UNIT-I

Q1. Explain the basic features of Indian economy

Ans: Introduction: India is a low income developing economy. India got independence in 1947 and started economic plans in 1951. It is the second-most populous country, the seventh-largest country by land area, and the most populous democracy in the world. The economy of India is characterised as a middle income developing market economy. Although being a poor country, It is still the world's fifth-largest economy by nominal GDP and the third-largest by purchasing power parity (PPP).

Characteristics of Indian economy:

1. Low level per capita income:
2. Excess dependence on agriculture sector
3. Heavy population pressure
4. Chronic unemployment
5. Poverty
6. Under utilization of natural resources
7. Low technology
8. Steadily improving rate of capital formation
9. Inequalities in the distribution of income and wealth
10. Economic dualism
11. Low level infrastructure facilities
12. Market imperfections
13. Traditional setup of society
14. Low standard of living
15. Poor quality of human capital

Some Economic Indicators of Indian economy

Year	GDP (in Billion US $) (PPP)	GDP per capita (in US $) (PPP)	Share of GDP to World GDP (PPP %)	GDP growth rate (%)	Inflation rate (%)	Govt Debt (% to GDP)
1980	**382.0**	**557**	**2.89%**	**5.3%**	**11.3%**	**75.9%**
2001	**2,230.4**	**2,130**	**4.26%**	**4.9%**	**4.3%**	**78.7%**
2019	**9,542.2**	**6,977.3**	**7.09%**	**4.18%**	**4.7%**	**69.8%**

Q2. Explain the demographic features of India

Ans: Introduction: The characteristics of population such as, size, composition, diversity, growth and quality of population etc., are called demographic features. To have basic understanding of the population problem of a country, one should have a complete knowledge regarding the basic features of population of that country.

Demographic Features of India

1. Large size population

2. Second stage of demographic transition

3. Rapid rising density of population

4. Sex ratio composition

5. Increase in economically active population

6. Predominance of rural population

7. Low quality population

a. Low literacy level

b. Low education and training

c. Low life expectancy

8. Low work participation

9. Symptoms of over population

Some population statistics of India

Year	Population (in Crore)	Average annual growth rate (%)	Rural Population (%)	Urban Population(%)	Life expectancy (in Years)	Birth Rate (per 1000)	Death Rate (per 1000)
1951	36.10	1.25	82.7	17.3	36.6	43.3	25.5
2001	102.87	2.97	72.2	27.8	63.5	25.2	8.4
2011	121.01	2.69	68.84	31.16	67.6	18.0	7.2

Q3. Describe the changes in occupational distribution of population in India

Ans: Introduction: Economic development creates various types of occupations in an economy. All these various occupations can be broadly classified into three categories. primary, secondary and tertiary.

The primary occupations include all those essential activities such as agriculture and allied activities like animal husbandry, forestry, fishery, poultry farming etc.

Secondary activities include manufacturing industries composed of both large and small scale, construction and mining.

Tertiary activities include all other activities like transport, communication, banking, insurance, trade, hotels, libraries, tourism, real estate, stock exchanges etc.

The occupational structure indicated the distribution as well as absorption of population into these various types of occupations.

Distribution of the workforce across economic sectors from 1951 to 2020

Year	Primary sector (%)	Secondary sector (%)	Tertiary sector (%)
1951	72.1	10.6	17.3
2001	56.7	17.5	25.8
2020	41.5	26.2	32.3

Q4. Critically explain the population policy of India

Ans: Introduction: Population Policies formulated to address the unmet needs for contraception, health care infrastructure, and health personnel, and to provide integrated service delivery for basic reproductive and child health care.

The main objective is to achieve a stable population at a level consistent with the requirements of sustainable economic growth, social development, and environmental protection.

National Population Policy was announced on 16 April, 1976. In this policy, the minimum age for marriage determined by the Sharda Act, 1929 was increased. It increased the age for boys from 18 to 21 years and for girls from 14 to 18 years.

The number of MPs and MLAs was fixed till the year 2001 on the basis of the census 1971. Under this Plan, forced sterilization was permitted which was later on given up. Department.

In 1977, the Janata Party government changed the name of Family Planning Department to Family Welfare.

In 1993, the government had established an expert group under the chairmanship of M.S. Swaminathan for formulating national population policy.

Though this group had prepared the draft of the new population policy in 1994, it was reviewed in 1999 by the Family Welfare Department and was passed by the Parliament in 2000.

