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ACCESS TO EDUCATION FOR ALL

BANK POWER
E-learr ng Kit
for All Bank Exams

SSC POWER
E-learning Kit
Iot All SSC Exams

PREFAC E

SSC examinations have evolved a lot from 2016, with changes in pattern now SSC recruitment exams are dynamic in lieu of their conventional hold. ADDA 247 is proud to present you the new constructive eBook which caters to the need of ever-progressing demands and pattern for the upcoming examinations. The eBook is designed meticulously by the most prominent individuals in this sector and promises to provide you with an escapade that will broaden your horizons. We should never be confined by the limits of our brain and this eBook which is thoroughly revised and covers every crucial aspect of the examination assures you that it will help you in transcending your limits. Our ultimate aim is to help students develop de rigueur skills for success with proper approach.

General awareness is one section which finds itself at the heart of this examination. Answering questions based on ECONOMICS can sometimes be an uphill task; therefore ADDA 247 presents you an eBook on ECONOMICS for SSC 2017 examination which will serve as an elixir for our SSC aspirants. This eBook attempts to cover every topic of ECONOMICS which is expected to dominate the SSC exams this year with the hope to equip candidates with basic knowledge of what to expect in the upcoming SSC exam 2017. In this edition of eBook there are CLASSROOM NOTES OFECONOMICS

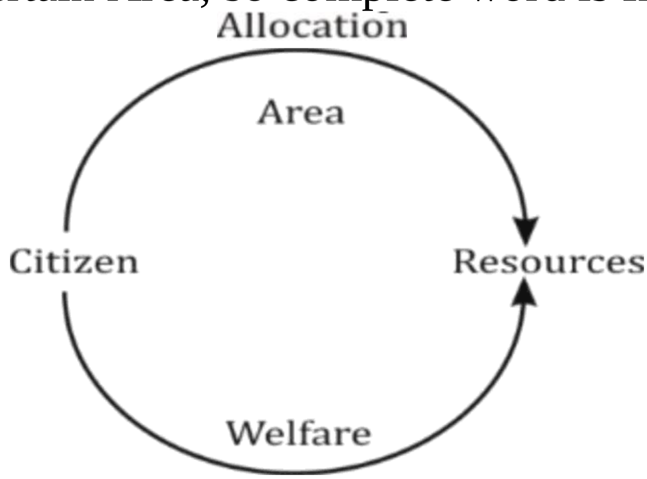
The aim of this book is to help students learn and understand the new pattern of SSC recruitment exam which will help them to maximize their scores in the competitive examination. Desire is the key to motivation, but its determination and commitment to an unrelenting pursuit of your goal - a commitment to excellence - that will enable you to attain the success you seek. This eBook is designed so that you can unlock your hidden potentials.

"A pessimist sees the difficulty in every opportunity; an optimist sees the opportunity in every difficulty."

Sir Winston Leonard Spencer/Churchill

Economics: Econonilcs is collectlon of pi inclple related to ivloney.
Economy: A systeiTi ili which resources are allocated to the cltlzelis for thelr nlaximtiivl welfai e arid money ls the centre pollit, this whole system ls called Economy. Ecoliomy word ls lncomplete wlthotit the word of certain Area, so complete word is Ilidlali Ecoliomy.

Money



Accordlng to Inter-relaGon there are two types of Economy

1. Open Economy: In this economy import and export is allowed
2. Closed Economy: Import and export ls restrlcted

Accordlng to production there are 3 types of Economy

1. Socialist Economy: In this economy Govt. will control all prodtlctlola activities, this ecoilolvly ls works fol public welfare, there ls lio role of demand and supply.

2. Capitalist Economy: Ill thls ecolaomy prlvate sector will colatrol the nxarkrt, this rcononay i›x> ks for Drna.met itnel Supply's principle. So thls is also called market Based Ecollomy. Accordllig to Adam smlth tl+is Iconesnay tx'ill feslleois' “LAISEZ FAIRE” It naraia.s Govt. ia•ill not lliterfare ili this Ecolaomy. So thls 1s called free Economy. I11 thls Economy consumer will domliiate (Sovereililty) in the market.

3. Mixed Economy: In thls Ecolionny, Govt. will play the Regulator alad Private sector wlll follow the Rules, Iltdian Ecoltomy 1s mixed Economy.

Finance System

(I) Bengal —+ 1806
(ii) Bombay —+ 1B40
(iii) Madra.s —+ 1842

→ Merging all 3 hank.s and from

↓

Impefial Bank of India (1921)

→ Currency Chapna
→ Regulation of Other Bank

1955-SBI (Nationalised)

Royal Commission

Head (Hiton Young)

RBI ACT, 1934

1 April, 1935

Headquarter —+ Calcutta

1937

—+ Head office — Mumbai
—+ Governor — Osborne Smith

1 January 1949 Nationalisation of RBI

CFR Deshmukh
Ist Indian Governor

NaGonalisation hone se pehle RBI me private industries ka share the eg: Ratan TATA, Bajaj ect. But Independence kebaadyehsbkhtmkrdiya.

Monetary Policy: A policy which is used to control money flow in economy called monetary Policy. It is used to adjust liquidity in the market. This is refute bi-monthly by RBI (to change increase or decrease)

FuncGons of RBI

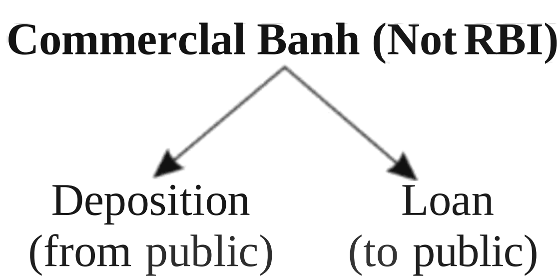
1. As a cenWal Bank

- to issue currency
- to regulate Bank in India

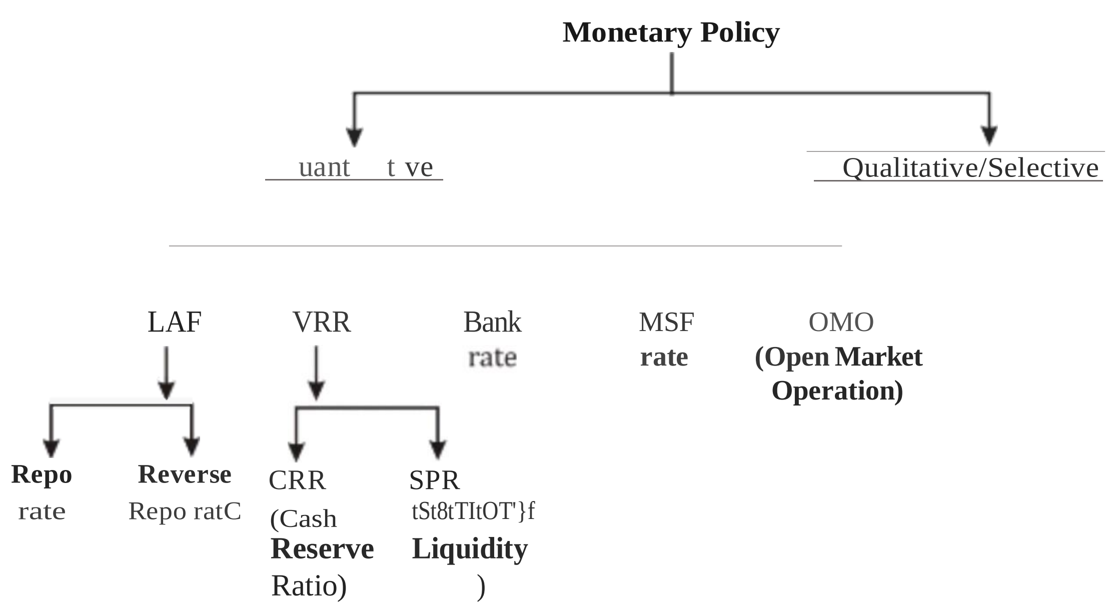
- Banker’s Bank
- Govt’s Bank
- to provide to issue new Banking License
- to control liquidity (or money flow)
- to Review monetary policy (Aher 2 months)
- to represent the country at internaGonal level

