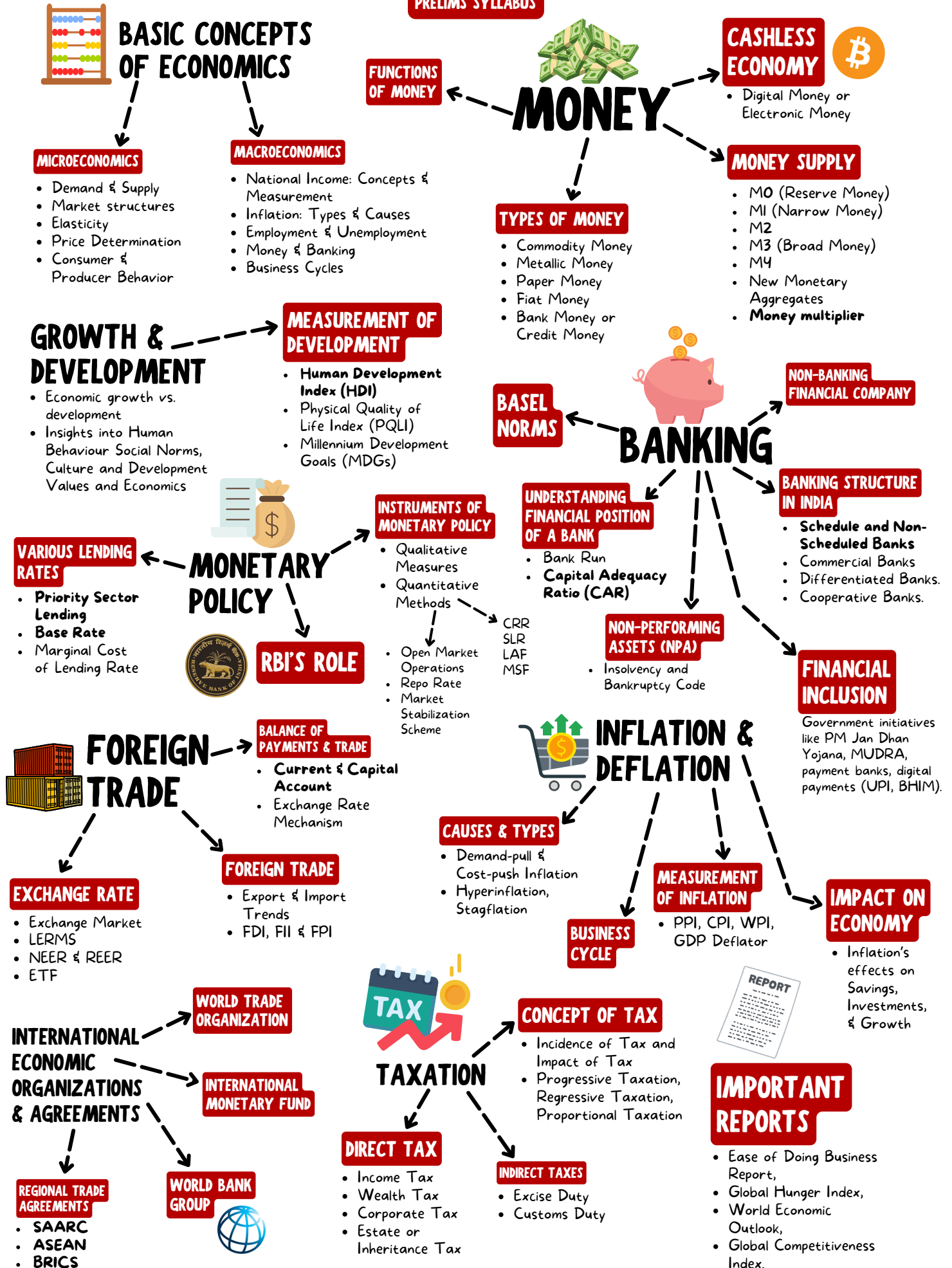


# ECONOMY SYLLABUS

## PRELIMS SYLLABUS



# GOVERNMENT POLICIES & SCHEMES

## KEY GOVERNMENT PROGRAMS

- MNREGA
- National Food Security Act (NFSA)
- Ayushman Bharat
- Pradhan Mantri Jan Dhan Yojana

