

# Indian Economy

By

## *Basava Uppin*

**RBI keeps repo rate unchanged at 6.5%**

**Taper episode begins, will the Fed relent?**

**'Rupee is not sliding, US Dollar is strengthening': FM Nirmala Sitharaman on INR depreciation**

**FPIs register steepest outflow in 7 months at ₹28,852 crore in January**

Indian Economy  
is very tough



Why can't the RBI print notes and distribute among the poor so that poverty can be eradicated?

How does RBI print notes? Can it print unlimited notes?

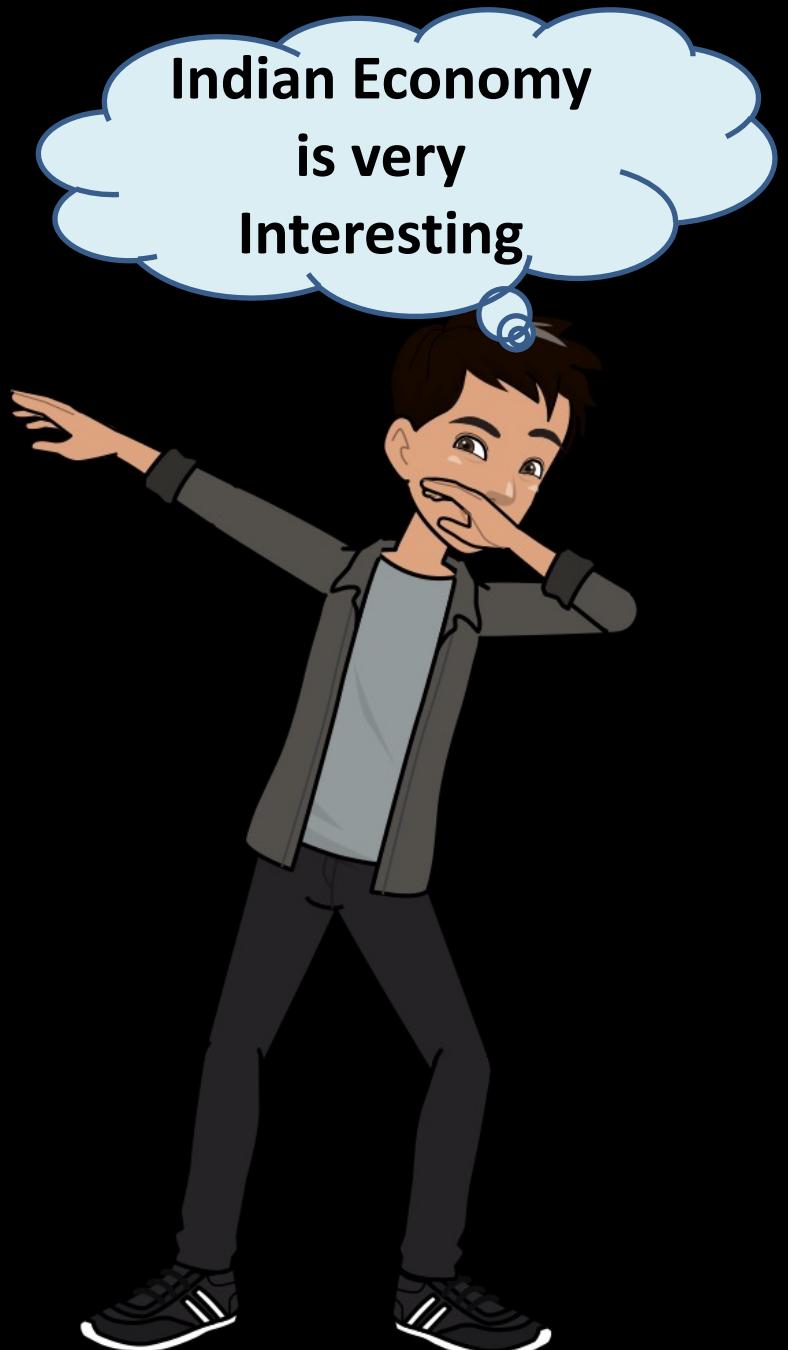
Why do prices of Goods and Services increase? How does RBI control prices?

Is Zero rate of Inflation good for the economy?

How much has the Government borrowed? Will the Government be able to repay the debt?

Why does the Rupee value change everyday? When will \$ 1 become equal to One Rupee?

Why do Tax Haven countries not impose tax? Why does India get maximum foreign Investment from Tax havens such as Singapore, Mauritius etc.?



# Pillars of Indian Economy

## Pillar 1

### Banking and Finance

Reserve Bank of India  
Banking in India  
Monetary Policy  
Inflation  
Capital Market  
Money Market  
Financial Inclusion

## Pillar 2

### Public Finance

Fiscal Policy  
Union Budget  
Economic Survey

## Pillar 3

### External Sector

Balance of Payment (BoP)  
International Institutions such as IMF, World Bank, WTO etc.

## Pillar 4

### Government Policies

Agriculture  
Industry  
Infrastructure  
Inclusive Growth-Poverty, Unemployment etc.