For development of country

- modernisaGon of financial system
- to increase financial literacy



—b Regularity of Rank by RBI



LAF (Liquidity Adjustment facility):

RBI will try to control liquidity as per requirement for this there.are two main tools

1. Repo rate: The Rate oli whlch RBI lelid money to aliy coiTimercial Balak for “short terln period” (1 to 14 days)

Repo ate	LlC|tiid ty

2. Reverse Repo rate: The Rate oli whlcli RBI Bori ow money from any commercial Baitk for shol t terivl perlod.

Reverse Repo rate	LlC{tildity 1

CRR: (Cash Reserve Ratio) Every commercial bank has to reserve some % amount of NDTL to RBI

- RBI does hot provide interest on CRR

SLR: (Stattltory Llqtildlty Ratlo) Ivery Commercial Bank has to resei ve some % amount of NDTL wlth Balik itself. It should be 11i the form of Gold, Govt. sectil-ity or- cash.

SLR 1	LiqiHdity 1

CRR ka anaotiitt daily change hotahai, But % of CRR 2 months me change hotlhal.

Coiiiiriet cIa1 Brink

lJeptisit (1.iability)

Densantl Deposit + Time Deposlt = GDTL

Ctorrent A/c SaVing A/c kn i'i›

Recur ring Deposit

(Re + Gccuri ing)

(Net Demand & Time Liability)
GDTL (Gross Demand and Time Liability) = DD + TD
IBL —+ Inter Bank Liability (Ekdusre bank kebich me len-den)

ur en Account		Saving Account	
→ Unlimited		→ Limited	
→ Interest	×	→ Interest	✓
→ Charge	✓	→ Charge	×
→ Firms		→ Normal People	

Recu ring Depos

10000 1‘ Month
—+• Next
io0o0 2^{nd} Month
12
Rs. 1.20 Lac

ixed Depos t

Rs. 100,000 (1 year)

Who Can Pay annually

BANK RATE: The Rate on which RBI lend money to any Commercial Bank for long term period.

$\boxed{\text{Bank rate † —+ Liquidity 1}}$

OMO: Open market operation

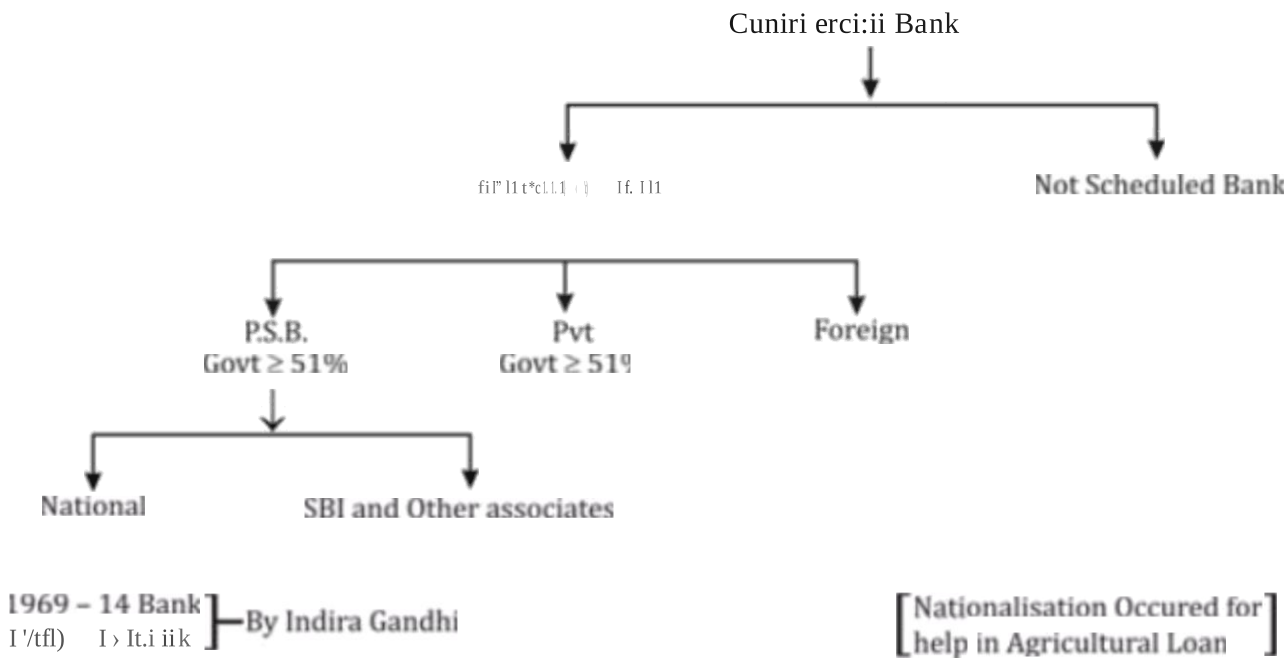
RBI—Govt. Securit

→ Buy ga ll k —> Liquidity $

→ Sell —p• Bank —> Liquidity,$,

Hi thls process RBI will buy or sell govt seclirlties fi-om Baliks, If RBI will buy the sectirltles theli llqiiidity will lncrease and RBI wlll sell the sectlrlties the liqtildity will deci-ease. It naealis this method is also used to colltrol llqiildity.

Govt. Securities: It is a collectloli of papers whlch is issued by Govt. to boi row money from market



Scheduled Bank: The Balik whlch ai e llsted in the 2=t' schedtlle of RBt Act 1934. These Baliks have to follow Guidelines of RBI.

RRB: Regional Rural Baltk
This concept was started iii 1975, the objective was increaslng Banking sector, sei-vices lli rural areas, lt lnealis it 1s helpful to increase fliiancial lncltlsion.

Financial inclusion: A process which is used to connect max poptilatlolt wlth fillalicial system ls called flnanclal lllcltisioll it wlll increase saving habits of public. Coliseqtiently, investment will also llicrease.

Recently Govt. has stal ted PM Jan Dan Yojna to illcrease flnalaclal llicliislolis

Co-operative Bank: Objective of co-operatlve balik 1s to develop agrlctilture altd Rural ai ea, these are working at three stages:-
1. State co-operatlve Balik (SCB)
2. District co-operative Bank (DCB)
3. Prlmai-y Agl-lCultural credit committee (PACC)

NABARD: (Natloilal Barth for Agrictllttire and Rural Development)
- It is an institution
- It was establlshed olt 12 july 1982. It 1s a filiallcial llistittitiolt whlch finailce to co-operative Bank.

NPA: (Non- Performing Assets)
- Amotilnt of loali whlch is not repaid by the customer to balik tlll 90 days.
- Due to NPA ,profit of the bank wlll decrease
- Colaseqtlelatly, Bank may be llisolvelat ila future

Causes of NPA:
1. Agriculture Sector: Due to tilicertalltty Agrlctilttire sector NPA increases.
2. Decrease ll1 llldtistrial gi-owth rate
3. Bad management of the banks.
4. Excess loali given by banks lii excltemellt eg: Gold

Note:
Recently Gold prlce was llicreased so much because there was huge deivlatid of gold, gold was consldered as a safe ltivestment option.
2 lac —› Cash —› Gold
2 lac + —+ Gold —+ Pali cal-d compulsory

Base rate: The Rate on which Bank wlll lend money to the customer called Base rate, it 1s a nilliimrlm leltdilig rate of aliy coivlmerclal Balik. Base rate Replace PLR (Prilnal y lending Rate) it started olt 1 Aprll 2010)

MSF Rate: (Marginal Stalidard facility rate)

- The Rate oli whlch RBI lelid money to any comivlercial Baltk lli Emergency Sltrlatioii. It will help to solve the problems of liqriidlty.

