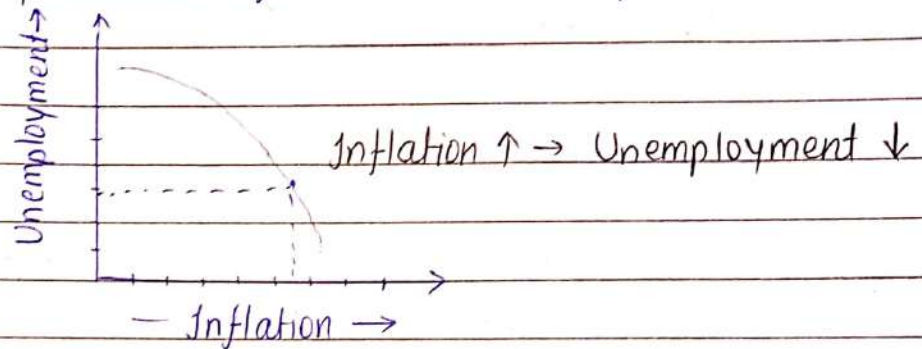


Inflation $\uparrow$ = Employment $\uparrow$

Economist philips $\Rightarrow$ Inflation $\uparrow \Rightarrow$ Unemployment $\downarrow$



Q what does philips curve shows?

- curve b/w Inflation and Unemployment.
- According to philips curve there is inverse relation between Inflation and Unemployment.

Type of Inflation on the basis of Rate of Inflation

- ① **Creeping Inflation** $\rightarrow$ Less than 3%. 100 ₹ $\rightarrow$ 103 ₹
- ② **walking Inflation** $\rightarrow$ Greater than 3% but less than 10%.
- ③ **Galloping Inflation** $\rightarrow$ 10% remain less than two digit.
- ④ **Hiper Inflation** $\rightarrow$ Greater than two digit.

99 $\uparrow$

e.g. Germany After 1st world war
Inflation 10000000 $\uparrow$

people used their money notes ~~for~~ as a fuel to make tea.

Dis Inflation.

Dis Inflation is wanted by every economy.

Dis Inflation → Dis Inflation is that condition of Inflation when Inflation is creating enough Jobs.
Target of Inflation by RBI.

RBI → Target → Control Inflation.

RAS Pre	[	min - 2%	-2%	Inflation
2018		max - 6%	+2%	

Deflation -

Decrease in price of Commodities.

remains for 2 Quarter = 6 month 1 Quarter = 3 months

Recession - recession is two consecutive quarters of negative economic growth as measured by Country
1 Quarter = 3 months.

Depression में - 1 Quarter

Great Depression में - 1 year (12 months)

Great Depression 1929 → USA

"The great Depression

Due to share market

Black Tuesday

Used each security things during WW-II

Expected. India → 2028 to 5 trillion \$ economy of world.

Stag - अकेला . Banks are the key of economy.

//_

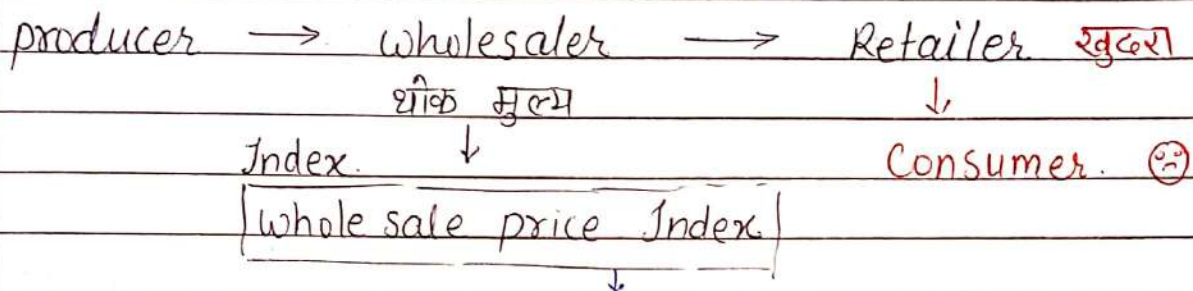
Stagflation - "मंदी जनित मुद्रास्फीति"

stagflation is a situation of inflation where there is inflation but the No employment.

