

INDIAN ECONOMY

INTRODUCTION

- Indian economy is a developing economy with agriculture being its backbone.
- A mixed economy where both public and private ownership prevail.
- The growth rate is estimated to be around 7.6% per cent during 2015-16.
- World's fourth largest in terms of real GDP after USA, China and Japan.
- Estimated to be **third largest economy** with a GDP size of \$15 trillion by 2030.

Features of Indian Economy

- Low per capita income
- Heavy Population Pressure
- **Pre-dominance** of Agriculture
- Unemployment
- Low Rate of **Capital Formation**
- Poor Technology
- Backward Institutional and social framework
- Under-utilization of Resources
- Price instability
- Dependence on Imports
- Income **Disparities**
- Poverty

HISTORY OF PLANNING IN INDIA

- **1934:** First attempt to **initiate** economic planning in India was made by **Sir M. Visvesvarayya**, through his book '**Planned Economy For India**'.
- **1938:** '**National Planning Commission**' was set up under the chairmanship of **J.L. Nehru** by the Indian National Congress. Its recommendations could not be implemented because of the beginning of the Second World War and changes in the Indian political situation.
- **1944:** '**Bombay Plan**' was presented by 8 leading industrialists of Bombay.
- **1944:** '**Gandhian Plan**' was given by **S. N. Agarwal**.
- **1945:** '**People's Plan**' was given by **M. N. Roy**.
- **1950:** '**Sarvodaya Plan**' was given by **J. P. Narayan**. A few points of this plan were accepted by the Government.

THE PLANNING COMMISSION

- It was set up on **March 15, 1950** under the chairmanship **J.L. Nehru**, by a **resolution** of Union Cabinet.
- It is an extra-constitutional, **non-statutory body**.

- Prime Minister is the ex-officio Chairman, one deputy-Chair appointed by the PM and some full time members.
- In January **2015**, Cabinet **resolution replaced the Planning Commission by NITI Aayog**, i.e. National Institution for Transforming India (NITI) Aayog. (It is given in detail in Polity chapter)

PLANS

First Plan (1951 - 56)

- Based on **Harrod-Domar Model**.
- Community Development Program launched in 1952
- Focus on **agriculture, price stability, power and transport**.
- It was a successful plan primarily because of good harvests in the last two years of the plan.

Second Plan (1956 - 61)

- Also called **Mahalanobis Plan**.
- Focus - **rapid industrialization**.
- Target Growth: 4.5% ; Actual Growth: 4.27%
- Advocated huge imports through foreign loans.
- Shifted emphasis from agriculture to industry.

Third Plan (1961 - 66)

- Target Growth: 5.6% ; Actual Growth: 2.4%
- Agriculture was given to priority to support the exports and industry.
- Aimed to make India a '**self-reliant**' and '**self-generating**' economy.
- Complete failure in reaching the targets due to unforeseen events - Chinese aggression (1962), Indo-Pak war (1965), severe drought 1965-66.

Three Annual Plans (1966-69) Plan holiday for 3 years

- The main reasons for plan holidays were the war, lack of resources, and increase in inflation.
- Equal priority was given to agriculture, its allied activities, and industrial sector.
- During the Annual Plans, the economy absorbed the shocks generated during the Third Plan.
- It paved the path for the planned growth ahead.

Fourth Plan (1969 - 74)

- Target growth rate was 5.6%, actual growth rate was 3.3%.
- Main emphasis was on growth rate of agriculture to enable other sectors to move forward

Fifth Plan (1974-79)

- The fifth plan was prepared and **launched by D.D. Dhar**.
- Target growth rate was 4.4% and the actual growth rate was 5.0%.
- Expansion of tourism.
- It proposed to achieve two main objectives: **'removal of poverty'** (Garibi Hatao) and **'attainment of self reliance'**.
- Promotion of high rate of growth, better distribution of income and significant growth in the domestic rate of savings were seen as key instruments.
- The plan was terminated in 1978 (instead of 1979) when Janta Party Govt. rose to power.

Rolling Plan (1978 - 80)

- There were two Sixth Plans. Janta Government put forward a plan for 1978-1983. However, the government lasted for only 2 years. Congress Govt. returned to power in 1980 and launched a different plan.

Sixth Plan (1980 - 85)

- Target growth rate was 5.2% and the actual growth rate was 5.4%.
- It was a great success and marked the beginning of **economic liberalisation**.
- Focus - Increase in national income, modernization of technology, ensuring continuous decrease in poverty and unemployment, population control through family planning, etc.

Seventh Plan (1985 - 90)

- Target growth rate was 5.0% and the actual growth rate was 6.01%.
- Focus - rapid growth in food-grains production, increased employment opportunities and productivity within the framework of basic tenants of planning.

Eighth Plan (1992 - 97)

- It was postponed by two years (1990-91) because of political uncertainty at the Centre.
- **Modernization of industries was a major highlight.**
- Main economic outcomes were rapid economic growth, high growth of agriculture and allied sectors, and manufacturing sector, growth in exports and imports, improvement in trade and current account deficit.
- Target growth rate: 5.6%; Average growth rate: 6.78%

Ninth Plan (1997- 2002)

- Target growth was 7.1% and the actual growth was 6.8%.
- It was developed in the context of four important dimensions: Quality of life, generation of productive employment, regional balance and self-reliance.

Tenth Plan (2002 - 2007)

- Target growth: 8.1%
Growth achieved: 7.7%
- **20 point program was introduced.**
 - It targetted a GDP growth of 8% per annum.

- Reduction in gender gaps in literacy and wage rates by at least 50%.
- Providing gainful and high-quality employment at least to the addition to the labour force.
- Reduction of poverty rate by 5%.

Eleventh Plan (2007 - 2012)

- Accelerate GDP growth from 8% to 10%.
- Reduce Total Fertility Rate to 2.1
- Increase agriculture growth to 4%.
- Emphasis on social sector and delivery of service therein.
- Empowerment through education and skill development.

Twelfth Five Year Plan (2012-2017)

Major objective: Faster, Sustainable and More Inducive Growth.

Planning Commission in its meeting held on April 2011, the Prime Minister, Dr. Manmohan Singh, addressed the Planning Commission concerning the twelfth Five Year Plan of India. The main points of the Twelfth Plan are:

- Health and Education received less than projected in Eleventh Plan. Allocations for these sectors will have to be increased in 12th plan.
- Health, Education and Skill Development together in the Centre's Plan will have to be increased by at least 1.2% point of GDP.
- Infrastructure, including irrigation and watershed management and urban infrastructure, will need additional 0.7 percentage point of GDP over the next 5 years.
- Since Centre's GBS will rise by only 1.3 percentage points over 5 years, all other sectors will have a slower growth in allocations.
- Decrease the number of Centrally Sponsored Schemes (CSS) to a few major schemes. For the rest, create new flexi-fund which allow Ministries to experiment in other CSS areas.
- PPP model must be encouraged, including in the social sector, i.e. health and education. Efforts on this front need to be intensified.
- Distinction between plan and non-plan being reviewed by Rangarajan Committee.

Important Points

- Planning Commission has been replaced by NITI Aayog.
- Montek Singh Ahluwalia was the last Deputy Chairman of the Commission (resigned on 26 May 2014).
- Five-Year Plans (FYPs) are centralized and integrated as national economic programs.

NATIONAL INCOME OF INDIA

- National Income is the money value of all the final goods & services which produced by a country during one year.
- India is now the world's 3rd largest economy in terms of real prices and purchasing power.
- For national income, the Indian economy is divided into 14 broad sectors which are grouped into 3 main categories.

Sector	Activity
Primary Sector	Agriculture and Allied Sector
	Forestry
	Fishing
	Mining & Quarrying
Secondary Sector or Industrial sector	Manufacturing
	Electricity, Gas and Water Supply
	Construction
Tertiary Sector or Service Sector	Trade, Hotels and Restaurants
	Transport
	Storage
	Communication
	Financing, (Banking Insurance)
	Real Estate and Business Services
	Community, Social, Personal and other Services

Measures/Concepts of National Income

1. Gross Domestic Product (GDP)

GDP is the total money value of all final goods & services produced within the geographical boundaries of the country (produced by resident citizens + foreign nationals) during a given period of time, generally one year.

$$GDP = Q \times P,$$

Q = Total quantity of final goods & services.

P = Price of final goods & services.

2. Gross National Product (GNP)

GNP is the money value of total output or production of final goods & services produced by the nationals of a country during a given period of time, generally a year. In this case, the income of all the resident & non-resident citizens of a country is included whereas the income of foreign nationals who reside within the geographical boundary of the country is excluded.

$$GNP = GDP + (X - M)$$

X = Export of goods & services

M = Import of goods & services

X - M = Net Factor Income from Abroad (NFIA)

So, $GNP = GDP + NFIA$

3. Net National Product (NNP): can be calculated in 2 ways

(i) NNP at market price:

$$NNP = GNP - \text{Depreciation}$$

Depreciation means wear & tear of goods produced.

NNP at market price includes Indirect taxes and excludes subsidies.

(ii) NNP at factor cost: NNP at factor cost calculates National Income only on the basis of cost incurred to produce the goods & services. This cost is the payment made to the factors of production.

$$NNP_{fc} = NNP_{mp} - \text{Indirect Taxes} + \text{Subsidy}$$

When NNP is obtained at factor cost, it is known as National Income.

Likewise, GDP at factor cost also can be calculated.

$$GDP_{fc} = GDP_{mp} - \text{Indirect Taxes} + \text{Subsidy}$$

4. Personal Income

It is that income which is actually obtained by nationals in one year.

P.I. = National Income – Undistributed Profits of Corporation – Payments for Social Security Provisions – Corporate Taxes + Government Transfer payments + Business Transfer payments + Net Interest paid by government.

SOCIAL SECURITY PROVISIONS = Payments made by employees towards pension & provident fund

TRANSFER PAYMENTS = Payments made not against any productive activity, eg. – old age pension, unemployment compensation, disaster relief payment, etc.

5. DISPOSAL PERSONAL INCOME (DPI)

Income that is available to individuals that can be disposed at their will.

$$DPI = \text{Personal Income} - \text{Direct Taxes.}$$

6. National Income at constant price & current price

NI@CONSTANT PRICE = Total quantity of all final goods & services produced in a particular year × Price of base year.

Base year of National Income accounts is the year chosen to enable inter – year comparisons. The new series changes the base to 2011–12 from 2004–05

NI@CURRENT PRICE = Total quantity of all final goods & services produced in a particular year × Price of goods & services in that particular year.

ESTIMATES OF NATIONAL INCOME

Pre-Independence: No central authority or government organization in India before independence to prepare National Income Estimates.

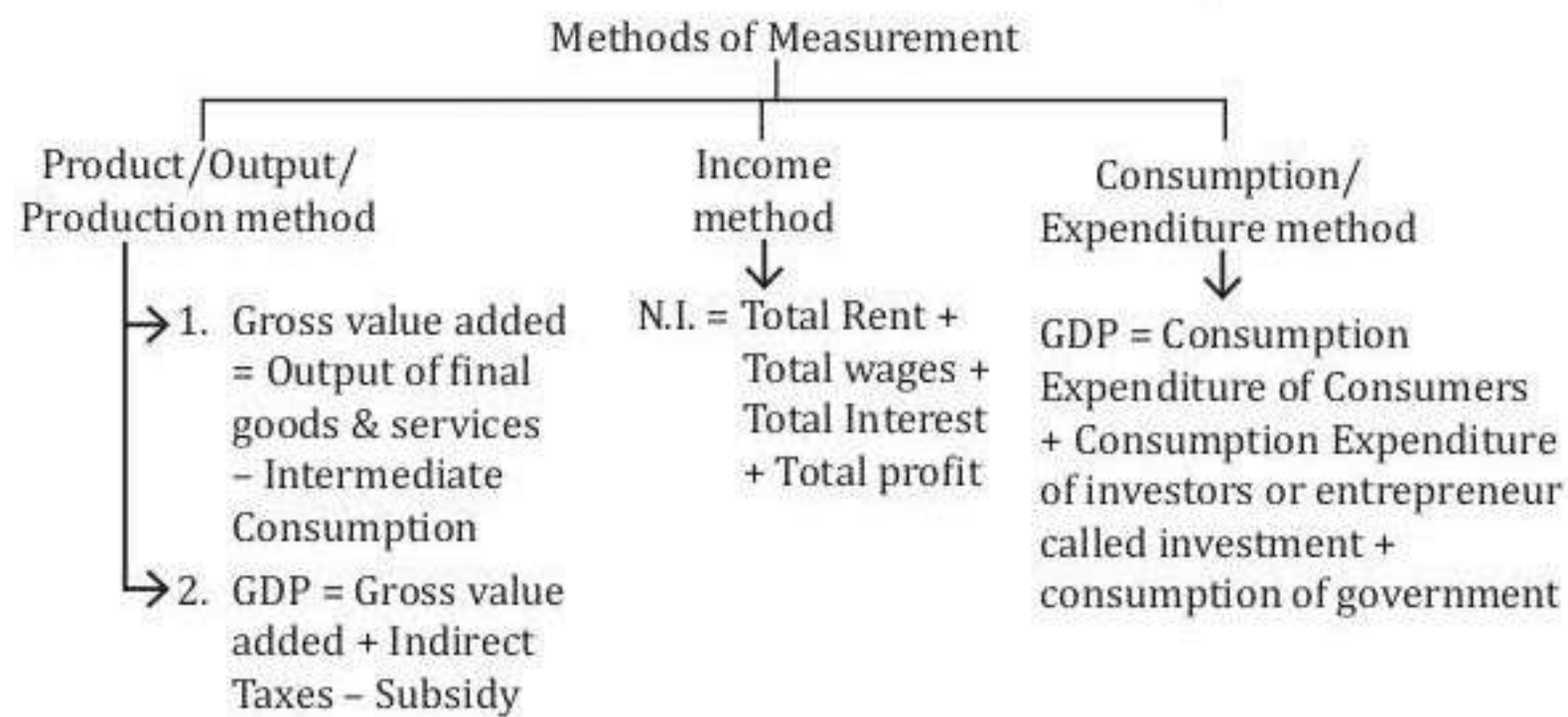
Independence: Estimates of National Income and Per Capita Income of India

Estimated By	Year of Estimates	National Income (Crore)	Per Capita Income (₹)
Dadabhai Naoroji	1867-68	340	20
Wadia and Joshi	1913-14	1,067	44
Shah and Khambata	1921-22	2,364	74
V.K.R.V. Rao	1931-32	1,689	62
Ministry of Commerce (Govt. of India)	1945-46	6,234	198

Post-independence: P. C. Mahalanobis was the Chairman of the National Income Committee constituted in 1949. According to its first report in 1951, National Income of India was ₹ 8,710 Crore and Per Capita Income was ₹ 225 in 1948-49.

Methods of Calculating National Income –

MEASUREMENT OF NATIONAL INCOME



Difficulties in Measuring National Income in India

- Non-monetized Sector
- Lack of distinct differentiation in economic activities
- Conceptual problems
- Black money
- Inter-regional differences
- Non-availability of data about certain incomes
- Mass Illiteracy
- Difficulty in obtaining data about income
- Difficulties of sampling technique

Significance

- Indicates economic growth
- Inter- sectoral comparisons
- Distribution of income
- Helpful in economic planning
- Structural changes in the economy
- Helps in policy formulation
- Helpful in trade union

Facilitates forecasting

- 'Green accounting' means measuring the national income of a country taking into account estimation of pollution and environmental damage.
- The estimates of National Income in India are prepared by Central Statistical Organization (CSO) and are called National Accounts Statistics.

Annual growth rate of National Income and Per Capita Income

Plan	National Income (%) p.a.	Per Capita Income (%) p.a.
First Plan	3.6	1.8
Second Plan	4.1	2.0
Third Plan	2.5	0.2
Fourth Plan	3.3	1.0
Fifth Plan	5.0	2.7
Sixth Plan	5.4	3.2
Seventh Plan	5.8	3.6
Eighth Plan	6.7	4.6
Ninth Plan	5.5	3.5
Tenth Plan	7.8	6.1
Eleventh Plan	7.9	6.5
Twelfth Plan (2012-13)	5.0	3.7

FACTORS OF PRODUCTION

An economic term to describe the inputs that are used in the production of goods or services in the attempt to make an economic profit are called factors of production. The factors of production include – land, labour, capital & entrepreneurship.

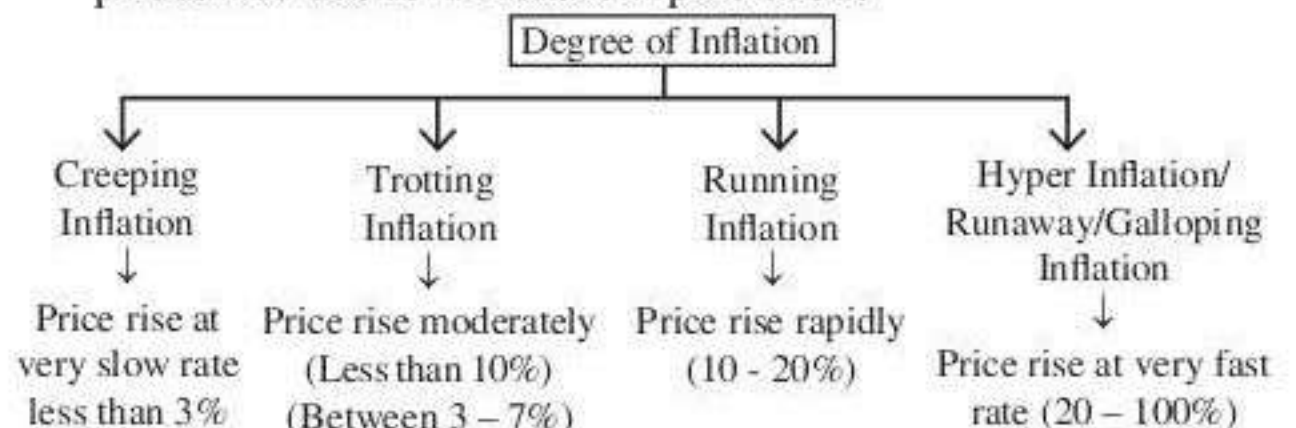
- **Land:** Represents all natural resources used in the production of goods.
- **Labour:** All work that labourers & workers perform at all levels of an organization.
- **Capital:** All of the tools, machinery, cash used to produce a goods or service.
- **Entrepreneur:** Individual who takes an idea & attempts to make an economic profit from it by combining all other factors of production.

Inflation

In a broad sense, inflation is that state in which the prices of goods & services rise on the one hand & value of money falls on the other.

Types of Inflation

1. **Demand Pull Inflation:** It is that inflation when prices rise due to higher demand for goods & services over the available supply.
2. **Cost Push Inflation:** It is the type of inflation in which prices rise due to increased inputs costs.



Measurement of Inflation

1. **General Price or Wholesale Price Index (WPI):** It measures the changes in average prices of goods & services. A base year is selected & its index is assumed as 100 & on this basis price index for the current year is calculated. If the index of the current year is below 100 it indicates the state of deflation &, on the contrary, if index of the current year is above 100 it indicates the state of inflation.

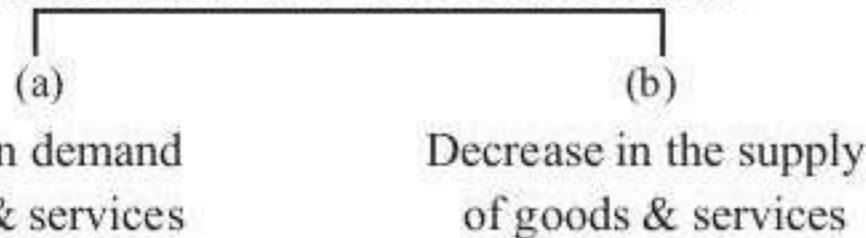
2. **Consumer Price Index (CPI):** It measures the average change in prices paid by ultimate consumers for a particular basket of goods & services over a period of time. CPI actually measures the increase in prices a consumer will have to pay for the designated commodity basket which may be revised every 4 – 5 years to factor in changes in consumption pattern.

$$\text{Price Index} = \frac{\text{Current year's price}}{\text{base year's price}} \times 100$$

In India, inflation is measured in terms of the WPI.

Causes of Inflation

The inflation occurs due to two main broad factors :-



(a) Factors causing an increase in demand for goods & services:

- (i) Increase in public expenditure
- (ii) Increase in pvt. expenditure
- (iii) Increase in exports
- (iv) Reduction in taxation
- (v) Rapid growth of population
- (vi) Black money
- (vii) Deficit financing
- (viii) Cheap money policy
- (ix) Increase in consumer spending
- (x) Department of Tax internal debts.

(b) Factors causing decrease in supply of goods & services:

- (i) Shortage of supplies of factors
- (ii) Industrial disputes
- (iii) Natural calamities
- (iv) Loop-sided Production
- (v) Hoarding by traders
- (vi) Operation of Law of Diminishing Returns.

Impact of Inflation

Inflation is the most regressive form of taxation as it affects the poor and vulnerable sections of the society the most. Such a situation leads to increasing income disparities.

Inflation dampens exports by making our products expensive and, conversely, makes imports attractive. Such a situation may warrant formal or informal devaluation of the currency in order to make our exports competitive.

Inflation leads to recession, as people with fixed incomes set apart an increasing share of their income to meet the growing costs of essential commodities, leaving very little for expenditure on non-essential terms. The production of such items has to be reduced, leading to shutdowns and recession.

Policy measure to control inflation

The issue of inflation is addressed from both demand and supply sides. Demand management implies putting a check on the demand of the public for goods and services. Demand management is achieved by measures such as postponing public expenditure,

reducing up excess liquidity either through taxes or saving schemes and restrictions on ad hoc treasury bills. While such measures help contain the money supply, there is a danger that these will contract the economy and lead to an increase in unemployment. Rationalisation of excise and import duties of essential commodities to higher the burden on poor.

RBI assists in controlling inflation through monetary measures such as quantitative and selective credit controls and by manipulating the Cash Reserve Ratio (CRR) and the Statutory Liquidity Ratio (SLR). These are the monetary policies adopted by government. On the supply side, the mechanism of Public Distribution System (PDS) ensures availability of essential commodities for the vulnerable sections of society. This helps to maintain price levels. Fixation of maximum prices to eliminate the incentive for hoarding and speculative activity in foodgrains. Control over private trade in foodgrains. Adoption of Open General Licence (OGL) to ease the imports of sugar, pulses, etc. in case of shortages. Coupled with this is the open market sale of rice and wheat resorted to by FCI from its buffer stock in times of price rise.

Related Terms

1. **Deflation:** Deflation is that state in which the value of money rises & the price of goods & services falls.
2. **Stagflation:** It refers to the situation of coexistence of stagnation & inflation in the economy. Stagnation means low National Income growth & high unemployment.
3. **Disinflation:** The rate of inflation at a slower rate is called disinflation.

INDIAN TAX STRUCTURE

- **Tax Structure** present in India is very strong and follows the financial year.
- The taxation is applicable for any kind of income pertaining to any person working as an employee anywhere in India at any level.
- Tax is a compulsory payment by a person to the Government.