MSF Rate I —+ Llqrildlty I

NBFC: (Nola Ballkilig flnariclal company)

A coinpalty whlch ls involve lli flliancial services But hot lltvolve ili Banking activities called NBFC. This company did hot accept demand deposit and Deposit insurance scheme does not applicable on NBFC

Eg:-Mtithoot Flilaitce

NPA (Non Performing AsseG)

SoluGons

1. SARFAESI Act, 2002

Accordllig to thls Act, Baltk cali sell property of customer lli case of NPA.

2. DRT (Debt Recovery Tribunal)

It is a judiciary Body where all the dispute of NPA solve

3. ARC (Asset Reconstruction Companies)

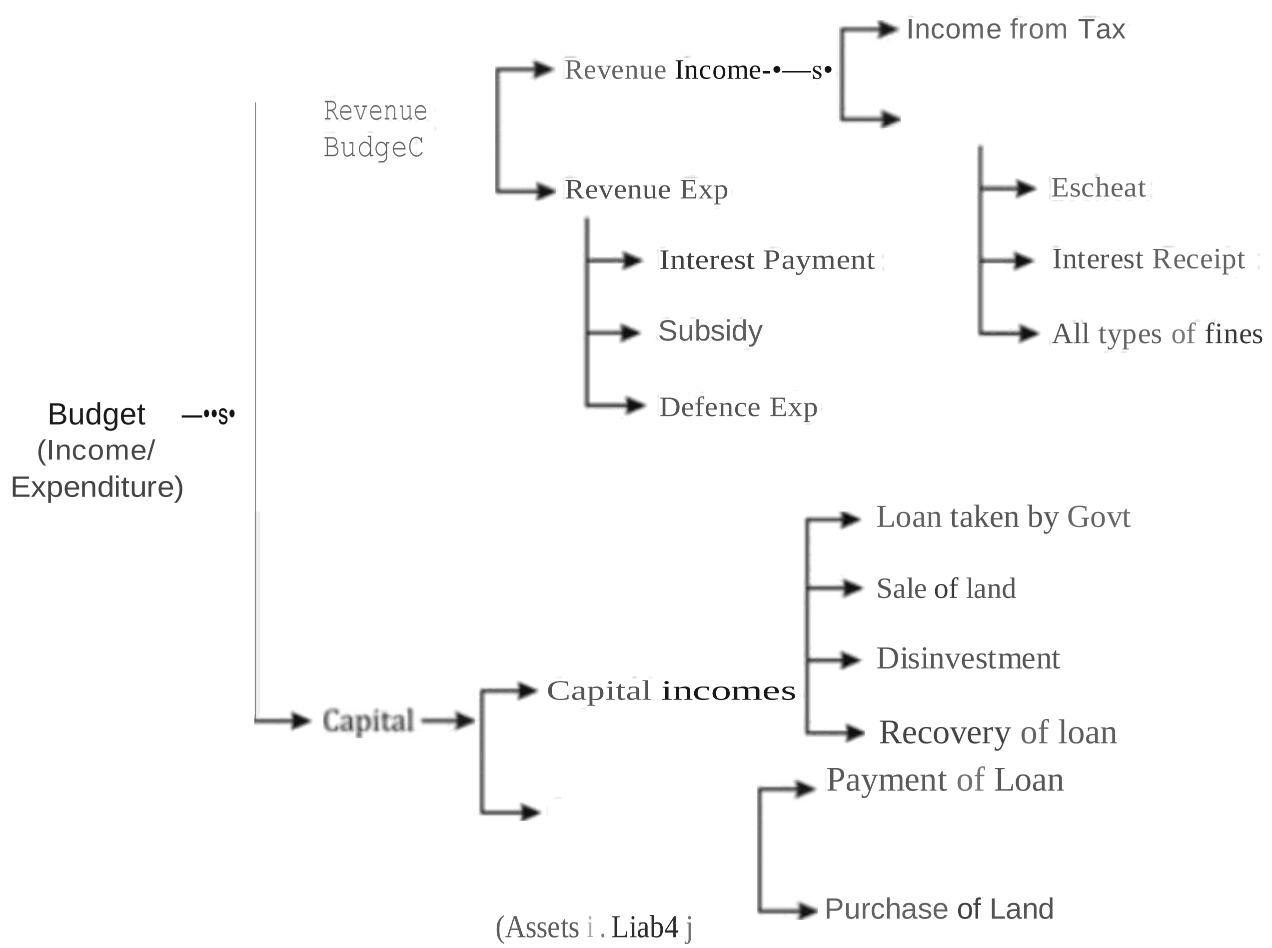
- It ls a balik agellt to Recover NPA.

Budget

- Btldget is Related to llicome alid expenditure
- ln constitution of India aliialial financial statenaelit word 1s rlsed for Btldget (Artlcle no. 112)
- Btldget ls the estlniate of lncome alld Ixpelidlttii e of a flllaliclal year
- Economic Affalrs department of filtance mililstry is responsible for Bridget.
- Traditiolaally Budget making Pi-ocess starts in (Sept-oct) alid it will complete upto Feb-March
- Before lntrodticing the budget lli parllamelit recomnlelidatloli of president is necessary.
- Btldget wlll be lnti-oduced by the flnailce minister illfeb-mai-cli
- “Lokpal Blll” prBoth house voting krtehai, pr-finallce Blll kellyeslrfioksabha me votltig hotihal.
- First of all Budget will introduce in Loksabha
- Ever-y i>inlstiy will lntrodlice its denaa›td.
- Votllig on “Demand for Gralits” wlth need lli Loksabha olily l.e. Rajyasabha caliltot vote oli the demalid for Guarantee.
- Money bill: Ai-t. 110

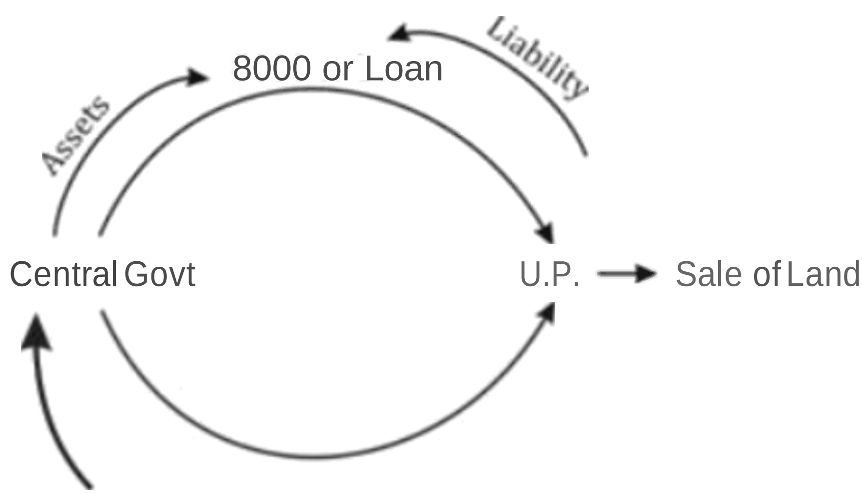
Appropriation Bill (114 (ii))

This Bill is used to wlthdraw moliey front colisolldated flilid of India.



	Liability	Assets
Revenue Income	X	X
Revenue Exp	X	X
Capital Income	1	I
Capital Exp	1	7

Escheat:Jiss property ka koi maaliknahi govt. acquire krleG h



Revenue Income (S0cr interest)-Revenue Exp. - 6000 - 2000 cr

Payment of Loan-Cap Exp.

