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1. Taxes

2 Sources of Income for the Government:

- Revenue Receipts
- Capital Receipts

Revenue Receipts

- Tax Revenue
- Non-Tax Revenue

Tax Receipts

- Direct Taxes
- Indirect Taxes

Direct Tax Receipts

- Corporation Tax
- Taxes on Income
- Wealth Tax
- Capital Gains Tax

Indirect Tax Receipts

- GST
- Customs
- Union Excise Duties
- Service Tax

Tax Collection Snapshot

1.1 Direct Tax Collection

(Rs. crore)

Financial Year	Corporate Tax	Personal Income Tax@	Other Direct Tax	Total
2000-01	35,696	31,764	845	68,305
2001-02	36,609	32,004	585	69,198
2002-03	46,172	36,866	50	83,088
2003-04	63,562	41,386	140	1,05,088
2004-05	82,680	49,268	823	1,32,771
2005-06	1,01,277	63,689	250	1,65,216
2006-07	1,44,318	85,623	240	2,30,181
2007-08	1,93,561	1,20,429	340	3,14,330
2008-09	2,13,395	1,20,034	389	3,33,818
2009-10	2,44,725	1,32,833	505	3,78,063
2010-11	2,98,688	1,46,258	1,049	4,45,995
2011-12	3,22,816	1,70,181	990	4,93,987
2012-13	3,56,326	2,01,840	823	5,58,989
2013-14	3,94,678	2,42,888	1,030	6,38,596
2014-15	4,28,925	2,65,772	1,095	6,95,792
2015-16	4,53,228	2,87,637	1,079	7,41,945
2016-17	4,84,924	3,49,503	15,286	8,49,713
2017-18	5,71,202	4,19,884	10,951	10,02,037
2018-19*	6,63,571	4,73,121	993	11,37,685

Source: Union Finance Accounts of respective years and reports of C&AG/Receipt Budget.
* Provisional/unaudited
@ Figures under Personal Income Tax include collections of Securities Transaction Tax

1.3 Contribution Of Direct Taxes To Total Tax Revenue

Financial Year	Direct Taxes (Rs. crore)	Indirect Taxes (Rs. crore)	Total Taxes (Rs. crore)	Direct Tax As % Of Total Taxes
2000-01	68,305	1,19,814	1,88,119	36.31%
2001-02	69,198	1,17,318	1,86,516	37.10%
2002-03	83,088	1,32,608	2,15,696	38.52%
2003-04	1,05,088	1,48,608	2,53,696	41.42%
2004-05	1,32,771	1,70,936	3,03,707	43.72%
2005-06	1,65,216	1,99,348	3,64,564	45.32%
2006-07	2,30,181	2,41,538	4,71,719	48.80%
2007-08	3,14,330	2,79,031	5,93,361	52.97%
2008-09	3,33,818	2,69,433	6,03,251	55.34%
2009-10	3,78,063	2,43,939	6,22,002	60.78%
2010-11	4,45,995	3,43,716	7,89,711	56.48%
2011-12	4,93,987	3,90,953	8,84,940	55.82%
2012-13	5,58,989	4,72,915	10,31,904	54.17%
2013-14	6,38,596	4,95,347	11,33,943	56.32%
2014-15	6,95,792	5,43,215	12,39,007	56.16%
2015-16	7,41,945	7,11,885	14,54,180	51.03%
2016-17	8,49,713	8,81,515	17,11,228	49.65%
2017-18	10,02,037	9,15,256	19,18,210	52.24%
2018-19*	11,37,685	9,39,018	20,76,703	54.78%

