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TNPSC GROUP - II (Mains) Study Material

Economic Issues



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ECONOMY

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Ramkrishna, which was later reconstituted in July, 2001, under Dr RH Patil.

- ❖ To shed the load of the excess workers in the public sector government mooted with the idea of Voluntary Retirement Scheme (VRS). VRS is also called Golden Hand Shake Scheme.
- ❖ For this purpose, it had set-up a National Renewal Fund (NRF) in 1992, which was abolished in 2000.

Public Sector Enterprises

- ❖ As on 31st March, 2011, there were 248 Central Public Sector Enterprises (CPSEs). Out of 248 CPSEs, 220 were in operation and 28 were under construction.
- ❖ To measure the performance of management of PSEs at the end of the year in an objective and transparent manner, the concept of Memorandum of Understanding (MoU), on the recommendation of Arjun Sengupta Committee (1988), was started in 1991.

New Company Bill, 2013

- ❖ Six Decades Old Company Act, 1956 will be replaced by this act. In this act, it has been made mandatory for the companies to include provisions for social welfare. Till date, in the 53 years Old Company Act, 1956 has been amended 25 times.
- ❖ For companies having an annual turnover above Rs. 10 lakh, it has been made mandatory to appoint one third independent directors and at least appointment of one female director.

MAHARATNA

- ❖ In 2009, the government established the Maharatna status, which raised the PSEs investment ceiling from Rs. 1000 crore to Rs. 5000 crore.
- ❖ The Maharatna firm can now decide on investments of upto 15% of their net worth.

Criteria for Maharatna

The six criteria for eligibility of Maharatna are having Navratna status.

- ❖ Listed on Indian stock exchange
- ❖ an average annual turnover of



more than Rs. 28000 crore during the last three years.

- ❖ An average annual net worth of more than Rs. 10000 crore during the last three years.
- ❖ An average annual net profit after tax of more than Rs. 2500 crore during the last 3 years and should have significant global presence.

List of Maharatna

There are seven Maharatnas in India

1. Oil and Natural Gas Corporation (ONGC)
2. Gas Authority of India limited (GAIL)
3. Steel Authority India Limited (SAIL)
4. Indian Oil Corporation (IOC)
5. National Thermal Power Corporation (NTPC)
6. Coal India Limited (CIL)
7. Bharat Heavy Electricals Limited (BHEL)

NAVARATNA

To be qualified as a Navratna Company

- ❖ The company must obtain a score of 60 (of the total 100)
- ❖ The score is based on six parameters, which included net

profit to net worth, total manpower cost to total cost of production, Profit before Depreciation, Interest and Taxes (PBDIT) to capital employed, PBDIT to turnover, Earning per share and inter-sectoral performance.

- ❖ The company must first be a Miniratna-I and must have four independent directors on its board. The Navratna status empowers a company to invest upto Rs.1000 crore or 15% of their net worth overseas without government approval.
- ❖ At present, there are 17 Navratnas.

List of Navratna

1. Bharat Electronics Limited
2. Bharat Petroleum Corporation Limited
3. Hindustan Aeronautics Limited
4. Hindustan Petroleum Corporation Limited
5. Mahanagar Telephone Nigam Limited
6. National Aluminium Company Limited

7. National Mineral Development Corporation
8. Neyveli Lignite Corporation Limited
9. Oil India Limited
10. Power Finance Corporation Limited
11. Power Grid Corporation of India Limited
12. Rashtriya Ispat Nigam Limited
13. Rural Electrification Corporation Limited
14. Shipping Corporation of India Limited
15. Engineers India Limited
16. National Building Construction Corporation Limited
17. Container Corporation of India Limited

MINIRATNA

Miniratna Category I

- ❖ Public Sector Enterprises (PSEs) that have made profit continuously for the last three years or earned a net profit of Rs. 30 crores or more in one of three years.
- ❖ At present, there are 54 Miniratna I.

Miniratna Category II

- ❖ PSEs that have made profit for the 1st three years and should have a positive net worth. At present, there are 18 Miniratna II.

Sick Industries

- A sick unit is one, which is in existence for at least 5 years and 15% of its net worth has eroded
- To combat industrial sickness particularly with regard to the crucial sectors and timely detection of sick and potentially sick industrial companies, Sick industrial Companies Act, (1985) was enacted.
- SICA provisions were extended to public enterprises in 1993 so as to enable public sector enterprises to be referred to a quasi-judicial body Board of Industrial and Finance Reconstruction (BIFR) to take appropriate measures for revival and rehabilitation.

Small-Scale Industries

- ❖ A new thrust in favour of small scale industries was given in the Industrial Policy Resolution of 1977.



- ❖ With effect from 2nd October, 2006 government enacted the Micro, Small and Medium Enterprises Development Act.
- ❖ The MSME Act, 2006, clearly defines, for the first time, not only the medium enterprises but also extends it to the services sector too according to the Fourth Census (2009) of the MSME sector, 67% are manufacturing and 33% services enterprises.
- ❖ MSME sector contributes 8% to the GDP, 45% to the manufactured output, 40% to the exports and provides employment to 42 million people.

- ❖ SIDBI (Small Industries Development Bank of India) is a independent financial institution to finance the growth of MSME's.
- ❖ Abid Hussain Committee was set-up to look into the problems of small-scale industries.

Micro, Small and Medium Enterprises Policy, 2012

The policy was notified in March, 2012. The policy envisages that every Central Ministry / PSU shall set an annual goal for procurement from the MSE sector with the objective of achieving minimum 20% of the total annual purchase from MSEs in a period of 3 years.

<i>Enterprise</i>	<i>Manufacturing Sector</i>	<i>Service Sector</i>
Large Enterprise	Investment in Plant and machinery	Investment in Equipment's
Micro Enterprises	Does not exceed Rs.25 lakh	Dose not exceed Rs.10 lakh
Small Enterprises	More than Rs.25 lakh, but does not exceed Rs.5 crore	More than Rs.10 lakh rupees, but does not exceed Rs.2 crore
Medium Enterprises	More than Rs.5 crore, but does not exceed Rs.10 crore	More than Rs.2 crore, but does not exceed Rs.5crore

LARGE SCALE INDUSTRIES

Iron and Steel Industry

- ❖ First steel industry at Kulti, Paschim Banga-Bengal Iron

Works Company was established in 1870. First large 'scale steel plant-TISCO at Jamshedpur