

Chapter 17

Miscellaneous Topics related to Economy

Five year plans in India

Five year plans were implemented in the Soviet union in 1920. Union of Soviet Socialist Republics (also known as the USSR or the Soviet Union) consisted of Russia and 14 surrounding countries.

Plans	Year	Remarks/Objectives	Target Growth rate	Actual Growth
1st	1951-1956	Based on Harrod-Domar Model . Keeping in view the large-scale import of food grains in 1951 and inflationary pressures on the economy, the First Plan accorded the highest priority to agriculture including irrigation and power projects.	2.1%	3.6%
2 nd	1956-1961	Planning, in the real sense of the term, began with the Second Five Year Plan. Based on Mahalanobis model . Sought to promote a pattern of development, which would ultimately lead to the establishment of a socialistic pattern of society in India. Its main aims were (i) an increase of 25 per cent in the national income; (ii) rapid industrialization with particular emphasis on the development of basic and heavy industries ; (iii) large expansion of employment opportunities; and (iv) reduction of inequalities in income and wealth and a more even distribution of economic power. The Industrial Policy 1956 was based on establishment of a socialistic pattern of society as the goal of economic policy.	4.5%	4.3%
3 rd	1961-1966	At its conception, it was felt that Indian economy has entered a "takeoff stage". Therefore, its aim was to make India a ' self-reliant ' and ' self-generating ' economy. Third Plan aimed at securing a marked advance towards self-sustaining growth. Its immediate objectives were to : (i) secure an increase in the national income of over five per cent per annum and at the same time ensure a pattern of investment which could sustain this rate of growth in the subsequent Plan periods; (ii) achieve self-sufficiency in food grains and increase agricultural production to meet the requirements of industry and exports; (iii) expand basic industries like steel, chemicals, fuel and power and establish machine building capacity so that the requirements of further industrialization could be met within a period of about 10 years mainly from the country's own resources; (iv) fully utilize the manpower resources of the country and ensure a substantial expansion in employment opportunities; and establish progressively greater equality of opportunity and bring about reduction in disparities of income and wealth and a more even distribution of economic power. The Plan was thorough failure in reaching the targets due to unforeseen events - Chinese aggression (1962), Indo-Pak war (1965), severe drought 1965-66 . Due to conflicts the approach during the later phase was shifted from development to defence & development.	5.6%	2.8%
Three Annual Plans (described)	1966-67, 1967-68, 1968-69	The situation created by the Indo-Pakistan conflict in 1965, two successive years of severe drought, devaluation of the currency, general rise in prices and erosion of resources available for Plan purposes delayed the finalization of the Fourth Five Year Plan. Instead,		

as Plan holidays)		<p>between 1966 and 1969, three Annual Plans were formulated within the framework of the draft outline of the Fourth Plan.</p> <p>Green Revolution- Prevailing crisis in agriculture and serious food shortage necessitated the emphasis on agriculture during the Annual Plans. A whole new agricultural strategy was implemented. It involving wide-spread distribution of high-yielding varieties of seeds, extensive use of fertilizers, exploitation of irrigation potential and soil conservation.</p>		
4 th	1969-1974	<p>Indira Gandhi-PM, Nationalization of banks, India-Pak war in 1971, Nuclear test in 1974, Gadgil formula.</p> <p>Refusal of supply of essential equipments and raw materials from the allies during Indo Pak war resulted in twin objectives of “ growth with stability “ and “progressive achievement of self reliance “ for the Fourth Plan.</p> <p>The Fourth Plan aimed at accelerating the tempo of development of reducing fluctuations in agricultural production as well as the impact of uncertainties of foreign aid. It sought to raise the standard of living through programmes designed to promote equality and social justice. The Plan laid particular emphasis on improving the conditions of the less privileged and weaker sections especially through provision of employment and education.</p> <p>Efforts were directed towards reduction of concentration of wealth, income and economic power to promote equity.</p> <p>Implementation of Family Planning Programmes.</p>	5.7%	3.3%
5 th	1974-1979	<p>Formulated against the backdrop of severe inflationary pressures. It proposed to achieve two main objectives: 'removal of poverty' (Garibi Hatao) and 'attainment of self reliance.'</p> <p>Adopt measures for raising the consumption standard of people living below the poverty line.</p> <p>This Plan also gave high priority to bring inflation under control and to achieve stability in the economic situation.</p> <p>Prepared by DP Dhar, Emergency in 1975. In 1978 Janata Party Govt-Morarji Desai-PM rejected the 5th plan</p>	4.4%	4.8%
Rolling plan	1978-1980	<p>Focus on employment. This plan was again rejected by the Congress Government in 1980</p>		
6 th	1980-1985	<p>The strategy adopted was to move simultaneously towards strengthening the infrastructure for both agriculture and industry. Stress was laid on tackling interrelated problems through a systematic approach with greater management, efficiency and intensive monitoring in all sectors and active involvement of people in formulating specific schemes of development at the local level and securing their speedy and effective implementation.</p> <p>The Plan focussed on Increase in national income, modernization of technology, ensuring continuous decrease in poverty and unemployment through schemes for transferring skills(TRYSEM) and seets(IRDP) and providing slack season employment (NREP), controlling population explosion etc.</p>	5.2%	5.7%
7 th	1985-1990	<p>Seventh Plan emphasized policies and programmes, which aimed at rapid growth in food grains production, increased employment opportunities and productivity within the framework of basic tenets of</p>	5%	5.8%

