

Tertiary

Services: Education, Banking etc

Quaternary

**Knowledge based Services: Tax
consultancy and Software Development**

Quinary

**Gold Collar Services: Research
Scientist, IAS, IPS etc**

Sectors of Economy

**Highest Number of Indians are
Employed in**

**Primary
Sector**

Highest Contributor to India's GDP

**Tertiary
Sector**

Real Sector and Financial Sector

- **All economic activities related to primary sector and secondary sector are included in the real sector of the Economy**
- **In tertiary sector, non-financial services are also included in Real Sector**
- **Financial services like selling and purchasing of financial assets like bonds, shares and securities are known as Financial Sector of Economy**

Which of the following activities constitute real sector in the economy? (2022)

- 1. Farmers harvesting their crops**
- 2. Textile mills converting raw cotton into fabrics**
- 3. A commercial bank lending money to a trading company**
- 4. A corporate body issuing Rupee Denominated Bonds overseas**

Select the correct answer using the code given below:

- (a) 1 and 2 only**
- (b) 2, 3 and 4 only**
- (c) 1, 3 and 4 only**
- (d) 1, 2, 3 and 4**

National Income

**Central
Statistical Office**

**Ministry of Statistics and
Programme Implementation**

**Sum total of Income of Labour, Land and
Capital**

Constant Price

Current Price

GDP

**Total Value of Goods and Services Produced in
India**

April 1 to March 31

$C+I+GS+(E-I)$

Nominal and Real GDP

Real GDP

**Constant Price
Base Year: 2011-12**

Nominal GDP

**Current Market Price
Global Performance**

India: 5th in Nominal GDP

India: 3rd in PPP (1st China and 2nd US)

The national income of a country for a given period is equal to the (2013)

- a) Total value of goods and services produced by the nationals**
- b) Sum of total consumption and investment expenditure**
- c) Sum of personal income of all individuals**
- d) Money value of final goods and services produced**

Personal Income

Nominal Income

Wage in Hand

Real Income

Nominal – Inflation

**Disposable
Income**

Nominal- Taxes

Standing Committee on Economic Statistics

**Collecting
Economic Data**

Established in 2019

28 Members

Head: Pronab Sen

**Members from UNO, RBI, Ministry of
Finance, NITI Aayog, Tata Trust etc**

**Established to comply with Special Data
Dissemination Standard of IMF**

NITI Aayog in Current Affairs

**New Vice
Chairman**

**Suman Bery (May
2022)**

New CEO

**Parameswaran Iyer
(July 2022)**

SDDS of IMF

**Launched in
1996**

**Transparency of Data
in all Countries**

20 Data Categories

Statistical Performance Indicators (SPI)

World Bank

**2019 ranking was
published in 2023**

India: 67/174 Countries

**Data Use, Data Service, Data Products, Data
Sources and Data Infrastructure**

Economic Growth

**Quantitative
Progress
Capital Formation
leads to Growth
Huge Investment**

Economic Development

**Quality
Nutrition,
Healthcare and
Education**

Physical Capital

**Money
Machinery
Buildings
Equipment**

Human Capital

**Education
Talent
Knowledge
Preferences**

Social Capital

**Robert
Putnam
Cooperation
and Mutual
Love
Values**

Human Development Index by UNDP

First in 1990

**Mahbub ul Haq
Inge Kaul
Amartya Sen**

**Health
Education
Standard of Living**

Human Development Index

India: 132

**Mahbub ul Haq
Inge Kaul
Amartya Sen**

First: Norway

World Development Report

World Bank

**Per Capita
Income**

**India: Low Middle
Income**

World Happiness Report

First in 2012

**UN Sustainable
Development
Solutions Network**

India: 126

**First: Finland (6
times)**

Last: Afghanistan

World Happiness Report

GDP Per Capita (PPP)

Social Support

**Healthy Life
Expectancy**

**Freedom to make Life
Choices**

Generosity

**Perception of
Corruption**



Monetary and Credit Policy

Monetary Policy

RBI

Strategy of influencing movement of money supply and interest rates to affect output and inflation

Expansionary

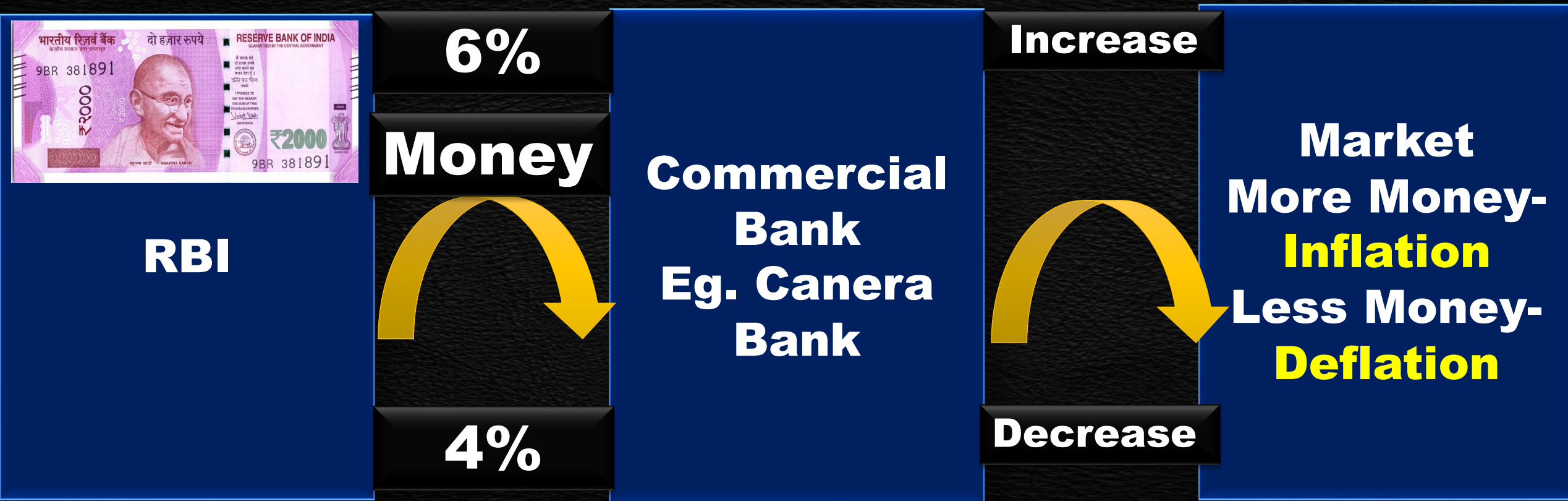
Contractionary

Bank Rate

Rate at which RBI lends long term to commercial banks.

5.15%

Bank Rate-5.15%



The lowering of Bank Rate by the Reserve Bank of India leads to (2011)

- a) More liquidity in the market**
- b) Less liquidity in the market**
- c) No change in the liquidity in the market**
- d) Mobilization of more deposits by commercial banks**

**An increase in the bank rate generally indicates that the
(2013)**

a)Market rate of interest is likely to fall

**b)Central bank is no longer making loans to commercial
banks**

c)Central bank is following an easy money policy

d)Central bank is following a tight money policy

Repo Rate

RBI lends to banks as the security of government as collateral (repro)

Banks repurchase the security over night or after few days.

RBI changes a repo rate for the money it lends regularly

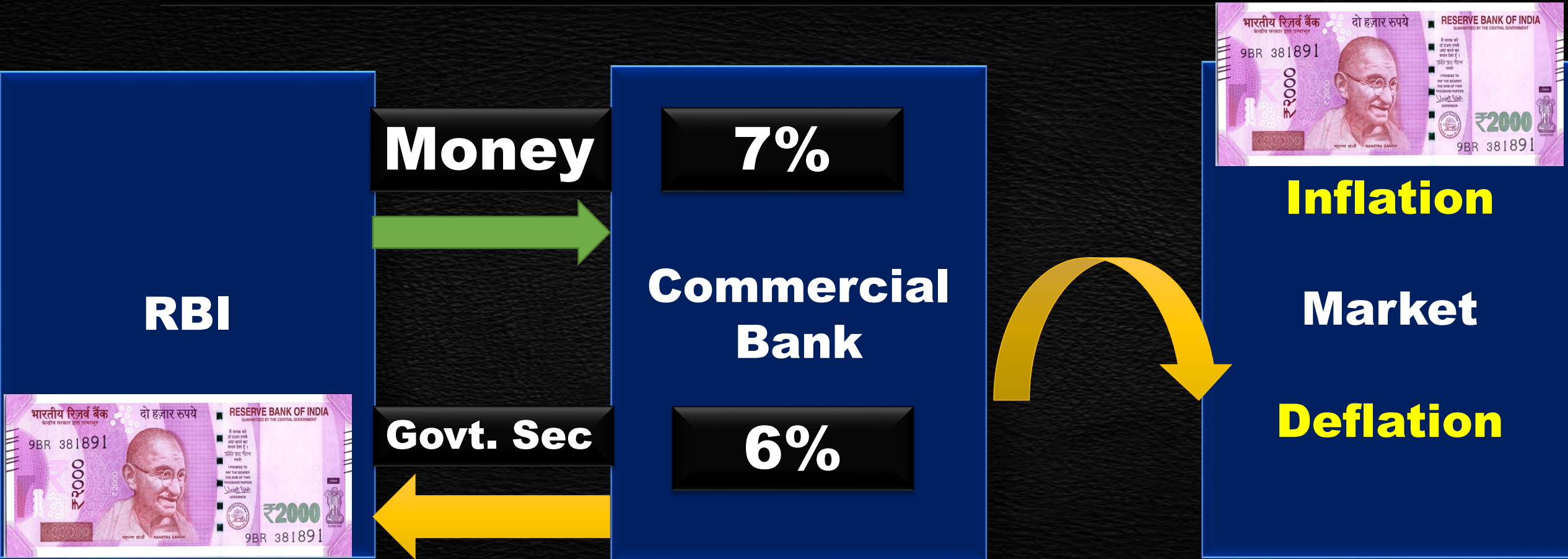
6.5%

Reverse Repo Rate

Reverse Repo: when RBI borrows from the banks

3.35%

Repo Rate-6.5%



Reverse Repo Rate-3.35%

RBI

Money



Govt. Sec



4%

**Commercial
Bank**

3%



Inflation

Market

Deflation



MSF: Marginal Standing Facility

- **It was introduced in 2011-12**
- **A window through which commercial banks can borrow from the RBI at a rate that is up to 1% more than Repo rate.**

6.75%

SDF: Standing Deposit Facility

- **Introduced Recently**
- **Similar to Reverse Repo, but without any Collateral**
- **The SDF rate will be 25 bps below the policy rate (Repo rate)**