* Provisional

1.4 Direct-Tax GDP Ratio

Financial year	Net Collection of Direct Taxes (Rs. crore)	GDP Current Market Price (Rs. crore)	Direct Tax GDP Ratio	GDP Growth Rate	Tax Growth Rate	Buoyancy Factor
2000-01	68,305	21,02,376	3.25%	7.7%	17.85%	2.32
2001-02	69,198	22,81,058	3.03%	8.5%	1.31%	0.15
2002-03	83,088	24,58,084	3.38%	7.76%	20.07%	2.59
2003-04	1,05,068	27,54,621	3.81%	12.06%	26.48%	2.19
2004-05	1,32,771	32,42,209	4.1%	17.7%	26.34%	1.49
2005-06	1,65,216	36,93,369	4.47%	13.92%	24.44%	1.76
2006-07	2,30,161	42,94,706	5.36%	16.28%	39.32%	2.42
2007-08	3,14,330	49,87,090	6.3%	16.12%	35.56%	2.27
2008-09	3,33,818	56,30,063	5.93%	12.89%	6.20%	0.48
2009-10	3,78,063	64,57,352	5.85%	14.69%	13.25%	0.90
2010-11	4,45,995	76,74,148	5.81%	18.84%	17.97%	0.95
2011-12	4,93,987	90,09,722	5.48%	17.4%	10.76%	0.62
2012-13	5,58,989	1,01,13,281	5.53%	12.25%	13.16%	1.07
2013-14	6,38,596	1,13,55,073	5.62%	12.28%	14.24%	1.16
2014-15	6,95,792	1,25,41,208	5.55%	10.45%	8.96%	0.86
2015-16	7,41,945	1,35,67,192	5.47%	8.25%	6.63%	0.80
2016-17	8,49,713	1,53,62,386	5.53%	13.23%	14.53%	1.10
2017-18	10,02,037	1,70,95,005	5.86%	11.28%	17.93%	1.59
2018-19*	11,37,685	1,90,10,164@	5.98%	11.20%	13.54%	1.21

* Provisional
@ Advance Estimates as per Press Release dated 31.05.2019 of MOSPI

2. Gender Gap Report

- The report is released by World Economic Forum

Four key Dimensions

- Economic Participation and Opportunity
- Educational Attainment
- Health and Survival
- Political Empowerment

Eight broad Geographical Groupings

- East Asia and the Pacific
- Eastern Europe and Central Asia
- Latin America and the Caribbean

- Middle East and North Africa
- North America
- South Asia
- Sub-Saharan Africa
- Western Europe

Economic Participation and Opportunity	Labour force participation rate (%)	International Labour Organization (ILO), *ILOSTAT*, Modelled Estimates
Economic Participation and Opportunity	Wage equality for similar work (survey, 1–7 scale)	World Economic Forum, Executive Opinion Survey (EOS) 2018–2019 or latest available
Economic Participation and Opportunity	Estimated earned income (PPP, int.$)	International Labour Organization (ILO), *ILOSTAT*
Economic Participation and Opportunity	Legislators, senior officials and managers (%)	International Labour Organization (ILO), *ILOSTAT*
Economic Participation and Opportunity	Professional and technical workers (%)	International Labour Organization (ILO), *ILOSTAT*
Educational Attainment	Literacy rate (%)	UNESCO, UIS Education Statistics Data portal. 2017 or most recent available; when not available, data is sourced from United Nations Development Programme, *Human Development Reports 2009*, most recent year available between 1997 and 2007
Educational Attainment	Enrolment in primary education (%)	UNESCO, UIS Education Statistics Data portal, 2017 or most recent available
Educational Attainment	Enrolment in secondary education (%)	UNESCO, UIS Education Statistics Data portal, 2017 or most recent available
Educational Attainment	Enrolment in tertiary education (%)	UNESCO, UIS Education Statistics Data portal, 2017 or most recent available
Health and Survival	Sex ratio at birth (%)	United Nations, Department of Economic and Social Affairs, Population Division, *World Population Prospects: The 2019 Revision*, Estimates for 2015–2020
Health and Survival	Healthy life expectancy (years)	World Health Organization (WHO), *Global Health Observatory* database, 2016 or most recent year available

Political Empowerment	Women in parliament (%)	Inter-Parliamentary Union, situation as of 1 September 2019
Political Empowerment	Women in ministerial positions (%)	Inter-Parliamentary Union, situation as of 1 September 2019
Political Empowerment	Years with female head of state (last 50), share of tenure years	World Economic Forum calculations, taking into account the period 11 July 1970–1 July 2019

- For all sub-indices, the highest possible score is 1 (gender parity) and the lowest possible score is 0 (imparity).

