

# ECONOMICS

## Currency System & Banking System

1. First gold coins introduced during the region of the Guptas in 390-550A.D.
2. Rupee was first invented by Sher Shah Suri in 1542 A.D.
3. Price of silver fall in world market – 1873.
4. Paper currency was introduced by British Govt. in 1882.
5. Rupee became the independent currency in 1935.
6. India became the member of IMF in 1947.

## Stock Exchanges and their Index:

1. BSE ( Bombay Stock Exchange) - **SENSEX** ( Sensitive Index)
  - BSE is oldest stock exchange in Asia located at Dalai Street in Mumbai
  - Sensex Consists of **30** companies
2. NSE (National Stock Exchange) - **Nifty-50**
  - NSE is the largest stock exchange in India
  - Nifty consists of **50** companies
3. NYSE ( Newyork Stock Exchange) - **DJ** ( Dow Jones)
  - NYSE world's first and largest stock market
4. NASDAQ ( National association of securities dealers Automated Quotation System)- **NASD-100**
  - NASDAQ is the first electronic stock market in the world located in New York.
5. Tokyo Stock Exchange ( Japan) - **Nikkei-225**
6. Korea Stock Exchange( Seoul, South korea) – **Kospi**
7. Shenghai Stock Exchange( China)- **Composite Index**
8. Shenzen Stock Exchange( China)- **Composite Index**
9. German Stock Exchange- **DAX**( Deutscher Aktein Index)
10. Hong Kong Stock Exchange- **Hang Seng**
11. SGX(Singapore Exchange)- **STI**( Straits Times Index)
12. LSE( London Stock exchange) or UK stock exchange-**Footsie or FTSE-100** ( Financial Times and London Stock Exchange)
13. France Stock Exchange - **CAC-40** ( Cotation Assisteen Continuo)

# RBI

- ❖ RBI was established on 1<sup>st</sup> April 1935, on 1934 RBI regulation act on the basis of Hilton Young Commission (1926).
  - ❖ It was nationalized on 1<sup>st</sup> January 1949.
  - ❖ Central Board established 14 directors besides the Governor and 4 deputies Governor. Total 20 members.
  - ❖ First Governor Sir Obsborn Arkall Smith (1935-37).
  - ❖ First Indian Governor C.D.Deshmukh (1943-49).
  - ❖ No personal accounts are maintained on RBI.
  - ❖ It was established under RBI Act 1934, with a capital of 5crore. It was from equity share of Rs100. Each member 5lakhs.
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- ❖ First Nationalization of 14 Banks on 19<sup>th</sup> July 1969. The first nationalization of 14 Banks are:
    1. Bank of India
    2. Union Bank of India
    3. Bank of Baroda
    4. Bank of Maharastra
    5. Punjab National Bank
    6. Indian Bank
    7. Indian Overseas Bank
    8. Central Bank of India
    9. Canada Bank
    10. Syndicate Bank
    11. United Bank of India
    12. United Commercial Bank
    13. Allahabad Bank
    14. Dena Bank
- 
- ❖ Second nationalization of 6 Banks on 15<sup>th</sup> April 1980.
    1. Andhra Bank
    2. Punjab and Sind Bank
    3. Corporation Bank
    4. Vijaya Bank
    5. New Bank of India
    6. Oriental Bank of Commerce
- 
- ❖ In 1993 New Bank of India was merged with the PNB.
  - ❖ The former name of State Bank of India was Imperial Bank of India which was set up 1921. SBI was set up 1955 by amalgamation of 3 banks - Bank of Bengal, Bank of Bombay and Bank of Madras.
  - ❖ Rs 1000 note: a) it was abolished on 1978. b) it was reopened on 9<sup>th</sup> October 2000.

## Printing of Security and Minting in India

1. Indian Security Press: Nasik Road, Nasik, Maharastra.
2. Security Printing Press: Hyderabad , in 1982.
3. Currency Notes Press: Nasik, in 1991,(1,2,5,10,50,100).
4. Modernized Currency Notes : Mysore , Salboni (w.b)

5. Security Paper --	Hosangabad (1967-68)
6. Coin Mention-	Mumbai, Kolkata, Hyderabad, Noida
7. Bank Notes Press-	Dewas (20, 50, 100, 500 )

- ❖ On 6<sup>th</sup> July 2005 Reserve Bank of India has constituted a new department named Financial Market Department.
- ❖ All the commercial public sector banks were directed by RBI to attain 9% Capital Adequacy Ratio by 31<sup>st</sup> March 2000. SBI already achieved 1996 (11.6%).

### Foreign Banks Operating in India

1. Standard Chartered Bank – U. K
2. HSBC – Hong Kong
3. Bank of Nova Scotia – Canada
4. Sonali Bank – Bangladesh
5. City Bank – USA (first ATM introduced in the world)

### Stock Exchange

1. Mumbai – DOLEZ, SENSEX, Sand Penx, NIFTY FIFTY.
2. New York – Dow JONES
3. Tokyo – NIKKEI, TOPIX
4. Norway – OSE
5. Pakistan - KSE
6. Frankfurt – MID DAX( first stock exchange in the world)
7. Hong Kong – HANG SENA
8. Singapore – SIMEX, STRAITS TIMES
9. Palestine - AL QUDS
10. Brazil – IBOUESPA, IBRX

- ❖ In India there are 30 stock exchanges.

### Different Banks of India

1. Imperial bank of India - 1921
2. Industrial Finance Corporation India - 1948
3. SBI – 1955(1st July)
4. UTI - 1<sup>st</sup> Feb 1964.
5. UTI1 & UTI2 – Feb 2003
6. NABARD -12July 1982
7. IDBI – July 1964
8. IRBI - 20<sup>th</sup> March 1985

9. SIDBI - 1990
10. EXIM – Jan 1st 1982
11. National Housing Bank – Oct 2<sup>nd</sup> 1975
12. IFCI - 1971
13. HDFC - 1977
14. Infrastructure Leasing and Financial service - 1988
15. ICICI Bank – 1995 (ICICI -1955)
16. GIC Mutual Fund – 1990
17. Import Export – 1982

### Commercial Banks

At present 26 commercial banks in public sector are working in the country. Out of these 26 banks 19 nationalized banks (earlier no was 20 but New Bank of India was merged with PNB). 6 bank in SBI group and 1 IDBI group.

Commercial Banking system in India consisted of 218 scheduled banks and 1 non scheduled bank. Out of these 161 are public sectors.

- ❖ State Bank of India is the largest public sector bank.
- ❖ UTI – on 30<sup>th</sup> July 2007 merged with AXIS Bank.

### Committee and their purpose

Committee	Year	Agenda
Chakraborty committee	1985	Review of working Monetary system
Abid Hussain committee	1987	Stock exchange
Ghosh committee	1991	Bank fraud
J. V. Shetty committee	1993	Lending
Sundaram committee	1993	Structure of Export credit

Goswami committee	1993	Industrial sickness
Narashinga committee	1991	Examine all the financial system
Malhotra committee		Insurance sector
A . Mehata committee		Integrated rural development programme
Jilani committee		Loan system
Khusru committee	1986	Agriculture credit
Narasinhan committee II	1998	Reducing of CLR and SLR, Banking sector.
Vagal committee	1987	On UTI
Verma committee	1919	Weak public sector Bank revival
Kelkar committee	2002	Indirect tax
Nayak committee	1991	Credit to small scale industry
Nadkarni committee	1992	Public sector and Mutual Fund
Mahalanabis committee		National income
R.K.Raghaban committee		Ragging

- ❖ Hindustan Bank established in 1770 by Alexander and company in Calcutta under European Management.
- ❖ Presidency Bank of Bombay established in 1840, Bengal 1806, Madras 1843.
- ❖ The present system of note issue is known as minimum reserve system.
- ❖ Total number of commercial bank 33000 above.
- ❖ Public sector bank holding 75% assets. Private

sector bank holding 18% assets. Foreign Bank holding 6.5% assets.

- ❖ **Bank Rate** – It is the rate at which the RBI gives loan to other commercial bank. It is known as discount rate.
- ❖ **Repo Rate** – Reserve Bank gives loan to other bank. It is called Repo Rate. (short term).
- ❖ **Reverse Repo** – Other commercial banks gives loan to Reserve Bank.
- ❖ Dollar is an example of Hard Currency.
- ❖ India got BIS membership on 1996.
- ❖ NABARD was established on the recommendation of Shibaraman Committee. ARDC renamed NABARD. ARDC was set up in 1963.
- ❖ Rural Bank was established on the recommendation of Bhandary Committee. Initially 5 rural banks were established on 2-10-1975. 1<sup>st</sup> rural bank in W.B was established at Malda.
- ❖ IDBI is an apex institution.
- ❖ IFCI, IDBI, IIBI under the capital market of India.
- ❖ M. Narashima Committee submitted its report in 1998 but appointed on 1991.
- ❖ SIDBI was established as the whole subsidiary of IDBI.
- ❖ Plastic Money – Debit Card, Credit Card.

### ❖ Green Revolutions

Dr. William Gande termed it Green Revolution

1. It was 1<sup>st</sup> time – 1966-67

2. 2<sup>nd</sup> time – 1983-84
3. The father of Green Revolution is Dr. Norman Borlaug
4. In India the father of Green Revolution is M. S. Swaminathan.

