

1. Agri. Productivity ↓ but some ↑ due to ↑ in aggregate Area under cultivation

- Zamindari - Bengal (Presnt Estn st), (only wanted + revenue)
- Zamindars' Attitude: shaped by terms of "Revenue Settlement"

↳ Revenue Settlement Sys - dates of depositing specific sums of revenue were fixed. If failed they would lose land rights.

Daccai Muslin - Malmal - Malmal Shahi / M. Khas [by Jones]

▲ Comodization of Agri - • ↑ Yield of Cash Crop in some areas
• these cash crop → B. industries.

↓ Invest. • Terracing, • Flood Control, • Drainage, • Desalination of soil. # V.K.R.V. Rao: country's growth of Pric. Real output = 2%.

• Some farmers → Changed Cropping P. from food crop → Comod. C

• Most tenant, small farmers, sharecropper - (Xisres, techlogy,

(bigly due 2 droughts) incentive fairer in Agri

1769-70 Great Famine of Bngl (85M.) (Epidemic - Neglect of P.H. & H.H.)

▼ Industry - • New Demand in Indian Consumer Mkt., • ↓ Handcraft → Unemp.

◊ Capital Goods Industry - that price machn. tools, which are used for pricing articles for current consumption.

• ↓/Lmtd area of operation of Pblc. Sctr., (only in Rly, port & some other departmental undertakings) common more est. form of establishing Enpr. (board, operated & part of the dptmt of the ministry) -

▼ Trade - • Restrictive Policies of Commodity production; trade & Tariff affected. • Structure, • composition & • volume of Fr Trade

• Imp. → Capital goods - light machinery (Britain)

• Trade → Ceylon, Iran (Persia), China

• Expo. Surplus - but at the cost of ↓ avblty of C.H.H.s; Fodger,

• Kerosene etc. & used for opymats for expenses incurred by office set up by B. Gov. in B. tn., (2) Wares (B.), (3) Invisble imprt

• Suez Canal joins: Port Said (Mediterranean) & Gulf of Suez (Items)

◻ Demographic: • 16% L.R. out of this 7% Female L.R. (arm on Red sea)

• Pblc Health facilities ↓ for most pop, or when avbl. inadequate

• Water & Air borne Diseases, I.M.R - 218 (old) 35 (now)

• Life Exp. - 32 yr → 69 yrs [1921 = Yr. of Great Divide]

Occupational Structure - 70-75%, 10% & 15-20%

① Parts of Madras (part of T.N, A.P, Krl, Kant) ② Bombay ③ Bngl =

↓ dependence on Agri. & ↑ manufacturing & Svc. Sct.

① Orissa, ② Raj. & ③ Pun - Wkfrce. share by Agri. ↑

Infra - Roads → to mobilize army & raw mtrl. to Rly & Ports

Rlyway - Enable ppl. Ind. distr. & rtr. & (break geog. & cltr. Brier)

① Consolidation of Agri. that afctd. self suffency of vilge. Economics
↑ social gain but ↑ Economic Loss (more)

Inland Wtrways - Jaiure ("Coast Canal on Orissa Coast")

① Built at huge cost ② slower than Rly that is parallel to it

③ Abandoned

Electric Telegraph - main Law & Order | Postal Svc. - Able Ppl.

Agri. - ↑ labour & ↓ productivity | Industrial Sct. - cry for Modernization
Diversification, Capty bldg & ↑ Pblc invest. | Form Ind. - Fed. Ind. Sct. Law

Trade - (Rly) others needed upgradation, Expansion, Pblc Orientation

Privty & Union - needed "Welfare orientation" of Pblc Eco Policies

Plan - it spells how a nation should put its resources & should
short certain goal goals & specf. objectives that r. 2. b. achvd. within
specf. time.

Maintenance Investment - Exp. Country has to make on
m. of extring. pop.

V.K.R.V. Rao Country's growth of Agri & Real Output 20th 1st half

= ↓ 2% & ② Per C. Output's growth = 0.5% w/imp 3 ③

Indstl Policy was closely related to Trade Policy (1st 7 5yr plans - Inward looking Trade strategy - technically - Import substitution)
 "Fear of Forex. Crain on luxury" by planners.
 X Efforts on Imports till Mid 1980s.

+ GDP share of Indstl Sctr + 13 (1950-51) → 24.6 (1990-91),
 + 6% Annual ↑ rate of - Diversification by 1990 by Pbl. Sctr.
 + Protection of S&S → Equib. (Pos. dev), + Protection from Exp. Compt. →
 ↑ Indgry Industry (Electronics & Assembly).

(-) Excess Monopoly (Bread!) (-) Telecommunication → x servd. Even after
 ↑ Potential of Pvt. Sctr. → till late 1990s → "Delay in getting connection"
 (2001 - Bread firm sold to Pvt.)