## SUBSIDIES & TRANSFERS

- Direct Benefit Transfer (DBT)
- Food Subsidy, Fuel Subsidy
- Public Distribution System (PDS)

## ECONOMIC SURVEY

## ECONOMIC DEVELOPMENT IN INDIA

### NATIONAL INCOME

- GDP, GNP, NNP
- Sustainable Development

### INEQUALITY

### UNEMPLOYMENT

- Types of Unemployment
- Measures to reduce Unemployment

### POVERTY

- Types of Poverty

## FINANCIAL MARKET IN INDIA

### MONEY MARKET

- Call Money Market
- Treasury Bills
- Certificates of Deposit

### CAPITAL MARKET

#### Primary Market

- Initial Public Offering
- Debentures

#### Secondary Market

- NSE & BSE
- SEBI
- Stocks, bonds, and government securities.

## TAX STRUCTURE IN INDIA

- Commodities Transaction Tax, Securities Transaction Tax
- Capital Gains Tax, Minimum Alternate Tax
- Corporate Tax, Reform Dividend Distribution Tax, Tax Expenditure Collection Rate
- Income and Consumption Analysis
- Tax Evasion vs. Tax Avoidance

### TAX REFORMS

- Tax administration in India

### VAT & GST

## PUBLIC FINANCE IN INDIA

### GOVERNMENT BUDGETING

- Types of Budgets, Golden Rule,
- Balanced Budget,
- Gender Budgeting
- Capital Budget, Capital Receipts, Capital Expenditure.
- Capital Deficit

### REVENUE

- Tax and Non-tax Revenue Receipts
- Revenue Budget, Revenue and Non-revenue Receipts, Revenue Expenditure

### EXPENDITURE

- Developmental and Non-developmental Expenditure
- Plan and Non-Plan Expenditure

## UNION BUDGET

## FISCAL POLICY

### FISCAL DEFICIT

- Primary Deficit, Primary Surplus, Monetised Deficit, Deficit and Surplus Budget.
- Revenue Deficit, Effective Revenue Deficit

### FISCAL RESPONSIBILITY

- FRBM Act, 2003
- Fiscal Consolidation

### GOVERNMENT BORROWINGS

- Public Debt, Independent Debt Management,
- Central Government Debt
- Means of Deficit Financing
- Internal & External Debt



## INSURANCE IN INDIA

- Types of insurance
- IRDA and regulation
- LIC and GIC
- Deposit Insurance and Credit Guarantee Corporation,
- Export Credit Guarantee Corporation,
- National Export Insurance Account (NEIA)
- New Insurance Schemes

## COMMITTEES

- Ratan P Watal Committee on Digital Payment
- Committee for Market Infrastructure Institution
- P. J. Nayak Committee
- Deepak Mohanty Committee Report on Medium-term Path on Financial Inclusion
- Narasimham Committee Report on Banking Sector Reforms
- Uday Kotak Committee on Corporate Governance
- Nachiket Mor Committee

### PPP MODELS



### MSME SECTOR

- Ease of Doing Business
- Make in India
- Start-up India

## INDUSTRY AND INFRASTRUCTURE

- Industrial development
- Industrial Policies Upto 1986, New Industrial Policy, 1991

### DISINVESTMENT



### SMART CITIES

- AMRUT, Pradhan Mantri Awas Yojana (PMAY)

## AGRICULTURE & FOOD MANAGEMENT

- Agricultural Policies
- Green Revolution
- Minimum Support Price
- Market Intervention Scheme
- Model APMC Act
- National Food Security Act
- e-NAM

## PRESENTATION OF THE BUDGET (Finance Minister's Big Day)



Date: 1st February every year (since 2017).