6.25%

Reserve Requirements

**Statutory
Liquidity
Ratio (SLR)**

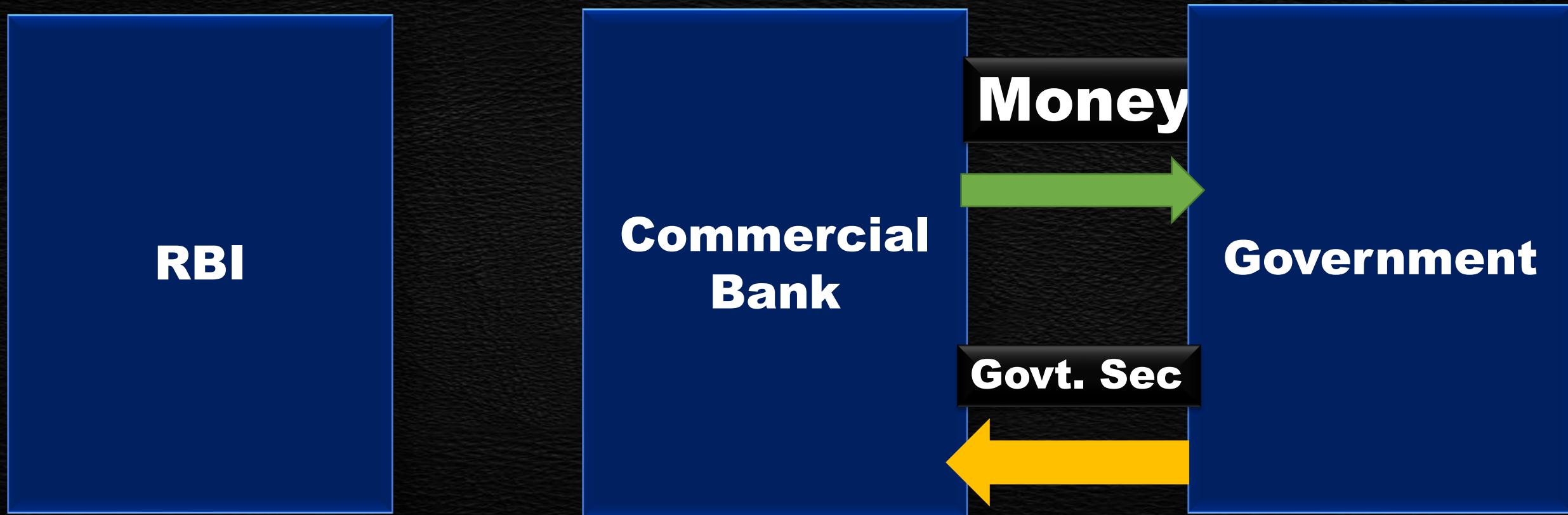
**Cash
Reserve
Ratio (CRR)**

Statutory Liquidity Ratio (SLR)

- It is the portion of time and demand liabilities of banks kept in the form of designated liquid assets.
- For Example, government and other RBI approved securities and public sector bond.
- Aim of SLR is that the need for government fund is partially but surely met with this reserve.

18%

Statutory Liquidity Ratio-18%

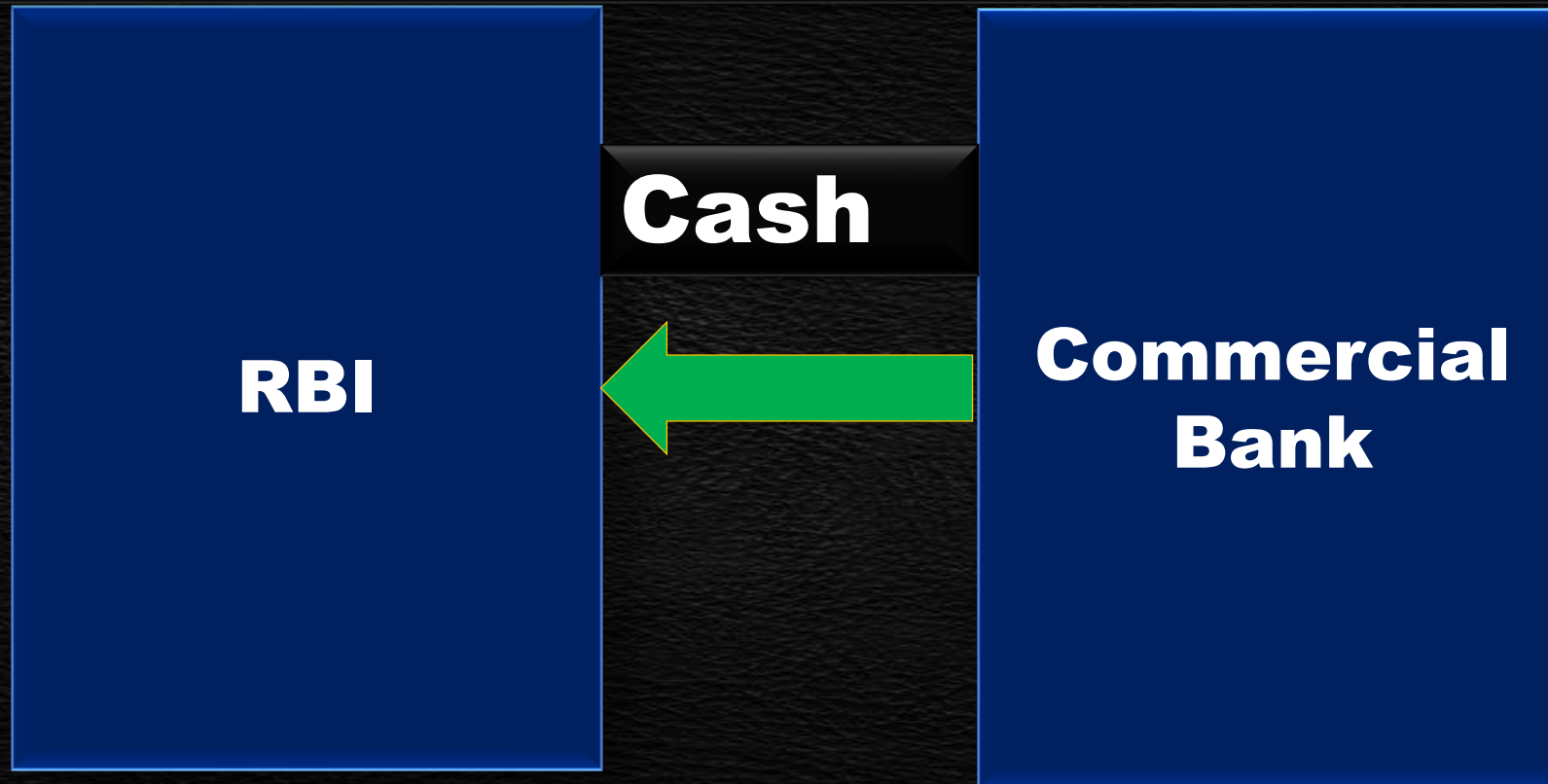


Cash Reserve Ratio (CRR)

- A portion of bank deposits that a bank should keep with RBI in cash form.

4.5%

Cash Reserve Ratio- 4.5%



In the context of Indian economy, which of the following is/are the purpose/purposes of 'Statutory Reserve Requirements? (2014)

- 1. To enable the Central Bank to control the amount of advances the banks can create**
- 2. To make the people's deposits with banks safe and liquid**
- 3. To prevent the commercial banks from making excessive profits**
- 4. To force the banks to have sufficient vault cash to meet their day-to-day requirements.**

Select the correct answer using the codes given below:

- a) 1 only**
- b) 1 and 2 only**
- c) 2 and 3 only**
- d) 1, 2, 3 and 4**

When the Reserve Bank of India reduces the Statutory Liquidity Ratio by 50 basis points, which of the following is likely to happen? (2015)

- a) India's GDP growth rate increases drastically**
- b) Foreign institutional investors may bring more capital into our country.**
- c) Scheduled Commercial Banks may cut their lending rates**
- d) It may drastically reduce the liquidity to the banking system**

Open Market Operations of RBI

- **Open Market means Banks and Financial Institutions.**
- **Definition: purchases and sales of government securities and certain other securities in open market by RBI to influence the volume of money and credit in the economy.**
- **By purchase inject money into market and expands credit**
- **By sale absorbs money and shrinks credit.**
- **Most important and flexible tools of RBI.**

