ECONOMY TERMS

Serial Number	Key Terms/Definitions
1.	**Swiss Challenge System (SCS)**: The SCS is a *bidding process* designed to enlist private sector initiatives in core sector projects.
2.	**What is NIIF?** It is a fund created by the Government of India **for enhancing infrastructure financing in the country.**
3.	**Difference between Forward and Futures Contracts** Under the Forward Contracts (Regulation) Act, 1952, which regulates commodity trading in India, a forward contract is a contract for the actual delivery of goods. On the other hand, a futures contract is one where the buyer can settle the contract in cash as well.
4.	ICEGATE is the customs electronic repository of bills of entry, shipping bills and other import-export documents.
5.	The Nobel Prize Committee has awarded the 2015 Nobel in Economic Sciences to **Angus Deaton of Princeton University**, for his analysis of **"consumption, poverty, and welfare."**
6.	**What are Bulk Drugs**? Bulk Drugs or APIs are basically the active raw materials used in a drug that gives it the therapeutic effect.
7.	**What Is Compulsory Licensing** CL is the grant of permission by the government to entities to use, manufacture, import or sell a patented invention without the patent-owner's consent. CL is permitted under the WTO's TRIPS (IPR) Agreement provided conditions such as 'national emergencies, other circumstances of extreme urgency and anti-competitive practices' are fulfilled.
8.	**What are payment banks?** Payment banks are non-full service banks, whose main objective is to accelerate financial inclusion.
9.	**Cess** This is a tax on tax, levied by the govt for a specific purpose. Generally, cess is expected to be levied till the time the govt gets enough money for that purpose.
10.	**What is Market Economy Status?** Once a country gets MES status, exports from it, will have to accepted at the production costs and selling price as the benchmark.
11.	**Base Erosion and Profit Shifting (BEPS)** refers to tax planning strategies that exploit **gaps and mismatches in tax rules** to artificially shift profits to low or no-tax locations where there is little or no economic activity, resulting in little or no overall corporate tax being paid.

12.	**Deflation** Deflation is simply the opposite of inflation. That is, prices fall from one period to the next. So deflation is a decrease in the general price level of goods and services. Deflation occurs when the inflation rate falls below 0% (a negative inflation rate).
13.	**What is trade credit insurance?** An insurance policy offered by private insurance companies and governmental export credit agencies to business entities wishing to protect their accounts receivable from loss due to credit risks such as protracted default, insolvency or bankruptcy.
14.	**Transfer Pricing** The price at which divisions of a company transact with each other is called transfer price. Transactions may include the trade of supplies, service or labor between departments.
15.	**What is BEPS?** It is a technical term referring to the negative effect of multinational companies' tax avoidance strategies on national tax bases. It can be achieved through the use of transfer pricing.
16.	**What is AIF?** Anything alternate to traditional form of investments gets categorized as alternative investments.
17.	**What is IIP?** • IIP is a ratio which measures the growth of various sectors in the economy. Being a ratio, it represents the status of production in the industrial sector for a given period of time as compared to the reference period of time (base year).
18.	**What is Seed Funding (Capital)?** • It is the initial capital used to start a business. It is provided to help a business develop an idea, create the first product, and market the product for the first time.
19.	**What is Social Progress Index?** The Social Progress Index is an aggregate index of social and environmental indicators that capture three dimensions of social progress: Basic Human Needs, Foundations of Wellbeing, and Opportunity.
20.	**What is Tax Justice Network?** It is an independent body dedicated to research, analysis and advocacy in the area of international tax and the aspects of financial regulation
21.	**Blue Revolution** It visualizes "Creating an enabling environment for an integrated and holistic development and management of fisheries keeping in view the sustainability, bio-security and environmental concerns".

22.	***Kuznets Curve*** In economics, a **Kuznets curve** graphs the hypothesis that as an economy develops, market forces first increase and then decrease economic inequality. The hypothesis was first advanced by economist SimonKuznets in the 1950s and '60s.
23.	**Gross Domestic Product (GDP):** While the GDP measures the economic progress of a nation
24.	**Gini Coeffecient:** It measures the income inequalities among citizens
25.	**Chit Funds** Chit funds are known by various names such as Chitty, Kuri etc. They are essentially saving instruments. Chit funds have regular members who make periodical subscriptions to the fund.
26.	**BASEL III** BASEL III is an international banking regulatory accord released by the **Basel Committee on Banking Supervision.**
27.	**What are Small Finance Banks?** **SFBs was recommended by the Nachiket Mor committee on financial inclusion** They are **niche banks** (banks that focuses and serves the needs of a **certain demographic segment of the population).**The SGBs are scaled down versions of commercial banks, with **both deposit-taking and loan-making functions.** **They can** supply credit to MSMEs, agriculture and banking services in unbanked and under-banked regions in the country.
28.	**Twin-balance Sheet Problem** The twin balance sheet problem deals with the corporate balance sheet and the bank balance sheet. Delays in corporate projects leads to issues with loan repayments.
29.	**Difference between NPAs and Stressed Assets** **Stressed Assets** - It is a broader term and comprises of NPAs, restructured loans and written off assets. **NPAs (Non-performing Assets)** - A loan whose interest/instalment for more than 90 days. **Restructured Loans** - assets/loans which have been restructured by giving a longer duration for repayment, lowering interest or by converting them to equity. **Written off Assets** - assets/loans which aren't counted as dues. They are compensated through some other way.
30.	**What is EPFO?** It is a **statutory body** under **Employees Provident Fund and Miscellaneous Provisions Act 1952.**

31.	**Monetary Policy Committee** A 6-member committee to decide **key policy rates.** It will have three members from RBI. They are the **governor, deputy governor and another officer.** 3 members will be decided by the centre based on the recommendations of a panel headed by the **Cabinet Secretary**. The **RBI governor** will have a **vote in case of a tie**.
32.	**What is Peer-To-Peer Lending (P2P)?** It is a method of debt financing that enables individuals to borrow and lend money - without the use of an official financial institution as an intermediary.
33.	**What is a FCNR Account?** An FCNR account is a term deposit account that can be maintained by NRIs and PIOs in foreign currency. Thus, FCNRs are not savings accounts but fixed deposit accounts.
34.	**NPCI** Founded in 2008, it is a non-profit organization registered under section 25 of Companies act.
35.	**Venture Capitalists** – They are professional investors who invest other people's money in high growth potential start-ups and companies. They also own shares in the company and have a say in its running.
36.	**SEBI** It was established in 1992 in accordance with the provisions of the SEBI Act, 1992.
37.	**Algorithmic Trading?** An algorithm is a step-by-step procedure to accomplish a task. Algorithmic trading is the process of using pre-set computer programmes to execute trades at a speed and frequency that is impossible for a human trader.