ये स्थिति है जहाँ Inflation तो होती है लेकिन रोजगार नहीं।

Inflation ↑

Employment ↓



Calculation → DIPIT - Economical Advisor

Department of Industrial product & Internal trade

DIPIT - 2019

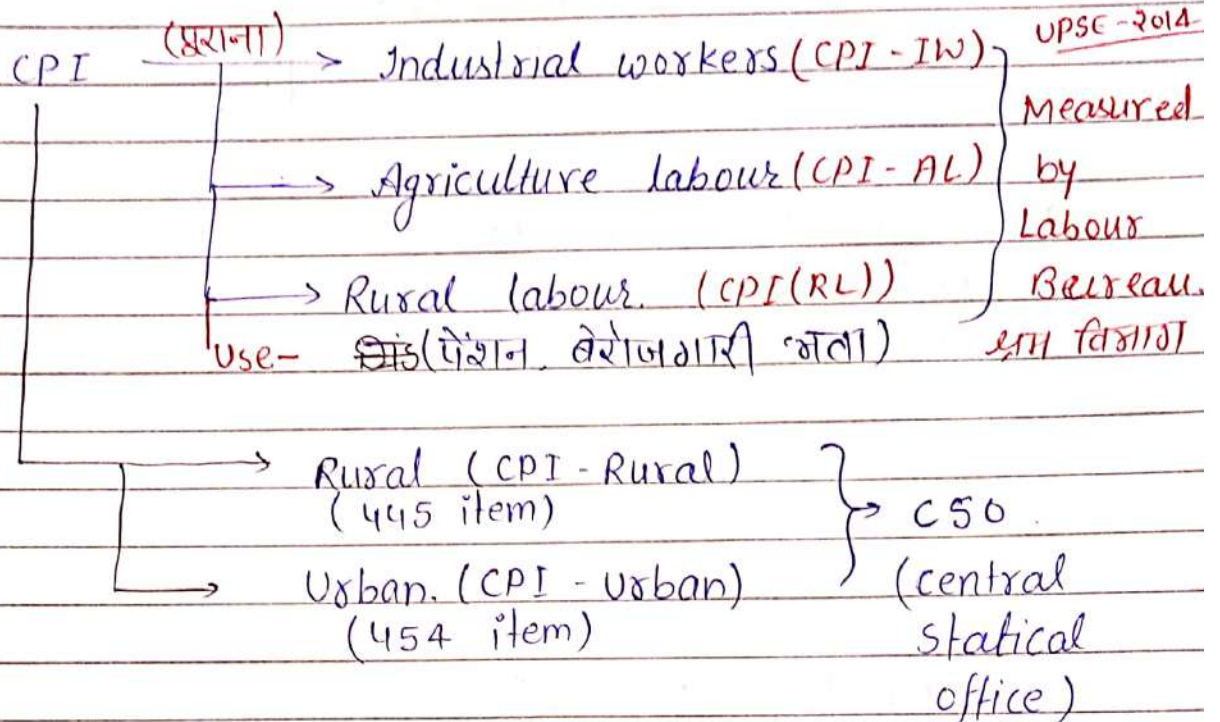
No. of products - 696 Items., Base year - 2011-12

products which are not Included (now - 2014 से)

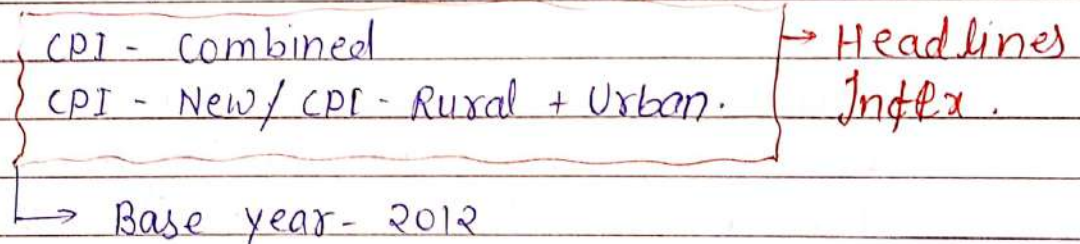
① food Items (Restaurant etc.)