Open Market Operations- Purchase



RBI

Money



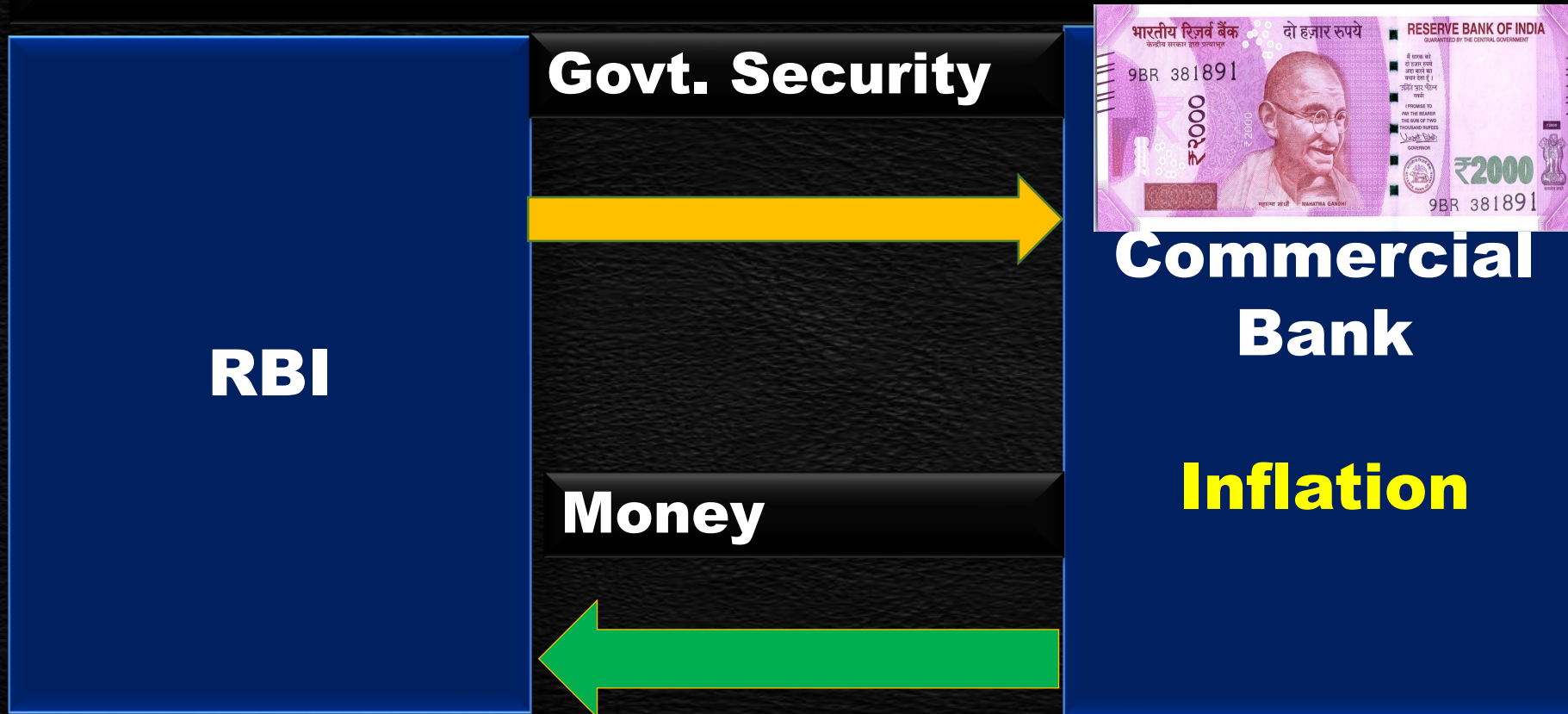
**Commercial
Bank**

Govt. Security



Deflation

Open Market Operations- Sale



Monetary Policy Committee

Formed

27th June 2016

Proposed By

Urgit Patel Committee

Members

6

Chairperson

RBI Governor

Function

Decide Monetary Policy Rates

Reserve Bank of India

don't me

Formed

1934 with 5 Crore

Proposed By

Hilton Young Commission

Nationalised

1949

Directors

20 Directors

Governor

Shaktikanta Das

Functions of RBI by RBI Act 1934

Bank of Issue

**Banker to
Government**

**Banker's Bank and
Lender of Last Resort**

Controller of Credit

**Supervisory
Functions**

**Custodian of Foreign
Reserve**

Agent of Government to IMF

Audit of RBI


CAG



**Two Auditors
Appointed by
Government**

Storage of Payment System Data

**Functions
under**

The RBI

Function

**Store Data related to Payment
OTP, Device ID etc**

**Where to
Store**

In India Only

Pictures on Indian Currencies

₹5

Farmer Sitting on a Tractor

₹10 Old

**Tiger, Elephant and Rhinoceros
(Fauna of India)**

₹10 New

Konark Sun Temple

₹20 Old

**Mount Harriet and Port Blair light house as
seen from Megapode Resort, Port Blair**

₹20 New

Ellora Caves

Pictures on Indian Currencies

₹50 Old

Indian parliament

₹50 New

Theme of Hampi with a Chariot

₹100 Old

View from Goecha La (It is a range in Himalaya) in Sikkim

₹100 New

Rani ki Vav from Gujrat

₹200

Sanchi Stupa

Pictures on Indian Currencies

₹500

Red Fort

₹2000

Mangalyan



Banking System in India

Banking System

Assets

Loans

Liabilities

Deposits

Banks

**Public
Sector**

**Private
Sector**

**Cooperative
Banks**

Banks

**Scheduled
Banks**

**Non
Scheduled
Banks**

Public Sector Banks

SBI

**11
Nationalized
Banks**

Investment Banks

- **Asset companies in raising funds in the capital market (equity or debt)**
- **Provides strategic advisory services for mergers, acquisitions etc.**
- **Another name is Merchant bank**

Development Banks

Financial Institutions which provide long term capital for industries and agriculture.

**First: IFCI
1948**

IDBI, NABARD, NHB

**ICICI
Merged in 2000**

IIBI, SIDBI

Cooperative Banks

**One Member
One Vote**

No Profit No Loss

**All Functions of
Banks**

Regional Rural Banks

**Founded:
October 2, 1975
(Only 5)**

**Banking for
Poor**

**Capital
GOI: 50%
State: 15%
Nationalised Bank: 35%**

**Bhandari
Committee (1994-
95)
Basu Committee
(1995-96)**

Bank Nationalization

1969

Banking Nationalization Act

1969

**14 Banks with more than 50 crore
Deposits**

1980

**6 Banks with more than 200 Crore
Deposits**

1993

**New Bank of India was merged
with PNB**

2019

**Vijaya Bank and Dena Bank= Bank
of Baroda**

Bank Nationalization

2020

Syndicate Bank= Canara Bank

2020

Allahabad Bank = Indian Bank

2020

Oriental Bank of Commerce and United Bank of India= Punjab National Bank

2020

Andhra Bank and Corporation Bank= Union Bank of India

2020

11 Nationalized Banks

Bank Nationalization

- **But, none of them have 100 percent government ownership**
- **Government again started giving license for private banks in 1994. (UTI Bank was the first private bank after the reforms in India)**

Narasimham Committee

1991

Committee on Financial Systems

1998

Second Narasimham Committee

Tier I

2 to 3 Banks of International Orientation

Tier II

8 to 10 Banks of National Orientation

Tier III

Large Number of Local Banks

Non Performing Assets

Bad Loans

90 Days

Sub Standard

NPAs for less than or equal to 12 months

Doubtful

Remaining NPAs for more than 12 months

Loss Assets

**Loss has been identified by the bank
auditors or RBI inspection, but the amount
has not been written off**

SARFAESI Act, 2002

- It is **Securitisation and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002**
- It gives the bank the power to **use security submitted by the borrower**
- It also empowers banks to sell bad loans to **Asset Reconstruction Companies**

Asset Reconstruction Company

Bad Banks

**Narasimham
Committee I**

ARC 11

License by RBI

NARCL

National Asset Reconstruction Company Ltd

IDRCL

India Debt Resolution Company Ltd

Prudential Norms by Narasimham I

**Income
Recognition**

**Asset
Classification**

**Provisioning
for NPA**

CRWAR

Basel Norms

CRWAR

Basel III: 12.9%

**In India RBI
decides**

Bank of International Settlement (BIS)

Aim

Faster International Monetary Cooperation

Function

Bank of Central Banks

HQ

Basel in Switzerland

Established

Hague Agreement 1930

Universal Banking in India

Narasimham II

**SH Khan Committee
1998**

**Multipurpose and Multi-functional
Financial Supermarket**

Types of Deposits in Banks

**Time or Fixed
Deposit**

Savings Deposit

**Demand
Deposit**

Interest Rates on Loans

**Prime
Lending
Rate**

**Base Rate
(2010)**

**Marginal Cost of
Funds Based Lending
Rates (2016-17)**

Base Rate (2010)

Cost of Funds

**Return on
Assets**

CRR

**Operational
Expenses**

What is Overdraft?

National Payments Corporation of India (NPCI)

Established by

RBI and Indian Banks Association (IBA)

Year

2008

Act

Payment and Settlement Systems Act, 2007

Function

Nationwide Link of ATMs

Products of NPCI

RuPay Card

**Rupay
Contactless
Card**

**UPI and
BHIM**

Fastag

**Bharat Bill
Payment**

**Aadhar
Enabled
Payment**

BHIM App and UPI

Established by

NPCI

Security

Three Point Authentication

Act

Payment and Settlement Systems Act, 2007

Function

Nationwide Link of ATMs

Core Banking Solutions

**Connecting
All Branches**

E Kuber 2012

Banks Board Bureau

Formed in

2016

Function

**Selectin Directors and Chairpersons of
PSBs and other Government FIs**

Recommended

PJ Nayak Committee

Abolished in

2022

**Last
Chairperson**

Bhanu Prasad Sharma

Financial Services Institutions Bureau

Formed in

2022 (Replaced BBB)

Proposed by

Department of Financial Services

Functions

Select Chiefs of PSBs

Chairperson

Bhanu Prasad Sharma

State Bank of India

Founded

27th June 1806 as bank of Calcutta

1921

changed name to Imperial Bank of India

1955

State Bank of India

1956

Nationalised

**HQ and
Chairman**

Mumbai, Dinesh Kumar Khara

NABARD

don't me

Founded

12th July 1982

Proposed by

B Sivaraman Committee

Function

Credit for Agricultural and Fiscal Inclusion.

**Important
Point**

Don't give Loan directly to Farmers

**HQ and
Chairman**

Mumbai, Shaji KV (December 2022)

Land Development Bank

**Long term
Loan (5-20 Yrs)**

**Cooperative
Institutions**

**Loan for
Equipments**

**Land
Reclamation**

**Buying
Additional
Land**

**Well, Tube
Well Etc**

Payment Banks

**Differentiated
Banks**

**Small
Savings**

**Payment
and
Remittance**

**No Loan and
Credit Card**

**India Post
Airtal
Paytm**

Future Pay

Small Finance Banks

**Nechiket Mor
Committee**

**Small
Savings and
Credit**

75% PSL

SLR and CRR

**India Post
Airtal
Paytm**

Future Pay



Financial Inclusion

Business Correspondence Model of RBI

**Rural
Services**

No Branch

Micro ATMs

**Subsidies and
Schemes**

Lead Bank Scheme

1969

**Gadgil Study
Group**

**Nationalized
Bank –One
District**

**Service Area
Approach**

Differential Rate of Interest

1972

**1% of Total
Lending by
Banks**

For Poor

4% Interest

Priority Sector Lending

**Agriculture, Small
and Medium
Enterprises
Road And Water
Transport, Retail
Trade, Small
Business,**

**Self Help Groups
(SHGs), Education
loans, Agro-
processing,
Artisans,**

**Distressed urban
poor, Non-
institutional debtors
from SCs, STs,
Women and other
Weaker sections
Small Housing Loans
(Less Than 10 Lakh)**

Priority Sector Lending

2007

5 Minorities

Buddhists,

Christians,

**Muslims, Parsis
and Sikhs)**

2015

Medium

Enterprises,

**Sanitation And
Renewable Energy
Under PSL**

40% of Adjusted Net Bank Credit

18% Agriculture

**7.5% Micro
Enterprises**

**75% for RRBs
and SFBs**

**12% Weaker
Sections**

**2.5% Remaining
Sectors**

**No Sub Target for
Foreign Banks with
Less than 20 Branches**

Pradhan Mantri Jan Dhan Yojana

Launched

2014

Managed by

Department of Financial Services (MoF)

Record

Guinness Record for 15 million accounts

JAM

Jan Dhan Aadhar Mobile

Benefits

Rupay, 1 Lakh accident insurance

Mudra Bank

Launched

2015

Full Form

**Micro Units Development and Refinance
Agency Bank**

Shishu

Up to 50000

Kishor

50k to 5 Lakh

Tarun

5 Lakh to 10 Lakh (Maximum)

Mudra Bank

**Not for
Agriculture**

**Non
Corporate
Enterprises**

**Traders of
Fruits and Veg**

Non Banking Financial Companies

Shadow Banking

**No Demand
Deposit**

**Micro- Finance
Institutions**

RBI regulatrd

**75% for RRBs
and SFBs**

**No Sub Target for
Foreign Banks with
Less than 20 Branches**

Labels of ATMS

Bank's Own

Owned and Operated by the Bank

Brown

Owned by third Party and Operated by the
Bank

White

Owned and Operated by the Third Party
Tata Indicash, Hitachi etc

Important Facts

Largest PSB

SBI

First Bank

Bank of Hindostan (1770)

**Banker of
Banks**

RBI

**First Women
Bank**

Bharatiya Mahila Bank

**Oldest and
Existing**

Punjab National Bank

Important Facts

**First Bank to Introduce
fund transaction using
voice recognition**

ICICI Bank

**First Bank to Introduce
cardless withdrawal
from ATMs**

ICICI Bank

A background image showing various Indian Rupee banknotes (500, 1000, and 2000) falling against a black background, creating a sense of motion and abundance.