Topper of 2020

- Iceland is the most gender-equal country in the world for the 11th time in a row

India

rank out of 153 countries **112**

score 0.00 = imparity 1.00 = parity **0.668**

	2006 score		2020 score	
Global Gender Gap Index	**98**	**0.601**	**112**	**0.668**
Economic participation and opportunity	110	0.397	149	0.354
Educational attainment	102	0.819	112	0.962
Health and survival	103	0.962	150	0.944
Political empowerment	20	0.227	18	0.411

3. History of Planning

M. Visvervaraya Plan (1934)

- Book: Planned Economy for India
- Published: 1934
- Proposal: A ten-year plan

Next 4 Years

- Government of India Act – 1935: Introduced provincial autonomy
- Congress Government in eight provinces
- August 1937: Congress Working Committee resolution - Committee of inter provincial experts for national reconstruction and social planning

National Planning Committee (1938)

- **Initiated by:** Congress President and INA leader Netaji Subhash Chandra Bose.
- **Headed by:** Jawaharlal Nehru made head of the National Planning Committee.
- Number of Members in National Planning Committee: Fifteen

The Bombay Plan (1944)

- **Made by:** Several eminent industrialists and economists of Bombay.
- **Such as:** Sir Purshottamdas Thakurdas, Mr. J.R.D. Tata and six others.

Aimed at

- Reducing the overwhelming predominance of agriculture
- Establishing a balanced economy.

Gandhian Plan (1944)

- **Made by:** Sriman Narayan Agarwal.

Aimed at

- Setting up a decentralized economy
- Self sufficient villages
- Cottage Industries
- Emphasised small scale industries and agriculture.

People's Plan (1945)

- Prepared by: M.N. Roy
- Idea: It was a ten year plan.

Emphasis

- Agricultural and consumer goods industries
- Collectivization
- State owned industrialization
- Nationalization of land

Sarvodya Plan (1950)

- Prepared by: Jai Prakash Narayan.

Inspired from:

- Acharya Vinobha Bhave's use of Gandhian technique of constructive work by community and trusteeship and the concept of Sarvodya.

Planning Commission (1950)

- **Made through**: A Cabinet Resolution

Functions entrusted

- Making an assessment of
  - ✓ Material
  - ✓ Capital
  - ✓ Human resources
- Investigate possibility of augmenting those resources
- Formulate plan for most effective and balanced reutilization of country's resources
- Determine priorities, stages of plan implementation and allocate resources accordingly

National Development Council (1952)

- Comprises of
  - ✓ Prime Minister
  - ✓ Union Cabinet Ministers
  - ✓ Chief Ministers of all States or their substitutes
  - ✓ Representatives of the Union Territories
  - ✓ Members of the Planning Commission.
- It is an extra-constitutional and non-statutory body.
- Functions entrusted
  - ✓ Prescribed guidelines for National Plan formulation

NITI Aayog (2015)

- National Institution for Transforming India
- Formed via: Resolution of the Union Cabinet on January 1, 2015
- Ex-officio Chairperson: Prime Minister
- Vice Chairperson: Holds the rank of a Cabinet Minister
- It is an extra-constitutional and non-statutory body.
- Functions entrusted
  - ✓ Prescribed guidelines for National Plan formulation

4. NITI Reports

India Innovation Index (III)

- **2 objectives:**
  1. State's Innovation Ranking
  2. Empowering states to improve

- **5 Enabler Pillars, 2 Performance Pillars:**

  Enablers are the factors that underpin innovative capacities:

  1. Human Capital
  2. Investment
  3. Knowledge Workers
  4. Business Environment
  5. Safety and Legal Environment.

- **The Performance dimension captures benefits that a nation derives from the inputs:**

  1. Knowledge Output
  2. Knowledge Diffusion.

- **III is calculated as the average of the scores of its two dimensions - Enablers and Performance.**

SDG India Index

- Comprehensively documents the progress made by India's States and Union Territories towards achieving the 2030 SDG targets.
- Developed in collaboration with the Ministry of Statistics and Programme Implementation (MoSPI), United Nations in India, and Global Green Growth Institute.
- It tracks progress of all States and UTs on 100 indicators drawn from the MoSPI's National Indicator Framework (NIF).
- The Index spans 16 out of 17 SDGs with a qualitative assessment on Goal 17.
- This marks an improvement over the 2018 Index, which covered only 13 goals.
- A composite score was computed in the range of 0–100 for each State/UT based on its aggregate performance across 16 SDGs, indicating the average performance of every State/UT towards achieving 16 SDGs and their respective targets.