Involvement of Private Sector in Govt. System

—•-h• Dlsinvestment

Disinvcstment

Privatization ↑

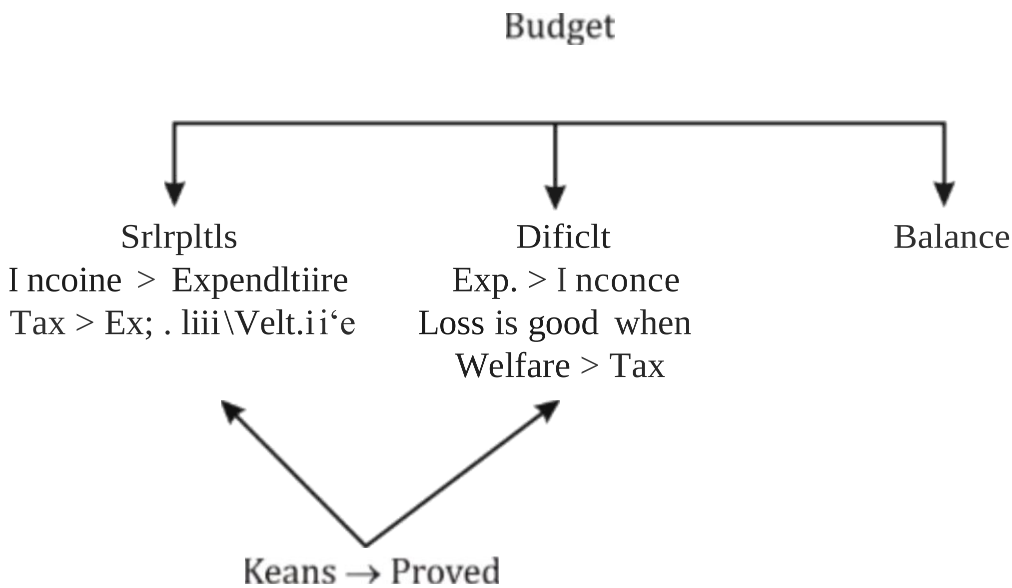
1U0% N'I"PLi

90%

10% Sold
Capital Income

- Revenue income is better than capital income
- Road mi+I wd Capitalexp
- Repair wr«rte Revenueexp
- Capital Exp is better than Revenue exp.

	Liability	Assets	Eg.
Revelitie Income	Not Created	Not Reduced	Tax
Revelirie Exp.	Not Reduced	Not Created	Sribsldy
Capltal Income	Cl eated	Reduced	Sale of Good
Capital Ixpeladlttire	Reduced	Created	lnfrastructtire



There may be 3 slttiatlons of Budget

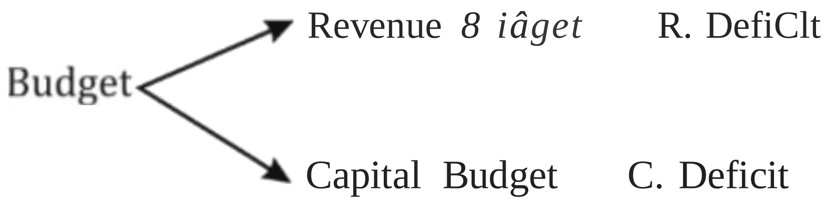
1. Surplus: It ls used to colitrol lnflatloli

Surplus	Deficit	Balance
Income >Ixp	I < Exp.	I = Exp.
Control	Solve	
liiñation	Recession	
D I	D $	
s I	s I	

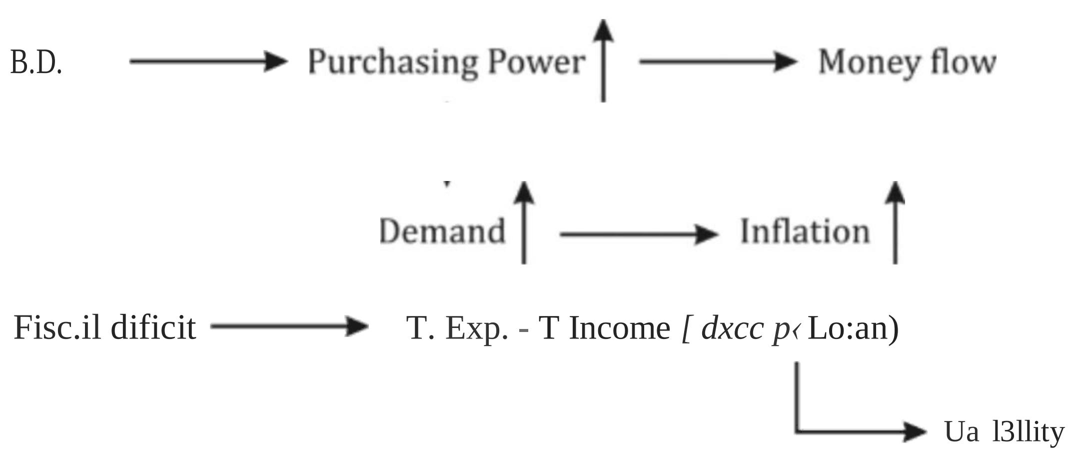
- Surplus Budget (Income » Expenditure):- It is helpful to conti ol iliñatiolt

- Deficit Budget (Expenditure > Income):- It is helpful to control Recession.
- Balance Budget (Income = Expenditure):- This ls ali ldeal situation of Budget.

B = Budget
B. Deflclt = B Ixp — B. Ilacorne



B. Deflcit = R. Deficit + C. Deficit
Revelitie Deflclt = R. Exp — R. Illconae
Capital Deficit = C. Exp — Cap. Income
B. Deficit = R. Ixp— R. I + Cap Ixp — Cap. Income
= (R. Exp + Cap. Exp) — (R.I + Cap Income)
B.D = total exp — total income
B.D = Loali from RBI
= Liability of Govt. agalnst RBI



Capitallnconie—› Liability 7or Assets I
—+ T. Exp — (tax + Dlsinvestineiit + Recovery of Loan)
—› T. Exp — (tax + litter-est Recelpt + sale of Land)

= Total Liablllty of Govt. in a F. year.
F.D = Total Loali takeli by Govt. In a fllialiclal year

= Liabilities against RBI + other Liability → IMF
I)‹›Ith' x l i‹

F.D 7 — Loali 7—› lvloliey flow 7—› inflation 7

› It means Budget deflcit is a difference between total Ixp. total incone of the financial year.

Impact of Ciscal Deficit

—› Iliñatioli will increase

—+forelg1a 1nvestnne›it will decrease

—› Economic Growth rate will decrease

FD = Total Ixp. — Total lncome

Pi imaiy Deficit = Flscal Deficit — iliterest

—+ It ls a lltdicatlolt of pollcy of present Govt. whlle flscal Deficit indicates the performance *of* whole economy.

Flscal Deficit 7—+ foreign llivestnielit I

Effective Revenue Deficit (E.R.D)

I.R.D = R.D — Grant for Asset Creation

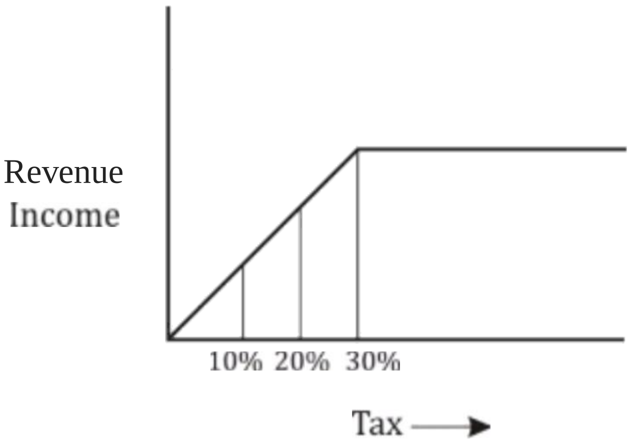
It was started ln 2011—12

<u>Taxation</u>

► Progressiue ↑

a• I'i (›|›‹›f t i‹›t i. it‹' (I /‹›iis t.i i›t)

In Illdia —›Degresslve (Progresslve + proportloliate)



Tax

Dil-ect

Indirect

Taxation: There are 3 types taxation

Progressive: If lllcome wlll increase then tax Rate will illcrease.