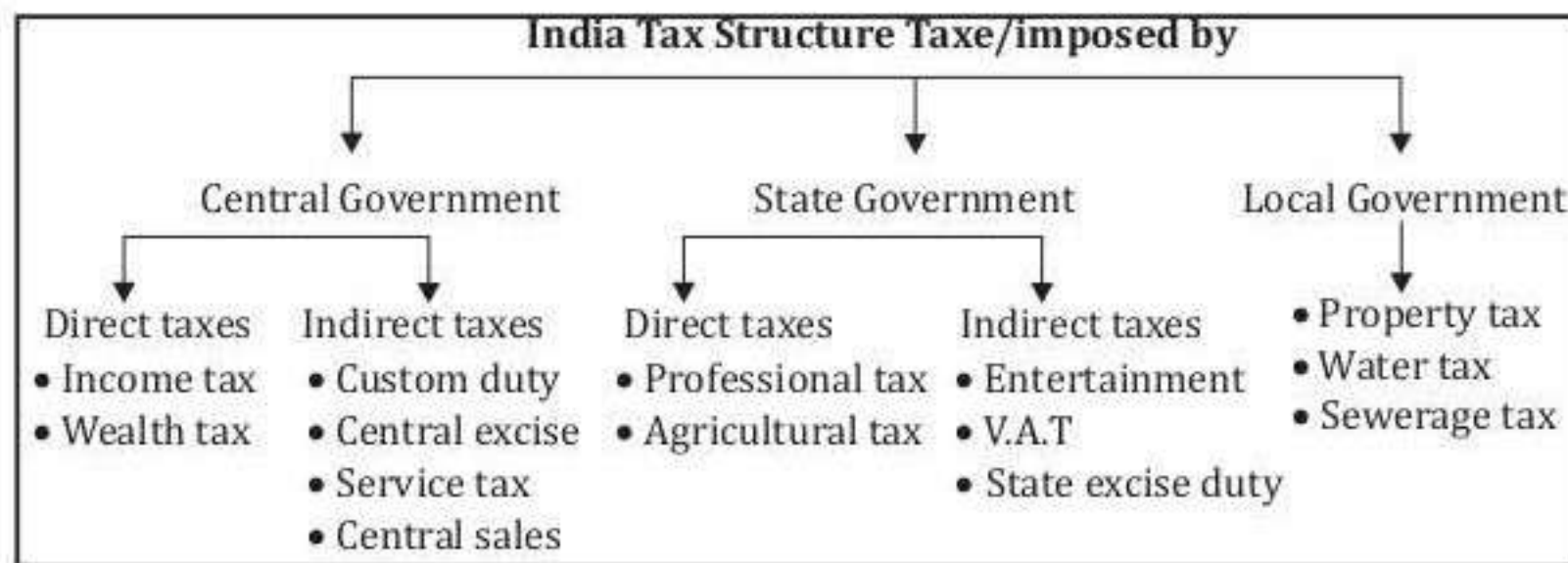
Direct taxes

These are those taxes which are imposed on a person either on his income or wealth and the tax liability cannot be escaped. It is governed by Central Board of Direct Taxes (CBDT).

Indirect tax

It is collected by middle men in the channels of distribution of goods and it is remitted to the Government treasury. It is governed by Central Board of Excise and Customs (CBEC).

- To enable smooth functioning of the taxation system, 3 lists have been put forward in Article 246 of the Indian Constitution.
- **List I** mentions the areas where only the Parliament can make laws.
- **List II** mentions the areas where only the State Legislature can make laws.
- **List III** mentions the areas where both the Parliament and the State Legislation can make laws.



Different heads of income under tax structure in India:

- Salary
- House property
- Profit in business or profession
- Capital gains by sale of immovable assets
- Other sources

GOODS AND SERVICES TAX (GST)

The introduction of the GST would be a significant step in the field of indirect tax reforms in India. By subsuming a large number of central and state taxes into a single tax, it would mitigate cascading or double taxation in a major way and pave the way for a common national market. From the consumer's point of view, the biggest advantage would be in terms of a reduction in the overall tax burden on goods, which is currently estimated at 25%- 30%. Introduction of the GST is also expected to make Indian products competitive in domestic and international markets. Studies show that this would instantly spur economic growth. Because of its transparent character, it is expected that the GST would be easier to administer.

The broad features of the proposed GST model are as follows:

- (i) GST would be applicable on supply of goods or services as against the present concept of tax on the manufacture or on sale of goods or on provision of services.
- (ii) GST would be a destination-based tax as against the present concept of origin-based tax.
- (iii) It would be a dual GST with the Centre and the states simultaneously levying it on a common base. The GST to be levied by the Centre would be called Central GST (CGST) and that to be levied by the states would be called State GST (SGST).
- (iv) An integrated GST (IGST) would be levied on inter-state supply (including stock transfers) of goods or services. This would be collected by the Centre so that the credit chain is not disrupted.
- (v) Import of goods or services would be treated as inter-state supplies and would be subject to IGST in addition to the applicable customs duties.
- (vi) A non-vatable additional tax, not exceeding 1% on inter-state supply of goods would be levied by the Centre and retained by the originating state at least for a period of two years.
- (vii) CGST, SGST, and IGST would be levied at rates to be recommended by the **Goods and Services Tax Council (GSTC)** which will be chaired by the Union Finance Minister and will have Finance Ministers of states as its members.

- (viii) GST would apply to all goods and services except alcohol for human consumption.
- (ix) GST on petroleum products would be applicable from a date to be recommended by the GST Council.
- (x) Tobacco and tobacco products would be subject to the GST. In addition, the Centre could continue to levy Central excise duty.
- (xi) A common threshold exemption would apply to both CGST and SGST. Taxpayers with a turnover below it would be exempt from GST. Compounding option (i.e. to pay tax at a flat rate on turnover without credits) would be available to small taxpayers below a certain threshold. However, a taxable person falling within the limit of threshold or compounding could opt to pay tax at the normal rate in order to be part of the input tax credit chain.
- (xii) The list of exempted goods and services would be kept to a minimum and it would be harmonized for the Centre and states as far as possible.
- (xiii) Exports would be zero-rated.
- (xiv) Credit of CGST paid on inputs may be used only for paying CGST on the output and the credit of SGST paid on inputs may be used only for paying SGST. In other words, the two streams of input tax credit (ITC) cannot be cross utilized, except in specified circumstances of inter-state supplies, for payment of IGST.

Over the past four decades, the value added tax (VAT) has been an important instrument of indirect taxation, with 130 countries having adopted it, resulting in one-fifth of the world's tax revenue. Tax reform in many of the developing countries has focused on moving to VAT. **Federal countries like Canada, New Zealand, and Australia have successfully adopted the GST into their structure.** Implementation of a comprehensive GST in India is expected, ceteris paribus, to lead to efficient allocation of factors of production thus bringing about gains in GDP and exports. This would translate into enhanced economic welfare and higher returns to the factors of production, viz. land, labour, and capital. However, in the near term, as GST replaces a number of state-level and Central taxes, revenue gains may not be significant.

INCLUSIVE DEVELOPMENT

- Inclusive growth refers to both the pace and pattern of the economic growth of a country.
- It focuses on economic growth which is a necessary and crucial condition for poverty reduction.
- It adopts a long term perspective and is concerned with sustainable growth.

- Inter-related elements of inclusive growth are:
 - i. Poverty reduction and increase in quantity and quality of employment
 - ii. Agricultural development
 - iii. Social sector development
 - iv. Reduction in regional disparities
 - v. Protecting the environment

POVERTY IN INDIA

- One third of the world's poor live in India.
- The number of poor in India is now estimated at 148 million in 2014 as compared to 396 million in 2004-05.
- Goa ranks best with least poverty of 5.09% and Chattisgarh has the most poverty with 39.93%.
- Poverty is concentrated among agricultural labourers, casual workers, scheduled castes and scheduled tribes.
- According to Economic Survey 2013-14, **poverty ratio declines to 21.9 per cent.**
- The survey to measure below poverty line is conducted by **National Sample Survey (NSS).**
- National Sample Survey determines poverty line using the mixed recall period method in which consumer spending for five items such as clothing, durable goods, footwear, education and institutional medical expenses are collected from a 365 days period.

UNEMPLOYMENT IN INDIA

- The country's overall unemployment rate was estimated to be **4.9 per cent in 2013-14.**
- In case of women living in urban areas, the unemployment rate was 12.4 per cent, while in rural areas, it was 6.4 per cent.
- The overall unemployment among women was 7.7 per cent across the country.
- Gujarat has the lowest unemployment rate of 1.2 per cent, as per the fourth Annual Employment & Unemployment Survey report for 2013-14, released by Labour Bureau, under Union Ministry of Labour and Employment.
- As per the study, the unemployment rate per 1,000 persons aged more than 15 years was lowest in Gujarat at 12, followed by Karnataka at 18, Maharashtra at 28, UT Chandigarh at 28, Madhya Pradesh at 29 and Telangana at 33.

Different Types of Unemployment in India

1. **Structural Unemployment:** This type of unemployment is associated with economic structure of the country, i.e. rapidly growing population, technological change and their immobility fall in rate of capital formation.
2. **Under-employment:** Those labourers are under-employed who obtain work but their efficiency and capability are not utilised at their optimum and as a result they contribute in the production upto a limited level.
3. **Disguised Unemployment:** If a person does not contribute anything in the production process or in other words, if he can be removed from the work without affecting the productivity adversely, he will be treated as disguisedly unemployed. The marginal productivity of such unemployed person is zero.
4. **Open Unemployment:** When the labourers live without any work and they don't find any work to do, they come under

the category of open unemployment. Educated and unskilled labourers unemployment are included in open unemployment.

Various Poverty and Unemployment Elimination Programmes initiated by Govt. In Five-Year Plans.

S. No.	Name of the Programme	Year of Starting	Main Objectives
1.	Crash Scheme for Rural Employment	1971-72	Generation of new employment rural development.
2.	Pilot Intensive Rural Employment	72-73	Construction work in Villages.
3.	Drought Prone Areas Programme	73-74	To develop natural resources in drought prone rural areas.
4.	Food for work Programme	77-78	To provide food for work in development process.
5.	Antyodaya Yojana	77-78	To give economic assistance to families BPL.
6.	National Rural Employment Programme (NREP)	80-81	Helping that segment of Population which largely depends on wage employment by providing gainful employment.
7.	Rural landless Employment Guarantee Programme (RLEGP)	1983-84	To expand Employment.
8.	Million Wells Scheme (MWS)	1988-89	To provide open irrigation wells, free of cost, to poor small and Marginal farmers belonging to Sc/ST.
9.	Jawahar Rojgar Yojana (JRY)	1989-90	Generation of gainful employment to unemployed in rural areas.
10.	Employment Assurance Scheme (EAS)	1993-94	Providing assured employment of days unskilled manual work to rural.
11.	Prime Minister Rojgar Yojana (PMRY)	1994-95	To provide self-employment to educated unemployed by setting up of seven lakh micro-enterprises.
12.	Jawahar Gram Samridhi Yojana (JGSY)	1999-2000	To create employment and durable assets in rural areas.
13.	Swarnjayanti Gram Swarozgar Yojana (SGSY)	1999-2000	To promote micro-enterprises and helping the rural poor into self-help group.
14.	Pradhan Mantri Gramodaya Yojana	2000-01	Improving the quality of life of people in rural areas.
15.	Jai Prakash Rojgar Guarantee Yojana (JPRGY)	2002-03	To provide employment guarantee to the unemployed in the most distressed districts of the country.
16.	National food for work Programme (NFWP)	2004-05	To intensify the generation of supplementary wage employment.

17.	National Rural Employment Guarantee Act (NREGA)	2006	To entitle the rural poor to guaranteed employment for 100 days. w.e.f April 2008 expanded from 200 to all 614 rural districts of India.
18.	Swavalamban Scheme	2010	New Pension Scheme for poorer section in which Govt. will contribute a sum of ₹ 1000 along with the subscriber upto ₹ 12000. This scheme will cover 10 lakh subscribers each in four years beginning 2010-11 bringing the total number to 40 lakh by March, 2014.
19	Pradhan Mantri Jan Dhan Yojana	2014	Start by current PM Narendra Modi to eradicate poverty at grass root level.

WOMEN EMPOWERMENT

Women in	What does 12 FYP aim for?
Manufacturing sector	<ul style="list-style-type: none"> • Propaganda to change attitudes towards gender stereotyping of skills • Removal of prejudice against caste-based activities and worker communities. • Finding potential women entrepreneurs and giving them assistance
Service sector	<ul style="list-style-type: none"> • Training of women as BPO employees, electronic technicians, electricians, plumbers, sales persons, auto drivers, taxi drivers, masons, etc. under skill development programmes. • Skill development would be seen as a vehicle to improve lives and not just livelihoods of women.
Unorganised sector	<ul style="list-style-type: none"> • Complaints committee for sexual harassment. • Addressing issues of leave, wages, work conditions, pension, housing, childcare, health benefits, maternity benefits, safety and occupational health.

INCREASE FUNDING FOR FOLLOWING SCHEMES

- Support to Training and Employment Program (STEP) for skill development and income generation.
- Priyadarshini for improving sustainable livelihood opportunities.
- Swayamsiddha Phase II to ensure holistic empowerment of women in a sustainable manner through SHGs.
- Working Women Hostels.
- Ujjawala, a comprehensive scheme for helping sex workers.
- Swadhar Greh Scheme, for women in distress.
- New scheme for providing restorative justice to victims of rape through financial assistance as well as support services.

SCHEMES FOR WOMEN AND CHILD DEVELOPMENT

1. Ahimsa Messengers

- Scheme of Ministry of women and child development launched by UPA in 2013.

- Includes Women Panchayati Raj Members, Youth, NGOs etc.
- These people work for prevention of violence against women, dowry, etc.
- Help victim file FIRs, visit police stations and seek legal aid.

2. CSWB

- Central social welfare board (CSWB).
- To implement welfare programs for women and children via NGOs, family counselling, awareness generation, etc.
- Originally set up by resolution of Government, later became a charitable company.
- Falls under Ministry of Women and Child Development.

3. Poorna Shakti Kendra

- Created under National Mission for empowerment of women in 2013.
- One stop information centres.
- Help women get benefit from various govt. schemes.

4. SABLA

- Rajiv Gandhi Scheme for Empowerment of Adolescent Girls launched in 2011.
- To provide nutrition for growing adolescent girls by provision of food grains.
- All girls will be given a kishori card which will be updated with details of the girl's growth and provision of the food grains.
- SABLA implemented by Ministry of Women and Child Development. (not by HRD ministry or social welfare ministry).
- SABLA is created by merging earlier two schemes: Nutrition program for adolescent girls + Kishori Shakti Yojana.
- Target: girls aged 11-18.
- 100 gms of foodgrain per day per girl for 300 days in a year.

5. Saksham

- This is a scheme by Ministry of Women and Child Development launched in 2012.
- Made due to rising demand for gender sensitisation among boys after the Delhi gang-rape incident.
- It'll give training/moral education to adolescent boys (11-18 age) to respect women.
- Official name will be "Rajiv Gandhi scheme for empowerment of adolescent boys."

6. STEP

- Support to Training and Employment program for Women.
- Provides skill training.

Policies

1974	National Policy for Children
2001	National Policy for Women
2004	National Charter for Children
2014	National Youth Policy

NATIONAL RURAL HEALTH MISSION

- Focus will be post-menopausal problems, osteoporosis and breast and cervical cancer.
- Dovetailing of NRHM with IGMSY [Indira Gandhi Matritva Sahyog Yojana] (conditional cash transfer for maternity benefit) and National Food Security Bill (NFSB) will be undertaken.

- Training Anganwadi and ASHA workers (Accredited Social Health Activist) on issues relating to nutrition, counselling, child rights and gender discrimination.
- Work of ASHAs/AWWs, will be valued and recognised.

Child labour v/s Right to Education (RTE)

- RTE = Every child between the ages of 6 and 14 has right to free (and compulsory) elementary education
- Child Labour (Prohibition and Regulation) Act of 1986 makes a distinction between hazardous and non-hazardous categories of work for children under 14 years.

CHILD ADOPTION

CARA	<ul style="list-style-type: none"> • Central Adoption Resource Authority. • Autonomous body under Ministry of women and Child development • Deals with Hague Convention on inter-country adoption
CARINGS	<ul style="list-style-type: none"> • Child Adoption Resource Information and Guidance System • It is an IT application for greater transparency in adoption system, under CARA

RASHTRIYA BAL SWASTHYA KARYAKRAM

- This scheme was launched in 2013.
- To provide comprehensive healthcare and improve the quality of life of children focus on 4D.
- Defects at birth (cleft lip, down's syndrome, Talipes, etc.).
- Diseases (dental, heart, asthma, etc.).
- Deficiencies (Vit.A deficiency = Bitot spot).
- Development delays including disability.

ICDS

- Integrated Child Development Service (ICDS) started in 1975.
- Beneficiary-children below the age of six, lactating mothers, pregnant mothers.
- Provides for nutritional and health status, immunization, health checkups, pre-school and non-formal education.
- Has convergence with reproductive and child health (RCH) program under National Rural Health Mission.

DHANLAKSHMI

It is the conditional cash transfer for girl child, launched in 2008, for fulfilling following conditions:

- birth and registration of birth
- immunization
- enrolment and retention in school

For this scheme, 12th FYP wants conditional transfer of assets (like home via IAY) instead of cash transfer.

RAJIV GANDHI NATIONAL CRECHE

- Scheme provides for day-care facilities to 0-6 year-old children of working mothers by opening crèches and development services
- Requirement: combined monthly income of both the parents should not exceed ₹12,000 for availing of the facilities.

INDUSTRIES: PUBLIC SECTOR ENTERPRISES, NAVRATNAS AND MAHARATNAS

- Public Sector Enterprises (PSE) is a government-owned corporation owned by Union Government of India, or one of the many state or territorial governments, or both.
- They are under the Department of Public Enterprises of Ministry of Heavy Industries and Public Enterprises.
- There are currently 254 PSU companies in India.

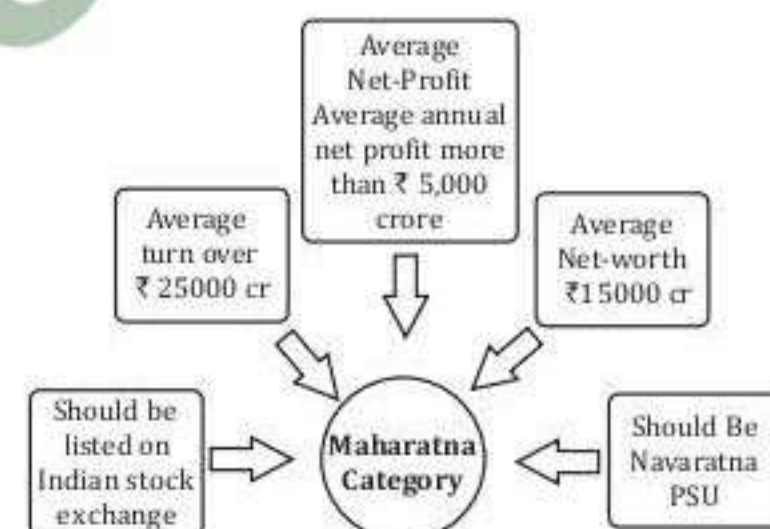
Financial autonomy

- **Maharatna**
- **Navratna**
- **Miniratna** CPSEs (itself divided into Category I & Category II)

As on 26 October, 2014 there are 7 Maharatna, 17 Navratna and 72 Miniratna CPSE's.

CRITERIA FOR GIVING MAHARATNA STATUS

- Company already holds Navratna status.
- It is listed on the Indian stock exchange fulfilling the minimum prescribed public shareholding according to the SEBI regulations.



7 Maharatna CPSEs, namely:

1. Bharat Heavy Electricals Limited (BHEL)
2. Coal India Limited (CIL)
3. GAIL (India) Limited
4. Indian Oil Corporation Limited
5. NTPC Limited
6. Oil & Natural Gas Corporation Limited (ONGC)
7. Steel Authority of India Limited

CRITERIA FOR GIVING NAVRATNA STATUS

- Company must have 'Miniratna Category – I' status along with a Schedule 'A' listing.
- It should have at least 3 'Excellent' or 'Very Good' Memorandum of Understanding (MoU) during the last five years.

There are 17 Navratna CPSEs in the country, these are:

1. Bharat Electronics Limited
2. Bharat Petroleum Corporation Limited
3. Container Corporation of India Limited
4. Engineers India Limited

5. Hindustan Aeronautics Limited
6. Hindustan Petroleum Corporation Limited
7. Mahanagar Telephone Nigam Limited
8. National Aluminium Company Limited
9. National Buildings Construction Corporation Limited
10. NMDC Limited
11. Neyveli Lignite Corporation Limited
12. Oil India Limited
13. Power Finance Corporation Limited
14. Power Grid Corporation of India Limited
15. Rashtriya Ispat Nigam Limited
16. Rural Electrification Corporation Limited
17. Shipping Corporation of India Limited

INDUSTRIAL POLICY 1991

(A) Objectives

- to maintain a *sustained growth* in productivity.
- to enhance gainful employment.
- to achieve *optimum utilisation of human resources*.
- to attain *international competitiveness*.
- to transform India into a major partner and players in the global arena.

(B) Main Focus on

- *deregulating* Indian industry.
- allowing the industry *freedom and flexibility* in responding to market forces, and
- providing a policy regime which *facilitates and fosters growth* of Indian industry.

(C) Policy Measures

- *Liberalisation* of Industrial Licensing Policy.
- Introduction of *Industrial Entrepreneur's Memorandum* (i.e. no industrial approval is required for industries not requiring compulsory licensing).
- Liberalisation of Locational Policy.
- Liberalised policy for Small Scale Sectors.
- Non-Resident Indians Scheme (NRIs are allowed to invest upto 100% equity on non-repatriation basis in all activities except for a small negative list).
- *Electronic Hardware Technology Park (EHTP), Software Technology Park (STP)* Scheme for building up strong electronic industry to enhance exports.
- Liberalised policy for Foreign Direct Investment (FDI).
- Abolition of the MRTP limit.
- FERA was replaced by highly liberal FEMA.

MAJOR INDUSTRIES IN INDIA

Classification of Industries:

A. On the basis of source of raw materials

- **Agro based industry** (cotton textile, jute textile and sugar).
- **Mineral based industry** (iron and steel, machine tools and aluminium).

B. On the basis of main role played by the industry

- **Basic industries:** these are the industries whose finished products are used as the raw materials for other industries.
- **Consumer goods industries:** these are the industries whose finished products are directly used for consumption by consumers.

C. On the basis of capital investment

- **Small scale industry**
- **Large scale industry**

D. On the basis of ownership

- **Public sector undertaking** (SAIL, HAL, BEML)
- **Private sector undertaking** (TISCO, Mahindra and Mahindra, Birla Cement)
- **Joint sector undertaking** (Oil India Limited)
- **Co-operative industries** (Sugar Industry in Maharashtra)

E. Based on the bulk of raw materials and finished products

- Heavy industries
- Light industries

In India, industries are concentrated in four main regions:

1. West Bengal, Jharkhand and Chhatisgarh
2. Maharashtra and Gujarat region
3. Gangetic Plains
4. South India

Micro, Small and Medium Enterprise

Enterprises have been categorized broadly into those engaged in (i) manufacturing and (ii) providing/ rendering of services. Both categories have been further classified into micro, small and medium enterprises, based on their investment in plant and machinery (for manufacturing enterprises) or in equipment (in case of enterprises providing or rendering services) as under:

The following are the investment requirements under the *Manufacturing Enterprises* category:

Micro Enterprises are those enterprises which have investment upto ₹ 25 lakh. **Small Enterprises** are those enterprises with investment above 25 lakh and upto 5 crore. Medium Enterprises are those enterprises which have investment above ₹ 5 crore and upto ₹ 10 crore.

The following are the investment requirements under the *Service Enterprises* category:

Micro Enterprises investment includes companies with investment upto ₹ 10 lakh. **Small Enterprises** need an investment above 10 lakh and upto 2 crore. **Medium Enterprises** are those enterprises which have an investment above 2 crore and upto ₹ 5 crore.

Small and Medium Enterprises Development Bill 2005 (which was introduced in the Parliament on May 12, 2005) was approved by the President and became an Act. This Act, named as '**Small and Medium Enterprise Development Act, 2006**' became effective from October 2, 2006. This Act makes a different category for medium level enterprises.