② Service Items (Coaching etc.)

consumer price Index (उपभोक्ता मूल्य सूचकांक)



CPI - Rural + CPI - Urban (latest)

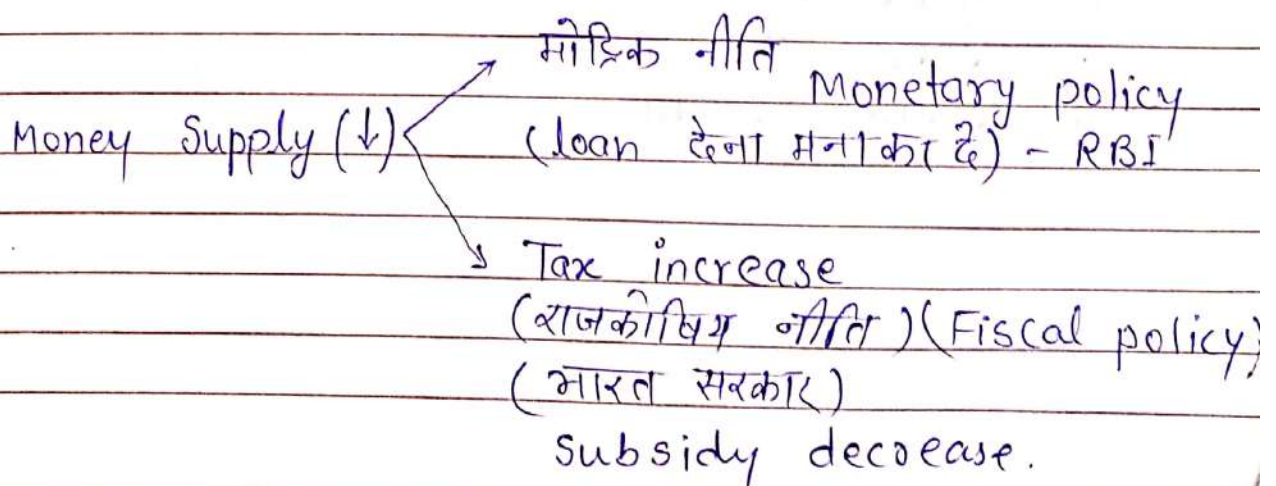


CPI - New RBI ने Decide किया है - $4\% \pm 2\%$.

#1 महंगाई को कैसे रोका जाए -

① Inflation can be controlled by decreasing the money supply.
 मुद्रा (महंगाई) the money supply.

②



During Deflection the solution can be increasing the money supply.

- ① using the monetary policy
- ② Reduction of tax rate
- ③ Increase the subsidy.

Core Inflation = Inflation [Except food and energy]
कोर मुद्रास्फीति

Monetary policy :-
(मोनेटरी नीति)

monetary policy is that part of economical policy by which money supply can be increase or decrease it is undertaken by RBI.

Monetary policy Committee. (2014 से)
Objective →

- ① मुद्रा स्फीति (Control of Inflation) ✓
- ② बाजार में स्थिरता
- ③ रोजगार निर्माण
- ④ गरिबी उन्मूलन

(शक्तिविक्रान्त दास) • Chairman

3 Members $\rightarrow$ RBI

Monetary policy Committee

1) Governor of RBI
2) One deputy Governor of RBI

3) One appointed official of RBI (नियमित अधिकारी)

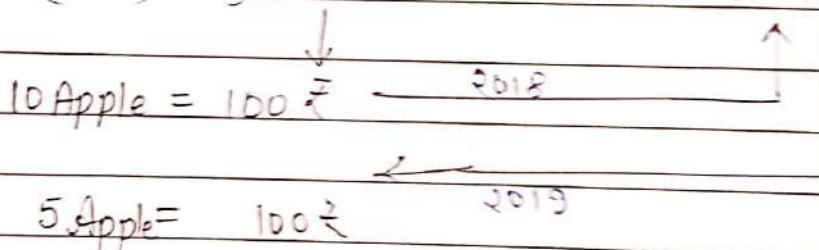
3 members RBI Govt.