- If a State/UT achieves a score of 100, it signifies it has achieved the 2030 national targets.
- The higher the score of a State/UT, the closer it is towards achieving the targets.

Classification criteria based on SDG India Index score is as follows:

- Aspirant: 0–49
- Performer: 50–64
- Front Runner: 65–99
- Achiever: 100

School Education Quality Index (SEQI)

Category	Domain	Number of indicators	Total weight
1. Outcomes	1.1 Learning Outcomes	3	360
	1.2 Access Outcomes	3	100
	1.3 Infrastructure & Facilities for Outcomes	3	25
	1.4 Equity Outcomes	7	200
2. Governance Processes Aiding Outcomes	Covering student and teacher attendance, teacher availability, administrative adequacy, training, accountability and transparency	14	280
Total		**30**	**965**

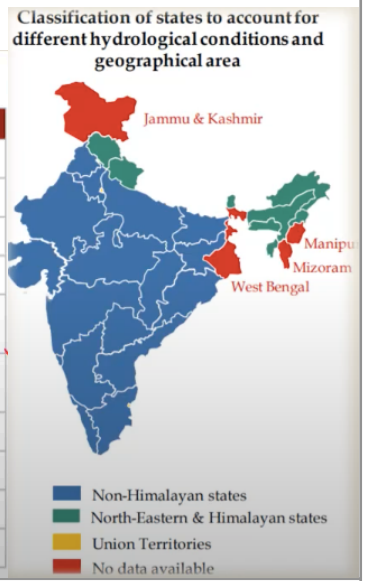
- To facilitate a like-for-like comparison, States and UTs have been grouped as Large States, Small States and UTs.
- Within each of these groups, the indicator values have been appropriately scaled, normalized and weighted to generate an overall performance score and ranking for each State and UT.

Composite Water Management Index

- The Comprehensive Water Management Index (CWMI) 2019 measures the performance of States on a comprehensive set of water indicators and reports relative performance in 2017-18 as well as trends from previous years (2015-16 & 2016-17).

CWMI themes and weights

	Sectors	Weights
1	Source augmentation and restoration of waterbodies	5
2	Source augmentation (Groundwater)	15
3	Major and medium irrigation – Supply side management	15
4	Watershed development – Supply side management	10
5	Participatory irrigation practices – Demand side management	10
6	Sustainable on-farm water use practices – Demand side management	10
7	Rural drinking Water	10
8	Urban water supply & sanitation	10
9	Policy and governance	15
	Total	**100**



5. Phillips Curve

The Basic Observation

AWH Phillips found a consistent inverse relationship:

- When unemployment was high, wages increased slowly;
- When unemployment was low, wages rose rapidly

The idea of Phillips's "curve"

- It represented the average relationship between unemployment and wage behavior over the business cycle.
- It showed the rate of wage inflation that would result if a particular level of unemployment persisted for some time.
- Most Economists soon started relating general price inflation, rather than wage inflation, to unemployment.

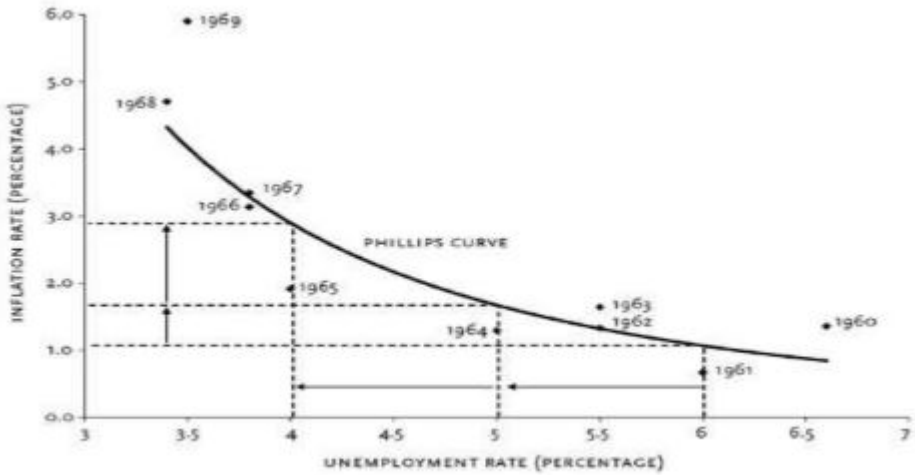
Implications on Policy Options

Example 1:

- With an unemployment rate of 6 percent, the government might stimulate the economy to lower unemployment to 5 percent.

