

Dr. Sushanta R. A.C.

Business Law - Paper - III

1) स्वामिन क्या है? स्वामिन जब स्वयं अपनी जमीन है।

2) एजेंसी की परिभाषा है। यह किस प्रकार चलान और समाप्त होती है?

3) चंन्निर्धन से क्या आशय है? स्वामी विशेषज्ञों को वर्णन करे, स्वामी स्वयं से ही जमीन को वर्णन करे।

4) एक एजेंसी से निवृत्ति का योग्य होने के क्या परिणाम है, वर्णन करें।

5) स्वामन अनुबंध हस्ताक्षर होने हैं किन्तु स्वामी हस्ताक्षर नहीं करी है। वर्णन करें।

6) अनुबंध का और परिभाषा दीजिए। अनुबंध वंदन की रक्षा से पीछे प्रकार को उपलब्ध विनिम्न प्रकारों की व्याख्या कीजिए।

7) एजेंसी -

अ. चंन्निर्धन

ब. स्वामनिक प्रकार

क. एजेंसी

ख. एजेंसी

ग. एजेंसी

घ. एजेंसी

च. एजेंसी

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थ. एजेंसी

द. एजेंसी

ध. एजेंसी

न. एजेंसी

प. एजेंसी

च. एजेंसी

छ. एजेंसी

1) स्वामी क्या है? स्वामी स्वयं अपनी जमीन है।

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7) एजेंसी -

अ. चंन्निर्धन

ब. स्वामनिक प्रकार

क. एजेंसी

ख. एजेंसी

ग. एजेंसी

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ठ. एजेंसी

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Money Banking

1) मुद्रा क्या है? इसके क्या महत्व है।

2) आपसिल बैंक की विनिम्न नीति का वर्णन करें।

3) मुद्रा के परिमाण संबंधित केन्द्र के विचारों की व्याख्या करें।

4) पय - मुद्रा के रुप - टिकों का वर्णन करें।

5) केन्द्रीय बैंक के कार्यों का वर्णन करें।

6) सरल नियंत्रण की विधियों का उल्लेख करें।

7) मुद्रा स्फीति क्या है? इसके क्या कारण हैं।

8) निष्पत्ती -

अ. मुद्रा स्फीति

ब. मुद्रा स्फीति

क. मुद्रा स्फीति

ख. मुद्रा स्फीति

ग. मुद्रा स्फीति

घ. मुद्रा स्फीति

च. मुद्रा स्फीति

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ज. मुद्रा स्फीति

झ. मुद्रा स्फीति

ञ. मुद्रा स्फीति

ट. मुद्रा स्फीति

Friday

T. D. C. Part - II B. Com

Guess Question (y) Subject Six (Latest Faculty) R.M.C.

X

2019-20

Group - ABC

Paper -> III

Business Law.

(1.1)

Define consent. How is consent said to be free?

(2)

What is Agency? How it is created and how it is terminated? (V.V.V)

(3)

Explain the meaning of arbitration agreement. State its main characteristics?

(4)

Describe the contents of Partnership deed? What are the consequences when a man declared insolvent? (V.V.V)

(5)

All contracts are agreement but all agreement are not contracts. Discuss. (V.V.V)

(7)

Define Breach of Contract. Briefly Explain the different kinds of remedies available for breach of Contract? (V.V.V)

(8)

Short Notes: (a) Arbitration - 2-4 lines (b) Proposal - 2-4 lines (c) Common carriers

Group - (B)

Honours

Paper - IV

Specialised Accounting Saturday

X

2018-19

(1) What do you mean by shares? How many types of shares are issued by a company?

(2) Define Amalgamation. Discuss its object? What is liquidator's final statement of Account? How is it prepared?

(3) Explain the Slip system of Bank-Book-keeping? What are its advantages and disadvantages?

(4) From the following particulars compute the amount of provision required to be made profit and loss account of Indian Bank for the year 2017-18

Assets Rs.