Regressive: If income will ilicrease then tax Rate will decrease and it will create Adverse affect ol1 poor persoli.

Proportionate: If income will increase theli tax Rate will be constant.

Accordlng to Laffer Curve lf tax rate wlll incl ease then Revelltie of income of Govt. will also increase But after a certain limit, if tax rate will illcl-ease thali Revelltie of lncome wlll decrease, so lllstead of 7ll1 tax Rate Govt. should focus to increase tax Payers.

Two types of tax:

- Direct tax: Iticldelat alad lmpact ol1 same persola

Eg:- Personal income tax, corporate tax, (Govt. collect max Revenue from thls tax)

Wealth tax (Remove last year)

- Indirect tax: tncldellt and impact ola dlfferelat Person.

Ig:-

ñr' rx' i‹ c' T.i x, F x‹ let' ‹I ti I}', fi ‹i st ‹ › m tl ti I} . E n I.i i M iti ii ‹'t T.i x

Entry Tax

(IIM l'i ‹›‹l ie I ic› n) I n› t›‹›i t ñ I'.x | ›‹ ›it

State Excise Central Excise

→ On toxic Substance only

I‹ T.i x

CST

SST (State Sales Tax)/VAT

→ Decided by State Govt.

→ Central Sales tax: lt is decided by central Govt. Paid by consumer state and p ayinent goes to production state it is imposed on inter state sale.

Value added tax: (VAT)

It was started ll1 fl alace ll1 1954.111 Il2dla lt was started th 1 Aprll, 2005 ili Haryana, VAT is imposed on value addition of every stage of prodtictlon so it is called nitiltl-pointed tax. It is a tax refoi-ms.

Impact of VAT:-

Consumer: Purchasing Power has increased

Producer: Pi ofit and sale both ilacreased

Tax system: It is improved

Cascading Effect (wre zi v«t)

- After lniplenielitatloii of VAT forelgii iltvestmelit has increased Becatise it will create an eqtillibritilvl with international level.

GST (Goods and Service tax)

- GST will *reylnce* almost all indirect tax system alid there will be eqtlal tax rate on good alld sei-vices.

Benefits:

1. It wlll create a tiltlforni market lli Ecoltomy
2. It will reduce a cascading effect.
3. It wlll lrici-ease productlon coliseqtielitly GDP will lncrease
4. It wlll create a equal tax system at ilitei-national level

Obstacles:

- To introduce GST there 1s a *neeñ* of coltstlttitlonal AiTieiidnielit Blll and there is a need make state Agree.
- States are opposing GST because there is a possiblllty of Revenue Loss.
- There may be change ln federal structure of coltstittitloli.
- To solve this dispute central Govt. has appollited a commlttee ln whlch flnance minister of all states are member chalrinan —+Aiiiitnaitra. (he ls a fillaiace nilliister of west Bengal)
- To decide the tax rate these will be a GST council.

ArviridStibliranlanyani

- Recelitly Govt. has appollited a coivimittee to recommend GST Tax Rate ArvllidSribhramaiiayaivl con+ivlittee, According. to thls coiTimlttee GST rate should be 16-18%

FISCAL Policy:

- A policy which related to tax, lliterest Paymeltt, Subsidy etc. Thls policy is tised to manage income and Expenditure.

Micro Economics:

Thls pal t we wlll discuss varlotls Segment of a subject

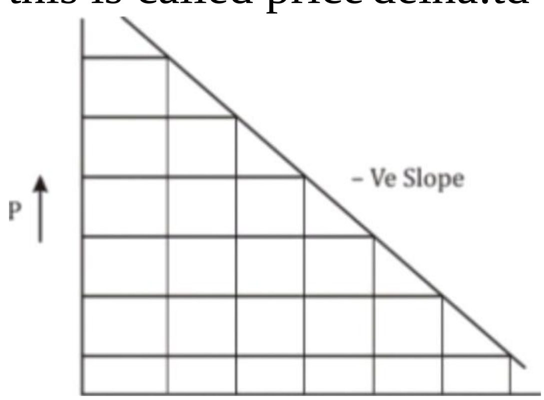
PP B P

Eg:- Per capita llicome, Demand, Supply, theory of colislinner Behavior cost theory, Prlce theory

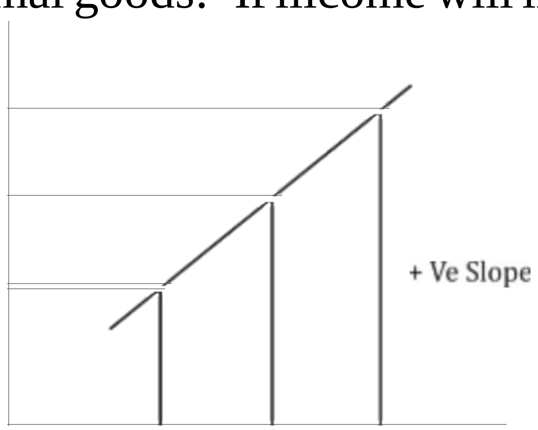
Macro Economics:
It is related to comprehensive study of a subject.
Eg:- Natlolial lltconte, poverty, Aggregate Demaltd, Aggregate Supply.

Low of Deliiaild:
- If Price I — Deiilatid).
- It iTiealis there 1s a lnverse relatloli betweelt price and Deinalid

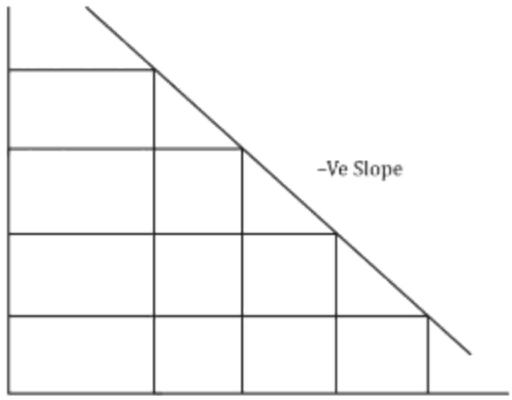
Types of Demand
1. Price Demand: If Demalid will chalige due to chalige in the prlce, thls ls called prlce delna:td



2. Income demand: If demand ls claaliges drle to change ili income for Normal goods:- If llicome will lrtcrease theli Demand wlll lricrease



3. For inferior goods: If llicoliie will ilacrease theli demand will decrease



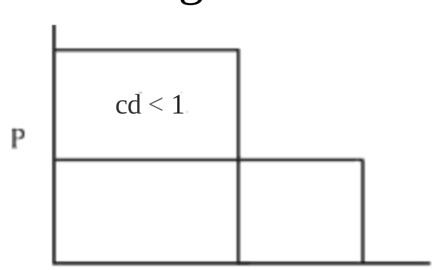
Cross Demand: If Demalid of good A is chaligilig theft Demalid of good B will also changes.
lf occurs in 2 types of goods
1. Substitute goods: Which can replace each other
Eg:- Tea — coffee
2. Complementary goods: Which olae used together called complemelttary goods.
Eg:- Car -peti ol, film-camera, ink-pelt etc.