- Yellow Revolution – Oil Seeds
- White Revolution – Milk
- Blue Revolution – Fish
- Pink Revolution – Shrimp
- Brown Revolution – Measly
- Red Revolution – Meat / Tomato
- Golden Revolution – Fruits / Apple
- Grey Revolution – Fertilizers
- Silver Revolution – Eggs
- Round Revolution – Potato

- ❖ Development of sugar industry – Mahajan Committee
- ❖ National Seed Policy – Abhijit Sen Committee
- ❖ Raj Committee related to Agricultural Tax
- ❖ Operating Barga Act was passed on 1977.
- ❖ National Seed Corporation set up – 1963.

#### ❖ **Important Information**

- In a capitalist economy, the price of a commodity is determined by the – Market Mechanism.
- Economy is a social science formulated by – A. Marshal.
- Father of Modern Economics – J. M. Keynes.
- India opted for mixed economy in – 1948 Industrial Policy.
- Indian economic is a – Mixed + Developing + Dualistic.
- HDI lies – 0-1.
- The Human Development Index was first prepared by – UNDP.
- Per Capita Income stands for – 
$$\frac{\text{National Income}}{\text{Size of Population}}$$
- National income in Indian economy is estimated by – CSO.
- GDP = GNP - Net Foreign Income.
- GNP = Market Price – Indirect taxes + subsidies.
- India got BIS membership on 1996.
- CRR lies in between - 3% to 15%.
- SLR lies in between – 15% to 38%.
- M1 = Narrow Money.
- M3 = Broad Money.
- RBI created Financial Market Department for supervening on financial market on – 2005.
- GIC Mutual Fund – 1990.
- The concept of fiscal deficit was introduced on – S. Chakraborty Committee.
- Zero Based Budgeting was adopted – 1987.
- The external assistance the maximum amount comes from loan.
- Panchayatiraj depends – Govt. Finances.

- The head quarter of IRDB – Washington (D.C).
- In the last decade the population growth of our country was 21.34%, but in this decade targeted 16.20%, but now 1.9% per year.
- “A country is poor because it is poor” – Ragner Nurkse.
- N. S. S. C was established – 1950.
- Calcutta Stock Exchange was established – 1908.
- Bombay Stock Exchange was established – 1875.
- National Stock Exchange was established – 1992.
- In W.B maximum land ceiling- 31Bigha.
- RIDF – 1995-96.
- Kisan Credit Card Scheme – 1998-99.
- 1<sup>st</sup> National Agricultural Policy was introduced – 28<sup>th</sup> July 2000.
- In India average land holding of the citizens is 1.6 hector. (Rajasthan – Highest, Kerala – Lowest).
- 57Bigha non irrigated land in W.B.

#### ❖ Indian Fiscal System

- **Surplus Budget:** if the receipts of Govt. are more than its expenditure, it is called surplus budget.
- **Balance Budget:** A budget where revenue equals the expenditure.
- **Deficit Budget:** it occurs when the overall expenditure of the Govt. exceeds the overall receipts.
  
- **Types of Deficit**
  - **Budget deficit** = Total Expenditure – Total Receipts.
  - **Revenue deficit** = Revenue Expenditure – Revenue Receipts.
  - **Fiscal deficit** = Budget deficit + Borrowing and other liabilities.
  - **Primary deficit** = Fiscal deficit – Interest payment.
  - **Interim deficit** = When an election ends, the budget would be end.

#### ❖ Tax System

- **Direct Tax:**
  - Income Tax
  - Corporation Tax
  - Wealth Tax
  - Gift Tax
  - Estate Duty
  - Land Revenue
  - Interest Tax
  
- **Indirect Tax:**
  - Goods & Services Tax
  
- **Income Tax:**
  - ✓ Except agricultural income, all kinds of income tax is levied by Indian Govt.
  - ✓ Agricultural income tax is levied by state Govt.
  - ✓ According to Income Tax Act 1961, individual agricultural income is tax free income in our

country.

- ✓ In India the concept of income tax developed at 1860-61. On that time it was known as License Tax.
- ✓ The Wanchoo Committee deals with Income Tax.

➤ **Corporation Tax:**

- ✓ It is the subject of Union Govt.
- ✓ In India corporation tax is introduced in 1955.
- ✓ At present corporate tax is 30% at (10-11).
- ✓ MAT (Minimum Alternative Tax), collected by Union Govt.
- ✓ It is the alternative Minimum tax of corporation tax which was first time introduced in India in 1995-96 budgets. At present MAT rate is 18% (2011).

➤ **Sales Tax:**

- ✓ It is imposed on sale of News Paper, Magazines and advertisement.
- ✓ At present CST is 0% (2010-11).
- ✓ Except this (CST) all kinds of sales tax is levied by state Govt.

➤ **Custom Duties:**

- ✓ Reduction in the general of tariffs on reduction in the dispersion rates.
- ✓ Custom Duties is the subject of Union Govt.

➤ **Excise Duties:**

- ✓ The Govt. has accepted almost all the recommendations of Chelliah Committee.

➤ **VAT:**

- ✓ It was introduced on the recommendation of L. K. Jha committee.
- ✓ VAT first introduced in France on the year 1954
- ✓ In India VAT first introduced in the year 1976.
- ✓ Last state of India adopted VAT is U.P.

- GST will be implemented on 1<sup>st</sup> April 2010 instead of VAT.
- Source of revenue of Union Govt. – Art 271.
- Source of revenue of State Govt. – Art 272.
- Estate Duties introduced in 1953 and abolished in the year 1985.

❖ **Tax Reforms Committee:**

Year	Committee	Recommendation
1953	John Mathai Committee	Ground work of India's fiscal



		structure.
1956	Nicholas kaldor Committee	Fiscal structure
1959	Mahavir Tyagi committee	Fiscal structure
1961	Law Commission	Farmed Income Tax Act
1971	K.N. Wanchoo Committee	1% levy on share capital, Family should be united.
1978	C.C.Choksey Committee	Suggested a central tax code
1981	L. K. Jha Committee	Specialization of tax department's PAN is allotted.
1991	R. Chelliah Committee	Technical offences be compounded by FLS, Corporate tax of 40%
2002	Vijoy Kelkar Committee	Direct and Indirect tax.

#### ❖ Industries

Location	Set up with assistance	Remarks
Rourkela(Sundargarh district)	Germany	Set up under 2 <sup>nd</sup> five year plan at the cost of Rs171cr. It went into production in 1959. (Pig Iron-1996, established-1957)
Bhilai (Drug Dirstrict)	Russian Govt.	Set up under the 2 <sup>nd</sup> five year plan at the cost of Rs8.5cr. It went into production in 1959. (established – 1957)
Durgapur (Burdwan)	U.K	Set up under 2 <sup>nd</sup> five year plan at the cost of Rs188cr. It went into production in 1962. (set up – 1959)
Bokaro	Russian Govt.	The biggest plant in Asia was set up under the 4 <sup>th</sup> five year plan. It went into production in 1973. (set up -1964)
Burnpur (IISCO)		It has been 3 plants, 1 <sup>st</sup> Kulti-1864(w.b), 2 <sup>nd</sup> Hirapur – 1908(w.b), 3 <sup>rd</sup> Brunpur- 1937.
Bisakhapattanam	Russian Govt.	Set up 6 <sup>th</sup> five year plan, start production

Portonova ( T.N)		Established – 1930
Salem		Set up under 6 <sup>th</sup> five year plan, production started 1982.
Bhadrabati		Nationalized under 6 <sup>th</sup> five year plan
TISCO		Established on the bank of river Subarnarekha in the year 1907.( first pig iron – 1911, first steel iron – 1912).

### ❖ Important Information

- National Commission of Labour was set up in December 1966.
- District Industrial Centre – 1977
- National Small Scale Industrial Corporation – 1955.
- Small Industrial Corporation – 1996.
- National Equity Fund – 1987.
- Employee Provident Fund – 1952.
- Industrial growth was highest during 7<sup>th</sup> Plan (7.6%).
- Small Industries development Fund was set up – 1996.
- SAIL was set up in 1974.
- First cotton industry was set up at 1818 at Ghosuri.
- First jute industry was set up 1855 at Rishra.
- First woolen textile was set up 1875 at Kanpur.
- First cement industry was set up 1904 in Madras.
- First sugar mill were set up 1900 in Bihar.
- First paper industry was set up at Srirampur in 1832.
- Three plants were merged with IISCO in 1953.
- State having highest number of power - Maharashtra.
- Hindustan Motors Ltd. at Uttarpara – 1948.
- Paper mill at Titagarh – 1882, at Naihati – 1918, Raniganj – 1892, Kakinara – 1892.
- Leather industry – Batanagar , Bantala.
- Rubber industry – Dunlop, Panihati, Farakka.
- Tobacco industry – Cochebehar.
- Silk industry – Murshidabad.
- The Govt. had completely paper industry from July 17, 1997.
- Most coal reserve in India at M.P.
- India is fourth largest cement industry.
- India is the second largest silk industry in the world (18%).
- According to ASSOCHAM Karnataka is the favourite state for Indian Industry.
- In 1774 Warren Hastings excavating coal from Raniganj.
- First oil producing area of the country was Digboi, 1956.
- ONGC top among Oil Company.

### ❖ Yojana:

#### 1. Bharat Nirman Yojana:

- Launched at 16<sup>th</sup> Dec. 2005.
- Expended expenditure – 174000cr.

- Irrigation – 1cr. Hector land, Road, House- 60lakhs, Water supply – 74000 villages, Electricity- 2.3cr houses, Rural communication – 66822 villages.
2. **Sampoorna Grameen Rojgar Yojana:**
    - Launched at 25<sup>th</sup> Sept.2001.
    - Jahar Grameen Samridhi Yojana merged with it.
    - The annual outlay was 10000cr which included 50lakhs tones food grains.
  