Standard 1,60,00,00,000

Sub standard 1,20,00,00,000

Doubtful: One year: Secured 45,00,00,000

For two or three years (11 by) 36,00,00,00,000 Sunday 04

For more than three year secured by mortgage of machine worth Rs. 1000 lacs - 18,00,00,000

Non-recoverable assets 30,00,00,000

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Monday

6) M. Ltd. purchased K. Ltd by issuing 5 shares of Rs. 10 each at a premium of 10%. For every 4 shares held K Ltd. On the date of purchase B/s are as follows: -

Balance sheet.

Particulars M. Ltd. K. Ltd.

1) Equity and liabilities

i) Share holders funds:  
Share of Rs. 10 each 25,00,000 15,00,000  
General Reserve 2,50,000 3,00,000

ii) Current liabilities -

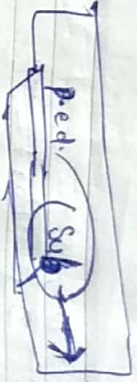
Trade Payable 5,00,000 3,00,000  
32,50,000 19,00,000

7) Numerical of GIVE 2018, 2016

BT Question bank. BT

BT BT

Tuesday



Subs

10) State the problem of Iron and steel industry in India?  
2) Describe the present position and problems of coal transport of India.

11) (3) What is Capitalism? Point out its merits and demerits.

12) (4) Critically examine the steps for land reforms taken by the Govt. of India.

1) (5) Explain the special features of Present Industrial policy of India.

2) (6) Socialism is a boon or a curse. Explain.

3) (7) Discuss the main problems of economic planning in India.

4) (8) Explain the food problems of India.

5) (9) Mention the trends of foreign trade in India?

6) (10) Throw light on the problems of agricultural marketing in India.

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07

311 • 054 | Week 45

Wednesday

NOVEMBER

2018

T. D.C. Part - III

8.R.A.B.U. (Muzof Farpur)

11

Group - A (Accounts) (Honour's)

Paper - III

Business Law

Paper - IV → Specialised Accounting

2

Subsidary (Same)

1. Planning & Economic Development

2. Money & Banking

3. M.2.1. & N.H.

5

Group - C. Environment (Honour's)

Paper - III

Business Law

Paper - IV Economics & Labour Legislation

7

NOVEMBER

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T.D.C. II B.com

Week 46 | 311 • 054

08

Money & Banking (Sub)

Safe Thursday

9

2018-21

1) What is money? Explain its importance.

2) Discuss the investment theory of commercial bank.

3) Examine Keynes's view of the quantity theory of money?

12

1) Report on index number? How it is prepared?

2) Discuss the merits and demerits of paper money.

3) Explain the function of Central Bank?

4) Describe the methods of credit control?

5) Short Notes: -

6) Monetary Policy

7) Deflation

8) Purchasing Power Parity

9) Advantages of Reserve bank

10) Define inflation - what are its causes?

7

Define inflation - what are its causes?

8

09

By - Sajeet Sir  
R.N.C.

6

NOVEMBER  
2018

313 • 052 | Week 45

Friday

Paper - IV

(Honours)

Labour

9  
10  
11 (1) Explain the objects & scope of Industrial dispute Act 1947.

12 (2.) Describe the main provision of industrial dispute Act 1947.

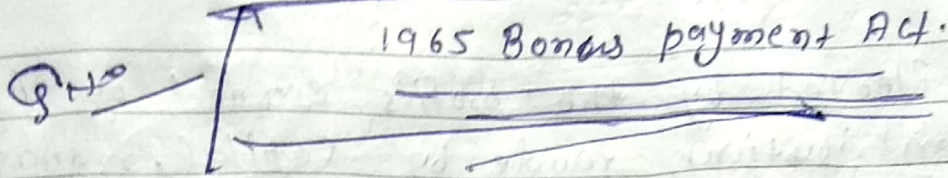
1  
2 (3) How is the bonus regulated under the payment of Bonus Act 1965.