38.	**What are Sovereign Gold Bonds?** SGBs are government securities denominated in grams of gold. They are substitutes for holding physical gold. Investors have to pay the issue price in cash and the bonds will be redeemed in cash on maturity.
39.	**What is Climate Bonds Initiative?** The Climate Bonds Initiative is an **international, investor-focused not-for-profit organization**.
40.	**Green Bond** A bond is a debt instrument with which an entity raises money from investors. **The capital for green bond is raised to fund 'green' projects like renewable energy, emission reductions etc.** First Green Bond was issued by World Bank in 2007.

41.	**Global Environment Facility (GEF)** is a multilateral body of governments, civil society, banks etc. acting as a financial mechanism to environmental conventions like UNFCCC etc.
42.	**Green Climate Fund** was created by UNFCCC in 2011 as an operating entity of financial mechanism of the UNFCCC.
43.	**Clean Development Mechanism** – It involves investment by developed countries in emission reduction projects in developing countries
44.	**Joint Implementation (JI)** - JI enables developed countries to carry out emission reduction projects in other developed countries.
45.	**Perform Achieve Trade (PAT)** - It is a market-based trading scheme under National Mission on Enhanced Energy Efficiency (NMEEE). It involves trading in **energy efficiency certificates** to offset emissions.
46.	**Masala Bonds** are **rupee-denominated bonds** sold by **Indian entities** in the **overseas market**.
47.	NBFCs are financial institutions that provides banking services with the following limitations. They can accept only term deposits and not demand deposits. They are not part of payment and settlement system and cannot issue cheques draw on themselves.
48.	**Ponzi scheme** It is an illegal investing scam promising high rates of return to investors. It has no underlying assets i.e. it **generates returns for older investors by acquiring new investors and not by earning returns/revenue by any aWssets like property etc.**
49.	**Pyramid Scheme** is an illegal scheme similar to ponzi scheme. While in a Ponzi scheme, participants believe of earning returns from any asset, participants in a pyramid scheme are aware that they earn money by finding new investors. Pyramid schemes are banned under **Chits and Money Circulation Schemes (Banning) Act, 1978**
50.	**Plan Expenditure** - Any expenditure that is incurred on programmes which are detailed under the current (Five Year) Plan of the centre or centre's advances to state for their plans is called plan expenditure.
51.	**Non Plan Expenditure**- This refers to the estimated expenditure provided in the budget for spending during the year on routine functioning of the government. Non- Plan expenditure is all expenditure other than plan expenditure of the govt.
52.	**Gender Responsive Budgeting:** It entails dissection of the Government budgets to establish its gender differential impacts and to ensure that gender commitments are translated in to budgetary commitments. Gender Responsive Budgeting was institutionalized in India in 2005.

53.	**What is PFMS?** PFMS, administered by the department of expenditure, is an end-to-end solution for processing payments, tracking, monitoring, accounting, reconciliation and reporting.
54.	**Public Debt Management Agency (PDMA)** Public Debt Management Agency (PDMA) is a proposed specialized independent agency that manages the internal and external liabilities of the Central Government in a holistic manner.
55.	**PFRDA** The Pension Fund Regulatory and Development Authority (PFRDA) is a pension regulatory authority which was established in 2003. It is authorized by Ministry of Finance, Department of Financial Services.
56.	**BCTT (Banking Cash Transaction Tax)** BCTT is a type of tax that was levied on cash transactions above a **specified limit by an individual or HUF** from any non-saving account of a scheduled bank in a single day. The tax was first introduced in **2005** under the Finance Act, 2005. It was later rolled back from **1 April, 2009.**
57.	**CBDT (Central Board of Direct Taxes)** It is a statutory body functioning under the Department of Revenue in Ministry of Finance. The board is functioning as per the provisions under the Central Board of Revenue Act, 1963.
58.	POEM is broadly defined as the place where the management decisions are taken rather than the place where these decisions are implemented**.**
59.	**ADVANCE PRICING AGREEMENTS** An APA is a contract, usually for multiple years, between a taxpayer and at least one tax authority specifying the pricing method that the taxpayer will apply to its related-company transactions. Unilateral APA- between taxpayer and tax authority of country where the taxpayer is located. Bilateral APA- between taxpayer, tax authority of host country and the foreign tax authority. Multilateral APA-between taxpayers, tax authority of host country and more than one foreign tax authorities.
60.	Tax-to-GDP ratio is the ratio of total taxes (both direct and indirect) collected to the Gross Domestic Product in a given financial period (typically one-year).
61.	**What is Tax terrorism?** The tag of Tax Terrorism is used in the **context** of practices such as: Retrospective taxation cases such as: Vodafone pricing case, Cairn India-Vedanta group case. Minimum Alternative Tax – though with right intentions but wrong implementation.

62.	**What is Current Account Deficit?** It means the value of imports of goods/services/investment incomes is greater than the value of exports. It is sometimes referred to as a trade deficit.
63.	**Types of ATM:** **Bank ATM**- owned and operated by the respective bank. **Brown Label ATM**- banks outsource the ATM operations to a third party. They have logo of the bank. **White Label ATM**- owned by non-bank entities. Eg- Muthoot Finance ATM, TATA Indicash, etc. There is no bank logo.
64.	**Countervailing Duty (CVD)** **It** is additional duty levied by the importing country on specific goods. It is generally equal to the excise duty paid by manufacturers when the same product is produced in the home country. It is mainly levied in order to neutralize the effect of subsidies in the exporting country on the price and domestic market of the importing country. In other words, it is levied in order to protect the domestic manufacturers.
65.	**Safeguard Duty** The government extended the safeguard duty on steel import to March 2018 in order to protect the domestic manufacturers. It is another duty levied in order to protect the domestic industry. However, it is done so after an enquiry and when the government is satisfied that the concerned good when imported in large quantities or at cheap price will affect the domestic industry.
66.	**EXTERNAL COMMERCIAL BORROWINGS** **Any money borrowed from foreign sources for financing the commercial activities in India are called ECBs.**
67.	**What are offshore derivatives instruments (ODIs)?** (ODIs) are investment vehicles used by overseas investors for an exposure in Indian equities or equity derivatives. These investors are not registered with SEBI, either because they do not want to, or due to regulatory restrictions. These investors approach a foreign institutional investor (FII), who is already registered with SEBI. The FII makes purchases on behalf of those investors and the FII's affiliate issues them ODIs. **P-Notes** are a type of offshore/overseas derivative instruments (ODIs)
68.	**DOUBLE TAXATION AVOIDANCE AGREEMENT** A DTAA is a tax treaty signed between two or more countries. Its key objective is that tax-payers in these countries can avoid being taxed twice for the same income. A DTAA applies in cases where a tax-payer resides in one country and earns income in another.