  3. **Indira Awas Yojana:**
    - Start – 1985-86.
  
  4. **Pradhan Mantri Gram Sadak Yojana:**
    - 100% centrally sponsored scheme.
    - Launched at 25<sup>th</sup> Dec 2000.
  
  5. **Antyodaya Anna Yojana:**
    - Launched at 25<sup>th</sup> Dec 2000.
    - Rs2 per K.G of rice and Rs3 per K.G of wheat.
    - Firstly 25 K.G per family, now 35 K.G per family.
  
  6. **Swarna Jayanti Shahari Rozgar Yojana:**
    - Launched at 1<sup>st</sup> Dec 1997.
  
  7. **Jawhar Rozgar Yojana:**
    - Launched at April 1989.
    - It was merged with Sampoorna Grameen Rozgar Yojana.
  
  8. **Jawahar Gram Samridhi Yojana:**
    - Launched at 25<sup>th</sup> Sept 2001.
  
  9. **Prime Minister Rozgar yojana:**
    - Launched at 8<sup>th</sup> Oct 1993.
    - It was proposed 7lakhs tiny industries. It merged with Prime Minister Employment Guaranteed Fund from August 2008.
  
  10. **Rajeev Gandhi Grameen Vidyutikaran Yojana:**
    - Launched at 4<sup>th</sup> April 2005.
    - 28241 villages have been electrified and 504141 connection to BPL households.
  
  11. **Mahila Samridhi Yojana:**
    - Launched at 2<sup>nd</sup> Oct 1993.
  
  12. **Rajeev Gandhi Shramik Kalyan Yojana:**
    - Launched at 1<sup>st</sup> April 2005.

**13. Ganga Kalyan Yojana:**

- Launched at 1<sup>st</sup> Feb 1997.

**14. Sarva Siksha Abhiyan:**

- Launched at 15<sup>th</sup> August 2000.
- All 6-14 years children complete eight years of scheme in 2010.

**15. Mid Day Meal Scheme:**

- Aim – Nutrious support of primary education.
- Launched at 15<sup>th</sup> August 1995.

**16. MGNREGA:**

- Launched at 2<sup>nd</sup> Feb 2006.
- To provide at least 100 days wages.

**17. Prime Minister Employment Gneration Programme:**

- Launched in 2008.

**18. Integrated Rural Development Programme:**

- It was allied with TYRYSEM and DLCRA.
- This was started in 78-79.

**19. National Social Assistance Programme:**

- At present NSAP comprise with Indra Gandhi National Old age Pension, Indra Gandhi National Benefit Scheme and Annapurna Scheme.

**20. Indira Gandhi National Widow Pension Scheme:**

- Launched 2009.
- Age – 40-64.

**21. Indira Gandhi National Disability Pension Scheme:**

- Launched 2009.

**22. Garib Rath:**

- Launched 2006-07.

**23. Yuva Express:**

- Launched 2003.

**24. Aam Admi Bima Yojana:**

- Launched at 2<sup>nd</sup> Oct 2007.

## ❖ **Industrial Policy and Committee:**

- First Industrial Policy announced on 6<sup>th</sup> April 1948 by Shyamaprasad Mukherjee. First time Govt. undertook three industries 1) defence 2) Atomic energy 3) Railway. Indian railway nationalized in 1950. In the first industrial policy small scale and cottage industries development was the main objective. Though this policy of mixed economy concept was introduced in India.
- Second industrial policy announced on 30<sup>th</sup> April 1956 under the leadership of Jawaharlal Nehru. In this industrial policy heavy industries development was the main objective. In India “socialist pattern of society”- this slogan introduced by this policy.
- Industrial Policy 1977: This was introduced by the New Janata Government. In this policy topmost emphasis has given on small cottage industries.
- Industrial Policy 1980: Liberal licensing policy was accepted by the Govt.
- Industrial Policy 1985: Increasing productivity as well as modernized industrial sector development was the main object of this policy.
- New Industrial Policy: This was announced on 24<sup>th</sup> July 1991. In this industrial policy priority was given on the development of small scale and agro-based industries.

## ➤ **License Industries**

- Industrial Explosive
  - Hazardous Chemicals
  - Alcoholic Drinks
  - Cigarettes
  - Electro aerospace
- In September 1998, sugar products were de-licensed.

- MRTP (Monopolies and Restricting Trade Practice Act) was passed in 1969 and came into force in 1970.
- IRDA (Industrial Development and Regulating Act) was passed in 1951, which known as 1951 Industrial Act.
- FERA (Foreign Exchange Regulating Act) was passed 1947 and amended 1973 but came into force in 1974. At present ACD is followed in our country.
- Big Push Theory – during 2<sup>nd</sup> plan and followed by P.C. Mahalanobish.
- IRDP launched in 1977.
- National Rural Health Mission launched in 2005.
- In 2007 these 3 public sector unit were also included in Navaratna status -
  - Bharat Electronic Ltd.
  - Hindustan Aeronautics Ltd.
  - Power Finance Corporation.
  - Another 6 public sector units were accepted as Navaratna PSU in 2008.
  - National Mineral Development Corporation
  - NALCO (National Aluminum Corporation)
  - Power Grid Corporation
  - Rural Electrification Corporation
  - Shipping Corporation of India.
  - Coal India Ltd.

- **Industrial Sickness:** It is found both kinds of industries like large and small industries. In this industrial sickness the Govt. announced an act in 1985, named SICA - 1985.
- Industrial and financial reconstruction board was established in 1987.
- **Some Committee on Industries:**
  - Village and small industry development committee – 1955.
  - Khadi and village industries committee – 1956.
  - Hazari committee – 1967.(this committee examine that the private sector are responsible for creating regional imbalance in our country)
  - Subimal Dutta committee – 1967.
  - Omkar committee – 1993(sickness)
  - Rangarajan committee – appointed in 1991and submit report in 1993.
  - Meera Seth committee – 1997.
  - Abid Hussain committee – 1997(small industries)
- **Agricultural Committee:**
  - Mahajan committee – 1998.(developing sugar industry)
  - Hanunanath Rao committee – 1998(fertilizer)
  - R.V.Gupta committee – 1998(to develop agricultural system. Kisan credit was launched by the recommendation of this committee.)
  - Raj committee – 1972(agricultural tax)
  - Avijit Sen committee- 2002(recommended to the long term food supply)

## ❖ Unemployment in India

- **Structural Unemployment** – most of the unemployment is less development country like India is structural unemployment. This types of unemployment is arises due to lake of infrastructure (lake of capital accumulation or inappropriate productive structure).
- **Technical Unemployment** – this type of unemployment is arises due to adoption of labour saving technology or advance technology. This unemployment is arrived in advance country.
- **Chronic Unemployment** – it is also called cyclical unemployment. This type is arising at the downswing economic activities or recession or depression page of business cycle of the economy.
- **Frictional Unemployment** – most of the unemployment in developed country are frictional unemployment. This type is arises due to change in demand in the market or change in one job to another job. This is temporary in nature.
- **Disguise Unemployment** – it also called hidden unemployment. Most of the unemployment if the agriculture sector of less develops country like India is disguise unemployment.
- **Educated Unemployment** – this is called white dress unemployment.

## ❖ Poverty

- **Absolute Poverty** – who are unable to fulfill their minimum requirement. In India poverty is absolute.
- **Relative Poverty** – development countries poverty is relative poverty.
- Poverty line (calorie) – Urban- 2400, Rural- 2100.
- Ladadawalla committee was appointed in 1993 for poverty estimation.
- Suresh Tendulkar committee – related with poverty estimation appointed in 2009. According to this commission India's poverty is 37.2%. In our country NSSO counted poverty, unemployment etc. since 1950.

## ❖ Important information

- The programme of RLEGP and NREP were introduced in the – 6<sup>th</sup> five year plan.
- IRDP is a self- employed programme.
- NRY was launched in 1989 (urban economy).
- Antyadya Abas Yojana launched during 9<sup>th</sup> five year plan.
- Lorenze Curve is related to income and wealth in equality in the country.
- 1921 is called the great divide year.
- Growth rate of population was negative during 1911-1921.
- Growth rate was maximum during 1961-1971 (24.80%).
- 1<sup>st</sup> census commissioner – I. A. Gopaldaswami
- In our country census exercise is conducted under the provision of census act – 1948 and census rule – 1990.
- Day of 6 billion – 12<sup>th</sup> October
- Day of 5 billion – 11<sup>th</sup> July
- Population policy was introduced in 1976 by Indira Gandhi.

## ❖ Five year plan

- **National Development Council** – established in 6<sup>th</sup> August 1952.
  - Ex- officio chairman – Prime Minister
  - Function – approval of five year plan document.
  - Member – C.M of all states and Lt. Governor of U.T. All member of Cabinet Ministry are the members of NDC.
  
- **First Five Year plan – (1951-1956)**
  - It was finally approved by NDC in November 1952.
  - It is called re- structure and development plan.
  - First plan was Harrod Domar modeled plan.
  - During first plan top most emphasis was given on Agriculture. First plan is also called agro-based plan.
  - Target growth was 2.1% but actual growth was 3.6%.
  - Bhakra Nangal and Hirakund river project were established during first plan.
  - First election was held in 1952 during this plan.
  - Community development programme was launched in 1952 in order to development of rural area with people's participation.
  - Family planning policy was announced in 1952, 1<sup>st</sup> time in India and also in the world.
  - West Bengal land reform act was launched in 1956.
  - 1<sup>st</sup> state finance corporation was established in 1951.
  - 1<sup>st</sup> finance commission was established in 1951(1<sup>st</sup> chairman K.C.Neogi).
  - Rural and small cotton industries committee was established in 1955.
  - National income rate was 18% and per capita income was 11%.
  - Price level registered for first time.