Indian Money Market

Indian Money Market

A market for transferring money from fund surplus individuals or institutions to fund scarce individuals or Institutions

**Less than 365
Days**

**Working Capital
Market**

**Chakravorthy
Committee (1985)**

**Vahul Committee
1987**

Instruments of Money Market

dw4.me

Treasury Bills

Central Government Borrows
91 Days, 182 Days and 364 Days

Certificate of Deposits

1989, Banks Borrow

Commercial Paper

1990, Corporates (Listed Companies)

Commercial Bill

1990, All India Financial Institutions, Non-Banking Finance Companies, Cooperative Banks and MFs

Instruments of Money Market

**Call Money
Market**

Inter-bank Money Market (Maximum 14 Days)
Overnight Borrowing Market' Or 'Money At A Call'

Mutual Fund

1992

**Repo and
Reverse Repo**

1992 And 1996

**Cash
Management Bill**

Government Borrows for Less than 90 Days

Inflation



Inflation in India

**Inflation means persistent rise in price of
goods and services**

Types of Inflation

Creeping Inflation

0 to 10%

**Might to Lead
Galloping**

10 to 20%

Run away Inflation

**Galloping Inflation, hopping
inflation, jumping inflation**

Hyper-Inflation

**Prices go to Million
Germany**

Types of Inflation

Demand Pull

High GDP growth

**Cost Push Inflation
Supply Shock**

Reduced Supply

Structural Inflation

Bottle Neck Inflation

Core Inflation

Except Food and Energy

Concepts Related to Inflation

Deflation

General fall in the level of price.

Disinflation

Reduction in the rate of inflation.

Stagflation

Inflation and rising unemployment.

Reflation

Attempt to raise price to counteract deflationary pressures and to reduce unemployment

Concepts Related to Inflation

Open Inflation

Government does not attempt to prevent price rise.

Repressed Inflation

When government interrupts a price rise

Inflation Targeting

The announcement of an official target range for inflation

Inflation Spiral

- **It is a situation in which wages press prices up and prices pull wages up**
- **It is also known as wage price spiral**

Philip's Curve

Inflation

Unemployment

**Trade off and Inverse
Relationship**

Wholesale Price Index

**Excludes
GST**

Monthly (14th)

**Base Year
2011-12**

Basket 697

Prof. Abhijit Sen

**Major Measurement
of Inflation in India**

No Services

**Office of Economic Adviser in the Department of Industrial Policy
and Promotion under the Ministry of Commerce and Industry**

Consumer Price Index

Food Inflation

**Base Year
2012**

Weekly

Includes Services

Types of CPI

CPI for Industrial Workers (IW).

Labour Bureau in the Ministry of Labour and Employment

CPI for Agricultural Labourer (AL).

Labour Bureau in the Ministry of Labour and Employment

CPI for Rural Labourer (RL).

Labour Bureau in the Ministry of Labour and Employment

**CPI (RBI uses)
(Rural/Urban/Combined).**

Central Statistical Organisation (CSO) in the Ministry of Statistics and Programme Implementation

Causes of Food Inflation in India

**High Income of
the people**

**Large number of
middlemen in**

**Flood and Loss
of Crops**

**Drought duet to
monsoon failure**

Problems of High Inflation

Poor are hurt

**Reduces Purchasing
Power**

**Declines the
value of Money**

Reduces Savings

**Pushes up
Interest Rates**

**Depreciation of
Currency**

Strikes

Measures to Control Inflation

**Fiscal- Reduce
Tax**

Monetary

Supply Side

Administrative

**Wage and Price
Control**



BUDGET

Fiscal System

Fiscal Policy

Public Finance

Arthashastra

Budget

Ministry of Finance

Receipt

Expenditure

Borrowings

Budget

Article 112

**Annual Financial
Statement**

**Department of
Economic Affairs**

Ministry of Finance

**First Working
Day of February**

Economic Survey

Revenue Receipt

**Taxes and Non-Tax
Income Tax, Corporate
Tax, GST, Custom Duty
User Charges, Interest
Receipts, Dividends,
Profits, Fiscal Services
Like Printing Money And
Stamps Etc.**

Revenue Expenditure

**Essentially Non-plan Expenditure
That Does Not Create Asset.
Interest Payment, Defence
Management, Subsidies, Grants
Of Union Government To State
Governments And Public
Administration,
Plan Components Like MNREGA**

Capital Receipt

Any receipt which brings a liability or loss of asset
Recoveries of loans made by centre to states, UTs and PSUs.
Fresh borrowings
disinvestment and etc.

Capital Expenditure

Loans made to states, UTs and PSU

Loan repayment by the government and other liabilities of the government

Plan expenditure for asset creation in infrastructure, capital expenditure on defence

Goals of Fiscal Policy

Growth

**Promotion of Small
Scale Industries**

**Labour Intensive
Growth**

**Development of
Infrastructure**

Equality

**Promotion of
Agriculture**

Export Promotion

Develop Rural Areas

Revenue Deficit

RE-RR

3.8% of GDP

FRBM Act 2003

0% RD by 2008-09

Effective Revenue Deficit

2011-12 Budget

**RD- Central Grants to State
governments used for Asset Creation**

Fiscal Deficit

TE-TR

6.4% of GDP

FRBM Act 3% by 2008-09

Budget Deficit or Monetised Deficit

BE-BR

**Only Printing
Currency**

**Abolished in
1997**

**Does not reflect the
health of economy**

Primary Deficit

FD- Interest Payment

Deficit Financing

external aid

external borrowings

**internal
borrowings**

printing currency

**Push up Interest
Rates**

Crowding out

**High Powered
Money**

Reserve Money

Deficit Financing

**High Powered
Money**

Reserve Money

RBI Printing

Banned in 1997

FRBM also Bans it

FRBM Act 2003

Fiscal Deficit

3% of GDP by 2008-09

Revenue Deficit

0% of GDP by 2008-09

Fiscal Deficit

Reduce by 0.3% per year

Revenue Deficit

Reduce by 0.5% per Year

FRBM Act 2003

**Quarterly Review by Finance Minister on
Expenditure and Receipts of Budget**

3 Documents in Budget

**Fiscal Policy
Strategy Statement**

**Medium Term Fiscal
Policy Statement**

**Macroeconomic
Framework Statement**

Escape Clause of FRBM

**Flexibility for Central Government
during Economic Crisis**

**NK Singh
Committee**

War

Natural Calamity

Economic Crisis

Problems of Large Fiscal Deficit

Inflation

Crowding Out

**High Interest
Rates**

**RBI Monetisation-
Inflation**

Less Saving

High Taxes in Future

Zero Base Budgeting or Performance Budgeting

**10th Plan
Approach Paper**

**Maharashtra:
Development
Based Budget**

**Reduce Funds
for Low Priority
Items**

**First: 1987
Budget**

**Increase Fund
to High Priority
Items**

**Eliminate
Outdated Items**

Crowding Out

**When Government
Borrows beyond a
limit**

**Private Investments
Move out of India**

Less Liquidity

High Interest

Pump Priming

**Deficit Financing
and Increased
government
spending**

**During Economic
Crisis**

**To Revive
Economy**

Increase Demand

Nk Singh Committee on Fiscal Deficit or FRBM Act

Report in 2017

Nk Singh+ 4 Members

**Urgit Patel
Sumit Bose**

**Aravind Sunbrahmaniam
Rathin Roy**

**Combined Debt to GDP Ratio of Both Centre
and States 60% by 2023**

Nk Singh Committee on Fiscal Deficit or FRBM Act

Report in 2017

Nk Singh+ 4 Members

**Urgit Patel
Sumit Bose**

**Aravind Sunbrahmaniam
Rathin Roy**

**Combined Debt to GDP Ratio of Both Centre
and States 60% by 2023**

Nk Singh Committee on Fiscal Deficit or FRBM Act

Combined Debt to GDP Ratio of Both Centre and States 60% by 2023

40% for Centre

20% for states

**Fiscal Deficit
2.5% by 2023**

**Revenue Deficit
by 0.8% by 2023**

Financial Stability and Development Council

**An executive council under the Ministry of Finance
constituted by the Executive Order in 2010.**

**Raghuram Rajan
Committee (2008)**

**Chair: Finance
Minister**

**Heads of RBI, SEBI,
PFRDA, IRDA**

**Finance Secretary
Secretary of Department
of Economic Affairs**

Financial Stability and Development Council

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constituted by the Executive Order in 2010.**

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**Chair: Finance
Minister**

**Heads of RBI, SEBI,
PFRDA, IRDA**

**Finance Secretary
Secretary of Department
of Economic Affairs**

Financial Stability and Development Council

**Secretary of
Department of
Financial Services
(DFS)**

**Chief Economic
Adviser**

Financial Stability and Development Council

New Members from 2018

**Minister of State responsible for the Department of
Economic Affairs (DEA),**

**Secretary of Department of Electronics and Information
Technology**

**Chairperson of the Insolvency and Bankruptcy Board of
India (IBBI)**

Revenue Secretary.

StockMarket

**1602 Amsterdam
stock exchange.**

Reserve Money

**1st: New York
Stock Exchange**

2nd: Nasdaq

**3rd: Japan Stock
Exchange**

Stock Market

**Buy and Sell
through Brokers**

Zerodha, Upstox etc

**Market
Capitalization**

Demat Account

Stock Market in India

**1602 Dutch East
India Company**

**3rd Largest Investor
Base**

**23 Stock
Exchanges**

Bombay Stock Exchange

Oldest in Asia

Dalal Street Mumbai

1875

**Premchand
Roychand**

Largest in India

10th in the World

BSE 30 Index

**BOLT- Automatic
trading system**

Sensex or Sensitive Index

**Largest and most
active 30
Companies**

**Base Year
1978-79=100**

**Companies are
Revised
Periodically**

National Stock Exchange

1991

**Manohar J Pherwani
committee recommended**

1992

**Government of India
authorized IDBI**

1993

**NSE was recognized as a
stock exchange**

1994

**Commenced operation as a
stock exchange**

Indexes of NSE

**Standard and
Poor's CRISIL NSE
Index 50**

**S&P CNX Nifty or
Nifty 50**

**Nifty= Stocks from
12 Sectors**

**CNX Nifty Junior
50**

NASDAQ (National Association of Securities Dealers Automated Quotation System.