3  
4 (4) What is Trade union. Discuss its objectives? Explain the restrictions imposed by the reserve fund regarding foreign exchange business.

5 (6) Describe the power of enforcement officer under the foreign exchange Regulation Act.

6 (7) Short Notes:

- (a) 1948 factories Issue control
- (b) Capital Issue control.



The payment of Bonus Act, 1965 aims to regulate the amount of bonus paid to the persons employed in certain establishment based on their profit and productivity.

The payment of Bonus Act provides for payment of bonus to persons employed in certain establishment on the basis of profits or on the basis of production or productivity and for matters connected therewith: Every employee receiving salary or wages upto Rs.

The payment of Bonus Act 1965 The minimum bonus of 8.33% is payable by every industry and establishment under section 10 of the Act. The maximum bonus including productivity linked bonus that can be paid in any accounting year shall not exceed 20% of the salary/wages of an employee under the section 31A of the Act.

The payment of Bonus Act 1965 is the principal act for the payment of bonus to the employees which was formed with an objective for rewarding employees for their good work for the organisation. It is a step forward to share the prosperity of the establishment

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Friday

reflected by the profits earned by the contribution made by capital, management and labour with the employees.

### Objectives

- To improve statutory liability to pay bonus (reward for good work) in case of profits or losses.
- To prescribe formula for calculating bonus
- To prescribe minimum & maximum percentage bonus.
- To provide set off/set on mechanism.
- To provide redressed mechanism.

### \* Regulation of Bonus Act 1965 →

The Act provides for the annual payment of bonus to employees of certain establishments (including factories and establishments employing 20 or more persons). Under the Act, bonus is calculated on the basis of employee's salary and the profits of the establishment.

2. Employees eligible for Bonus: — The Act in employee's payment of bonus to employee's whose salary or wage is upto Rs. 10,000 per month. The Bill seeks

to increase this eligibility limit to Rs. 21,000 per month. Saturday

3. Calculation of bonus: — The Act provides that the bonus payable to an employee will be in proportion to his or her salary or wage. However, if an employee's salary is more than Rs. 3500 per month, for the purpose of calculation of bonus, the salary will be assumed to be Rs. 3500 per month. The Bill seeks to revise this calculation ceiling to Rs. 7,000 per month or the minimum wage notified for the employment.

4. Prior publication of Rules: — The Act provides that the central government may make rules to implement its provisions. The Bill seeks to mandate prior publication of such rules in the official gazette to allow for more public consultation.

Sunday 02

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Enforcement officer powers of  
FERA.

Foreign exchange Act

The foreign exchange management Act, 1999 (FEMA) is an Act of the Parliament of India to consolidate and amend the law relating to foreign exchange with the objective of facilitating external trade and payments and for promoting the orderly development and maintenance of foreign exchange market in India, replacing the Foreign Exchange Regulation Act (FERA). This Act makes offences related to foreign exchange civil offences. It extends to the whole of India, replacing FERA, which had become incompatible with the liberalization policies of the government of India. It enabled a new foreign exchange management regime consistent with the emerging framework to the world trade organization (WTO). It also paved the way for the introduction of the prevention of money laundering Act 2002, which came into effect from 1 July 2005.

The foreign exchange Act 2000 to consolidate and amend the law relating to foreign exchange with the objective

of facilitating external trade and payments and for promoting the orderly development and maintenance of foreign exchange market in India.

Foreign exchange Regulation Act: - (FERA)

FERA was legislation passed in India in 1973 that imposed strict regulations on certain kinds of payments, the dealings in foreign exchange (Foreign and securities and the transactions which had an interest impact on the foreign exchange and the import and export of currency. The bill was formulated with the aim of regulating payments and foreign exchange.

FERA came into force with effect from January 1, 1974. FERA was introduced at a time when foreign exchange (Foreign) reserves of the country were low, there being a severe commodity. FERA primarily prohibited all transactions not permitted by RBI.