### ➤ **Second Five Year Plan – (1956-1961)**

- Formulated on the basis of P. C. Mahalanobish Model.
- Main aim was to establish socialist order and this plan outlay was allocated.
- Target growth rate was 4.5% but actual growth rate was 3.9%.
- Industrial production was 7%.
- Topmost emphasis was given on basic and heavy industries.
- This plan also formulated Nehruian Plan.
- Concept of Big Push Theory and Prickle Down effect hypothesis were implemented during this plan for industrialization through Mahalanobish development strategy.
- Big Push Theory developed by Rozer Stein Rodan.
- Prickle Theory developed by Adam Smith.
- Durgapur, Rurkella and Bhillai were established.
- LIC formation – 1<sup>st</sup> September 1956.
- Panchayat Raj System was developed during this plan.
- 2<sup>nd</sup> industrial policy announced in 1956.
- SBI started its function in 1956.
- ONGC & IOCL was established (ONGC converted into ONGCL in 1994).
- PL – 480 and PL – 665 agreements were signed by USA and India.
- Mixed economy was implemented.

### ➤ **Third Five Year Plan – (1961- 1966)**

- Emphasized was given on both agriculture and industries.
- Sukhomay Chakraborty and Prof Sddy model based plan.
- 3<sup>rd</sup> plan approach paper is compared with take off stage Roston's Economic growth model.
- Target growth was 5.6% but actual growth was 2.84%.
- Agriculture growth rate was negative (- 1.42%) where target was 6%.
- Following these reason 3<sup>rd</sup> plan was failure
  - ✓ India – China war – 1962.
  - ✓ India – Pakistan war – 1965.
  - ✓ Drought – 1965-66.
- Tashkhat treaty was signed on 10-01-1966 between Lal Bahadur Shastri and Ayub Khan due to Indo – Pak war 1965.
- 20 parallel – according to demand of Pakistan.
- 24 parallel – according to demand of India.
- Other Objective:
  - ✓ To utilize the fullest extent of man power resources of the country.
  - ✓ To set up a self generating economic structure.
  - ✓ Agriculture price commission established in 1965 during this plan (this was re-structure in 1985).
  - ✓ FCI was established in 1964 but started its function in 1965.
  - ✓ Bokaro steel plant was established in 1964.
  - ✓ Intensive agriculture district programme set up in 1961.
  - ✓ During this plan in 1962 Mysore was renamed in Bissarawyya.
  - ✓ UTI set up
  - ✓ Severe drought occurred in this plan.



### ➤ Annual Plan:

- Owing to failure of last five year plan three annual plan were announced for three consecutive years – 1966-67, 1967-68, 1968-69. This duration also called plan holiday.
- In 1<sup>st</sup> June on 1966 Indian rupee was devaluated with the respect of some key currency.
- HYVP (High Yielding Variety Programme): this programme was launched in 1966-67 as the time of Rabi crops production. Though this programme a revolutionary change was agriculture. This change is called Green Revolution. Father of Indian green revolution was M S Swaminathan.

### ➤ Fourth Five Year Plan – (1969- 1974)

- This plan was not commence of its actual scheduled due to the failure of 3<sup>rd</sup> plan.
- Modeled on Ashok Rudra and Alans Manncy.
- At the first time this plan social justice and social equity was given on the basis of 'DPSP' in our constitution.
- "Garibi Hattao" slogan rose.
- Simla Pact signed between Julphikar Ali Bhutto and Indira Gandhi in 1972.
- 14<sup>th</sup> bank nationalized in 19<sup>th</sup> July 1969.
- SFDA (small farmers development agency) – to provide financial and technical assistance to small farmers. This programme was launched in 1974-75.
- Monopolies and restrictive Trade Practice Act was passed in 1969 and came into force 1970. At present new name of this act is competition act 2002 (MRTP Act).
- Housing & Urban development programme – 1970.
- Command Area Programme – 1973-74. Main aim was to improve middle and river section.
- Raja Mannar Committee – centre state economic relation.
- Wanchool Committee – 1971.
- 14<sup>th</sup> banks were nationalized under Sri V. Venkata Piyar.

### ➤ Fifth Five Year Plan – (1974-1978)

- Proposed 1974-1979.
- In India topmost emphasis was given on the problem of poverty during this plan.
- The original document of 5<sup>th</sup> plan was formulated by Mr. C. Subramani but this approach was reformed by another economist D. P. Dhar.
- 20 point programme launched in 1975.
- "Food for Work Programme"(FWP) – 1977-78.
- Desert development programme – 1977-78.
- It is called investment model of planning commission.
- The preference of weaker section of the society was given during this plan.

### ➤ Rolling Plan – (1978-1980)

- Janata Govt. refuses the traditional development strategy. They proposed a plan in 1978-83. This duration is called Janata's 6<sup>th</sup> plan.
- Concept of rolling plan in the world economy was 1<sup>st</sup> time developed by Ragnar Frish.
- During this plan Gandhian view of development was followed by the Janata Govt.
- IRDA (Integrated Rural Development Programme) launched in 1978-79 but it was again launched 2<sup>nd</sup> Oct 1980.
- TRYSEM (Training of Rural Youth for Self employment) was launched in 1979.

### ➤ **Sixth Five Year Plan – (1980-85)**

- Main objective – removal of poverty and unemployment.
- During this plan most priority was given on the problem of unemployment.
- Area planning approach was the special feature of the plan.
- This plan had been formulated a prospective plan (1980-95).
- NREP(National Rural Employment Programme)-
- RLEGP (Rural Landless Employment Guarantee Programme) – 1983.
- DWCRA (Development of Women and Children in Rural Area)
- Self employment to the educated unemployment youth – 1983-84.
- NABARD was established by the recommendation of Shivraman Committee – 12<sup>th</sup> July 1982.
- 6 banks were nationalized.
- Export – Import bank and EXIM bank – 1982.
- IRBI – 1985
- S. Chakrabraty report.

### ➤ **Seventh Five Year Plan – (1985-90)**

- The plan gave the attention to develop of human resources (science and technology) of our country.
- National Policy and education launched in 1986 in view of development of education.
- Operation Black Board launched in 1987 in order to development primary education. (at present it is merged with Sarva- Sikha Abhijan.)
- National Literacy Mission – 1988.
- JRY (Johar Rogger Yojana) – 1989.
- Indira Abbas Yojana – 1985-86.
- SEPUP - self employment programme for urban poor.
- Main objective – eradication of poverty and to reduce unemployment and regional in balance.

### ➤ **Annual Plan – (1990-92)**

- The eight plans could not be implemented from 1<sup>st</sup> April 1990 because of political problems.
- Two annual plans implemented for 1990-91, 1991-92.
- In July 1991 new economic policy announced in India.
- National Renewable Fund (NRF) – 1992.
- Raj J Chellia committee – restructure in tax system.

### ➤ **Eight Five Year Plan (1992-97)**

- Johan Miller Model.
- Top priority of Human Development.
- Achieving the goal of full employment at the end of 2000.
- Achieving 100% literacy among the person of the age group 15-35 years.
- Programme –
  - ✓ Mahila Samridhi yojana (MSY) – 1993.
  - ✓ Employment Assurance Scheme – 1993.
  - ✓ Mid – day meal scheme – 15<sup>th</sup> August 1995.
  - ✓ National Social Assistance Programme – 1995.
  - ✓ Ganga – Kalyan yojana (GKY) – 1995-96.
- Indira Gandhi disability, National widow pension scheme, old age pension scheme are associated programme of NSP.
- Old age pension scheme's age limit – 40-64 years.

- Employment assurance programme – 1993(100 days job)
- Child labour eradication programme – 15<sup>th</sup> August 1994.
- Swarna Jayanti Sahari Rozgar Yojana – 1997.
- Rangarajan committee – 1993.
- Malhotra committee – 1994.
- S. S. Tarapur committee – 1997.
- Janakiram committee – 7<sup>th</sup> May 1993.

#### ➤ **Ninth Five Year Plan (1997-2002)**

- Top priority or main slogan – growth with equality and distributes justice.
- Programme introduced –
  - ✓ Swarnajayanti Sahari Rozgar Yojana – 1997.
  - ✓ Swarnajayanti Gram Sarozgar Yojana – 1999.
  - ✓ Sarba Sikha Avizan – 2000.
  - ✓ Pradhan Manti Gram Sadak Yojana – 25<sup>th</sup> Dec. 2000.
  - ✓ Sampurna Gramin Rozgar Yojana – 2001.
  - ✓ Pradhan Mantri Gramodaya Yojana – 2000.
  - ✓ Antodaya Anna Yojana – 2000 introduced but started in 2001.
  - ✓ 9<sup>th</sup> plan also called prime minister special plan.
  - ✓ Narashima committee – 1998.
  - ✓ Target economic growth rate – 6.5% (actual rate – 5.35%)
  - ✓ This plan was approved by NDC on 19<sup>th</sup> Feb. 1999.