		<p>planning, namely, growth, modernization, self reliance and social justice i.e. Focus on 'food, work & productivity'.</p> <p>Food grains production during the Seventh Plan grew by 3.23 per cent as compared to a longterm growth rate of 2.68 per cent between 1967-68 and 1988-89 and the growth rate of 2.55 per cent in the eighties due to overall favourable weather conditions, implementation of various thrust programmes and concerted efforts of the Government and the farmers.</p> <p>To reduce unemployment and consequently, the incidence of poverty, special programmes like Jawahar Rozgar Yojana were launched in addition to the existing programmes. Due recognition was accorded to the role, small-scale and food processing industries could play in this regard.</p>		
Annual plans	1990-1992	<p>Eighth Five-Year Plan (1990-95) could not take off due to the fastchanging political situation at the Centre. The Eighth five-Year Plan commenced in 1992 and that 1990-91 and 1991-92 were treated as separate Annual Plans.</p> <p>Formulated within the framework of the Approach to the Eighth Five-Year Plan (1990-95), the basic thrust of these Annual Plans was on maximization of employment and social transformation.</p> <p>Crisis of foreign exchange in 1991, Beginning of privatization and liberalization in India. New Industrial Policy in 1991</p>		
8th	1992-1997	<p>Eighth Five-Year Plan was launched immediately after the initiation of structural adjustment policies and macro stabilization policies, which were necessitated by the worsening Balance of Payments positions and the position of inflation during 1990-91.</p> <p>The various structural adjustment policies were introduced gradually so that the economy could be pushed to a higher growth path and improve its strength and thus prevent a crisis in Balance of Payments and inflation in the future.</p> <p>Salient features of economic performance during the Eighth Five-Year Plan indicate, among other things: (a) a faster economic growth, (b) a faster growth of the manufacturing sector and agriculture and allied sectors, (c) significant growth rates in exports and imports, improvement in trade and current account deficit and a significant reduction in the Central Governments fiscal deficit.</p> <p>India became member of WTO in 1995</p>	5.6%	6.8%
9th	1997-2002	<p>Started on completion of 50 years of independence.</p> <p>Focus on 7 basic minimum services of safe drinking water, availability of primary health service facilities, universalization of primary education, public housing assistance to shelterless poor families, nutritional support to children, connectivity of all villages and habitations and streamlining of the public distribution system with a focus on the poor.</p> <p>The Plan also aimed at pursuing a policy of fiscal consolidation, whereby the focus was on sharp reduction in the revenue deficit of the Government, including the Centre, States and PSUs through a combination of improved revenue collections and control of inessential expenditures, particularly with regard to subsidies and through recovery of user charges and decentralization of planning and implementation through greater reliance on States and Panchayati Raj Institutions.</p>	6.5%	5.5%

