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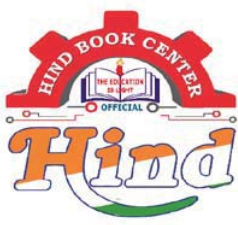
### By-SAURABH PANDEY Sir

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# CURRENT

## AFFAIR'S

By - Saurabh Pandey Sir.

Weightage → 15-20 Que.

No. of hours → 25-30

- Materials,
- Class notes → 01
- Test series Question → 02
- Question Bank by S. Pandey → 03

## Topics to be covered under Current Affairs.

- 1 → Economics Related Current Affairs.
- 2 → Environment Related Current Affairs.
- 3 → Science & Technology developments.
- 4 → Polity / Political Developments.
- 5 → Awards & Honours: → Pdf
- 6 → India & International Affairs.
- 7 → Sports Related Current Development. → Pdf
- 8 → Art & Culture, Heritage etc. → Pdf
- 9 → Miscellaneous section.
  - (Govt. Programmes & Policies.)
  - (Defence Exercise & Defence Related issue.)

Date

02/01/2024

# ECONOMICS RELATED CURRENT DEVELOPMENT

## ① Concept of Monetary & Fiscal Policy →

### Monetary Policy →

→ Policies related to the Money Supply in the Indian Market.

→ It is managed by RBI (Reserve Bank of India).

RBI is the Central Bank of India.

RBI also called as Banker's bank.

→ Main purpose of RBI is to control the Rate of Inflation in Indian Economy.  
↳ महंगाई को रोकना।

→ These are tools used by RBI to control Inflation. These tools are called as Monetary Policy.

### Important Concept →

① When there is more money in the market, there is Inflationary tendency in the market.

↳ महंगाई को रोकना। ↑ रोकनी है।  
is time par Buyers jyada Buy kardega. Money jyada hone ki karan like in Diwali.

② When there is less money in the market, there is Deflationary tendency in the market.

महंगाई को रोकना मतलब है। But RBI ek limit se Nichee Nahi Jone Deti ho warna country ki Growth par farak Padega. Agar ek Point se Nichee Chale jaye to.

③ When Inflationary → RBI try to bring down Inflation. → RBI applies 'Contractionary Policies'.

④ When Deflationary → RBI bring's the Inflation up.

↓  
RBI applies 'Expansionary policies'

→ In Contractionary Policy money from the market is taken out.

→ In Expansionary Policy, money is infused into the market.

\* Monetary Policy tools →

① Repo Rate → This is the Rate of Interest at which RBI gives loan to Commercial Banks.

② Reverse Repo Rate → This is the Rate of Interest at which Commercial Bank give loan to RBI.

↳ This was done by RBI to decrease the Inflation rate by putting out the Money from the Market.

③ Open Market operations (OMO) →

This is the Purchase and Sale of T-Bills (Treasury Bills) and Government Securities by RBI is called as open Market operations.

Note → T-Bills →

Treasury Bills are the instrument used by Government of India to guarantee repayment of funds at a later date.

• T-Bills are used to meet the short-term requirement of government.

• T-Bills are used to meet the short-term fiscal Deficit of the Country.

• Fiscal Deficit → When there is more expenditure than the income, it is called as fiscal Deficit.

→ The Treasury Bills are issued for a maximum tenure of 364 days. Ex: 90 days, 180 days etc.

### Government Securities →

Whenever there is physical deficit then the government issues government securities. (G-Sec)

G-sec serves as a means for the government to raise funds from the public to meet its expenditure needs.

For this government issues (G-Sec). Treasury Bills are a type of short time Government Securities.

While Dated Securities are long term borrowing by the government.

### ④ (CRR) Cash Reserve Ratio →

Every commercial Bank must have to maintain some liquid cash amount. → The Percentage of total time and demand liability.

Liquid cash amount is like isme jo FD ka Money havo Bank me rakhtna padta hai Bank ko.

→ CRR ↑ → Contractionary.

Liquid, cash → currency in form of cheques.

→ CRR ↓ → Inflationary.

→ utal Money charge Tablesakte

{ Saving account deposit → Demand Liability

{ Fixed Deposit Account → Time Liability.

↳ FD ek Time ke Bad Money Nikal Sakta hai.

Que 1 Repo Rate  $\uparrow$  Ex  $\rightarrow$  Home Loan's.

Interest Rate Kam  
Aagga Tabhi  
loan lenge.

Ans ~~Expansionary~~ Contractionary.

Que 2 ~~Repo~~ Reverse Repo Rate  $\uparrow$

Ans ~~Contractionary~~ ~~Expansionary~~ Contractionary.

Que 3 T. Bill purchase by RBI? Contractionary.

$\hookrightarrow$  Banko ko Paisa kande Payega.

Que 4 G. Sec Sell by RBI? Contractionary?

$\hookrightarrow$  loggo ko pass purchasing power kam ho jati hai to Buy karne se.

## FISCAL POLICY $\rightarrow$

Fiscal Policy is the Policy used by the Government of India through finance ministry and these policies are related to taxation.

Fiscal Policy is also called as Government Revenue Collection policy.

## Objective of Fiscal Policy $\rightarrow$

- (i) To Control Fiscal Deficit.
- (ii) To Boost Economic Growth.
- (iii) To Create Employment opportunities.

## TOOLS OF FISCAL POLICY INCLUDE $\rightarrow$

- ① Taxation
- ② Government Spending.

Taxation  $\rightarrow$  Whenever Government increases the Taxation there may be more revenue collection by the government but people will have less money to spend. Therefore there will be reduced economic growth in the country.

Taxation  $\uparrow$   $\rightarrow$  Economic growth  $\downarrow$

But when there is less Taxation by the government then there will be more



money in the hands of people to spend and this will lead to more economic growth but at the same time governments will have less money to spend leading to increase in fiscal deficit.

### Government Spending →

Government Spending are of 2 types.

① Burden → It is related to the salary payment, subsidies, expenditures etc. → Revenue Expenditure in terms of Economic Revenue Expenditure is that Expenditure of Government that has been carried out by the Government on Regular basis. It is also not forming any income in the long Run.

### Capital Expenditure →

Another type of Expenditure by the Government in which the formation of Infrastructure is included.

Infrastructure formation Means Building, Dams, Expressways and ports / Airports etc.

Capital Expenditure is considered as good for the Country because it is related to long term Capital formation.

Such type of Government Expenditure is increased.

• If the government spending increase the Revenue Expenditure then it leads to Non-formation of long term asset for the Country and

Very soon the government will fall into fiscal Deficits.

- On this basis <sup>only</sup> OPS (old Pension Scheme) was opposed.
- But if the Capital Expenditure by the Govt. is more then it leads to long term capital formation and ultimately long term benefit. So long term capital formation i.e. capital Expenditure by the government is good for the country and it is also considered as Positive Expenditure.

## ② CONCEPT OF INFLATION →

Inflation is the Rate of change of Prices of goods and services ~~the~~.

When there is high rate of Inflation many people cannot purchase the goods and services they need while <sup>if</sup> the inflation is very low then it effect the growth of the country.

→ So There must be a Balance in the Inflation Rate of the country.

→ Inflation of 3-5% is considered as good for the country.

→ How to measure the Inflation?

There are 2 ways to measure Inflation.