Coca-Cola was India's leading soft drink until 1977 when it left India after a new government nationalized the company. After a new government nationalized the company, Coca-Cola and dilute its stake in its wholly owned subsidiary as required by the FERA. In 1993 the company (along with PepsiCo) returned after

SEPTEMBER

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Friday

the introduction of Ghosh's liberalization policy. (9)

FERA was repealed in 1998 by the government of Atal Bihari Vajpayee and replaced by the Foreign Exchange Management Act, which liberalised foreign exchange controls and restrictions on foreign investment. (10)(11)(12)

Dr

- 1 Directorate of Enforcement (ED) is a multi disciplinary organization mandated with the task of ~~disciplinary~~ enforcing the provisions of two special laws - Foreign Exchange Management Act (1999) and Prevention of Money Laundering Act (2002) (PMLA).
- 2
- 3
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- 5

Power of Enforcement Directorate under FEMA

The word 'Summons' is defined in K.J. Ayer's Judicial Dictionary (10th Ed. 1988) to mean a 'a call of authority to appear before a judicial officers' when the director or assistant director of the ED summons a person under Section 37(3) of FEMA, the provision summons cannot challenge the issuance of summons by the ED in the Court by way of writ.

Enforcement officer, Enforcement Directorate (Saturday 1995 (80) EIT 745 (MFD) which was given on account of the now repealed Foreign Exchange Regulation Act (FERA). The court had held that,

When there is suspicion with regard to the ~~Regulation~~ involvement of the petitioner in any of the transactions which are prohibited under the FERA Act, it is open to the authority to summon him for enquiry. Since the documents are pertaining to him, it cannot be said that the investigation has no nexus with the documents called for from the petitioner when an investigation is commenced, it is not possible for the authorities to come to the conclusion with regard to the involvement of any person until the conclusion with regard to the or the non-involvement of any person until the enquiry is completed.

When section 40(v) of the FEMA Act specifically mentions that the proceedings taken by the authorities are judicial proceedings, it is not open to the petitioner to challenge the summons issued under the said proceedings as ab initio void.

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Monday

main act of FARA: -

(i) "Appellate Board" means the Foreign Exchange ~~and~~ Regulation Appellate Board constituted by the central government under sub-section (1) of section 52;

(ii) "Authorised dealer" means a person for the time being authorised under section 6 to deal in foreign exchange.

(iii) "Bearer certificate" means a certificate of title to securities by the delivery of which (with or without endorsement) the title to the securities is transferable."

संग → जब कोई अस्थायी कार्यालय (जिसे जी.बी.ए. भी कहा जाता है) प्रस्तावित (अभियुक्त) के विरुद्ध शुरू की जाती है तो कोर्टपारल (कोर्ट) कायम रहे। संग' केना कहा जाता है। संग एक कानून नोटिस है जो सिविल और अर्थव्यवस्था के मामले में जारी किया जाता है।

(Q.11) → Restriction imposed by RBI on Foreign exchange.

The RBI cut the limit for overseas direct investments (ODI) under the automatic route for all new transactions by 75%. The RBI also said use of remittance for purchases of property outside India would not be allowed.

Restrictions MUMBAI :-

The R.B.I. of India had on Tuesday announced measures to reduce foreign exchange outflows by resident Indians in the latest of a slew of measures intended to support the battered rupee. "The present set of ~~measures~~ measures is aimed at moderating outflows," the RBI said in a statement.

The central bank cut the limit for overseas direct investment (ODI) under the automatic route for all new transactions by 75%. The RBI added the reduced limit would also apply to remittances made by Indian companies setting up unincorporated entities outside of the country in the energy and natural resources

MBER 2018					
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9. Sectors, but would not apply to O.N or C  
 10. Videth Ltd, the foreign unit of oil and natural gas Corp, or oil Indus Ltd.  
 There are few restrictions for R.B.T.