#### ➤ **Tenth Five Year Plan (2002-07)**

- Top priority 'Social Development'
- Literacy rate to be increased to 75% during this plan period.
- Job opportunity for 1crore unemployment in a year.
- Population growth rate reduce 21.34% to 16.2% (1.62% per annum)
- Programme –
  - ✓ Sajal Dhara Yojana – 2002 only rural area.
  - ✓ National Food for Work Programme – 2004.
  - ✓ National Rural Health Mission – 2005.
  - ✓ Bharat Nirman - 2005 only rural.
  - ✓ Indial Nirman – 2005 only urban.
  - ✓ National Rural Employment Guarantee Scheme – 2005.
- Important committee –
  - ✓ Santarisi committee – 2002 development of national tea industry
  - ✓ Abhijit Sen committee – purpose of long term food.
  - ✓ V. Kelker Committee - Direct and Indirect Tax.
- All villages to have areas to portable drinking water by 2012.
- Reduction of poverty ratio to 20% by 2007 and 10% by 2012.
- Reduction of population growth rate 16.2% (2001-11)
- Clearing of all major polluted rivers by 2007.
- Target growth 8% but actual rate was 7.4%.
- Focus – social development
  - 'India Vision – 2020' in 2003 (this document was formulated by Shamaprasad Gupta (21/01/03))

#### ➤ **Eleventh Five Year Plan (2007-12)**

- The title – “ Towards faster and move inclusive growth”
- NDC approved the 11<sup>th</sup> plan on 19 Dec 2007.
- Literacy rate to be increased to 85% during this plan among the person of age group of 7yrs or more.
- 70 million (7crore) work opportunity will be created.
- Reduced drop out rate – 2003-04 – 53.3%. 20% in 2012.
- Reduce IMR (Infant Mortality Rate) – 28 per thousand.
- Reduce NMR (Nation Mortality Rate) – 1 per 1000 births.
- Ensure electricity of all villages in 2009.
- Increase forest and tree – 33%.
- Target population growth rate – 1.5% P.a.
- Agriculture growth – 10.5% P.a.
- Service sector – 9.9% P.a.
- Evergreen revolution – 2007 (M. S. Swaminathan)
- Rastria Krishi Bima Yojana – 2007.
- Rastria Madhyamik Siksha Avijan – 2009.
- Reduced educated unemployment below – 5%
- Target growth rate was 9% but original was 8.1%.
- National Health Insurance Scheme – 2008.

#### ❖ Information of Economic Planning

- Concept of economic planning in India was developed by M. Viswessaraya in 1934 by his book “planning economy for India”
- National planning committee established in 1938 by S. C. Bose.
- In 1944 a plan document was formulated by 8 industries (Tata, Birla etc.) under the leadership of Purusatyam Thakurdas for 15 years named Bombay plan.
- In 1945, a plan document was formulated by M. N. Roy for 10 years name ‘people plan’. Nationalization of land was the special objective of people plan.
- In 1944, another plan document was formulated by Sriman Narayan under the leadership of M.K Gandhi.
- Planning advisory committee was established in 1946 by interim Govt.
- Economic development committee – 1947.
- Sarbodayta plan – formulated by Jay Prakash Narayan in 1950.
- Indian FYP concept taken from USSR
- Economic plan divided into three categories
  - ✓ Short term on amount – 1 year
  - ✓ Medium – 5 to 7 years
  - ✓ Long / prospective plan – 15/20 years
- Indian economic plans are medium term plan.
- Planning commission is a non constitution body.
- Total no of member is not fixed.
- 1<sup>st</sup> deputy chairman of planning commission – V. T. Krisnamachari.
- The major problem of first five year plan was influx of refugees.

#### ❖ Globalization, Liberalization, Privatization

- **New economic policy** – In 1991, in order to changes in overall economic structure, an economic policy was announced by Narashima Rao Govt. which is called new economic policy.

Main facts of new economic policy are Globalization, Liberalization, Privatization, Disinvestment etc.

This new economic policy was announced in order to change the overall economic structure with –

- I. To boost up overall production of the economic.
  - II. To bridge up the Gap of balance of payment.
  - III. To generate employment opportunity.
  - IV. To reduce poverty, inequalities etc.
- LPG modal adopted by Indian Govt. in 1991 in annual plan.
  - In India economy the concept of Liberalization policy was first time introduced in 1985 by Rajiv Gandhi Govt. This duration is called first phrase of Liberalization and second phrase of Liberalization in our country was started in 1991.
  - **Convertibility of rupee** - It means freely permit in the conversion of foreign currencies into domestic currency.
  - In Indian economy, in 92-93 dual exchange rates were introduced in current account. The phenomenon is called **partial convertibility**. And this system is also known as LERMS (Liberalized Exchange Rate Management System).
  - In Union Budget 93-94 Govt. declared full convertibility in trade account. Again full convertibility was declared by Manmohan Singh in current account in 1994-95 Union Budget. At present in capital account their exit partial convertibility although adopting full convertibility in capital account, a committee was established in 1995 headed by S. S. Tarapore ( Tarapore Committee). This committee submitted its report in 1997, in recommendation to adopt full convertibility but till now it is not accepted.
  - FEMA (Foreign Exchange Management Act) – it was adopted in 1999. FEMA was came into force 2000. It came by the replaced of FERA.
  - FERA – it was passed 1947. This act was amended in 1973. This act was first time Liberalized in 1993.
  - According to the first-quarter of 2010- 11 estimation, economic growth during (April – Jun) 8.8%.
  - Santacruz is the first processing zone declared as Free Trade Zone in India.
  - Government introduced full convertibility in 1993-94 at trade account.
  - In 1995, RBI appointed Tarapore Committee for Money Convertibility in capital account.
  - Freely permitting the conversion of rupee to other major currencies and vice versa is called – convertibility.
  - Special Economic Zone Act was passed – 2005.

#### ❖ **Special Economic Zone**

EPZ (Export Processing Zone) in our country and also in Asia. The first EPZ of India established in 1965 in Kandala. 7 more EPZ were established thereafter in our country. One of them established at Falta in W. B. (1980). All these EPZ were converted to SEZ in 2006.

#### **Working SEZ in West Bengal -**

- I. Falta – Food Processing.
- II. Manikanchan – James and Jewellery (Salt Lake)

- III. Wipro – IT (Salt Lake)
- IV. Bantala – Lather Complex
- V. Videocon – Food Processing (Siliguri)

**Proposed SEZ in West Bengal**

- I. Nayachar – Chemical Hub.
- II. Zindal Project – Salbani.

**❖ Important Information**

- Human Development Report – UNDP
- World Atlas Report – World Bank
- Global Development Financial Report – World Bank
- World Investment Report – UNCIAD
- World Economic Outlook – IMF
- SEZ Act passed in 2005, came into force in 2007 (concept followed from China)

**❖ Foreign Trade**

Balance of Payment is the systematic record of all financial transaction with other countries in an accounting year.

Receipt	Payment
Export of goods	Imports of goods
Export of services	Imports of services
Receipt and provide the investment	
Aids	
Loan	

- Visible trade refers to export and import of goods.
- Invisible trade refers to export and import of services.
- Trade deficit refers to import value is higher than export value.
- Since 1947 to till now get trade surplus during 2years, 1972-73 and 1976-77. Trade surplus amount during 1972-73 was Rs104crore, and 1976-77 was Rs 68crore. During 2009-10 trade deficit was 102.1billion dollar.
- Most important trading partner of our country is China.(Import and Export)
- Most important Import partner of India is China and Export trading country is U.S.A.
- The trade barriers in international trade are – Tariff and Quota.
- A tax barrier is Tariff and a non tax barrier is Quota.
- These are implies mainly for protect domestic infant industries.

## ❖ International Organization

### ➤ IMF –

- ✓ Established 27 Dec 1945. On the basis of the recommendation of “Betton Conference” (1944).
- ✓ Head Quarter – Washington D.C
- ✓ It was recommended Churchill, Stalin and Roosevelt.
- ✓ It came into force in 1947.
- ✓ Total member – 187 (last Tuvalu)
- ✓ India is a founder member of IMF.
- ✓ Director General – Christina Lagardhe (France)
- ✓ Function – IMF provides short term loans to the member countries for solve the problem of Balance of Payment and trade deficit.
- ✓ IMF provides loan Quota wise, according to IMF list. India’s position is 11.
- ✓ IMF Quota or fund is also called SDR fund which was established in 1969. All transaction of IMF from SDR fund is done through SDR (Special drawing Rights) since 1971. SDR is also called “ Paper Gold”
- ✓ Bettonwood Twins are – IBRD and IMF.

### ➤ World Bank

- ✓ Actual name is IBRD
- ✓ Est. – 27Dec 1945 on the basis of the recommendation of Bettonwood conference. It came into force in 1946.
- ✓ Head Quarter – Washington D.C.
- ✓ Function – It provides loans to the members countries (long term) for re-construction and development in the economy.
- ✓ Members – 187 (last Tuvalu)
- ✓ India is a founder member.
- ✓ The first public sector of India is DVC which established in 1948 with the financial assistance of World Bank.
- ✓ World Bank’s associate organization – IBRD and its associates organization (IFC, IDA, MIGA, ICSID)  
IDA – International Development Association (1960) (soft loan window)  
IFC – International Finance Corporation (1956)  
MIGA – Multi Lateral Investment Guarantee Agency (1989)  
ICSID – International Centre for Settlement of Investment Dispute (1978)

### ➤ GATT (General Agreement on Tariff and Trade)

- ✓ Est. – 30<sup>th</sup> Oct. 1947 by 23 Nations at Geneva. It came into force in 1948.
- ✓ 8 round conference of GATT is popularly known as Uruguan round. It started in September 1986 and ended in 1993, on that time Director General of GATT Arthurr Dunkel established a proposal about international trade in 1993. It known as Dunkel Proposal. On the basis of this proposal WTO was established and came into force in 1<sup>st</sup> January 1995.
- ✓ India signed in 1994.
- ✓ Member Nations – 153(last Cape –Verde)

- ✓ Multi-lateral trade means – trade among various nations. This type of trade is regulated by WTO.
- ✓ Watch dog of International trade is WTO.