The US

**First Electronic
Stock Exchange in
the World**

**Mostly Technology
Stocks**

Dow Jones Index

**New York Stock
Exchange**

30 Stocks

Securities Exchange Board of India (SEBI)

1988

Established

1992

SEBI Act (Statutory Status)

Functions

**Regulate Stock Exchanges
and Brokers**

Functions

Approve Mutual Funds

Securities Exchange Board of India (SEBI)

Functions

**Register Financial
Institutions as Investors**

Functions

**Protect the interest of
Investors**

Functions

**Regulate Credit rating
agencies**

Functions

**Conduct auditing and
accounting**

Mutual Fund

**Raises Money
from Investors to
invest in Stock
Market
Legally Approved**

Hedge Fund

**Raises money
from known
people to invest in
real estate**

Market Signals

**Bull
Optimistic**

**Bear
Pessimistic**

Venture Capital

**Investment for
Start ups**

**Expects Long term
Growth Potential**

**Well off Investors
Angel Investors**

**Investment Banks
Financial
Institutions**

Ponzi Scheme

**Fraudulent
Investment
Scheme**

**High return to
investors**

**Paid from
Investors' own
money**

Charles Ponzi

Sweat Equity

**Share to Company
Employees**

**At a Discounted
Rate**

Qualified Foreign Investors

**FATF Signed
Country**

**After 2012, they
can directly invest
in Indian Stock
Market**

Participatory Note

**Issued by
registered Foreign
Institutional
Investors**

**To Overseas
Investors who
wish to Invest in
Indian Stock
Market**

Credit Rating Agencies

Regulated by SEBI

**Check Credit
worthiness of
Borrower**

CRISIL: First

**Credit Analysis and
Research Limited
Rating (CARE)**

Credit Rating Agencies

**Small and Medium
Enterprises Rating**

ONICRA

Fitch India

**ICRA
Brickwork Rating**

Taxation System



Distribution of Tax Collection

1: GST (28.5%)

**2. Corporate Tax
(28.1%)**

**3. Income Tax
(26.3%)**

Service Tax

First in 1994

Merged with GST

**Not mentioned in
the Constitution**

Residuary Powers

Goods and Services Tax (GST)

Introduction

July 1, 2017

Definition

**Multi-point sale tax with set off for
tax paid on purchases of inputs**

Advantage

No Cascading Effect

**Highest share in Tax
Collection**

28.5%

Types of GST

State GST

Central GST

Integrated GST

Constitution and GST

**101st Amendment
Act 2016**

**Concurrent
Jurisdiction**

**GST Council
Article 279A**

Exemptions under GST

**Alcohol (State
Excise and VAT)**

**Electricity (Only
per unit charges)**

**Petroleum crude, high speed diesel,
Petrol, Natural Gas and Aviation fuel**

GST Council

Chairperson

Union Finance Minister

Member

**Union Minister of state for
Revenue**

Members

**Finance Ministers of states
and UTs**

Deputy Chairperson

**Finance Minister of State
by Rotation**

GST Council

Quorum

50% of the Members

Decision by

75% of Votes

Members

**Finance Ministers of states
and UTs**

Weightage of Votes

**1/3 for Centre and 2/3 for
all states**

GST Training

**Pradhan Mantri Kaushal
Vikas Yojana (PMKVY)**

Terms related to Tax

Tax Indices

Entity on Whom tax is imposed

Tax Burden

Who actually pay the money for Tax

Tax Base

The value of goods services and income on which tax is imposed

Tax Rate

How much tax is due from each source

Terms related to Tax

Angel Tax

Tax when a non-listed company receives Funding

Tax Avoidance

Save or invest for tax saving (Legal)

Tax Evasion

No reporting Income to reduce the Tax (Illegal)

Hidden Taxes

Implicit Tax (GST)

Terms related to Tax

Proportional Tax

Constant Percentage of Tax
for all income Slabs

Progressive Tax

Tax increases when income
Increases

Regressive Tax

Tax decreases when income
increases

Ad Valorem

Tax according to worth or
value

Terms related to Tax

Excise Duty

Tax on manufacturing

Customs Duty

Tax on export or Import

**Negative Income
Tax**

Subsidy

Pigouvian Tax

**Tax on Negative Externality
like Pollution**

Terms related to Tax

Octroi

Tax on Entry of Goods

Tax Buoyancy

**Percentage Change in Tax
with growth of GDP**

Tax Elasticity

**Increase in Tax by increasing
rate and enlarging the base**

Tax Stability

**No Frequent changes in the
Tax rate**

Terms related to Tax

Tobin Tax

**James Tobin
Robinhood Tax**

Tobin Tax

**Worldwide tax on all foreign
exchange transactions**

Tax Rebate

Refund of extra tax paid

Cess

**Additional Tax for Specific
Purpose**

Terms related to Tax

Surcharge

General additional tax

Fringe Benefit Tax

**Tax on Collective Benefits
of Employees**

Perquisites

**Tax on Individual Benefits of
Employees**

**Securities
Transaction Tax**

**On Transaction in Domestic
Stock Exchanges**

Value Added Tax

**Both Goods and
Services**

**On all levels of
manufacturing**

**Based on Increase
in the Price**

**Reduces chances
of Tax Evasion**

State List

**Managed By the
states**

Capital Gains Tax

**Tax on gain from
Capital Asset**

**Long Term=more
than 36 months**

**Short term= Less
than 36 months**

**Land, Building,
House Property**

**Vehicles, Patents,
Trademarks**

**Leasehold Rights,
Machinery**

Art Work

Painting

Minimum Alternative Tax

**Zero Tax
Companies**

**18.5% on Book
Profit**

**Income Tax by
Income Tax Act**

**Profit Calculation
by Companies Act**

**Rates of
Depreciation**

**Is higher under
Companies Act**

Base Erosion and Profit Shifting

**Multinational
Companies**

**Avoid taxes using
law loopholes**

**Shift income to
another Country**

Tax Haven

OECD

Project BEPS

15th Finance Commission

Art 280

5 Years

President of India

Chair: NK Singh

Prof. Anoop Singh

Ashok Lahiri

Narayan Jha

Ramesh Chand

15th Finance Commission

2020-2025

**41% of Net
Proceeds of taxes
for States**

An aerial photograph of a large, active port. In the foreground and middle ground, there are massive stacks of intermodal containers in various colors (red, yellow, blue, white) arranged in neat rows. Several large red gantry cranes are positioned along the waterfront, with one crane in the immediate foreground on the left. The port is situated next to a body of water, and in the background, a city and hills are visible under a clear sky. A dark blue banner with white text is overlaid across the center of the image.

Foreign Trade

Export and Import

Largest Trading Partner of India

The US (Export and Import)

Second Largest

China

Largest Import of India

From China

Largest Export of India

To The US

Export and Import

India's export of services is higher than its import of services

India's export of goods is less than its import of goods

FDI and FII

Ranking of FDI flow to India

1. Singapore
2. US
3. Mauritius

Top States in India receiving FDI

1. Karnataka
2. Maharashtra

India's rank in FDI as per UCTAD World Investment Report

7th

FDI in Defence

**74% Automatic
Route**

**100 Government
Route**

Sectors receiving High FDI in India

**Computer software and
Hardware**

24.6%

**Services Sector (Finance,
Banking, Insurance, R&D)**

12.13%

Automobile Industry

11.89%

Forex Reserves of India

Foreign Currency

Gold

SDR

**Reserve Tranche
in IMF**

Import Cover

12 Months

Exchange Rate of Indian Currency

**Linked British Pound
Sterling till 1948**

**Floating Currency
Regime after 1992**

Official Rate

**IMF Fixed Currency
Regime**

Dual Exchange Rate

Market Rate

Exchange Rate of Indian Currency

**RBI may intervene in Forex market to influence
exchange rate**

Selling and Purchasing of Foreign Currency

**Demand and Supply of
Indian Currency**

**Demand for Goods
and Services
produced in India**

**Selling and Purchasing
of Foreign Currency**

Stable Government

Factors Responsible for Appreciation or Depreciation of Currency

Inflation

Interest Rates

Trade Deficit (Current Account Deficit)

Import and Export

Public Debt

Exchange rate of Hard Currency

Monetary policy of India's major trade partners

Impacts of Appreciation and Depreciation

Import and Export

**Competitiveness of Export
(Increases during Depreciation)**

Capital Flight

**Currency Risk of Foreign
Loan**

**Interest Expenditure on Foreign Loans
Increases**

Trade Balance or Balance of Trade

Export – Import

Surplus

Deficit

Appreciation

**Domestic Currency
gains value in front of
Hard Currency**

Depreciation

**Domestic Currency
loses value in front
of Hard Currency
Currency Crisis:
Sharp Depreciation**

Current Account

- **Export, import, interest payment, private remittances and transfers**
- **Surplus**
- **Deficit**
- **Presently, India has a current account deficit of 4,4 percent of GDP (2022)**

Capital Account

- **Lending and borrowing,**
- **Foreign currency deposits of banks,**
- **external bonds issued by government of India,**
- **FDI, Portfolio Investment Scheme**
- **Qualified Foreign Investments**

Current Account Convertibility

- **100%
Convertibility**
- **After 1991**

Capital Account Convertibility

- **SS Tarapore
Committee 1997
Suggested Full
Convertibility**
- **No 100% at Present**
- **Corporates upto
\$500 million**
- **Individuals up to
\$2.5 Lakh**

Exchange Rate of Indian Currency

**Total Inflow – Total
Outflow**

Surplus or Deficit

**Surplus- Money is
transferred to Reserve**

**Deficit- Money is
withdrawn from Reserve**

**Forex Resave is less
than deficit**

**BoP Crisis
India in 1991**

Extended Fund Facility

IMF

**Loan to overcome BoP
Crisis**

**Structural Reforms are
Mandatory**

India signed in 1981-82

Hard Currency

**Internationally
accepted Currency**

**Pound Sterling till 2nd
WW**

US Dollar at Present

**Problem of International
Liquidity= Non
availability of Hard
Currency**

Soft Currency

**Easily Available in a
Market**

Indian Rupee in India

EXIM Bank

**Leading Export
Financing Institute**

Founded in 1982

Wholly owned by GOI

HQ: Mumbai

**Director: Harsha
Bangari**

Emerging Markets

**Centuries Restructuring Economies to Market
Orientation**

**Big Opportunity for
FDI**

**China, India, Indonesia
and Brazil**

Emerging Markets- Characteristics

**Regional Power
Houses**

Transitional Societies

**Fastest Growing Economies
Critical Participation in International
Organizations like G20**

Third World Countries

Developing Countries

**India, Indonesia and
Brazil**



Public Sector Units in India

Public Sector Enterprises

Maharatna

Navaratna

Miniratna

12 Mahratna Companies

- **1. Bharat Heavy Electricals Limited**
- **2. Coal India Limited**
- **3. Gas Authority of India Limited (GAIL)**
- **4. Indian Oil Corporation Limited**
- **5. National Thermal Power Corporation (NTPC Limited)**
- **6. Oil and natural Gas Corporation (ONGC)**
- **7. Steel Authority of India Limited**
- **8. Bharat Petroleum Corporation Limited (BPCL)**
- **9. Hindustan Petroleum Corporation Limited (HPCL)**
- **10. Power Grid Corporation of India (POWERGRID)**
- **11. Power Finance Corporation**
- **12. Rural Electrification Corporation (REC)**

Navaratna Companies 12 Companies

60/100

**net profit, net worth,
total manpower cost,
total cost of
production, cost of
services,**

**PBDIT (Profit Before
Depreciation, Interest
and Taxes), capital
employed, etc.**

Agriculture in India



Share of Agriculture in GVA

2022-23: 18.3%

2021-22: 19%

1947: 55.4%

Population involved in Agriculture: 48%

Cropping Seasons of India

Kharif

July- October SW Monsoon

Major Crops

Rice, Maize, Sorghum, Pearl Millet (Bajra), Finger Millet (Ragi), Pulses, Soyabean, Ground Nut, Cotton Etc

Rabi

October- March NE Monsoon

Major Crops

Wheat, Barely, Oats, Chickpea, Linseed, Mustard Etc.