Let's Roast

Presented by: Finance Minister (e.g., Nirmala Sitharaman in recent years).



Venue: Lok Sabha, Parliament of India.



The Budget Speech has two parts:

Economic survey, macroeconomic assessment.

Announcements of new policies, tax proposals.

### KEY DOCUMENTS PRESENTED:

Annual Financial Statement (main Budget)

Demand for Grants

Fiscal Responsibility and Budget Management (FRBM) Statements

Expenditure Profile

Finance Bill (provisions related to taxes)

Appropriation Bill

Macro-Economic Framework Statement

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## ATAL PENSION YOJANA

**Who can join?**

- Indian citizen aged 18-40 years
- Must have an active bank account
- Contributions continue till 60 years
- Should be a Non-taxpayer (As per rules effective from Oct. 2022)

**Basic idea**

- APY is a government-backed pension scheme for workers in the unorganised sector.
- It guarantees a fixed monthly pension after 60 years.

**Administration:**

- It is administered by the Pension Fund Regulatory and Development Authority (PFRDA) through the National Pension System (NPS) architecture.

**Contribution and Pension Mechanism:**

- The contribution depends on the entry age and the pension slab chosen. An early entry (at 18) results in a significantly lower monthly contribution compared to a late entry (at 40).
- Made of Contribution: Monthly, Quarterly, or Half-yearly via auto-debit from the linked savings account.
- Flexibility: Subscribers can increase or decrease their pension amount a year down accumulation.
- The scheme ensures a "single-benefit" structure for the subscriber's family:
  - To the Spouse
  - To the Subscriber
  - To the Nominee

**Exit Policy**

- On Attaining 60 Years: 100% annuitisation; pension starts.
- Voluntary Exit (Before 60): Permitted. The subscriber receives their own contributions plus interest (after deducting plan maintenance charges). However, government co-contribution (if any) is not returned.

**Exit**

## FIVE YEAR PLANS

Joseph Stalin was the first person to implement the Five-Year Plan in the Soviet Union, in the year 1928.

**(1951-56) FIRST PLAN**

Agriculture production increased dramatically. National income went up by 18% and Per Capita income by 10%. Targeted growth rate was 21% and First Plan achieved 3.6%.

**MNEMONICS: SIPROT**

- S - SOCIAL SERVICE
- I - INDUSTRY
- P - POWER
- O - COMMUNICATION
- T - TRANSPORT

**(1956-61) SECOND PLAN**

Moderately successful. Targeted growth rate was 4.5% but achieved 4.8%.

**MNEMONICS: MADRAS**

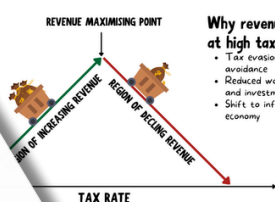
- M - MAHALANOBIS MODEL
- A - ATOMIC ENERGY COMMISSION
- D - DURGAPUR STEEL COMPANY
- R - RAPID INDUSTRIALISATION
- A - AGRICULTURE
- S - SOCIALISTIC PATTERN

2nd plan is D and planned by the leader P.C. Mahalanobis.

## LAFFER CURVE



The Laffer Curve states that if tax rates are increased above a certain level, then tax revenues can actually fall because higher tax rates discourage people from working.



### Why revenue falls at high tax rates:

- Tax evasion and avoidance
- Reduced work effort and investment
- Shift to informal economy



The importance of the theory is that it provides economic justification for the politically popular policy of cutting tax rates.

## CONSUMER CREDIT REGULATION

### DEFINITION:

Consumer credit refers to loans provided by commercial banks for the purchase of consumer durables (cars, electronics).