➤ **ADB –**

- ✓ This is a regional Bank. Established in 1966, Head quarter- Manila.
- ✓ Aim – for providing technical and financial assistance to the Asian and East Asian nations.
- ✓ It was started function in 1967.
- ✓ Total member – 67 (last Georgia)
- ✓ President of ADB always Japanese.

➤ **SAARC (South Asian Association of Regional Co-operation) –**

- ✓ Established in 8Dec. 1985 at Dacca.
- ✓ Head quarter – Katmandu
- ✓ Total member – 8
- ✓ First SAARC summit in India – 1986 at Bangalore.

➤ **SAFTA (South Asian Free Trade Area) –**

- ✓ It is associated with SAARC on trade
- ✓ Came into force in 1<sup>st</sup> January 2006 by the replace of SAPTA.

❖ **Information :-**

- The first LPG pipeline successfully completed between Panipath and Jalandhar by IOC.
- Airtel launched its first operation in Sri Lanka.
- South- East railway zone is the highest earnings.

Plan	Year	Object	Model
1 <sup>st</sup>	1951-56	Agriculture	Harror Domar
2 <sup>nd</sup>	1956-61	Industry	P.C. Mahalanbish
3 <sup>rd</sup>	1961-66	Self reliance and self generation economy	P. C. Mahalanbish
4 <sup>th</sup>	1969-74	Growth of justice and balance of regional development	Allan S. Manne and Ashok Rudra
5 <sup>th</sup>	1974-78	A removal of poverty	D. R. Gadgil
6 <sup>th</sup>	1980-85	Self relianc reducing poverty and unemployment	Domar and Mahalanbish and Field man
7 <sup>th</sup>	1985-90	Modernization	Domar, Mahalanbish and Field man
8 <sup>th</sup>	1992-97	Privatization, Globalization and	Narashima Rao and M. Singh



		development of science and Technology	
9 <sup>th</sup>	1997-02	Growth with justice and equality	
10 <sup>th</sup>	2002-07	Self reliance	
11 <sup>th</sup>	2007-12	Agriculture	

- 1<sup>st</sup>, 5<sup>th</sup>, 6<sup>th</sup>, 7<sup>th</sup>, 8<sup>th</sup> plan achieve the target.
- 13<sup>th</sup> Finance Commission is appointed on 14<sup>th</sup> November 2007. Published report in 30<sup>th</sup> December 2009. Started function on 1<sup>st</sup> April 2010. Secretary – Sumit Basu.
- SEBI got statutory status in 2000.
- IRDA is insurance fund (2003)
- PFDA is a pension fund.
- All Mutual Funds are directly controlled by SEBI except UTI Mutual Fund.
- Pradhanmantri Bharat Jodo Pari Yojana – January 2004.
- VAT- Sales Tax
- CENVAT – Exercise Duty.
- 2<sup>nd</sup> oldest Trade Union – INTUC (1947). It is the largest trade union in our country at present. 3<sup>rd</sup> oldest – Hindustan Mazdurs Sangha (1948)
- The fiscal responsibility and the budget management act deals with both fiscal and revenue deficit. This act was passed in 2003 and came into force in 2004. Main subject of this act was Fiscal deficit will 3% equivalent on March 2008.
- Fiscal deficit = Budget deficit + Market borrowing and other liabilities.
- In our country fiscal deficit was first time estimated in 1986 by the recommendation of Chakraborty Committee.
- The Yaspal Committee report related to Higher Education.
- The post reform era plan in India was 8<sup>th</sup> plan. The 8<sup>th</sup> plan period compared in water save line.
- The process of radical economic reforms and liberalized in India was started in 1991.
- The first generation economic reforms was started in 1991 and 2<sup>nd</sup> generation economic reform was started in 2001.
- In India the concept of liberalization was introduced in 1985 by Rajib Gandhi Govt., it is called first phrase of liberalization and 1991 was second phrase of liberalization.
- In India the concept of minimum needs and directed anti poverty programmes were innovation of 5<sup>th</sup> FYP.
- 15 points programme was introduced by Dr. M. Singh in order to improve the socio- economic condition of the minorities in backward class.
- VAT is imposed at each stage of production of commodity. This is every stage of production. In India VAT imposed in the recommendation of L. K Jha Committee. VAT first introduced in France in the year 1984 and 1976 in India.
- In state VAT imposed in 2005 (including W.B). Hariyana- 1<sup>st</sup> (2003). U.P – last.
- The concept of service tax in India was introduced in 1994.
- Central – service tax, custom duty.
- Corporate tax (direct tax) levied by Union since 1955.
- Banking concept of India – France
- Fully Indian first bank – Allahabad Bank (1899, Lahore)
- SEBI – share market / mutual fund – 1988.

- IRDA – insurance market – 2000.
- RBI – banking
- PFDA – pension fund – 2003
- UTI – 1964.
- Human Development index was first time published in 1990 by Amartya Sen and Meheub – UI – Haq.
- Rastriya Krishi Bihash Yojana started in 2007 to achieve 4% annual growth in agriculture sector during 11<sup>th</sup> plan.
- Kishan Credit Card scheme was introduced in 1998-99 to facilitate access to short term credit by farmers.
- National agricultural insurance scheme was started in 1999 to cover all food crops, oil seeds and horticulture.
- National oil seeds development programme – 1984-85
- Recently NABARD has sectioned 99.98crore under RIDF.
- At present RBI holds 1% share of NABARD.
- RBI holds 100% share of National Housing Bank.
- The year 2011 celebrated the year of Chemistry.
- Recently India's neighbor country Pakistan agreed to accept India's FDI.
- Target export growth rate for 2010-11, according to 11<sup>th</sup> long term foreign trade policy 2009-14 is 15%.
- Target export value for 2010-11 - \$200billion.
- According to the long term foreign trade policy 2009 to 2014 India's share in global trade will double by 2020.
- The first SEZ in the North East – Nagaland
- Planning commission is non-statutory, non-constitutional and advisory body.
- At the first time Union Budget was telecast through Doordarshan – 1994-95.
- Indian Rail was nationalized on 1950.
- Global Development Finance Report – World Bank.
- World Atlas Report – World Bank (every 3 year)
- World Development Report – World Bank
- World Competitiveness Report – World Economic Forum.
- World Economic Outlook – IMF
- International Year Book of Industrial Statistics – UNIDO (est. 1966, Head Quarter – Vienna)
- World Investment Report – UNCTAD (est. 1964, Head Quarter – Geneva)
- TRIPS (Trade Related Aspects of Intellectual Property Right) it is related with WTO.
- GATS (General Agreement on Trade in Services) & TRIM (Trade Related Investment Measures) these are related with WTO.
- In our country insurance business is regulated by IRDA (est. 2000)
- ISI established in the year 1931 (P. C. Mahalanbish)
- Fiscal policy refers to – Govt. receipt and expenditure policy.
- Monetary Policy – It is RBI policy.  
Component - 1) issuing of new currency. 2) Interest rate 3) CRR and SLR
- Short term interest rate of RBI –1) Repo Rate 2) Reverse Repo Rate
- There is no RBI network in the state Jammu and Kashmir.
- In Goa and Sikkim , there are no existence of Regional Rural Bank.
- The open market operation of RBI refers to selling and purchasing Govt. Securities.

- Foreign Exchange was regulated before 1947 in India under Defence India Act. After 1947 under FERA and at present managed under FEMA.
- Legal tender money refers to – currency notes.
- Plastic money refers to – ATM
- Near money – bill of exchange, Treasury bill, bond.
- Bank money – check, draft.
- Prudential norms – banking sector.
- Letter of credit – bank
- Divisible pull – related with sharable taxes.
- Pulse Polio programme – 2001.
- Leman Bank was set up in 1844 by Henry Leman. It converted to Leman Brothers Bank in 1850.

❖ **Question and Answer :-**

1. In India disguised unemployment is generally observed in – **agricultural sector**.
2. If the commodities manufactured in Surat are sold in Kolkata or Chennai, then it is called – **internal trade**.
3. Foreign currency which has a tendency of quick migration is called – **hot currency**.
4. Which is the better measurement of economics development? – **Per capita income**.
5. All the goods which are scarce and limited in supply are called – **Luxury goods**.
6. The theory of monopolistic competition is developed by – **E. H. Chamberlain**.
7. The famous slogan “Garibi Hatao” – **4<sup>th</sup> Plan**.
8. Bank rate refers to the interest rate at which – **central bank gives loans to commercial bank**.
9. All the currency were introduced by – **RBI**
10. Coins and One Rupee note – **Finance Commission**
11. Difference between total expenditure and total receipt is called – **fiscal deficit**.
12. National income measured by – **CSO**
13. Knowledge, technical skill, education etc in economics are regarded as – **Human Capital**.
14. Exercise Duty on commodity is payable with its reference to its – **production**.
15. The interest rate policy is a component of - **Monetary Policy**.
16. In economics production means – **creating utility**.
17. Gresham’s law in economics is related with – **circulation of currency**.
18. A mixed economy works primarily through the - **market mechanism guided by government participation and planning**.
19. How will a reduction in Bank rate affect the availability of credit? – **Credit will increase**.
20. When a large number of investor in a country transfers investments elsewhere because of disturbed economic condition, it is called – **Flight of Capital**.
21. Inflation occurs when aggregate supply is – **less than aggregate demand**.
22. According to modern thinker the law of diminishing returns applies to – **agriculture, industry, mining etc**.
23. Sea water, Fresh air etc. are regarded in economics as – **Free goods**.
24. If the price of tea fall demand for coffee will – **decrease**.
25. Determined supply of labour – **a) size and age structure of population. b) Nature of work. c) Marginal productive of labour**.
26. Planning and control are related – **planning initiates control and control initiates planning**.
27. **National income means** – the total value of capital goods produced in the country during the period of one year.
28. The incidence of sales tax falls on – **consumers**.