1950-90 - X distinct b/w (i) what only Pbl. S. can do (ii) what
 Pvt. S. can "also do" (Its diff to close PSU even makes law)

• Pvt. firms were on verge of close then "Nationalized" to protect workers.
 • Pvt. firm will X waste res. if rang in loss by keep itself running.

Permit license raj: ① X exemption for pre-exst. indstl. firms, ② X advrs. (later
 Excessive regulation) ③ X ↑ efficiency ④ More was spent by indstl. to get
 license/lobby with concerned ministry & X on how to improve prodcs.

(-) Pctdn from Foreign firm entered even if harmful (-) X Consmt. X irregularly
 (-) X incentive to improve, (Comptn. freed. to improve) (-) X Exp.

Some Excp. Pbl. Sctr → Pbl. Welfare → X Profit → so, more Pbl. Sctr
 # "Protection" until dev. contry provide Pctdn.

Concurrent list Reference by Soco-Eco. Plnging

Prabhat C. M. "Architect of Indian Plnging" [Sankhya Journal
 Indian Statstcl. Inst. to (1/89) CMA]

Annual Plans: (6) 1st April 1966 - 31st M. 1966, + 1979-80 (+
 1990-92) (2) & (12) 5.Y.P. ⇒ Ind. = Choice of Eco. Sys.

(Eco. order) - Eco. Sys. & Factors led 2. Loan from IMF & IBRD? (6) Gulf War - Oil ↑
 @ BOP crisis

Outsourcing - (Outcom of Co) Procure regular srvc from extnd. sourc, Mostly from outsd. the country, that was previously avbl. internally or within the country. Srvcs outsd are: voice-based business Proc (k-as BPO or C.C.), accounting, banking etc. [Empny outsrc. customer srvc to call cen.]

All these due to Concnctn (of IT)
• With help of telecomm. links including Internet, text, voice & visual data in respd of these srvc is digitised & trnsfrd in real time.

GATT (1948) Genl Agrmnt. on Trd. & Trf. 23 countries as Global Trad. Org. to adminstr. all Mtltd. Trd. Agrmnts. by providg opr. trds to all cntries in intnl mkt for tradng. purps.

WTO (1995) "expd. to" est. Rule-based tradng. Regime in which nations can't put arbitrary restrcn. on tr.

"Purpose": enlarge prodn. & tr. of srvc, to ensure optm utilization of world rsrcs & prot. env.

WTO Agrmnt. cover tr. in G & S. to facilitate intnl. trd. by remv. of tariff & non-tariff barriers & providg gnt. mkt. to all mem. cntries. (Ind. remv. Q.R. & Tariff rates)

Scholar: ? Ind. is memb. of WTO while major volume of trade occurs among dev. cntries & Dev. cntries forc. remv. of Agr. barrier that they cntine to prod. Devlpg. cntries feel chgd as they r. fred to open mkt. & do X get access to mkt. of dev. cntries.

"Marrakesh Agrmnt" = WTO 123 Mem. cntries (164 Mem. ^{now}) MFA - Multi-fibre Agrmnts ⇒ Retrd. Txl & Rdymnt

Appraisal: GDP Growth → 5.6% (1980-91) → 8.2 (2007-12)

• Agr. & Growth • 2012-13 - Indust. ↓ then yrs (Hve growth)
• 2012-15: setback in growth rates in diff. scs.
• 2013-14: Agr. Growth ↑, then subsequent yrs (Hve Growth)
• 2014-15: Dev. Sct. - 9.8% Gyr.

12th (5 yr plan) = (2012-17) - predctd. growth rate of GDP - 9-9.5
• to achieve this. Agr - 4-4.2, I - 9.6-10.9 & P - 10

F-I (FTI & FDI) → ↑ from 100 Million to 30 Bn (2017-18)
Forex - 6 Bn → 413 Bn (2018-19)

To analyse (macro) we need to ask: ① Who r. Ma. Agents. ②? they do
Ma. aft. John Maynard Keynes (British) Published: "The General
Theory of Emp. Interest & Money" (1936)

Classical Tradition - (before 1936) (School of thought) all workers willing
to work get work & factor demand ↑, capacity.

Gr. D. (1929-33) Demand ↓, factories lying idle, Emp. ↓ Excess Demand
[U.S.] → 3% → 25% Unem., Agr. Output ↓ by 33%.

Keynes - hold. Eco. y. working as entirety & independent of diff. sectors.