		<p>Specific objectives of the Ninth Plan included : (i) priority to agriculture and rural development with a view to generate adequate productive employment and eradication of poverty; (ii) accelerating the growth rate of the economy with stable prices; (iii) ensuring food and nutritional security for all, particularly the vulnerable sections of society; (iv) providing the basic minimum services in a time-bound manner; (v) containing the growth rate of population; (vi) ensuring mobilization and participation of people at all levels; (vii) empowerment of women and socially disadvantaged groups such as Scheduled Castes, Scheduled Tribes and Other Backward Classes and minorities as agents of socio-economic change and development; (viii) promoting and developing people's participatory institutions like Panchayati Raj Institution, cooperatives and self-help groups; and (ix) strengthening efforts to build self-reliance.</p> <p>Focus on "Growth With Social Justice & Equality,</p>		
10th	2002-2007	<p>Employment generation. 5 crores Jobs creation target,</p> <p>Recognising that economic growth cant be the only objective of national plan, Tenth Plan had set 'monitorable targets' for few key indicators (11) of development besides 8 % growth target.</p> <p>The targets included reduction in gender gaps in literacy and wage rate, reduction in Infant & maternal mortality rates, improvement in literacy, access to potable drinking water cleaning of major polluted rivers, etc. Governance was considered as factor of development & agriculture was declared as prime moving force of the economy. States role in planning was to be increased with greater involvement of Panchayati Raj Institutions. State wise break up of targets for growth and social development sought to achieve balanced development of all states.</p>	8 %	7.7%
11th	2007-2012	Objective: Faster & More Inclusive Growth	9%	8%
12th	2012-2017	<p>Objective: Faster, Sustainable, and More Inclusive Growth.</p> <p>The Approach Paper to the Twelfth Plan, had set a target of 9 per cent average growth of GDP over the Plan period. That was before the Euro-zone crisis in that year triggered a sharp downturn in global economic prospects, and also before the extent of the slowdown in the domestic economy was known.</p>	8%	7% likely. No official release

Common goals of the five year plans

Four common goals	The common goals of the five year plans are: growth, modernization, self-reliance/self-sufficiency and equity.
Self-reliance	The first seven five year plans gave importance to self-reliance which means avoiding imports of those goods which could be produced in India itself.
Growth	It refers to increase in the country's capacity to produce the output of goods and services within the country. A good indicator of economic growth, in the language of economics, is steady increase in the Gross Domestic Product (GDP).
Modernization	To increase the production of goods and services the producers have to adopt new Technology. However, modernisation does not refer only to the use of new technology but also to changes in social outlook such as the recognition that women should have the same rights as men
Equity	A country can have high growth, the most modern technology developed in the country itself, and also have most of its people living in poverty. It is important to ensure that the benefits of economic prosperity reach the poor sections as well instead of being enjoyed only by the rich.

Q.1 NDA 2017

Which one of the following was set as a target of average growth of GDP of India over the plan period 2012 - 2017 by the Approach Paper to the Twelfth Five Year Plan ?

- (a) 7 percent (b) 8 percent (c) 9 percent (d) 10 percent

Q.2 Geo Scientist 2021

The second five year plan of India is regarded as a landmark contribution to development planning. What could be the reasons for the same?

1. Laid emphasis on industrialisation
2. Aimed at increasing the rate of investment
3. Aimed at establishment of socialistic pattern of society

Select the correct answer using the code given below:

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

Q.3 CDS 2017

Arrange the following events in sequential order as they happened in India :

1. Mahalanobis Model
2. Plan Holiday
3. Rolling Plan

Select the correct answer using the code given below.

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

Q.4 NIOS

The industrial policy of 1956 emphasized on the strategy of

- (a) Light industries (b) small and medium industries (c) Heavy industries (d) none of the above

Q.5 NIOS

During which plan period, the actual growth rate of national income was more than the targeted growth rate.

- (a) Second plan (b) First plan (c) Eleventh plan (d) Ninth plan

Q.6 NDA Exam 2017

In its emphasis on enhancing human capabilities, which one among the following does NOT figure in the Twelfth Five-Year Plan?

- (a) Life and longevity: (b) Education (c) Delivery of Public Service (d) Skill development

Q.7 NDA Exam 2017

Which one of the following is NOT a target of the 12th Five-Year Plan ?

- (a) Real GDP Growth Rate of 8 per cent
 (b) Agriculture Growth Rate of 5 percent
 (c) Manufacturing Growth Rate of 10per cent
 (d) Increase in green cover by 1 million hectare every year during the Plan period

Q.8 CISF/LDC 2017

Which one of the following periods in the history of Indian planning has not been a period of Annual plans?

