



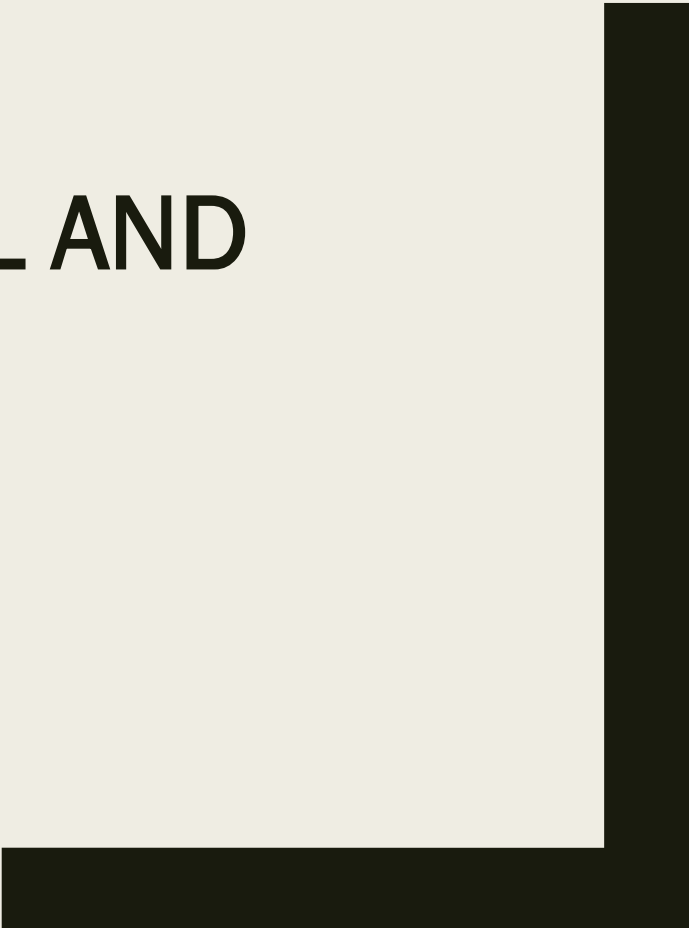
Foundation Course

UNDERSTANDING FISCAL AND MONETARY POLICY

Military Engineer Service (MES)

MCRHRDI

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Fiscal

- Fiscal policy is an estimate of taxation and government spending that impacts the economy. It can be either expansionary or contractionary.
- Along with RBI's policy that influences a nation's money supply, it is used to direct a country's economic goals.
- It should be ideally in line with the monetary policy but since it is created by lawmakers, people's interest over growth often takes centrestage.

Monetary policy

- Monetary policy is a set of economic policy that manages the size and growth rate of the money supply in an economy.
- It is a powerful tool to regulate macroeconomic variables such as inflation and unemployment.
- Monetary policies are implemented through different tools, including the adjustment of the interest rates, purchase or sale of government securities, and changing the amount of cash circulating in the economy.
- The central bank or a similar regulatory organization is responsible for formulating monetary policies.

Types

- An easy or expansionary monetary policy is implemented by reducing statutory bank reserves or lowering key interest rates and improving market liquidity to encourage economic activity.
- A contractionary or tight monetary policy reduces liquidity and increases interest rates which has a negative impact on both production and consumption and therefore, economic growth.

