

# Syllabus Essentials



English

Weekly Compilation  
[13th - 18th October, 2025]

## Integration of States (1946-47)

### Rise of State People's Movements

- Demanded political rights and representation in the **Constituent Assembly**.
- Nehru presided over **All India State People's Conference** at Udaipur (1945) and Gwalior (April 1947).
- Warned that states refusing to join the **Constituent Assembly** would be treated as hostile.

### Patel Takes Charge

- **Vallabhbhai Patel** became head of the **States Department** in July 1947.
- Used a mix of **negotiation, pressure, and incentives** to integrate princely states.
- Integration occurred in two phases.

### Phase I: Accession (Before August 15, 1947)

- All princely states except **Kashmir, Hyderabad, and Junagarh** signed the **Instrument of Accession**.
- Gave control to the Indian government over:
  - **Defence, External Affairs, Communication**

### Phase II: Full Integration (Post-August 15, 1947)

- **More complex phase** involving:
  - Merging of states into neighbouring provinces or new unions (e.g., **Kathiawar, Vindhya, Madhya Pradesh, Rajasthan, Himachal Pradesh**).
  - Internal constitutional reforms in some states (e.g., **Hyderabad, Mysore, Travancore-Cochin**).



## GIFT City

### Overview:

- India's first **special economic zone (SEZ)** for finance, insurance, fintech, and capital markets.
- Project conceived in **2007**, established in **2015**.
- Designed as a **city-within-a-city** for global financial operations.
- Regulated by **IFSCA** (set up in 2020), similar to SEBI, RBI, IRDAI, PFRDA.

### Need for GIFT City:

- Indian companies previously raised funds through **Singapore or Mauritius** due to favorable regulations.
- India lost **potential revenue and global financial influence**.
- GIFT City aims to **bring offshore activities onshore** with international standards.
- Provides **ease, flexibility, and global-compliant ecosystem** within India.

# Bond Yield

## About Bond Yield

- Bond yield shows the **effective return** earned from a bond investment.
- When bond prices rise, the yield earned from bonds decreases.
- When bond prices fall, the yield on bonds increases.

## Relation Between Bond Yield and Interest Rate

- **Inverse Relationship:**
  - When interest rates rise → bond prices fall.
  - When interest rates fall → bond prices rise.
- **Reason:**
  - Existing bonds with lower coupon rates become **less attractive** when market interest rates rise.
  - Prices adjust downward to offer yields comparable to new bonds.
- **Summary:**
  - Bond Price  $\propto 1 / \text{Interest Rate}$
  - Bond Yield  $\propto \text{Interest Rate}$



# FERTILIZERS

## About

- Fertilisers supply **essential macro** and **micronutrients** critical for plant growth.
- They **contribute 15–20% to agricultural production**, potentially rising to 45% with proper input management.

## Nutrient Composition

- **Primary (Macro) Nutrients:** N, P, K, Ca, Mg, S.
- **Secondary (Micro) Nutrients:** B, Cl, Cu, Fe, Zn, etc.
- **NPK Ratio (India):** Deteriorated from **5.9:2.4:1 (1991-92)** to **7.7:3.1:1 (2021-22)** vs recommended **4:2:1**.
- **Impact:** Nutrient imbalance → soil degradation & lower crop yields.

## Types of Fertilisers

- **Nitrogenous:** Urea, Ammonium Nitrate.
- **Phosphatic:** Super Phosphate, Triple Phosphate.
- **Potassic:** Potassium Nitrate, Chile Saltpetre.

## Neem-Coated Urea (2015 Reform)

- **Introduced:** 100% Neem Coating on all subsidised urea.
- **Benefits:**
  - Reduces nitrogen loss.
  - Enhances nutrient efficiency & soil health.
  - Boosts crop yield.
  - Prevents diversion for non-agricultural use.



## Types of Fiscal Policy

### Expansionary Fiscal Policy

- Expansionary fiscal policy aims to **stimulate economic growth** during **slowdowns or recessions**.
- It involves **increasing government spending** on public projects, infrastructure, and social programs.
- **Tax cuts** are applied to raise disposable income for consumers and businesses.
- This policy **boosts aggregate demand**, encourages investment, and creates more employment opportunities.
- **Example:** Used during the **2008 financial crisis** to revive economic growth.

### Contractionary Fiscal Policy

- Contractionary fiscal policy aims to **control inflation** and stabilise the economy.
- It involves **decreasing government spending** on public projects and programs.
- **Tax increases** are applied to reduce disposable income and curb spending.
- This policy **reduces aggregate demand**, preventing the economy from overheating.
- **Example:** Applied in the **late 1970s and early 1980s** by the U.S. to combat high inflation.



## Indirect Tax Reform

- **Raja J. Chelliah Committee (1991)**
  - The committee recommended introducing VAT and harmonizing state and central taxes.
  - It suggested providing input tax credit and exempting essential goods.
- **Kalyani Menon Sen Committee (2002)**
  - The committee proposed simplifying customs and excise and enabling electronic filing.
  - It recommended single-window clearance and reducing tariffs for better trade efficiency.
- **T. R. Rustagi Committee (2011)**
  - This committee advised simplifying service tax and rationalizing taxable services effectively.
  - It emphasized ITC implementation and improving electronic compliance systems nationwide.
- **Arvind Subramanian Committee (2015)**
  - The committee suggested a revenue-neutral GST rate for smooth taxation transition.
  - It recommended lower rates for metals and ensured state compensation support.



**Stay Tuned!**