- (a) 1966 – 69 (b) 1979 – 80 (c) 1990 – 92 (d) 1992 – 97

Q.9 Prelims 2014

The main objective of the 12th Five-Year Plan is

- A. inclusive growth and poverty reduction
- B. inclusive and sustainable growth
- C. sustainable and inclusive growth to reduce unemployment
- D. Faster, sustainable and more inclusive growth.

Q.10 CDS exam

Consider the following statements about the achievements of growth rate in India's Five Year Plans:

1. GDP grew less than the target during the Eleventh Plan
2. GDP grew more than the target during the Tenth Plan
3. GDP grew less than the target during the Ninth Plan

Which of the statements given above is/are correct?

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

Q.11 CDS-2011

Match List I with List II and select the correct answer using the code given below the Lists:

List I	List II
(Five Year Plan)	(Basic Strategy)
A. Eighth Five Year Plan	1. Export-led growth
B. Ninth Five Year Plan	2. Agricultural development led growth
C. Tenth Five Year Plan	3. Equity and Social Justice
D. Eleventh Five Year Plan	4. Faster and Inclusive growth

Code:

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

Q.12 CDS-2012

The 'Nehru-Mahalanobis strategy of development guided the planning practice in India from the

- (a) First Five-Year Plan to the Sixth Five-year Plan'
- (b) Fourth Five-Year Plan to the Eighth Five-Year' Plan
- (c) Second Five-year Plan to the Seventh Five-Year Plan
- (d) First Five-Year Plan to the Eighth Five-Year Plan

Q.13 NDA-2018

The 'Nehru-Mahalanobis strategy of development was implemented for the first time by which one of the following five years plans?

- (a) First Five-Year Plan (b) Second Five-Year Plan
- (c) Third Five-year Plan (d) Seventh Five-Year Plan

Q.14 CDS-2015

In recent plans, certain words/phrases were used in the title of the plan along with 'growth'. They are

1. Inclusive
2. Faster
3. More inclusive
4. Sustainable
5. More sustainable

Which combination is true of the Twelfth Five Year Plan (2012 -17) ?

- (a) 1,2 and 3 (b) 1,4 and 5 (c) 2,3 and 4 (d) 1,2 and 4

Q.15 CDS-2015

Inclusion strategy does not focus on

- (a) reduction of inequality (b) reduction of poverty
- (c) diversifying livelihood for tribal population (d) getting poorer countries closer

Q.16 CDS-2016

Which one of the Five Year Plans had a high priority to bring inflation under control and to achieve stability in the economic situation ?

- (a) Fourth Plan (1969-74) (b) Fifth Plan (1974-79)
- (c) Sixth Plan (1980-85) (d) Seventh Plan (1985- 90) .

Q.17 CISF-LDC-2013

Which one of the following is the main objective of 12th Five Year Plan ?

- (a) Sustainable development only
- (b) Inclusive growth only
- (c) Faster development with globalization
- (d) Faster, sustainable and more inclusive growth

Q.18 NDA-2015

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

Q.19 NDA-2015

The First Five Year Plan (1951-1956) was drafted by:

- (a) P C Mahalanobis
- (b) K N Raj
- (c) J C Kumarappa
- (d) Jawaharlal Nehru

Q.20 NDA-2016

Which. of the following best 'explains 'the stated broad vision and aspirations of the Twelfth Five Year Plan (2012 - 2017) ?

- (a) Faster, Sustainable' and More Inclusive Growth
- (b) Modernization of Industries and Strengthening Infrastructure
- (c) Enhancing : Agricultural and Rural Incomes
- (d) Checking Inflation and Strengthening non-economic variables like Nutritional Requirements, Health 'and Family Planning

Q.21 NDA-2016

Which one of the following is not a feature of the Nehru-Mahalanobis model of development strategy ?

- (a) Development of capital goods industries
- (b) Major involvement of the State in the economy
- (c) Industrial deregulation and disinvestment in the public sector
- (d) Enhancing the scope and importance of the public sector

Q.22 SCRA-2014

The Government's priority in the first Five Year Plan of India was

- (a) Industry (b) Agriculture (c) Technology (d) Education

Q.23 Prelims 2010

In the context of India's Five Year Plans, a shift in the pattern of industrialization, with lower emphasis on heavy industries and more on infrastructure begins in

- (a.) Fourth Plan
(b.) Sixth Plan
(c.) Eighth Plan
(d.) Tenth Plan

Q.24 Prelims 2009

During which Five Year Plan was the Emergency clamped, new elections took place and the Janata Party was elected?

