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प्रश्न  
संख्या

मुख्य परीक्षा उत्तर पुस्तिका  
(Mains Answer Sheet)

कौटिल्य एकेडमी  
एन.ए.पी.सी. इन्स्टीट्यूट ऑफ इकोनॉमिक्स

<input type="checkbox"/>	<input type="checkbox"/>	<u>Q1. A.</u>	<u>Consolidation</u> - a means to reduce fragmentation of land.
<input type="checkbox"/>	<input type="checkbox"/>		• step initiated by Government where lakhs of hectares of land were consolidated at one place farmer man scattered.
<input type="checkbox"/>	<input type="checkbox"/>		
<input type="checkbox"/>	<input type="checkbox"/>	<u>B.</u>	<u>Primary Deficit</u> - the difference between the current year's <u>fiscal deficit</u> and interest paid on borrowings.
<input type="checkbox"/>	<input type="checkbox"/>		where $\text{fiscal deficit} = \text{total income} - \text{total expenditure of government}$ .
<input type="checkbox"/>	<input type="checkbox"/>		
<input type="checkbox"/>	<input type="checkbox"/>	<u>C.</u>	<u>Cyclical unemployment</u> - unemployment occurring due to fluctuation in business in economy.
<input type="checkbox"/>	<input type="checkbox"/>		phases of boom, recession and depression, recovery are reasons for cyclical unemployment.
<input type="checkbox"/>	<input type="checkbox"/>		
<input type="checkbox"/>	<input type="checkbox"/>	<u>D.</u>	<u>National income measurement systems</u> -
<input type="checkbox"/>	<input type="checkbox"/>	•	Central statistics office (CSO), National Accounts Division (NAD) responsible for accounting of national income.
<input type="checkbox"/>	<input type="checkbox"/>		
<input type="checkbox"/>	<input type="checkbox"/>		

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अभिलेखिता का परीक्षा प्रदाता

<input type="checkbox"/>	<input type="checkbox"/>	E.	<u>Wholesale Price Index</u> — It measures the change in
<input type="checkbox"/>	<input type="checkbox"/>		wholesale prices on the <u>weekly basis</u> .
<input type="checkbox"/>	<input type="checkbox"/>	-	This index covers nearly 435 commodities and doesn't account for <u>services</u> .
<input type="checkbox"/>	<input type="checkbox"/>	-	Given by <u>ministry of commerce</u> .
<input type="checkbox"/>	<input type="checkbox"/>		
<input type="checkbox"/>	<input type="checkbox"/>	G.	<u>Window Dressing</u> - a technique used by companies to <u>manipulate</u>
<input type="checkbox"/>	<input type="checkbox"/>		<u>financial statements</u> and reports to show <u>favourable results</u> . It's an <u>fraudulent act</u> .
<input type="checkbox"/>	<input type="checkbox"/>	H.	<u>Poverty Trap</u> — a mechanism occurs mostly in under-developing countries where a person who is <u>poor</u> is <u>forced to remain poor</u> . It's a trap which keeps on revolving.
<input type="checkbox"/>	<input type="checkbox"/>		
<input type="checkbox"/>	<input type="checkbox"/>	K.	<u>Targeted Public Distribution System</u> — (TPDS)
<input type="checkbox"/>	<input type="checkbox"/>		TPDS relaunched phase of PDS (public distribution system). where emphasize is on <u>identification of poor</u> for delivery of food grains.
<input type="checkbox"/>	<input type="checkbox"/>		jointly operated by central and state Government. to <u>BPL</u> and <u>APL</u> .

N.

Regional Rural Bank — • scheduled commercial Bank established with

the objective of providing credit to weaker sections of society like agricultural labourers,

marginal farmers, enterprises.

also provide locker facility, credit/debit cards.

O.

Global Investors Summit — biennial summit

organized by Government of Madhya Pradesh in Indore.

-

to attract foreign investment for states

Recently held in 2019 with theme "magnificent

MP summit". (and next in 2021).

2. A

The practice of small groups of rural and urban people coming together to form a savings & credit organizations. is self-help group.

Features

- informal associations of people.
- emerged as effective mechanism for microfinance service.
- provides collateral free loans.
- resolves conflicts.

Challenges in Rural Development are →

↓  
Lack of rural banking facilities in villages & unwilling to provide large amount of finance.

Lack of knowledge (for profitability)

- No security - not secured as it works on mutual trust.