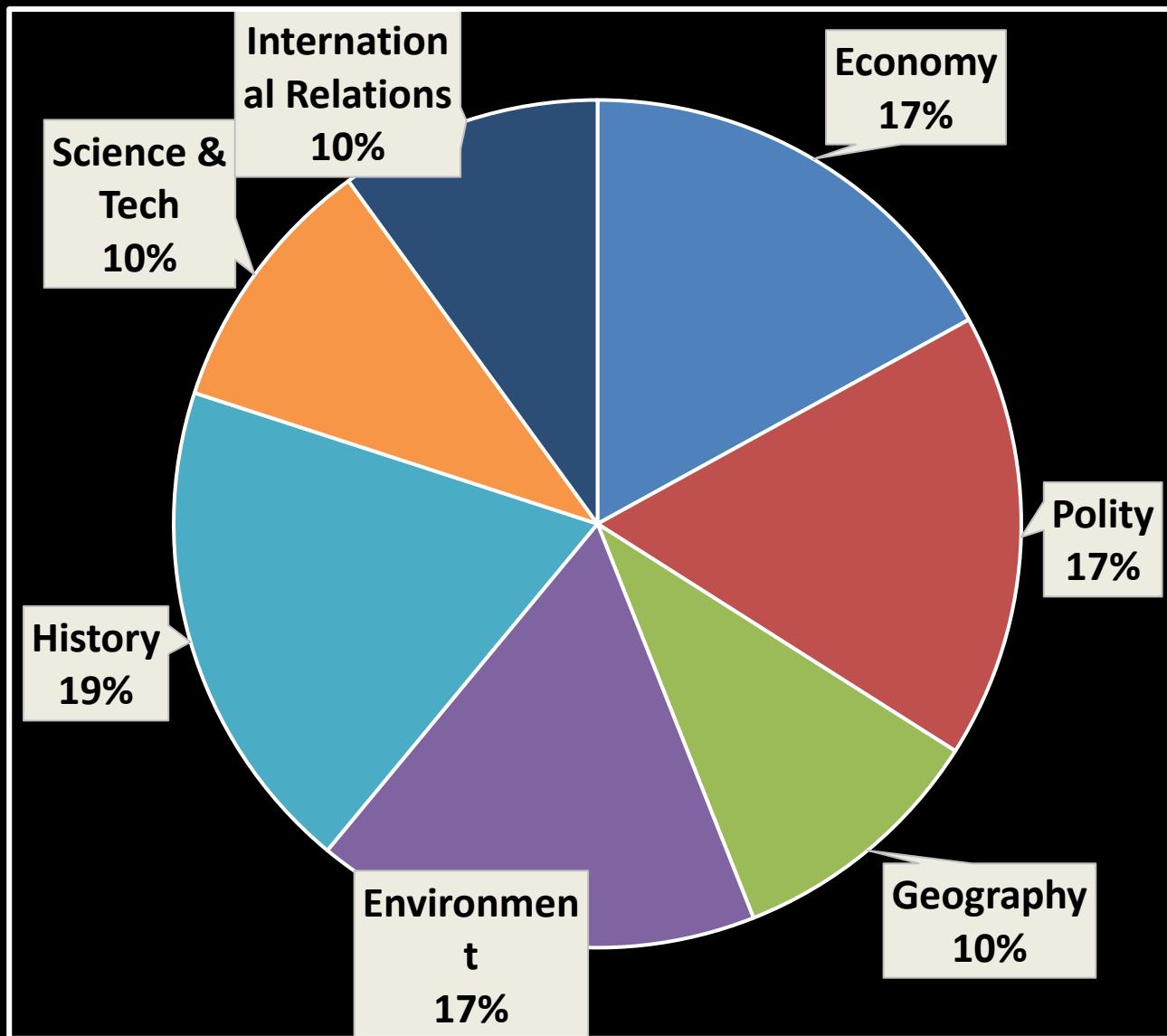
## Pillar 5

### Core Concepts

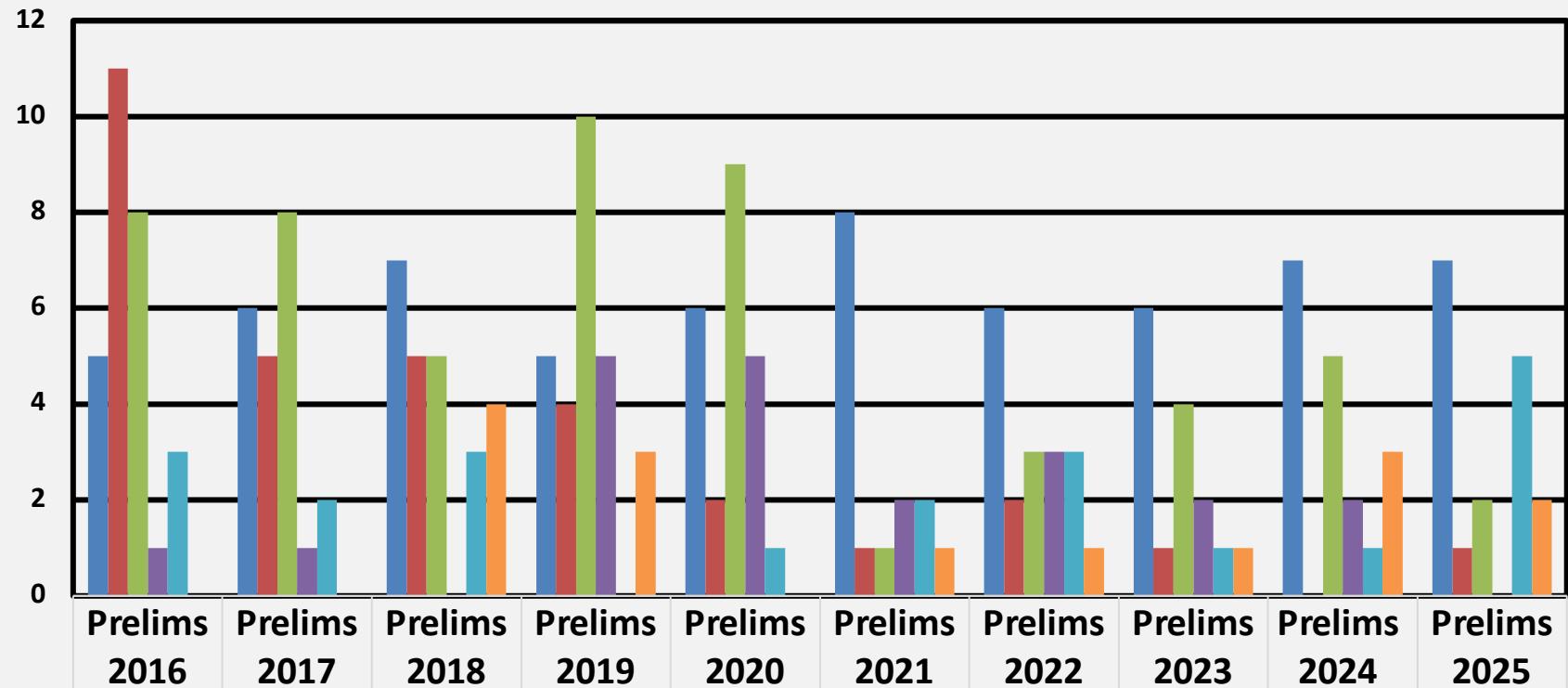
Calculation of National Income  
Important Concepts from NCERTs

# Weightage of Different Subjects

## Subject Wise Breakup

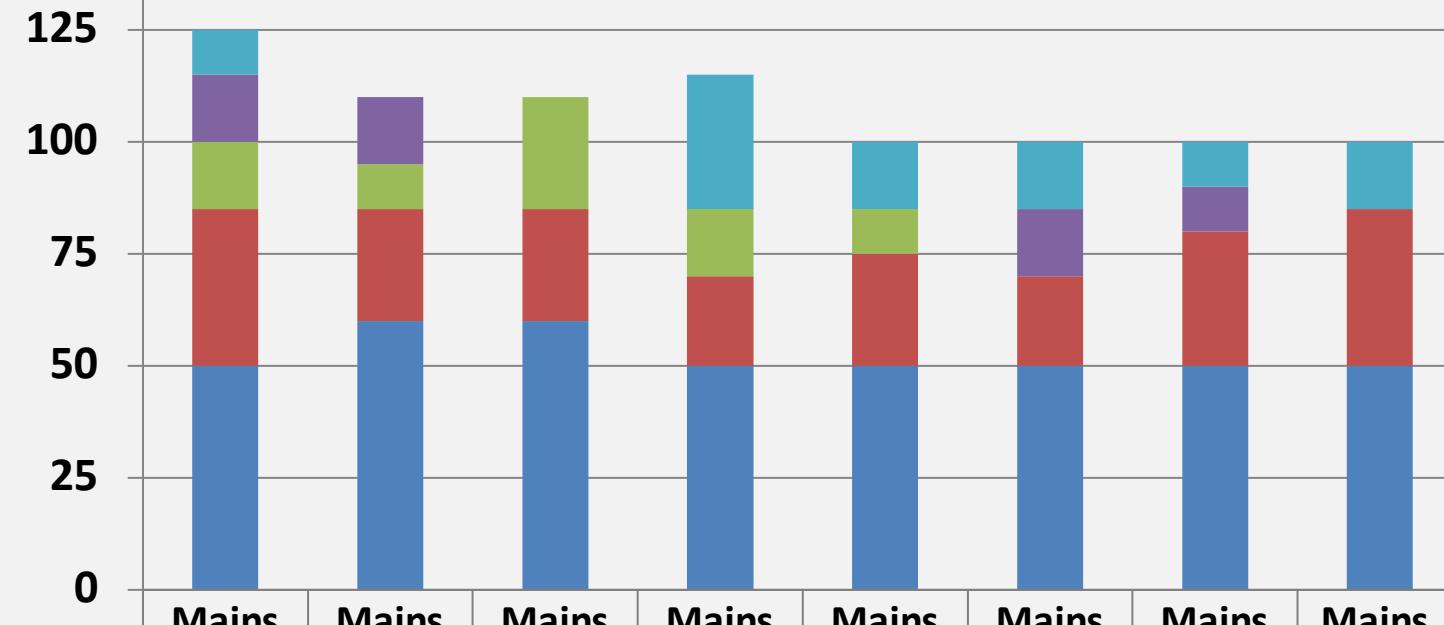


## Weightage of Themes in Prelims



<b>Banking and Finance</b>	5	6	7	5	6	8	6	6	7	7
<b>International Institutions</b>	11	5	5	4	2	1	2	1	0	1
<b>Government Schemes/ Policies/ Initiatives</b>	8	8	5	10	9	1	3	4	5	2
<b>External Sector</b>	1	1	0	5	5	2	3	2	2	0
<b>Taxation</b>	3	2	3	0	1	2	3	1	1	5
<b>Core Concepts</b>	0	0	4	3	0	1	1	1	3	2