Example 2:

- If the government initially faced lower rates of unemployment, the costs would be considerably higher.



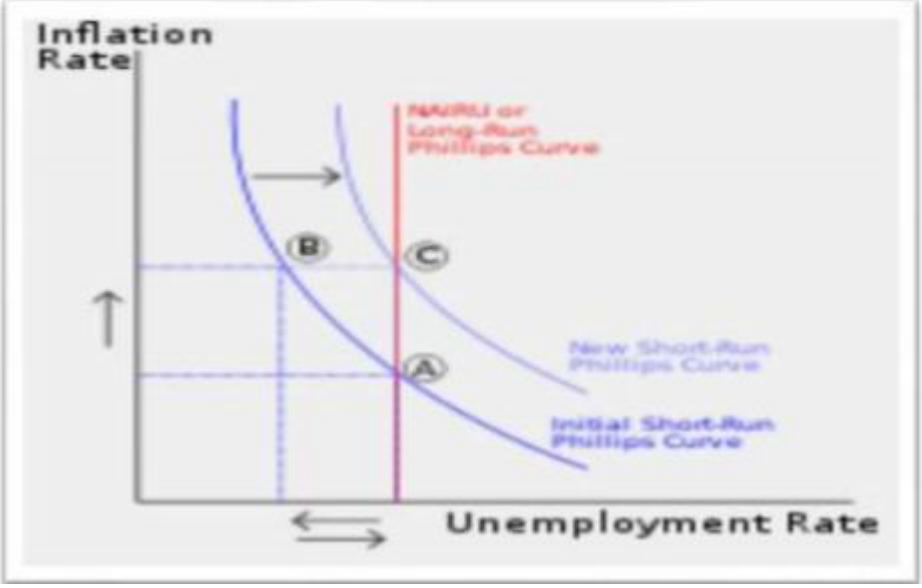
Improvements offered by Friedman and Phelps

- Government could not permanently trade higher inflation for lower unemployment.
- They provide a distinction between the "short-run" and "long-run" Phillips curves.
- There is some rate of unemployment that, if maintained, would be compatible with a stable rate of inflation.

- Friedman successfully predicted the Stagflation of 1970s.

NAIRU

- The “nonaccelerating inflation rate of unemployment” (NAIRU), unlike the term “natural rate,” does not suggest that an unemployment rate is socially optimal, unchanging, or impervious to policy.
- The long-run Phillips curve is now seen as a vertical line at the natural rate of unemployment, where the rate of inflation has no effect on unemployment.



- The long-run Phillips curve is the vertical red line.
- The NAIRU theory says that when unemployment is at the rate defined by this line, inflation will be stable.
- However, in the short-run policymakers will face an inflation-unemployment rate tradeoff marked by the "Initial Short-Run Phillips Curve" in the graph.
- Policymakers can therefore reduce the unemployment rate temporarily, moving from point A to point B through expansionary policy.
- However, according to the NAIRU, exploiting this short-run tradeoff will raise inflation expectations, shifting the short-run curve rightward to the "new short-run Phillips curve" and moving the point of equilibrium from B to C.
- Thus the reduction in unemployment below the "Natural Rate" will be temporary, and lead only to higher inflation in the long run.

6. Land Reforms

Meaning of Land Reforms

An institutional measure directed towards Altering the:

- Existing pattern of Ownership
- Tenancy

- Management of land

Objectives of Land Reforms

- Restructuring of agrarian relations to achieve an egalitarian structure;
- Elimination of exploitation in land relations;
- Actualization of the goal of "land to the tiller";
- Improvement of socio-economic conditions of the rural poor by widening their land base;
- Increasing agricultural production and productivity;
- Facilitating land-based development of rural poor;
- Infusion of a great measure of equality in local institutions.

