GLOSSARY

The Association of South-East Asian Nations (ASEAN) : It is a political, economic, and cultural organisation of countries located in South-east Asia—Thailand, Indonesia, Malaysia, Singapore, the Philippines, Brunei Darussalam, Cambodia, Laos, Myanmar and Vietnam.

Balance of Payments (BOP) : It is a statistical statement summarising all the external transactions (receipts and payments) on current and capital account in which a country is involved over a period of time, say, a year. As the BOP shows the total assets and obligations over a time-period, it always balances.

Barriers to Entry : This refers to the factors which make it disadvantageous for new entrants to enter an industry as compared with the firms already established within the industry.

Better Compliance : Obeying or complying with the Government regulation. It is referred to usually in case of payment of taxes and dues to the Government.

Bilateral Trade Agreements : The agreements relating to exchange of commodities or services between two countries.

Brundtland Commission : A Commission established by United Nations Organisation in 1983 to study the world's environmental problems and propose agenda for addressing them. It came out with a report. The definition provided by the Commission for the term, 'sustainable development', is very popular and widely cited all over the world.

Budgetary Deficit : A situation when the government's income and tax receipts fail to cover its expenditures.

Bureau of Energy Efficiency (BEE) : It is a government organisation that aims to develop policies and strategies with a thrust on self regulation and market principles. It promotes energy conservation in different sectors of the economy and undertakes measures against the wasteful uses of electricity.

Business Process Outsourcing (BPO) : Outsourcing of business processes (activities constituting a service) by companies to other companies. This term is frequently associated with outsourcing of such activities (e.g. receiving and making calls on behalf of other companies popularly known as call centres), by foreign companies to Indian companies in the field of IT-enabled services.

Carrying Capacity : It is the measure of habitat to indefinitely sustain a population at a particular density. A more technical definition for carrying capacity is the largest size of a density-dependent population for which the population growth rate is zero. Hence, below carrying capacity, populations will tend to increase, while they will decrease above carrying capacity. Population size decreases above carrying capacity due to either reduced survivorship (e.g. due to insufficient space or food) or reproductive success (e.g. due to insufficient food, or behavioural interactions), or both. The carrying capacity of an environment will vary for different species in different habitats, and can change over time due to a variety factors, including trends in food availability, environmental conditions and space.

Cascading Effect : When tax imposition leads to a disproportionate rise in prices, i.e. by an extent more than the rise in the tax, it is known as cascading effect.

Cash Reserve Ratio (CRR) : A proportion of the total deposits and reserves of the commercial banks that is to be kept with the central bank (RBI) in liquid form. It is used as a measure of control of RBI over the commercial banks.

Casual Wage Labourer : A person who is casually engaged in others' farm or non-farm enterprises and, in return, receives wages according to the terms of the daily or periodic work contract.

Colonialism : The practice of acquiring colonies by conquest or other means and making them dependent. It also means extending power, control or rule by a country over the political and economic life of areas outside its borders. The main feature of colonialism is exploitation.

Commercialisation of Agriculture : It implies production of crops for the market rather than for self-consumption i.e. family consumption. During the British rule, the commercialisation of agriculture acquired a different meaning—it became basically commercialisation of crops. The British started offering higher price to farmers for producing cash crops rather than for food crops. They used these cash crops as raw materials for industries in Britain.

Communes : Known as people's communes, or *renmin gongshe* in China, were formerly the highest of three administrative levels in rural areas in the period from 1958 to 1982-85, when they were replaced by townships. Communes, the largest collective units, were divided in turn into production brigades and production teams. The communes had governmental, political, and economic functions.

Consumption Basket : Group of goods and services consumed by a household. In order to estimate the consumption pattern of people, statistical agencies identify such items. For instance NSSO has identied 19 groups of items in the consumption basket. Some of them are (i) cereals (ii) pulses

(iii) milk and milk products (iv) edible oil (v) vegetables (vi) fuel and light and (vii) clothing.

Default : Failure to make repayment of the principal and interest on a debt e.g. sovereign debt (loan obtained by the government) to the lenders, say, international financial institutions, on the scheduled date, causing loss of credibility as a debtor.

Deficit Financing : A situation where the expenditure of the government exceeds its revenue.

Demographic Transition : It is a concept developed by demographer Frank Notestein in 1945 to describe the typical pattern of falling death and birth rates in response to better living conditions associated with economic development. Notestein identified three phases of demographic transition, pre-industrial, developing and modern industrialised societies. Later another phase, post-industrial was also included.