FIRST TIME IN INDIA

Paper Industry	1812 Serampur (W. Bengal)
Cotton Industry	1818 Fort Gloster (Kolkata)
Jute Industry	1855 Rishara (West Bengal)
Iron and Steel Industry	1870 Kulti (West Bengal)
Sugar Industry	1900 Bihar
Cement Industry	1904 Chennai (Tamil Nadu)
Petroleum Industry	1956 Digboi (Assam)

AGRO-BASED INDUSTRIES OF INDIA:

These industries depend on agricultural products as raw materials for the manufacturing products.

Cotton Textile Industry

- **Mumbai is called the Manchester of India**, for the large concentration of cotton mills in and around the city.
- India is one of the leading producers of cotton textile, ranking third in the world.

Jute Industry

- India is the **largest producer of raw jute** and jute goods and is the second largest exporter after Bangladesh. Also faces competition from Brazil and Thailand.
- Most of the 70 jute mills are located on the 98 km belt on both sides of River Hooghly in West Bengal.

Sugar Industry

- India ranks second in the world in the production of sugar and **first in producing gur and khandsari**.
- Major sugar producing states: Maharashtra, UP, Gujarat, Bihar, MP, Haryana, Karnataka, Andhra Pradesh and Tamil Nadu.
- Problems faced: seasonal nature, transport delays, outdated and inefficient machineries.

Paper Industry

- Major centres are Kolkata, Titagarh, Kakinada and Bhadravati.
- India's production falls short of the demand.
- A large quantity of paper has to be imported.

MINERAL-BASED INDUSTRIES OF INDIA

Iron and Steel Industry

- **India ranks 5th in the world in steel production and first in the production of sponge iron.**
- Most of the steel plants are controlled by Steel Authority of India Limited (SAIL) that was established in 1974 and is responsible for development of steel industry.
- **First large scale steel plant TISCO at Jamshedpur in 1907** followed by IISCO at Burnpur in 1919. Both belonged to private sector.
- **The first public sector unit was 'Vishveshvarraya Iron and Steel Works' at Bhadravati.**

- Bhilai, Durgapur and Rourkela were established during the second five year plan. Bokaro was established during the third five year plan while the steel plants at Salem, Vijay Nagar and Vishakhapatnam were established in the fourth five year plan.

Aluminium Smelting

- It is the second most metallurgical industry in India.
- There are eight aluminium smelting plants in India.

Chemical and Fertilizer Industry

- India ranks 12th in the world in the production of different types of chemicals.
- India is the third largest nitrogenous fertilizer producer of the world.
- India exports cement to South and East Asia, Middle East and Africa.

Committees on Various Sectors of Indian Economy

AC Shah Committee	Non-Banking Financial Company
Bimal Jalan Committee	Market Infrastructure Instruments
Malegam Committee	Functioning of Micro Finance
Birla Committee	Corporate Governance
Kirit Parikh Committee	Rationalisation of Petroleum Product Prices
Chaturvedi Committee	Improving National Highways in India
SR Hashim Committee	Urban Poverty
Abhijit Sen	Wholesale Price Index
C Rangarajan	Services Price Index
Abid Hussain Committee	Development of Capital Markets
Damodara Committee	Customer Service in Banks
Khandelwal Committee	Human Resource in Commercial Banks
Patil Committee	Corporate Debt
VK Sharma Committee	Credit to Marginal Farmers
Sarangi Committee	Non-Performing Assets
Khanna Committee	Regional Rural Banks
Dantawala Committee	Lead Bank Scheme
Gadgil Committee	Financial Inclusion

BANKING IN INDIA

HISTORY: BANKING SYSTEM OF INDIA

- Bank of Hindustan (1770) first bank to be established in India at Kolkata under European Management.
- Bank of Bengal (1806)
- Bank of Bombay (1840)
- Bank of Madras (1843) called as Presidency Banks
- Oudh Commercial Bank (1881): first bank with limited liability managed by an Indian board.
- Punjab National Bank (1884): First purely Indian Bank.

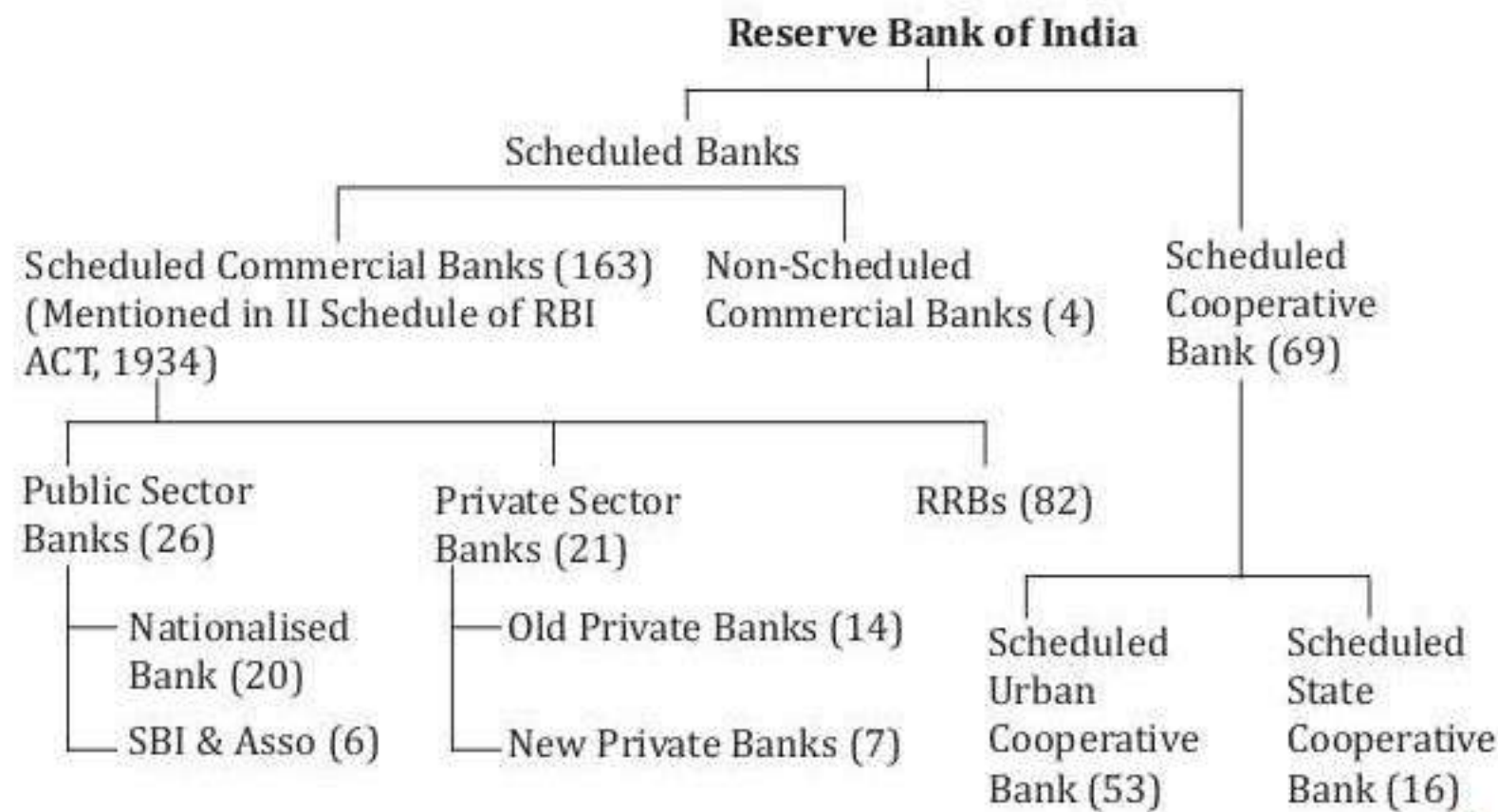
The State Bank of India is the largest commercial bank in India.

RESERVE BANK OF INDIA

- **Central bank** of India.
- **Established on April 1, 1935** with a capital of ₹ 5 crore.
- **Nationalised on January 1, 1949** as Government acquired the private share holdings.

Administration

There are 14 Directors in Central Board of Directors besides the Governor, 4 Deputy Governors and 1 Government official. The Governor is the Chairman of the Board and Chief Executive of the Bank.



- **Governors:** 1st Governor – Sir Smith (1935-37); 1st Indian Governor- CD Deshmukh (1948-49).
- RBI follows Minimum Reserve System worth 200 crore (₹ 115 crore gold & ₹ 85 crore bond).
- All notes except one rupee are issued by the RBI & bear the signature of RBI Governor.
- Where as the one rupee note bears signature of Secretary of Finance.
- No personal accounts are maintained & operated in RBI.

Functions of RBI

- Issuance of note.
- Banker to the Government.
- Banker's Bank.
- Controller of Credit.
- Custodian of Foreign Reserves.
- Formulates and administers the monetary policy.
- Acts as the agent of the Government of India in respect to India's membership of the IMF and the World Bank.
- RBI acts as the central clearing house for the inter bank transactions.
- **Credit control** means control over the quantity and value of credit in the country. Among the functions of Central Bank, one main function is to control and regulate the credit in the country. In India, this function is performed by the Reserve Bank.

The measures of credit control can be divided into two types:

1. Quantitative Credit Control:

Bank Rate, Cash Reserve Ratio (CRR), Open Market Operations (OMO), Statutory Liquidity Ratio (SLR), Repo/Reserve Repo.

2. Qualitative Credit Control:

Rationing of Credit, Regulation of Credit for Consumption Purpose, Variation of margin requirements, Moral Control, Direct action.

The main objective of quantitative credit control is to establish control over the total quantity of credit in the country.

Printing of Securities and Minting in India

India Security Press (Nashik Road): Postal Material, Postal Stamps, Non-postal Stamps, Judicial and Non-judicial Stamps, Cheques, Bonds, NSC, Kisan Vikas Patra, Securities of State Governments, Public Sector Enterprise and Financial Corporations.

Currency Notes Press (Nashik Road): Since 1991, this press prints currency notes of ₹ 1, ₹ 2, ₹ 5, ₹ 10, ₹ 50, and ₹ 100.

Bank Notes Press (Dewas): Currency notes of ₹ 20, ₹ 50, ₹ 100 and ₹ 500 are printed here.

Modernized Currency Notes Press: Two new modernized currency notes press are under establishment at Mysore (Karnataka) and Salboni (West Bengal).

Security Paper: Hoshangabad (established in 1967-68) makes production of Bank and Currency notes paper.

Coins are minted at four places: Mumbai, Kolkata, Hyderabad and Noida.

- Banking, financial sectors and insurance (BFSI), together accounts for 38 per cent of India's outsourcing industry.
- FDI limit in Private Sector Banks has been raised to 74% under the automatic route including investment by FIIs (Foreign Institutional Investors).

STOCK EXCHANGE OF INDIA

- The Securities Contracts (Regulation) Act of 1956 defines a stock exchange as "an association, organisation or body of individuals, whether incorporated or not, established for the purpose of assisting, regulating and controlling, business in buying, selling and dealing in securities."
- There are **24 stock exchanges** in India.

Bombay Stock Exchange 1875- one of the oldest in the world and oldest in Asia.

Ahmedabad Stock Exchange- 1894

Calcutta Stock Exchange- 1908

Madras Stock Exchange- 1920

Securities and Exchange Board of India (SEBI): April 1988

- There is also an Over The Counter Exchange of India (OTCEI) which allows listing of small and medium sized companies.

SEBI

- Securities and Exchange Board of India (SEBI).
- It was given statutory status and powers through an ordinance promulgated on January 30, 1992.
- It is managed by six members.
 - 1 chairman nominated by Central Government.
 - 2 members (officers of Central Government)
 - 1 member (from RBI)
 - 2 members nominated by Central Government.
- Its office is situated in Mumbai with regional offices at Delhi, Chennai and Kolkata.
- It has all the statutory powers for regulating Indian Capital Market.
- Initial capital of SEBI was 7.5 crore provided by its promoters- ICICI, IDBI, IFCI.

Functions of SEBI:

- Check insider trading of securities.
- Encourage self-regulatory organisations.
- Eliminate malpractice of security market.
- Safeguard interests of investors.
- Regulate capital market with suitable measures, etc.
- Share sensex of Bombay Stock Exchange (BSE) includes 30 shares.
- Share sensex of National Stock Exchange (NSE) includes 50 shares.

AGRICULTURE

The agriculture sector of India occupies almost 43 per cent of India's geographical area.

IMPORTANCE OF AGRICULTURE IN INDIAN ECONOMY

- It is the largest contributor to India's GDP.
- Provides livelihood to 65-70% of total population and employment to 58.4% of total work force.
- Importance source of raw materials to large and small scale industries.
- Agriculture accounts for 14.7% of total export earnings.
- Agriculture and related products contribute to 38% in total exports of the country.

NATIONAL AGRICULTURAL POLICY

The major features of the new agricultural policy are:

1. Over **4% annual growth rate** aimed over next two decades.
2. Greater private sector participation through *contract farming*.
3. *Price protection* for farmers.
4. *National agricultural insurance scheme* to be launched.
5. *Dismantling of restrictions* on movement of agricultural commodities throughout the country.
6. Rational utilisation of country's water resources for *optimum use of irrigation potential*.
7. High priority to development of *animal husbandry, poultry, dairy and aquaculture*.

8. Capital inflow and assured markets for crop production.
9. *Exemption from payment of capital gains tax* on compulsory acquisition of agricultural land.
10. Minimise fluctuations in commodity prices.
11. Continuous monitoring of international prices.
12. Plant varieties to be protected through a legislation.
13. Adequate and timely supply of *quality inputs* to farmers.
14. High priority to *rural electrification*.
15. Setting up of *agro-processing units* and creation of off-farm employment in rural areas.

MINIMUM SUPPORT PRICE FOR AGRICULTURAL PRODUCTS

Government has been announcing MSP of 24 major crops on the basis of recommendations by **Agriculture Cost and Price Commission (ACPC)**. Market price of the crop never comes down the MSP.

Objectives:

- To prevent fall in prices in case of over production.
- To protect interests of the farmers.

FOOD GRAINS PROCUREMENT AND STOCKS IN INDIA

Food grains procurement by government serves two purposes- providing support price to the farmers and building up public stocks of food grains. It is carried by Food Corporation of India (FCI).

Food stocks are maintained by Central Government for:

- Meeting the prescribed minimum buffer stock norms for food security.
- Monthly release of food grains for supply through public distribution system.
- Market intervention to augment supply so as to help moderate the open market prices.

GREEN REVOLUTION IN INDIA

- The term 'green revolution' was given by American scientist- **Dr. William Gande**.
- The credit of Green Revolution goes to **Dr. Norman Borlaug (Mexico)** and **Dr. M.S. Swaminathan in India**.
- In India, it is associated with the use of high yielding variety seeds (HYVS), chemical fertilizers and new technology which led to sharp rise in agricultural productions during the middle of 1960s.

Second Green Revolution in India

- Strategy adopted in Eleventh Plan.
- It aimed at efficient use of resources and conservation of soil, water and ecology on a sustainable basis and in a holistic framework.

Agricultural Holdings In India

Type	Holding (in hectares)	(% of Total)
Marginal holding	Less than one	59%
Small holding	1-4	32.2%
Medium holding	4-10	7.2%
Large holding	More than 10	1.6%

Other Revolutions

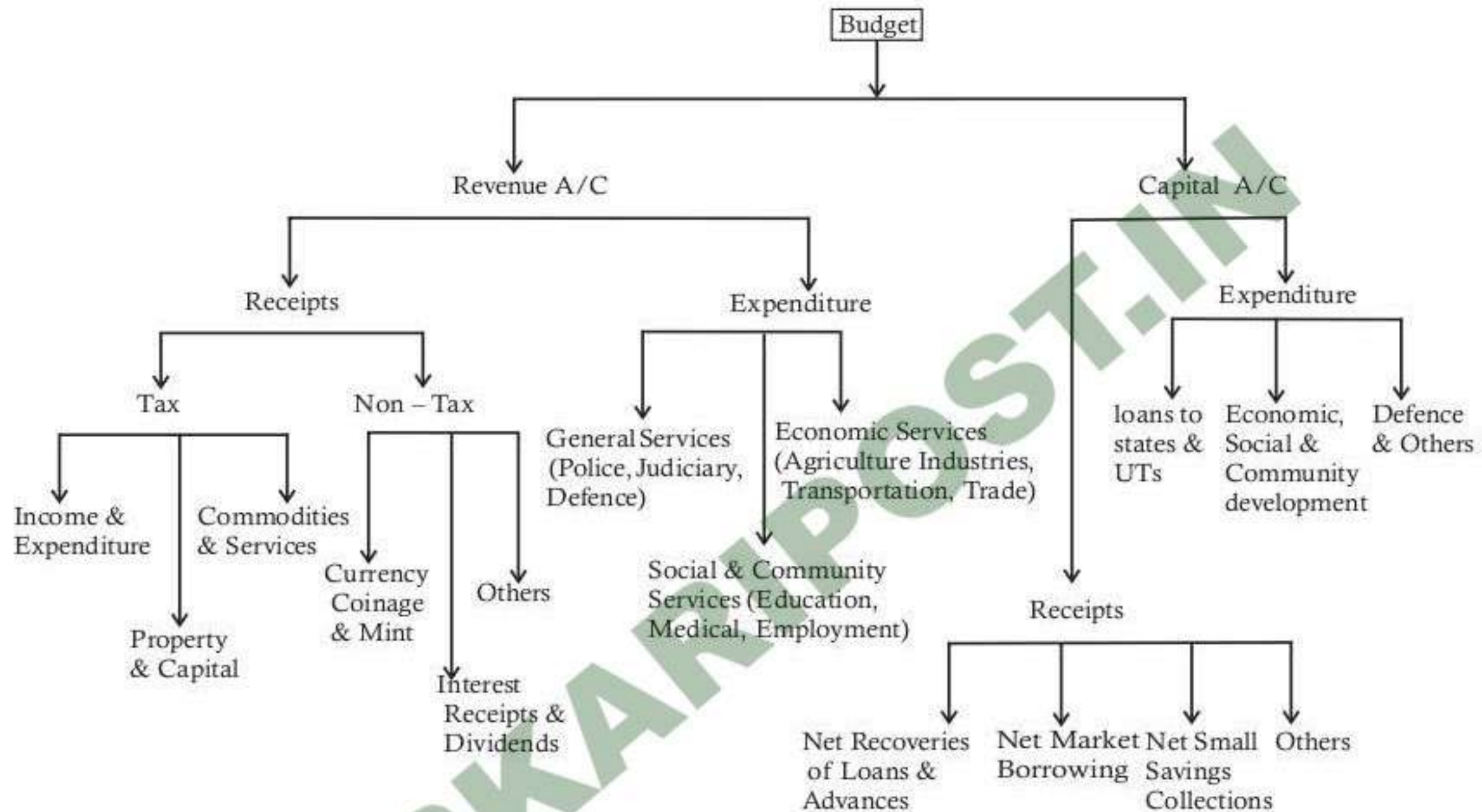
Revolution	Area
Yellow Revolution	Oil Seeds
White Revolution	Milk
Blue Revolution	Fish
Pink Revolution	Shrimp
Grey Revolution	Fertiliser
Golden Revolution	Horticulture

White Revolution and Operation Flood in India

- India stands first in the world in the milk production.
- Buffaloes, Cows and Goats contribute 50 %, 46% and 4% respectively in total milk production of the country.
- **Dr. Varghese Kurien is the pioneer of operation flood in India.**

BUDGET

Budget is an annual financial statement. The Budget in India is divided into 2 parts – Revenue Account & Capital Account.



CENSUS 2011

- It is the 15th National Census survey conducted by the Census Organization of India.
- Mr. C. Chandramouli -Commissioner & Registrar General of the Census 2011.
- Survey has been conducted in 2 phases - house listing and population.

MOST POPULATED METROS

1	Mumbai	18,414,288
2	Delhi	16,314,838
3	Kolkata	14,112,536
4	Chennai	8,696,010
5	Bangalore	8,499,399

TOP GROWTH RATE

1	Dadra and Nagar Haveli	55.88 %
2	Daman and Diu	53.76 %
3	Puducherry	28.08 %
4	Meghalaya	27.95 %
5	Arunachal Pradesh	26.03 %

TOP LITERATE STATES

1	Tripura	94.65 % (as per 2013 survey state)
2	Kerala	93.91 %
3	Lakshadweep	91.85 %
4	Mizoram	91.58 %
5	Goa	88.70 %

Note: But as per 2011 census, Kerala (93.91%) and Mizoram (91.58%) are the first and second most literate states.

BEST SEX RATIO

1	Kerala	1084
2	Puducherry	1037
3	Tamil Nadu	996
4	Andhra Pradesh	993
5	Manipur	992

Indian Population Census 2011 covered a number of parameters during the survey like population, growth rate in population, rate of literacy, density of population, sex ratio and child sex ratio (0-6 years).

- **Population of India** – 1,210,193,422 with 623, 724, 248 males and 586,469, 174 females.
- **Total literacy rate:** 74.04%.
- **Density of population:** 382 persons/sq.km
- **Sex ratio:** 940 females per 1000 males
- **Child sex ratio:** 914 females per 1000 males

High Population

1	Uttar Pradesh	199,812,341
2	Maharashtra	112,374,333
3	Bihar	104,099,452
4	West Bengal	91,276,115
5	Andhra Pradesh	84,580,777

Sustainable Development Goals (SDGs)

At the United Nations Sustainable Development Summit on 25 September 2015, World Leaders adopted the **2030 Agenda** for sustainable Development, which includes a set of **17 sustainable Development Goals** to end poverty, fight inequality and injustice and tackle climate change by 2030.

FOREIGN DIRECT INVESTMENT (FDI)

Foreign Direct Investment (FDI) is an investment in a business by an investor from another country for which the foreign investor has control over the company purchased. The *Organisation of Economic Co-operation and Development (OECD)* defines control as owning 10% or more of the business. Businesses that make foreign direct investment are after called *Multinational Corporations (MNCs)* or *Multinational Enterprises (MNEs)*.

- A MNE may create a new foreign enterprise by making a direct investment, which is called a *greenfield investment*.
- A MNE may make a direct investment by the acquisition of a foreign firm, which is called an *acquisition or brownfield investment*.

Advantages of foreign Direct Investment

1. Economic Development Stimulation.
2. Easy International Trade.
3. Employment and Economic Boost.
4. Development of human capital Resources.
5. Tax incentives.
6. Resource Transfer.
7. Reduced disparity between revenues and costs.
8. Increased productivity.
9. Increment in income.

Disadvantages of Foreign Direct Investment

1. Hindrances to domestic Investment.
2. Risk from political changes.
3. Negative influence on exchange rates.
4. Higher costs.
5. Economic non-viability.
6. Expropriation.
7. Modern-day Economic colonialism.

FDI, being a non-debt capital flow, is a leading source of external financing, especially for the developing economies. It not only brings in capital and technical know-how but also increases the competitiveness of the economy. Overall it supplements domestic

investment, much required for sustaining the high growth rate of the country. Since 2000, significant changes have been made in the FDI policy regime by the Government to ensure that India becomes an increasingly attractive and investor-friendly destination.

The current phase of FDI policy is characterized by negative listing, permitting FDI freely except in a few sectors indicated through a negative list. Under the current policy regime, there are three broad entry options for foreign direct investors.

1. In some sectors, FDI is not permitted (*negative list*);
2. In another small category of sectors, foreign investment is permitted only till a specified level of foreign equity participation, and
3. The third category, comprising all the other sectors, is where foreign investment up to 100 % of equity participation is allowed. The third category has two subsets –
 - a. one consisting of sectors where automatic approval is granted for FDI (often foreign equity participation less than 100 %), and
 - b. the other consisting of sectors where prior approval from the Foreign Investment Approval Board (FIPB) is required.