Finance Secretary $\rightarrow$ राजीव कुमार
(वित्त सचिव) $\rightarrow$ (चयन करता है)
(Search cum Selection Committee)

Inflection

Creditor (loss) मुकदमा

Debtor (profit) (अपना स्वीका करके वाला)



Monetary policy Committee -

स्थिति आने पर RBI Governor द्वारा एक बार वोटों में बराबर की फिर से वोट डाला जाता है। इस प्रकार RBI Governor has Casting Vote.

प्रत्येक वर्ष में यह MPC कम से कम चार बार मिलेगी। एक वित्त वर्ष में कम से कम चार बैठक बुलायेगी अर्थात् प्रत्येक Quarter (FY) में एक बैठक होगी।

tools of monetary policy.

Quantitative tool
(मात्रात्मक उपाय)

Qualitative tool.
(गुणात्मक उपाय)

- | | |
|---|--|
| <ul style="list-style-type: none">• Bank rate• Cash reserve ratio• Statutory Liquidity Ratio• Repo rate• Reverse repo rate• Open Market operation. | <ul style="list-style-type: none">• Margin Requirement• Credit Rationing• Moral suasion
नैतिक प्रभाव• Direct action.
(प्रत्यक्ष प्रभाव) |
|---|--|

Commercial Bank :-

Commercial Banks are all those Banks which Deals Directly to Customer.

Bank Rate-

Bank rate is rate at which RBI lend money to other Commercial Banks for a long term basis

Inflection

Deflection.

Target

MS ↓

MS ↑

• Bank rate ↑

↓

Dear money policy
Tight Money policy

Loose money/policy
~~Dear~~ cheap M. policy

Inflation
(मुद्रास्फीति)

Deflation.
(अधस्फीति)

Target

MS ↓

MS ↑

• Bank rate

↑

↓

• cash reserve

ratio (CRR)

↑

↓

• SLR

↑

↓

• Repo.

↑

↓

• Reverse Repo.

↑

↓

• OMO.

Sell

Buy

← RBI

Controlled by monetary policy committee.
(above all)

Repo rate > reverse repo rate.
(5.40) (4.90)

#

Bank

↓
(Loan)

90 days

Non-performing
Asset
(NPA)

↓ (90+30) days.