Dereservation : Allowing an individual or group of enterprises to produce goods and services which were hitherto produced by a particular individual or group of enterprises. In India, it refers to allowing large-scale industries to produce goods and services which were produced only by the small-scale industries.

Devaluation : A fall in the exchange rate which reduces the value of a currency in terms of other currencies.

Disinvestment : A deliberate sale of a part of the capital stock of a company to raise resources and change the equity and/or management structure of a company.

Employers : Those self-employed workers who by and large, run their enterprises by hiring labourers.

Enterprise : An undertaking owned and operated by an individual or by group of individuals to produce and/or distribute goods and/or services mainly for the purpose of sale, whether fully or partly.

Equities : Shares in the paid up capital or stock of a company whose holders are considered as owners of the company with voting rights and dividends in the profit.

Establishment : An enterprise which has got at least one hired worker for major part of the period of operation in a year.

European Union : It is a union of twenty-five independent states founded to enhance political, economic and social cooperation within the European continent. The member countries of European Union are Austria, Belgium, Cyprus, Czech Republic, Denmark, Estonia, Finland, France, Germany,

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Greece, Hungary, Ireland, Italy, Latvia, Lithuania, Luxembourg, Netherlands, Portugal, Spain, Sweden, United Kingdom, Malta, Poland, Slovakia and Slovenia.

Export Duties : Taxes imposed on goods exported from a country.

Export Promotion : A set of measures (including fiscal and commercial support measures and steps aimed at removal of trade barriers) taken by a government to promote the export of goods with a view to achieve higher economic growth and accumulation of foreign exchange earnings.

Export-Import Policy : The economic policies of the government relating to its exports and imports.

Family labour/worker : A member who works without receiving wages in cash or in kind in a farm, an industry, business or trade conducted by the members of the family.

Financial Institutions : Institutions that engage in mobilisation and allocation of savings. They include commercial banks, cooperative banks, developmental banks and investment institutions.

Fiscal Management : The use of taxation and government expenditure to regulate the economic activities.

Fiscal Policy : All the planned actions of a government in mobilising financial resources for meeting its expenditure and regulating the economic activities in a country.

Foreign Direct Investment : Investment of foreign assets into domestic structures, equipment and organisations. It does not include foreign investment into the stock markets. Foreign direct investment is thought to be more useful to a country than investments in the equity of its companies because equity investments are potentially 'hot money' which can leave at the first sign of trouble, whereas FDI is durable and generally useful whether things go well or badly.

Foreign Exchange : Currency or bonds of another country.

Foreign Exchange Markets : A market in which currencies are bought and sold at rates of exchange fixed now, for delivery at specified dates in the future.

Foreign Institutional Investment : Foreign investments which come in the form of stocks, bonds, or other financial assets. This form of investment does not entail active management or control over the firms or investors.

Foreign Institutional Investors (FIIs) : Banking and non-banking financial institutions of foreign origin e.g. commercial banks, investment banks, mutual funds, pension funds or other such institutional investors (as distinct from the domestic financial institutions investing) whose investment in stocks and bonds in the country through stock markets have significant influence.

Formal Sector Establishments : All the public sector establishments and those private sector establishments which employ 10 or more hired workers.

G-20 : A forum of countries that intents to promote global economic stability and sustainable growth. This forum brings together finance ministers and central bank governors from 19 countries: Argentina, Australia, Brazil, Canada, China, France, Germany, India, Indonesia, Italy, Japan, The Republic of Korea, Mexico, Russia, Saudi Arabia, South Africa, Turkey, The United Kingdom, The United States of America. The European Union is also a member of G-20 and is represented by the President of the European Council and by Head of the European Central Bank.

G-8 : The Group of Eight (G-8) consists of Canada, France, Germany, Italy, Japan, the United Kingdom of Great Britain and Northern Ireland, the United States of America, and Russian Federation. The hallmark of the G-8 is an annual economic and political summit meeting of the heads of government with international officials, though there are numerous subsidiary meetings and policy research.The Presidency of the group rotates every year.

Goods and Services Tax : It is a single indirect tax on the supply of goods and services. It was introduced in July 2017 by abolishing a variety of taxes, such as sales tax and excise that prevailed in India. Under GST, tax is imposed on the basis of value addition at each stage of the movement of goods and services. Different slabs of tax rates, such as 0 per cent, 5 per cent, 12 per cent, 18 per cent and 28 per cent, are imposed on almost all goods and services. This slab is same throughout the country.

Gratuity : An amount of money given by the employer to the employee at the time of retirement for services rendered by the employee.

Gross Domestic Product : The total value of final goods and services produced within a country's borders in a year, regardless of ownership. It is used as one of many indicators of the standard of living in a country, but there are limitations with this view.