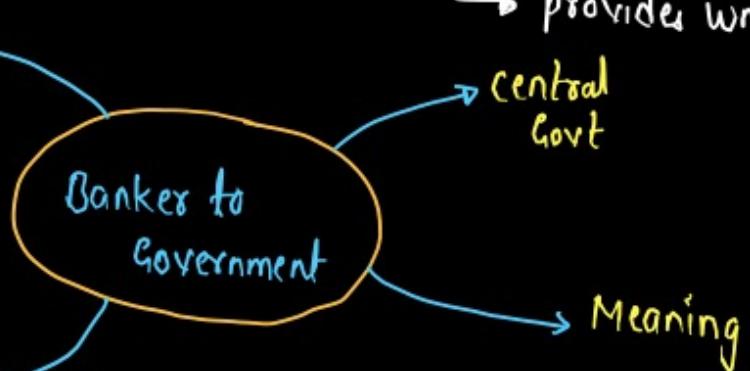
## Weightage of Themes in Mains



Theme	Mains 2017	Mains 2018	Mains 2019	Mains 2020	Mains 2021	Mains 2022	Mains 2023	Mains 2024
Infrastructure and Investment	10	0	0	30	15	15	10	15
Industrial Policy + External Sector	15	15	0	0	0	15	10	0
Budgeting	15	10	25	15	10	0	0	0
Growth and Development	35	25	25	20	25	20	30	35
Agriculture + Land Reforms + Food Processing + PDS	50	60	60	50	50	50	50	50

## Class Notes (Mind maps for Quick Revision)

- Neither an obligation or right to act as Banker to state government.
- RBI needs to enter into agreement with state govt.
- Presently, RBI acts as banker to all states, except Sikkim
- Even state govt. need to maintain min. cash balances with RBI
- RBI does not directly accept deposits, remittances or make payments on behalf of govt.
- RBI appoints public sector Banks as agents to carry out these functions
- Every govt. ministry/Dept. has been allocated with an agency Bank by RBI.

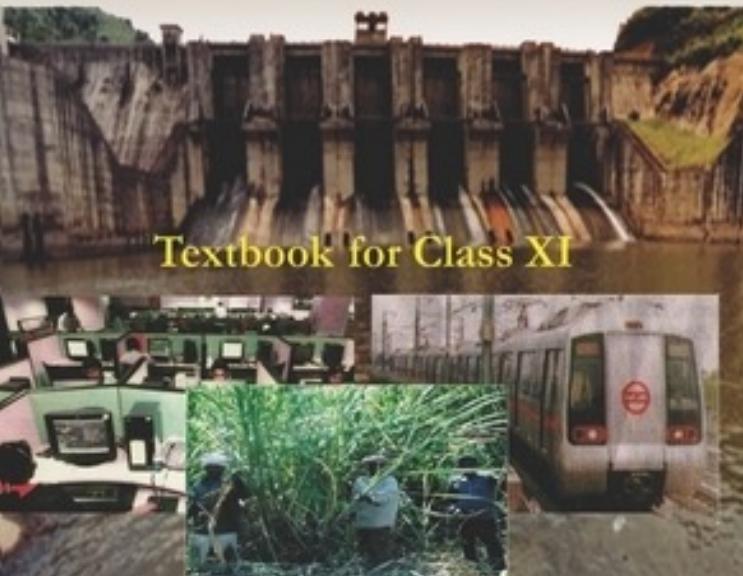


- Obligation and Right of RBI to act as Banker to central govt.
- centre maintains minimum cash balances with RBI
- provides WMAs in event of temporary mismatch
- Carry out banking related transactions such as acceptance of money, remittances, making payment on govt's behalf
- Give loans to address temporary mismatches in cash balances
- manage public debt and raise new loans