Capitalist Eco. ① Art. ownership of M of prod. ② Production & sale in
mkt. ③ Labor. serv. purch'd & sold at price. K.a. = wage rate
(Labor sold & purch'd at same K.a. = Wage labour)

[Gov. workers get "salaries"] [Firm workers "Wages"]

A. S. An Enquiry into the Nature & Cause of the Unemployment
Fact. of Modern Eco. (At that time published Eco. y.)

J.M.K. (pioneer in WWT) - F.d. Ma. eco.

3) Money is req'd: if there are \uparrow than 1 Eco. Agent:

- Barter Exchanges: Eco. Exchngs. without mediation of money.
- Presume improbable, d.c.o.w.
- Search cost becomes prohibitive as no. of indi. \uparrow .

E: ② Unit of account mcr. valu. in money terms & also

• value of m. in terms of crdty. ex. per $\pounds 2.50$, $\pounds 1 = 0.5$ pencil

- Price \uparrow that means value of m. is \downarrow in terms of crdty.
- k. as Deterioration in purchasing power of M.

③ Store of V. but 4 bnftr mono. valu. shld. $\times \downarrow$.

- land, gold, property, bonds can be used \uparrow , but have \times unsrd. acceptability & diffi. to convert into other things.

Money's Op. tnty cost: holding m. means forgoing interest: it can earn if depst'd in bank (Fxd. d.).

- need to consider: Trade off: b/w advantage of M's liquidity & disforegone interest.

• If indi has $\pounds 100$ at bging of month: $\pounds 100$ at the end

- that implies Average cash holding $\Rightarrow (100+0)/2 = 50$,
- with which he mks. transaction worth $\pounds 100$ /month. it implies
- Avg. transaction demand for money $5 \times \frac{1}{2}$ monthly inc. or $\frac{5}{2}$ value of monthly transaction.

If in Eco. 1 firm p. 1 wrkr: at bging. wrkr = $\pounds 100$

- of firm = $\pounds 20$ av. paid to: at end wrkr & firm spend on goods of (only goods artbl.) so Avg. holding/Avg. transaction = 50/4 both f.w. but Total transaction = $\pounds 200$.

Velocity of Circulation of M = No. of times a unit of money changes hands during the unit period.

- In above ex. it's 2, inverse of half-ratio of money balance & value of transaction.

Currency: ① Fiat Money: as has \times link with value of material.

- 4 only money value is \uparrow than mtr. value.
- only has \times intrinsic value like gold/silver.

② Legal t. - Can't be refused to settle transaction.

DD are \times L.T. as cheques can be rfd.

RBI Publishes figures for 4 diff. m.s.s of M3

$M_1 = (CU + DD)$, = M_2 + savings Dpts with P.O. Savings Banks

$M_2 = M_1 +$ Net time Dpts w/ C. banks.

$M_3 = M_2 +$ Total Dpts with P.O. Savings Organizations (Excep N&Cs)

(Part of M3)

$M_2 =$ Net (only dpts of pubic with comrd. banks)

Interbank Dpts (Bank's dpt. in other c. b.) \times incld.

M_1 & $M_2 =$ Narrow Money M_3 Broad M.

M_3 = most commonly used. As Agt. Monetary Reserve.

M.S. # change due to change in any of its components (CU, DD, Time)

Change due to act. - Monetary Authority, RBI & Comrd. Banks

\times responsible 4 change in value of these items.

Preference of Pubic to hold cash balance vis-a-vis dpts in banks also s. of M. \rightarrow

① CDR (Currency Deposit): : of money held by pubic to that of they hold in banks. Behavioral parameter & depends on seasonal pattern of expenditure.

② RDR (Reserv. Dpt.) proportion of total dpt. comrd. b. kept at r. s. of gov. s. of -

CBR (Cash Reserv. Ratio) = fraction of dpts. that banks must keep with RBI.

SLR (Statutory Liquidity) requires c. b. to mtr. fraction of DD & Time Dpts at Lqd. Assets. (spec'd)

- $M = CU + DD = (1 + COR) + DD$ [$COR = \frac{CU}{DD}$]
- If gov treasury Dept = 0, then $MPM =$ Consy with ppl & bank depsts (that includes vault cash & bnk's depst with RBI)
- So $\Rightarrow H = CU + R = (1 + COR) + rdr \cdot DD = (COR + rdr) DD$
- \therefore of Money to H.P.M = $\frac{M}{H} = \frac{1}{COR + RDR} > 1$ [$rdr < 1$]

Balance sheet = Record of Assets & liabilities of any firm.
Assets - things that someone (firm) owns or claims from someone.

Bank asset = (Building, etc.) ① loans to ppl. ② Resv. with Centrl Bnk. of c. bnk. (as can be claimed by bnk.)

Resv. of Bnks. with Centrl Bnk. in 2 forms: ① Cash & ② financial Instruments (Bonds & Treasury Bills) issued by RBI.

Reserves - Depsts of bnks. with RBI.