- A. Third B. Fourth C. Fifth D. Sixth

Q.25 Prelims 2009

Consider the following statements regarding Indian Planning:

1. The Second Five Year Plan emphasized on the establishment of heavy industries.
2. The Third Five Year Plan introduced the concept of import substitution as a strategy for industrialization.

Which of the statements given above is/ are correct?

- A. 1 only B. 2 only
C. Both 1 and 2 D. Neither 1 nor 2

Q.26 Prelims 1992

The average growth achieved during the Seventh Five Year Plan in India (in terms of GDP at factor cost) was

- (a) 3.5 (b) 4.2 (c) 5.1 (d) 5.6

Q.27 Prelims 1995

Which one of the following Five Year Plans recognised human development as the core of all developmental efforts ?

- (a) The Third FiveYear Plan (b) The Fifth FiveYear Plan (c) The Sixth FiveYear Plan (d) The Eighth Five Year Plan

Q.28 Prelims 1997

The Sixth and the Eighth Five Year Plans covered the period 1980 – 85 and 1992 – 97 respectively. The Seventh Five Year Plan covered the period

- (a) 1987 – 92 (b) 1986 – 91 (c) 1985 – 90 (d) 1988 – 94

Q.29 CDS-2014

'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 code given below.

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

Q.30 CDS 2017

Consider the following statements about the Second Five -Year Plan :

1. It was drafted under the leadership of K. N. Raj.
2. It proposed that industries like electricity, railways, steel, machineries and communication could be developed in the public sector
3. The drafters found balancing industry and agriculture very difficult.
4. The drafters found balancing industry and agriculture really easy.

Which of the statements given above is / are correct?

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

Q.31 CDS 2017

The Twelfth Five-Year Plan focused on inclusive growth. Which of the following were considered as challenges for inclusiveness?

1. Poverty
2. Group inequality
3. Regional imbalance
4. Unemployment

Select the correct answer using the code given below.

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

Q.32 NDA 2020

The Five Year Plan was first launched in

- (a) China (b) USSR (c) India (d) Bhutan

Q.33 NDA 2020

The call for Garibi Hatao was incorporated in

- (a) Fourth Five Year Plan (b) Fifth Five Year Plan (c) Sixth Five Year Plan (d) Seventh Five Year Plan

Q.34 NDA 2020

Match List I with List II and select the correct answer using the code given below the Lists :

List I (Major Objective)

List II (Five Year Plan)

- | | |
|--|-------------|
| A. Faster and more inclusive growth | 1. First |
| B. Faster, more inclusive and sustainable growth | 2. Fifth |
| C. Correction of disequilibrium caused by Second World War | 3. Eleventh |
| D. Attaining self-reliance | 4. Twelfth |

Code :

A B C D

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

Q.35 Geo Scientist 2022

The Green Revolution as an agrarian revolution aimed at revolutionizing the production of

- (a) food grains (b) fruits and vegetables (c) cereals (d) fisheries

Q.35A NDA (1) 2023

Plan allocation in agriculture and irrigation as percentage of total plan outlay was highest in:

- (a) Seventh Five-Year Plan (b) Third Five-Year Plan (c) First Five-Year Plan (d) Second Five-Year Plan

LPG model of development

In 1991 the government adopted new economic policy in order to rectify the problems associated with public sector to promote industrialization and to achieve faster economic growth.

The new economic policy is called LPG model of development i.e. Liberalization, Privatization and globalization.

LPG policy aims at removing licensing policy, promoting competition in the market and encouraging free trade in the world.

