ToppersNotes

SSC

GS

Sierra Innovations Pvt. Ltd.

General Studies

Content	Page No.

Economics

SSC — 5ch ← micro

Individual

- Demand & Supply
- cost
- Revenue
- utility
- market

macro — [15] Qs.

whole Economy

National Income, Tax Planning, Inflation, Balance of payment, Bank unemployment, population, poverty money market, & capital market Budget, Development, world economic organization, Agricult. Industry.

⇒ Study of production :→

Adam Smith (father of economy)

Production (legal + Income + Production + creation)

National Income

- factual base
- conceptual Base.

→ first time natural income report was represented by Dada - Bhai Naroji in 1868 in his book Poverty and unbritish rate in India.

→ In his report he mention P.C (Per capital) Income 20 rs / year

$GDP_{FC} \longrightarrow GDP_{m.p}$

$NDP_{F.C} \longrightarrow NDP_{mP}$

$GNP_{FC} \longrightarrow GNP_{m.P}$

$NNP_{FC} \longrightarrow NNP_{mP}$

FC - factor cost

m.P - Selling price / market price

F.C. $\xrightarrow[\text{Indirect}]{+\text{Tax} - \text{Subsidy}}$ m.P

+ Tax - Subsidy → Net factor Tax.

F.C → Production cost + Profit

4 Rs $\xrightarrow[\text{Indirect tax}]{+1\text{ Rs}}$ 5 Rs. → m.P

900 Rs $\xrightarrow[\text{Subsidy.}]{-500\text{ Rs.}}$ 400 Rs → m.P

TAX

- Direct tax
- Indirect tax.
  - Goods Services
    - VAT
    - excise
    - custom

$\boxed{NI = NNP_{m.P} - Tax + Subsidy}$

FC $\xrightarrow{+\text{N.F.I.Tax}}$ m.P

mp $\xrightarrow{-\text{N.F.I.Tax.}}$ FC.

$\boxed{NNP_{F.C}}$:-> is known as national Income.

$$NNP \begin{cases} FC \\ MP \end{cases}$$

GDP :→ market price of total production of goods and services within country in one financial year.

NDP :→ when depriciation reduce from GDP.

GNP :→ market value of total production of goods and services by citizens in one financial year.

NNP :→ when depriciation reduce from GNP. It is known as NNP.

Ques: If indirect tax increase then national Income will be No effect.
Subsidy dec then also no effect

Ques:

$$GDP \xrightarrow{-dep} NDP \xrightarrow{+NFI} NNP_{mP} \xrightarrow{-tax\ +\ Subsidy} NNP_{FC}$$

⇒ There are three methods used for measurment of national Income.

i) Production method — Agri, Industry
↳ value added method

ii) Income method — Service, Interest, Bank, Rent

(Into these two method at 10th position)

iii) Expenditure method — from 1967
↳ at this level India at 4th no.

iv) Saving method

③ Giffen Goods :->

↓ Inferior Goods → low quality → highly low quality goods.

[manuti 800] → [Nano] → [eco sports]

↓ giffen goods — ↓ Inferior goods

→ Every giffen goods is inferior goods. But every inferior goods is not giffen goods.

$\boxed{\text{income} \Uparrow = \text{Demand (Inferior)} \Downarrow}$

(i) income ⇑ = D (giffen goods) ⇓

(ii) Price (~~inferior~~ giffen) ⇑ = D (giffen goods) ⇑

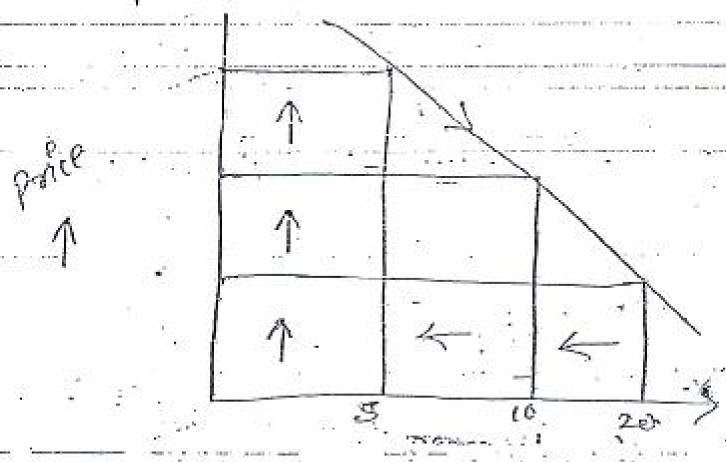
(iii) Price (giffen) ⇓ = D (giffen) ⇓

⇒ Law of Demand :->

According to law of demand demand is inversly perportional to price.

$$\text{Demand} \propto \frac{1}{\text{Price}}.$$

means demand depend on price but price not depend on demand.