Steps Taken

- **Abolition** of intermediaries between the State and tenants
- **Tenancy** reforms that provide
  - ✓ Security to tenants
  - ✓ Rationalisation and regulation of rent
  - ✓ Conferment of ownership rights on tenants
- Fixation of **ceiling** on landholdings
- **Consolidation** of holdings

Important Drawbacks

- The law permitted the intermediaries to **retain** their home farms.
- **No limit** was put on the area of land they could retain.
- The term '**personal cultivation'** was ill-defined.
- Tenancy laws that have been framed in different states contained a provision for the resumption of land by the landowners for 'personal cultivation' with the object of protecting the interests of landowners, rather than tenants. Due to a **loose definition** of the term personal cultivation, landowners continued to resume land for selfcultivation.
- **No protection** was given to **sharecroppers** and other tenants-at-will.
- Landholder' was treated as the unit of the cultivation. This ceiling unit was changed to 'family' after 1972.
- Enabled landowners to manipulate land records leading to **fictitious (benami)** and fraudulent partitions of lands among their relations, friends, fictitious trusts, etc.

7. WTO Blue Box

Primary Idea

- Conditions designed to reduce distortions.
- 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.
- At present there are no limits on spending on blue box subsidies.

What kind of Subsidies are Allowed

Only 'Production limiting Subsidies' under this are allowed.

They cover payments based on:

- Acreage
- Yield or
- Number of livestock in a base year.

Target Price & Market Price

- 'Targets price' are allowed to be fixed by government & if 'market prices' are lower, farmer will be compensated with difference between target prices and market prices in cash.

Any Loopholes

- Loophole here is that there no limit on target prices that can be set & often they are set far above market prices deliberately.
- EU is currently using this method.

8. Disinvestment

Disinvestment

- Sale or liquidation of assets by the government
  - ✓Central or
  - ✓State
  - ✓Public sector enterprises, projects, or other fixed assets.

Why is it done?

- To reduce the fiscal burden on the exchequer
- To raise money for meeting specific needs
- To privatise assets
- To bring a greater PSU ownership in the open market

Who handles Disinvestment in India?

10th December 1999:

- Department of Disinvestment was set up as a separate department.
- Later renamed as DIPAM (Department of Investment and Public Asset Management).
- A separate department under the Ministry of Finance.

Strategic Disinvestment

- It is done via the sale of substantial portion of Government shareholding in identified CPSEs upto 50 per cent or more, along with transfer of management control.

National Investment Fund

November, 2005:

- Proceeds from disinvestment of Central Public Sector Enterprises were to be channelized into NIF.

Around 2011-12:

- Difficult economic situation caused by the global slowdown of 2008-09
- A severe drought in 2009-10
- Government granted a one-time exemption to utilize the disinvestment proceeds directly for selected Social Sector Schemes allocated by Department of Expenditure/ Planning Commission.

January 2013:

- To align the NIF with the disinvestment Policy,
- Government decided that the disinvestment proceeds, with effect from the fiscal year 2013-14, will be credited to the existing NIF which is a 'Public Account' under the Government Accounts and the funds would remain there until withdrawn/invested for the approved purposes.

Purposes of the NIF

Subscribing to the shares being issued by the CPSE on rights basis so as to ensure that 51% ownership of the Government in CPSEs is not diluted.
Preferential allotment of shares of the CPSE to promoters as per SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009 so that Government shareholding does not go down below 51% in all cases where the CPSEs desire to raise fresh equity to meet their Capex programme.
Recapitalization of public sector banks and public sector insurance companies so as to strengthen them by further capital infusion towards achieving the Basel III norms
Investment by Government in RRBs/IIFCL/NABARD/Exim Bank.
Equity infusion in various Metro projects;
Investment in Bhartiya Nabhikiya Vidyut Nigam Limited and Uranium Corporation of India Ltd.
Investment in Indian Railways towards capital expenditure.

9. FSDC

What is FSDC?

- Financial Stability and Development Council (FSDC) is an apex-level body constituted by the government of India.
- The idea to create such a super regulatory body was first mooted by the Raghuram Rajan Committee in 2008.
- Finally, in 2010, the then Finance Minister of India decided to set up such an autonomous body dealing with macro-prudential and financial regularities in the entire Financial sector of India.

Is FSDC Statutory?

- No, FSDC is not a statutory body.

What does FSDC do?

- The global economic meltdown put pressure on governments and institutions across the globe to regulate their economic assets.
- FSDC is seen as India's initiative to be better prepared to prevent such incidents in the future.
- The new body envisages:
- Strengthening and institutionalizing the mechanism of maintaining financial stability
- Financial sector development, and
- Inter-regulatory coordination along with monitoring macro-prudential regulation of the economy.
- No funds are separately allocated to the council for undertaking its activities.