69.	**What are trade receivables?** The total value of trade receivables for a business at any time represents the amount of sales which have not yet been paid for by customers.
70.	**What is MSP?** MSP is the rate at which government agencies like Food Corporation of India (FCI) and other state government-owned agencies procure the grain from farmers.
71.	**Spot Market -** It is an electronic trading platform which facilitate- Purchase and sale of specified commodities like agricultural commodities, metals and bullion It provides **spot delivery contracts** which are immediate contracts or those in 11 days. **Derivatives Marke t**- Derivatives are financial contracts that derive their value from an underlying asset. These could be stocks, indices, commodities, currencies, exchange rates, or the rate of interest. These help make profits by betting on the future value of the underlying asset.
72.	**What is IPR (Intellectual Property Rights)?** Intellectual Property Rights are the rights given to a creator over the use of his creations. It is aimed at incentivizing creativity and innovation.
73.	**Vulnerable Employment** As per ILO, vulnerable employment **covers the own account workers and unpaid family workers**.
74.	**What is Logistics Performance Index (LPI)?** LPI is a measure that captures the relative ease and efficiency with which products can be moved into and within a country.
75.	**Geographical Indication** GIs have been defined under Article 22(1) of the WTO Agreement on Trade-Related Aspects of Intellectual Property Rights (TRIPS) Agreement. A geographical indication (GI) is a sign used on products that have a specific geographical origin and possess qualities or a reputation that are due to that origin.
76.	**Oliver Hart** from Harvard and MIT professor **Bengt Holmstrom** won this year's Nobel Memorial Prize in Economics for their study of contracts and human behaviour in business. **What is Contract Theory?** How contracts are designed defines our incentives in various situations in the real world. Contracts can be formal or informal, depending on whether they are enforced by law or social norms complete or incomplete, which is based on whether they take into account all possibilities that lay in the future

77.	**Prompt Corrective Action (PCA)** framework is a supervisory tool which provides an opportunity to the **Reserve Bank of Indi**a to pay focussed attention on banks by monitoring of certain performance indicators of the banks as an early warning exercise.
78.	**Special Mentioned accounts:** SMAs are those standard accounts which show earlier sign to fall between the Standard and Sub Standard (NPA) category.
79.	• **Sub-standard assets:** Assets which has remained NPA for a period less than or equal to 12 months. • **Doubtful assets:** An asset would be classified as doubtful if it has remained in the substandard category for a period of 12 months. • **Loss assets:** As per RBI, Loss asset is considered uncollectible and of such little value that its continuance as a bankable asset is not warranted, although there may be some salvage or recovery value.
80.	**Letter of undertaking (LoU)** • It is a **form of bank guarantee** under which a bank can allow its customer to raise money from another Indian bank's foreign branch in the form of a short term credit.
81.	• **Core banking solution (CBS):** It is a back-end system that processes daily banking transactions and posts updates to accounts and other financial records.
82.	**LIBOR (London Interbank Offer Rate)** • It is the global reference rate for unsecured short-term borrowing in the interbank market.
83.	• **Base Rate:** It is the minimum interest rate at which a bank can lend. It is calculated according to the RBI guidelines. It differs from one bank to another.
84.	**What is PSLCs?** PSLCs are tradable certificates issued against priority sector loans of banks so as To enable banks to achieve their specified target and sub-targets for priority sector lending through purchase of these instruments in the event of a shortfall. At the same time incentivizing the surplus banks to lend more to these sectors.
85.	**What is MTDS?** • Medium-Term Debt Management Strategy is a framework that the government intends to use over the medium-term to ensure Debt levels stay affordable and sustainable, New borrowings are for a good purpose and that the costs and risks of borrowing are minimized.
86.	**Angel Investors** – Angel investors invest in small startups or entrepreneurs. The capital angel investors provide may be a one-time investment to help the business propel or an ongoing injection of money to support and carry the company through its difficult **early stages.**

87.	**What is Teaser Loan?** Teaser home loans are offered at a fixed low rate of interest in the initial years and are subsequently adjusted to a higher floating rate for the rest of their tenure. Teaser loans try to entice borrowers by offering an artificially low rate and small down payments, claiming that borrowers should be able to refinance before the increases occur.
88.	**What are** Special Drawing Right**?** Artificial currency (but is neither a currency, nor a claim on the IMF) created as international reserve asset by the IMF in 1969. Created in response to concerns about the limitations of gold and dollars as the sole means of settling international accounts.
89.	**What are secrecy Jurisdiction/tax havens?** A state, country, or territory where certain taxes are levied at a very low rate or not at all and financial secrecy is used to attract illicit and illegitimate financial flows.
90.	**What is dumping?** Dumping is an unfair trade practice of exporting goods to another country at a price lesser than what is paid in the exporting nation or their normal production cost, thereby distorting international trade and causing injury to the domestic manufacturers of the goods in the importing country.
91.	• **Cash Reserve Ratio: Cash reserve Ratio (CRR)** is the amount of funds that the banks have to keep with the RBI. If the central bank decides to increase the CRR, the available amount with the banks comes down.
92.	• **Reverse Repo Rate: Reverse Repo rate** is the rate at which the **RBI** borrows money from commercial banks.
93.	• **Repo rate:** It is the rate at which banks borrow money from the RBI against the pledge of government securities.
94.	**Bail-In Clause:** Under bail-in, the Resolution Corporation can internally restructure the firm's debt by: (i) cancelling liabilities that the firm owes to its creditors, or (ii) converting its liabilities into any other instrument (e.g., converting debt into equity). It is different from Bail-out where public funds are used to inject capital into an ailing company.
95.	**Bridge institution** – It is a bridge service provider, a company limited by shares, created by the corporation for the purpose of resolving a specified service provider.
96.	**Run-off entity** – An insurance entity under resolution is classified as run-off entity to allow the present insurance policies to run to their expiration dates.