The Central Government formulated the ‘New National Population Policy' on 15th February 2000.
This policy has three main objectives:
1. Temporary objective
2. Middle-term objective
3. Long-term objective

1. Temporary objective
The easy supply of birth control devices was included in it. Besides, the development of health protection framework and recruitment of health workers were also made a part of it.
2. Middle-term objective
Under it, the total fertility rate (TFR) had to bring down to the replacement level of 2.1 by 2010.
3. Long-term objective
Under it, the Objective of population stabilization by 2045 is to be achieved.
One well-publicized aspect of the National Population Policy 2000 concerns the allocation of seats in the Indian parliament. The policy recommends freezing the current number of seats for another 25 years to avoid penalizing states that have complied with previous population policies.
The last allocation of seats to states and union territories was undertaken on the basis of the 1971 census and was due to be revised following the 2001 census.
But if it were revised then, according to one estimate, the number of seats allocated to the state of Tamil Nadu, which has reduced fertility, would have gone down from 39 to 33.
Meanwhile, the number of seats allocated to the state of Uttar Pradesh, which has failed to curb its growth rate, would have risen from 85 to 120.
While announcing this new policy, the Central Health Minister said that the people living below poverty line would be rewarded properly if they would marry after 21 years, adopt the standard of two children and undergo sterilization after two children.

Objectives of the New Population Policy-2000

1. The 'Total Fertility Rate' (TFR) to be reduced to 2.1.
2. The high class birth control services had to be made available publically so that the standard of two children could be adopted.
3. The Infant Mortality Rate (IMR) had to be reduced to 30 per thousand.
4. The Mother Mortality Rate (MMR) had also to be reduced to below 100 per one lakh.
5. The late marriage of girls had to be encouraged.
6. Achieving universal immunization of children against vaccine-preventable diseases.
A high level 100-membered National Population Commission has been set up under the chairmanship of the Prime Minister on 11 May 2000 to supervise and analyse the implementation of this new population policy.
The policy also recommends formation of similar commissions by each state and union territory.
This decentralized approach would extend to the village level, where local self-help groups would be counted on to implement program measures.
An additional budget of 64 billion rupees ($1.4 billion) is needed to implement major portions of the policy.

Q5. What is demographic dividend? Discuss in detail

Ans: Introduction: Demographic dividend means, "the economic growth potential that can result from shifts in a population's age structure, mainly when the share of the working-age population (15 to 64) is larger than the non-working-age share of the population (<15 and >64)".United Nations Population Fund.

Demographic dividend refers to the growth in an economy that is the result of a change in the age structure of a country's population. The change in age structure is typically brought on by a decline in fertility and mortality rates.

While most countries have seen an improvement in child survival rates, birth rates remain high in many of them, particularly in lesser developed countries. These countries, therefore, rarely enjoy an economic benefit known as the demographic dividend.

Demographic dividends are occurrences in a country that enjoys accelerated economic growth that stems from the decline in fertility and mortality rates.

A country that experiences low birth rates in conjunction with low death rates receives an economic dividend or benefit from the increase in productivity of the working population that ensues.

As fewer births are registered, the number of young dependents grows smaller relative to the working population. With fewer people to support and more people in the labour force, an economy's resources are freed up and invested in other areas to accelerate a country's economic development and the future prosperity of its populace.

To receive a demographic dividend, a country must go through a demographic transition where it switches from a largely rural agrarian economy with high fertility and mortality rates to an urban industrial society characterized by low fertility and mortality rates.

In the initial stages of this transition, fertility rates fall, leading to a labor force that is temporarily growing faster than the population dependent on it.

All else being equal, per capita income grows more rapidly during this time too. This economic benefit is the first dividend received by a country that has gone through the demographic transition.

Demographic dividend occurs when the proportion of working people in the total population is high because this indicates that more people have the potential to be productive and contribute to growth of the economy.

Due to the dividend between young and old, many argue that there is a great potential for economic gains, which has been termed the "demographic gift".

In order for economic growth to occur the younger population must have access to quality education, adequate nutrition and health including access to sexual and reproductive health.

There are four main areas where a country can find demographic dividends:

1. Savings

2. Labor supply

3. Human capital

4. Economic growth

Savings:- During the demographic period, personal savings grow and can be used to stimulate the economy.

Labor supply:- More workers are added to the labor force, including more women.

Human capital:- With fewer births, parents are able to allocate more resources per child, leading to better educational and health outcomes.

Economic growth:- Per capita GDP is increased due to a decrease in the dependency ratio.

Features of Demographic Dividend

1. Demographic dividend is economic growth brought on by a change in the structure of a country’s population, usually a result of a fall in fertility and mortality rates.
2. The demographic dividend comes as there’s an increase in the working population's productivity, which boosts per capita income.
3. The first period for a demographic dividend can last 50 or more years and then the second period can last indefinitely as an aging population invests in various investment vehicles.