Index of Industrial Production (IIP) (Base 2011-12 =100)

Issued	Monthly		
Issued by	The Central Statistics Office (CSO) (Ministry of Statistics and Program Implementation)		
Sectoral composition	Sector	Weights (%)	Item groups
	Mining	14.37	1
	Manufacturing	77.63	405
	Electricity	7.99	1
	Total	100	407
Use-Based Classification	Uses	Weights (%)	Item groups
	Primary goods	34.05	15
	Intermediate goods	17.22	110
	Capital goods	8.22	67
	Infrastructure/ construction goods	12.34	29
	Consumer durables	12.84	86
	Consumer nondurables	15.33	100
	TOTAL	100	407

Q.36 CDS 2020

As per the use-based classification of the Index of Industrial Production (IIP), the maximum weight has been assigned to

- (a) primary goods (b) intermediate goods (c) consumer durables (d) consumer non-durables

Index of Eight Core Industries (Base: 2011-12=100) Monthly issued

Issued by	Office of economic adviser, DPIIT, Ministry of commerce & Industry
Industries & Weight	Coal production (weight: 10.33 %) Crude Oil production (weight: 8.98 %) Natural Gas production (weight: 6.88 %) Petroleum Refinery production (weight: 28.04%) Fertilizer production (weight: 2.63 %) Steel production (weight: 17.92 %) Cement production (weight: 5.37%) Electricity generation (weight: 19.85%)
IIP relation	The Eight Core Industries comprise nearly 40.27 % of the weight of items included in the Index of Industrial Production (IIP).

Q.37 Prelims 2015

In the Index of Eight Core Industries, which one of the following is given the highest weight?

- a) Coal Production b) Electricity generation c) Fertilizer Production d) Steel Production

Growth Rates of Eight Core Industries

Core Industries grew by 7.8% during FY 2022-23.

Growth Rates (on Y-o-Y basis in per cent)

Sector	Weight	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23
Coal	10.3335	1.0	8.0	4.8	3.2	2.6	7.4	-0.4	-1.9	8.5	14.8
Crude Oil	8.9833	-0.2	-0.9	-1.4	-2.5	-0.9	-4.1	-5.9	-5.2	-2.6	-1.7
Natural Gas	6.8768	-12.9	-5.3	-4.7	-1.0	2.9	0.8	-5.6	-8.2	19.2	1.6
Refinery Products	28.0376	1.4	0.2	4.9	4.9	4.6	3.1	0.2	-11.2	8.9	4.8
Fertilizers	2.6276	1.5	1.3	7.0	0.2	0.03	0.3	2.7	1.7	0.7	11.3
Steel	17.9166	7.3	5.1	-1.3	10.7	5.6	5.1	3.4	-8.7	16.9	9.3
Cement	5.3720	3.7	5.9	4.6	-1.2	6.3	13.3	-0.9	-10.8	20.8	8.7
Electricity	19.8530	6.1	14.8	5.7	5.8	5.3	5.2	0.9	-0.5	8.0	8.9
Overall Growth	100.0000	2.6	4.9	3.0	4.8	4.3	4.4	0.4	-6.4	10.4	7.8

Q.38 CDS 2018

Growth in production (in percent) of which one of the following core industries in India during the period 2015-2016 was negative?

- (a) Natural gas (b) Refinery products (c) Fertilizer (d) Coal

Micro, Small and Medium Enterprises (MSME)

(i) A **micro enterprise**, where the investment in Plant and Machinery or Equipment does not exceed one (1) crore rupees **and** turnover does not exceed five (5) crore rupees;

(ii) a **small enterprise**, where the investment in Plant and Machinery or Equipment does not exceed ten (10) crore rupees **and** turnover does not exceed fifty (50) crore rupees;

(iii) a **medium enterprise**, where the investment in Plant and Machinery or Equipment does not exceed fifty (50) crore rupees **and** turnover does not exceed two hundred and fifty (250) crore rupees.

Q.37A Prelims 2023

Consider the following statements with reference to India:

1. According to the Micro, Small and Medium Enterprises Development (MSMED) Act, 2006, the 'medium enterprises' are those with investments in plant and machinery between ₹15 crore and ₹25 crore.
2. All bank loans to the Micro, Small and Medium Enterprises qualify under the priority sector.

Which of the statements given above is /are correct?

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

Trade Receivables e-Discounting System (TReDS)

TReDS is an electronic platform for facilitating the financing / discounting of trade receivables of Micro, Small and Medium Enterprises (MSMEs) through multiple financiers. These receivables can be due from corporates and other buyers, including Government Departments and Public Sector Undertakings (PSUs).

Sellers, buyers and financiers are the participants on a TReDS platform. Only MSMEs can participate as sellers in TReDS.