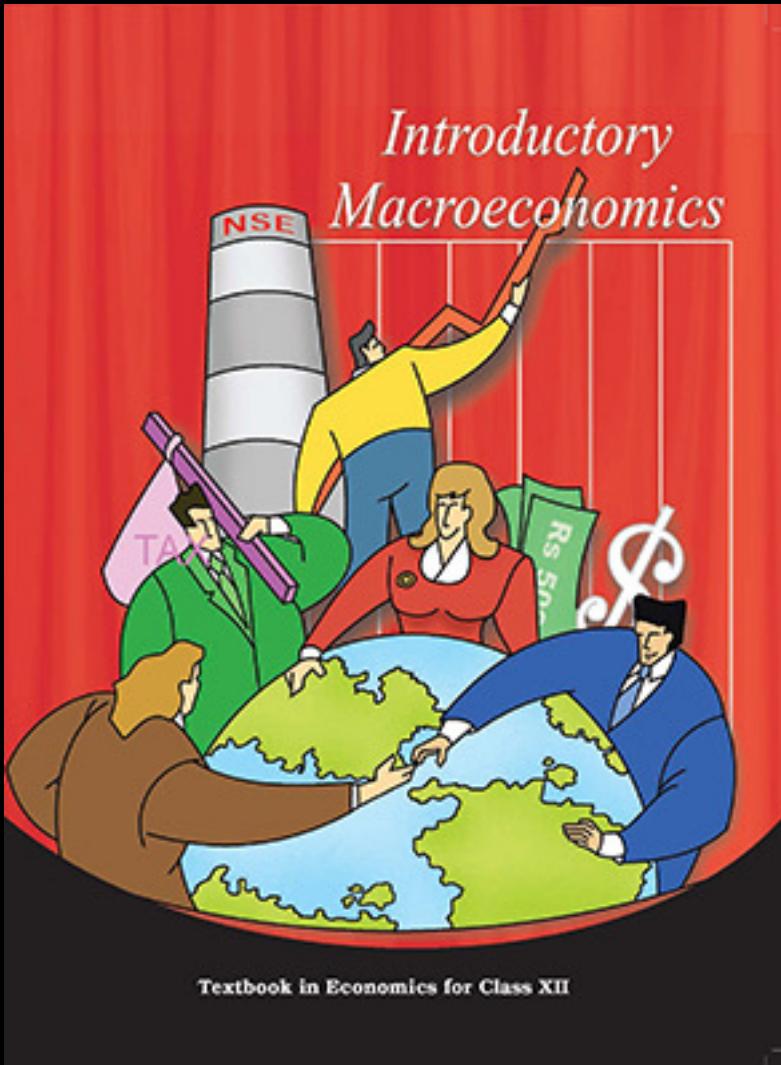
## Reference Sources



### Indian Economic Development

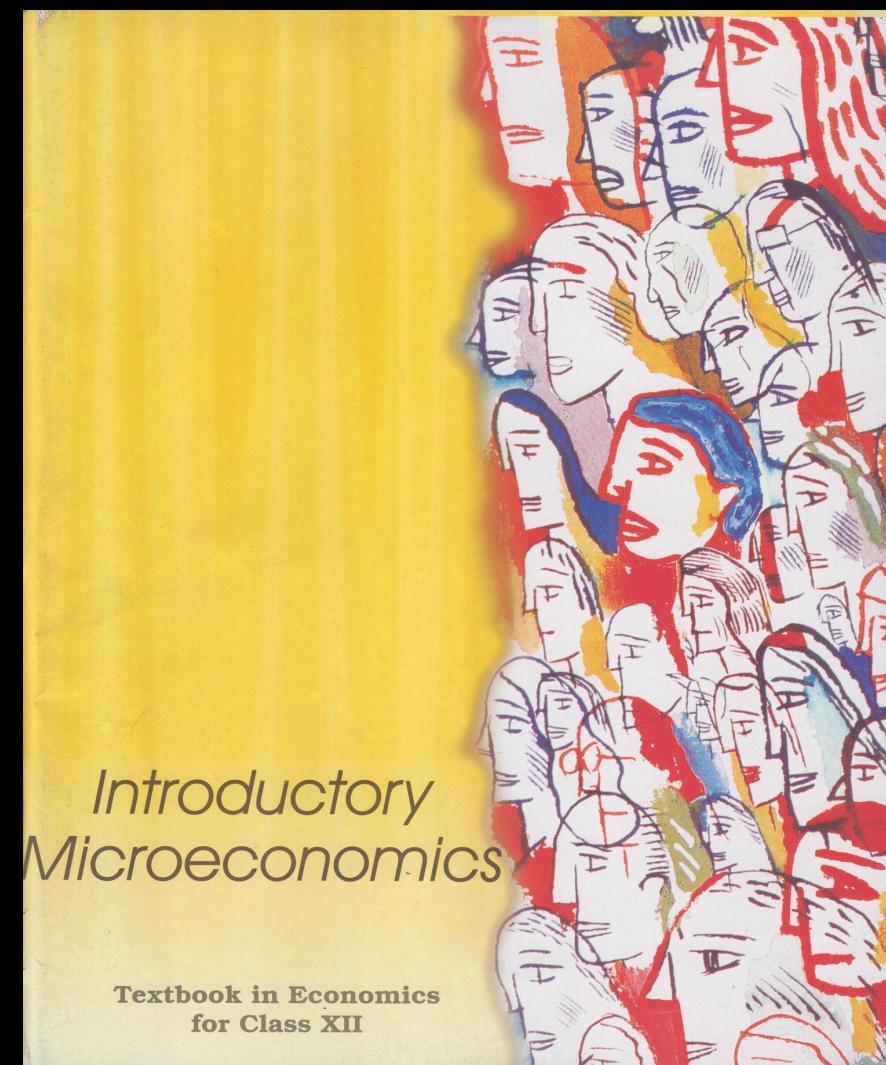


Textbook for Class XI



Textbook in Economics for Class XII

### *Introductory Macroeconomics*



### *Introductory Microeconomics*

Textbook in Economics  
for Class XII

# Why should you focus on Class Notes?

## Smart Work

Keep your sources limited.  
Avoid multiple sources.