Taxes

- Philosophy
- Which is better

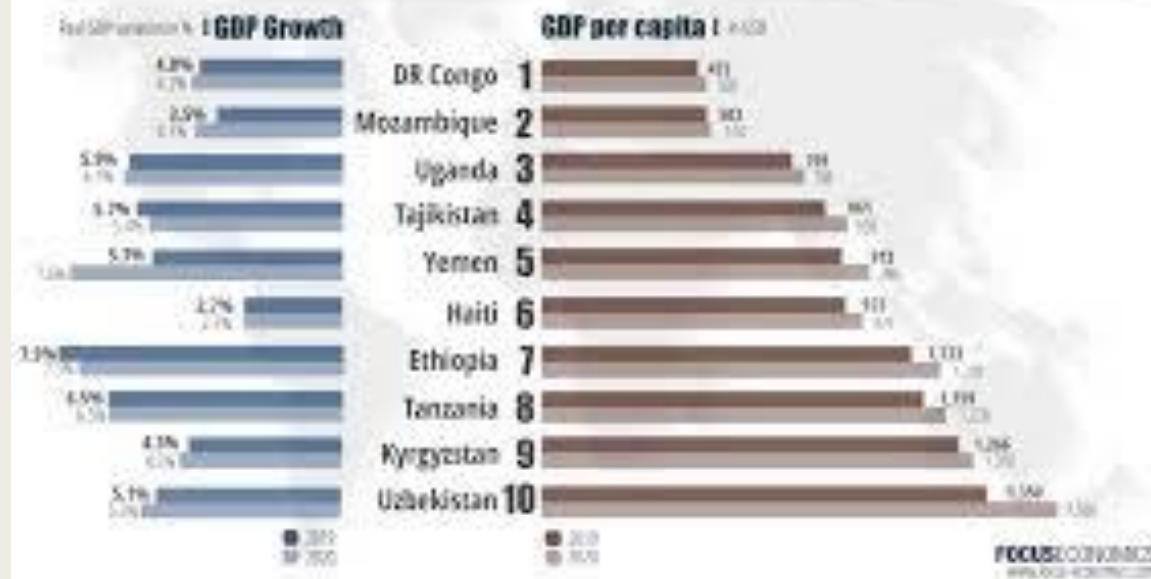
Types of direct tax in India

- Income Tax. Capital Gains Tax. ...
- Securities Transaction Tax. ...
- Fringe Benefit Tax or Perquisite Tax. ...
- Corporate Tax. ...
- Service Tax. ...
- Value Added Tax (VAT) ...
- Custom Duty.