• Patriarchal mindset - discourages women from participating.

• Lack of monitoring cells in rural area

- dependence on other informal sources e.g. Landlords.

These problems cannot be resolved on individual level but needs collective efforts.

2 8 Mid-day meal scheme launched in 1995 as a centrally sponsored scheme.

It provides that every child within age group of 6 to 14 years studying in classes I to VIII attending school be provided with hot meal every day except holidays.

Purpose

- to meet nutritional standards of calories intake of children.
- school to be means of not only education but source of good health.
- Better participation of children.
- covering Government & aided schools.

Achievements

- Helps promoting students attendance.
- attracts students who are reluctant to attend schools.
- promotes equality among children of all caste, rich or poor to eat together.
- improved nutritional level of children.
- Boost students enrolment.

Scheme provides for quality items for meal preparation according to guidelines issued by central government.

2 C

Minimum Support Price (MSP) is that rate at which Government buys grains from farmers or minimum price set by the Government at which farmers can expect to sell their produce.

The committee of economic affairs announces MSP for various crops. Recently, Government revised the MSP for Rabi crops.

Cost of production, demand & supply, inter-crop price, price trends in market etc are considered in fixing MSP.

→ to overcome farm level inflation.

→ appropriate incomes to farmer for their produces.

Benefits

for farmers

→ prevent exploitation of farmers from big landlords, societies.

→ higher profit means more investment in infrastructure & equipments.

→ guaranteeing a minimum floor price

→ motivates farmers to grow targeted crops.

It helps in encountering agricultural distress brought by natural hazards.

2. E

Gender Budgeting —

□ □

"Women are development" instead of "Women in Development".

□ □

Gender Budgeting is formulation of legislation, programmes, schemes, allocation of resources concerning gender sensitive focusing on women to address gender disparities.

□ □

□ □

First it was introduced in Indian Budget of 2005-06.

□ □

Women specific schemes  
(100% allocation to women)Pro Women schemes  
(30% allocation)

□ □

Necessity →

□ □

To ensure that benefits of development reach women as much as men.

□ □

• Global Gender Gap Report-2018 ranked India 108 in terms of inequality of education, health, etc.

□ □

Poor socio-economic indicators of women →  
Low literacy level, child marriage, political representation etc.

□ □

To improve women's economic equality.  
Women more of beneficiaries rather than deciding agents for themselves.

□ □

Gender Budgeting is important for Women empowerment.

2. F.	Foreign Direct Investment (FDI) is an
	<u>investment</u> from a party in one country
□ □	into business or corporation in another
□ □	country. with an purpose of <u>higher interest</u> .
□ □	FDI boosts economy of a country in many
□ □	ways and helpful in development of Indian
□ □	economy as well →
□ □	Generates more <u>employment</u> , opportunities
□ □	for people.
□ □	Brings in more <u>competitive business environment</u>
□ □	in the country.
□ □	Brings <u>new technologies</u> , <u>skills</u> , <u>knowledge</u> etc.
□ □	Brings large amount of <u>capital</u> and boosts
□ □	<u>foreign exchange reserves</u> .
□ □	Expansion of market both domestic as well as foreign
□ □	improves the <u>quality</u> of <u>products</u> and
□ □	services of sectors.
□ □	this generates a source of great income &
□ □	knowledge which in turn add to GDP of India
□ □	and improves its <u>administrative</u> and
□ □	<u>work culture</u> .



2. 4.

National Food security Act, 2013 passed by parliament with a objective of to provide food and nutritional security in human life by ensuring access to adequate quantity of quality food at affordable prices to people.

Features

→ • eligible person to receive 5kg of foodgrains per person per month at subsidised price.

• provides for subsidised foodgrains under Targeted public Distribution System. (TPDS)

• Special focus on women & children, meal to pregnant and lactating mothers such women to receive not less ₹ 6000 as maternity benefit.

• children upto 14 yrs age entitled for nutritious meals.

• setting up of grievance redressal mechanism at district & state levels.

• there are some loopholes in act as well as lack of access to people, malfunctioning in distribution etc.

• these issues can be resolved by using advance technologies, one ration card system etc

2. I.

Madhya Pradesh is among the fastest growing state of India, it is the

second largest Indian state in terms of natural resources, minerals etc.

There's a great scope of industrial development of M.P. due to various reasons →

-

Strategic location - very close markets as located at centre.

