- No mechanism for tracking funds. Funds released from ministry are treated as expenditure even if it may be lying in bank accounts of the implementing agency.
- Most of CSS deal with matters earmarked for Panchayats and yet PRIs are not integrated well into the schemes.
- Often independent structures are created for each scheme resulting in a multiplicity of delivery structures. No attempt is made to leverage PRIs or previous structures.

CHIT FUNDS – Chit funds are essentially saving institutions. They are of various forms. Chit Funds activity involves contributions by members in instalments by way of subscription to the Chit and by rotation each member of the Chit receives the chit amount. The subscriptions are specifically excluded from the definition of deposits and cannot be termed as deposits. While Chit funds may collect subscriptions as above, they are prohibited by RBI from accepting deposits with effect from August 2009. The beneficiary is selected usually on the basis of bids or by draw of lots or in some cases by auction or by tender. Chit fund business is regulated under the Central Act of Chit Funds Act, 1982. However, prized chits scheme are banned under **Prize Chits and Money Circulation Schemes (Banning) Act, 1978.** Functionally, Chit funds are included in the definition of Non- Banking Financial Companies by RBI under the sub-head miscellaneous non-banking company (MNBC). But RBI has not laid out any separate regulatory framework for them.

CORE INFLATION (Also called UNDERLYING INFLATION or NON-FOOD INFLATION) – Core inflation or Non-Food Inflation is a measure of inflation which *excludes certain items that face volatile price movements, notably food and energy.* On the other hand, *Headline Inflation* includes prices of volatile items like energy and food and in India is measured by WPI taking into account all types of inflation.

COUNTERVAILING DUTIES – Countervailing duties (CVDs), also known as anti-subsidy duties, are *trade import duties imposed under World Trade Organization (WTO) Rules to neutralize the negative effects of subsidies*. They are imposed after an investigation finds that a foreign country subsidizes its exports, injuring domestic producers in the importing country.

CROWDING OUT – The effect that an *increase in one kind of spending can have in reducing another kind of spending*. Most frequently mentioned is the effect of an increase in government spending on investment, which falls when an increase in the budget deficit drives up the interest rate. In economics, crowding out is any reduction in private consumption or investment that occurs because of an increase in government borrowing (due to increased deficit). If an increase in government spending and/or a decrease in tax revenues leads to a deficit that is financed by increased borrowing, then the borrowing can increase interest rates, leading to a reduction in private investment. Thus, *increased fiscal deficit crowds out Investment*.

CURRENCY SWAP – A currency swap is a foreign-exchange agreement between central banks of two countries whereby *they each agree to lend their currency to the other*. Currency swaps have two main uses –

I. *To secure cheaper debt* (by borrowing at the best available rate regardless of currency and then