Why have FSDC?

- In the wake of the financial crisis of 2008, the issue of financial stability has become an important question across countries globally.
- Since April 2009,
- India is a member of the international agency looking into the issue, called, Financial Stability Board, a recast of the erstwhile Financial Stability Forum

Members of FSDC

- Governor Reserve Bank of India (RBI),
- Finance Secretary and/ or Secretary,
- Department of Economic Affairs (DEA),
- Secretary, Department of Financial Services (DFS),
- Secretary, Ministry of Corporate Affairs, Secretary,
- Ministry of Electronics and Information Technology,
- Chief Economic Advisor, Ministry of Finance, Chairman,

- Securities and Exchange Board of India (SEBI),
- Chairman, Insurance Regulatory and Development Authority (IRDA),
- Chairman, Pension Fund Regulatory and Development Authority (PFRDA),
- Chairman, Insolvency and Bankruptcy Board of India (IBBI),
- Additional Secretary, Ministry of Finance, DEA, will be the Secretary of the Council,
- The Chairperson may invite any person whose presence is deemed necessary for any of its meeting(s).

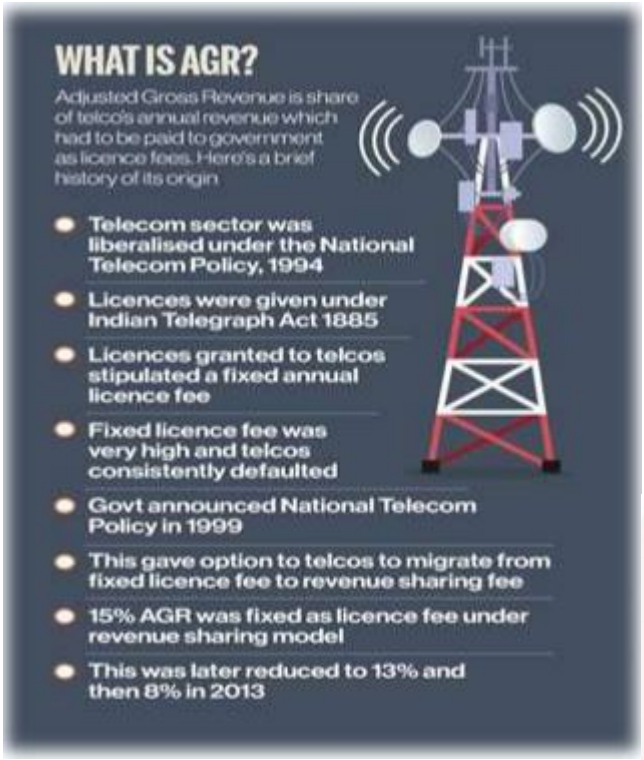
Chairperson?

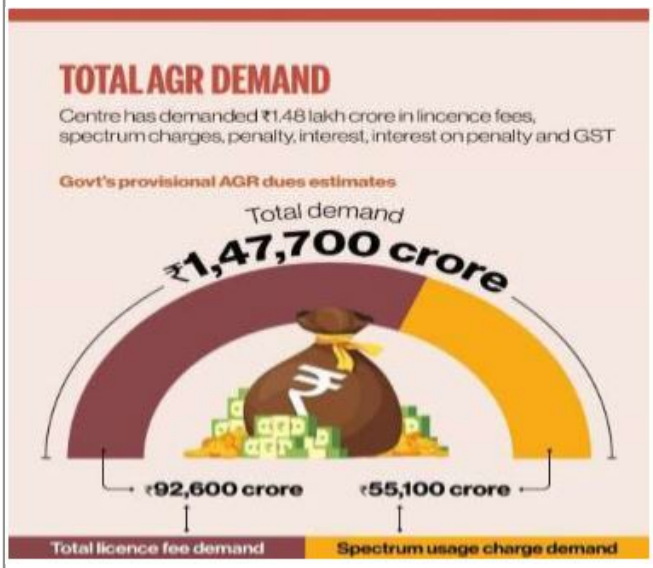
- The Union Finance Minister of India

10.AGR

Why in News

- Supreme Court Ruling:
  - ✓Defining AGR
  - ✓Favoring DoT
  - ✓Rs.1.48 Lakh Crores





11.ESG

What is ESG

It stands for:

- Environmental, Social and Governance.