Green Revolution

**First in Wheat and
then in Rice**

**HYV of seeds by Norman
Borleng**

Rockefeller Foundation

MS Swaminathan

Components of Green Revolution

**HYV or Seeds
Dwarf Seeds**

**Chemical Fertilizers
Urea, Phosphate, Potash**

**Credit, Storage, Marketing
and Distribution**

Irrigation

**Chemical Pesticides and
Germicides**

**Chemical herbicides and
Weedicides**

PM Krishi Sinchayee Yojana

Motto

Har Khet ko Pani

**Project Cost and
Period**

**₹ 500 billion for 2015-20 (5
Years)**

3 Ministries

**Ministry of Water Resources,
Ministry of Rural Development and
Ministry of Agriculture**

PM Krishi Sinchayee Yojana- 3 Erlier Schemes Amalgamated

**Accelerated Irrigation Benefit Programme of Ministry of
Water Resources, River Development and Ganga
Rejuvenation**

**Integrated Watershed Management Programme
of Department of Land resources**

**On-Farm Water Management of Department of
Agriculture and Cooperation**

PM Fasam Bima Yojana

**Earlier Programmes
Replaced**

National Agricultural Insurance Scheme (NAIS) and modified NAIS

Crops Covered

Food, Oil Seed, Commercial Crops, Horticultural Crops

Premium

2% for Kharif Crops 1.5% for Rabi Crops and 5% for Commercial/Horticultural Crops

**Remaining
Premium**

50% by Centre and States

PM Fasam Bima Yojana

For NE States

Centre 90% and States 10%

Compulsory

For Loanee Farmers

Post Harvest Losses

**For cyclones and
Unseasonal Rains**

White Revolution

Operation Flood

**1966 By National Dairy
Development Board**

**Anand Pattern by
Amul Dairy**

Varghese Kurian

**Largest Dairy Development Programme
in India**

Soil Health Card

**Ministry of Agriculture
and Farmers' Welfare**

**Decide Recommended
Dose of Fertilizer**

12 Nutrients

**Prevent overuse of
Fertilizers**

Soil Health Card- 12 Nutrients

**Potential of Hydrogen (pH)
Electrical Conductivity (EC),
Organic Carbon (OC)**

**Nitrogen (N),
Phosphorus (P),
Potassium (K)**

**Sulphur (S), Zinc (Zn),
Boron (B)**

**Iron (Fe), Manganese
(Mn) and Copper (Cu)**

Agricultural Credit in India

Commercial Banks

18% Priority Sector

Kisan Credit Card

Introduced in 1988

**Implemented by
Commercial Banks,
RRBs, Small Finance
Banks and
Cooperatives.**

**post-harvest expenses,
produce marketing loan,
consumption requirements of
farmer household, working
capital for maintenance of
farm assets and activities
allied to agriculture,
investment credit
requirement for agriculture
and allied activities.**

Interest Subvention Scheme

**Short term Loan up to ₹3
Lakh for 7% Interest**

**2 % Interest Subvention
by Banks**

**Implemented by NABARD
and RBI**

Started in 2006-07

Minimum Support Price

**Market Intervention
Scheme**

**Commission for
Agricultural Costs and
Prices**

23 Commodities

**Declared at the beginning
of Sowing Season**

**Cabinet Committee on
Economic Affairs**

**14 Kharif
6 Rabi
3 Commercial Crops**

Minimum Support Price

Cereals (7)

- **1. Paddy**
- **2. Wheat**
- **3. Barley**
- **4. Jowar**
- **5. Bajra**
- **6. Maize**
- **7. Ragi**

Minimum Support Price

Pulses (5)

- 8. Gram
- 9. Arhar/Tur
- 10. Moong
- 11. Urad
- 12. Lentil

Minimum Support Price

Oilseeds (8)

- **13. Groundnut**
- **14. Rapeseed/Mustard**
- **15. Toria**
- **16. Soyabean**
- **17. Sunflower Seed**
- **18. Sesamum**
- **19. Safflower Seed**
- **20. Niger Seed**

Minimum Support Price

Commercial Crops (3)

- 21. Raw cotton
- 22. Raw jute
- 23. Copra and De-husked coconut
- Sugarcane (Fair and remunerative price).

Fair and Remunerative Price

Sugarcane

**Declared at the beginning
of Sowing Season –**

**Commission for
Agricultural Costs and
Prices**

**Cabinet Committee on
Economic Affairs**

**Sugarcane Control
Order**

Pradhan Mantri Annadata Aay Sanrakshan Abhiyan PM-AASHA

**Umbrella Scheme of 3
Schemes for MSP**

**Price Support Scheme
(PSS)**

**Pilot of Private
Procurement & Stockist
Scheme (PPPS)**

**Price Deficiency
Payment Scheme
(PDPS)**

Price Support Scheme (PSS)

**25% of Marketable
Surplus of Pulses, Oil
Seeds and Copra**

FCI and NAFED

Loss in Borne By GOI

Price Deficiency Payment Scheme (PDPS)

All Oilseeds

**No Physical
Procurement of Crops**

**Deficiency of Price from MSP will be paid to
farmer**

Pilot of Private Procurement & Stockist Scheme (PPPS)

All Oilseeds

**Private Agencies will
procure for MSP**

Agricultural Produce Market Committee Act

Mandis/Yards

**Agricultural products and
Livestock**

**Intermediaries are
Eliminated**

Model APMC Act 2003

Under State Control

**NAM or E-NAM
Pan India Online Market**

Buffer Stock

**Food Reserves of Wheat
and Rice**

FCI

National Food Security Act 2013

**2/3 of Rural and 1/2 of
urban Population**

**Households headed by
Widows and above 60
People**

**5 Kg Food crops for each
Person**

**Priority Households And The
Antyodaya Anna Yojana
Households**

**Ration Card in the neme of
Eldest Woman above 18**

**Midday Meal Scheme,
Integrated Child Development
Services and Public
Distribution System**

National Food Security Act 2013

**₹3 for rice, ₹2 for wheat
and ₹1 for millet/ Kg**

**Pregnant women,
lactating mothers and
certain categories of
children 600Kcal**

**Maternity benefit of not
less than Rs.6000**

**Children of 6-14 years:
Free Nutritious Meals
under the MDM and ICDS
Schemes**

3 Farms Acts of 2020

- **The Farmers' Produce Trade and Commerce (Promotion and Facilitation) Act, 2020,**
- **The Farmers (Empowerment and Protection) Agreement of Price Assurance and Farm Services Act, 2020,**
- **Essential Commodities (Amendment) Act, 2020.**



Economic Reforms

Economic Reforms

**Declining Role of
State and Expanding
Private Sector**

**Planned Economy
Since Independence**

**Protectionist
Economic Policy with
Import Substitution**

**1980s Washington
Consensus**

Economic Reforms

**July 23, 1991 Launched
in India
Rao – Manmohan Model**

Liberalization

Privatization

Globalization

Disinvestment

**Selling Public Sector
Enterprise's Shares**

**Token Disinvestment
Selling up to 49%**

**Strategic
Disinvestment
Selling 51% or more**

8 Core Industries of India

Petroleum & Refinery production	28.04
Electricity generation	19.85
Steel production	17.92
Coal production	10.33
Crude Oil production	8.98
Natural Gas production	6.88
Cement production	5.37
Fertilizers production	2.63

Make in India

Launched in 2014

**Encourage
Multinational
Companies to
manufacture in India**

FDI in 25 Sectors

Make in India

- **1) Automobiles**
- **2) Auto components**
- **3) Aviation**
- **4) Biotechnology**
- **5) Chemicals**
- **6) Construction;**
- **7) Défense manufacturing**
- **8) Electrical machinery**
- **9) Electronic system design and manufacturing**
- **10) Food processing**
- **11) IT and BPM**
- **12) Leather**

Make in India

- **13) Media and entertainment**
- **14) Mining**
- **15) Oil and gas**
- **16) Pharmaceuticals**
- **17) Ports**
- **18) Railways**
- **19) Renewable energy**
- **20) Roads and highways**
- **21) Space**
- **22) Textiles**
- **23) Thermal power**
- **24) Tourism & Hospitality**
- **25) Wellness**



Economic Reforms

**July 23, 1991 Launched
in India
Rao – Manmohan Model**

Liberalization

Privatization

Globalization

Key Policies to be Followed

**Ease of Doing
Business**

100 Smart Cities

**Disinvestment of
PSUs**

**Skills and jobs for
youth**

Four Pillars of Make in India

New Process

New Infrastructure

New Sectors

New Mindset

Start up India

2016

**Bank Financing for
Start ups**

Start up India Hub

Stand up India

**SC, ST and Women
Enterpruners**

**Loan between 10
Lakh to 1 Crore**

SIDBI

Economic Revolution

Green Revolution

Agriculture

White Revolution

Dairy Development

Brown Revolution

Leather and coco

Black Revolution

Crude Oil

Economic Revolution

Grey Revolution

Agriculture

Pink Revolution

Onion and Prawn

Red Revolution

Meat and Tomato

Round Revolution

Potato

Economic Revolution

Yellow Revolution

Oilseeds

Silver Revolution

Egg

Poverty Estimation Committees

**Dadabai Naoroji
Committee**

Poverty Line

**YK Alagh
Committee 1979**

**2400 Calorie in Rural Area
and 2100 Calories in Rural**

**Lakadwala
Committee**

Same Consumption Method

**Suresh Tendulkar
Committee**

**Cost of Living (22% poor)
₹27 per capita in Rural Area
and ₹ 33 in Urban Area**

Poverty Estimation Committees

**C Rangarajan Panel
2011**

**30% Poor. ₹32 Rural and
₹47 Urban**

**Aravind Pangariya
Task Force 2015**

**NITI Aayog
No Conclusion**

Poverty Estimation Committees

**Raja Chelliah
Committee**

Tax Reforms

**Vijay Kelkar
Committee**

Tax Reforms

**Sukmoy Charavarty
Committee**

Monetary Policy

**Bk Chaturvedi
Committee**

**Restricting Centrally
Sponsored Schemes**

Planning in India



The Visvesvaraya Plan

**First to Propose
Plan**

**Civil Engineer and
Ex- Dewan of Mysore**

**The Planned Economy of India, Published in
1934.**

The Congress Plan

**INC President Netaji
Bose**

**National Planning
Commission in 1938**

Jawaharlal Nehru

**15 Member
29 Sub Committee**

Six major objectives of planning in India

- **Economic Growth.**
- **Poverty Alleviation.**
- **Employment Generations.**
- **Controlling Economic Inequality.**
- **Self-reliance.**
- **Modernisation.**