FDI policy changes increasingly reflect the requirements of industry and are based on stakeholder's consultation. Upfront listing of negative sectors has helped focus on reform areas, which are reflected in buoyant FDI inflows.

The following are some of the sectors with 100% FDI

Advertising, agriculture, air transport services (domestic airlines), courier services, drugs and pharmaceuticals, electricity, power, films and studios, hotel and tourism, housing and real estate, construction, mass rapid transport system, mining (gold and silver), NBFC, marketing, pipelines and refining of petroleum products, tourism, transport infrastructure, townships, SEZs, railways, single brand retail (upto 49% automatic and from 49 to 100% has to be approved by FIPB), telecommunications (upto 49% automatic, 49-100% by FIPB), and asset reconstruction companies (upto 49% automatic, 49-100% by FIPB).

74% FDI

Airports, broadcasting, coal and lignite, credit information companies, direct to home (DTH), mining (diamonds & precious stones), satellites, and private sector banking are the sectors with FDI limit of 74%.

26-49% FDI

Airlines/aviation, defence, insurance and pension are the sectors which have 49% FDI limit. Sectors with 26% FDI limits print media (newspaper – 26%, scientific & periodicals – 100%) and FM radio, Public sector Banks have the lowest FDI limit of 20%.

FDI In India

FDI during 2015 – \$ 39.32 billion

Highest FDI attracted sectors – Computers Hardware & Software, Services, Trading business, Automobiles & Chemicals.

Biggest FDI source – Singapore, Mauritius, US, Netherlands and Japan

BALANCE OF PAYMENTS

INTRODUCTION

Balance of payments (BOP) is statistical statement of all transactions made between one particular country and all other countries during a specified period of time. BOP compares the dollar difference of the amount of exports and imports, including all financial exports and imports.

- A *negative balance of payments* means that more money is flowing out of the country than coming in. The balance of *payment* is maintained by Central Bank of India, i.e. **Reserve Bank of India**.
- Balance of payments may be used as an indicator of economic and political stability. For example, if a country has a consistently positive BOP, this could mean that there is significant foreign investment within that country. It may also mean that the country does not export much of its currency.
- BOP indicates trade balance, foreign investments and investment by foreigners. Even a negative BOP does not signify unfavourable climate for the economy. It is unfavourable only if the economy lacks the means to fill the gap created by negative BOP.

Balance of trade and balance of payment

Balance of trade takes into account only those transactions arising out of exports and imports (the visible items). It does not consider the exchange of services rendered such as shipping. Balance of payment takes into account the exchange of both visible and invisible items. Hence, the balance of payments represents a better picture of a country's economic transactions with the rest of the world than the Balance of trade.

Structure of Balance of Payments Accounts

A balance of payments statement is a summary of a nation's total economic transaction undertaken on international account. It is usually composed of three sectors:

1. Current account,
2. Capital account,
3. Reserve account balance.

Current Account

This account is the summary of all international trade transactions of the domestic country in one year. It records the following 3 items:

(i) Visible items of trade

The balance of exports and imports of goods is called the balance of visible trade, e.g. Tea, Coffee, etc.

(ii) Invisible Trade

The balance of exports and imports of services is called the balance of invisible trade. The invisibles are divided into three categories: (a) **Services**- insurance, travel, transportation, miscellaneous (like communication, construction, financial, software, etc.), (b) **Income**, and (c) **Transfers** (grants, gifts, remittances, etc.).

(iii) Unilateral transfers

Unilateral transfers are receipts which residents of a country make without getting anything in return, e.g. gifts, etc.

The net balance of visible trade, invisible trade and of unilateral transfers is the balance on current account. Current account in India is fully convertible now. It means that if someone requires foreign exchange for current purposes, it will be made available to him at official exchange rate and thus, an unprohibited outflow of foreign exchange is possible now. Current account convertibility was a result of India's obligations under **Article VIII** of **IMF** which prohibits restrictions on exchange on current international transactions.

Capital Account

This account is the summary of foreign capital transactions. **On the credit side** of this account receipt of foreign exchange due to Foreign Direct Investment (FDI), Foreign Capital Investment (FCI) and Foreign Borrowing (FB) is recorded.

On the debit side of capital account payment of foreign exchange due to Direct Investment Abroad (DIA), Portfolio Investment Abroad (PIA) and Foreign Lending (FL) is recorded.

While India made the rupee fully convertible under current account, it was felt that the economy was not yet ready for capital account convertibility (CAC). The countries which went in for hasty capital account convertibility in the 1980s had to face financial crisis. The thinking was that trade and domestic liberalization process should be completed before full capital convertibility can be thought of. Many economists feel that CAC will only help the drain of Indian capital, which will get invested abroad. After the recommendations of RBI appointed S.S Tarapore Committee on Capital Account Convertibility (CAC), India is slowly moving towards full convertibility, but with constant precautions. India still has partial convertibility(40:60) but many reforms undertaken by India hint at eventual movement towards CAC.

Reserve Account Balance

This is the adjusting account in balance of payment. It makes an adjustment between current account balance and capital account balance. If the deficit in the current account is followed by surplus in capital account than the excess foreign exchange is diverted into capital account to current account so that deficit in the current account is eliminated. The remaining surplus in the capital account is transferred to the Reserve account and recorded on the credit of reserve account. Therefore both Current Account and Capital Account is always balanced.

The Reserve Account is also the indicator of *Forex Reserves of the country*. If surplus in the Capital Account is more than deficit in the Current Account, there is net increase in the Forex Reserves of the country at the end of the year. On the other hand if deficit in the current account is more than surplus in the Capital Account then there is net decrease in Foreign Reserves of the country at the end of the year.

Balance of Payment (BOP) Crisis

If international reserves of a country are not enough to balance a combined deficit in current and capital account on a sustained basis, then the phenomenon is called a *BOP crisis*. It can be tackled by exporting more or by limiting imports through tariffs, quotas, etc. Contractionary fiscal and monetary policies can

also tackle the crisis through lower import demand with fall in average income levels. Another short term solution is currency devaluation which encourages exports and discourages costlier imports.

However, for the Indian economy most of these solutions are not realistic in the present context. The most potential solution lies in the form of greater FDI and FII inflows letting a Capital Account surplus tackle any BOP crisis.

FINANCIAL INCLUSION

Financial Inclusion is an important priority of the Government. The objective of Financial Inclusion is to extend financial services to the large hitherto un-served population of the country to unlock its growth potential. Following are the important initiatives taken by the Government to achieve greater financial inclusion:

1. Expansion of Bank Branch Network.
2. Swabhimaan Scheme
3. Direct Benefit Transfer
4. PAHAL Scheme

5. Pradhan Mantri Jan-Dhan Yojana (PMJDY)

PMJDY was formally launched on 28th August, 2014. The Yojana envisages universal access to banking facilities with at least one basic banking account for every household, financial literacy, access to credit, insurance & pension. PMJDY has been implemented by banks successfully. As against the estimated target of opening 10 crore accounts, as on 28.10.2015, 19.02 crore accounts have been opened out of which 11.58 crore accounts are in rural areas and 7.44 crore in urban areas.

6. Simplified Branch authorization.
7. New Pension System

New Pension System

Pension Plans provide financial security & stability during old age when people don't have a regular source of income. To provide social security to more citizens the Government of India has started the National Pension System. Government of India established Pension Fund Regulatory & Development Authority (PFRDA) on 10th October 2013 to develop & regulate pension sector in the country. The National Pension System (NPS) was launched on 1st January, 2004 with the objective of providing retirement income to all the citizens. With effect from 1st May 2009, NPS has been provided for all citizens of the country including the unorganised sector workers on voluntary basis. Additionally, Central Government launched a co-contributory pension scheme, 'Swavalamban Scheme' in the Union Budget of 2010-11, under which the Government will contribute a sum of ₹ 1,000 to each eligible NPS subscriber who contributes a minimum of ₹ 1,000 & maximum ₹ 12,000 per annum.

The NPS is structured in 2 tiers. A **Tier-1** account is a basic retirement pension account available to all citizens from 1 May 2009. It does not permit withdrawal of funds before retirement. A **Tier-2** account is a prospective payment system account that permits some withdrawal of pension prior to retirement under exceptional circumstances, usually related to the provision of health care.

DEENDAYAL UPADHYAYA GRAM JYOTI YOJANA

- The scheme was launched by Prime Minister Narendra Modi with the primary aim to provide 24×7 uninterrupted electricity supply to each rural household across the nation by 2022.
- The yojana was planned to separate agriculture and non-agriculture feeders facilitating judicious rostering of supply to agricultural and non-agricultural consumers in rural areas.
- It also seeks to strengthen the sub transmission and distribution infrastructure in rural areas which includes metering of transformers/feeders/consumers.
- The scheme has the total outlay of 76,000 crore rupees for execution of the projects for which the Union Government will provide grant of 63,000 crore rupees.

MUDRA BANK

- Micro Units Development and Refinance Agency Bank (or MUDRA Bank) was launched by the Prime Minister Narendra Modi on 8th April, 2015.
- The primary focus of the bank is to provide loans at low rates to microfinance institutions and non-banking financial institutions which then offer credit to MSME's.
- The bank will also monitor the people who have taken up loans to regulate his/her activities if they are under any debts and become a liability for the government.
- The agencies will set up a method using the last-mile credit agent scheme system for small and micro businesses.
- MUDRA Bank will offer financing in 3 stages- Shishu, Kishore and Tarun.

GLOSSARY

- **Ante date:** To give a date prior to that on which it is written, to any cheque, bill or any other document.
- **Arbitration:** A method for solving disputes, generally of an industrial nature, between the employer and his employees.
- **Amortization:** Amortization is the repayment of Principal and Interest components of a Loan, over a period of time. Certain categories of expenses or charges are also amortized over a period of time.
- **Ad valorem tax-** a tax based on the value of property.
- **Assets:** Property of any kind.
- **Banker's cheque:** a cheque by one bank on another.
- **Balance of trade (or payment):** The difference between the visible exports and visible imports of two countries in trade with each other is called balance of payment.
- **Basis Point:** A unit of measurement which is equal to 1/100th of 1%. This is used to measure changes in interest rates, stock-market indices or yield on fixed income securities.
- **Balance Sheet:** It is a statement of accounts, generally of a business concern, prepared at the end of a year.

- **Bank Rate:** It is the rate of interest charged by the Reserve Bank of India for lending money to Commercial Banks.
- **Bear:** A speculator in the stock market who believes that prices will go down.
- **Black Money:** It means unaccounted money, concealed income and undisclosed wealth. The money which thus remains unaccounted for, is called the Black Money.
- **Bond:** A legal agreement to pay a certain sum of money (called principal) at some future date and carrying a fixed rate of interest.
- **Bull:** Speculators in the stock markets who buy goods, in some cases without money to pay with, anticipating that prices will go up.
- **Budget:** An estimate of expected revenue and expenditure for a given period, usually a year, item by item.
- **Budget Deficit:** When the expenditure of the government exceeds the revenue, the balance between the two is the budget deficit.
- **Cartel:** It is a combination of business, generally in the same trade formed with a view to controlling prices and enjoy monopoly.
- **Call money:** Loan made for a very short period. It carries a very low rate of interest.
- **Commercial Banks:** Financial institutions that create credit, accept deposits, give loans and perform other financial functions.
- **Credit Appraisal:** This is the process for evaluating credit worthiness of any loan proposal. This helps establish the risks involved in the proposal and debt servicing capacity of the borrower.
- **Custodial Account:** An account created for the benefit of a minor with an adult as the custodian.
- **Deferred Payment:** Payments put off to a future date or extended over a period of time. Interest will usually still accumulates during deferment.
- **Deflation:** Deflation is a reduction in the level of national income and output, usually accompanied by a fall in the general price level.
- **Depreciation:** Reduction in the value of fixed assets due to wear and tear.
- **Devaluation:** Official reduction in the foreign value of domestic currency. It is done to encourage the country's exports and discourage imports.
- **Dividend:** Earning of stock paid to shareholders.
- **Dumping:** Sale of a commodity at different prices in different markets, lower price being charged in the market where demand is relatively elastic.
- **Double Taxation:** Corporate earnings taxed at both the corporate level and again as a stock holder dividend.
- **Exchange Rate:** The price of one currency stated in terms of another currency, when exchanged.
- **Excise Duty Tax:** Imposed on the manufacture, sale and consumption of various commodities, such as taxes on textiles, cloth, liquor, etc.
- **Fiscal policy:** Government's expenditure and tax policy.
- **Free-trade Area:** A form of economic integration in which there exists free internal trade among member countries but each member is free to levy different external tariffs against non-member nations.
- **Index of industrial Production:** A quantity index that is designed to measure changes in the physical volume or production levels of industrial goods over time.
- **MICR Code:** A unique 9-digit code assigned to each Bank branch by Reserve Bank of India to facilitate sorting in clearing of instruments using the Magnetic Ink Character Recognition Technology.
- **Money Laundering:** This means acquiring, owning, possessing or transferring any proceeds (or money) of crime or knowingly entering into any transaction related to proceeds of the crime either directly or indirectly.
- **Monopoly:** Single seller selling single product.
- **Multi-Fiber Arrangement (MFA):** A set of non-tariff bilateral quotas established by developed countries on imports of cotton, wool, and synthetic textiles and clothing from individual LDCs.
- **Non-performing Assets (NPA):** Any loan account that has been classified by a bank or financial institution as sub-standard, doubtful or loss assets in terms of asset classification norms of RBI.
- **Payee (Drawee):** The person who receives a payment. This often applies to cheque.
- **Payer (Drawer):** The person who makes a payment. This often applies to cheque.
- **Preference Shares:** These are the shares entitled to a fixed dividend before any distribution of profits can be made amongst the holders of ordinary shares.
- **Repo Rate:** The rate at which banks borrow from RBI. It injects liquidity into the market.
- **Reverse Repo Rate:** The rate at which RBI borrows from banks for a short-term. It withdraws liquidity into the market.
- **Statutory Liquidity Ratio (SLR):** SLR is the portion that banks need to invest in the form of cash, gold or government approved securities.
- **Tariff (ad Valorem):** A fixed percentage tax on the value of an imported commodity, levied at the point of entry into the importing country.
- **VAT (Value Added Tax):** A form of indirect sales tax paid on products and services at each stage of production or distribution, based on the value added at that stage and included in the cost to the ultimate customer.
- **Zero Based Budgeting:** The practice of justifying the utility in cost benefit terms of each government expenditure on projects.

DEMAND

Demand refers to how much (quantity) of a product (goods) or service is desired by buyers. The quantity demanded is the amount of a product people are willing to buy at a certain price; the relationship between price & quantity demanded is known as the demand relationship. The law of demand states that as the price of a good increases (or decreases), the quantity of that good

demand will decrease (increase).

SUPPLY

Supply represents how much the market can offer. The quantity supplied refers to the amount of a certain good producers are willing to supply when receiving a certain price. The correlation between price & how much of a good or service is supplied to the market is known as the supply relationship.

The law of supply states that as the price of a good increases (or decreases), the quantity of that good supplied will increase (decrease).

PRICE

Price is the amount of money that has to be paid to acquire a given product. Price mechanism is based on the principle that only by allowing prices to move freely will the supply of any given commodity match demand. If supply is excessive, prices will be low & production will be reduced, this will cause prices to rise until there is a balance of demand & supply. In the same way, if supply is inadequate, prices will be high, leading to an increase in production that in turn will lead to a reduction in prices until both supply & demand are in equilibrium.

Micro, Small and Medium Enterprise

Enterprises have been categorized broadly into those engaged in (i) manufacturing and (ii) providing/ rendering of services. Both categories have been further classified into micro, small and medium enterprises, based on their investment in plant and machinery (for manufacturing enterprises) or in equipment (in case of enterprises providing or rendering services) as under:

The following are the investment requirements under the *Manufacturing Enterprises* category:

Micro Enterprises are those enterprises which have investment upto ₹ 25 lakh. **Small Enterprises** are those enterprises with investment above 25 lakh and upto 5 crore. **Medium Enterprises** are those enterprises which have investment above ₹ 5 crore and upto ₹ 10 crore..

17 SDGs are–

1. End poverty in all its forms everywhere.
2. End hunger, achieve food security and improve nutrition and promote sustainable agriculture.
3. Ensure healthy lives and promote well-being for all at all ages.
4. Ensure inclusive and equitable Quality Education and promote life long learning opportunities for all.
5. Achieve gender equality and empower all women and girls.
6. Ensure availability and sustainable management of water and sanitation for all.
7. Ensure access to affordable, reliable, sustainable and modern energy for all.
8. Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all.
9. Build resilient infrastructure, promote inclusive and Sustainable industrialization and foster innovation.
10. Reduce inequality within and among countries.
11. Make cities and human settlements inclusive, safe, resilient and sustainable.
12. Ensure sustainable consumption and production patterns.
13. Take urgent action To combat climate change and its impacts.
14. Conserve and sustainably use the oceans, seas and marine resources for sustainable development.
15. Protect, restore and promote sustainable use of terrestrial ecosystems, sustainable manage forests, combat desertification, and halt and reverse land degradation and halt biodiversity loss.
16. Promote peaceful and inclusive societies for sustainable development, provide access to justice for all and build effective, accountable and inclusive institutions at all levels.
17. Strengthen the means of implementation and revitalize the global partnership for Sustainable development.

EXERCISE

LEVEL 1

1. The Second Five Year Plan that called for the establishment of Socialist pattern of society was commonly referred to as the
 - (a) Harrod-Domar Plan
 - (b) Mahalanobis Plan
 - (c) Nehru Plan
 - (d) Peoples Plan
2. The Financial Sector Legislative Reforms Commission report submitted recently, among others, contained which of the following proposals?
 1. All regulators will have an empowered board, the role of each of the members has been defined.
 2. The Commission envisages an important process of judicial review of the regulations.
 3. The draft code does not mention about executive powers.
 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
3. By the late 19th century, India was one of the largest producers and exporters of
 - (a) cotton yarn and wheat
 - (b) sugar and rice
 - (c) sugar and alcohol
 - (d) iron and steel
4. Who among the following is the Chairman of the Fourteenth Finance Commission?
 - (a) Abhijit Sen
 - (b) Y. V. Reddy
 - (c) Amartya Sen
 - (d) Montek Singh Ahluwalia
5. Which of the following statements about 'Chit Fund' in India is/are correct?
 1. It is a kind of savings scheme.
 2. There are no Acts regulating the activities relating to Chit Funds in India.
 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
6. Which one among following led to the Greek economic crisis of 2010 ?
 - (a) Excessive borrowing from IMF
 - (b) Sudden depreciation of Euro
 - (c) Unrestricted spending and cheap loans
 - (d) Outflow of foreign capital due to political unrest
7. The 'Bombay Plan' drafted by GD Birla and JRD Tata emphasized:
 - (a) that the economy should be left to the dynamic investments by the private sector in heavy industries, etc.
 - (b) the public sector investment in infrastructure and heavy industries
 - (c) annual planning
 - (d) that the private sector should foot the Bill for intensive and low return investments in the industrial sector.
8. TRIPS (Trade Related aspects of Intellectual Property Rights) agreements is administered by
 - (a) United Nations Conference on Trade and Development (UNCTAD)
 - (b) United Nations Organization (UNO)
 - (c) World Trade Organization (WTO)
 - (d) World Bank (WB)
9. Humid climate, ready market and availability of cheap and skilled labour are the conditions conducive for the production of cotton cloth. Which of the following States of India will have the highest cotton cloth production?
 - (a) Gujarat
 - (b) Karnataka
 - (c) Maharashtra
 - (d) Punjab
10. The requirement of water is highest in which one among the following industries?
 - (a) Iron and steel
 - (b) Oil refining
 - (c) Paper from wood
 - (d) Rayon
11. Which one of the Five Year Plans had a high priority to bring inflation under control and to achieve stability in the economic situation? [CDS]
 - (a) Fourth Plan (1969-74)
 - (b) Fifth Plan (1974-79)
 - (c) Sixth Plan (1980-85)
 - (d) Seventh Plan (1985-90)
12. Which one of the following nations not a member of the Eurasian Economic Union ? [CDS]
 - (a) Belarus
 - (b) Russia
 - (c) Kazakhstan
 - (d) Uzbekistan
13. BRICS leader signed the agreement to establish a New Development Bank at the summit held in: [CDS]
 - (a) New Delhi, India (2012)
 - (b) Durban, South Africa (2013)
 - (c) Fortaleza, Brazil (2014)
 - (d) Ufa, Russia (2015)
14. Which one of the following terms is used in Economics to denote a technique for avoiding a risk by making a counteracting transaction? [CDS]
 - (a) Dumping
 - (b) Hedging
 - (c) Discounting
 - (d) Deflating
15. Which one of the following is not a thrust area in the railway budget 2015 - 16? [CDS]
 - (a) Online booking of disposable bed rolls
 - (b) Defence Travel System to eliminate Warrants
 - (c) 180 days in advance ticket booking facility for passengers
 - (d) Bio - Toilets
16. Which one the following services of India Post has permanently been discontinued? [CDS]
 - (a) Money Order
 - (b) Telegram
 - (c) Postal Life Insurance
 - (d) Inland Letter

17. Which of the following is not a 'Public Good'? [CDS]
 (a) Electricity (b) National Defence
 (c) Light House (d) Public Parks
18. Which one of the following is not among the aims of the Second Five Year Plan (1956 - 57 to 1960 - 61)? [CDS]
 (a) Rapid industrialization with particular emphasis on the development of basic and heavy industries
 (b) Large expansion of employment opportunities
 (c) Achieve self-sufficiency in food grains and increase agricultural production to meet the requirements of industry and exports
 (d) Reduction of inequalities in income and wealth and a more even distribution of economic power
19. The National Policy for Children, 2013 recognizes every person as a child below the age of: [CDS]
 (a) 12 years (b) 14 years
 (c) 16 years (d) 18 years
20. Which one of the following is not a monitorable target of the Beti Bachao Beti Padhao Abhiyan? [CDS]
 (a) Provide girls' toilet in every school in 100 Child Sex Ratio (CSR) districts by the year 2017
 (b) 100 percent girls' enrolment in secondary education by the year 2020
 (c) Promote a protective environment for girl children through implementation of Protection of Children from Sexual Offences (POCSO) Act, 2012
 (d) Train Elected Representatives / Grassroot functionaries as Community Champions to mobilize communities to improve CSR and promote girls' education
21. Which one of the following is not an objective of the Rastriya Uchchatar Shiksha Abhiyan (RUSA)? [CDS]
 (a) Improve the over all quality of private educational institutions
 (b) Ensure reforms in the affiliation academic and examination systems
 (c) Correct regional imbalances in access to higher education
 (d) Create enabling atmosphere in the higher educational institutions to devote themselves to research and innovations
22. Which one of the following nations has faced severe economic crisis in the year 2015 resulting in default in repayment of IMF loan? [CDS]
 (a) China (b) Greece
 (c) Ireland (d) Belgium
23. Shishu, Kishor and Tarun are the schemes of: [CDS]
 (a) Regional Rural Banks.
 (b) Micro Units Development & Refinance Agency Ltd (MUDRA).
 (c) Small Industries Development Bank of India.
 (d) Industrial Development Bank of India.
24. Which one of the following is not a part of service sector in India? [CDS]
 (a) Transport (b) Construction
 (c) Hotels and restaurants (d) Insurance
25. Under flexible exchange rate system, the exchange rate is determined [CDS]
 (a) predominantly by market mechanism
 (b) by the Central Bank
 (c) as a weighted index of a group of currencies
 (d) by the World Trade Organization
26. Which one of the following is not correct in the context of industrial clusters development in India? [CDS]
 (a) Industrial clusters play an important role for the MSME participants in their inclusiveness, technology absorption and efficiency improvement
 (b) Industrial clusters are visible in traditional handloom, handicrafts and modern SME
 (c) Industrial cluster programmes in India are administered by various ministries
 (d) Industrial clusters lead to promotion of monopoly in the market
27. Which one of the following is the major source of Gross Tax Revenue (GTR) for the Government of India? [CDS]
 (a) Income tax (b) Corporation tax
 (c) Customs duty (d) Service tax
28. Which one of the following represents a progressive tax structure? [CDS]
 (a) Tax rate is the same across all incomes
 (b) Tax rate increases as income increases
 (c) Tax rate decreases as income increases
 (d) Each household pays equal amount of tax
29. What is meant by price discrimination? [CDS]
 (a) Increase in price of a commodity over time
 (b) A situation where the same product is sold to different consumers for different prices
 (c) Subsidization of a product by the Government to sell it at a lower price
 (d) General decrease in price of a commodity over time
30. What is meant by 'Public Good'? [CDS]
 (a) A commodity produced by the Government
 (b) A commodity whose benefits are indivisibly spread among the entire community
 (c) A Government scheme that benefits the poor households
 (d) Any commodity that is very popular among general public
31. Which one of the following statements with regard to India's economy between 1814 to 1860 is not correct? [CDS]
 (a) Between 1814 and 1850, four commodities dominated India's exports-raw silk, opium, cotton and indigo.
 (b) Between 1814 and 1860, five commodities dominated India's exports-raw silk, opium, cotton, indigo and jute.
 (c) Indigo and raw silk required processing techniques.
 (d) Indigo and raw silk were financed by foreign capital.
32. Which one of the following is not a recommendation of the Fourteenth Finance Commission? [CDS]
 (a) Share of States in Central Divisible Pool is increased from 32 per cent to 42 per cent
 (b) Area under forest cover is an important variable in distribution of States' share among States
 (c) Fiscal discipline is dropped as a variable in distribution of States share among States
 (d) Sector specific grant is recommended as in the previous Finance Commissions