97.	**Contingency Fund** • It is **maintained by RBI** to overcome unforeseen contingencies such as Black Swan events – the collapse of Lehman Bank in USA or any other bank which may endanger economic stability of the bank. • It also acts as **cushion against events** such as unprecedented forex and gold fluctuations or other valuation losses in bond holdings etc.
98.	**What are Differentiated Banks?** • The Banks which could be differentiated on the account of capital requirement, scope of activities and serve the needs of a **certain demographic segment** of the population are called as Differentiated Bank or Niche banks.
99.	**What are Domestic- Systematically Important Banks (DSIBs)?** • DSIBs are also referred to as **"Too Big To Fail" (TBTF**) because of their size, cross-jurisdictional activities, complexity and lack of substitute and interconnection.
100.	**What are PSLCs?** • They are **tradable certificates** issued against priority sector loans of banks so as to enable banks to achieve their specified target and sub-targets for priority sector lending in the event of a shortfall.
101.	**Public Credit Registry** • Public Credit Registry is a **database of credit information** which is accessible by all the stakeholders.
102.	**Priority Sector** • It refers to those sectors of the economy which may not get timely and adequate credit in the absence of this special dispensation.
103.	**MERCHANT DISCOUNT RATE** **What is MDR?** • It is a charge which the merchants pay to the bank for accepting payments from customers through debit card in their establishment. It compensates the card issuing bank for facilitating for point of sale (PoS) transactions and payment gateway such as Mastercard and Visa.
104.	**What is a Bond?** • It is a debt instrument in which an investor loans money to an entity (typically corporate or governmental) which borrows the funds for a defined period of time at a variable or fixed interest rate. **Maharaja Bond:** It is rupee-denominated bond launched by IFC for issuances in India's domestic capital markets.
105.	**What is an ETF?** • Exchange Traded Funds are index funds that offer the security of a fund and liquidity of stock. • Much like index funds they mirror the index, commodity, bonds or basket of assets. • Their price changes daily as they are traded throughout the day.

106.	A dormant company is a company which has chosen to get a 'dormant' status from the Registrar of companies in compliance with the requirements under Section 455 of Companies Act 2013 or the company has not filed annual returns for two financial years consecutively.
107.	**What are Shell Companies?** • These are companies **without active business operations with significant assets.** They can be set up for both legitimate and illegitimate purposes.
108.	• **Revenue Deficit** refers to the excess of revenue expenditure over revenue receipts or the extent of borrowings used for revenue expenditure. It signifies if the day to day expenditure of the government can be met by its day to day income. • **Effective revenue deficit** is revenue deficit minus grants to states for creation of capital assets. • **Fiscal Deficit** is the difference between the total expenditure and revenue receipts plus non-debt capital receipts. It indicates the amount the Government has to borrow to meet its annual targets. • **Primary Deficit** is measured by fiscal deficit less interest payments. It shows what the Fiscal Deficit would've been for this particular year if no interests were to be paid. It ignores the loans taken by the previous Governments in previous financial years. • **Capital expenditure:** Expenditures which result in creation of physical or financial assets or reduction in financial liabilities. • **Revenue expenditure:** Expenditure incurred for purposes other than the creation of physical or financial assets of the central government. It relates to expenses incurred for the normal functioning of the government departments.
109.	**What is Disinvestment?** • Disinvestment or divestiture refers to the government selling or liquidating its assets or stakes in PSE (public sector enterprise). • **Strategic Disinvestment** is the sale of substantial portion of the Government shareholding of a central public sector enterprise (CPSE) of up to 50%, or such higher percentage along with transfer of management control.
110.	**Reverse Charge Mechanism** • Under this mechanism the **liability to pay tax is of the recipient of goods & services** rather than the **supplier when** the goods or services have been received from **an unregistered person**.
111.	• **Profiteering** means unfair profit realized by traders by manipulating prices, tax rate adjustment etc.
112.	**What is an E-way bill?** • The E-way bill is a document required to be carried by a person in charge of the conveyance carrying any consignment of goods of value **exceeding Rs. 50,000** for sales beyond 10 km in the new Goods and Services Tax (GST) regime.

113.	• A capital gains tax is a direct tax levied on **capital gains, profits an investor realizes when he sells a capital asset for a price that is higher than the purchase price**. Capital gains taxes are only triggered when an asset is realized, not while it is held by an investor.
114.	**Mutual Agreement Procedure (MAP)** and **Advance Pricing Agreements (APAs).** • **APA** is a contract between a taxpayer and at least one tax authority (one of the two countries that have signed the bilateral treaty) specifying the pricing method that the taxpayer will apply to its related-company transactions. It is signed prior to the transaction taking place. • **MAP** is a way by which taxpayer can seek relief in his country of residence when he feels that he is not being taxed according to the terms of the bilateral treaty between the two countries. • **DTAA**: It is a tax treaty between two countries in order to avoid double taxation of same taxpayer.
115.	✓ **Green Box Subsidies:** The subsidies which cause no, or at most minimal, trade distorting effects or effects on production. These subsidies are permitted under WTO regime, for instance; Government services such as research, disease control, and infrastructure and food security. ✓ **Amber Box Subsidies or AMS:** All domestic support measures considered to distort production and trade (with some exceptions) fall into the amber box. For instance, MSP, Procurement Price, sum total of subsidies on inputs like fertilizer, water, credit, power, etc. ✓ **Blue Box Subsidies:** It contains direct payment subsidies which can be increased without limit, so long as payments are linked to productionlimiting programs. This is the **"amber box with conditions",** conditions designed to reduce distortion. Any support that would normally be in the amber box, is placed in the blue box if the support also requires farmers to limit production. ✓ **Special and Differential Treatment Box (S&DT)**: The S&DT measures generally comprises of i**nvestment subsidies like tractors and pump sets to farmers, a**gricultural input services like fertilizers to farmers. These subsidies should be provided only to **low income and resource poor** producers (or poor farmers) in developing countries.
116.	**International Investment Agreements** • An IIA (includes Bilateral Investment Treaties and Treaties with Investment Provisions) promotes greater investment flows between signatory countries and sets out standards of protection for investments made in one country by investors from the other country.
117.	**Base Erosion and Profit Shifting (BEPS)** • BEPS project is an OECD initiative approved by G-20 in 2012. • BEPS refers to tax avoidance strategies that exploit gaps and mismatches in tax rules to artificially shift profits to low or no-tax locations.