Planning Commission of India

**Status and Year of
Establishment**

**Executive Body
March 1950**

Chair

Prime Minister

Deputy Chair

Equal to Cabinet Minister

**Ex- Officio
Members**

6 Cabinet Ministers

Planning Commission of India

**Education
Qualification**

No

HQ

Yojana Bhavan New Delhi

First Deputy Chair

Gulzarilal Nanda

Last Deputy Chair

Montak Singh Ahluwalia

National Development Council

**Status and Year of
Establishment**

**Executive Body
August 1952**

Chair

Prime Minister

Composition

**Union Ministers, CMs and
Members of PC**

Function

**Approve the Plans and Mid-
term Review**

5 Year Plans

First Plan (1951-56)

**Agriculture, PSUs
Harrod- Domar Model**

**Second Plan
(1956-61)**

**Heavy Industries and Capital
Goods (Mahalanobis)**

Third Plan (1961-66)

Two wars and Famine

**Plan Holiday
(1966-69)**

Due to Financial Crisis

5 Year Plans

**Fourth Plan
(1969-74)**

**Gadgil Strategy
Green Revolution
Drought and War with Pakistan**

**Fifth Plan
(1974-79)**

**Minimum Needs Programme
Monetary Policy to RBI
Emergency and Change of Govt**

Rolling Plan

One Year (1979-80)

Sixth Plan (1980-85)

**Garibi Hatao
Improve Standard of Living
Calorie based Poverty**

5 Year Plans

**Fourth Plan
(1969-74)**

**Gadgil Strategy
Green Revolution
Drought and War with Pakistan**

**Fifth Plan
(1974-79)**

**Minimum Needs Programme
Monetary Policy to RBI
Emergency and Change of Govt**

Rolling Plan

One Year (1979-80)

Sixth Plan (1980-85)

**Garibi Hatao
Improve Standard of Living
Calorie based Poverty**

5 Year Plans

Seventh Plan (1985-90)

**Growth, modernisation, self-reliance and social justice
Heavy foreign loans**

Eighth Plan (1992-97)

**After Reforms, More Investment in
Infrastructure, Cooperative
Federalism**

Ninth Plan (1997-2002)

**East Asian Financial Crisis
Growth with Social Justice and Equity
Basic Minimum Services (BMS)**

Tenth Plan (2002-07)

**Double Per capita income in 10
years, improving the quality of life,
National Horticultural Mission**

5 Year Plans

Eleventh Plan (2007-12)

**10% GDP, 10% Rural Tele density by
2010, FRBM Act , Tendulkar
Committee on Poverty, Agriculture**

Twelfth Plan (2012-2017)

**4% Agricultural Growth,
Faster, sustainable and more
inclusive growth**

20 Point Programme 1975

**Coordination of Different Schemes,
Poverty alleviation, employment
generation in rural areas,**

20 Point Programme 1975

**housing, education, family welfare
and health, protection of
environment**

MPLAD

5 Crore per Year

**Cooperative
Societies are eligible**

**Funds can be used outside
constituency and state**

**₹75 Lakh for Societies
working for tribes**

Calamities

One MP One Idea

MPLAD

Swachh Bharat Abhiyan,

**conservation of water through
rain water harvesting**

SC and ST Population

**Accessible India Campaign
(Sugamya Bharat Abhiyan),**

**Sansad Aadarsh
Gram Yojana**

**Carry Forward of
Funds**

10% Inspection

Multi Level Planning

Central

State

District Level

Block Level

WTO AND GATT



General Agreement on Tariffs and Trade (GATT)

Year of Forming

1947 with 23 Members

HQ

Geneva, Switzerland

8 Rounds

First: Geneva Last: Uruguay

Uruguay

**Discontinued GATT and
Formed WTO**

World Trade Organization (WTO)

Year of Forming

1995, Dunkel Draft and Marrakesh Treaty

HQ

Geneva, Switzerland

GATT and WTO

**GATT is a Agreement
WTO is an Organization**

Members

164

World Trade Organization (WTO)

**Last Member to
Join**

Afghanistan

Director General

**Ngozi Okonjo-Iweala (First
African Woman)**

GATT and WTO

**GATT is a Agreement
WTO is an Organization**

Members

164

Structure of WTO

**Ministerial
Conference**

**12th MC was held in
Geneva in 2022**

**First Ministerial Conference:
Singapore 1996**

General Council

Agreement on Agriculture

Domestic Support

**Green, Amber and Blue
Box Subsidies**

Export Subsidy

Market Access

Trade Related Aspects of Intellectual Property Rights (TRIPS)

Patent (20 Years)

Copy Right

Trademark

National Intellectual Property Rights Policy 2016

**“Creative India;
Innovative India”.**

**Department of Industrial
Policy & Promotion (DIPP),**

**Ministry of
Commerce**

Geographical Indication

Goods from Regions

**Institution, Community
or Group**

10 Years

**Agricultural, Natural Or
Manufactured Good**

**GI Registration and
Protection Act 1999**

**Agricultural, Natural Or
Manufactured Good**

General Agreement on Trade in Services (GATS)

1995

GATT had no Services

MFN Status

**No discrimination in
Trade**

Trade Related Investment Measures (TRIMS)

**Prohibits investment
restricting measures**

**Does not Cover FDI and
FII**

Doha Round

2001

4th Ministerial Meet

**Doha Development
Round**

Most Favoured Nation

Same Tariff Policy

For all Countries

Countervailing Duties

**Special Duty on
Imports**

**From those countries
giving subsidies to
exporters**



WORLD BANK



Bretton Woods Institution.

Bretton Woods Institutions

**UN Monetary and Finance
Conference 1944**

IMF

**Foster monetary
stability**

IBRD

**Speed up Post war
reconstruction**

IMF

1944

Formed

190

Number of Members

Andorra

Last member to join in 2020

Washington

Headquarter

IMF

**Kristalina
Georgieva**

Present Managing Director

24 Directors

To Assist MD

**Krishnamurthy
Subramanian**

**Indian Director since August 2022
(India, Bangladesh, Sri Lanka and
Bhutan)**

**Indian Governor
and Alternate Gov**

**Finance Minister and RBI
Governor**

Functions of IMF

**International
Monetary Cooperation**

Exchange Rate Stability

BoP Crisis

Lends Only to Members

**Does not lend to
Specific Projects**

**World Economic
Outlook**

**Global Financial
Stability Report**

Functions of IMF

**Special Drawing
Rights**

Reserve Tranche

Credit Tranche

**Rapid Financing
Instrument**

**Stand-By
Arrangement (SBA)**

**Standby Credit Facility
(SCF)**

**Extended Fund
Facility (EFF)**

**Extended Credit
Facility (ECF)**

Functions of IMF

Rapid Credit Facility

Flexible Credit Line

**Short-term Liquidity
Line**

**Precautionary and
Liquidity Line (PLL)**

**Resilience and
Sustainability Facility**

World Bank

1945

Formed

David Malpass

President

American

**Conventionally Comes as
President**

Washington

Headquarter

World Bank

World Development Report

Global Infrastructure Facility

**Bio Carbon Initiative for Sustainable Forest
Landscape**

**Ease of Doing Business Index and Global
Economic Prospects Report**

World Bank Group (5)

IBRD

1945, Poverty Eradication

IDA

**1960, Long term soft Loan for
Zero interest**

IFC

**1956, Private Lending,
Masala Bond**

MIGA

**1956, Private Lending,
Masala Bond**

ICSID

1966, Arbitration

Consider the following statements: (2018)

- 1. Human capital formation as a concept is better explained in terms of a process which enables Individuals of a country to accumulate more capital**
- 2. Increasing the knowledge, skill levels and capacities of the people of the country**
- 3. Accumulation of tangible wealth**
- 4. Accumulation of intangible wealth**

Which of the statements given above is/are correct?

- a) 1 and 2**
- b) 2 only**
- c) 2 and 4**
- d) 1, 3 and 4**

Despite being a high saving economy, capital formation may not result in significant increase in output due to (2018)

a) Weak administrative machinery

b) Illiteracy

c) High population density

d) High capital-output ratio

In the context of any country, which one of the following would be considered as part of its social capital? (2019)

- a) The proportion of literates in the population**
- b) The stock of its buildings, other infrastructure and machines**
- c) The size of population in the working age group**
- d) The level of mutual trust and harmony in the society**

One common agreement between Gandhism and Marxism is (2020)

- (a) The final goal of a stateless society**
- (b) Class struggle**
- (c) Abolition of private property**
- (d) Economic determinism**

**Which of the following activities constitute real sector in the economy?
(2022)**

- 1. Farmers harvesting their crops**
- 2. Textile mills converting raw cotton into fabrics**
- 3. A commercial bank lending money to a trading company**
- 4. A corporate body issuing Rupee Denominated Bonds overseas**

Select the correct answer using the code given below:

- (a) 1 and 2 only**
- (b) 2, 3 and 4 only**
- (c) 1, 3 and 4 only**
- (d) 1, 2, 3 and 4**

The lowering of Bank Rate by the Reserve Bank of India leads to (2011)

- a) More liquidity in the market**
- b) Less liquidity in the market**
- c) No change in the liquidity in the market**
- d) Mobilization of more deposits by commercial banks**

The Reserve Bank of India (RBI) acts as a bankers' bank. This would imply which of the following? (2012)

- 1. Other banks retain their deposits with the RBI.**
- 2. The RBI lends funds to the commercial banks in times of need.**
- 3. The RBI advises the commercial banks on monetary matters.**

Select the correct answer using the codes given below:

- a) 2 and 3 only**
- b) 1 and 2 only**
- c) 1 and 3 only**
- d) 1, 2 and 3**

1) Which of the following measures would result in an increase in the money supply in the economy? (2012)

- 1. Purchase of government securities from the public by the Central Bank.**
- 2. Deposit of currency in commercial banks by the public.**
- 3. Borrowing by the government from the Central Bank.**
- 4. Sale of government securities to the public by the Central Bank.**

Select the correct answer using the codes given below:

- a) 1 only**
- b) 2 and 4 only**
- c) 1 and 3**
- d) 2, 3 and 4**

The Reserve Bank of India regulates the commercial banks in matters of (2013)