Gross Value Added: The sum of a country's GDP and net of subsidies and taxes in the economy (GVA=GDP+Subsidies–indirect taxes).

Household : A group of persons normally living together and taking food from a common kitchen. The word 'normally' means that temporary visitors are excluded and those who temporarily staying away are included.

Import Licensing : Permission required from the government to import goods into a country.

Import Substitution : A policy of the state for development of economy in which import of goods is generally substituted by domestic production (through import controls, tariffs and other restrictions) with a view to encourage domestic industry on grounds of self-sufficiency and domestic employment.

Infant Mortality Rate : It is the number of deaths of infants before reaching the age of one, in a particular year, per 1,000 live births during that year.

Inflation : A sustained rise in the general price level.

Informal Sector Enterprises : Those private sector enterprises, which employ less than 10 workers on a regular basis.

Integration of Domestic Economy : A situation where the policies of government facilitate free trade and investment with other countries making the domestic economy work together with other economies in an efficient and mutually interdependent way.

Invisibles : Various items enter in the current account of the balance of payments, some of which are not visible goods. Invisibles are mainly services, like tourism, transport by shipping or by airways, and financial services such as insurance and banking. They also include gifts sent abroad or received from abroad and private transfer of funds, government grants and interests, profits and dividends.

Labour Laws : All the rules and regulations framed by the government to protect the interests of the workers.

Land/Revenue Settlement : With the British acquiring territorial rights in different parts of India, administration of territories was formulated on the basis of survey of land. It was decided in the interests of government in terms of revenues to be collected from each parcel of land in possession of either a *ryot* (means peasant) or a *mahal* (revenue village) or a *zamindar* (a proprietary land holder). Decision in each of these cases was meant for the rights of the latter over land for the purposes of either ownership of land or rights to cultivation. This system is known as land/revenue settlement. There were different land settlements formulated in India. They are (i) system of permanent settlement, which is also known as the zamindari system (ii) *ryotwari* system (a system of revenue settlement entered into by the government with individual tenants) (iii) *mahalwari* system (a system of revenue settlement entered into by the government with a *mahal*).

Life Expectancy at Birth (years) : The number of years a newborn infant would live if prevailing patterns of age-specific mortality rates at the time of birth were to stay the same throughout the child's life.

Maternal Mortality Rate : It is the relationship between the number of maternal deaths due to childbearing by the number of live births or by the sum of live births and foetal deaths in a given year.

Merchant Bankers : Banks or financial institutions, also known as investment bankers, that specialise in advising the companies and managing their equity and debt requirement (often referred to as portfolio management) through floatation and sale/purchase of stocks and bonds.

Morbidity : It is the propensity to fall ill. It affects a person's work by making him or her temporarily disabled. Prolonged morbidity may lead to mortality.

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In our country, acute respiratory infections and diarrhoea are two major causes of morbidity.

Mortality rate : The word 'mortality' comes from 'mortal' which originates from the Latin word *mors* (meaning death). It is the annual number of deaths (from a disease or in general) per 1,000 people. It is distinct from morbidity rate, which refers to the number of people who have a disease compared to the total number of people in a population.

MRTP Act : An Act (Monopolies Restrictive Trade Practices Act) framed to prevent monopolistic practices and regulate the conduct or business practices of firms that are not in public interest.

Multilateral Trade Agreements : Trade agreements made by a country with more than two nations to exchange goods and services.

National Product/Income : Total value of goods and services produced in a country plus income from abroad.

Nationalisation : Transfer of ownership from private sector to public sector. This involves take over of companies owned by individuals or group of individuals by either state or central government. In some contexts, it also involves transfer of ownership from state government to central government.

New Economic Policy : A term used to describe the policies adopted in India since 1991.

Non-renewable Resources : Resources that cannot be renewed. They have a finite, even if large, stock. Some examples are fossils fuels such as oil and coal and mineral resources—iron, lead, aluminum, uranium.

Non-tariff Barriers : All the restrictions on imports by a government in the form other than taxes. They mainly include restrictions on quantity and quality of goods imported.

Opportunity Cost : It is defined with respect to a particular value or action and is equal to the value of the foregone alternative choice or action.

Pension : A monthly payment to a worker who has retired from work.

Per Capita Income : Total national income of a country divided by its population in a specific period.

Permit License Raj : A term used to denote the rules and regulations framed by the government to start, run and operate an enterprise for production of goods and services in India.