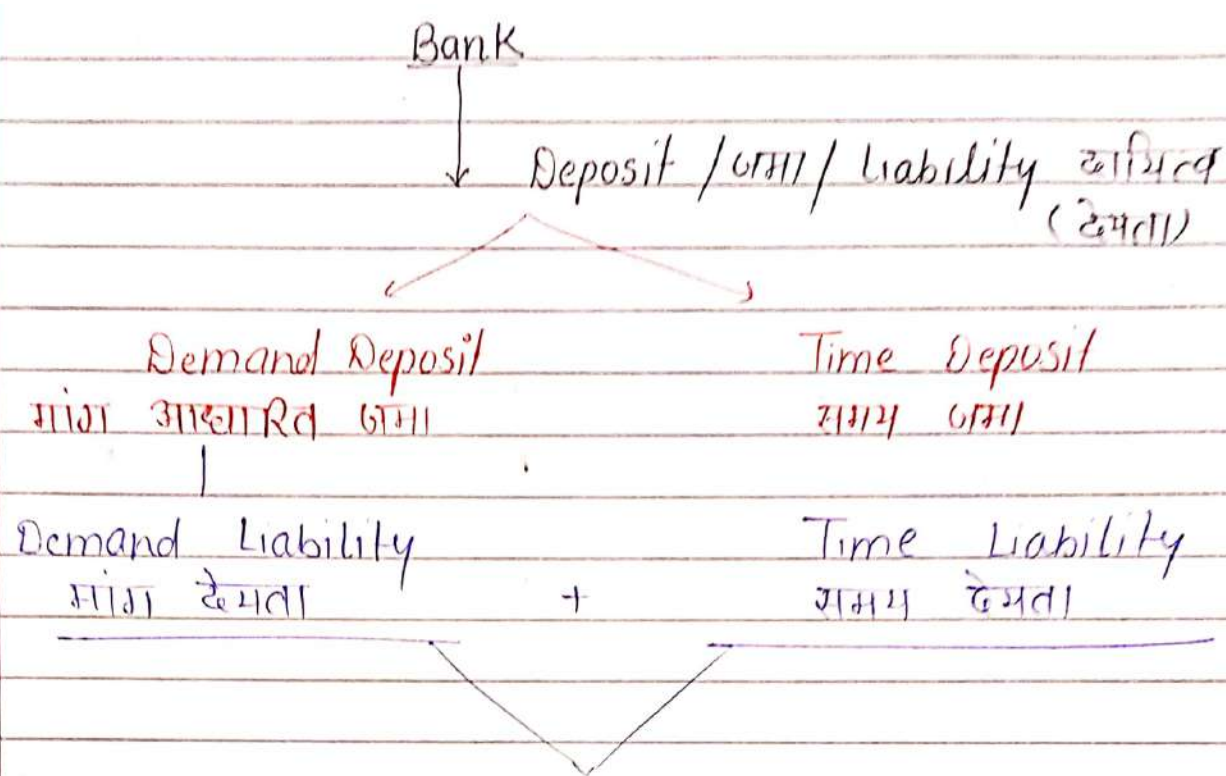
Doubtful
Asset

← (+30 days)

Sub standard Asset.

[Write off from
Account.]

2018/Insolvency & Bankruptcy
code
(कानून)

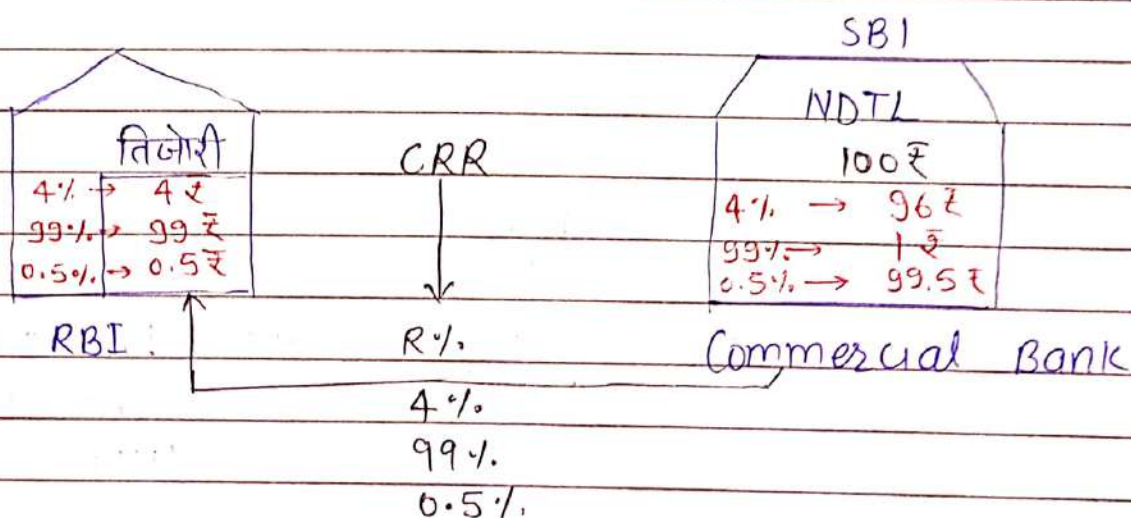


Net Demand & Time Liability.

निगल मांग व समय देयता (NDTL)

(calculated every fortnightly)

(हर दो सप्ताह के अन्त पर गणना)

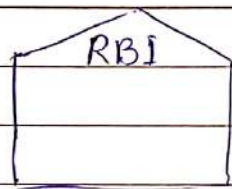


Cash Reserve Ratio $\Rightarrow$

Cash reserve ratio is % of amount from NDTL that all the Commercial bank has to keep with RBI in the form of cash.

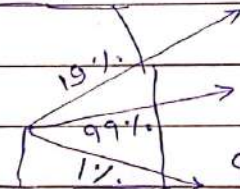
Statutory Liquidity Ratio:- (SLR) $\Rightarrow$

(सांविधिक तरलता अनुपात)



(नगद) Cash
(स्वर्ण) Gold
Govt. security
(सरकारी प्रतिभूति)

Comm.