-

Abundance of land - more than 1500 hectares of land for industrial set up.

-

Rich natural resources - iron ore, manganese, copper, etc for mineral, steel industries.

-

Rich Biodiversity - M.P. have 11 agro-climatic zones, varieties of crops, medicinal plants etc.

can be a base for food-processing, pharmaceuticals industries.

-

skilled manpower - skilled & cheap labourers.

→

IT parks, mega parks, SEZs are some initiatives by government to boost investment in economy of M.P. Former Govt. provides 100% assistance in plants & machineries.

2. J.	Bank is a financial institution dealing with deposits and advances & other related services. Two among them is Reserve Bank and commercial Bank.	
<input type="checkbox"/> <input type="checkbox"/>	Reserve Bank	Commercial Bank.
<input type="checkbox"/> -	Central Bank of country called 'banks of Bank' (apex body).	- profit seeking institutions with objective of profit earning in form of interest, commission etc.
<input type="checkbox"/> -	Fully owned by government of India. set up under RBI act.	- regulated by Reserve Bank of India.
<input type="checkbox"/> <input type="checkbox"/>	- provides operates the currency & credit system of country (currency issuing)	- provides loans, finance for trade, industries etc.
<input type="checkbox"/> -	It is Banker to Bank, to government by providing loan to govt.	- provides loan at a slightly high interest rate to individuals, corporations
<input type="checkbox"/> <input type="checkbox"/>	- Is the central bank of India. (head of all).	- Can open branches in foreign countries.
<input type="checkbox"/> <input type="checkbox"/>	- Controls the credit through price stability, economic stability (RRR, RR)	- loans interest as fixed by Reserve Bank.

2. K

Migration is the movement of people from one place to another place in the world or within country.

  

This could be voluntary or involuntary (forced) migration, which involves change of residence.

 

### elements of migration

 \*

Economic elements →

- reasons for employment
- seasonal migration
- better employment opportunities

  \*

Political elements →

- security reasons
- inter-ethnic conflicts
- political interventions

  \*

Ecological elements →

- environment & disaster induced harm possibility

 

• forceful migration for env. safety purposes

 \*

Social elements →

- education migration
- marriage
- health purpose

 

there are reasons as poverty, improving living standards etc. which leads to migration

2. L.

Golden Quadrilateral Plan :-

□ □

Features → • Phase I of national highway development project completed in 2012.

□ □

• was started in 2001 by NDA government.

□ □

• Highway networks linking Delhi, Mumbai, Kolkata and Chennai agricultural and cultural centres of India.

□ □

Benefits →

□ □

- Improving quality of roads. (Faster transport)

□ -

smoother transport of products and people within India.

□ -

Provides connectivity to major industrial, agriculture and cultural centres of India.

□ -

Opportunities for farmers, through improved transport (Export facilities, ports easy access)

□ -

Industrial development and job creation in smaller towns through which highway goes.

□ -

Economic growth through construction;

□ □

thus, development of any nation depends upon the way transportation networks are and maintained.

3. A.

Globalisation means integrating the economy of a country with the economies of other countries under free flow of trade and capital across borders.

It may be defined as a process involving increasing openness, growing economic interdependence and deepening economic relations of world economy.

→ integrating Indian economy with global economy

→ unrestricted flow of ~~real~~ goods, services, technology, expertise between India & world.

characteristics

→ flow of capital and technology from the world to India. (foreign reserves)

→ It is the outcome of the policies of liberalisation and privatisation.

→ It establishes a link which results in India being influenced by global events.

□ □

• It aims to create a borderless world.

□ □

characteristics

• It's outcome of various policies that aims to transform the world towards interdependence.

□ □

□ □

Globalisation is the process of interaction, union among people, corporations and governments.

□ □

It affects globally and India too is affected by this. It can be

□ □

positive effect

negative effect

□ □

□ □

It had a tremendous impact on the social, monetary, cultural and political area.

□ □

→ • Greater access to global markets.

□ □

positive effect

→ • Increase in advanced technology, export & import of foreign techniques.

□ □

□ □

→ • Better future for large industries participation of domestic industries in

□ □

foreign markets.

□ □

Positive → increased cultural awareness globally.

□ □

• access to goods & services globally.

□ □

• increase in investments (capitals).

□ □

□ □

• increasing equality making rich richer and poor poorer.