Purpose of taxation

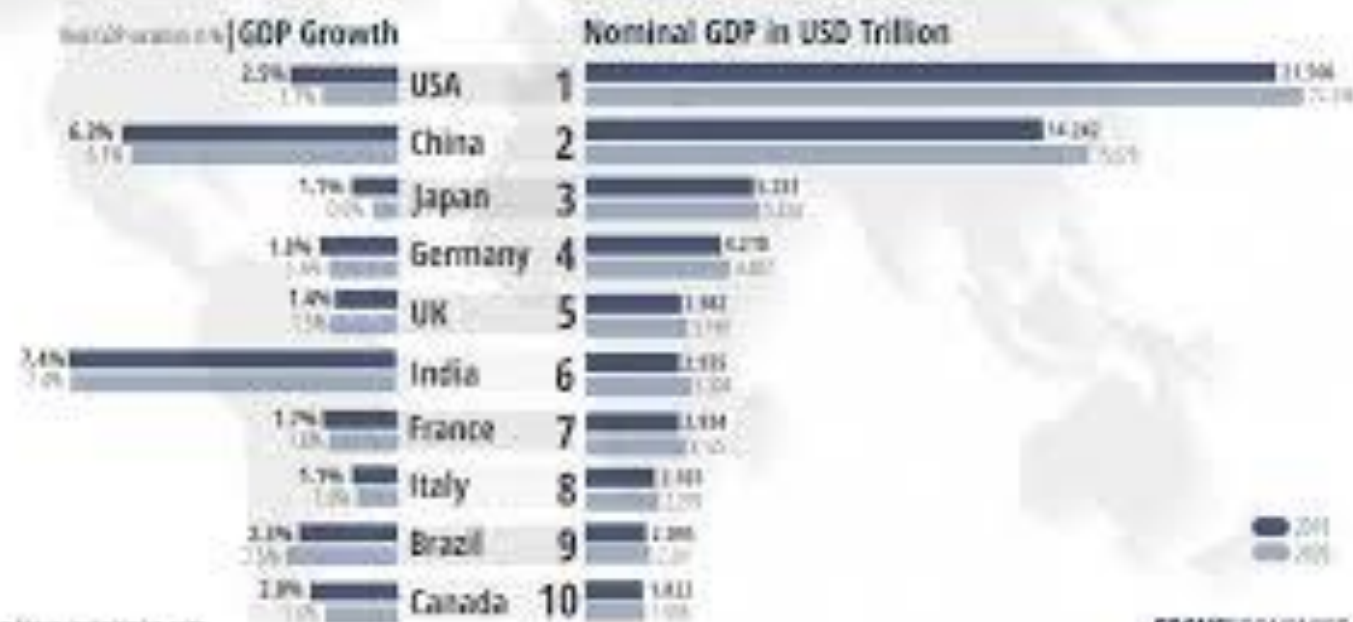
Inequalities

The World's Poorest Countries



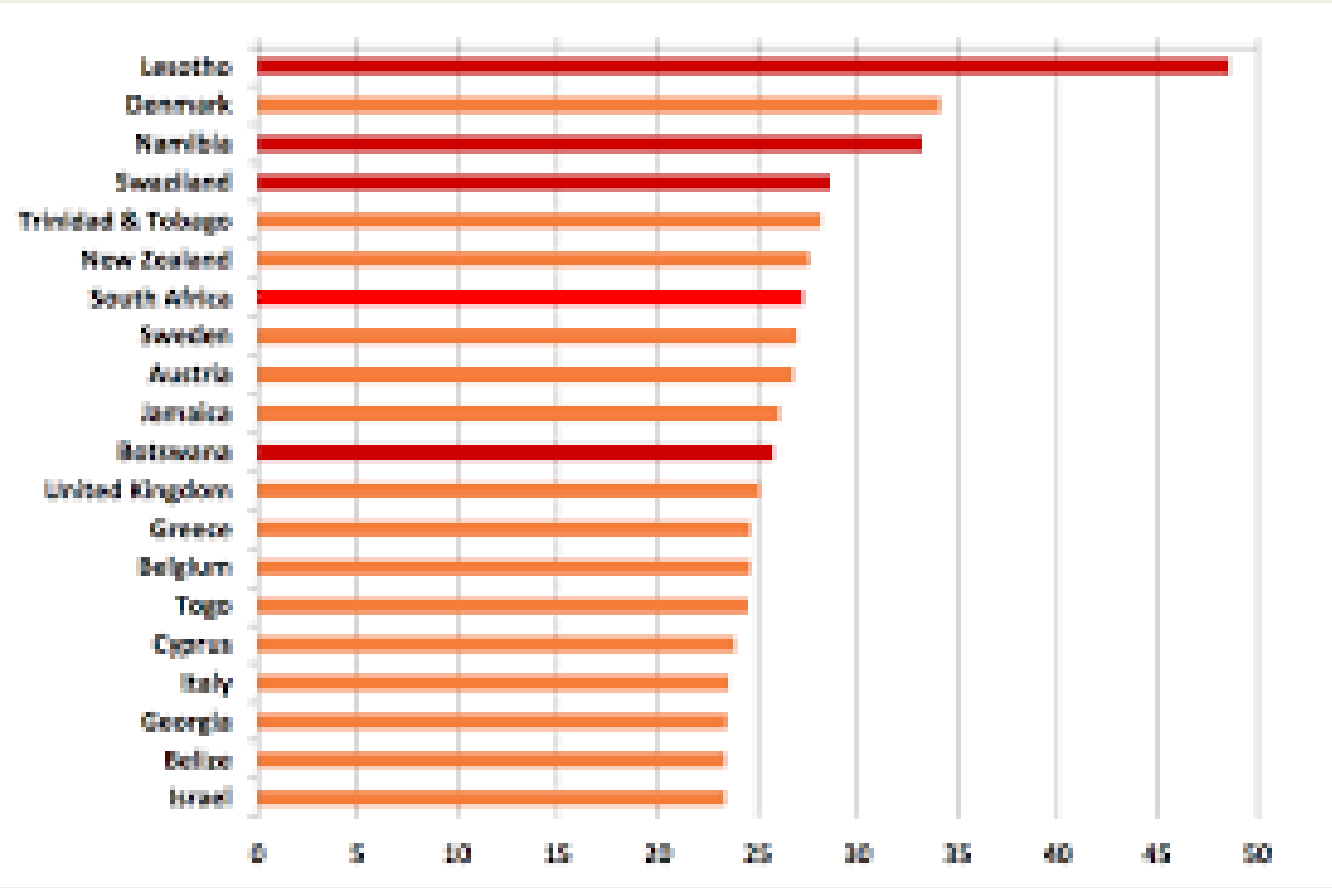
TOP 10

The World's Biggest Economies for 2019 and 2020



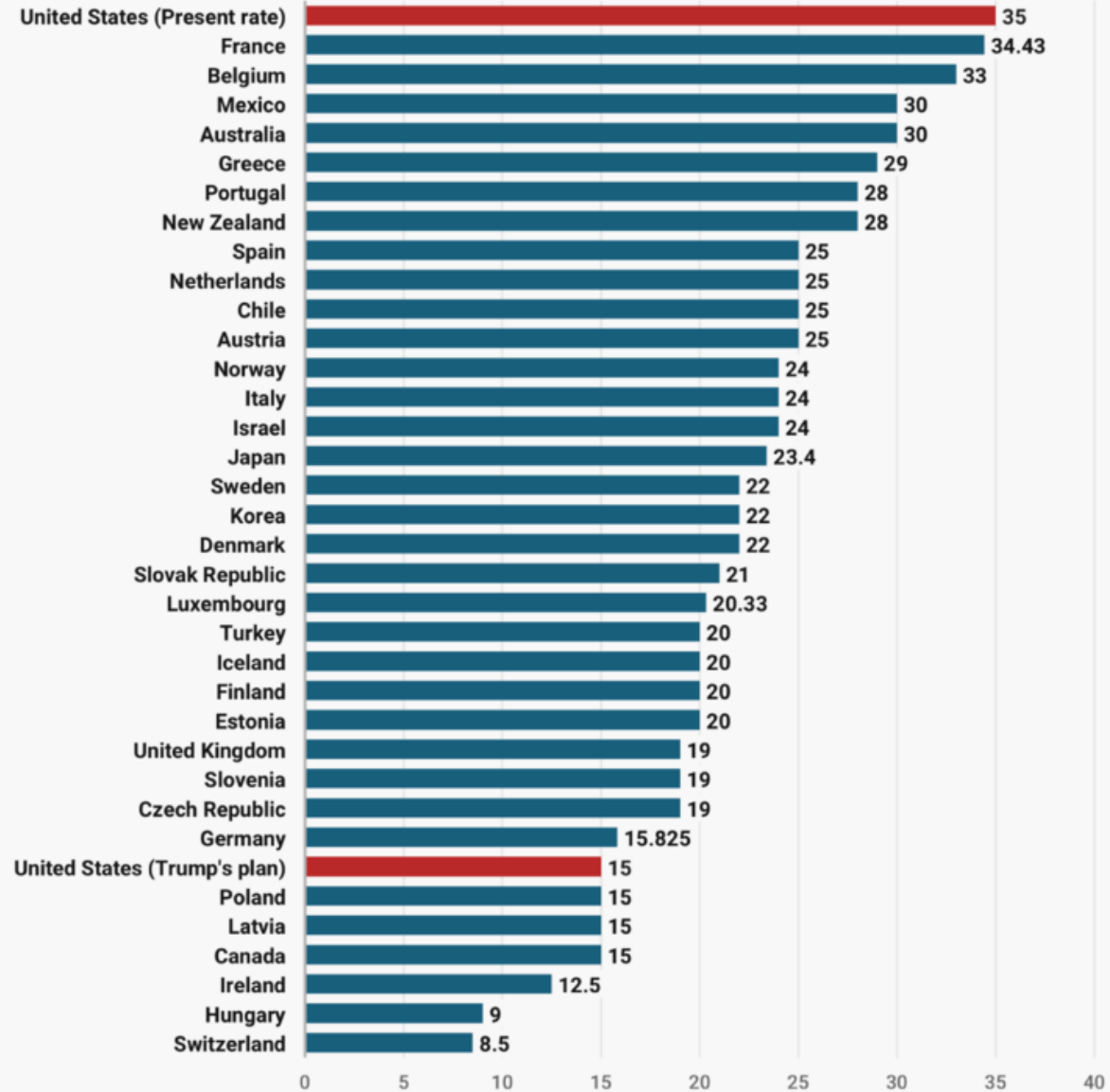
www.top10visionindex.com

FOCUS ECONOMICS



OECD CORPORATE TAX RATES

Percent rate



SOURCE: OECD

BUSINESS INSIDER

Death Can Be Expensive

Estate tax rates

Japan	70%	Italy	3%
U.S.	46	China	0
U.K.	40	India	0
France	40	Australia	0
Germany	30	Russia	0
Ireland	20	Sweden	0
Austria	15	Switzerland	0

Source: American Council for Capital Formation