* Exceptions of law of demand :→

i) Giffen Goods.
ii) Luxirous Goods.
iii) Share market.

Demand depend on price.

Elasticity of Demand

Change in demand. → Elasticity of Demand

elastic → change. / in elastic → No change (compeltion things)

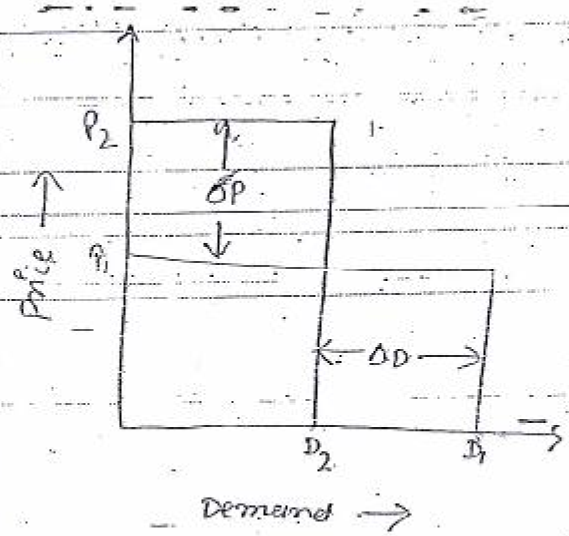
$\boxed{Ted}$ → change in demand due to change in taste.
↓
Taste elasticity of demand.

$\boxed{Ied}$ → change in demand due to change in Income.

$\boxed{Eed}$ → " " " " expenditure.

⇒ change in Demand due to change in price

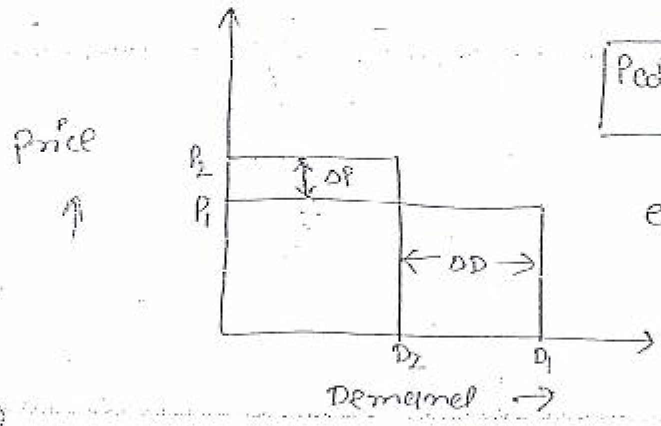
$$Ed = \frac{\%\text{ change in Demand}}{\%\text{ change in Price}} = \frac{\Delta D/D}{\Delta P/P} \Rightarrow \boxed{P_{ed} = \frac{\Delta D}{D} \times \frac{P}{\Delta P}}$$



$$\boxed{0 \leq P_{ed} \leq \infty}$$
↓
Range of price elasticity of demand is $0 \rightarrow \infty$

Case-1 $\Delta D > \Delta P$, $P_{ed} > 1$

$$\boxed{P_{ed} = \frac{\Delta D}{D} \times \frac{P}{\Delta P}}$$



example → Relax goods.

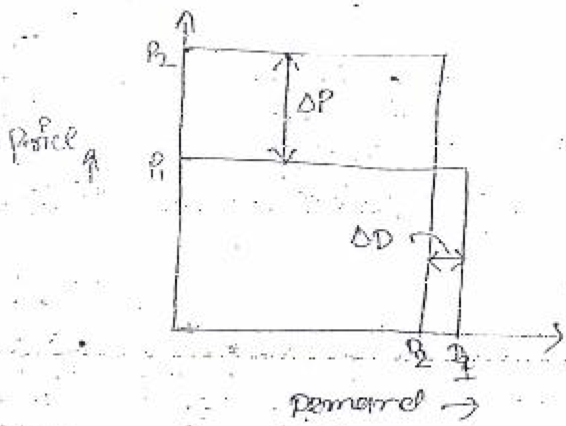
→ demand of relax goods is elastic.