## Coverage

Class PPTs include both  
Conceptual and Current  
Topics

## Conceptual Clarity

Explanation through Mind  
maps and Flowcharts

## Test Yourself

Solve Practice Questions  
included in the PPTs

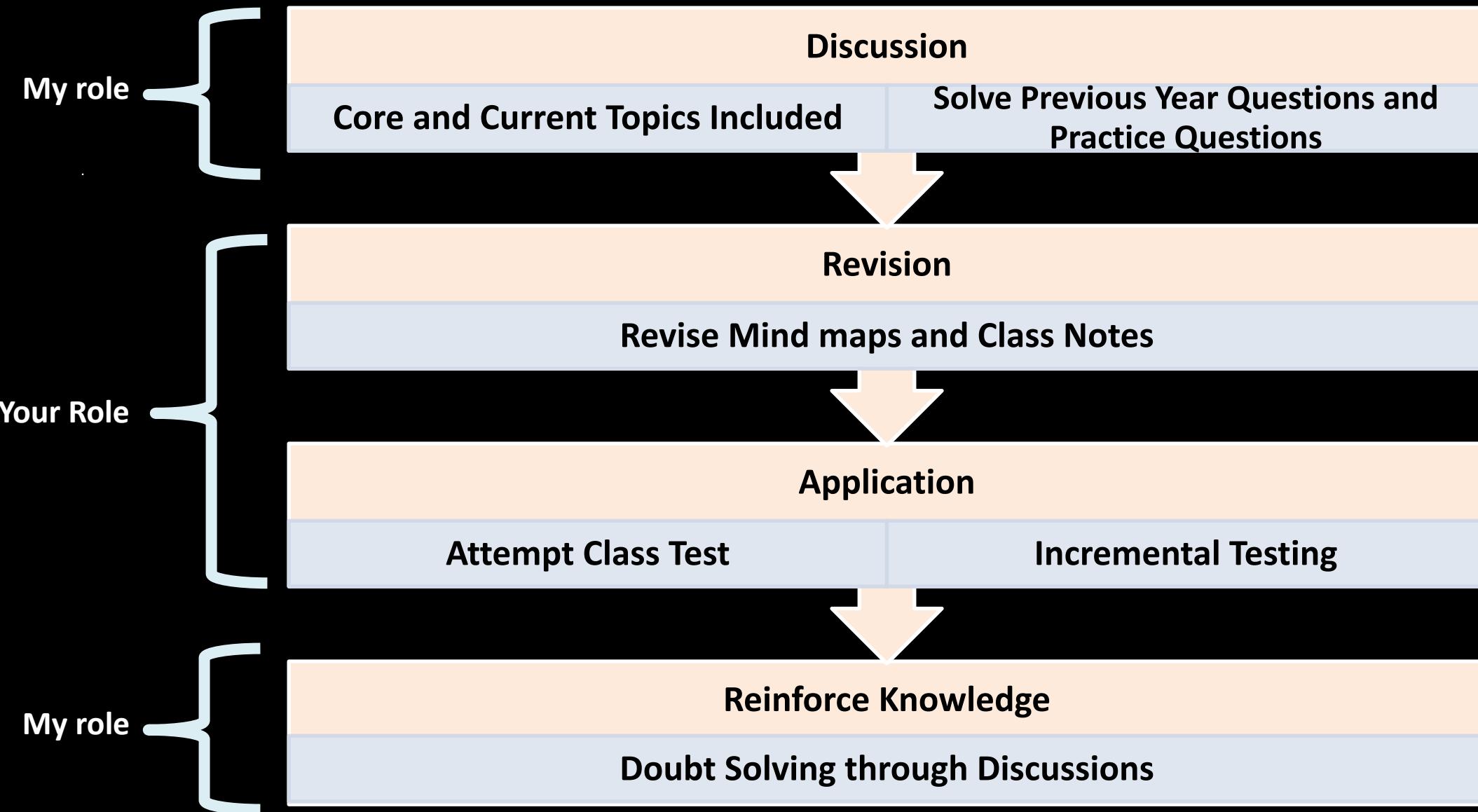
## Revision

Quick Revision of Topics  
along with the Practice  
Questions

## Hit Ratio

More than 70% of the  
Questions could be solved  
through the class PPTs.

# Structure of Classes



## Sectors of Economy

Prelims 2024

Categorization of Sectors

With reference to the sectors of the Indian economy, consider the following pairs:

Economic activity	Sector
1. Storage of agricultural Produce	Secondary Sector
2. Dairy farm	Primary Sector
3. Mineral exploration	Tertiary Sector
4. Weaving cloth	Secondary Sector

How many of the pairs given above are correctly matched?

(a) Only one      (b) Only two    (c) Only three      (d) All four

Prelims 2022

Real Sector

Which of the following activities constitute real sector in the economy?

1. Farmers harvesting their crops
2. Textile mills converting raw cotton into fabrics
3. A commercial bank lending money to a trading company
4. A corporate body issuing Rupee Denominated Bonds

Select the correct answer using the code given below:

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

NDA 2022

Sectors of Economy

The activities or services focused on creation, rearrangement and interpretation of new and existing ideas are referred to as

(a) Quaternary activities  
(b) Quinary activities  
(c) Tertiary activities  
(d) Secondary activities

Prelims 2017

Trends

Which of the following has/have occurred in India after its liberalization of economic policies in 1991 ?