29. An open market operation of RBI – **trading of securities.**
30. Govt. securities are considered liquid because they are – **backed by Govt. treasury.**
31. Which is the facilitated globalization of international trade most? – **lowering of the tariff barriers.**
32. What is **narrow money**? – The sum of currency in circulation and the demand deposit in bank.
33. The main source of long term credit for a business unit is – **sale of stocks and bonds to the public.**
34. Transfer earning or alternative cost is otherwise known as – **opportunity cost or economic cost.**
35. Which nationalized banks symbol is shining star – **Bank of India.**
36. The best measure to assess a country's economic growth is – **GDP at current price.**
37. "**Control and Money supply**" – this theory is associated with **J. M. Keynes.**
38. Cheap money means – **low rate of interest**
39. Law of demand implies that when there is excess demand for commodity, then price of commodity rise.
40. The existence of a parallel economy or Black money – **makes the monetary policy more effective.**
41. When the price of a commodity falls, we can expect – **the demand it to increase.**
42. The exchange of commodities between two countries is referred to – **volume of trade.**
43. The terms 'Micro Economic' and Micro Economy were coined by – **J. M. Keynes.**
44. During period of inflation tax rates should – **increase.**
45. The biggest tax paying sector in India – **industrial sector.**
46. "Economic is what it ought to be" this statement refers to – **Normative economic.**
47. The excess of price a person is to pay rather than forego the consumption of the commodity is called – **producer's surplus.**
48. The method of estimating national income – **expenditure, product, income method.**
49. The monetary policy in India is formulated by – **RBI**
50. A short term Govt. securities paper is called – **Treasury bill.**
51. WTO basically promotes – **multilateral trade**
52. Under which market conditions do firms have excess capacity? - **Monopolistic Competition**
53. Price theory also known as – **Micro economics.**
54. If two commodities are complements, then their cross price elasticity is – **Negative.**
55. Opportunity cost of production of a commodity is - **The next best alternative output.**
56. Surplus earned by a factor other than land in the short period of referred to as - **Quasi rent.**
57. When interest rate goes up - **savings increase, lending decrease, cost of production increase.**
58. NET national product = **GNP- depreciation allowance.**
59. The present Indian economy based on - **Minimum reserve pries.**
60. GDP defines as the value of all - **Final goods and services produced in an economy in a year.**
61. An exception demand curve is one that moves - **Downwards to right.**
62. Production function explains the relationship between - **Initial output and ultimate.**
63. "Supply creates its own demand" - **Said by G.B Say.**
64. The terms mixed economy denotes - **Existence of both public and private sector.**
65. The law of demand express - **Effect of change in a demand of commodity over the supply of its substitute.**
66. Devaluation of currency leads to - **Expansion of export trade, Contraction of import trade, Expansion of import substitution.**
67. Open market operation of RBI refers to – **Buying and selling of Govt. bond.**
68. Indian institute of foreign trade located at - **New Delhi.**
69. The centre for agriculture marketing is located at - **Jaipur.**
70. Narasima Committee – **4 tier hierarchy of the banking structure.**
71. A refrigerator operating in a chemist's shop is an example of – **produces goods.**
72. S. D. R stands for – **Special Drawing Rights.**
73. Agricultural goods under – **agricultural costs and prices commission.**
74. Which one of the following is development expenditure? – **Irrigation expenditure.**

75. When average cost production falls then the marginal cost production is? – **Less than the average cost.**
76. Green banking means – **financing of environmental friendly projects by banks.**
77. Quantitative credit control – **Bank rate, CRR, SLR.**
78. What happens in the time of circulation – **bad money derives good money.**
79. **National Debt** – a) provident fund b) national saving certificates c) long term govt. bonds (not insurance policies).
80. The main determinant of real wage is – **purchasing power of money.**
81. **Birth rate** measured by – **per 1000 population.**
82. **National Income** – a) imputed rent of owner occupied houses b) govt. expenditure on making a new bridge etc. (**but income of lottery is not national income**)
83. Personal disposable income is = **equal to personal income – direct income.**
84. Kishan Credit Card – **1998.**
85. Compared to the rich, the poor save – **a small part of their income.**
86. Cheap money means – low rate of interest.
87. IMF's legal tender money are - **a) US dollar b) Peso c) Pound sterling**
88. The capital of IMF is made up – member nation.
89. **Classical Economist** – 1) J. S. Mill 2) David Ricardo 3) Thomas Malhus
90. **Amartya Sen** got noble in **Welfare Economy.**
91. World Bank is also known as – International Bank of reconstruction and development.
92. Which is the major item of Indian export? – **Textile garments.**
93. Indian agriculture is typically characterized as – **land scarce, labour surplus economy.**
94. The process of curing inflation by reducing money supply is called – **disinflation.**
95. Goods are close substitutes – **tea and coffee**
96. Long term funds in the capital market can be raised either by borrowing from certain institutions or through – **issue of securities.**
97. **Free trade** refers to – free movement of goods from one country to another.
98. Imputed gross rent of owner occupied buildings is a part of – **final consumption.**
99. The term '**GM**' refers to the food that is **Genetically Modified.**
100. Which plan was **self-reliance** first emphasized – **5<sup>th</sup>**
101. IMF helps India – long term capital for purposes of reconstruction and development.
102. The demand curve of Griffin goods – **upward rising**
103. What does ECS in banking transaction stand for? – Electronic Clearing Service.
104. "National income consists of a collection of goods and services reduced to common basis by being measured in term of money"-who said this? – **Kuznets.**
105. Current account of India's balance of payment – 1) non-monetary gold movement 2) investment income 3) transfer payment
106. **Engle's law** states the relationship between – quantity demand and income of the consumers.
107. Prime cost is equal to – **variable cost**
108. New capital issue is placed in – **primary market**
109. Bank deposits that can be withdrawn without notice are called – **demand deposits.**
110. An expenditure that has been made and can't be recovered is called – **sunk cost.**
111. In the law of demand the statement "**other things remain constant**" means – income, types of consumer and price of other goods are not change.
112. A firm is in equilibrium when its – marginal cost equal to the marginal revenue
113. The difference between visible exports and visible imports is defined as – **balance of trade.**
114. What is VAT? – A simple, transparent and easy to pay tax imposed on consumers.
115. The outcome of devaluation of currency is – increase export and improvement in balance of payment.
116. The term 'Green GNP' emphasizes – **increase in per capita income.**

117. What is referred to depository services? – An agency for safe-keeping of securities.
118. Exercise duty of a commodity is payable with reference to its – **production**.
119. A countries balance of trade is unfavourable when – **exports exceed imports**.
120. National income includes – income of watchman. (not include – pension, housewives service, smugglers service)
121. The annual record for all the monetary transactions of a country with other countries of the world is known as – **balance of payment**.
122. The **break even point** is – **average revenue equal to average cost**.
123. Rate of interest is determined by – **liquidity preference**.
124. Sellers market denotes a situation where – **demand exceeds supply**
125. Legal trade money refers to – **currency notes**.
126. The sum total of incomes received for the service of labour, land or capital in a country is called – Gross domestic income.
127. Which is not required while computing GNP? – **Per capita income of citizens**.
128. Consumers Sovereignty means – consumer's expenditures influence the allocation of resources.
129. The long term fiscal policy proposes to maintain the stability of – **indirect tax rate**.
130. Main bearers of the burden of indirect tax are – **consumers**.
131. A commercial bank law creates credit only if it was – **permission of RBI**.
132. Investment and savings are kept equal through a change in the level of – **consumption**.
133. Crop insurance is the monopoly of – **general Insurance Corporation**.
134. Fiscal policy is connected with – **public revenue and expenditure**.
135. Private sector can't be expected to invest in public goods because – no direct return on investment.
136. The International Monetary Fund came into existence with – **Brettonwoods conference**.
137. Multiplier process in economic theory is conventionally taken to mean – income of an economy grows on account of an initial investment.
138. Structural adjustment loans given by the World Bank are meant for – **encouraging capital intensive industries**.
139. A financial instrument is called a primary security. It represents the liability of – **the govt. of India**.
140. Service cooperative are – marketing societies.
141. Personal disposable income is = equal to personal income – **direct taxes paid by household**.
142. Indirect tax means – there is not relationship between the tax payer and the govt.
143. Investment is equal to – gross total of all types of physical capital assets.
144. The major aim of devaluation is to – **encourage exports**
145. Interest on public debt is a part of – **transfer payment by the govt.**
146. Structural unemployment arises due to – **inadequate productive capacity**.
147. National income refers to – money value of stocks and shares of a country during a year.
148. A scheduled bank is one which is included in the – **2<sup>nd</sup> scheduled of RBI Act**.
149. Economic rent refers to – **payment made for the use of labour**.
150. The symbol of RBI – **Tiger before a Palm Tree**.
151. When there is one buyer and one seller, the situation is called – **single buyer right**.