33. Which one of the following Public Sector Bank's emblem figures a dog and the words 'faithful friendly, in it'?
- Punjab National Bank
 - Syndicate Bank
 - Oriental Bank of Commerce
 - State Bank of India
34. Brent index is associated with
- crude oil prices
 - copper future prices
 - gold future prices
 - shipping rate index
35. India's market regulator SEBI is on course to relax investment norms for sovereign wealth funds, the investment vehicles which are directly controlled by the government of a country. The main reason behind this move is
- the desire of the Government of India to attract more foreign investment
 - pressure by foreign Governments on India to execute specific mutual agreements on financial services.
 - SEBI's desire to create a more level playing field for foreign investors
 - RBI's relevant directives to SEBI
36. Fiscal Policy in India is formulated by
- the Reserve Bank of India
 - the Planning Commission
 - the Finance Ministry
 - the Securities and Exchange Board of India
37. National income ignores
- sales of a firm
 - salary of employees
 - exports of the IT sector
 - sale of land
38. When the productive capacity of the economic systems of a state is inadequate to create sufficient number of jobs, it is called
- seasonal unemployment
 - structural unemployment
 - disguised unemployment
 - cyclical unemployment
39. In the parlance of financial investment, the term bear denotes
- an investor, who feels that the price of a particular security is going to fall
 - an investor, who expects the price of a particular share to rise
 - a shareholder, who has an interest in a company, financially or otherwise
 - any lender, whether by making a loan or buying a bond
40. Which one among the following is an appropriate description of deflation?
- it is a sudden fall in the value of a currency against other currencies
 - It is a persistent recession in the economy
 - It is a persistent fall in the general price level of goods and services
 - It is fall in the rate of inflation over a period of time
41. Which one among the following is a fixed cost to a manufacturing firm in the short run?
- Insurance on buildings
 - Overtime payment to worker
 - Cost of energy
 - Cost of raw materials
42. The concept which tries to ascertain the actual deficit in the revenue account after adjusting for expenditure of capital nature is termed as
- revenue deficit
 - effective revenue deficit
 - fiscal deficit
 - primary deficit
43. Which one among the following is not a salient feature of the Companies Bill as amended in the year 2012?
- For spending the amount earmarked for corporate social responsibility, the company shall give preferences to local areas where it operates
 - Punishment for falsely inducing a person to enter into an agreement with bank or financial institution with a view to obtaining credit facilities
 - There is no limit in respect of companies in which a person may be appointed as auditor
 - 'Independent directors' shall be excluded for the purpose of computing 'one-third of retiring directors'
44. Which of the following factors was not a reason behind the occurrence of the Industrial Revolution in England first?
- No part of the country was far from the sea
 - Navigable rivers made inland transport easier
 - In England machines could be operated by wind or water power due to favourable climate condition
 - England had coal, iron and other necessary mineral resources
45. In India, the price of petroleum products has been deregulated mainly to
- reduce the burden of subsidies given to the oil companies
 - discourage the exploration of oil reserves in the country
 - discourage the demand for private vehicles
 - curb the use of black money in the economy
46. The main functioning of the banking system is to
- accept deposits and provide credit
 - accept deposits and subsidies
 - provide credit and subsidies
 - accept deposits, provide credit and subsidies
47. The income elasticity of demand for inferior goods is
- less than one
 - less than zero
 - equal to one
 - greater than one
48. The average fixed cost curve will always be
- a rectangular hyperbola
 - a downward sloping convex to the origin curve
 - a downward sloping straight line
 - a U-shaped curve
49. In a perfectly competitive economy production and consumption will both be Pareto optimal, if the economy operates at a point where
- there is general equilibrium
 - output levels are below equilibrium
 - output levels are above equilibrium
 - consumption is less than output

50. If the average total cost is declining then
 (a) the marginal cost must be less than the average total cost
 (b) total cost must be constant
 (c) the average fixed cost curve must be above the average variable cost curve
 (d) the marginal cost must be greater than the average total cost
51. The production function of a firm will change whenever
 (a) input price changes
 (b) the firm employs more of any input
 (c) the firm increases its level of output
 (d) the relevant technology changes
52. Corporation tax is imposed by
 (a) State Government
 (b) Central Government
 (c) Local Government
 (d) State as well as Central Government
53. The value of money varies
 (a) directly with the interest rate
 (b) directly with the price level
 (c) directly with the volume of employment
 (d) inversely with the price level
54. The effect of a government surplus upon the equilibrium level of NNP [Net National Product] is substantially the same as
 (a) an increase in investment
 (b) an increase in consumption
 (c) an increase in saving
 (d) a decrease in saving
55. Which bank is limited to the needs of agriculture and rural finance?
 (a) SBI (b) NABARD
 (c) IFC (d) RBI
56. Share of food in total consumption expenditure has been coming down as Per Capita Income grew over time in last sixty years because
 (a) people have been purchasing less food
 (b) people have been preferring non-cereal items in their food basket
 (c) growth in food expenditure has been lower than growth in per capita income
 (d) percentage of the poor in population has increased over time
57. In India, mergers and acquisition of firms are regulated by
 (a) National Manufacturing Competitiveness Council
 (b) Competition Commission of India
 (c) Security and Exchange Board of India
 (d) Department of Industrial Policy and Promotion
58. Classification of an enterprise into public or private sector is based on
 (a) number of employees in the enterprise
 (b) ownership of assets of the enterprise
 (c) employment conditions for workers in the enterprise
 (d) nature of products manufactured by the enterprise
59. In India, contribution of food inflation to overall inflation is around $\frac{1}{3}$ rd to $\frac{2}{5}$ th. Within food inflation, contribution of food articles is higher because price rise in food articles is
 (a) higher and their weight is also higher compared to food products
 (b) higher but their weight is lower compared to food products
 (c) lower but their weight is higher compared to food products
 (d) lower and their weight is also lower compared to food products
60. Corporation tax in India is levied on income of a company. Which one of the following does not include Corporation tax?
 (a) Profit from business (b) Capital gain
 (c) Interest on securities (d) Sale proceed of assets
61. According to the Companies Act, 2013, 'nominal capital' implies
 (a) such part of capital, which has been called for payment
 (b) the maximum amount of share capital of a company
 (c) such part of capital, which has been received by a company from its shareholders
 (d) such capital as the company issues from time to time for subscription
62. MONEX is associated with
 (a) Montreal experiment
 (b) Monetary experiment
 (c) Lunar experiment
 (d) Monsoon experiment
63. The way total output changes due to change in all inputs in same proportion is known as law of
 (a) Returns to scale (b) Diminishing returns
 (c) Increasing returns (d) Constant returns
64. A market in which there are large numbers of sellers of a particular product, but each seller sells somewhat differentiated but close products is termed as
 (a) Perfect competition
 (b) Monopoly
 (c) Monopolistic competition
 (d) Oligopoly
65. The value of all final goods and services produced by the normal residents of a country and their property, whether operating within the domestic territory of the country or outside in a year is termed as
 (a) Gross National Income
 (b) Net National Income
 (c) Gross Domestic Product
 (d) Net Domestic Product
66. Which of the following is not one of the International Development Targets of the Millennium Development Goals?
 (a) Reducing the number of persons living in extreme poverty by one half of 2015
 (b) Universal primary education by 2015
 (c) Reduction of infant and child mortality by 2/3rd by 2015
 (d) Reducing the total population by 1/3rd
67. Structural unemployment arises due to:
 (a) deflationary conditions
 (b) heavy industry bias
 (c) shortage of raw materials
 (d) inadequate productive capacity

68. 'Disguised unemployment' refers to:
- persons with no jobs
 - more persons employed for a job which a few can accomplish
 - unemployment among women
 - unemployment of people above 60 years of age
69. Usual Status (US) unemployment is calculated with reference to a period of:
- one year
 - indefinite
 - one month
 - one week
70. First Plan adopted
- Lewis-Fei model
 - Mahalanobis model
 - Harrod Domar model
 - Keynesian model
71. Human Poverty Index (HPI) measures the deprivation as a composite index of:
- longevity, nutrition and knowledge
 - knowledge, basic needs and standard of living
 - longevity, standard of living and sanitation
 - longevity, knowledge, and standard of living
72. Economic survey in India is published officially, every year by the
- Reserve Bank of India
 - Planning Commission of India
 - Ministry of Finance, Government of India
 - Ministry of Industries, Government of India
73. Among the following who are eligible to benefit from the "Mahatma Gandhi National Rural Employment Guarantee Act"?
- Adult members of only the scheduled caste and scheduled tribe households
 - Adult members of below poverty line (BPL) households
 - Adult members of households of all backward communities
 - Adult members of any household
74. The main objective of the 12th Five-Year Plan is
- inclusive growth and poverty reduction
 - inclusive and sustainable growth
 - sustainable and inclusive growth to reduce unemployment
 - faster, sustainable and more inclusive growth
75. 'Pradhan Mantri Jan-Dhan Yojana' has been launched for
- providing housing loan to poor people at cheaper interest rates
 - promoting women's Self-Help Groups in backward areas
 - promoting financial inclusion in the country
 - providing financial help to the marginalized communities
76. The Government of India has established NITI Aayog to replace the
- Human Rights Commission
 - Finance Commission
 - Law Commission
 - Planning Commission
77. The price at which the Government purchases foodgrains for maintaining the public distribution system and for building up buffer stocks are known as
- Minimum support prices
 - Procurement prices
 - Issue prices
 - Coiling prices
78. Which one of the following agencies assigns the Agricultural Income Tax to states in India?
- Inter – State council
 - National Development Council
 - Agriculture Finance Corporation
 - Finance commission
79. Which one of the following agencies of Indian Government implements the Price Support Scheme (PSS)?
- FCI
 - NAFED
 - Agriculture pricing agency of India
 - None of the above
80. The Rural Infrastructure Development Fund (RIDF), which is used by the state governments to develop infrastructure in rural areas, is managed by which among the following?
- IDBI
 - RBI
 - NABARD
 - Rural Ministry of India
81. The process of budget making after re-evaluating every item of expenditure in every financial year is known as-
- Performance Budgeting
 - Deficit Budgeting
 - Zero Based Budgeting
 - Fresh Budgeting
82. CENVAT is related to-
- Sales Tax
 - Excise Duty
 - Custom Duty
 - Service Tax
83. High fiscal deficit is cause for concern for any economy. What does it denote?
- It is a measure of the borrowing of an economy
 - It is total expenditure less total receipts excluding borrowings
 - It reflects the decrease in tax collections for the year
 - it means the lack of liquidity and earnings for the economy
84. Which one at the following is responsible for the preparation and presentation of Union Budget to the Parliament?
- Department of Revenue
 - Department of Economic Affairs
 - Department of Financial Services
 - Department of Expenditure
85. Fiscal deficit means:
- Total receipts minus expenditure
 - Total receipts minus interest payments on external debt
 - Revenue receipts minus expenditure
 - Revenue receipts minus defense expenditure
86. Value-added tax is
- ad valorem tax on domestic final consumption collected at all stages between production and the point of final sale
 - ad valorem tax on final consumption collected at manufacturing level
 - tax on final consumption collected at the consumption stage
 - special tax levied by states on products from other states

87. Budget deficit is:
 (a) excess of total expenditure including loans net of lending over revenue receipts
 (b) difference between revenue receipts and revenue expenditure
 (c) difference between all receipts and all expenditure
 (d) fiscal deficit less interest payments
88. Current account in the Balance of Payment comprises ____?
 (a) difference of total exports and imports in one year
 (b) invisible account like tourism, shipping, insurance, etc.
 (c) transactions like net external assistance, NRI deposits, etc.
 (d) trade balance plus invisible balance
89. ____ is not a non-Plan expenditure?
 (a) Interest payment
 (b) Subsidies
 (c) Central assistance for states and UT plans
 (d) Defense expenditure
90. Which one of the following is the correct statement?
 Service tax is a/an:
 (a) direct tax levied by the Central Government.
 (b) indirect tax levied by the Central Government.
 (c) direct tax levied by the State Government.
 (d) indirect tax levied by the State Government.
91. Fiscal Policy in India is formulated by
 (a) the Reserve Bank of India
 (b) the Planning Commission
 (c) the Finance Ministry
 (d) the Securities and Exchange Board of India
92. Convertibility of rupee implies
 (a) being able to convert rupee notes into gold
 (b) allowing the value of rupee to be fixed by market forces
 (c) freely permitting the conversion of rupee to other currencies and vice versa
 (d) developing an international market for currencies in India
93. When the Reserve Bank of India reduces the Statutory Liquidity Ratio by 50 basis points, which of the following is likely to happen?
 (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
94. Capitalism is based upon "Laissez-faire system". What is "Laissez-faire system"?
 (a) No governmental intervention
 (b) Maximum governmental intervention
 (c) Role of market forces is minimum
 (d) Limited government Intervention
95. An increase in the Bank Rate generally indicates that the :
 (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
96. Which of the following is not one of the features of the Special Economic Zones (SEZ) being set up for promoting exports ?
 (a) The SEZ area will be treated as foreign territory for trade operations, duties and tariff.
 (b) No licence is required for import into the zone.
 (c) Foreign workers will be allowed free entry without visa restrictions.
 (d) There will be no routine examination by customs authorities of import/export cargo.
97. For National Manufacturing and Investment Zones (NMIZ), Special Economic Zone (SEZ) and EOUs (Exports-Oriented Units), which of the following statement is true?
 (a) NMIZs and EOUs will be located within SEZs
 (b) SEZs and EOUs will be located within NMIZs.
 (c) NMIZs are independent of SEZs and EOUs.
 (d) NMIZs and SEZs will be competitors in nature
98. Both Foreign Direct Investment (FDI) and Foreign Institutional Investor (FII) are related to investment in a country. Which one of the following statements best represents an important difference between the two ?
 (a) FII helps bring better management skills and technology, while FDI only brings in capital.
 (b) FII helps in increasing capital availability in general, while FDI only targets specific sectors.
 (c) FDI flows only into the secondary market while FII targets primary market
 (d) FII is considered to be more stable than FDI.
99. TRIPS (Trade Related aspects of Intellectual Property Rights) agreements is administered by
 (a) United Nations Conference on Trade and Development (UNCTAD)
 (b) United Nations Organization (UNO)
 (c) World Trade Organization (WTO)
 (d) World Bank (WB)
100. Which is the role of the International Monetary Fund (IMF)?
 (a) To implement and advance global trade agreements
 (b) To settle industrial and trade disputes between members
 (c) To help poorer countries with their economic development
 (d) To maintain international financial stability in global financial markets

LEVEL 2

1. Which among the following statements is/are true with regard to WTO membership?
 1. All WTO members automatically receive the 'most favoured nation' status.
 2. Over 75% of WTO members are from developing countries, WTO membership allows them access to developed markets at the lower tariff.
 Select the correct answer using the codes given below.

(a) 1 only	(b) 2 only
(c) Both 1 and 2	(d) Neither 1 nor 2
2. Consider the following statements.
 1. The G20 was established in 2008 in the wake of the global financial crisis led by the USA.
 2. It brings together the major advanced and emerging economies to stabilise the global financial market.
 3. India's stand on Mutual Assessment Process (MAP) for measuring imbalances between surplus and deficit economies in the Seoul Conference of G20 in the year 2010 was firmly endorsed by all the nations.
 Which of the statements given above is/are correct?

(a) 1, 2 and 3	(b) 1 and 2
(c) 2 and 3	(d) 3 only
3. During the discussion on the Demands for Grants, motions can be moved to reduce the amount of a demand. Such a motion is called a 'cut-motion'. Which of the following categories are classified as 'cut-motion'?
 1. Disapproval of policy cut
 2. Economy cut
 3. Token cut
 Select the correct answer using the code given below :
Code :

(a) 1 and 2 only	(b) 2 and 3 only
(c) 1, 2 and 3	(d) 1 and 3 only
4. Consider the following characteristics of industries :
 1. They can be located in a wide variety of places.
 2. They are not dependent on any specific raw material.
 3. They are generally not polluting industries.
 4. The most important factor in their location is accessibility.
 Which one of the following types of industries has the above characteristics?

(a) Market oriented	(b) Foot loose
(c) Sunset	(d) Sunrise
5. Consider the following statements
 1. The current global economic crisis owes its genesis to the subprime crisis in the United States.
 2. The Indian economy is showing a faster recovery from the economic crisis than its Western counterparts.
 Which of the statements given above is/are correct?

(a) Only 1	(d) Only 2
(c) Both 1 and 2	(d) Neither 1 nor 2
6. Consider the following statements with regard to Statutory Liquidity Ratio (SLR)
 1. To meet SLR, Commercial banks can use cash only.
 2. SLR is maintained by the banks with themselves.
 3. SLR restricts the banks leverage in pumping more money into the economy.
 Which of the statements given above is/are correct?

(a) 1, 2 and 3	(b) 1 and 3
(c) 2 and 3	(d) only 2
7. Consider the following statements relating to estimation of National Income.
 1. Foreigners working in India Embassies are normal residents of India.
 2. Foreigners working in the office of WHO, World Bank, UNO etc, located in India are not normal residents of India.
 3. Indians working in foreign embassies in India are not normal residents of India.
 Which of the statements given above is/are not correct?

(a) Only 1	(b) 1 and 3
(c) Only 3	(d) All of these
8. Consider the following statements
 1. In India the minimum denomination coin acceptable for transaction is 50 paise.
 2. Coins below 50 paise is not a legal tender for payment.
 Which of the statements given above is/are correct?

(a) Only 1	(b) Only 2
(c) Both 1 and 2	(d) Neither 1 nor 2
9. A recent survey (by Bloomberg) shows that the USA has fallen behind emerging markets in Brazil, China and India as the preferred place to invest. Why is it so?
 1. Unstable economic situation of the USA which the global investors feel not likely to improve in the near future.
 2. Global investors are finding Brazil, China and India to be actually more amenable to foreign investment.
 Select the correct answer using the code given below

(a) Only 1	(b) only 2
(c) Both 1 and 2	(d) Neither 1 nor 2
10. Which of the following statements are correct?
 1. The global economy relied on oil for much of the 20th century as a portable and indispensable fuel.
 2. The immense wealth associated with oil generates political struggles to control it.
 3. History of petroleum is also the history of war and struggle.
 4. Nowhere is this more obviously the case of war and struggle than in West Asia and Central America.
 Select the correct answer using the codes given below

(a) 1, 2, 3 and 4	(b) 2 and 4
(c) 1 and 3	(d) 1, 2 and 3
11. Consider the following statements about Sinking Fund
 1. It is a method of repayment of public debt.
 2. It is created by the government out of budgetary revenues every year.
 Which of the statements given above is/are correct?

(a) Only 1	(b) Only 2
(c) Both 1 and 2	(d) Neither 1 nor 2

12. Which of the following statements is/are correct?
1. If a country is experiencing increase in its per capita GDP, its GDP must necessarily be growing.
 2. If a country is experiencing negative inflation its GDP must be decreasing.
- Select the correct answer using the codes given below
- (a) Only 1 (b) Only 2
(c) Both 1 and 2 (d) Neither 1 nor 2
13. Which of the following statements is/ are correct?
1. NIFTY is based upon 50 firms in India.
 2. NIFTY is governed and regulated by the Reserve Bank of India.
 3. NIFTY does not trade in mutual funds.
- Select the correct answer using the codes given below
- (a) Only 1 (b) Only 2
(c) Only 3 (d) 1 and 3
14. Which of the following measures should be taken when an economy is going through in inflationary pressures?
1. The direct taxes should be increased.
 2. The interest rate should be reduced.
 3. The public spending should be increased.
- Select the correct answer using the codes given below
- (a) Only 1 (b) Only 2
(c) 2 and 3 (d) 1 and 2
15. Consider the following statements
1. High growth will led to inflation.
 2. High growth will lead to deflation.
- Which of the statements given above is/are correct?
- (a) Only 1 (b) Only 2
(c) Both 1 and 2 (d) Neither 1 nor 2
16. Which of the following are responsible for the decrease of per capita holding of cultivated land in India?
1. Low per capita income.
 2. Rapid rate of increase of population.
 3. Practice of dividing land equally among the heirs.
 4. Use of traditional techniques of ploughing.
- Select the correct answer using the codes given below
- (a) 1 and 2 (b) 2 and 3
(c) 1 and 4 (d) 2,3 and 4
17. Which of the following occupations are included under secondary sector as per the national income accounts ?
1. Manufacturing
 2. Construction
 3. Gas and water supply
 4. Mining and quarrying
- Select the correct answer using the codes given below
- (a) 1, 2, 3 and 4 (b) 1, 2 and 4
(c) 1, 2 and 3 (d) 3 and 4
18. The government can influence private sector expenditure by
1. taxation
 2. subsidies
 3. macro-economic policies
 4. grants
- Select the correct answer using the codes given below
- (a) 1, 2, 3 and 4 (b) 1, 2 and 4
(c) 1, 2 and 3 (d) 3 and 4
19. Which of the following are included in the category of direct tax in India?
1. Corporation tax
 2. Tax on income
 3. Wealth tax
 4. Customs duty
 5. Excise duty
- Select the correct answer using the codes given below
- (a) 1, 2 and 3 (b) 1, 2, 4 and 5
(c) 2 and 3 (d) 1, 3, 4 and 5
20. Which of the following institutions was/were asked by the Government of India to provide official estimates of black (unaccounted) money held by Indians, both in India and abroad?
1. National Institute of Public Finance and Policy.
 2. National Council of Applied Economic Research.
 3. National Institute of Financial Management.
- Select the correct answer using the codes given below
- (a) Only 1 (b) 1 and 2
(c) 2 and 3 (d) All of these
21. FDI in Multi-Brand Retail Trade (MBRT) in all products is now permitted in India subject to
1. a ceiling of 51%
 2. minimum amount to be brought in as FDI by the foreign investor is US \$ 100 million.
 3. atleast 50% of the procurement of manufactured/processed products should be sourced from 'small industries'.
 4. retail sales locations set-up only in cities with a population of more than 10 lakh.
- Select the correct answer using the codes given below
- (a) 1, 2, 3 and 4 (b) 1 and 4
(c) Only 2 (d) 1, 2 and 4
22. Consider the following statements
1. The recent decision of Government of India to partially decontrol the sugar industry gives the millers the freedom to sell sugar in open market and removes their obligation to supply sugar at subsidised rates to ration shops.
 2. C. Rangarajan panel also suggested decontrolling of sugar industry in India.
- Which of the statements given above is/ are correct?
- (a) Only 1 (b) Only 2
(c) Both 1 and 2 (d) Neither 1 nor 2
23. The Government of India and Reserve Bank of India have decided to introduce 1 billion pieces of '10 notes in polymer/plastic on a field trial basis.
- Which of the following is/ are the objectives behind this move?
1. Increase of the lifetime of the notes.
 2. Combating counterfeiting.
 3. Reducing the cost of minting of currency.
- Select the correct answer using the codes given below
- (a) 1 and 2 (b) Only 2
(c) Only 3 (d) All of the above
24. Which of the following statements about India's unorganised sector are true?
1. Labour is more in number than that in the organised sector.