Planning Commission : An organisation set up by the Government of India. It is responsible for making assessment of all resources of the country, augmenting deficient resources, formulating plans for the most effective and balanced utilisation of resources and determining priorities.

Poverty Line : The per capita expenditure on certain minimum needs of a person including food intake of a daily average of 2,400 calories in rural areas and 2,100 calories in urban areas.

Private Sector Establishments : All those establishments, which are owned and operated by individuals or group of individuals.

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Productivity : Output per unit of input employed. Increase in the efficiency on the part of capital or labour leads to increase in productivity. This term is generally used to refer to productivity increase in labour inputs.

Provident Fund : A savings fund in which both employer and employee contribute regularly in the interest of the employee. It is maintained by the government and given to the employee when he or she resigns or retires from work.

Public Sector Establishments : All those establishments which are owned and operated by the government. They may be run either by local government, state government or by central government independently or jointly.

Quantitative Restrictions : Restrictions in the form of total quantities or quotas imposed on imports to reduce balance of payments (BOP) deficit and protect domestic industry.

Regular Salaried/Wage Employee : Persons who work in others' farm or non-farm enterprises and, in return, receive salary or wages on a regular basis (i.e. not on the basis of daily or periodic renewal of work contract). They include not only persons getting time wage but also persons receiving piece wage or salary and paid apprentices, both full time and part-time.

Renewable Resources : Resources that can be renewed through natural processes if they are used wisely. Forests, animals and fishes, if not over-exploited, get easily renewed. Water is also in that category.

South Asian Association for Regional Cooperation (SAARC) : It is an association of eight countries of South Asia — Bangladesh, Bhutan, India, Maldives, Nepal, Pakistan, Sri Lanka and Afghanistan. SAARC provides a platform for the peoples of South Asia to work together in a spirit of friendship, trust and understanding. It aims to accelerate the process of economic and social development in member countries.

Self-employed : Those who operate their own farm or non-farm enterprises or are engaged independently in a profession or trade with one or a few partners. They have freedom to decide how, where and when to produce and sell or carry out their operation. Their earning is determined wholly or mainly by sales or profits from their enterprises.

Social Security : A government or privately established system of measures, which ensures material security for the elderly, disabled, destitute, widows and children. It includes pension, gratuity, provident fund, maternal benefits, health care etc.

Special Economic Zone (SEZ) : It is a geographical region that has economic laws different from a country's typical economic laws. Usually the goal is to increase foreign investment. Special Economic Zones have been established in several countries, including the People's Republic of China, India, Jordan, Poland, Kazakhstan, the Philippines and Russia.

Stabilisation Measures : Fiscal and monetary measures adopted to control fluctuations in the balance of payments and high rate of inflation.

State Electricity Boards (SEBs) : These are part of the state administration that generate, transmit and distribute electricity in different states.

Statutory Liquidity Ratio (SLR) : A minimum proportion of the total deposits and reserves to be maintained by the banks in liquid form as per the regulations of the central bank (RBI). Maintenance of SLR, in addition to the Cash Reserve Ratio (CRR), is an obligation of the banks.

Stock Exchange : A market in which the securities of governments and public companies are traded. It provides the facilities for stock brokers to trade company stocks and other securities.

Stock Market : An institution where stocks and shares are traded.

Structural Reform Policies : Long-term measures like liberalisation, deregulation and privatisation aimed to improve the efficiency and competitiveness of the economy.

Tariff : A tax on imports, which can be levied either on physical units, e.g. per tonne (specific) or on value. Tariffs may be imposed for a variety of reasons including: to raise government revenue, to protect domestic industry from subsidised or low-wage imports, to boost domestic employment, or to ease a deficit on the balance of payments. Apart from the revenue that they raise tariffs achieve little good—they reduce the volume of trade and increase the price of the imported commodity to consumers.

Tariff Barriers : All the restrictions on imports by a government in the form of taxes.

Trade Union : An organisation of workers formed for the purpose of addressing its members' interests in respect of wages, benefits, and working conditions.

Unemployment : A situation in which all those who, owing to lack of work, are not working but either seek work through employment exchanges, intermediaries, friends or relatives or by making applications to prospective employers or express their willingness or availability for work under the prevailing condition of work and remunerations.

Urbanisation : Expansion of a metropolitan area, namely the proportion of total population or area in urban localities or areas (cities and towns), or the increase of this proportion over time. It can thus represent a level of urban population relative to total population of the area, or the rate at which the urban proportion is increasing. Both can be expressed in percentage terms, the rate of change expressed as a percentage per year, decade or period between censuses.

Worker-Population Ratio : Total number of workers divided by the population. It is expressed in percentage.

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