1. Union Budget of India is presented by whom and in which house/ houses of the Parliament?

- a) **Finance Minister of India; Lok Sabha**
- b) Prime Minister of India; Rajya Sabha
- c) Cabinet Secretary; Both Lok Sabha and Rajya Sabha
- d) President of India; in joint session of Parliamnet

2. Who among the following presented Union Budget maximum number of times?
- a) P. Chidambaram
  - b) R K Shanmukham Chetty
  - c) Pranav Mukherjee
  - d) **Morarji Desai**
3. Who among the following presented the first budget (interim) of Independent India?
- a) Manmohan Singh
  - b) Jawaharlal Nehru
  - c) **R K Shanmukham Chetty**
  - d) N.D. Tiwari
4. The GST council has decided a four tier structure of taxation to cover most goods and services. Which of the following is a correct group of these four - [A] 5%, 10%, 15% and 20% [B] 5%, 12%, 18% and 22% **[C] 5%, 12%, 18% and 28%** [D] 5%, 13%, 18% and 32%
5. A persistent fall in the general price level of goods and services is known as \_\_: **[A] Deflation** [B] Disinflation [C] Stagflation [D] Depression
6. In which year, Planning Commission was established in India? **[A] 1950** [B] 1951 [C] 1952 [D] 1955
7. The rate at which RBI purchases or rediscounts bills of exchange of commercial banks is called? [A] Repo rate [B] Reverse repo rate **[C] Bank rate**
8. In which year NSE was established? [A] 1978 [B] 1985 **[C] 1994** [D] 2000
9. The Minimum Wages Act was First passed in India in the year:  
A 1947  
**B 1948**  
C 1949  
D 1950
10. Hire and Fire is the policy of  
A. Socialism  
B. Capitalism  
**C. Mixed Economy**  
D. Traditional Economy
11. 'Mixed economy' refers to  
A The co-existence of rich as well as poor  
**B The co-existence of public as well as private sector**  
C The promotion of agriculture as well as cottage industries  
D The co-existence of heavy, small scale and cottage industries
12. Taxation is a tool of  
A Wage policy  
B Price policy  
**C Fiscal policy**  
D Monetary policy

13. Which one of the following is a direct tax?

A Sales Tax

B Excise Tax

**C Wealth Tax**

D Entertainment Tax

14. Micro-economy is also called:

A Income theory

**B Price theory**

C Investment theory

D Expenditure theory

15. Value-added means value of

A Output at market prices

B Output at factor cost

C Goods and services less depreciation

**D Goods and services less cost of intermediate goods and services**

16. The Sarkaria Commission has been appointed by the Government of India to report on:

A Child Development

**B Centre-State relations**

C Stabilize agricultural prices

D Study and report the representation of Backward Classes in the State public services

17. Funds not belonging to the Government are called:

A Contingency Fund

**B Private Accounts**

C Consolidated Fund

D Public Accounts

18. Indirect tax means:

A Tax base is income

B Direct relationship between tax payer and the government

**C There is not direct relationship between the tax payer and the government**

D The incidence and impact are on the same person on whom tax is imposed

19. What are the main components of basic social infrastructure of an economy?

A Industry, Trade and Transport

B Transport, Health and Banks

C Education, Industry and Agriculture

**D Education, Health and Civil amenities**

20. 'Golden Handshake Scheme' is associated with

**A Voluntary retirement**

B Inviting foreign companies

C Establishing joint enterprises

D Private investment in public enterprises

21. Which is the most essential function of an entrepreneur?

**A Risk bearing**

B Marketing

C Management



D Supervision

22. Which one of the following is a developmental expenditure?

A Grant-in-aid

B Debt services

C Civil administration

**D Irrigation expenditure**

23. At present, India is following

A Fixed exchange rate

B Floating exchange rate

C Pegged up exchange rate

**D Pegged down exchange rate**

24. The terms "Micro Economics" and "Macro Economics" were coined by

A J.M. Keynes

**B Ranger Frisch**

C Ranger Nurkse

D Alfred Marshall

25. Disinvestment in Public Sector is called

**A Privatisation**

B Industrialisation

C Globalisation

D Liberalisation

26. Which from the following is a part of tertiary sector?

**A Power and transportation**

B Cultivation of crops

C Animal Husbandry

D Super-normal rent

27. Agricultural income tax is a source of revenue to

**A State Government**

B Central Government

C Local Administration

D Centre and State Governments

28. Economic growth is dependent mainly on

A Price stability

B Population growth

C Level of consumption

**D Level of investment**

29. Who said, "Economics is the Science of Wealth"?

A Keynes

**B Adam Smith**

C J.S. Mill

D Robbins

30. Indirect taxes by nature are

A Proportional

B Progressive

**C Regressive**

D Degressive

31. The terms 'Bull' and 'Bear' are associated with

A Internet Trade

**B Stock Market**

C Foreign Trade

D Banking

32. Ten-rupee note contains the signature of

(A) Finance Secretary, Government of India

(B) Chairman, Reserve Bank of India

(C) Finance Minister, Government of India

**(D) Governor, Reserve Bank of India**

33. Population Explosion in a country means

(A) High birth rate and high death rate

**(B) High birth rate and low death rate**

(C) Low birth rate and high death rate

(D) Low birth rate and low death rate

34. The poverty line has been defined in the

(A) Seventh Five-Year Plan

(B) Sixth Five-Year Plan

(C) Eighth Five-Year Plan

**(D) Fifth Five-Year Plan**

35. Which Bank has the maximum number of branches?

(A) ICICI Bank

(B) HDFC Bank

**(C) State Bank of India**

(D) State Bank of Patiala

36. The measurement of poverty line is based on the criteria of

(A) Their dwelling houses

(B) The nature of employment

**(C) Caloric consumption**

(D) Level of education

37. Which of the following is not an objective of India's economic planning?

**(A) Population Growth**

(B) Industrial Growth

(C) Economic Growth

(D) Employment Generation

38. Recession is

(A) Slowing down of economic activity over a limited period

(B) Period during which unemployment may rise and demand and output may fall, leading to slump in trade

(C) Period that results from accumulation of unsold goods, owing to fall in demand

**(D) All of the above**

39. The one-rupee notes bear the signature of the

- (A) Governor, Reserve Bank of India
- (B) Secretary, Ministry of Finance**
- (C) Deputy Governor, Reserve Bank of India
- (D) Joint Secretary, Ministry of Finance

40. National Insurance Company Ltd. is a subsidiary of

- (A) Kotak Mahindra
- (B) LIC of India
- (C) Telco
- (D) General Insurance Corporation of India**

41. Gross domestic capital formation is defined as

- (A) Flow of expenditure devoted to increase or maintaining of the capital stock
- (B) Expenditure incurred on physical assets only
- (C) Production exceeding demand
- (D) Net addition to stock after depreciation**

42. Foreign Direct Investment ceilings in the telecom sector have been raised from 74 percent to

- (A) 80 percent
- (B) 83 percent
- (C) 90 percent
- (D) 100 percent**

43. Reserve Bank of India was nationalized in the year

- (A) 1935
- (B) 1945
- (C) 1949
- (D) 1969**

44. Notes on which denomination has the portrait of Mahatma Gandhi printed on them?

- (A) 1000 rupee
- (B) 500 rupee
- (C) 100 rupee
- (D) All of the above**

45. In India, the first bank of limited liability managed by Indians and founded in 1881 was

- (A) Hindustan Commercial Bank
- (B) Oudh Commercial Bank**
- (C) Punjab National Bank
- (D) Punjab and Sind Bank

46. In the second nationalization of commercial banks, \_\_\_\_ banks were nationalized.

- (A) 4
- (B) 5
- (C) 6**

(D) 8

47. The central banking functions in India are performed by the

- I. Central Bank of India
- II. Reserve Bank of India
- III. State Bank of India
- IV. Punjab National Bank

(A) I, II

**(B) II**

(C) I

(D) II, III

48. India changed over to the decimal system of coinage in

(A) April 1995

**(B) April 1957**

(C) April 1958

(D) April 1959

49. The banks are required to maintain a certain ratio between their cash in the hand and totals assets. This is called

(A) Statutory Bank Ratio (SBR)

**(B) Statutory Liquid Ratio (SLR)**

(C) Central Bank Reserve (CBR)

(D) Central Liquid Reserve (CLR)

50. In India, which one among the following formulates the fiscal policy?

(A) Planning Commission

**(B) Ministry of Finance**

(C) Finance Commission

(D) The Reserve Bank of India

51. In India, inflation measured by the

**(A) Wholesale Price Index number**

(B) Consumers Price Index for urban non-manual workers

(C) Consumers Price Index for agricultural workers

(D) National Income Deflation

52. ICICI is the name of a

(A) Chemical industry

(B) Bureau

(C) Corporation

**(D) Financial institution**

53. Regional rural banks

I. Has limited area of operation

II. Have free access to liberal refinance facilities from NABARD

III. Are required to lend only to weaker sections

(A) I, III

(B) II, III

(C) I, II, III

**(D) I, II**

54. How many banks were nationalized in 1969?

- (A) 16
- (B) 14**
- (C) 15
- (D) 20

55. Paper currency first started in India in

- (A) 1861**
- (B) 1542
- (C) 1601
- (D) 1880