Whether the MSME seller would have to pay to the financier in case the buyer defaults in repayment?

Ans. No. The transactions processed under TReDS are “without recourse” to the MSMEs. Financier bears the risk of default in case of non-payment by buyer.

Whether any authorisation is required to set up and operate a TReDS platform?

Ans. Yes, authorisation is required to be obtained from RBI under the Payment and Settlement Systems (PSS) Act, 2007.

Expanding the Scope of Trade Receivables Discounting System (07-06-2023)

Apart from MSME sellers, buyers and financiers, insurance companies are permitted to participate as “fourth participant” in TReDS.

Financiers place their bids on the TReDS platforms keeping in view the credit rating of buyers. They are generally not inclined to bid for payables of low rated buyers. To overcome this, insurance facility is being permitted for TReDS transactions

Premium for insurance shall not be levied on the MSME seller.

Corporate Social Responsibility (CSR)

As per Section-135 of Companies Act, 2013, all profit making Corporates, including Central Public Sector Enterprises (CPSEs) having net worth of 500 crore, or turnover of 1000 crore or net profit of 5 crore are mandated to spend at least 2% of its average net profits (Profit Before Tax) made during the three immediately preceding years on corporate social responsibility activities.

Defence Acquisition Council (DAC)

The highest decision-making body in the Defence Ministry, is chaired by Defence Minister

Q.39 CAPF-2015

Who heads the Defence Acquisition Council?

(a) Defence Minister (b) Defence Secretary (c) Chief of the Integrated Defence Staff (d) Director General (Acquisition)

Merger & Acquisition

In India, mergers and acquisition of companies are regulated by **Competition Commission of India**

Q.40 CDS-2014

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

Indian Renewable Energy Development Agency Limited (IREDA)

IREDA is a **Public Limited Government Company** established as a Non-Banking Financial Institution in 1987 engaged in promoting, developing and extending financial assistance for setting up projects relating to new and renewable sources of energy and energy efficiency/conservation with the motto: “ENERGY FOR EVER”

Q.41 Prelims 2015

With reference to the Indian Renewable Energy Development Agency Limited (IREDA), which of the following statements is/are correct?

1. It is a Public Limited Government Company.
2. It is a Non-Banking Financial Company.

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

Economic Advisory Council to Prime Minister (EAC-PM)

About EAC-PM	The EAC-PM is an independent body to give advice on economic and related issues to the Government of India, specifically to the Prime Minister . It is comprised of reputed economists and experts.
Chairman	Dr. Bibek Debroy
Function	(i) To analyze any issue, economic or otherwise, referred to it by the Prime Minister and advising him thereon; (ii) To address issues of macroeconomic importance and presenting views thereon to the Prime Minister. These could be either suo-motu or on reference from the Prime Minister or anyone else;

Q.42 CDS 2020

Who among the following is Chairman of the Economic Advisory Council to the Prime Minister (EAC-PM) ?

- (a) Ratan P. Watal (b) Bibek Debroy (c) Ashima Goyal (d) Saijid Chinoy

One Sun One World One Grid (OSOWOG) initiative

Green Grids Initiative-One Sun One World One Grid initiative jointly launched by Prime Minister of India and Prime Minister of United Kingdom during COP26 summit being hosted by the UK at Glasgow in November 2021.

The idea for the One Sun One World One Grid (OSOWOG) initiative was **put forth by the Hon'ble Prime Minister of India Shri Narendra Modi**, at the First Assembly of the International Solar Alliance (ISA) in October 2018. He had called for connecting solar energy supply across borders.

The vision behind the OSOWOG mantra is "The Sun Never Sets" and is a constant at some geographical location, globally, at any given point of time.

The quantum of energy that the entire human race consumes in a year, the sun gives the same amount of energy to the earth in one hour. And this enormous energy is completely clean, sustainable. The only challenge is that solar energy is available only during the day and is also weather dependent. 'One Sun, One World, One Grid' is a solution to this challenge. Clean energy from a world-wide grid will be available everywhere at all times. This will also reduce the need for storage and increase the viability of solar projects. This creative initiative will not only reduce the carbon footprint and cost of energy, but will also open a new avenue of cooperation between different regions and countries.