- 1. Liquidity of assets**
- 2. Branch of expansion**
- 3. Merger of banks**
- 4. Winding up of banks**

Select the correct answer using the codes given below:

- a) 1 and 4 only**
- b) 2, 3 and 4 only**
- c) 1, 2 and 3 only**
- d) 1, 2, 3 and 4**

An increase in the bank rate generally indicates that the (2013)

- a) Market rate of interest is likely to fall**
- b) Central bank is no longer making loans to commercial banks**
- c) Central bank is following an easy money policy**
- d) Central bank is following a tight money policy**

In the context of Indian economy, 'Open Market Operations' refers to (2013)

- a) Borrowing by scheduled banks from the RBI**
- b) Lending by commercial banks to industry and trade**
- c) Purchase and sale of government securities by the RBI**
- d) None of the above**

Supply of money remaining the same when there is an increase in demand for money, there will be (2013)

- a) A fall in the level of prices**
- b) An increase in the rate of interest**
- c) A decrease in the rate of interest**
- d) An increase in the level of income and employment**

In the context of Indian economy, which of the following is/are the purpose/purposes of ‘Statutory Reserve Requirements? (2014)

- 1. To enable the Central Bank to control the amount of advances the banks can create**
- 2. To make the people’s deposits with banks safe and liquid**
- 3. To prevent the commercial banks from making excessive profits**
- 4. To force the banks to have sufficient vault cash to meet their day-to-day requirements.**

Select the correct answer using the codes given below:

- a) 1 only**
- b) 1 and 2 only**
- c) 2 and 3 only**
- d) 1, 2, 3 and 4**

If the interest rate is decreased in an economy, it will (2014)

a) Decrease the consumption expenditure in the economy

b) Increase the tax collection of the Government

c) Increase the investment expenditure in the economy

d) Increase the total savings in the economy

When the Reserve Bank of India reduces the Statutory Liquidity Ratio by 50 basis points, which of the following is likely to happen? (2015)

- a) India's GDP growth rate increases drastically**
- b) Foreign institutional investors may bring more capital into our country.**
- c) Scheduled Commercial Banks may cut their lending rates**
- d) It may drastically reduce the liquidity to the banking system**

Which of the following statements is/are correct regarding the Monetary Policy Committee (MPC)? (2017)

- 1. It decides the RBI's benchmark interest rates.**
- 2. It is a 12-member body including the Governor of RBI and is reconstituted every year.**
- 3. It functions under the chairmanship of the Union Finance Minister.**

Select the correct answer using the code given below:

- a) 1 only**
- b) 1 and 2 only**
- c) 3 only**
- d) 2 and 3 only**

With reference to Indian economy, consider the following: (2015)

- 1. Bank rate**
- 2. Open market operations**
- 3. Public debt**
- 4. Public revenue**

Which one of the above is/are component/components of Monetary policy?

- a) 1 only**
- b) 2, 3 and 4**
- c) 1 and 2**
- d) 1, 3 and 4**

Which one of the following statements correctly describes the meaning of legal tender money? (2018)

- a)The money which is tendered in courts of law to defray the fee of legal cases.**
- b)The money which a creditor is under compulsion to accept in settlement of his claims.**
- c)The bank money in the form of cheques, drafts, bills of exchange, etc.**
- d)The metallic money in circulation in a country**

Which one of the following is NOT the most likely measure the Government/RBI takes to stop the slide of Indian rupee? (2019)

- a)Curbing imports of non-essential goods and promoting exports**
- b)Encouraging Indian borrowers to issue rupee denominated Masala Bonds**
- c)Easing conditions relating to external commercial borrowing**
- d)Following an expansionary monetary policy**

Consider the following statements: (2019)

The Reserve Bank of India's recent directives relating to 'Storage of Payment System Data', popularly known as data diktat, command the payment system providers that

- 1. They shall ensure that entire data relating to payment systems operated by them are stored in a system only in India**
- 2. They shall ensure that the systems are owned and operated by public sector enterprises**
- 3. They shall submit the consolidated system audit report to the CAG of India by the end of the calendar year**

Which of the statements given above is/are correct?

- a) 1 only**
- b) 1 and 2 only**
- c) 3 only**
- d) 1, 2 and 3**

If you withdraw Rs. 1,00,000 in cash from your Demand Deposit Account at your bank, the immediate effect on aggregate money supply in the economy will be (2020)

- (a) to reduce it by Rs. 1,00,000**
- (b) to increase it by Rs. 1,00,000**
- (c) to increase it by more than Rs. 1,00,000**
- (d) to leave it unchanged**

If the RBI decides to adopt an expansionist monetary policy, which of the following would it not do? (2020)

- 1. Cut and optimize the Statutory Liquidity Ratio**
- 2. Increase the Marginal Standing Facility Rate**
- 3. Cut the Bank Rate and Repo Rate**

Select the correct answer using the code given below:

- (a) 1 and 2 only**
- (b) 2 only**
- (c) 1 and 3 only**
- (d) 1, 2 and 3**

In India, the central bank's function as the 'lender of last resort' usually refers to which of the following? (2021)

- 1. Lending to trade and industry bodies when they fail to borrow from other sources**
- 2. Providing liquidity to the banks having a temporary crisis**
- 3. Lending to governments to finance budgetary deficits**

Select the correct answer using the code given below.

- (a) 1 and 2**
- (b) 2 only**
- (c) 2 and 3**
- (d) 3 only**

With reference to the Indian economy, consider the following statements: (2022)

- 1. If the inflation is too high, Reserve Bank of India (RBI) is likely to buy government securities.**
- 2. If the rupee is rapidly depreciating, RBI is likely to sell dollars in the market.**
- 3. If interest rates in the USA or European Union were to fall, that is likely to induce RBI to buy dollars.**

Which of the statements given above are correct?

- (a) 1 and 2 only**
- (b) 2 and 3 only**
- (c) 1 and 3 only**
- (d) 1, 2 and 3**

In India, which one of the following is responsible for maintaining price stability by controlling inflation (2022) ?

- (a) Department of Consumer Affairs**
- (b) Expenditure Management Commission**
- (c) Financial Stability and Development Council**
- (d) Reserve Bank of India**

Microfinance is the provision of financial services to people of low-income groups. This includes both the consumers and the self-employed. The service/services rendered under microfinance is/are: (2011)

- 1. Credit facilities**
- 2. Savings facilities**
- 3. Insurance facilities**
- 4. Fund Transfer facilities**

Select the correct answer using the codes given below the lists:

- a) 1 only**
- b) 1 and 4 only**
- c) 2 and 3 only**
- d) 1, 2, 3 and 4**

Why is the offering of “teaser loans” by commercial banks a cause of economic concern? (2011)

- 1. The teaser loans are considered to be an aspect of sub-prime lending and banks may be exposed to the risk of defaulters in future.**
- 2. In India, the teaser loans are mostly given to inexperienced entrepreneurs to set up manufacturing or export units.**

Which of the statements given above is/are correct?

- a) 1 only**
- b) 2 only**
- c) Both 1 and 2**
- d) Neither 1 nor 2**

1) Which of the following can be said to be essentially the parts of 'Inclusive Governance'? (2012)

- 1. Permitting the Non-Banking Financial Companies to do banking**
- 2. Establishing effective District Planning Committees in all the districts**
- 3. Increasing the government spending on public health**
- 4. Strengthening the Mid-day Meal Scheme**

Select the correct answer using the codes given below:

- a) 1 and 2 only**
- b) 3 and 4 only**
- c) 2, 3 and 4 only**
- d) 1, 2, 3 and 4**

The basic aim of Lead Bank Scheme is that (2012)

- a) Big banks should try to open offices in each district**
- b) There should be stiff competition among the various nationalized banks**
- c) Individual banks should adopt particular districts for intensive development**
- d) All the banks should make intensive efforts to mobilize deposits**

1) Consider the following liquid assets: (2013)

- 1. Demand deposits with the banks**
- 2. Time deposits with the banks**
- 3. Savings deposits with the banks**
- 4. Currency**

The correct sequence of these assets in the decreasing order of liquidity is

- a) 1-4-3-2**
- b) 4-3-2-1**
- c) 2-3-1-4**
- d) 4-1-3-2**

1) Priority sector lending by banks in India constitutes the lending to (2013)

a) Agriculture

b) Micro and small enterprises

c) Weaker sections

d) All of the above

1) Which of the following grants/grant direct credit assistance to rural household? (2013)

1. Regional Rural Banks

2. National Bank for Agriculture and Rural Development

3. Land Development Banks

Select the correct answer using the codes given below:

a) 1 and 2 only

b) 2 only

c) 1 and 3 only

d) 1, 2 and 3

1) The terms ‘Marginal Standing Facility Rate’ and ‘Net Demand and Time Liabilities;’ sometimes appearing in news, are used in relation to (2014)

a) Banking operations

b) Communication networking

c) Military strategies

d) Supply and demand of agricultural products

1) What is/are the facility/facilities the beneficiaries can get from the services of Business Correspondent (Bank Saathi) in branchless area? (2014)

- 1. It enables the beneficiaries to draw their subsidies and social security benefits in their villages.**
- 2. It enables the beneficiaries in the rural areas to make deposits and withdrawals.**

Select the correct answer using the code given below:

- a) 1 only**
- b) 2 only**
- c) Both 1 and 2**
- d) Neither 1 nor 2**

Pradhan Mantri Jan-Dhan Yojana' has been launched for (2015)

- a) Providing housing loan to poor people at cheaper interest rates**
- b) Promoting women's Self-help Groups in backward areas**
- c) Promoting financial inclusion in the country**
- d) Providing financial help to the marginalized communities**

- 1) ‘Basel III Accord’ or simply ‘Basel III’, often seen in the news, seeks to (2015)**
 - a) Develop national strategies for the conservation and sustainable use of biological diversity**
 - b) Improve banking sector’s ability to deal with financial and economic stress and improve risk management**
 - c) Reduce the greenhouse gas emissions but places a heavier burden on developed countries**
 - d) Transfer technology from developed countries to poor countries to enable them to replace the use of chlorofluorocarbons in refrigeration with harmless chemicals**

1) Pradhan Mantri MUDRA Yojana is aimed at (2016)

- a) Bringing the small entrepreneurs into formal financial system**
- b) Providing loans to poor farmers for cultivating particular crops**
- c) Providing pensions to old and destitute persons**
- d) Funding the voluntary organization involved in the promotion of skill development and employment generation**

The establishment of 'Payment Banks' is being allowed in India to promote financial inclusion. Which of the following statements is/are correct in this context? (2016)

- 1. Mobile telephone companies and supermarket chains that are owned and controlled, by residents are eligible to be promoters of Payment Banks.**
- 2. Payment Banks can issue both credit cards and debit cards.**
- 3. Payment Banks cannot undertake lending activities.**

Select the correct answer using the code given below:

- a) 1 and 2 only**
- b) 1 and 3 only**
- c) 2 only**
- d) 1, 2 and 3**