Demographic Dividend in India

As per the 2011 census working age population to the total population is 62.5%.

In near future India will be the largest individual contributor to the global demographic transition.

A 2011 IMF Working Paper found that substantial portion of the growth experienced by India since the 1980s is attributable to the country's age structure and changing demographics.

By 2026 India's average age would be 29 which is least among the global average. The U.S. Census Bureau predicts that India will surpass China as the world's largest country by 2025, with a large proportion of those in the working age category.

Over the next two decades the continuing demographic dividend in India could add about two percentage points per annum to India's per capita GDP growth.

Extreme actions are needed to take care of future basic minimum living standards including food, water and energy.

Q6. Explain the role of education and health in economic development

Ans: Introduction: The central roles of education and health are basic objectives of development. Both are fundamental to enhancing the quality of human life and ensuring economic progress.
Education: Education is essential for a satisfying and rewarding life while at the same time enabling the developing country to absorb modern technology and develop capacity for self sustaining growth.
Health: Health is prerequisite for increases in productivity and providing a base for education to thrive.
Thus, both education and health are vital components of growth and development inputs to aggregate production function. Their dual role as inputs and outputs gives them a central place in economic development. There have been dramatic improvements in world health and education over past half century. Death rages and child mortality rates have been falling down while some major killers have been eradicated, eliminated and controlled. Recent decades have witnessed an unprecedented extension of literacy and other basic education to a majority of people in the developing world.

The Importance of Education in Economic Development

Prior to the nineteenth century, systematic investment in human capital was not considered especially important in any country. Expenditures on schooling, on-the-job training, and other similar forms of investment were quite small. This began to change radically during this century with the application of science to the development of new goods and more efficient methods of production, first in Great Britain, and then gradually in other countries.
During the twentieth century, education, skills, and the acquisition of knowledge have become crucial determinants of a person's and a nation's productivity. One can even call the twentieth century the "Age of Human Capital" in the sense that the primary determinant of a country's standard of living is how well it succeeds in developing and utilizing the skills and knowledge, and furthering the health and educating the majority of its population.
The role of education can be understood by the following factors:

1. Education and Productivity
2. Education and Income
3. Human Capital and the Family: Education and the Family
4. Education and Trade
5. Education and reduction in income inequalities
6. Education and rural development
7. Education and family planning
8. Education and technological development
9. Education and knowledge society

UNIT-II

Q7. Explain the causes and remedial measures of unemployment

Ans: Introduction: Unemployment is a term referring to individuals who are employable and actively seeking a job but are unable to find a job. Unemployment occurs when a person who is actively searching for employment is unable to find work. Unemployment is measured by the unemployment rate. Unemployment rate can be measured by dividing the number of unemployed people by the total number of people in the workforce.

Unemployment Rate = $\frac{\text{Unemployed Workers}}{\text{Total Work Force}}$ X 100

Types of Unemployment

1. Disguised Unemployment:

2. Seasonal Unemployment

3. Institutional unemployment

4. Frictional unemployment

5. Structural unemployment

6. Cyclical Unemployment:

7. Technological Unemployment

8. Voluntary unemployment

9. Involuntary Unemployment

10. Classical unemployment

11. Long-term Unemployment

Main Causes of Unemployment in India

1. Slow economic growth
2. Increased Population growth
3. Fall of cottage and small industries
4. Slow growth of industrialisation
5. Less savings and Investment
6. Lack of the stock of physical capital
7. Inequitable Distribution of Land
8. Neglect of the role of agriculture in employment generation
9. Lack of infrastructure
10. Seasonality of Agricultural Occupations
11. Ineffective economic planning

12. Inadequate irrigation facilities
13. Immobility of labour
14. Use of capital intensive techniques
15. Loss of small-scale/cottage industries
16. Inadequate access to irrigation
17. Failure of education system
18. No Human power plan

Remedial Measures

1. Control of population

2. Promotion of small scale industries

3. Encouraging the labour intensive techniques

4. Proper education policy

5. Providing proper irrigation facilities

6. Increase in savings and investment

7. Rapid economic growth

8. Industrialization

Unemployment statistics (based on findings from CMIE's latest data)

The unemployment rate in India rose to 7.2 percent in February 2019, the highest since September 2016, and up from 5.9 percent in February 2018.

Q8. Explain the causes and remedial measures of poverty

Ans: Introduction: Poverty is an economic state where people are experiencing scarcity or the lack of certain commodities that are required for the lives of human beings like money and material things. Therefore, poverty is a multifaceted concept inclusive of social, economic and political elements.