Case-2 $\Delta P > \Delta D$ ⇒ $P_{ed} < 1$

30% 5%

ΔP > ΔD

↓ Increase ↓ Decrease.

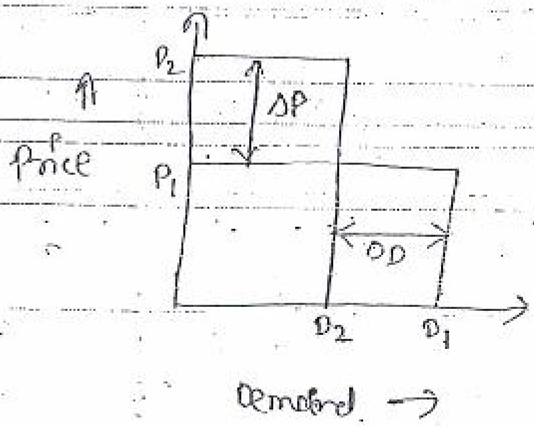


example → necessary goods.

Case-3 $\Delta P = \Delta D$ ⇒ $P_{ed} = 1$

↓ unit elastic

example → General goods.



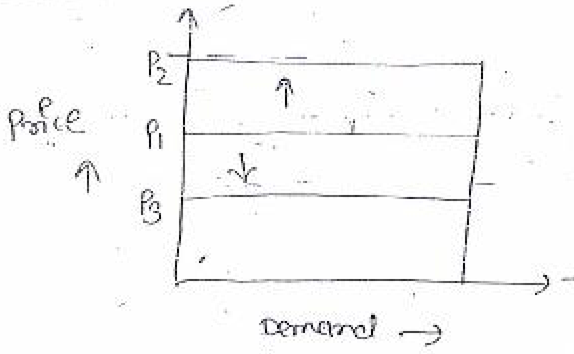
Case-IV $\Delta D = 0$ ⟹ $P_{ed} = 0$

↓

Perfectly inelastic

Example: Salt, medicine, match-box.

Compulsory goods.

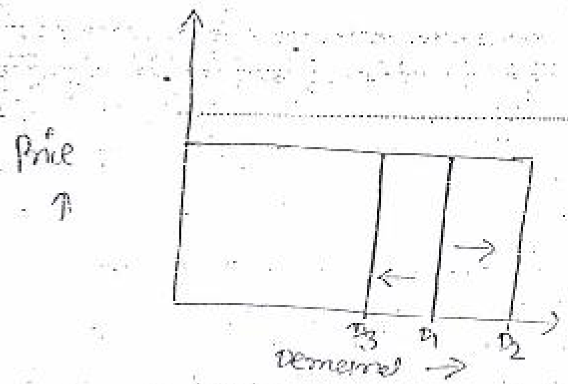


Case-V $\Delta P = 0$. ⟹ $P_{ed} = \infty$

↓

Perfectly elastic.

Example: Social status goods.



⟹ Supply :→ Availability of goods at a fixed price in a particular time.

Price	5R	10Rs	15Rs
Supply	0	1	2

Law of Supply :→ Supply ∝ Price

— means supply depend on price.

But price not depend on supply.

* Investment :-> Input => for output

Domestic → Foreigner

[DII] :-> Domestic Institutional Investment
Investment by Indian company in India.
Example :- TCS (largest company give employment)
Largest Industry provide max. job - Food Ind.

Foreigner :-

[FDI] :- Self participation by foreigner company in market. (Docomo, Addidas, Reebok.
e.g. - All MNC companies, KFC, MAC-D

Profit of FDI :- Job, Quality, technology.
Infrastructure, Foreign Reserve, P(₹)↑

Loss of FDI :- monopoly

* FDI divided into two parts.