Money Supply

81 ₹

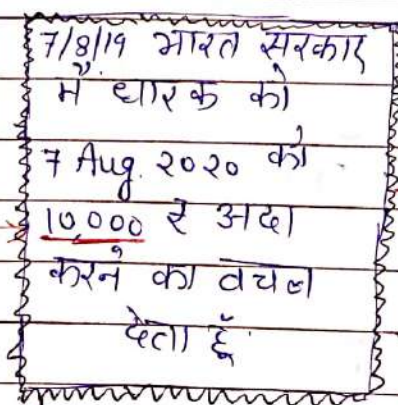
1 ₹ MSB

99 ₹

SLR is the amount of money that a bank has to keep with himself in the form of Cash Gold or Govt. security.

Government Security (सरकारी प्रतिभूति) :-
OR Gilt-Edge security (G-sec)

RBI



Face Value

Amit

9500 ₹

Individual Bank or FI company.

E-kuber

- # Issued on Discount.
- # Interest rate is usually lower than market.

Gilt metal

Govt. Security is a loan instrument of Govt of India Issued by RBI with a promise to investor to pay back a certain amount on a certain date.

~~(7) = SLR~~ →

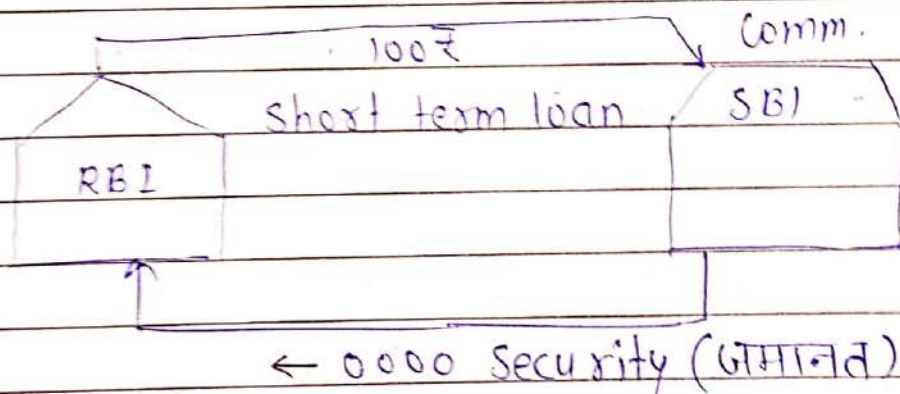
SLR → mostly in form of Govt. security
(lower risk) Gold → (up or down)

Repo Rate

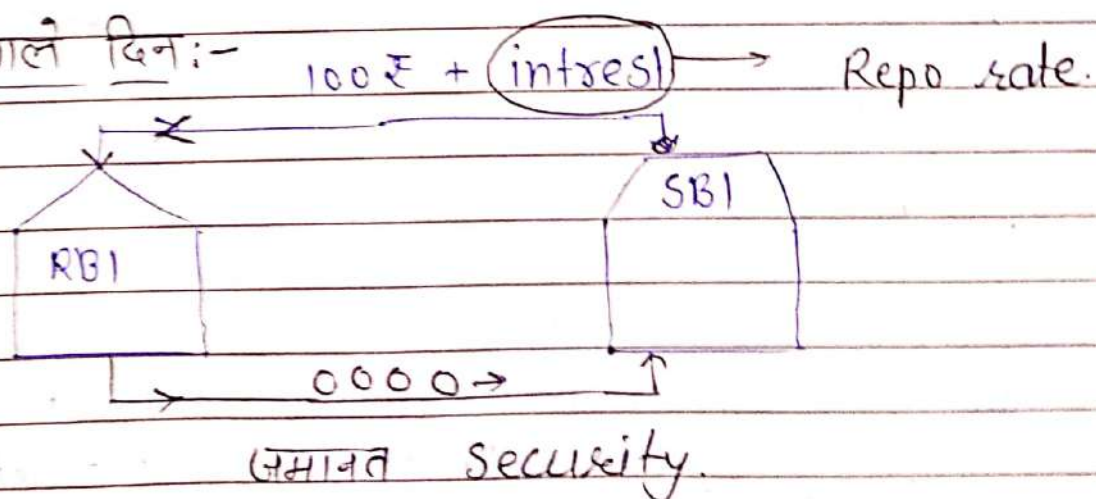


Repurchase obligation.

Today (आज)



अगले दिन:-



Repo rate is the rate at which RBI lend money to other comm. bank for a short term base and here comm. bank promises to Repurchase the security that has been put for the loan.