118.	• **Living Wage:** A "living wage" refers to a threshold that allows workers and their families to have decent living standards. Location-specific living wage standards usually identify a minimum amount of money required to cover food, basic non-food items and other discretionary expenditures. • **Fair wages:** is a mean between living wages and minimum wages, which may roughly be said to approximate to the need based.
119.	**Structural Unemployment** – It is the unemployment created by the changes that occur in market economies such that demand increases for some jobs skills while other job skills become outmoded and are no longer in demand. For example, introduction of new technology lead to job loss for manual work. **Frictional Unemployment** – It is the situation that occurs during a period when workers are searching for new employment or transitioning from their old jobs to new jobs. • **Cyclical Unemployment** – It is unemployment situation created by the cyclical shift in market economy. If an economy is doing good, cyclical unemployment will be at its lowest, and will be the highest if the economy growth starts to falter.
120.	**FARMER PRODUCER COMPANIES** **What are FPCs?** • It is a hybrid between cooperative societies and private limited companies which provides for sharing of profits/benefits among the members.
121.	**NABARD** • It is an apex development bank of country and is engaged in agricultural credit and other economic activities in rural areas.
122.	**Seed Replacement Ratio (SRR)** • It is a measure of how much of the total cropped area was sown with certified seeds in comparison to farm saved seeds.
123.	**What is Land Bank?** • Land bank is a pool of land which allows government to offer land to investors without waiting for the process of land acquisition.
124.	**PPP Models Used Under Road Construction in India** • **BOT (Build-Operate-Transfer):** The private partner is responsible to design, build, operate (during the contracted period) and transfer back the facility to the public sector. • **BOT-Toll:** Similar to BOT, the only difference is that the private party is allowed to recover its investment through toll collection. • **Engineering, Procurement and Construction (EPC) model:** Procurement of raw material and construction costs are met by the government. • **Hybrid Annuity Model (HAM):** It is a mix of BOT and EPC models. The government will contribute the 40% cost of the project in the first five years through annual payments.

125.	**What are InvITs?** • Infrastructure Investment Trusts (InvITs) are mutual fund like institutions that enable investments into the infrastructure sector by pooling small sums of money from multitude of individual investors for directly investing in infrastructure. **Alternative Investment Fund** • It refers to any **privately polled investment fund** in form of a trust or a company or a body corporate or limited liability partnership which do not come jurisdiction of any regulatory agency in India. • AIFs have been defined in **SEBI (Alternate Investment Fund) Regulations 2012**. And its definition includes venture capital fund, hedge fund, private equity fund etc. **Sovereign wealth fund** • It consists of pools of money derived from a country's reserves, set aside for investment purposes to benefit the country's economy and citizens.
126.	**Real Estate Investment Trusts** • It is a company that owns, operates or finances income-producing real estate.
127.	**Eco-mark** • It is a voluntary labelling scheme for easily identifying environment friendly products. • The scheme was **launched by the Ministry of Environment and Forests**
128.	**Operational and Financial creditors** • **Financial creditors** are those whose relationship with the entity is a pure financial contract, such as a loan or debt security. • **Operational creditors** (unsecured creditor) refer to anyone who has provided goods or services and the payment for same is due from the corporate debtor.
129.	**Amalgamation and Merger** • In merger, two or more companies/entities are combined together to form either a new company or an existing company absorbing the other target companies. E.g. Consolidation of 2 entities Tata Steel and UK based Corus Group with resulting entity being Tata Steel. • Amalgamation is a type of merger in which two or more companies combine their businesses to form **an entirely new entity/company**. E.g. Consolidation of 2 entities Mittal Steel & Arcelor resulting in new entity Arcelor Mittal
130.	**Differentiated Banking** The banks which could be differentiated on the account of **capital requirement**, scope of **activities** and serve the needs of a **certain demographic segment** of the population are called as Differentiated Banks or Niche Banks.
131.	**Urban Cooperative Banks (UCBs)** • As per Banking Regulation Act, 1949 a primary co-operative bank (Urban Co-operative Bank or UCB) means a co-operative society, **other than a primary agricultural credit society**,

132.	**Types of Bank Capital** • Tier-1 capital is the **core capital**. It can absorb losses without a bank being required to cease trading. • Tier-2 capital is the **supplementary capital** of a bank. It can absorb losses in the event of a winding-up and so provides a lesser degree of protection to depositors.
133.	**What is Capital Conservation Buffer (CCB)?** • It is the **mandatory capital** that financial institutions are required to hold above minimum regulatory requirement.
134.	**Pro-cyclical & Counter-cyclical Lending** • In business cycle theory & finance, any economic quantity that is positively correlated with the overall state of the economy is said to be **procyclical**. A 'procyclical lending' means that the banks keep the lending rates low & reduce buffers during an economic boom and therefore, promote increase in the credit uptake. Similarly, they lend less during a recession. • Conversely, any economic quantity that is negatively correlated with the overall state of the economy is said to be **countercyclical**. Under 'countercyclical lending', banks tend to maintain higher buffers during the period of boom, limit lending and thus 'cool down' the economy and stimulate the economy when it is in a downturn. • While there is an **opportunity cost** in following a countercyclical policy (in not lending more while there are reserve funds), it **prepares the market well for the future declines**.
135.	**Capital Adequacy Ratio (CAR)** • **CAR = (Tier I + Tier II Capital)/Risk Weighted Assets** • Expressed as a percentage of a bank's risk weighted credit exposures. • Measure of **bank's financial strength** to ensure that banks have enough **cushions to absorb losses before becoming insolvent and losing depositors' funds**.
136.	**Shadow Banking System** • Shadow banking system includes non-bank financial intermediaries that remain outside regular banking system. The term was coined by economist Paul McCulley in 2007.
137.	**Treasury Bills** • Treasury Bills are **short-term debt instruments** used **by Central Government** to fulfill its short-term liquidity requirements (upto 364 days)

138.	Financial instruments are the **packages of asset/capital** that may be traded. Most types of financial instruments provide an **efficient flow and transfer of capital** all throughout the world's investors. These assets can be **cash** (currency), a **contractual right** to deliver or receive cash (bond) or another type of financial instrument, or **evidence of one's ownership** of an entity (share). Financial instruments may be divided into two types: • **Cash instruments:** Instruments whose value is determined directly by the markets. They can be securities, which are readily transferable, and instruments such as loans & deposits, where both borrower and lender have to agree on a transfer. • **Derivative instruments:** Instruments which derive their value from an underlying asset, index or interest rate. They can be either **Over-The-Counter derivatives** (traded directly between two parties, without going through an exchange or other intermediary) or **Exchange Traded Derivatives** (traded via a specialized market). If the underlying asset is a physical commodity, then it is called **'commodity derivative'.** Financial instruments may also be divided according to **asset class**: • **Debt-based:** Represent a loan made by an investor to the issuing entity (owner of the asset). E.g. Treasury Bills, Commercial Papers (Short Term); Bonds (Long Term) • **Equity-based:** Represent ownership of an asset. E.g. Stocks
139.	**Withholding Tax** • Tax levied on income (interests / dividends) from securities owned by a non-resident entity • Intends to check volatile trading in equity and bond market
140.	**Insider Trading** • It is the buying or selling of a security by someone who has access to material non-public information about the security.
141.	**Debentures** • A debenture is a type of bond that is not secured by physical assets or collateral. Debentures are backed only by the general creditworthiness and reputation of the issuer. • It promises a fixed rate of interest and return of the principal at a certain date **known as Debenture Redemption.** • Treasury Bills issued by governments are a type of Debentures.
142.	• **Share swap** is when a company pays for an acquisition or merger by issuing its own shares (used as a currency) to the shareholders of the target company. • The number of shares to be issued in lieu of their existing holdings in the target company called the **swap ratio** and it is determined by valuing the target company (based on metrics such as revenues, profits, market price etc.) • Share Swap allows sharing of risks & benefits and cash savings as there is no cash outgo involved for the acquirer.