2. Job security and work regulation are better in unorganised sector.
3. They are usually not organised into trade unions.
4. Workers are usually employed for a limited number of days.

Select the correct answer using the code given below

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

25. 'Inclusive growth' is a phrase used in India's

1. 9th Plan 2. 10th Plan
3. 11th Plan 4. 12th Plan

Select the correct answer using the codes given below.

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

26. Consider the following statements relating to the Non-Alignment Movement:

1. The Non-Aligned Movement (NAM) was created and founded during the collapse of the colonial system and the independence struggles of the peoples of Africa, Asia, Latin America and other regions of the world and at the height of the Cold War.
2. The First Summit of the Movement of Non-Aligned Countries was convened by the leaders of India, Indonesia, Egypt, Syria and Yugoslavia at Belgrade on September 1-6, 1961.
3. During the early days of the Movement, its actions were a key factor in the decolonization process, which led later to the attainment of freedom by many countries and to the founding of several new sovereign States.
4. The fundamental principle of the movement is to maintain equal distance from both the super powers by joining the military alliances of both the blocs.

Which of the statements given above are correct?

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

27. Consider the following statements relating to the World Bank :

1. The World Bank was established in 1946, which is headquartered in New York.
2. The World Bank Group has set for itself the goal to end extreme poverty from the World by 2030.
3. The World Bank is a vital source of financial and technical assistance to developing countries around the world. It is not a bank in the ordinary sense but a unique partnership to reduce poverty and support development.
4. The World Bank Group comprises five institutions managed by their member countries in order to promote shared prosperity by fostering the income growth of the bottom 40% for every country.

Which of the statements given above are correct?

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

28. Consider the following statements relating to the World Trade Organization (WTO):

1. The WTO deals with the global rules of trade between nations.
2. The goal of the WTO is to help producers of goods and services, exporters, and importers conduct their business.

3. The WTO, which is a successor body of the General Agreement on Tariffs and Trade, came into being following the Uruguay Round of Negotiations.
4. The WTO distances itself in framing of rules on trade in intellectual property rights.

Which of the statements given above are correct?

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

29. Which of the following statements is/are true?

1. If increase in demand and supply are of equal magnitude, the price will remain unchanged, but the equilibrium quantity will increase.
2. If increase in demand is of greater magnitude than increase in supply, both equilibrium price and equilibrium quantity will increase.
3. If increase in supply is of greater magnitude than increase in demand, equilibrium price will fall but equilibrium quantity will increase.

Select the correct answer using the code given below :

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

30. Which of the following statements are correct?

1. When marginal revenue is positive, total revenue increases with increase in output.
2. When marginal revenue is zero, total revenue is maximum.
3. When marginal revenue becomes negative, total revenue falls with increase in output.

Select the correct answer using the code given below:

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

31. Which of the following theories form the basis of international trade ?

1. Absolute cost difference
2. Comparative cost difference
3. Opportunity cost

Select the correct answer using the code given below:

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

32. Which of the following statements is/are correct ?

1. The Marxist theory repudiates the idea of the atomised and alienated individual.
2. Marxism upholds the idea of the natural rights of men and individuals.

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

33. Consider the following statements:

1. The Central Statistical Organisation (CSO) is responsible for calculating the consumer price indices for urban non-manual employees.
2. National Sample Survey Organisation (NSSO) collects data for estimating national income.
3. NSSO collects rural retail price on monthly basis for calculating Consumer Price Index.
4. CSO conducts periodic economic census to collect data on unorganised enterprises.

Which of the following statement/s is/are correct?

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

34. Which of the following are the main causes of slow rate of growth of per capita income in India?
1. High capital output ratio
 2. High rate of growth of population
 3. High rate of capital formation
 4. High level of fiscal deficits
- codes:
- (a) 1, 2, 3 and 4 (b) 2, 3 and 4
(c) 1, 3 and 4 (d) 1 and 2
35. Consider the following statements:
1. Human Development Report is an authoritative annual publication brought out by the World Bank.
 2. It measures longevity by life expectancy at birth.
 3. Knowledge is measured by adult literacy rate.
 4. Standard of living is measured by GDP per capita (US \$ PPP)
- Which of the following statements is not correct?
- (a) 1 (b) 2
(c) 3 (d) 4
36. Which is the correct definition of National Income ?
1. National Income means the total amount of money Govt. earns through direct tax collection.
 2. It is the total value of stocks held by a country at a particular point of time.
 3. This is the measure of goods and services produced during an accounting year without double counting.
- (a) 1 only (b) 2 only
(c) 3 only (d) All 1, 2 and 3
37. A dual economy means:
1. The existence of black money and white money
 2. The existence of agriculture and industry
 3. The existence of commercial agriculture with subsistence farming
 4. Modern industry and commercial agriculture co-existing with subsistence farming and traditional handicrafts
- (a) 1 only (b) 1, 2 and 4
(c) 2, 3 and 4 (d) All of these
38. Which of the following occupations are included under secondary sector as per the national income accounts ?
1. Manufacturing
 2. Construction
 3. Gas and water supply
 4. Mining and quarrying
- Select the correct answer using the codes given below
- (a) 1, 2, 3 and 4 (b) 1, 2 and 4
(c) 1, 2 and 3 (d) 3 and 4
39. With reference to 'Economics' which statement is correct?
1. Economics is an area where people, society and government prioritize their choices in the process of using the infrequent reserves to satisfy the various needs and wants of life.
 2. Economics is considered an exercise in the space-time continuum.
 3. Economics is considered an exercise in the time continuum.
- (a) 1 only (b) 1 and 2
(c) 3 only (d) 1, 2 and 3
40. National Income is defined as:
1. It is the total amount of money government earns through direct tax collection.
 2. It measures the flow of goods and services in an economy
 3. It is the total value of stocks held by a country at a particular point of time
- (a) 1 only (b) 2 only
(c) 1 and 2 (d) 3 only
41. The objective of the National Population Policy (NPP) is
1. The immediate objective is to address the unmet needs for contraception, health care infrastructure and basic reproductive and child health care.
 2. The medium-term objective is to bring the Total Fertility Rate (TFR) to replacement levels of 2.1 by 2010.
 3. The short-term objective is to achieve a stable population by 2045, at a level consistent with the requirement of sustainable economic growth, social development and environmental protection.
- Which of the following statements is not correct?
- (a) 1 (b) 2
(c) 3 (d) All are correct
42. Consider the following statements about personal Income:
1. Personal income is that income which is actually obtained by nationals.
 2. Personal Income = National income – undistributed profits of corporation – payments for social security provisions – corporate tax + government transfer payments + Business transfer payments + Net interest paid by government.
- Select the correct answer using the codes given below:
- (a) 1 only (b) 2 only
(c) 1 and 2 (d) Neither 1 nor 2
43. NITI AAYOG is defined as:
1. The National Institution for Transforming India Aayog
 2. It has replaced Yojana Aayog by Prime Minister, Narendra Modi
 3. NITI Aayog provides less opportunity than Yojana Aayog
- Which among the following statement is true?
- (a) 1 only (b) 2 only
(c) 1 and 2 (d) 1 and 3
44. The difference between NITI Aayog and Yojana Aayog is as follows:
1. In NITI Aayog there are 3 full time members while Yojana Aayog has 8 members.
 2. NITI is a think-tank and does not have the power to impose policies while Yojana impose policies on states and tied allocation of funds with projects it approved.
 3. NITI has power to allocate funds while Yojana doesn't.
- Which among the following statement is true?
- (a) 1 and 2 (b) 1 and 3
(c) 2 and 3 (d) 1, 2 and 3
45. Scheme _____ is a Government of India program aimed at providing 24x7 uninterrupted power supply to all homes in Rural India
1. Deendayal Disabled Rehabilitation Scheme
 2. Deen Dayal Upadhyaya Gram Jyoti Yojana
 3. Digital India Programme

- Select the name of the scheme
- (a) 1 only (b) 2 only
(c) 3 only (d) 2 and 3
46. Index 'Residex' is associated with-
1. Share Prices
 2. Mutual Fund Prices
 3. Price Inflation Index
 4. Land Prices
- Choose the right option
- (a) 1 only (b) 1 and 2
(c) 3 only (d) 4 only
47. Green Revolution has led to:
1. Spurt in production of all food grains.
 2. Greater regional inequalities
 3. reduction in inter-personal inequalities.
 4. Increase in production of wheat.
- (a) 1 and 3 (b) 1, 2 and 3
(c) 2, 3 and 4 (d) 2 and 4
48. Increase in agricultural production is due to:
1. increase in cultivable area.
 2. improvement in yield
 3. better cropping pattern
 4. implementation of land reforms:
- (a) 1 and 3 (b) 1 and 2
(c) 1, 2 and 3 (d) 1, 2, 3 and 4
49. Which of the following are the objectives of the Commission for Agricultural Costs and Prices (CACP)?
1. To stabilize agricultural prices
 2. To ensure meaningful real income levels to the farmers
 3. To protect the interest of the consumers by providing essential agricultural commodities at reasonable rates through public distribution system.
 4. To ensure maximum price for the farmer
- (a) 1, 2 and 3 (b) 1, 2 and 4
(c) 1, 3 and 4 (d) 2, 3 and 4
50. Public Distribution System (PDS) means distribution of essential commodities to a large number of people through a network of Fair Price Shops on a recurring basis. The Commodities distributed under PDS are:
- (1) Wheat
 - (2) Rice
 - (3) Sugar
 - (4) Pulses
 - (5) Kerosene
- Select the correct option:
- (a) 1, 2 and 4 (b) 1, 2, 3 and 4
(c) 1, 2, 3 and 5 (d) All of the above
51. What were the objectives of Land reforms?
- I. to increase production by ensuring security of tenure to the cultivator;
 - II. to increase the purchasing power of the rural population and thereby boost the demand for industrial products; and
 - III. to achieve social justice along with economic growth through a single set of measures rather than through different, and sometimes contradictory, measures.
- (a) I & II (b) I, II & III
(c) I & III (d) None of the above
52. Which of the following sentences are correct?
- I. Second Green Revolution is also called Gene Revolution.
 - II. Cowpea and Millets are called Orphan crops.
 - III. Second green revolution is directed by proprietary research.
- (a) I & II (b) I, II & III
(c) I & III (d) All the above
53. What is a Blue Box subsidy?
- I. These include direct payments to farmers to limit production and certain government assistance to encourage agriculture and rural development in developing countries
 - II. These include government policies of Minimum support Prices (MSP) for agricultural products or any help directly related to production quantities (for eg. power, fertiliser, seeds, pesticides, irrigation etc.).
 - III. These include amounts spent on research, disease control, infrastructure and food security
- (a) I & III (b) Only I
(c) Only III (d) III & II
54. What is Co-operative tenant farming?
- I. Where the society holds the land and leases it to individual members.
 - II. Where land is irrevocably surrendered to the collective.
 - III. Where the farmers pool their land and reap the economies of scale, although the ownership continues to remain with the individual farmer.
- (a) I & II (b) Only I
(c) Only III (d) None of the above
55. Which of the following statements are correct in accordance to Kisan Credit Cards?
- I. NABARD formulated a model scheme for issue of Kisan Credit Cards (KCCs) to farmers so that they may use them to readily purchase agricultural inputs such as seeds, fertilizers, pesticides, etc.
 - II. These are operated by only commercial banks.
 - III. The scheme has helped in augmenting the flow of short-term crop loans for seasonal agricultural operations of farmers.
 - IV. From January 31, 2006, the scheme has been extended to all types of loan requirements of borrowers of State Cooperative Agriculture Rural Development Banks (SCARDBs).
- (a) I & II (b) Only IV
(c) I, III & IV (d) All the above
56. What are Co-operative Credit Societies?
- I. They are apex institution for providing credit facility to agricultural and rural areas.
 - II. These are the most important source of rural credit.
 - III. They are finance rural credit directly through Regional Rural Banks (RRBs).
- (a) I & II (b) Only III
(c) Only II (d) None of the above
57. Which of the statement is correct regarding White revolution?
- I. It occurred in India in 1970.
 - II. Prof. Verghese Kuerin was the father of White Revolution in India.
 - III. It works through a network of co-operative societies which are owned and managed by the milk producers.
- (a) I & II (b) I & III
(c) Only I (d) All the above

58. What is Co-operative collective farming?
- Where the society holds the land and leases it to individual members.
 - Where land is irrevocably surrendered to the collective.
 - Where the farmers pool their land and reap the economies of scale, although the ownership continues to remain with the individual farmer.
- (a) I & II (b) Only II
(c) Only III (d) None of the above
59. NABARD took over the function of which all institutes?
- Agricultural Credit Development (ACD)
 - Rural Planning and Credit Cell (RPCC) of RBI
 - Agricultural Refinance Development Corporation (ARDC)
 - State Co-operative Agricultural and Rural Development Banks (SCARDBs).
- (a) I, II & III (b) I & II
(c) Only IV (d) All the above
60. What are the functions of NABARD?
- It is associated with policy, planning, operation and even monitoring levels for providing agricultural credit.
 - Its primary task is to function as refinancing institution for all types of lending for agricultural and rural development.
 - In addition to this, it provides term credit to state co-operative banks, regional rural banks, land development banks and state governments (only for share capital contribution to co-operative credit societies).
- (a) Only I (b) I & II
(c) II & III (d) All the above
61. What is correct statement with regard to buffer stocking?
- It is the practice of holding large stocks by government agencies like Food Corporation of India (FCI) and releasing the stocks in the market to counter price rise
 - The buffer stock also helps to maintain the Public Distribution System (PDS).
- (a) Only I (b) Only II
(c) Both I & II (d) None of the above
62. What is the WTO Agreement on Agriculture (AoA)?
- It permitted the developed countries to continue to provide farm subsidies, but under certain restrictions.
 - It permitted the developing countries to continue to provide farm subsidies, but under certain restrictions.
 - It does not permit the developed countries to continue to provide farm subsidies.
- (a) Only III (b) Only I
(c) Only II (d) None of the above
63. Which statement is correct regarding TPDS?
- It is targeted for rich people.
 - It is targeted to poor people.
 - This system started when the procurement and issue prices of PDS items saw a rise with the ushering in of economic reforms in the 1990s.
- (a) I & III (b) Only III
(c) II & III (d) None of the above
64. Which statement is correct regarding Evergreen Revolution?
- The emphasis in this revolution is on sustainable agriculture by means of organic and green agriculture.
 - Dr. MS Swaminathan gave this concept.
 - It includes the use of integrated pest management, nutrient supply and resource management.
- (a) I & II (b) Only II
(c) Only III (d) All the above
65. What is National Horticulture Mission?
- Mission to increase the production of rice, wheat and pulses by 10, 8 and 2 million tonnes respectively.
 - To enhance investment in agriculture and allied sectors to achieve 4% growth rate.
 - For promotion of holistic growth of horticulture sector, including fruits, vegetables, root and tuber crops, mushroom, spices, flowers, aromatic plants, cashew and cocoa.
 - Provides flexibility to states in implementation based on a regionally differentiated approach for promoting crop diversification and providing a focus to the programme.
- (a) II (b) III
(c) IV (d) I
66. With reference to Union Budget, which of the following is/are covered under Non-Plan Expenditure?
- Defence expenditure
 - Interest payments
 - Salaries and pensions
 - Subsidies
- Select the correct answer using the code given below.
- (a) 1 only (b) 2 and 3 only
(c) 1, 2, 3 and 4 (d) None
67. Which of the following are included in the category of direct tax in India?
- Corporation tax
 - Tax on income
 - Wealth tax
 - Customs duty
 - Excise duty
- Select the correct answer using the codes given below
- (a) 1, 2 and 3 (b) 1, 2, 4 and 5
(c) 2 and 3 (d) 1, 3, 4 and 5
68. Which of the following refers to that part of deficit for which the government borrows from the RBI?
- Primary deficit
 - Secondary deficit
 - Regulatory deficit
 - Monetised deficit
- (a) 1 only (b) 1 and 2
(c) 3 only (d) 4 only
69. Which of the following is/are the major Objectives of Deficit financing?
- Used as an instrument of economic policy
 - It is used as a tool for meeting financial needs of government
 - Used for the mobilization of surplus, non-utilized and idle resources in the economy
- (a) 1 only (b) 1 and 2
(c) 3 only (d) 1, 2 and 3

70. Which of the following statements is incorrect in regards to Black money?
1. Hawala market has deep roots with this black money
 2. It is unaccounted money which is concealed from tax authorities
 3. All legal economic activities are dealt with this Black Money
 4. It puts an adverse pressure on equitable distribution of wealth and income in the economy
- (a) 1 only (b) 1 and 2
(c) 3 only (d) 1, 2 and 4
71. Which of the following is the tax imposed on commodities imported into India (import duty) or those exported from India (export duty)?
1. Customs duty
 2. Central excise duty
 3. Incorporate duty
- (a) 1 only (b) 2 only
(c) 3 only (d) 2 and 3
72. Which of the following statements is/are correct in regards to Revenue budget?
1. It consists of all capital receipts and expenditure such as domestic and foreign loans, loan repayment, foreign and etc
 2. It consists of all current receipts, such as taxation, dividends of public sector units (PSU's) and expenditure of the government
- (a) 1 only (b) 2 only
(c) 1 and 2 (d) Neither 1 nor 2
73. With reference to 'Central excise duty', which of the following statements is/are correct?
1. Commodities on which state governments impose excise duties are exempted from the central excise duty
 2. In recent years large number of goods has come under excise duty. Moreover, the rates of these duties have also been increasing
 3. Commodities which are produced within the country levied by central excise duty
- (a) 1 only (b) 1 and 2
(c) 3 only (d) 1, 2 and 3
74. Mobilization of resources and channelizing the same for productive investment is the primary purpose of
1. Expenditure
 2. VAT
 3. Taxation
 4. CRR
- (a) 1 only (b) 2 only
(c) 3 only (d) 1, 2 and 4
75. Which of the following taxes is the one by which the revenue collected rises proportionally with income?
1. Regressive tax
 2. Progressive tax
 3. Corporate tax
 4. Proportional tax
- (a) 1 only (b) 2 only
(c) 3 only (d) 4 only
76. Choose the correct one from the below expressions
1. Fiscal deficit = Budget deficit – Government's market borrowing and liabilities
 2. Fiscal deficit = Budget deficit + Government's market borrowing and liabilities
 3. Fiscal deficit = Revenue expenditure – Budget receipts
 4. Fiscal deficit = Revenue expenditure + Budget receipts
- (a) 1 only (b) 2 only
(c) 3 only (d) None of the above
77. Regressive tax can be defined as
1. The one by which the revenue collected rises proportionally with income
 2. The rates of tax increase for increasing values or volumes on which the tax is levied
 3. The one where the proportion of tax paid falls as income rises
- (a) 1 only (b) 2 only
(c) 3 only (d) 1, 2 and 3
78. Choose the correct one from the following.
1. Revenue deficit = Revenue expenditure – Revenue receipts
 2. Revenue deficit = Revenue receipts – Revenue expenditure
 3. Revenue deficit = Revenue receipts – Total expenditure
 4. Revenue deficit = Revenue expenditure – Total receipts
- (a) 1 only (b) 1 and 2
(c) 3 only (d) 1, 2, 3 and 4
79. Annual financial statement has to be placed before parliament for every financial year i.e.
1. January 1 to December 31
 2. March 31 to April 1
 3. April 1 to March 31
- (a) 1 only (b) 2 only
(c) 3 only (d) None of the above
80. Which among the following is/are the main objective of Monetary Policy?
1. Maintenance of domestic price level
 2. Reducing the impact of business cycles
 3. Stability of external value
- (a) 1 only (b) 1 and 2
(c) 3 only (d) 1, 2 and 3
81. Which of the following is the tax on income of the companies?
1. Corporation tax
 2. Reliable tax
 3. Compensatory tax
- (a) 1 only (b) 2 only
(c) 3 only (d) 1, 2 and 3
82. Who among the following appoints a Finance Commission under Article 280 of the Constitution?
1. Prime Minister
 2. Finance Minister
 3. President
 4. Public
- (a) 1 only (b) 2 only
(c) 3 only (d) 3 and 4
83. Name the 3 commodities in the Wholesale Price Index.
1. Primary articles
 2. Fuel, power, light and lubricants
 3. Manufactured products
 4. Food articles and industrial raw materials
- (a) 1, 2 and 3 (b) 2, 3 and 4
(c) 1, 3 and 4 (d) 1 and 3

84. Which of the following measures would result in an increase in the money supply in the economy?
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
(c) 1 and 3 (d) 2, 3 and 4
85. What is 'Future Trading'?
1. It is a trade between two stock exchanges wherein it is decided to purchase stocks of each other on a fixed price throughout the year
 2. It is an agreement between two parties to buy or sell an underlying asset in the future at a predetermined price
 3. It is an agreement between stock exchange that they will not trade in stocks of each other in future or for a predetermined period of time
- (a) 1 only (b) 2 only
(c) 3 only (d) All 1, 2 and 3
86. Brent index is associated with :
- (1) crude oil prices
 - (2) copper future prices
 - (3) gold future prices
 - (4) shipping rate index
- Which of the following is true?
- (a) Only 1 (b) Only 2
(c) Only 3 (d) Only 4
87. Which of the following measures should be taken when an economy is going through in inflationary pressures?
1. The direct taxes should be increased.
 2. The interest rate should be reduced.
 3. The public spending should be increased.
- Select the correct answer using the codes given below:
- (a) Only 1 (b) Only 2
(c) 2 and 3 (d) 1 and 2
88. Which one among the following is an appropriate description of deflation?
- (a) it is a sudden fall in the value of a currency against other currencies
 - (b) It is a persistent recession in the economy
 - (c) It is a persistent fall in the general price level of goods and services
 - (d) It is fall in the rate of inflation over a period of time
89. Consider the following statement regarding concept of money:
1. M^1 : Money with the Public (currency notes and coins) + Demand deposits of banks (on current and saving bank accounts) + Other demand deposits with RBI. It is highly liquid and banks will not be able to run their lending programmes on this basis.
 2. M^2 : M^1 + Saving bank deposits with Post-offices.
 3. M^3 : M^2 + Term deposits with the bank.
 4. M^4 : M^3 + All deposits of Post-offices.
- Which among the following is correct?
- (a) 1, 2, 3, 4 (b) 1, 2, 3
(c) 1, 3, 4 (d) 1, 2, 4
90. What is the main cost-push factor in India?
1. Problem of hoarding by traders and black marketers
 2. Taxation which gives the traders an opportunity to raise the prices of goods, the proportion of which is often more than the levy of taxes
 3. Administered Prices
 4. Hike in Oil Prices
- Choose the correct code.
- (a) 1, 2, 3 (b) 1, 2, 3, 4
(c) 1, 2 (d) None of the Above
91. How is the price level measured?
1. Wholesale Price Index
 2. Consumer Price Index
 3. Gross Domestic Product (GDP) Deflator
 4. Business Price Index
- Choose the correct code.
- (a) 1, 2, 3, 4 (b) 1, 2, 3
(c) 1, 2 (d) 1
92. What is the difference between Inflation and Deflation?
1. Inflation is an increase in price of goods while Deflation is that state in which the value of money rises and the price of goods and services falls.
 2. Deflation is an increase in price of goods while Inflation is that state in which the value of money rises and the price of goods and services falls.
 3. Inflation is that state in which the value of money rises and the price of goods and services falls while deflation is an increase in price of goods.
- Choose the correct difference between Inflation and Deflation.
- (a) 1 only (b) 2 only
(c) 3 only (d) 1, 2, 3
93. Which among the following are the Nationalised Banks?
1. Bank of India
 2. Punjab National Bank
 3. Canara Bank
 4. United Commercial Bank
- Choose the code.
- (a) 1 and 2 (b) 3 and 4
(c) 1 and 4 (d) 1, 2, 3, 4
94. What are the functions of RBI?
1. Issue of notes
 2. Banker to the government
 3. Controller of debit
 4. Custodian of foreign reserves
- Choose the incorrect function of RBI.
- (a) 1 only (b) 2 only
(c) 3 only (d) 4 only
95. What are the reforms of Narsimham Committee on Banking sector?
1. Nationalisation of banks should not take place any more.
 2. Private and foreign banks should be set up to promote competition.
 3. There should be a phased reduction of CRR and SLR.
- Choose the correct option.
- (a) 1 only (b) 2 only
(c) 3 only (d) All of the Above