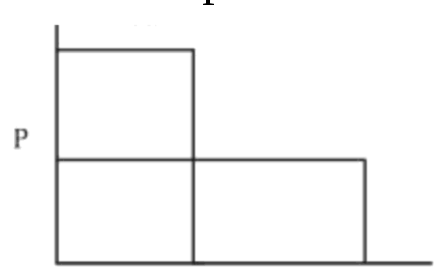
Elasticity of Demand:-

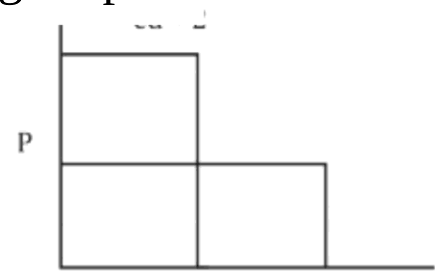
$$Id = \frac{\text{Reliative change ln Dern.and}}{\text{Rel.ctive change i n pi ice}}$$

$$Ed = \frac{\text{\% change in Deiiiand}}{\text{OZ» cli.Ange in Pi ice}}$$

Ilastlclty is the relatioli between price and deivlarid. It means it shows the chaltge llt demand wkith respect to chalige ilt prlce







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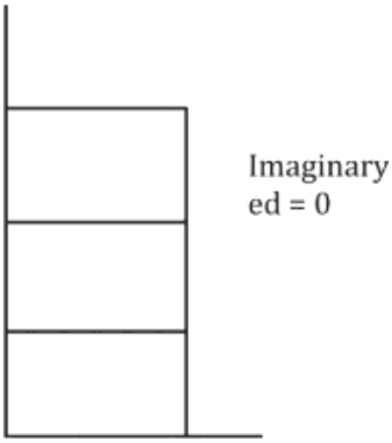
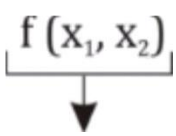


Pei’tect in Elastic
(Vei tical Demand Ciii ve)

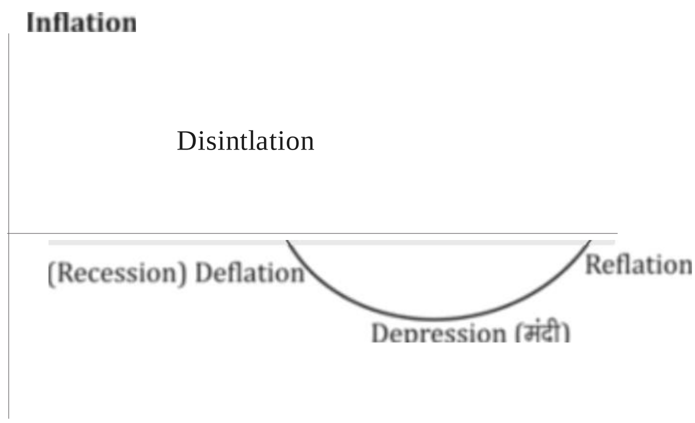
Pei’fect E l.as tic
(l lot izolital Demand C image)

Production Function: It ls a relatloli of lriptlt alid output of a company it is a technological ñow which determines max. level of output



0 t1(}3U (I II }3 U(

- Total Cost = total fixed cost + total variable cost
- Average fixed COST $\frac{\text{Total tlxecl cos t}}{\text{quantity}}$
- Graph of average fixed cost ls Rectaltgtilal- Hyperbola.
- Graph of lnal giital cost is ’U' shape curve
- Graph of Average production alid niarglnal production 1s 'r (lliverse U shape clii-ve)
- Marginal cost = total cost (n) — total cost (it — 1)
- A cost whlch is increase due to ilicl-emelitly production of olte uliit Goods.



InEation: Prlce inci eameiit of most of the goods ls called inñation.in thls condition demalld wlll be greater thall supply.

Controlled inflation: Is necessary for the development of Ico:1olny because lt motivates to producer to produce more goods.

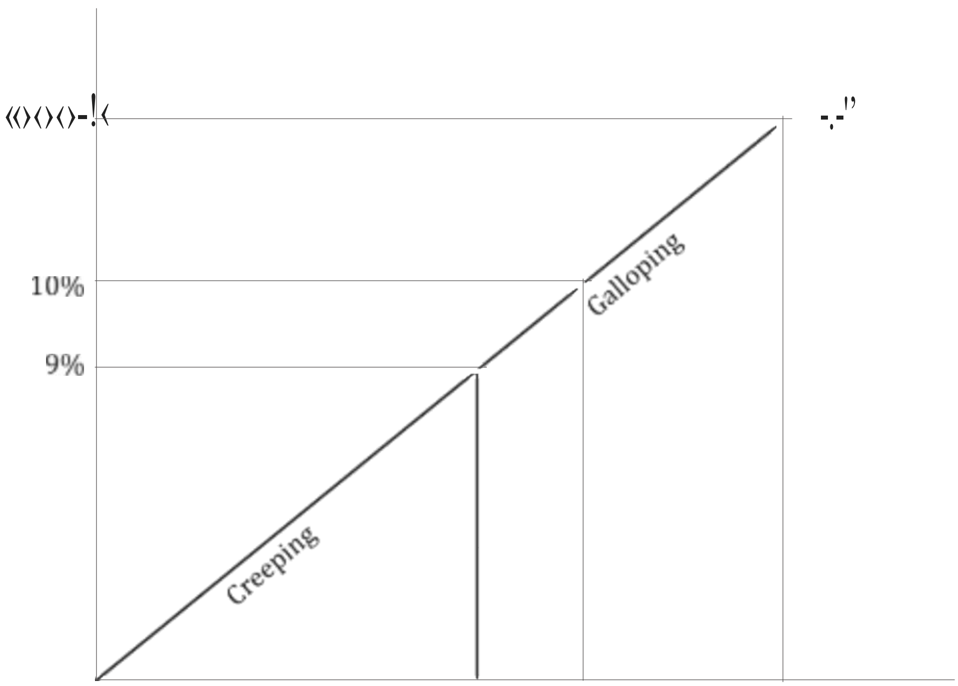
Deflation: Prlcedecreament most of the goods ls called deñatioli. It is more harmful thali ilaEation it is a carise of Recession.
Disinflation: Decreament in infiatlon ls called Disiliflatioii.

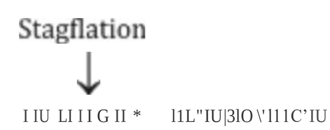
Causes of Inflation:
1. Cost Push Inflation: If cost will increase then iriflation is also llicreasenient ln the prlce of Raw naaterlal, Labour, Transport, Indirect Tax, Interest rate, Ilifrastrricttii e.

Demand Pull inflation:
1. Ilicreamelit lit ptlrchaslitg Power
- Due to salary
- Due to tax rate
- Due to interest rate (loose lvlolietai-y pollcy)

2. lncreainelit th population
3. Ilicreamelat lli Black Molley

Supply factor: If supply will Reduce theli litfiation wlll increase
1. Lack of Production
2. Natural Dlsaster
3. Black nnarketllig of goods
4. Fiscal policy
5. Strlke (Bad management of company)





Creeping Inflation: Iriflation in single digit.

- It is liecessary for the developlnelit of Economy.

Galloplitg tnflation (jtiivlpiltg inflation) —› inflatlori ln 2 or more than 2 dlglts.

- It ls a warlallig for the ecolaoiny.

Hyper inflation:

- It is very high lnflatioli Rate.
- Hi thls coladitioli ptibllc wlll try to convert hls ctirreltcy lllto goods.

Stagflation:

PP B P

sittiatiolt when lnflation and Recession both are avallable together is called stagfiatlori

It lvleails tirieivlploynient ls available with 1i1flatlo›i. It is a crltical situation.