143.	**Gross Domestic Product (GDP) vs Gross Value Added (GVA)** • Gross Domestic Product (GDP) is the **monetary value all final economic goods and services** produced in a country during a specific period of time. • GVA is **measure of value of goods and services produced in economy.** • **GVA** is **sector specific** while **GDP** is calculated **for entire economy.** **How GDP is calculated?** There are 3 theoretical ways of calculating GDP, which include: • **Expenditure Approach:** The total spending on all final goods and services GDP = C + I + G + (X-M) where C= Consumption goods and services, I= Gross Investments, G= Government Purchases , X= Exports, M= Imports. This method is the most commonly used representation of the GDP. • **Income Approach:** This approach aims at adding up the incomes received by all the factors of production. • **Value Added Approach:** The value/price of final goods & services (including financial goods and services) are added up and the value of the intermediate goods is subtracted.
144.	• Under the new methodology the GDP at market price is calculated as: GDP at market price = GVA at basic prices + (Product Taxes) – (Product Subsidies) GVA at Basic Prices = GVA at Factor Cost + Production Taxes – Production Subsidies Gross value added (GVA) at factor cost = Output – Intermediate consumption
145.	**Government Debt** • **Government liabilities** have been broadly classified as debt contracted against the Consolidated Fund of India (defined as **Public Debt**) and liabilities in the Public Account, called **Other Liabilities**.
146.	**Roll-over Risk** It is a risk associated with the refinancing of debt. Rollover risk is commonly faced by countries and companies when a loan or other debt obligation (like a bond) is about to mature and needs to be converted, or rolled over, into new debt.

147.	**Direct Tax** • These are the taxes, paid **directly to the government by the taxpayer.** Under the direct tax system, the incidence and impact of taxation fall on the same entity, which cannot be transferred to another person. • It is termed as **a progressive tax** because proportion of tax liability rises as an individual/entity's income increases. **Examples:** Income tax, Corporate Tax, Dividend Distribution Tax, Capital Gain Tax, Security Transaction Tax etc. • The system of direct taxation is governed by the **Central Board of Direct Taxes (CBDT).** It is a part of the **Department of Revenue** in the **Ministry of Finance**. **Indirect Tax** • Tax **collected by an intermediary** (such as a retail store) **from the customer**, who is actually bearing the economic burden of the tax. Thus, **incidence and impact of the tax are at different points.** • The indirect tax is imposed **only when a taxable transaction** occurs. • While indirect tax has a **wider base** and is more **elastic** (i.e. small increase brings in large amounts of revenue), it is **regressive in nature** as rich and poor are taxed equally for the same item. Thus, the poor end up paying a greater proportion of their income in indirect taxes.
148.	**Base Erosion & Profit Shifting** • It refers to tax avoidance strategies that exploit gaps and mismatches in tax rules to artificially shift profits to low or no tax locations. • **BEPS** is of major **significance** for **developing countries** due to their **heavy reliance on corporate income tax**, particularly **from multinational enterprises (MNEs)**.
149.	**What is Angel Tax?** • It is a levy of 30% on the unlisted companies that have raised capital through sale of shares at a value above their fair market price. This excess capital is treated as income from other sources and is taxed.
150.	**Anti-Dumping Duties** • These are special duties imposed when a firm sells a product in the importing market (i) at a price below the one it charges in the home market, or (ii) below the cost of production or at less than fair value. • It damages the producers in the importing country. **Countervailing Duty** • If the exporting nation is found to offer export subsidies to their exports, then CVD is imposed by the Importing Nation on imports. **Safeguard Duty** • The safeguard duty as a temporary measure is used when imports of a product, due to tariff concessions or other WTO obligations, increase unexpectedly to a point that they cause or threaten to cause serious injury to domestic producers.

151.	**Recapitalization Bonds** • A government bond is an instrument to raise money from the market with a promise to repay the face value at the maturity date and a periodic interest. A bond issued for the purpose of recapitalisation is called recapitalisation bonds.
152.	**What is Fixed-Term Employment?** • It is a contract in which a company hires an employee for a temporary job for a specific period with fixed a payment & all statutory benefits (wages, working hours etc.) available to a permanent worker. However, such employee is not on payroll of the company and contract can be terminated on certain grounds.
153.	**Inverted Duty Structure (IDS)** • It implies a situation where import duty on finished goods is low compared to the import duty on raw materials that are used in the production of such finished goods.
154.	**What is Public Utility Service?** • Public Utility Services are those business undertakings engaged in supplying essential goods and/or services of daily necessity for the general public.
155.	**Cabotage** • Cabotage refers to shipping along coastal routes between foreign sea ports & also to the restriction on the operation of vessels between sea ports within a particular country. • It is governed by the Merchant Shipping Act (MSA) of 1958.
156.	**What is Freight Village?** "A freight village is a defined area within which all activities relating to transport, logistics and the distribution of goods, both for national and international transit, are carried out by various operators"
157.	**What are REITS?** • It is a company that owns, operates or finances income-producing real estate. • It raises funds from a large number of investors and directly invests that sum in income-generating real estate properties. The trusts are listed in stock exchanges so that investors can buy units in the trust. • They are **regulated by SEBI**. • Projects being developed by REITs should be registered under RERA.
158.	**Stagflation** It is a peculiar **combination of stagnant growth and rising inflation** leading to high unemployment.
159.	**Corporate Tax Rate Cut** • **Domestic as well as foreign companies** are liable to pay corporate tax under the Income-tax Act. While a domestic company is taxed on its universal income, a foreign company is only taxed on the income earned within India i.e. is being accrued or received in India.