(F) Restriction on dealings in foreign exchange:-

21. Except for transaction involving purchase or sale of foreign currency between any person and an authorised money changer, no person, firm or company, other than an authorised dealer, is permitted to enter into transactions involving the buying, acquiring or borrowing from, or selling, transferring or lending to, or exchanging with a person not being an authorised dealer, any foreign exchange except with the general or special permission of R.B.T.
- Anyone dealing in foreign exchange in any form, except to the extent indicated above, will be deemed to be contravening the provisions of the Act.

(B) Breach of Regulation by non-resident Branches correspondents of authorised dealers:-

22. If any non-resident bank or correspondent of an authorised dealer is found to have contravened or attempted to contravene any of the exchange control regulations

in force in India, all rupee transfers on its account may be made ~~just~~ subject to prior permission of R.B.T or totally prohibited.

(G) Restrictions on transactions with certain countries:-

- 1.27 Export-import policy (1997-2002) prohibits export to / imports from Fiji\* and Iraq.
- No remittances should be made to these countries or an account of their governments or of any of their agencies or nationals except to the extent generally or specially authorised by R.B.T from time to time. However, there shall be no ban on the export of ~~in~~ items to Iraq in cases where the prior approval of the United Nations' security council has been obtained. Remittances and other facilities available to foreign nationals (chapter 11) are not available to Pakistani nationals.

The R.B.T at Gwalior recently told several large lenders that they are free to carry out foreign exchange proprietary trades in which bank reserves bet on the dollar - rupee movement. The move will deepen the currency market and offer finer foreign exchange products to customers.

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~~1951 industrial development objectives~~

1949 Capital Issue Act

11 one of the last laws to be passed by parliament four months before independence

12 the capital issue control Act enacted on 18 April 1947, showed who should be in charge of capital in a Socialist India.

13 the government, through the controller of the capital issues (CCI), under this Act, the government decided which company could raise how much capital. No company shall, "except with the consent of the central government, make an issue of capital."

2 The control over the amount as well as its pricing converted the office of CCI into a zero-risk, high return lottery ticket dispenser, as the prices of the shares offered to the public through capital markets were tremendously undervalued giving a huge margin to investors and speculation on listing. On 21 December 1957 the law was amended and more stringent with the capital issue.

15 Amended control Act, by giving CCI the power to revoke the consent or recognition according under any of the provisions.

16 where such consent or recognition is qualified with any conditions, change cell or any of those conditions. As instruments to translate ideas and entrepreneurship into wealth, the role of capital markets, is key. Following the gradual opening up of the economy, the CCI was repealed on 5 August 1992.

17 The gave way to securities and exchange Board of India.

18 On 12 April 1992 through a series of regulations, SEBI has steered the capital markets and enabled them to arrive at sensible pricing something that neither the government nor the entrepreneurs could achieve on their own.

SEBI

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main provisions:

(1) The Capital Issue Control Board of India Secitized and enlarged Board of India 18 April 1977, qccosed 28 December 2017.

(2) The Capital Issue Control ~~Act~~ Amendment Act 1957, The Central Acts of India 1957, Government of India 1957 (Digitally Sponsor: Ministry of Law and Justice) 21 December 1957, 338-341 qccosed 28 December 2017.

(3) The Capital Issue control Repeat Act 1992, Parliament of India, 5 August 1992.

(4) Website of securities exchange Board of India, accessed 28 December 2017.

Minimum Wage Act 1948

Minimum Wage Act - 1948

The minimum wage Act 1948 is an Act of parliament concerning Indian labor law that sets the minimum wages that must be paid to skilled and unskilled laborers.

The minimum wage Act 1948 was to secure the welfare of unorganised workers in certain industries by fixing the minimum rates of wages. The Act contemplates that minimum wages rates must ensure for him not only his efficiency as a workman.

The Act empowers the appropriate Government for fixation of minimum wages in employments enumerated in the Schedule to the Act. The fixation of minimum wages relate to the industries where sweated labour is most prevalent or where there is inevitable chance of exploitation.