Liabilities - debts or what it owes to others. For B. $Li = Depsts.$

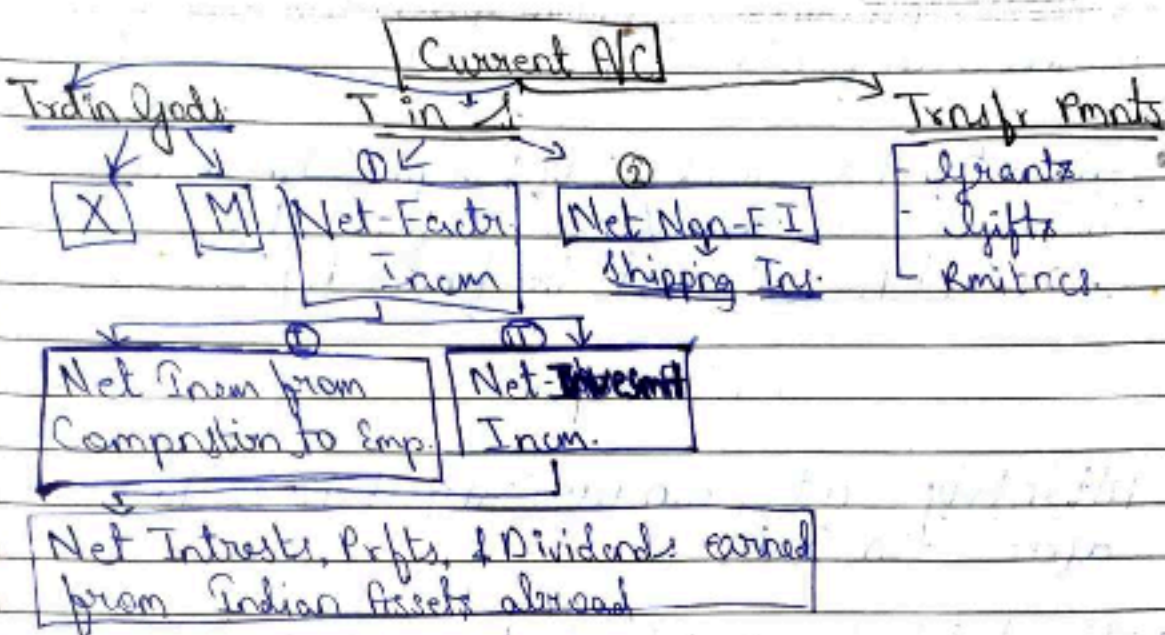
Accounting Rule states that both sides of account must balance & if assets are ↑ then they record RHS as Net Worth. $N.W = A - L$

To preclude Over Lending = RBI decides % of depsts that Bnks must keep. \Rightarrow Reqd. Resv. R. / Resv. R. / "Cash R.R." = % bnk. must keep as cash resv. (% of depsts)

(SLR) Apart from CRR, bnk. also must keep resv. in form of liquid assets for short-term.

① Non-F.I [shipping, Banking, Insurance, tourism, software svcs etc]

• Transfr Pym. = Grants, Gifts, Remittances. (Can be official/Rvt.)



• Balance of Export & M. of Goods refers to Trade Balance

• Current account balance = Trade Balance + Tr. in + Net Int

[Blnc. of Trd. (BOT) [Diff. b/w val. of X & I of Cr. of entry in a given p. of t.] Net invisibles
B. on invisibles

[Net Invisi - diff. b/w val. of Ex. & Im. of Invis. of entry in given p. of t.] Invis. = Svcs, Transfr & flow of Incm.

(Non-F.I.) from sale of svcs like shipping etc.

② Cptl. A/C - records all int'l transactions of assets.

[Asset can be in any of the forms in which wealth can be held] ex - bonds, stocks, money, gov debts etc.

① Investments

Direct I | Portfolio I

Ex-FDI, Equity | Ex-FII

Capital, Reinvested Earnings & other Direct Cptl. Flow.

Offshore Investment

② Ext'l Borrowings

Ex-Ext. Commercial B.

Short-term

Debit etc.

③ Ext. Assistance

Ex- Gov. Aid,

Inter-govt.

Bilateral &

Multilateral Loans

Crawling Peg - sys of continuous & reglr. adjustmt. that allows variation of 1% at any given time

Sys of Wider Band - adjustmt. r allowed in fwd ϵ - R

- variation of 10% is applied b/w 2 currencies
- Country can devalue its curncy 2 crct. its BOP (Imp)

Domestic Demand & Goods - $D_{\text{Dom}} + D_{\text{Domestic Goods}} - \text{Exp} + \text{Imp}$

Demand & Domestic Goods - $D_{\text{Domestic Demand}} + \text{Goods} - \text{Exp} + \text{Imp}$