96. Which statement is correct regarding cottage industries?
- Cottage industry is run by family members on full or part time basis.
 - It possesses negligible capital investment.
 - The production is done by hands and no wage earning person is employed in cottage industry.
- (a) I & II (b) II & III
(c) Only II (d) All the above
97. Consider the statements:
- Small industrial units employ wage earning labour and production is done by the use of modern techniques.
 - Capital investment is also present in small industries
- Which among the above statement is correct regarding small industries?
- (a) Only I (b) Only II
(c) Both I & II (d) None of the above
98. Which statement is correct regarding railways?
- The first train in India was started on a small rail route of 34 kilometers between Bombay and Thane on April 16, 1853.
 - The Indian Railway network has become the biggest railway of Asia and the third in the world
 - Within the freight segment, bulk traffic accounts for nearly 84% of revenue-earning freight traffic (in physical terms), of which about 44% is coal.
- (a) I & II (b) Only III
(c) II & III (d) All the above
99. Which statement is correct regarding road transport?
- India has one of the largest road networks in the world aggregating to about 3.62 million km at present.
 - Three initiatives in the road sector were begun in recent years: The National Highway Development Project (NHDP), Pradhan Mantri Bharat Jodo Pariyojana (PMBJP) and Pradhan Mantri Gram Sadak Yojana (PMGSY)
 - NHDP dealt with building high quality highways. The PMBJP dealt with linking up major cities to the NHDP Highways. The PMGSY addressed rural roads.
- (a) I & II (b) II & III
(c) Only I (d) All the above
100. Which statement is correct regarding shipping?
- Indian overseas fleet ranks the 17th the world in terms of tonnage, with 659 ships totalling 77 lakh gross registered tonnage (GRT).
 - 102 Indian shipping companies are in operation of which 65 are engaged only in coastal shipping.
 - The public sector Shipping Corporation of India (SCI) has a fleet of 112 vessels aggregating three million GRT.
- (a) I & II (b) Only II
(c) II & III (d) All the above
101. Which statement is incorrect regarding civil aviation?
- There are 20 scheduled airline operators using 334 aircraft.
 - It is expected that another 350 aircraft will be added during the next five years.
 - An Airport Economic Regulatory Authority (AERA) is being set up to ensure healthy competition among operators and settlement of disputes among operators as well as between them and passengers.
- (a) I & II (b) Only ii
(c) II & III (d) All the above
102. What are the points covered in new telecom policy?
- Rural Tele-density – To improve rural teledensity from the current level of around 39 to 70 by the year 2017 and 100 by the year 2020.
 - Broadband – “Broadband For All” at a minimum download speed of 2 Mbps
 - Domestic Manufacturing – Making India a global hub
 - Convergence of Network, Services and Devices
- (a) I & II (b) Only II
(c) II & III (d) All the above
103. Match List I with List II and select the correct answer using the code given below the Lists :
- | List-I
(Place) | List-II
(Industry) |
|-------------------|---------------------------|
| A. Jabalpur | 1. Petro-chemical |
| B. Bengaluru | 2. Information technology |
| C. Modinagar | 3. Paper |
| D. Ballarpur | 4. Automobile |
- Code :
- | | A | B | C | D |
|-----|---|---|---|---|
| (a) | 4 | 1 | 2 | 3 |
| (b) | 3 | 1 | 2 | 4 |
| (c) | 3 | 2 | 1 | 4 |
| (d) | 4 | 2 | 1 | 3 |
104. Match the following
- | List I
(Phase of Industrial Revolution) | List II
(Feature) |
|--|---|
| A. First Phase | 1. Rise of steel, chemical, electricity industries |
| B. Third Phase | 2. Rise of cotton mill |
| C. Second Phase | 3. Rise of steam engine |
| D. Fourth Phase | 4. Rise of petro chemicals, jet aircraft, computers |
- Codes :
- | | A | B | C | D |
|-----|---|---|---|---|
| (a) | 2 | 3 | 1 | 4 |
| (b) | 2 | 1 | 3 | 4 |
| (c) | 4 | 1 | 3 | 2 |
| (d) | 4 | 3 | 1 | 2 |
105. Match the following
- | List I
(Five Year Plan) | List II
(Emphasis) |
|----------------------------|--|
| A. First | 1. Food security and women empowerment |
| B. Second | 2. Heavy industries |
| C. Fifth | 3. Agriculture and community development |
| D. Ninth | 4. Removal of poverty |
- Codes :
- | | A | B | C | D |
|-----|---|---|---|---|
| (a) | 1 | 2 | 4 | 3 |
| (b) | 1 | 4 | 2 | 3 |
| (c) | 3 | 2 | 4 | 1 |
| (d) | 3 | 4 | 2 | 1 |

106. Which one among the following pairs is **not** correctly matched ?

- (a) When total product increases at an increasing rate : Marginal product increases
 (b) When total product increases at a diminishing rate, : Marginal product declines
 (c) When total product reaches its maximum : Marginal product becomes zero
 (d) When total product begins to decline : Marginal product becomes positive

107. Match columns A and B

Column A	Column B
I. Mixed economy	a. India has strong powers invested in the Centre with financial independence and adequacy
II. Fedral economy	b. Public sector business enterprise exist with Private sector
III. Over population	c. In each decade Indian population is increased By 20%
IV. Disparities in Income Distribution	d. India's per capita income is about 1/40 of US level Of per capita
(a) I-b, II-a, III-d, IV-c	
(b) I-a, II-b, III-c, IV-d	
(c) I-a, II-d, III-b, IV-c	
(d) I-c, II-a, III-b, IV-d	

108. Match columns A and B wherein Column B defines Column A

Column A	Column B
I. Public Account	a. Consists of all revenues and loans received by the government
II. Consolidated fund	b. Comprises of the sum placed at the disposal of the President to meet unforeseen expenditure
III. Contingency fund	c. Consists of receipts and payments, which are in form of deposit account with the government, such as provident funds, small savings, etc

DIRECTIONS (Qs. 109-112): Match List-I with List-II and select the correct answer using the codes given below the list.

109. Match the following.

List-I	List-II
a. Depression	1. Coexistence of inflation and stagnation
b. Recession	2. Recovery from depression
c. Reflation	3. Reduction in production over a short period
d. Stagflation	4. Insufficient demand leading to idle men and machinery over a long time
	5. Reduction in level of economy due to falling prices

- (a) A-1; B-2; C-3; D-5
 (b) A-4; B-3; C-2; D-5
 (c) A-4; B-3; C-2; D-1
 (d) A-3; B-4; C-2; D-1

110. Match the following.

Goods	Example
i. Public goods	a. Primary education
ii. Merit goods	b. National defence
iii. Non-merit goods	c. Pollution
(a) i-a, ii-b, iii-c	(b) i-b, ii-a, iii-c
(c) i-c, ii-b, iii-a	(d) i-a, ii-c, iii-b

111. Match the following.

List-I (Industries)	List-II (Industrial Centres)
(A) Pearl fishing	(1) Pune
(B) Automobiles	(2) Tuticorin
(C) Ship building	(3) Pinjore
(D) Engineering	(4) Marmagao goods
(a) A-2; B-1; C-4; D-3	
(b) A-2; B-1; C-3; D-4	
(c) A-1; B-2; C-4; D-3	
(d) A-1; B-2; C-3; D-4	

112. Match the following investment requirements under the Manufacturing Enterprises category:

Column I	Column II
I. Micro Enterprise	a. 5 crores to upto 10 crores
II. Small Enterprise	b. 25 lakh to upto 5 crores
III. Medium Enterprise	c. Upto 25 lakh
(a) I - c, II - b, III - a	
(b) I - b, II - c, III - a	
(c) I - c, II - a, III - b	
(d) I - a, II - b, III - c	

113. Which of the following statements is / are true with respect to Phillips curve? [CDS]

- It shows the trade - off between unemployment and inflation
- The downward sloping curve of Phillips curve is generally held to be valid only in th short run.
- In the long run, Phillips Curve is usually thought to be horizontal at the non accelerating inflation rate of unemployment (NAIRU)

Select the correct answer using the code given below:

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

114. Which of the following is /are example (s) of 'Near Money'? [CDS]

- Treasury Bill
- Credit Card
- Saving accounts and small time deposits
- Retail money market mutual funds

Select the correct answer using the code given below:

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

115. Which of the following statements are correct? [CDS]

1. Ability to pay principle of taxation holds that the amount of taxes people pay should relate to their income or wealth
2. The Benefit Principle of taxation states that individuals should be taxed in proportion to the benefit they receive from Government programmes
3. A progressive tax takes a larger share of tax from poor families than it does from rich families
4. Indirect taxes have the advantage of being cheaper and easier to collect

Select the correct answer using the code given below:

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

116. Which of the following is / are the example (s) of Transfer Payment(s)? [CDS]

1. Unemployment Allowance
2. Payment of salary
3. Social Security Payment
4. Old age Pension

Select the correct answer using the code given below :

- (a) 1 and 3 only (b) 1, 2 and 3 only
(c) 1, 3 and 4 only (d) None of the above

117. Which of the following statements (s) are true with respect to the concept of "EFFICIENCY" as used in mainstream economics?

1. Efficiency occurs when no possible reorganisation of production can make anyone better off without making someone else worse off
2. An economy is clearly inefficient if it is inside the Production Possibility Frontier (PPF)
3. At a minimum, an efficient economy is on its Production Possibility Frontier (PPF)
4. The terms such as 'Pareto Efficiency', 'Pareto Optimality' and 'Allocative Efficiency' are all

essentially one and same which denote 'efficiency in resource allocation'

Select the correct answer using the code given below :

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

118. Which of the following statements in the context of income-environment relationship is /are correct? [CDS]

- (1) Pollution trends tend to follow an inverse-U shaped relationship across different stages of economic development.
- (2) In the beginning stage, pollution increases due to urbanization and industrialization.
- (3) In the later stage, pollution declines due to structural changes towards services sector.

Select the correct answer using the code given below.

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

119. In view of the fact that kerosene is an inferior good in India, what is/are its implication(s)? [CDS]

1. As households get richer, they consume less kerosene.
2. Over time there is a decline in quality of kerosene.
3. Government needs to stop subsidies on kerosene.

Select the correct answer using the code given below.

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

120. Which of the following factors led to a decline in inflation rate in India during 2014-2015? [CDS]

1. Persistent decline in crude oil prices
2. Softness in global prices of tradeable such as edible oils and coal
3. Tight monetary policy pursued by the Reserve Bank of India

Select the correct answer using the code given below.

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

Hints & Explanations

Level-1

1. (b) The Second Plan was particularly in the development of the public sector. The plan followed the Mahalanobis model, an economic development model developed by the Indian statistician Prasanta Chandra Mahalanobis in 1953.
2. (a) Option (a) is the correct choice.
3. (a) By the late 19th century India was one of the largest producers and exporters of cotton yarn and wheat. The export of Indian wheat progressed after Suez Canal opened in 1869. About 17% of India's wheat was exported by 1890s.
4. (b) The government on January 2nd, 2013 announced the Constitution of the 14th Finance Commission under the chairmanship of former RBI Governor YV Reddy.
5. (a) A chit fund is a kind of savings scheme practiced in India. A chit fund company is a company that manages, conducts, or supervises a chit scheme—as defined in Section of the Chit Funds Act, 1982.
6. (c)
7. (b) The Bombay plan laid great emphasis on public investment in the social and economic infrastructure.
8. (c)
9. (c) Cotton, the most important fibre crop of India plays a dominant role in its agrarian and industrial economy. It is the backbone of our textile industry, accounting for 70% of total fibre consumption in textile sector, and 38% of the country's export, fetching over Rs. 42,000 crores. Area under cotton cultivation in India (8.9 million ha) is the highest in the world, i.e., 25% of the world area and employs seven million people for their living. Five to seven decades ago, most of the cotton cultivated in the country was 'eco-friendly' with little or no use of toxic chemicals in its production. Even today, there are many pockets in India, where it is produced without the use of agrochemicals, e.g., areas growing Wagad cotton in Gujarat, Y-1 desicotton of Khandesh region of Maharashtra, Maljari in Madhya Pradesh, part of areas growing Jayadhar and Suyodhar in Karnataka, Nandicum in Andhra Pradesh and parts of cotton areas in north eastern hill region.
10. (a) Water requirement is highest in iron and steel industry. The Iron & Steel sector is water intensive industry. In India, approximately 80-85 percent freshwater consumed in this sector is discharged as effluent.
11. (b) The Fifth Five Year Plan (1974-79) had a high priority to bring inflation under control and to achieve stability in the economic situation.
12. (d) Uzbekistan is not a member of the Eurasian Economic Union.
13. (b) BRICS Leaders agreed to set up a Development Bank at the 5th BRICS summit held in Durban, South Africa on 27th March 2013.
14. (b) Hedging is used in limiting or offsetting probability of loss from fluctuations in the prices of commodities, currencies or securities.
15. (c) The Advance Reservation Period (ARP) for booking tickets in trains is 120 days.
16. (b) Telegram services are permanently discontinued now. On 14th July, 2013, this service was closed forever.
17. (a) Electricity is not public good but it is club good including roads, bridges, gas, sewage, wires, telecom.
18. (c) The third five year plan (1961-1966) had objective to increase wheat production and other agricultural products.
19. (d) The National policy for children 2013 states -
 - (i) A child is any person below 18 years old.
 - (ii) Childhood is an integral part of life.
 - (iii) Every child is unique and important national asset.
 - (iv) All Children have the right to grow in a family environment.
20. (c) Protection of children from sexual offences Act 2012 cannot be monitored only the awareness among the people will be effective.
21. (a) The objective of Rashtriya Uchchattar Shiksha Abhiyan (RUSA) is to improve the quality of existing state institutions by ensuring the prescription norms and standards and adopt a mandatory quality assurance frame work.
22. (b) On June 30, 2015 Greece became the first developed country to fail to make an IMF Loan repayment.
23. (b) The primary product of PM's 'Pradhan Mantri MUDRA Yojana' will be providing refinance for lending to micro businesses. The interventions have been named 'Shishu', 'Kishor', and 'Tarun' to signify the stage of growth/development.
24. (b) Construction falls in infrastructure sector. Infrastructure sector includes—roads, railways ports, airports, electricity, telecommunications, irrigation and pipelines etc.
25. (a) A flexible exchange rate system is a kind of a monetary system which allows the exchange rate to be regulated by supply and demand in relation to other currencies.
26. (c) Industrial clusters development has an objective to support the sustainability and growth of small and medium enterprises in India. This scheme is governed and administered by the Ministry of micro, small and medium enterprises.
27. (b) Corporation tax in India is the major source of Gross Tax Revenue (GTR) for the Government of India. It has great tax collection in comparison to income tax, custom duty and service tax.
28. (b) Progressive tax structure means increase in tax rate with increase in taxable amount. The word-progressive denotes a progress from low to high.
29. (b) When different consumers pay different prices for the same product, this situation is known as price discrimination.
30. (b) Public good means a commodity or service which is given without profit to everyone in a society by government or any organisation.

31. (b) During the period of 1814 - 1860 AD. mainly four commodities are exported from British India such as - cotton, indigo, opium and raw silk.
32. (c) The fourteenth finance commission wants the states to share a larger fiscal responsibility for the implementation of the scheme.
33. (b) Syndicate Bank. The symbol of dog implies that Bank is trustworthy and a friend. Its slogan is : Your faithful and friendly financial partner.
34. (a) Brent Crude is a major trading classification of sweet light crude oil that serves as a major benchmark price for purchases of oil worldwide. Brent Crude is extracted from the North Sea and comprises Brent Blend, Forties Blend, Oseberg and Ekofisk crudes .The Brent Crude oil marker is also known as Brent Blend, London Brent and Brent petroleum. The index represents the average price of trading in the 25 day Brent Blend, Forties, Oseberg, Ekofisk (BFOE) market in the relevant delivery month as reported and confirmed by the industry media.
35. (a) The main reason behind this move is the desire of the government of India to attract more foreign investment.
36. (c) The Department of Economic Affairs (DEA) under Ministry of Finance is the nodal agency of the Union Government to formulate and monitor country's economic policies and programmes having a bearing on domestic and international aspects of economic management.
37. (d) National Income ignores sale of land.
38. (d) Cyclical unemployment is unemployment that results when the overall demand for goods and services in an economy cannot support full employment. It occurs during periods of slow economic growth or during periods of economic contraction.
39. (a) The term bear denotes an investor who believes that a particular security or market is headed downward. Bears attempt to profit from a decline in prices. Bears are generally pessimistic about the state of a given market. Bearish sentiment can be applied to all types of markets including commodity markets, stock markets and the bond market.
40. (c) Deflation is defined as a fall in the general price level of goods and services. It is a negative rate of inflation. It means the value of money increases rather than decreases.
41. (a) In the short run insurance premium are fixed costs because they are independent of the level of production.
42. (b) Effective Revenue Deficit is basically revenue deficit excluding expenditure on capital generation grants from the Centre to the states. It signifies the amount of capital receipts that are being used for actual consumption expenditure of the Government. It is a new term introduced in the Union Budget 2011-12. It has now become a new fiscal parameter.
43. (c) As per amendment in Clause 141, the limit in respect of maximum number of companies in which a person may be appointed as auditor has been proposed as twenty companies.
44. (c) On the natural side England has in abundance three important commodities - water, iron and coal. Water in Britain's numerous hilly districts provides the power to drive mills in the early stages of industrialization; the rivers, amplified from 1761 by a developing network of canals, facilitate inland transport in an age where roads are only rough tracks; and the sea, never far from any part of Britain, makes transport of heavy goods easy between coastal cities.
45. (a) The sharp decline in crude oil price helped the government to deregulate the price of diesel and thus reduce a huge burden of subsidy on the exchequer. India if not a producing giant, is certainly a refining hub where it refines and markets around 220 metric million tonnes of petroleum products. Out of this around 160 mmt is used for domestic consumption while the rest is used for exports. Therefore, the drop in price of oil will be a blessing for the Indian refiners and the oil marketing companies.
46. (a) The main functioning of the banking system is to accept deposits and provide credit. The bank collects deposits from public. These are savings, fixed, current and recurring deposits. The bank advances loan to the business community and other members of the public. The types of bank loans and advances are overdraft, cash credits, loans and discounting of bill of exchange.
47. (b) Inferior goods have a negative (less than 0) income elasticity of demand meaning that demand falls as income rises.
48. (a) Total fixed costs are constant, so the average fixed cost curve diminishes with the output. Thus, the average fixed cost curve is a rectangular hyperbola.
49. (a) General equilibrium involving both production and consumption also ensures the achievement of pareto efficiency. Pareto efficiency in this regard requires that marginal rate of transformation should be equal to the marginal rate of substitution of the individuals.
50. (a) When marginal cost is less than average cost, average cost must be falling. When marginal cost exceeds average cost must be rising. The marginal cost and average cost curves are related to each other.
51. (d)
52. (d) Corporation Tax is imposed by State as well as Central Government. Corporation tax is imposed on the income or capital of some types of legal entities. The taxes may also be referred to as income tax.
53. (d) The variation in the value of money is always accompanied by opposite variation in the price of commodities and services. In brief, the value of money varies inversely with the price level. It is reciprocal of price level.
 $V_m = 1/p$ (where V_m denotes value of money and p stands for price level).
54. (b) The effect of a government surplus upon the equilibrium level of NNP (Net National Product) is substantially the same as an increase in consumption.
55. (b) Committee to review the arrangements for institutional credit for agriculture and rural development (CRAFICARD) under the Chairmanship of Shri B. Sivaraman, recommended the formation of National Bank for Agriculture and Rural Development (NABARD). The bank came into existence on 12 July 1982. It is limited to the need of agriculture and rural finance.
56. (c) Share of food in total consumption expenditure has been coming down as per capita income grew over time in last sixty years because growth in food expenditure has been lower than growth in per capita income.