* Bombay Route :- is also called direct route.
↳ It means information after investment
→ Information gives only within 30 days.
→ Bombay route control by R.B.I.
→ Another name of Bombay route is R.B.I.

eg of Bombay route.
(1) Investment in real estate — Non-Sensitive
(2) Investment in automobile sector thing
(3) Investment in mining sector
(4) Investment in Banking sector

President	Vice President
* Art 52 – There shall be a president in India.	Art 63 :– There shall be a vice president in India
* Art 53 :– All union executive, powers vested in president.	—
* Min Age – 35	min age – 35
* max age – X	X
* Oath by Chief Justice of India	Oath by president.
* Resign – vice President	President
* Term – 5 year	5 year
* Election – Indirect ↓ By Electoral College	* All members of parliament [Elected + Nominated]

↓

(1) Elected members of Parliament.
(2) Elected members of State legislative assemblies.
(3) Elected members of Delhi & Puducherry Assemblies.

* Not Participate in President Election.
↓
(1) Nominated members of parliament.
(2) Nominated members of State legislative Assemblies.
(3) members of legislative councils.

2) If 2/3 members of any party merge in political party.

11th → Panchyati Raj

12th → Municipalitee.

7th Schedule list :→ Union - State relation

Union list (99)	State list (61)	Concurrent list (52 Subject)
- Defence	- public order	IPC (Indian Penal Code
- External affairs	Local self govt	CrPC Criminal Procede
- Railway	police	forest
- Civil Aviation	public health	education
- Census	agriculture	protection of wild animal.
- Postal and telecomm.	Agriculture tax	Trade Union
- Radio - TV.	entertainment tax	electricity.
- Banking	VAT value added tax.	- family planning.
- Insurance	Toll tax	- population control
Stock exchange	trade tax.	Socio + Economic plane.
corporation tax		- marriage / Divorce.
Income tax		
Service tax		
Custom duty.		

* Delhi Route It is pre-permitted route.
It is controlled by F.I.P.B
-(Foreign Investment Promotional Board)
- It is a part of finance ministry
Examples:- 1) Investment in media sector.
2) Investment in telecome sector.
3) Investment in Aviation company (airlines)
4) Investment in retail sector

Reebock, Addidas, Puma — Single brand (100%) → Bombay route
multi Brand (51%) (Big apple, Big Bazar) → Delhi route.

commodity market:
- whole sell market (100%)
- Retail market

FDI Prohabited Sector :→ Built operate transfer.
(1) Railways
(2) Nuclear Energy production.
(3) Lottery company Investment.
(4) Investment in Gambling company.
(5) "chit-fund" company

* Maximum FDI Invested in - Maharastra
* Max. FDI comes from - ~~Mauritious~~ America
Mauritius (Ind)

⇒ GAAR (General Anti-Avoidance Rule)
implement in 1 April, 2016.
- It is related with FDI Investment policies.
- Max. FDI Invested in China
* SEZ (Special Economic zone) → 2002 - China.
- First SEZ in India at Kandla (Gujrat) 2005

* maximum F.D.I Investment in telecome sector.
* F.P.I (Foreign Portfolio Investment) :->

Investment in share market by foreigner

- F.P.I controlled by SEBI (1988)

(Security and Exchange Board of India)

It is regulating authority of share market.

- F.P.I investors known as F.I.I

(Foreign Institutional Investors)

Q.I.I (Qualified Institutional Investors)

↳ Individual Institutional Investors,

- F.P.I comes in 2011.

P-Notes :-> Participatory Notes issued by FII.

- F.P.I is known as $\boxed{\text{Hot money}}$

Foreigner Investor

Long term → F.D.I

Short term → F.P.I

- Because it is a short term investment highly movementrate

- F.D.I is known as cold money.

* Hard Money :-> High demanded money

↳ low supply money.

↳ High rate of exchange.

eg. American Dollar, European Euro, British pond, Japan yen etc.

* **Soft Money** :->
  - low demanded money.
  - High supply.
  - low rate of exchange.

e.g. Zimbabe Dollar, Bangladesh taka
- all currency which price less than rupee.

Rate of Exchange

- By Demand v/s Supply
- by Govt.

B.O.P

- Current A/C (demand & supply)
- capital A/C
  - 60% D/supply.
  - 40% govt.

	Rate	exchange
Current A/C	Demand & supply	R.B.I
capital A/C	D & S (60%) + govt. (40%)	R.B.I

-> current account is example of complete convertability of rupees.

-> capital account is a example of partial convertibility of rupees.

-> S.S. Tarapor comittee related with ruppes convertability in capital account.