160.	**Buyback tax** • A buyback is where a company buys back or repurchases the shares issued to shareholders.
161.	**Interest Rate Spread** Spread refers to the difference in borrowing rates and lending rates of financial institutions.
162.	**Marginal cost of funds-based lending rate (MCLR)** • It is the minimum lending rate below which a bank is not permitted to lend, except in some cases allowed by the RBI. • It is an internal **benchmark or reference rate for the bank**. It replaced the earlier base rate system. • Its calculation is based on four components**: the marginal cost of funds, negative carry on account of cash reserve ratio, operating costs and tenor premium.**
163.	**NPA Divergence** Divergence is the **difference between RBI's assessment and that reported by the lender/ banks.**
164.	**Bond Yield** • In India, government bond yields fell sharply in the wake of the Union Budget. • A bond is a debt **instrument issued by a country's government or by a company to raise funds and having a maturity period of more than one year.** • Every bond has a price fixed by the issuer known as **face value** and an annual interest known as **coupon payment.** • The effective rate of return or the profit that the bond earns is called as **Bond Yield** and is calculated by dividing the bond's coupon rate by its face value. Bond Yield has an **inverse relationship with the bond price.**
165.	**Yield Curve** • It is a **graphical representation of yields for bonds** (with an equal credit rating) over different time horizons. • The term is normally used for government bonds which come with the same sovereign guarantee. • If bond investors expect the economy to grow normally, yield curve is **upward sloping**. • When the economy is expected to grow only marginally, the yield curve is **flat**. • And the yield curve is **inverted** when the economy is expected to slow down.
166.	**Bond Yield Inversion** • Yield inversion happens when the yield on a longer tenure bond becomes less than the yield for a shorter tenure bond. • A yield inversion typically **signals** a recession.

167.	**Predatory Pricing** • It is the act of a **market leader lowering its prices below its costs** to gain an unfair advantage.
168.	**Non-tariff measures** **Non-tariff measures (NTMs)** are policy measures other than ordinary customs tariffs that can potentially have an economic effect on international trade in goods, changing quantities traded, or prices or both. NTMs are broadly distinguished into **technical measures** (SPS measures, TBTs etc.) and **non-technical measures**. These are further distinguished in **hard measures** (e.g. price & quantity control measures), **threat measures** (e.g. anti-dumping duties) and other measures such as trade-related finance and investment measures.
169.	**Special and differential treatment (S&DT)** • These are provisions which give developing countries special rights and which give developed countries the possibility to treat developing countries more favourably than other WTO Members. These special provisions include, for example, longer time periods for implementing Agreements and commitments or measures to increase trading opportunities for developing countries.
170.	**Tax Information Exchange Agreement (TIEA)** • The agreement enables **exchange of information, including banking and ownership information, between the two countries for tax purposes**. **Bilateral Investment Treaty (BIT** BITs are **agreements between two countries for reciprocal protection of investments**
171.	**INSTEX barter mechanism** INSTEX is a Paris based special purpose vehicle setup by Germany, France and the UK that **allows European businesses to trade with Iran, despite strict US sanctions.**
172.	• **Labour Force Participation Rate (LFPR)**: It is defined as the percentage of persons in labour force (i.e. working or seeking or available for work) in the population. • **Worker Population Ratio (WPR):** It is defined as the percentage of employed persons in the population. • **Proportion Unemployed (PU)**: It is defined as the percentage of persons unemployed in the population. • **Unemployment Rate (UR):** It is defined as the percentage of persons unemployed among the persons in the labour force.
173.	**Negotiable Warehouse Receipts (NWR)** • NWR are issued by registered warehouses **enables farmers to seek loans from banks against NWRs**

174.	**Fair and Remunerative Price (FRP):** It is the cane price announced by the Central Government on the basis of the recommendations of the Commission for Agricultural Costs and Prices (CACP) after consulting the State Governments and associations of sugar industry. **State Advised Prices (SAP):** Citing differences in cost of production, productivity levels and also as a result of pressure from farmers' groups, some states declare state specific sugarcane prices called State Advised Prices (SAP), usually higher than the SMP/FRP
175.	**Elephant Bonds** • An advisory group to GOI has suggested issuance of '**Elephant Bonds**'. • **Elephant Bonds** would be **sovereign bonds** issued for a period of **25 years** in which people declaring undisclosed income will be bound to invest 50 per cent, similar to an amnesty scheme. • These funds will be utilized **only** for **infrastructure** projects.
176.	**TreDS** • It stands for **Trade Receivable Discounting System** • It is an online bill discounting platform that helps cash-starved micro, small and medium enterprises (MSMEs) raise funds by selling their trade receivables to corporates.
177.	**14-day Intermediate Treasury Bills (ITBs)** These are **non-marketable instruments issued to the State Governments (and select Central Banks)** to enable them to deploy their short-term surplus cash at a fixed interest rate. **Treasury bills** These are **discounted instruments** which help the Government in managing its shortterm cash flow mismatches. • Central Government currently issues treasury bills of tenor of **91, 182, and 364 days.**
178.	**Debt to GDP ratio** The debt-to-GDP ratio is the **ratio of a country's debt to its gross domestic product** **(GDP).** It indicates a particular country's ability to pay back its debts.
179.	**Short-term debt** Short-term debt of the Central Government refers to the **total amount of debt maturing** **within the next 12 months.** • It includes 14-day intermediate treasury bills, regular treasury bills, dated securities maturing in the ensuing one year and external debt with remaining maturity of less than one year.
180.	**Gross fiscal deficit (GFD)** It is the **excess of total expenditure (including loans net of recovery) over revenue** **receipts (including external grants)** and non-debt capital receipts.

181.	**Floating Rate Bonds (FRBs)** These are **securities issued at variable coupon rates.**
182.	**Interest payment to revenue receipts (IP-RR)** It is the **ratio of total interest payments made towards the debt to the revenue receipts** of the government.
183.	**Currency or foreign exchange risk** It relates to vulnerability of the debt portfolio to depreciation in the value of the domestic currency vis-à-vis the currency of denomination of external loans and the associated increase in the Government's debt servicing cost.
184.	**Roll over risk** It is a **risk associated with the refinancing of debt**—specifically, that the interest charged for a new loan will be higher than that on the old. Generally, greater the shorter-term maturing debt, greater the borrower's rollover risk.
185.	**Treasury Single Account (TSA)** • **TSA is a unified structure of government bank accounts** that **gives a consolidated view** of government cash resources.
186.	**Discretionary fiscal stimulus** • It refers to an **increase in the fiscal deficit caused by government policy**. It is distinct from an increase in fiscal deficit caused by slowing growth, which is called an automatic stabilizer.
187.	**Post Devolution Revenue Deficit (PDRD) Grants** • PDRD Grants is a **mechanism provided by the Finance Commission for compensation of any loss incurred by states from the Centre.**
188.	**Security Interest** • A security interest on a loan is a legal claim on collateral that the borrower provides that allows the lender to repossess the collateral and sell it if the loan goes bad. • A security interest lowers the risk for a lender, allowing it to charge lower interest on the loan. **Security receipt** • It means a receipt or other security, issued by an ARC to any qualified institutional buyer as an evidence of purchase or acquisition of the financial asset involved in securitization.
189.	• **Special Mention Account (SMA)** classification is based on length of time for which Principal or interest payment is overdue.
190.	**Measures of Money Supply** • **Reserve Money (M0):** also called High Powered money, monetary base, base money etc. M0= Currency in Circulation+ Bankers' Deposits with RBI + Other Deposits with RBI. • **Narrow Money (M1)** = Currency with public + Demand deposits with the Banking system (current account, saving account) + other deposits with RBI. • **M2** = M1 + Savings deposits of post office savings banks.