Calculation: There are two methods to calculate inflatioli

(1) Price index method

(2) GDP Deflator

Price index method: There are 2 types of index to calculate lriflatloil

(1) Whole sale price index (WPI)

(2) Consumer Prlce ilndex (CPt)

WPI: In this lndex wholesale pl ice of goods are counted.no. of Goods — 576, Base year — 2011 — 2012, Earlier it was 2004 — 05

- Hi this index Retall Price of Goods and Services are counted 2012 — Base year

C Pl (National)

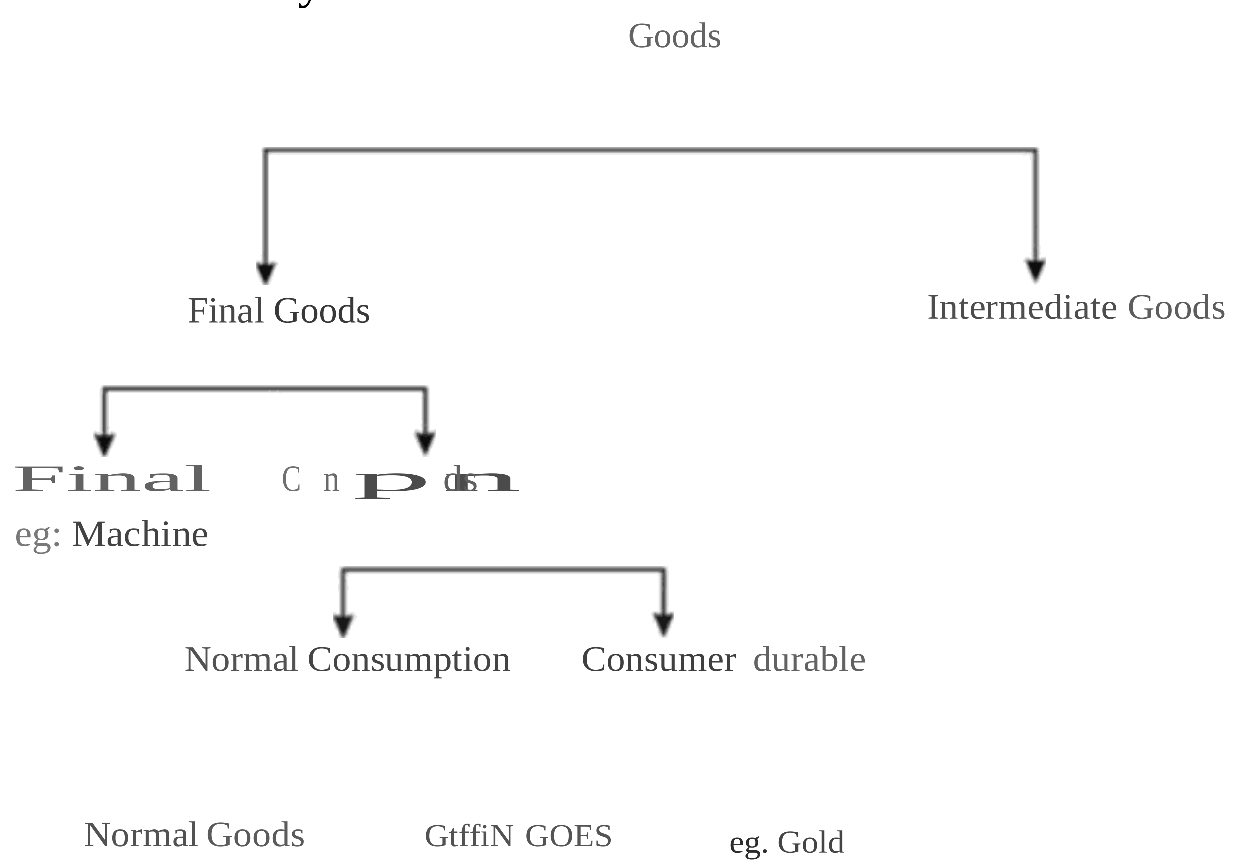
- Iliflatlott ls calculated by CS0 (Central Statlstlcal Officer) ill 111 l8 iliñatioli ls calculated oli the basls of WPI
- CPI ls useful to calculate actual Ptil-chaslltg power of colastinler.

WPI	CPI
• Whole sale price	Retail Price
• Good’s Prices	Prices of goods and servlces
• Base year 2011-12	Base year 2012
• Rural area is Neglected	Rural area is also included.

Effects:
1. Consumer = — ve (loss)
2. Businessman = + ve (profit)
3. Employment = increase
4. Fix salary = -ve (loss)
5. Changeable salary = +ve (profit)
6. Money Borrower = + ve
7. Money lender = -ve (loss)

NaGonal Income

- It is value of final goods and services produce ln a country ln a financial year
- It is calculated by CS0



Factor cost + Tax — Subsidy = market price
Factor cost + net indirect tax = market price

P — NIT = FC (i)

Market prlce alid factor cost equal lf fret llidirect tax 1s equal to zero (Tax = stibsldy)

GDP

- Gross Domestic Product
- Hi thls part llicome earll in the domestic Borilidary 1s llicluded.
- Income of forelgners is also cotilated

GNP

- Gross Natlolial Product
- Apai-t from GDP lncome of lndlan olitslde the Domestic botmdary ls also lncltided.
- Income of foreigners is hot counted.

GDP = Income of Indians + tlacome of Forelgilers (i›1 Domestic Boundary)

GNP = GDP — Income of foreigners + illcome of lildlaits (outside the domestic botilidary)

GNP = GDP :i Net foreign Income

GNP — NFI = GDP

It means there 1s a difference of Net for eign income between GDP and GNP.

Gross — Depreciation = Net

<u>NNP</u> 1s called natlolial incoivle

Net National Product

- It ls calculated on market prlce, earller it was calculated oli factor cost
- Base year of ltatioltal llicome 2011 — 12
- Pei- capita income = $\frac{\text{National Income}}{\text{Population}}$
- Thls is the symbol of growth of economy
- Real GDP —›GDP at coltstant prlce (Base year)

PP B P

- Nomillal GDP —›GDP at ctlrrerit price
- There methods to calculate National *Income*

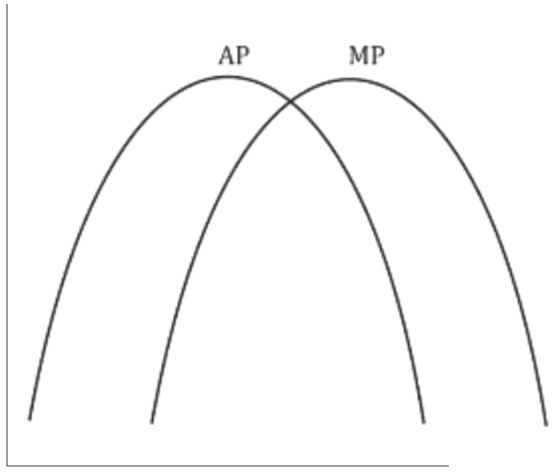
1. Prodtictlori method/value Added method
2. Income method
3. Expeildlttire method

Utility

- A capacity of goods which can satisfy the freed of a person called utllity.
- Production — A process to ci eate utility
- Colisuniptloli — A process to reduce utility.
- Short rtili — kl shol-t Rtlit some lilptits are fixed.
- Long rlili — all lnputs are variable
- Average producGon: T“" "o △ * $\frac{TP}{1 \text{ tilt it}}$
- Marginal ProducGon: " g e"'△"' t.1 $\frac{\text{Otlt \{3tIt}}{1}$

It ls amount of chalage in the output b change ln per tiltlt lnput.

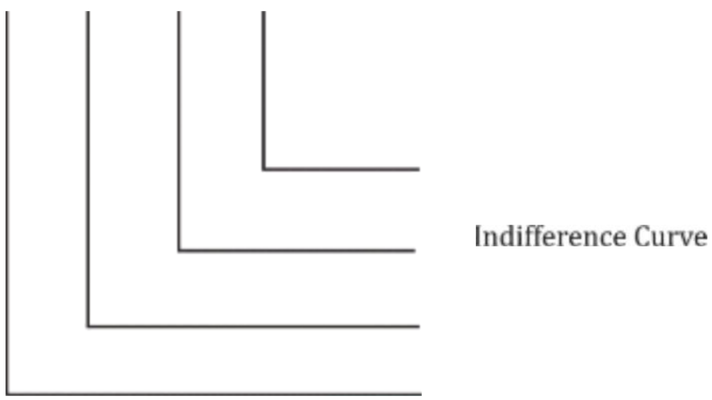
x	TP	MP	AP	
0	0	—	—	—› Not defilie =
1	10	10	10	
2	24	14	12	
3	40	16	13.333	
4	50	10	12.5	



.• •‹ i›

PP B P

- Whell total prodtlctloll is zero theli average/niargllial prodtictloll is undefined.
- Whell lilptit ls 1 total prodtictlori = Avel-age Prodtictiolt marglnal production
- Whelt niargllial production is max theft average production is also max
- Whelt total production is max, theli ntargllial/Avei-age prodtictioli decreases
- Ilidifferelice curve do hot liitersect each other, they are hot parallel.