India, through the OSOWOG initiative, plans to take another leap towards building a global ecosystem of interconnected renewable energy resources that are seamlessly shared for mutual benefits and global sustainability.

Govt's Selection Policy for Board Level Appointments in PSUs

Public Enterprises Selection Board [P.E.S.B.] is a high powered body constituted by Government of India with the objective of evolving a sound managerial policy for the Central Public Sector Enterprises and, in particular, to advise Government on appointments to their top management posts. (eg. Chairman, Directors)

The P.E.S.B shall not be a mere Interview Board and it shall, also, constitute itself into a Search Committee to look out for and identify suitable persons who can be appointed to Level-I and Level-II posts in PSEs.

It works under Ministry of Personnel, Public Grievances and Pensions.

Universal Service Obligation Fund (USOF)

Provide widespread and non-discriminatory access to quality Information and Communication Technology (ICT) services at affordable prices to people in rural and remote areas.

Need for USOF

Apart from the higher capital cost of providing telecom services in rural and remote areas, these areas also generate lower revenue due to lower population density, low income and lack of commercial activity. Thus normal market forces alone would not direct the telecom sector to adequately serve backward and rural areas.

Keeping in mind the inadequacy of the market mechanism to serve rural and inaccessible areas on one hand and the importance of providing vital telecom connectivity on the other, most countries of the world have put in place policies to provide Universal Access and Universal Service to ICT.

Creation of USOF

The New Telecom Policy - 1999 (NTP'99) provided that the resources for meeting the Universal Service Obligation (USO) would be raised through a 'Universal Access Levy (UAL)', which would be a percentage of the revenue earned by the operators under various licenses.

The Universal Service Support Policy came into effect from 01.04.2002. The Indian Telegraph (Amendment) Act, 2003 giving **statutory status** to the Universal Service Obligation Fund (USOF) was passed by both Houses of Parliament in December 2003.

As per the Indian Telegraph Act 1885 (as amended in 2003, 2006 and 2008), the Fund is to be utilized **exclusively** for meeting the Universal Service Obligation.

The Universal Service Obligation (USO) Fund is headed by the Administrator, USO Fund who is appointed by the Central Government, for the administration of the fund. It is an attached office of the Department of Telecommunications (DoT), Ministry of Communications.

Miscellaneous

1. Cabinet Committee on Economic Affairs is chaired by the Prime Minister
2. Reforms were introduced in China in 1978, in Pakistan 1988 and in India 1991.
3. One barrel of oil means 42 gallons (approximately 159 liters)
4. Greenfield projects- means setting up of new project
5. Brownfield projects- means renovation of existing project
6. DIN stand for Director Identification Number and CIN stand for Corporate Identification Number
7. A quarterly report on Public Debt Management is published by Public Debt Management Cell under Budget Division of Department of Economic Affairs, Ministry of finance.
8. Micro, Small and Medium Sector Enterprises (MSME), form the backbone of the Indian economy as the biggest employer, next only to the agriculture sector.
9. Interest rate on Employee provident fund is decided by the Finance ministry on the recommendation of Central Board of Trustees of EPFO chaired by Labour minister.
10. Cess is a form of tax charged/levied over and above the base tax liability of a taxpayer. A cess is usually imposed additionally when the state or the central government looks to raise funds for specific purposes. For example- 4% Health & education cess on income tax is levied under Income tax act.
11. The capital expenditure has a high multiplier effect, enhances the future productive capacity of the economy, and results in a higher rate of economic growth.
12. K-shaped economic recovery means after recession when some sectors of economy recovering fast and others are declining. V-shaped recovery means after recession, economy recovering fast.
13. Flexible fuel vehicles (FFVs) have an internal combustion engine and are capable of operating on gasoline and blend of gasoline and ethanol.
14. Capital gain-When amount realised on sale of capital asset exceeds the purchase price.

Answers of MCQs

1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18
c	d	a	c	b	c	b	d	d	c	d	c	b	c	d	b	d	b
19	20	21	22	23	24	25	26	27	28	29	30	31	32	33	34	35	36
d	a	c	b	b	c	c	d	d	c	c	c	a	b	b	b	a	a
37	38	39	40	41	42	35A	37A										
b	a	a	b	c	b	c	b										

Download App: <https://play.google.com/store/apps/details?id=co.haward.psifc>