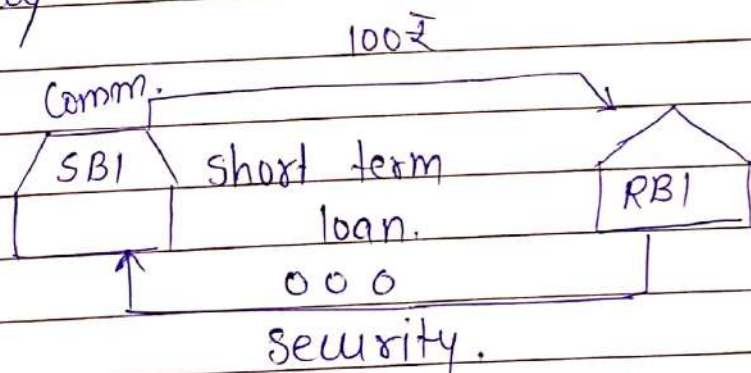
currently reduced from 5.75 to 5.40



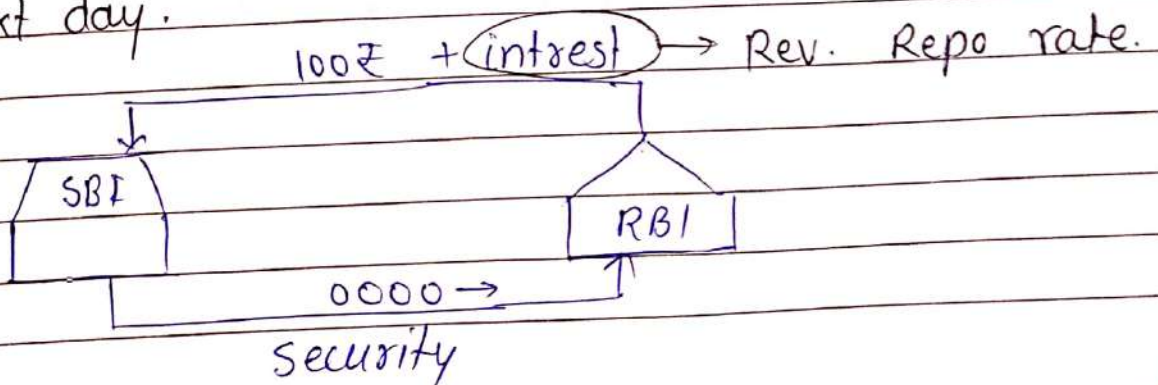
Reverse Repo rate :-

Repurchase obligation.

Today.



Next day.



open market operation -

OMO is buying and selling of govt. securities in the market by the RBI.

Qualitative tools :-

① Margin Requirement :-

Under this tool RBI is empowered to increase or decrease the proportionate the security that a person has to put against the loan.

$$\text{loan amount} - \text{value of security}$$

② Credit Rationing :- (ऋण रशनिंग)

Under this tool RBI can restrict any person, group of person or company. (Industry) to avail the facilities of loan

③ Moral Suasion :-

Under this tool RBI issued guideline on the basis of morality.

④ Direct Action:-

Under this tool RBI is empowered to take punitive action against the defolter banks.

⑤ ~~ES~~ (Economics by deshraj yadav.)

8/8/19

Fiscal policy

Fiscal policy is the kind of economic policy which deal with income and expenditure of govt. of India.

"Budget" (बजट)

Article 112 → Financial statement.

(वित्त विवरण)

(सरकार के आय व व्यय का हिसाब)

Income and Exp of Govt of India.

Budget → Started in France.

in Britain → Leather bag → Bonquette.
(चमड़े का थैला) (फ्रांस भाषा)

Budget in India → James Wilson (father of Income tax in India)
(प्रथम बार भारत में जेम्स विलसन द्वारा प्रस्तुत)

presented by :- Finance minister (वित्त मंत्री)

• FY वित्त वर्ष : 1 April - 31 March.

present Date :- Feb 1st week

(फरवरी के प्रथम सप्ताह में पैसे किया जाता है)

M.P :- F.Y. (1 Jan - 31 Dec)

Madhaya Pradesh