Rupee - Depriciation

1$ = 60 Rs.

1$ = 65 Rs.

- Value of Rs. Is decreases due dlfference betweela demand alld supply of currency (market)
- Causes of Rs. Depreclatloil

– increamelit ili import

– decreamelit th expoi t

– Lack of foreign investment

“CAD —+ Current account Deficit = Import — Export

SoluGon

– Reduce import

– Increase export

– promote forelglt llivestnlelit

– educe depelidency oli dollar

Effects
– Imports will be expeltslve
– llifiation will increase
– purchaslttg power of consumer wlll reduce

Devaluation
- When govt. of country decreases the value of currency artiflclally, thls 1s called Devaluatioll, Due to devaluation expol-ter wlll be benefit (China)

1991
In 1991, CAD was very hlgh and foreign exchange reserve was very low, to solve thls crlsls we adopted new economic pollcy.

New Economic Policy | LPG | first economic reformManmohanrao policy.
Foreign exchange reserve
1. Gold
2. 0thei- currencies
3. SDR

Imp SDR —+ Special Drawing Rights.
It is issued by IMF it is also knowli as paper Gold. lt is useful to complete ilttel-natlollal trade.

SDR Basket
1. Dollar
II. Yett
III. Brltlsh potilid sterline

V. Yuali (Chilta) —› Recently added

PP B P

Five Year Planning
PlalTlulig is a subject of colicurrelit llst

NITIAyoge: Natlolial ilistlttitloii fo1 tlalisformllig lndla.

1 Jan 2015 —› works oli co-operative federalism (team Ilidla)

1934 — Planned economy in India —› Book — By M.vishveshwaria
1938 — National plaltlilltg commlttee —› By Jwaharlal Nehrri (chairman)
1944 — Boiiibay Plall — 8 Btislnessmeli
1944 — Gandhialiyojna — Shsiniait Narayan Aggarwal
1945 — People’s plan — MN Roy
1950 — SarvodyaYojlia — Jai Prakash Narayan

Planning Commission: 15•" march 1950
- It was art exti a — constitutional Body
- Chalrmali — PM
- 1" Deprlty chairman — GulzariLal Nanda

PLAN — 1—+ 1951 — 56
Target — Agriculture Development
Model Naiile — Hai rod — Donaar

PLAN — 2—+ 1956 — 61
Target — Iltdtistry
Model Name — P.C.MahalNobis
- Steel lndtlstry was established ln Bhilal, Dtirgaptii-, alld Raurkela.

PLAN — 3—+ 1961 — 66
- Tal get —› Agrlctilttil e
- first greeli Revoliitiolt was started

PP B P

– otindei — M.S. Swai>lliathan — father of gl een Revoltitloli (India)
– Nornuli

PLAN - 4—+ 1969 — 74
– Tal-get —+ Self- depe@elicy
– Nationalisation of 14 Banks

PLAN - 5—+ 1974 — 79
– Tal get — Poverty Ellmlnatloil
– This plali did hot complete its dtiratlon

1978 — 1979 —+ Rolling Plan

PLAN — 6—+ 1980 — 85
Target —+ Poverty Elimlnation
Slogan of "Remove Poverty" was given by Indira Gandhl
– Establlshmelitof NABARD
– Nationalisation of 6 Banks

PLAN — 7—+ 1985 — 90
– Tal-get — Techlaology developlvlelat

– Flrst E pollcy

Export livlport

PLAN — 8—+ 1992 — 97
LPG Policy
Forelglt ilivestmelit establlshed
Disilivestinent established
SEBI establlshed

LAN - 11—+ 2007 — 2012
Tal get llicltisive a:Id sustalnable growth

PLAN — 12—+ 2012 — 2017
Target faster llicllisive and Sustainable Growth

Eco-friendly Gi-owth

Solar energy

Sustainable Growth: A growth in which resources will not only avallable for that Geileratloil But also lt wlll complete the heed of future geliei-atioli. It’s a eco-friendly growth

Plalinllig holiday
1. 1965 — 69 — 3 years
2. 1979 — 80 — 1 (emergency)
3. 1990 — 92 — 2 (economical crlsis)

Perfect CompeGGon Market: ln this market sellers are selling same types of goods altd ivlal ket works on the prlnclple of delnalld alld supply. Hi thls market Buyer and seller,Both are kliowli as price takei . It is ali lmaglllary situation.

Monopoly: Ther e ls only one seller and conipetitlori is absent tit this market seller ls called price maker.
It is also an imaginary situation.

Monopolistic competition: A coriditloii in between perfect competitloll market alld naollopoly
Eg:- Branded items Reebok and Adidas

Rs. 7500 Rs. 7000

Bilateral Monopoly: Thel e is olaly one Btlyer and olle seller. Industry ls the buyer of Labour arid Labour tiltlon is the seller of labour.

Oligopoly —+/ Cartel

Hi thls market ther e is only few sellei s alid they are not free to take there decisioli.

Eg:- OPEC — orgaltlzatlori of petroleum coiTipaliy.

Primary Market: lii thls market trade will complete between lrivestor altd company directly. This market is related to new companies for this, a company has to introduce ala IP0 (iliitial public offer)

Secondary Market: Thls market 1s i elated to listed companies. Ila thls market trade will complete among the ilivestors.

BSE (Bombay Stock Exchange) = 30 companies (Blue chips)

Sensitive index of BSI is sensex. It depellds oit avel age prlce of 30 companies

Causes of changes in sensex

1. Monetai y policy
2. Fiscal pollcy
3. International share market
4. Sittiatloli of Mollsooll
5. Economic Reforms (eg—› GST)
6. Polltlcal stablllty

NSE = 50 companies = Blue chips

- Natlolial stock exchange = NIFTY
- It depends on average price of 50 companies

DEMAT Account: This account is necessary for ti adilig ili the share market .account can be opened with the help of Bl oker. Broker wlll lnlpose annual mallitelialice charge. Alid it will also lmpose Brokerage olt every transactlon (Bliylng alid Selling)

Bulls and Bears:

- A gi otip of lltvestors who predict that market will increase called Brllls.
- A grorip of investors who predlct that market will decllne called Bears alad lt ls the Reason of chalnge lla sensex.

Insider trading: A tradllig ln wlnlcla ilafornaation of the company is use called ilisldei Trading. It ls a illegal tradlltg.

SEBI —› Sectii-ities and exchange Board of India

- It is Regulator of Capital Market
- It was establlshed th 1988 Brlt it got statutory status
- In 1992 — SEBI Act 1992 (By Parliament)

Credit Rating Agency (CRA)

Ci edit Abillty

क्षमता

- An agency whlch wlll pi-ovlde i-atlng to a company ol- country called CRA
- Rating will decide crediblllty of that countl y if ratlng wlll inci-ease theli foreigli llivestment ili country will llicrease

PP B P

- Ilidlail Ratllig Agencies:

1. CRlSIL
2. ICRA
3. CRlS — Recently developed

International Rating Agency:

1. S and P —+ Staladard alid Poor-
2. Moody’s
3. Fitch

Regular of Rating Agencies

- India — RBI
- World — IMF