What about ESG?

A latest spurt of global investments in companies that are active in:

- Environmental, Social and Governance parameters.

What are the ESG Parameters?

While there are no strict norms on what constitutes ESG, broadly:

- Environment Friendliness
- Social Responsibility
- Governance

How has ESG become important?

- Increased investments from Mutual Funds in such companies.
- Fund Houses are coming up with newer funds that invest in companies or stocks which:

  ✓Score high on ESG related parameters

  ✓Score low on non-ESG related parameters

For example

- Avoiding Tobacco, liquor and gambling companies.
- Avoiding companies with high carbon footprint, water consumption.
- Selecting companies that promote waste recycling, follow emission norms and energy practices.
- Avoiding firms with poor governance which have had regulatory issues.

Why do it?

- Pressure from large investors can force the corporate world to behave responsibly from ESG perspective.
- Also, companies that are aligned with ESG norms usually have lower risk of losses due to climate change, shifts in societal preferences and governance issues.
- Thus, investing in firms with a high ESG score in believed to translate into enhanced value for investors in the long run.

Any index for it?

- Yes.
- Nifty 100 ESG Index.
- And, it has outperformed its parent index Nifty 100 over the time.

What is Nifty 100 ESG Index

- As on January 2020, the Nifty 100 ESG had 88 companies spread across 16 sectors.

SEBI & ESG

- SEBI has mandated that the top 1,000 listed companies prepare an annual business responsibility report (BRR) starting this year.

What is a BRR

- A BRR has extensive disclosures about the adoption of responsible business practices by a listed company.
- This may eventually expand the investment universe for ESG funds.

12.EFTA

What is it?

EFTA is the intergovernmental organisation of:

- Iceland
- Liechtenstein
- Norway
- Switzerland

EFTA & EU

- The organization operates in parallel with the European Union (EU).
- All four member states participate in the European Single Market and are part of the Schengen Area

When was it started?

- It was set up in 1960 by its then seven Member States for the promotion of free trade and economic integration between its members.
- EFTA was founded by the Stockholm Convention in 1960.

Former members

State	Accession	Left EFTA and joined EU/EEC
Austria	3 May 1960	31 December 1994
Denmark	3 May 1960	31 December 1973
Finland	5 November 1985	31 December 1994
Portugal	3 May 1960	31 December 1985
Sweden	3 May 1960	31 December 1994
United Kingdom	3 May 1960	31 December 1972 (withdrew from the EU 31 January 2020)

EFTA & India

- India is making efforts to speed up broad-based trade and investment agreement (BTIA) negotiations with the EFTA countries in parallel with its discussions with the European Union on a similar pact.

In 2018:

- India exported - $2 billion
- India imported - $1.7 billion

Tensions in:

- IPR
- Rules of Origin
- Services and access for India's work force

13.MDR

What is it?

- The rate charged to a merchant for payment processing services on debit and credit card transactions.

How is it calculated?

- It is expressed in percentage of the transaction amount.
- It is also applicable for online transactions and QR-based transactions.

Who has to bear the cost?

The amount that the merchant pays for every transaction gets distributed among three stakeholders:

- The bank that enables the transaction
- Vendor that installs the point of sale (PoS) machine
- The card network provider such as Visa, MasterCard, RuPay.

Why in News

- From 1st January, 2020,
- businesses with annual turnover of more than ₹50 crore will have to offer low cost digital payment options to customers and
- Merchant Discount Rate (MDR) will not be levied on either customers or merchants.

Steps Taken

- Boost payments via home-grown real-time payments system Unified Payments interface (UPI) at merchant locations, along with RuPay debit cards.
- "All companies with a turnover of ₹50 crore or more shall be mandated by DoR to provide the facility of payment through RuPay Debit card and UPI QR code to their customers"

Who will absorb the cost?

FM says

- "RBI and banks will absorb these costs from the savings that will accrue to them on account of handling less cash as people move to these digital modes of payment".

Concerns?

- It can lead to the collapse of the payments acquiring industry.
- As there will be no/less incentive to expand the universe.