□ □

Negative effects

→ • exploitation of domestic industries of under in global market.

□ □

→ • increasing influence of MNC's in political economic decisions.

□ □

→ • cultural invasions, losing of cultural practices and language.

□ □

→ • unfair working conditions, lack of environment concern of foreign industries in home country.

□ □

□ □

therefore, there is need for understanding of globalisation & its effects and overtake its economic gains.



3. D.

Central Bank is the apex body, the banks of all the banks (it regulates other banks of country).

It controls the credit of the economy through monetary policies, these monetary policies are sometimes taken as credit control methods of RBI.

methods

Quantitative.

Qualitative.

\* Quantitative methods effects overall supply of money in economy. these methods are —

1) Bank rate - rate at which RBI provides loan to commercial banks. If the bank rate is high it means during inflation, cost of capital is increased by increasing bank rate. This reduces flow of credit and vice-versa.

2) Open market operations — refers to sale and purchase of securities in open market by the central government.

By selling securities (like NGEs) the central bank sucks liquidity from the economy & by purchasing securities it releases liquidity.

  3)

Cash Reserve Ratio — (CRR)

 

It's legally required cash reserves which commercial banks need to maintain as a part of

 

total deposits. It's fixed by RBI.

 

If there is inflation, then CRR is increased to suck liquidity from economy & vice versa in case of deflation, CRR is reduced which releases liquidity in economy (in forms of loans, interests).

  4)

Statutory Liquidity Ratio (SLR) —

 

Liquid assets of commercial bank which they need to maintain in form of

 

a. gold

b. cash

c. encumbered approved securities.

 

In case of inflation, SLR is increased which controls liquidity in income whereas in deflation SLR is

 

decreasing injecting liquidity in economy.

Qualitative Instruments - instrument direct  
or restrict flow of credit

 

in specified areas.

 1)

Margin Requirements - difference between the  
amount of loan given and

 

the value of collateral security. for ex. for  
a loan of 80 Lacs, 1 crore collateral should be

 

kept. This kept high for speculative (trade)  
activities.

 2)

Rationing of credit - fixation of credit quotas  
for different business activities.

 

central bank fixes the quotas.

 3)

moral suasion -

 

RBI puts pressure on the commercial  
bank to regulate money supply in the economy.

 

in inflation, RBI restricts commercial bank on lending  
loan and in deflation RBI liberalises commercial  
bank to lend more loans.

 

These measures lead to credit creation capacity

 

of the banks which keeps on fluctuating time  
to time.

3. E.

Financial market is the market that facilitates transfer of funds between savers or lenders and borrowers.

 

This financial market is being classified into —

  

money market

capital market.

 

Difference between money & capital market are →

 1.

Funds → money market is the market dealing in short term funds whereas

 

capital market deals in medium or long term funds / borrowings.

 2.

maturity period → instruments of money market matures within period of one year whereas

  

of capital market, maturity period is more than one year and limited ~~to~~ 10 years do not have time frame.

 3.

regulatory body - money market is regulated by Reserve Bank of India (RBI) whereas

 

capital market is regulated by (SEBI) securities

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मुख्य परीक्षा  
म.प्र. राज्य सेवा लोक आयोग Exchange board of India. 4.

Risk - instruments of money market are less  
risky whereas capital market is  
more risky.

  5.

Participants - money market contains financial banks,  
commercial banks, chit funds etc. whereas  
the later involves stock brokers, mutual funds,  
stock exchanges, insurance companies etc.

  6.Return on investment - 

ROI is higher in capital market &  
less in money market.

 7.

Functional merit - money market increases liquidity  
of funds in economy. capital  
market stabilises the economy due to long term  
savings.

   8.Instruments -money marketcapital market 

• promissory notes, bills of exchange,  
commercial paper, Treasury bills.

• equity shares, debentures,  
bonds, preference shares.

There are various instruments of capital market in Madhya Pradesh.

 

Capital market is divided into

 

<p>Primary</p> <p>where fresh issue of securities are issued to public.</p>	<p>Secondary</p> <p>issued securities are traded between the investors.</p>
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In Madhya Pradesh, Capital market there are various registered and non-registered companies.

  

Madhya Pradesh stock and Capital Market is one of them. It provides accounting, legal activities, consultancy services.

  

MP government deals in treasury bills and commercial paper for short-term funds.

 

Capital market instruments plays a significant role in funds creations for government.