### WHAT IS "CONSUMER CREDIT"?

- TVs, mobiles, ACs
- Cars, bikes
- Refrigerators, washing machines
- Home appliances
- Other household durables



### OBJECTIVE

The primary goal is to manage appropriate demand and control inflation.

**During Inflation:** When there is excess demand for consumer durables, prices rise. The RBI tightens credit (increases down payments, raises interest rates) to curb demand.

**During Deflation:** The RBI can relax credit (reduce down payments, lower interest rates) to stimulate demand and boost the economy.

### WHY RBI REGULATES THIS?

To prevent excessive consumption during inflation.

Consumer goods demand rises → Price rise → Inflation.

## MINIMUM SUPPORT PRICE

A pre-announced minimum price at which government procures crops from farmers.

Acts as a floor price — farmers are protected from a price fall.

Ensure remunerative prices to farmers.

Prevent distress sale.

Encourage farmers to adopt better technologies & produce essential crops.

Maintain food security via assured procurement.

Who announces MSP?

Government of India (Cabinet Committee on Economic Affairs).

Based on recommendations of the Commission for Agricultural Costs & Prices (CACP).

**Concepts in MSP**

**CACP - Key Facts**

Established 1965

Includes: Farming, Agri. economists, Agri. secretary

Recommends MSP for 22 crops. Fair & remunerative Price (FAR) for sugarcane.

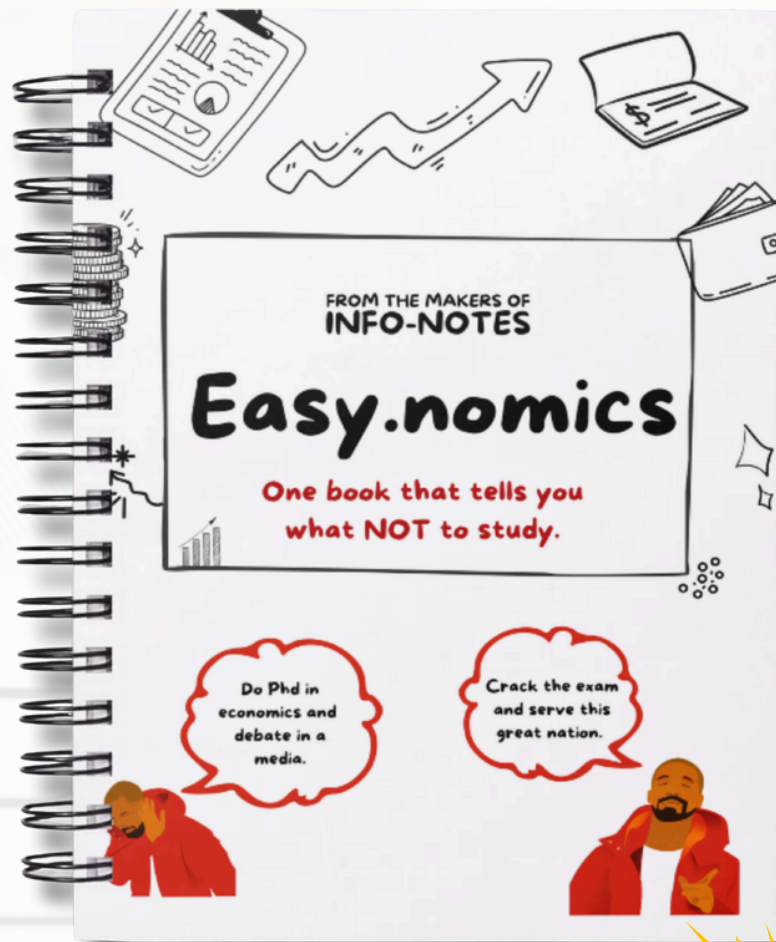
Considers: A2, A2+FL, C2 cost, demand-supply, international prices, inter-crop parity, etc.

Government "loan" to the MSP as 15 times A2+FL not C2.

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