	• **Broad Money (M3)** = M1 + Time deposits with the banking system. • **M4** = M3 + All deposits with post office savings banks.
191.	**Micro-Finance** **Institutions (MFIs)** • MFIs is an organization that offers financial services like providing **micro credit; collection of thrift; remittance of funds; providing pension or insurance etc. to lowincome populations.** • MFIs groups are registered as NBFCs, societies, trusts and co-operatives.
192.	**Voluntary Retention Route (VRR)** • VRR is an investment window **provided by RBI to Foreign Portfolio Investors**, which provides easier rules in return for a commitment to make higher investments.
193.	**Liquidity trap** • A liquidity trap is a **contradictory economic situation** in which **interest rates are very low** and **savings rates are high**, rendering monetary policy ineffective.
194.	**Core Investment Companies (CIC)** • CIC is a non-banking finance company (NBFC) which **carries on the business of the acquisition of shares and securities.**
195.	• **Derivatives**: They are defined as the type of security in which the price of the security depends/is derived from the price of the underlying asset. The common types of derivatives include Options, Futures, Forwards, Warrants and Swaps. • **Over the Counter (OTC) derivatives:** They are contracts traded between two parties (bilateral negotiation) without going through an exchange or any other intermediaries. • **Qualified financial contracts (QFC):** QFC means any bilateral contract notified as a QFC between two qualified financial market participants where at least one party is an entity regulated by the relevant authority.
196.	**What are municipal bonds?** • They are **debt securities** issued by **government or semi-government institutions** who need funding for civic projects. • Normally, they are **issued and redeemed at par** and carry a fixed interest rate**.** • There are two types of municipal bonds o **General obligation bonds** are issued for enhancing civic amenities such as water, sanitation, garbage disposal, etc. They generally are not backed by revenue from a specific project. o **Revenue bonds** are issued for a specific purpose such as construction of a toll road or a toll bridge.

197.	**Surety Bonds** • Surety Bond is a three-party agreement that **legally binds together** **Consol Bonds** • A consol bond, also known as a "**perpetual bond" or "prep**," is a **fixed income security with no maturity date.** **Negative Yield Bond** are **debt instruments that offer to pay the investor a maturity amounts lower than the purchase price of the bond.** **Zero Coupon Bonds** • A **coupon is a periodic interest received** by a bondholder **from time of issuance of bond till maturity.** **Social Impact Bond** • SIB is a **contract with the public sector or governing authority, whereby it pays for better social outcomes** in certain areas and passes on the part of the savings achieved to investors.
198.	**Bharat Bond Exchange Traded Fund (ETF)** • Bharat Bond ETF is **the ETF that invests in AAA rated bonds of public sector companies** and has fixed maturity period. • An ETF is a **security that tracks an index, a commodity or a basket of assets** like an index fund, but trades like a stock on an exchange.
199.	**Qualified institutional placements (QIPs)** • QIP is a **capital raising tool wherein a listed company can issue equity shares**, fully and partly convertible debentures, or any security other than warrants that are convertible into equity shares.
200.	**Domestic Systemically Important Insurers (DSIIS)** • **D-SIIs** refer to insurers of such size, market importance and domestic and global interconnectedness **whose distress or failure would cause a significant dislocation in the domestic financial system.** Thus, they are perceived as insurers that are **too big or too important to fail.**
201.	**Certificate of Origin (CO)** • A CO is an important **international trade document** that certifies that goods in a particular export shipment are wholly obtained, produced manufactured or processed in a particular country. They declare **the 'nationality' and 'content' of the product** and also serve as a **declaration by the exporter to satisfy customs or trade requirements**.
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203.	**Transferable development rights (TDR)** • TDR is a mechanism **to facilitate the speedy acquisition of land for developing infrastructure** such as city road development, satellite towns, and metro rail.
204.	**Renewable purchase obligation (RPO)** • RPO is a mechanism by which the obligated entities are obliged **to purchase certain percentage of electricity from Renewable Energy sources,** as a percentage of the total consumption of electricity.
205.	A forward market is an over-the-counter marketplace that sets the price of a financial instrument or asset for future delivery.
206.	**Purchasing Power Parities (PPPs).** • PPP is the **rate at which currency of one country would have to be converted** into that of another country to buy **same amount of goods and services** in each country.
207.	**G-Sec and Gilt Accounts** • A Government Security (G-Sec) is a **tradable instrument** issued by the **Central Government** or the **State Governments**. • A **"Gilt Account"** means an account opened and maintained for holding Government securities, by an entity or a person permitted by the Reserve Bank of India.
208.	**What is Retrospective Taxation and India's experience with it?** • It is a 'backward looking' tax, used by nations to **remove taxation anomalies** through new or additional charge on past transactions to overcome the misuse of legal loopholes by companies. **Domestic Systemically Important Banks (D-SIBs)** • D-SIBs are the banks considered as **too big to fail** by RBI due to their size, cross-jurisdictional activities, complexity and lack of substitute and interconnection.
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210.	**Provisioning coverage ratio (PCR)** • PCR is ratio of **provisioning to gross non-performing assets** and indicates the **extent of funds** a bank has kept aside to cover **loan losses**
211.	**Card Tokenization** Tokenisation is a process by which **card details are replaced by a unique code or token**, allowing online purchases to go through **without exposing card details**.

212.	• Sweat equity refers **to shares issued by a company to its employees for non-cash consideration.** Startups and promoters typically use it to fund their companies
213.	**Floating Rate Funds** • Floating rate funds are those funds who **buy bonds with changing interest rates according to the changing rates in the economy.**
214.	**Escrow Account** • It is an account where funds or assets are held in trust by a **third party** whilst two or more parties complete a transaction.
215.	• Early harvest scheme is a **precursor to an FTA** between two trading partners. This is to help the two trading countries **identify certain products for tariff liberalisation pending the conclusion of FTA** negotiation. It is primarily a **confidence building measure**.