Object:

1. To provide minimum wages to the workers working in organised sector.
2. To stop exploitation of the workers.
3. To empower the government to take steps for fixing minimum wages and to revise it in a timely manner.
4. To apply this law on most of the sectors in organized sector.

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Friday Fixation.

The minimum wages Act 1948 generally specifies minimum wage rates on a per day basis, and extends to the entire country and is revised within a period of not less than five years, however there is a provision to increase dearness allowance every two years.

### Fixation of Minimum wages

• Recommendation of Advisory Board for different class (unskilled, skilled, clerical, subordi-  
↓

• Publish recommendation in National Publications (for public comments/representations from trade unions etc.)  
↓

Hearing of the Representative  
↓

Notification of minimum wage

Achievement and failure of RBI1926 Hilton Young Commission.Q. No-5. →

The Reserve Bank of India (RBI) is India's central banking and monetary authority. RBI regulates loans offered by banks and non-banking financial institutions to government entities, businesses, and consumers and controls the availability of funds in the financial system for credit.

The Reserve Bank of India (RBI) is the central bank of India which was established on April, 1, 1935, under the Reserve Bank of India Act. The Reserve Bank of India uses monetary policy to create financial stability in India, and it is charged with regulating the country's currency and credit systems.

The Reserve Bank of India has successfully managed the public debt. It has floated loans for the Government at low rates of interest. It has helped in raising funds for the expansion of public sector in the economy. It has also provided short-term advances to the government.



M.B (Sud)

• Achievement of RBI →

1. It has adopted a flexible monetary policy. It has introduced changes in monetary regulation keeping in view the seasonal character of Indian money market. The pressure of seasonal demand has been adequately met. This has resulted in negligible seasonal fluctuations of money.

2. Stable structure of the interest rates: -

The interest rate policy of the Reserve Bank has resulted into a relatively stable structure of interest rates in the economy. The bank initially offered cheap money policy from its beginning.

3. The policy of modern banking and credit structure -

The Reserve Bank has succeeded in building up a sound modern banking and credit structure which enabled it to guide the development of banking on sound lines. Finding of Bank President has improved the efficiency of the banking and financial services. It has also increased substantially.

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15) It's cheap Remittance facilities →

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The Reserve Bank has introduced very cheap remittance facilities. These have been widely used by the commercial banks, the government and cooperative banks.

16) The successful management of the public debt →

The Reserve Bank has successfully managed the public debt. It has floated loans for the government at low rates of interest. It has helped in raising funds for the expansion of public sector in the economy.

17) Stability in the exchange →

The Reserve Bank has succeeded in maintaining the exchange stability to a large extent. The Bank has maintained the exchange value at the rate of a relatively higher rate than what have prevailed in the market.

18) Lack of deflation in the money market →

The Reserve Bank has succeeded in controlling the organized sector of money market, but the unorganized one. It has virtually failed in regulating or controlling the growth of

Tuesday

2. and money lenders and other indigenous bankers.

3. Lack of uniformity in the rate of interest ->

1. Because the lack of control on different sectors of the money market, different rates of interest continue to prevail. Outside the organised sector of the money market, rates of interest are exorbitantly higher. Thus the bank rates. Reserve Bank has rather miserably failed in this regard.

4. Lack of Bill market ->

1. Reserve bank prepared a plan for the development of Bill market in 1958. But till date there is no independent and organised widespread bill market in India. Bill market in India does not receive first-rate discounts bills.

5. Insufficient Availability of Agricultural credits

Despite the fact that lot of steps have been initiated by Reserve Bank to provide enough agricultural credit, its availability continues to be far behind its requirement. Agricultural credit is still being dominated by rural money lenders and other indigenous bankers who charge very high interest rates.

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6. Insufficient Banking Facility:-

1. After independence, Reserve Bank has tried to spread banking activity in all parts of the country. Yet it is not sufficient in view of the large size of population. Also, most of the banking activity is concentrated in urban areas. People in small villages and sub-urban areas still deprived of banking facility.