57. (b) The Competition Act, 2002 prohibits anti-competitive agreements, abuse of dominant position by enterprises and regulates combinations (acquisition, acquiring of control and Merger and acquisition), which causes or likely to cause an appreciable adverse effect on competition within India. Competition Commission of India was established on 14 October, 2003 and became fully functional in May 2009. It is a body of the Government of India responsible for enforcing the Competition Act, 2002 throughout India and to prevent activities that have an adverse effect on competition in India.
58. (b) A company organized for commercial purposes is called an enterprise. Classification of an enterprise into public or private sector is based on ownership of assets of the enterprise.
59. (c)
60. (d) Generally, the income of a company falls under any of the following 4 heads of income:
- (1) Profits or gains from the business
 - (2) Income from property, whether it is housing, commercial, self-occupied or let-out. If the property is used in the company's business operations, it does not fall under this head.
 - (3) Capital gains
 - (4) Income from other sources including winnings from lotteries, races and interest on securities.
61. (b) Nominal, authorized or registered capital means the sum mentioned in the capital clause of Memorandum of Association. It is the maximum amount which the company raises by issuing the shares and on which the registration fee is paid. This limit cannot be exceeded unless the Memorandum of Association is altered.
62. (d) MONEX is associated with Monsoon Experiment. The Monsoon Experiment (MONEX) was the core of the Global Atmospheric Research Program (GARP) Monsoon subprogram, which was a major international effort to achieve a better understanding of the planetary monsoon circulation.
63. (a) The way total output changes due to change in all inputs in the same proportion is known as "law of return to scale".
64. (c) Monopolistic competition is a form of market in which there are large numbers of sellers of a particular products but each seller sells somewhat differentiated but close products.
65. (a) The sum of a nation's gross domestic product (GDP) plus net income received from overseas. Gross national income (GNI) is defined as the sum of value added by all producers who are residents in a nation, plus any product taxes (minus subsidies) not included in output, plus income received from abroad such as employee compensation and property income.
66. (d) 67. (d) 68. (b) 69. (a)
70. (c) 71. (d) 72. (c)
73. (d) All adult members of the household who registered can apply for work. To register, they have to : Be local residents
74. (d) 12th Five Year Plan of the Government of India aims at faster, sustainable and more inclusive growth.
75. (c) Pradhan Mantri Jan-Dhan Yojana (PMJDY) is a National Mission for Financial Inclusion to ensure access to financial services, namely, Banking/ Savings & Deposit Accounts, Remittance, Credit, Insurance, Pension in an affordable manner.
76. (d) The Government of India has established NITI Aayog to replace the Planning Commission. The Union Government of India announced formation of NITI Aayog on 1 January, 2015 and the first meeting of NITI Aayog was held on 8 February, 2015.
77. (b) The price at which the Government purchases foodgrains for maintaining the public distribution system and for building up buffer stocks are known as procurement prices.
78. (d) Finance commission
79. (b) In Order to help the farmers in getting remunerative prices for their produce with a view to encourage higher investment and as also to increase production and productivity of a commodity, the government declares Minimum Support Price (MSPs) for 25 notified agricultural commodities for each Kharif & Rabi crop season. National Agricultural Cooperative Marketing Federation of India Ltd (NAFED) is one of the Central Nodal Agencies which implements PSS.
80. (c) 81. (c) 82. (a) 83. (b)
84. (b) The DEA or the Department of Economic Affairs is responsible for preparation and presentation to the Parliament of Central Budget and the Budgets for the State Governments.
85. (c) 86. (a) 87. (c) 88. (d) 89. (c)
90. (b) All taxes which are the personal liability of an assessee come under direct taxes. They include income tax, professional tax, wealth tax, securities transaction tax, commodity transaction tax and the like. On the other hand, the taxes which a person can recover from some other person but the liability of which remains of the person collecting such taxes are indirect taxes. These are custom duty, excise, service tax, vat, CST and the like.
91. (c) The Department of Economic Affairs (DEA) under Ministry of Finance is the nodal agency of the Union Government to formulate and monitor country's economic policies and programmes having a bearing on domestic and international aspects of economic management.
92. (c) Convertibility of rupee implies freely permitting the conversion of rupee to other currencies and vice versa. Currency Convertibility is the case with which a country's currency can be converted into gold or another currency.
93. (c) When the Reserve Bank of India reduces the Statutory Liquidity Ratio by 50 basis points; the Scheduled Commercial Banks may cut their lending rates.
94. (a)
95. (d) A tight monetary policy is a course of action undertaken by Central Bank to constrict spending in an economy, or to curb inflation when it is rising too fast. The increased bank rate increases the cost of borrowing and effectively reduces its attractiveness.
96. (c) 97. (b) 98. (b) 99. (c) 100. (d)

Level-2

1. (b)
2. (c) G-20 was established in 1999 in the wake of the global financial crisis led by the USA.
3. (c) Disapproval of policy cut, economy cut, token cut.
4. (b) The given characteristics belong to the footloose industries.
5. (c) The U.S. subprime mortgage crisis was a nationwide banking emergency that coincided with the U.S. recession of December 2007 - June 2009. It was triggered by a large decline in home prices, leading to mortgage delinquencies and foreclosures and the devaluation of housing-related securities. India has not only shown greater resistance during financial crises but it was one of the countries showing the fastest recovery too. This financial crisis displayed the robustness of Indian economy. It has also helped in further fine-tuning our economic policies and changing the vision of various corporate.
6. (c) SLR used by bankers indicates the minimum percentage of deposits that the banks have to maintain in the form of gold, cash or other approved securities.
7. (b)
8. (c) India has already banned 25-paisa coin. Now 50-paisa is the minimum denomination coin.
9. (c) According to Bloomberg LP, an American company, the economy of USA is fallen. Instead, Brazil, India, China have emerged as investor-friendly nations.
10. (a) All statements are correct.
11. (a) A sinking fund is a fund created by the government and gradually accumulated every year by setting aside a part of current public revenue in such a way that it would be sufficient to pay off the funded debt at the time of maturity. Under this method, the aggregate burden of public debt is least felt, as the burden of taxing the people to repay the debt is spread evenly over the period of the accumulation of the fund. The preferable alternative for the government is to raise a new loan and credit the proceeds of sinking fund. It is a separate fund established by a government.
12. (c) GDP per capita is often used as an indicator of living standards. Notably on the rationale that all citizens would benefit from their country's increased economic production as it leads to an increase in consumption opportunities which in turn increases the standard of living.
13. (d) NIFTY is an Index computed from performance of top stocks from different sectors listed on NSE (National stock exchange). NIFTY consists of 50 companies from 24 different sectors. Indian Capital Markets are regulated and monitored by the Ministry of Finance, The Securities and Exchange Board of India and The Reserve Bank of India. It does not trade in mutual funds.
14. (a) Cost-push inflation occurs when businesses respond to rising costs, by increasing their prices to protect profit margins. There are many reasons why costs might rise: Component costs, Rising labour costs and higher indirect taxes imposed by the government. So, the direct taxes should be increased when an economy is going through inflationary pressures.
15. (a) Typically, higher inflation is caused by strong economic growth. If Aggregate demand in an economy expanded faster than aggregate supply, we would expect to see a higher inflation rate. If demand is rising faster than supply, then this suggests that economic growth is higher than the long run sustainable rate of growth.
Note: A sustained rise in prices is known as inflation. A large rise in prices is often caused by economic growth.
16. (b) Rapid rate of increase of population and practice of dividing land equally among the heirs are responsible for the decrease of per capita holding of cultivated land in India.
17. (c) Primary sector-Agriculture, fishing, mining and quarrying
Secondary sector- Manufacturing and construction, Gas and water supply
Tertiary sector- trade, transport etc, finance & real estate, community and personnel services
18. (c) The government influences private sector expenditure by taxation, subsidies and macro-economic policies.
19. (a) Corporation Tax, Wealth Tax and Income Tax are in the category of direct tax.
20. (d) The government had selected three think tanks in March 2011 in order to estimate the quantum of black money. These three think tanks are - National Institute of Financial Management (NIFM), National Council for Applied Economic Research (NCEAR) and National Institute of Public Finance and Policy (NIPFP).
21. (d) In respect to multi-brand retail trading, changes made in 2012 permitted up to 51% FDI with prior government approval. The foreign investor has to bring in a minimum investment of USD 100 million in an entity engaged in multi brand retail trading. Similar to the requirement of mandatory local sourcing as applicable in single brand product trading (prior to Cabinet meeting) at least 30% of the procurement of manufactured/ processed products shall be sourced from 'small industries'. The reach of retail sales outlets of foreign multi brand retail trader will be limited to only those cities with a population of 1 million (including an area of 10 kilometres around the municipal/urban agglomeration limits of such cities).
22. (c) The decision to partially decontrol the sugar sector was taken by the Cabinet Committee on Economic Affairs (CCEA). This gives millers the freedom to sell in the open market and remove their obligation to supply the sweetener at subsidised rates to ration shops. The Rangarajan Committee has recommended total decontrol of the sugar industry by doing away with the levy sugar obligation, release mechanism and freeing of export-import.
23. (a) The government and the RBI have decided to launch one billion pieces of Rs 10 bank notes made of plastic on a field trial basis in 5 cities viz. Kochi, Mysore, Jaipur, Bhubhaneswar and Shimla. Primary goal of introduction of polymer notes is to increase its life. It could also help in combating counterfeiting. RBI will embark on polymer notes on a long term basis only if the cost-benefit calculus is decidedly positive in all dimensions.

24. (b) Unorganized workers (UW) in India have increased many folds post independence. Around 52% of UW's are engaged in agriculture & allied sector and they constitute more than 90% of the labour work force.
- Characteristics of unorganized sector are:**
- Excessive seasonality of employment
 - Poor working conditions
 - No fixed jobs
 - Work in very poor working environment
 - No job regulation
 - No security of Employment
 - Employed for a limited period
25. (c) Inclusive growth is a phrase used in India for 11th (2007-2012) and 12th (2012-2017) Five year plans.
26. (a)
27. (b) The WBG came into formal existence on 27 December 1945 following international ratification of the Bretton Woods agreements. The Group's headquarters are in Washington, D.C. It was created in 1944 to help Europe rebuild after World War II. Its mission is defined by two goals - to end extreme poverty by 2030 and to boost prosperity among the poorest 40 percent in low- and middle-income countries. The World Bank comprises of five institutions. They are :
- (1) International Bank for Reconstruction and Development (IBRD),
 - (2) The International Development Association (IDA),
 - (3) The International Finance Corporation (IFC),
 - (4) The Multilateral Investment Guarantee Agency (MIGA)
 - (5) International Centre for Settlement of Investment Disputes (ICSID).
28. (a) The World Trade Organization (WTO) is the only global international organization dealing with the rules of trade between nations. At its heart are the WTO agreements, negotiated and signed by the bulk of the world's trading nations and ratified in their parliaments. The goal is to help producers of goods and services, exporters and importers conduct their business. The Uruguay Round led to the creation of the World Trade Organization, with GATT remaining as an integral part of the WTO agreements. The agreements fall into a simple structure with six main parts, intellectual property (Agreement on Trade-Related Aspects of Intellectual Property Rights (TRIPS)) was one of them.
29. (d) 30. (d) 31. (c)
32. (d) Marx was initially in the Young Hegelian camp and like Feuerbach, rejected the spiritual basis. Marx believed that alienation is a systematic result of capitalism. Essentially, there is an "exploitation of men by men" where the division of labour creates an economic hierarchy.
33. (a) 34. (d)
35. (a) It is published by UNDP
36. (c) 37. (c)
38. (c) Primary sector-Agriculture, fishing, mining and quarrying
Secondary sector- Manufacturing and construction, Gas and water supply
Tertiary sector- trade, transport etc, finance & real estate, community and personnel services
39. (b) Economics takes care of various needs and wants of life.
40. (b) National income measures the net value of goods and services produced in a country during a year and it also includes net earned foreign income.
41. (c) The long-term objective of NPP is to achieve a stable population by 2045, at a level consistent with the requirement of sustainable economic growth, social development and environmental protection.
42. (c) Personal income is a flow concept. It is the income that is obtained by nationals. Personal income is obtained by subtracting corporate taxes and payments made for social securities provision from national income and adding to it government transfer payments, business transfer payments and net interest paid by the government.
43. (c) NITI Aayog (The National Institution for Transforming India AAYOG) established by Prime Minister Narendra Modi (chairperson) to replace the planning commission. Nitiayog will provide opportunities that the previous planning commission structure lacked, to represent the economic interests of the state governments and union territories of India.
44. (a)

S. No.	Points of Difference	NITI Aayog	Planning Commission
1	Financial clout	To be an advisory body, or a think-tank. The powers to allocate fund vested in the finance ministry.	Enjoyed the powers to allocate funds to ministries and state governments
2	Full-time members	Three full-time members.	had eight full-time members
3	States' role	Includes the Chief Ministers of all States and the Lieutenant Governors of all Union territories in its Governing Council, devolving more power to the States of the Union.	States' role was limited to the National Development Council and annual interaction during Plan meetings
4	Member secretary	To be known as the CEO and to be appointed by the prime minister	Secretaries or member secretaries were appointed through the usual process
5	Part-time members	To have a number of part-time members, depending on the need from time to time	Full Planning Commission had no provision for part-time members
6	Constitution	Governing Council has state chief ministers and lieutenant governors.	The commission reported to National Development Council that had state chief ministers and lieutenant governors.
7	Organization	New posts of CEO, of secretary rank, and Vice-Chairperson. Will also have two full-time members and part-time members as per need. Four cabinet ministers will serve as ex-officio members.	Had deputy chairperson, a member secretary and full-time members.
8	Participation	Consulting states while making policy and deciding on funds allocation. Final policy would be a result of that.	Policy was formed by the commission and states were then consulted about allocation of funds.
9	Allocation	No power to allocate funds	Had power to decide allocation of government funds for various programs at national and state levels.
10	Nature	NITI is a think-tank and does not have the power to impose policies.	Imposed policies on states and tied allocation of funds with projects it approved.

45. (b) Deen Dayal Upadhyaya Gram Jyoti Yojana is a Government of India program aimed at providing 24x7 uninterrupted power supply to all homes in Rural India. It was launched in 2015.
46. (d) 47. (d) 48. (c) 49. (a)
50. (c) The commodities distributed under PDS are as follows :- • Wheat • Rice • Sugar • Kerosene
51. (b) 52. (d)
53. (b) Blue Box subsidies include direct payments to farmers to limit production and certain government assistance to encourage agriculture and rural development in developing countries. Blue Box subsidies are seen as being trade distorting.
54. (b) In Co-operative tenant farming, the society holds the land and leases it to individual members.
55. (c) NABARD formulated a model scheme for issue of Kisan Credit Cards (KCCs) to farmers so that they may use them to readily purchase agricultural inputs such as seeds, fertilizers, pesticides, etc. These are operated by commercial banks, RRBs and co-operative banks.
56. (c) These are the most important source of rural credit.
57. (d)
58. (b) Co-operative collective farming, where land is irrevocably surrendered to the collective
59. (a)
60. (d) Its primary task is to function as refinancing institution for all types of lending for agricultural and rural development. In addition to this, it provides term credit to state co-operative banks, regional rural banks, land development banks and state governments (only for share capital contribution to co-operative credit societies).
61. (c) Buffer stocking, which is the practice of holding large stocks by government agencies like Food Corporation of India (FCI) and releasing the stocks in the market to counter price rise. The buffer stock also helps to maintain the Public Distribution System (PDS).
62. (b) The WTO Agreement on Agriculture (AoA), 1995 permitted the developed countries to continue to provide farm subsidies, but under certain restrictions
63. (c) Targeted PDS (TPDS) means targeting the PDS to the poor. This system started when the procurement and issue prices of PDS items saw a rise with the ushering in of economic reforms in the 1990s.
64. (d) The emphasis in this revolution is on sustainable agriculture by means of organic and green agriculture. Dr. MS Swaminathan gave this concept. It includes the use of integrated pest management, nutrient supply and resource management.
65. (b) NHM was launched in 2005-06 for promotion of holistic growth of horticulture sector, including fruits, vegetables, root and tuber crops, mushroom, spices, flowers, aromatic plants, cashew and cocoa.
66. (c) Non-plan expenditure covers interest payments, subsidies (mainly on food and fertilisers), wage and salary payments to government employees, grants to States and Union Territories governments, pensions, police, economic services in various sectors, defence, loans to public enterprises, loans to States, Union Territories and foreign governments.
67. (a) Corporation Tax, Wealth Tax and Income Tax are in the category of direct tax.
68. (d) Monetised deficit was adopted by India in 1997-98. It refers to that part of deficit for which the government borrows from the RBI. To meet the government's such requirements, the RBI prints fresh currency, as a result of which the economy gets monetised
69. (d) In under-developed countries, deficit-financing has been considered essential for financing the plans of economic development. It is used as a tool for meeting financial needs of government, especially in times of war. It is used for the mobilization of surplus, non-utilized and idle resources in the economy. It is also used as an instrument of economic policy for removing the conditions of depression 4 to raise the level of output and employment.
70. (c) Black money deals with all illegal economic activities
71. (a) Customs duty is the tax imposed on commodities imported into India (import duty) or those exported from India (export duty). Since imposing duties on exports reduced the competitive position of the country, the government withdrew export duties
72. (b) Revenue budget contains information about taxation such as central excise, custom duty, corporation tax etc
73. (d) The commodities which are produced within the country levied by central excise duty. However, commodities on which state governments impose excise duties (e.g., liquor, drugs) are exempted from the central excise duty
74. (c) Taxation is used for mobilizing and channelizing resources for productive investment. It can also be used as a measure to promote equity and reduce disparities or to encourage or discourage consumption of particular items
75. (d) Proportional tax is one by which the revenue collected rises proportionally with income. A tax system could be made approximately proportional by having a uniform rate of income tax with very few exemptions, and indirect taxes levied at similar rates on as many goods and services as possible
76. (b) Fiscal deficit is budget deficit plus borrowings and other liabilities.
Fiscal deficit = Budget deficit + Government's market borrowing and liabilities.
The fiscal deficit situation shows whether the government is spending beyond its income. India has, unfortunately, been a country prone to constant and high fiscal deficit situations. A high fiscal deficit implies high indebtedness of the government and a deficit above 3% in the Indian context means an alarming situation for the government finances
77. (c) Regressive tax is one where the proportion of tax paid falls as income rises. The most regressive tax is a poll tax, levied at a fixed rate per person regardless of income. A tax system can be made regressive by having indirect taxes levied at relatively high rates on goods heavily consumed by the poor
78. (a) Revenue deficit means the excess of current revenue expenditure over current revenue receipts. Revenue deficit indicates that the government cannot meet its current expenditure from its current revenue.
Revenue deficit = Revenue expenditure – Revenue receipts
79. (c)

80. (d) Objectives of Monetary Policy are:
 Stability of external value: Fluctuation in exchange rate of a currency affects foreign trade and investment. It is, therefore, important that the rate of exchange is maintained without violent fluctuations.
 Maintenance of domestic price level: Fluctuation in prices affects investment decisions. It also leads to increasing income disparities. However, monetary policy alone cannot ensure the maintenance of domestic prices, as several other factors such as erratic monsoons, changes in tastes, fluctuation in world prices etc., affect domestic prices.
 Reducing the impact of business cycles (slumps and booms) by manipulation of credit and interest policy. However, economists are not of the same opinion on whether business cycles are primarily caused by monetary factors.
81. (a) Corporation tax is the tax on income/profit of the organizations. In India, at one time, corporation tax was quite high
82. (c) Under Article 280 of the Constitution, the President appoints a Finance Commission every five years
83. (a) 84. (c) 85. (b)
86. (a) Brent Crude is a major trading classification of sweet light crude oil that serves as a major benchmark price for purchases of oil worldwide. Brent Crude is extracted from the North Sea and comprises Brent Blend, Forties Blend, Oseberg and Ekofisk crudes. The Brent Crude oil marker is also known as Brent Blend, London Brent and Brent petroleum. The index represents the average price of trading in the 25 day Brent Blend, Forties, Oseberg, Ekofisk (BFOE) market in the relevant delivery month as reported and confirmed by the industry media.
87. (a) Cost-push inflation occurs when businesses respond to rising costs, by increasing their prices to protect profit margins. There are many reasons why costs might rise: Component costs, Rising labour costs and higher indirect taxes imposed by the government. So, the direct taxes should be increased when an economy is going through inflationary pressures.
88. (c) Deflation is defined as a fall in the general price level of goods and services. It is a negative rate of inflation. It means the value of money increases rather than decreases.
89. (d) The four concepts of money used in calculating money supply are known as the money stock measures or measures of monetary aggregates. These are M1, M2, M³, M⁴.
 M³ : M¹ + Term deposits with the bank.
90. (b) the main cost-push factor in India are:
 (i) Fluctuations in output and supply in both agriculture and industry sectors. Fluctuations in output of food grains have been a major factor responsible for rise in food-grain prices as well as general price. In the same way, the supply of manufactured goods also did not increase adequately in last few years. Power breakdowns, strikes and lock-outs and shortage of transport facilities have been the major constraints responsible for lowering production of manufactured goods. With ever-rising demand for manufactured goods, the producers are in a position to hike the prices of their products.
- (ii) Problem of hoarding by traders and black marketers.
- (iii) Taxation which gives the traders an opportunity to raise the prices of goods, the proportion of which is often more than the levy of taxes.
- (iv) Administered Prices.
- (v) Hike in Oil Prices.
91. (b) Price level is measured by Wholesale Price Index, Consumer Price Index, Gross Domestic Product (GDP) Deflator.
92. (a) Inflation is an increase in price of goods while Deflation is that state in which the value of money rises and the price of goods and services falls.
93. (d) The nationalised banks are Central Bank of India, Bank of India, Punjab National Bank, Canara Bank, United Commercial Bank, Syndicate Bank, Bank of Baroda, United Bank of India, Union Bank of India, Dena Bank, Allahabad Bank, Indian Bank, Indian Overseas Bank Bank of Maharashtra.
94. (c) The functions of RBI are Issue of Notes, Banker to the Government, Banker's Bank, Controller of Credit, Custodian of Foreign Reserves.
95. (d)
96. (d) Cottage industry is run by family members on full or part time basis. It possesses negligible capital investment. The production is done by hands and no wage earning person is employed in cottage industry.
97. (c) Small industrial units employ wage earning labour and production is done by the use of modern techniques. Capital investment is also present in small industries.
98. (d)
99. (d)
100. (d) Indian overseas fleet ranks the 17th the world in terms of tonnage, with 659 ships totalling 77 lakh gross registered tonnage (GRT). 102 Indian shipping companies are in operation of which 65 are engaged only in coastal shipping. The public sector Shipping Corporation of India (SCI) has a fleet of 112 vessels aggregating three million GRT.
101. (a) An Airport Economic Regulatory Authority (AERA) is being set up to ensure healthy competition among operators and settlement of disputes among operators as well as between them and passengers.
102. (d)
103. (d) Jabalpur- Automobile, Bengaluru- Information Technology, Modinagar- Petrochemical, Ballarpur- Paper.
104. (a) Phases of Industrial Revolution:
 1. First phase- Rise of Cotton mill
 2. Second phase- Rise of steel, chemicals, electricity industries.
 3. Third phase- Rise of steam engine
 4. Fourth phase- Rise of petrochemicals, jet aircraft, computers
105. (c) 1. First Five Year Plan (1951-56)- Agriculture and community development
 2. Second Five Year Plan (1956-61)- Heavy Industry
 3. Fifth Five Year Plan (1974-79)- Removal of Poverty
 4. Ninth Five Year Plan (1997-2002)- Food Security and woman empowerment

106. (b)
107. (a) There are different types of economic types. The benefit of mixed economy is to achieve a welfare state with socialistic pattern of society. India is a federal economy. India is developing economy. India's population is getting increased in each decade.
108. (a) The budget shows the receipts and payments of the government under three heads. All revenues and loans received by the government comes under Consolidated fund, sum placed at the disposal of the President to meet unforeseen expenditure falls under Contingency fund and receipts & payments which are in form of deposit account with the government comprises Public Account
109. (b) Recession is slow down in effective demand for goods and services, slow down in the economy implies a short run decline in the growth rate.
110. (b) Public goods include national defence, police, general administration, Merit goods include primary education, immunisation, public health programme, Non-merit goods include pollution caused by automobile emission.
111. (a)
- | Industries | Industrial centres |
|------------------------|--------------------|
| A. Pearl fishing | Tuticorin |
| B. Automobile industry | Pune |
| C. Ship building | Marmagao |
| D. Engineering goods | Pinjore |
112. (a) Micro Enterprises are those enterprises which have investment up to ₹ 25 lakh. Small Enterprises are those enterprises with investment above 25 lakh and up to 5 crores. Medium Enterprises are those enterprises which have investment above ₹ 5 crores and up to ₹ 10 crores.
113. (c) The long-run Phillips curve is now seen as a vertical line at the natural rate of unemployment, where the rate of inflation has no effect on unemployment.
114. (d) Near Money is a term used in economics to describe highly liquid assets that can easily be converted into cash.
115. (c) A progressive tax receives a larger percentage from the income of higher earners than it acts from low income person.
116. (c) Transfer payment is a payment of money to individuals by government without taking any goods or service.
- Examples :-**
- Unemployment allowance
 - Social security payments
 - Old age pension
 - Student grant
 - Subsidies to farmers, exporters & manufacturer.
117. (a) When the re-organisation of production is not possible which can make any one better off without making someone else worse off then efficiency occurs. Pareto Efficiency, pareto Optimality and Allocative Efficiency are all the same and indicates "efficiency in resource allocation".
118. (c) Pollution trends show inverse relationship with economic development. In early stage, pollution increases due to urbanization and industrialization. At last, pollution declines due to structural changes towards service sector.
119. (a) Generally Kerosene is used as fuel by the poor. As they get prosperity, they use little this fuel.
120. (a) Decline in the price of curde oil, led to a decline in inflation rate during 2014-2015 in India.