1. Share of agriculture in GDP increased enormously.
2. Share of India's exports in world trade increased.
3. FDI inflows increased.
4. India's foreign exchange reserves increased enormously.

Select the correct answer using the codes given below :

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

# Sectors of Economy

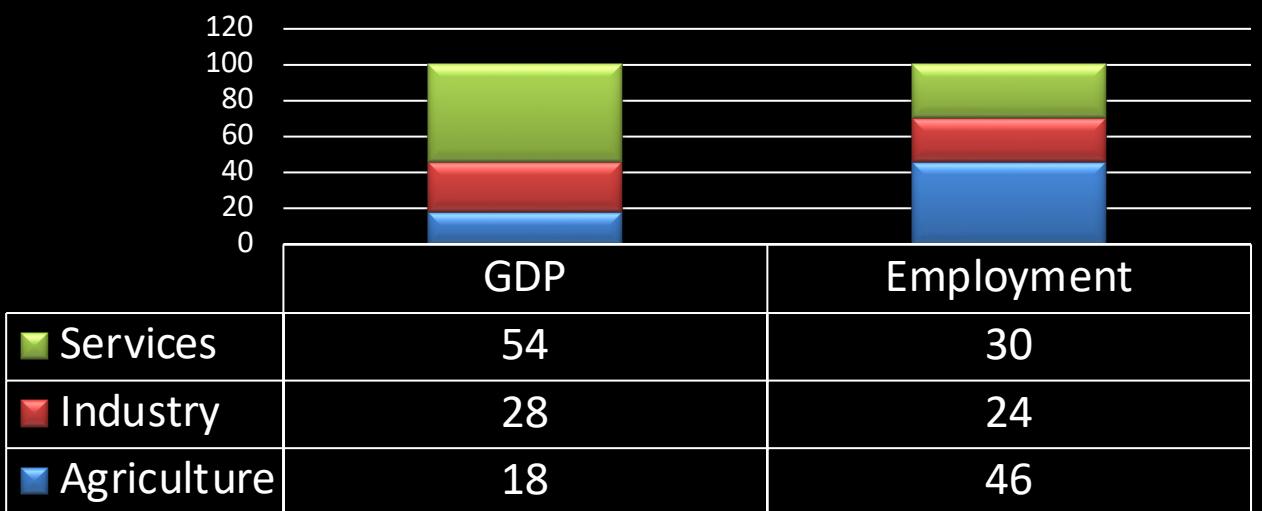
## Meaning of Economic Activity

Person is said to be engaged in “Economic Activity” if

- He/she is paid for the work
- He/she is not paid for the work
  - Production of goods for own consumption
  - Construction of own houses, machinery, tools, etc. for households
  - Unpaid Helper in the household Enterprises.

Note: Household work is not considered as Economic activity.

## Contribution of Different Sectors to GDP and Employment



## Sectors of Economy: First Type of Categorization

Agriculture Sector: Agriculture, Livestock, Forestry, Fishing.

Industry: Mining, Manufacturing, Electricity, Gas, Water Supply & Other utility services, Construction

Services: Trade, Hotels, Transport, Communication, Financial, Real Estate, Professional Services, Defence, Public Administration.

## Sectors of Economy: Second Type of Categorization

Primary Sector: Agriculture, Livestock, Forestry, Fishing, Mining and Quarrying

- **Extractive Industries**: Extract products from natural resources. Ex: Farming, Fishing, Mining, Forestry.
- **Genetic Industries**: Breeding plants and animals for their use in further reproduction. Ex: Livestock, Poultry, Aquaculture