7. Instability in the internal value of the Rupee -

1. Instability in the internal value of money has been the biggest failure of the Reserve Bank because of the ever increasing circulation of money, prices have been rising almost non-stop. Value of the rupee has been reduced to just 7 Paise during the last 47-Years or so.

Wednesday

During 46-Years,

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PPP

The purchasing power point theory establishes the idea that the ratio of price level and exchange rate between two countries must be equivalent. That means that a product should cost the same in two countries once you account for the exchange rate and its affects on the economy of each country over time. This effect is known as the law of one price.

Theory → PPP revolves around the "law of one price."

The law maintains that competitive markets will equalize the price of an identical product in both countries. This requires both countries' prices to be expressed in a common currency. For example, if a widget should cost 500 U.S. dollars in the united states when the exchange rate is 1.5 CAD/USD. When the prices do not match... say the widget costs 700 CAD... U.S. consumers will buy the widget in Canada to save money; this is called arbitrage.

Contingencies :- The law of one price has three caveats involving transport and transaction expenses, a competitive market and limit to tradable goods. Transport and transaction costs as well as other barriers to free

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"PPP is a method of calculating the correct value of a currency which may differ from its current market value."

- 1 Trade can cause significant change to price parity. PPP requires both countries to have an active competitive market. Local services and immobile goods, such as houses, are not tradable and so PPP does not apply.

Types →

- 1 The two versions of PPP are absolute PPP and relative PPP. Absolute PPP references the equalizing of price levels of a particular country to country. Relative PPP describes the inflation rate or the appreciation rate of a currency by calculating the difference between two countries' exchange rates. Relative PPP is the most more dynamic version of absolute PPP theory.

Pros and Cons →

- 6 Economists argue that if the exchange rate moves too far away from its PPP, trade and financial flow can move into disequilibrium.
- 7 others suggest that PPP is too narrow a measure because it only includes traded goods, which make up only part of a country's economy. Some economists prefer to use the more fundamental equilibrium exchange rate that takes into account all trade: traded goods services and capital flows.

Exchange Control

Measurement regulation of the conversion of currencies, the purchase of foreign coin or gold, and the transfer of funds between countries.

According to "Kitt" - Any form of official interference with the freedom of dealings in foreign exchange is exchange control.

Foreign exchange is exchange control. Foreign exchange control is a restriction on the flow of foreign exchange between countries.

\* Objectives of exchange control :-

The main purpose of exchange control is to restore the balance of payments equilibrium, by allowing the imports only when they are necessary in the interest of the country and thus limiting the demands for foreign exchange up to the available resources.

(A) Correcting Balance of Payments :-

The main purpose is to restore the balance of payments equilibrium, by allowing the imports only when they are necessary in the interest of the country and thus limiting up to the available resources. Sometimes the country devalues its currency so that it may export more to get more foreign currency.

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(b) To protect domestic industries: -

- 10 The Government in order to protect the domestic trade and industries from foreign competitions, resort to exchange control. It includes the domestic view to restrict imports of goods.
- 11
- 12

(c) The maintain an overvalued Rate of Exchange: -

- 2 This is the principal object of exchange control. when the government feels that the rate of exchange is not a particular level, it at that level. For this purpose the government maintains a fund, the rate of exchange to pay the ~~equilibrium~~ equilibrium fund rate of exchange when the government start selling that particular rate in the open market that particular increased supply. on the other hand, the government may overvalue or undervalue its currency on the basis of economic forces.
- 3
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(D)

To prevent Flight of capital: -

- 9 When the domestic capital starts flying out of the country, the government may check its exports through exchange control.
- 10
- 11
- 12

(E) Policy of differentiation: -

- 1 The government may adopt the policy of differentiation by exercising exchange control. If the government allow international trade with some countries by releasing the required foreign currency the government may restrict trade imports and exports with some other countries by not releasing the foreign currency.
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