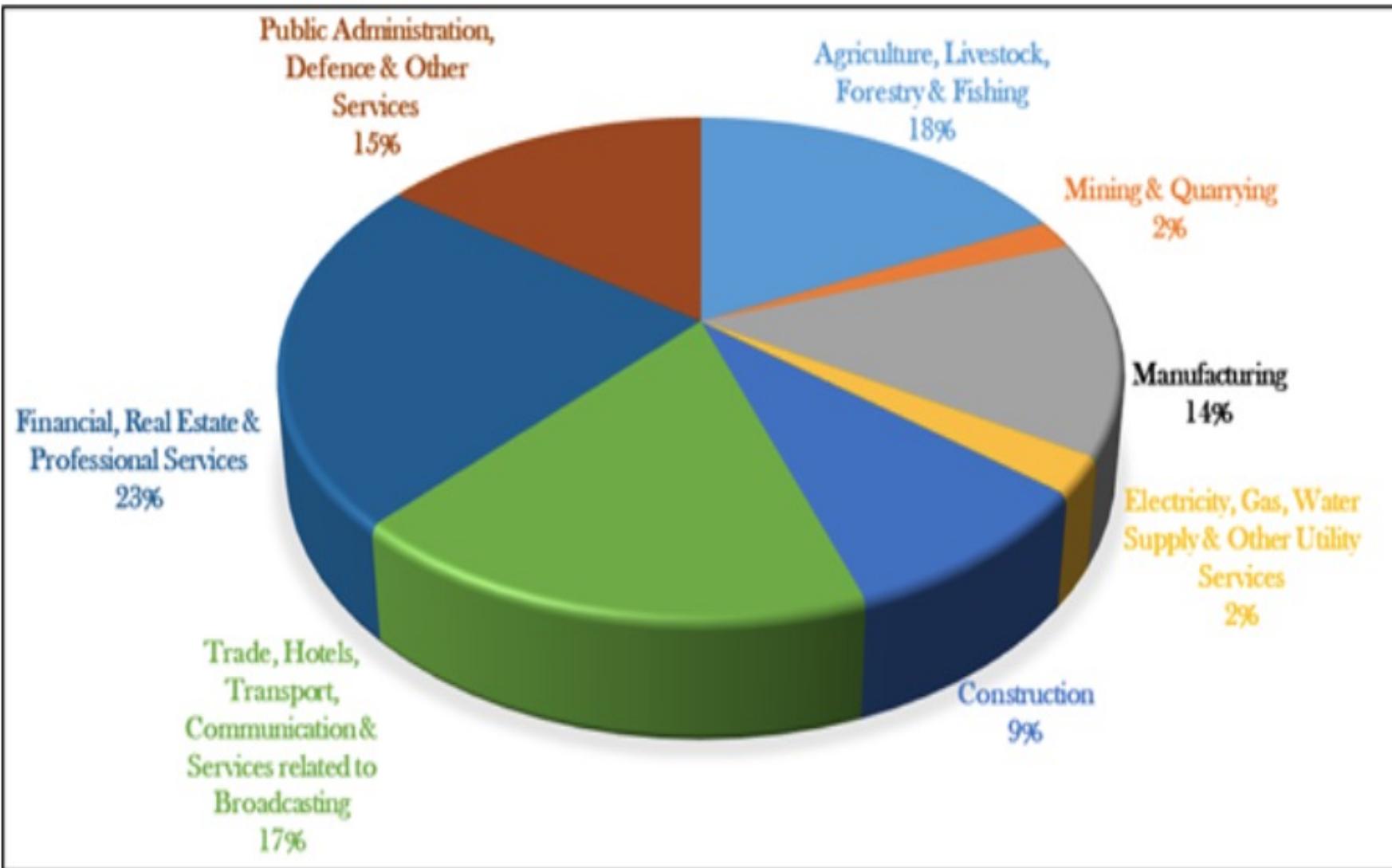
Secondary Sector: Manufacturing, Electricity, Gas, Water Supply & Other utility services, Construction

- **Analytical Industries**: Analytical industry (Breaking down) which analyses and separates different elements from the same materials. Ex: Oil Refining, Milk Processing, Sugar Industry.
- **Synthetical industry**: Combines various ingredients into a new product

Tertiary Sector: Trade, Hotels, Transport, Communication, Financial, Real Estate, Professional Services, Defence, Public Administration.

# Union Budget 2025-26

## Sectoral Composition of Nominal GVA in FY 2024-25



### Practice MCQ No. 1

### Economic Activity

Which among the following can be considered as Economic activity in India?

1. Farmers growing crops for self-consumption
2. Workers in disguised unemployment
3. Industries producing raw materials
4. Unpaid workers in household enterprises

Select the correct answer using the code given below:

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

### Practice MCQ No.2

### Different kinds of Sector

Consider the following pairs:

Economic activity

1. Breeding plants and animals
2. Oil refining
3. Processing of Milk into Milk-based Products
4. Mining

### Sector

Genetic Industry
Synthetic Industry
Analytical Industry
Extractive Industry

How many of the pairs given above are correctly matched?

(a) Only one (b) Only two (c) Only three (d) All four

### Practice MCQ No.3

### Contribution of Manufacturing

Consider the following statements:

Statement-I: The Share of Manufacturing sector to India's GDP has increased in the last decade.

Statement-II: There has been increase in the manufacturing sector output since the launch of Make in India in 2014.

Which one of the following is correct in respect of the above statements?

- (a) Both Statement-I and Statement-II are correct and Statement-II explains Statement-I.
- (b) Both Statement-I and Statement-II are correct, but Statement-II does not explain.
- (c) Statement-I is correct, but Statement-II is incorrect.
- (d) Statement-I is incorrect, but Statement-II is correct..

### Practice MCQ No.4

### Extractive Industries

Which among the following can be considered as Extractive Industries in India?

1. Industries involved in extraction of critical minerals from waste
2. Mining
3. Fishing
4. Farming

Select the correct answer using the code given below:

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

### Practice MCQ No.5

### Sectoral Trends

With respect to Trends in contribution of different sectors to India's GVA, consider the following statements:

1. The share of Agriculture sector to India's GDP has gradually decreased in the last decade.
2. The share of services sector to India's GVA is more than 50%.
3. Trade, Hotel, Transport and Communication accounts for the highest share in India's GVA.

Which among the statements given above is/are correct?

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

### Practice MCQ No.6

### Unorganized Workers

Consider the following statements:

1. Presently, there is no legal definition of Unorganized worker in India.
2. Unorganized Workers include only those workers who are working in unregistered enterprises.
3. All the workers in the Unorganized sector are always considered as Informal workers.

Which among the statements given above is/are incorrect?

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