The word poverty comes from French word **"poverte"** which means poor.

poverty refers to lacking enough resources to provide the necessities of life like food, clean water, shelter and clothing. But in today's world, that can be extended to include access to health care, education and even transportation and communication.

Absolute poverty: Absolute poverty is also called 'extreme poverty' or 'abject poverty' refers to those whose incomes fall below a line set by a given country. Below this line people are unable to meet their basic needs for food, water and shelter. They also have no access to social services such as health care, education and utilities.

Relative Poverty: Relative poverty is the condition in which people lack the minimum amount of income needed to maintain the average standard of living in their respective society. Hence, it is a measure of income inequality within a country.

Causes of Poverty

1. Inadequate access to clean water and nutritious food
2. Little or no access to livelihoods or jobs
3. Social injustice
4. Inequality
5. Poor education
6. Climate change
7. Lack of infrastructure
8. Lack of government support.
9. Lack of reserves
10. Heavy pressure of population
11. Unemployment & under employment
12. Capital Deficiency
13. Under-developed economy
14. Increase in Price
15. Low level Net National Income
16. Rural Economy
17. Lack of Skilled Labour
18. Deficiency of efficient Entrepreneurs
19. Lack of proper Industrialization
20. Improper use of Natural Resources

Remedial Measures

1 to 20

Q9. Explain the causes of income inequalities in India

Ans: Introduction: Unequal distribution of wealth and income among the citizens is called as income inequalities. India is one of the fastest growing economies in the world. It is also one of the most unequal countries.

Inequality has been rising sharply for the last three decades. The richest have cornered a huge part of the wealth created through crony capitalism and inheritance.
The top 10% of the Indian population holds 77% of the total national wealth. 73% of the wealth generated in 2017 went to the richest 1%, while 67 million Indians who comprise the poorest half of the population saw only a 1% increase in their wealth.
There are 119 billionaires in India. Their number has increased from 9 (2000) to 101 (2017). Between 2018 and 2022, India is estimated to produce 70 new millionaires every day.
Billionaires' fortunes increased by almost 10 times over a decade and their total wealth is higher than the entire Union budget of India for the fiscal year 2018-19, which was at INR 24422 billion.
In India, the top 1% captured 21% of national income in 2019 compared with 11% in 1990.
India's richest 1 per cent hold more than four-times the wealth held by 953 million people who make up for the bottom 70 per cent of the country's population, while the total wealth of all Indian billionaires is more than the full-year budget.

Causes for income inequalities

1. Private Ownership of Property

2. Unemployment

3.Inflation

4. Tax Evasion

5. Regressive Tax

6. New Agricultural Strategy

7. In equalities in availability of credit

8. In equalities in distribution of land

9. Differences in wages

10. Laws of inheritance

11. Concentration of investment in urban areas

12. LPG policies

13. Economic development

14. In equalities in education opportunities

15. Bribe and corruption

16. Regional in equalities

Q10. Write a note on Poverty alleviation and employment generation programs in India

Ans: Introduction: Poverty alleviation refers to the set of measures and government interventions both, economic & humanitarian to lift people out of the vicious circle of poverty. It is the prerogative of the government of a country to ensure the well-being of its citizens by providing them opportunities to emerge out of poverty.

This can be done by fostering economic growth, which, in turn, will generate employment; thereby reducing poverty. Hence, a country needs to have a comprehensive poverty-reduction strategy. In India, governments since Independence, have been trying to implement schemes and strategies for employment generation and poverty reduction.

Governmental Initiatives for Poverty Alleviation & Employment Generation in India

Considering the importance of poverty alleviation, to foster economic growth in a country, the government of India has, since independence, taken various measures in the form of initiatives and schemes to alleviate poverty and to generate employment. Some of these initiatives are given below.

Initiatives for Poverty Alleviation

1. Integrated Rural Development Programme (IRDP) 1978–79

2. Jawahar Gram Samridhi Yojana 1999

3. Rural Housing – Indira Awaas Yojana (1985)

4. National Food for Work Programme (2014)

5. National Old Age Pension Scheme (NOAPS) (1995)

6. Annapurna Scheme 1999-2000

7. Sampoorna Gramin Rozgar Yojana (SGRY) (2003)

8. Mahatma Gandhi National Rural Employment Guarantee Act (MGNREGA) 2005

9. National Rural Livelihood Mission: Aajeevika 2013

10. National Urban Livelihood Mission 2013

11. Pradhan Mantri Kaushal Vikas Yojana 2015

12. Pradhan Mantri Jan Dhan Yojana 2014

Government Initiatives for Employment Generation in India

The initiatives undertaken by the government of India since independence for employment generation are:

1. Nehru Rozgar Yojana(1989)

2. National Food for Work Programme(2014)

3. Training of Rural Youth for Self-employment(1979)

4. National Rural Employment Programme (1980)

5. Rural Landless Employment Guarantee Programme (1983)

6. Jawahar Rozgar Yojana (1989)

7. Rural Employment Generation Programme

8. Prime Minister’s Rozgar Yojana For Educated Unemployed Youth (1993)

9. Swarna Jayanti Shahari Rozgar Yojana (1997)

10. Swarnjayanti Gram Swarozgar Yojana (1999)

11. National Rural Employment Guarantee Scheme

12. Employment Assurance Scheme (1993)

13. Deen Dayal Upadhyaya Grameen Kaushalya Yojana (2014)

14. Deendayal Antyodaya Yojana - National Urban Livelihoods Mission (DAY-NULM)

15. Pradhan Mantri Kaushal Vikas Yojana (PMKVY) (2015)

UNIT-III

Q11. Explain the causes of low productivity in Indian agriculture sector

Ans: Introduction: On the whole, Indian agriculture does not show high efficiency or productivity, though there is an improvement since independence.

Causes of Low Productivity in Agriculture sector in India

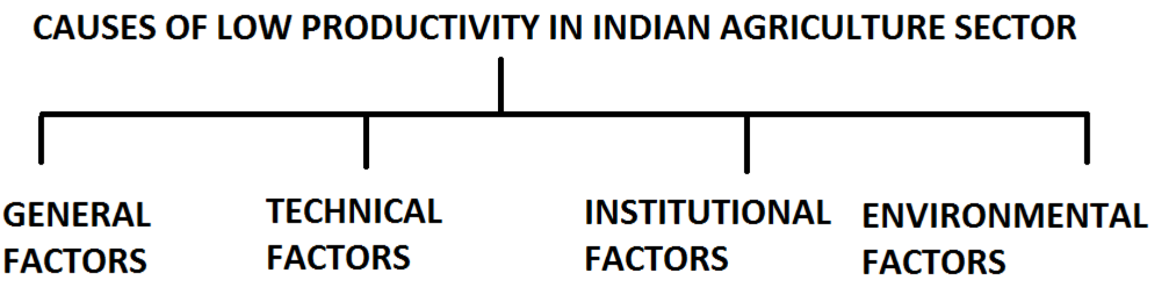
Causes of low productivity in agriculture in India can be classified in to four major types.

1. General factors

2. Technical factors

3. Institutional factors

4. Environmental factors



1. General Factors:

Human factors are those which are related to training and efficiency of the farmers.

(i) Social atmosphere: Social climate includes customs and traditions. Indian farmer is illiterate and has no knowledge for latest techniques of production. So social climate is not suitable for agriculture.

(ii) Pressure of population on land: Heavy pressure of population is the main cause of low productivity of Indian agriculture. Heavy pressure has led to subdivision and fragmentation of land holdings.

2. Technical Factors:

Technical Factors include techniques and methods of production:

(i) Traditional methods of Cultivation: Traditional methods of cultivation like manual ploughing, two crop pattern and old system of irrigation are mainly responsible for low productivity of agriculture.

(ii) Old implements: Traditional equipment's like wooden ploughs, sickles and spades are commonly used. Due to the use of these old implements agriculture is backward.

(iii) Insufficient irrigation facilities: Indian agriculture is mainly dependent on rain. Even after 73 years of Independence only 40% of the agricultural land has permanent irrigation facility. Due to improper irrigation facility, farmer can produce one crop only in a year.

(iv) Lack of credit facility: Credit facilities are inadequate in rural areas. Farmers can not be able to raise credit from rural banks easily. So farmers have low Income and thus low productivity.

(v) Lack of High Yielding Variety (HYV) seeds: HYV seeds are not commonly used. Farmers do not understand their significance. They cannot afford to buy them and also these seeds are not easily available.

(vi) Improper marketing: Improper marketing is a significant factor for low productivity of agriculture.

3. Institutional Factors:

Institutional factors include land holdings and land system.

(i) Small size of farms: Land holdings in India are of very small size. Average size of holding is 2.3 hectare. These holdings are fragmented. Due to these small holdings, mechanised cultivation is difficult. Implements and irrigation facilities are not properly utilized.

(ii) Defective land tenure system: Zamindari system has been an important factor responsible for the low productivity of Indian agriculture. Though Zamindari system was abolished after independence yet the position of cultivator has not improved.

4. Environmental Factors:

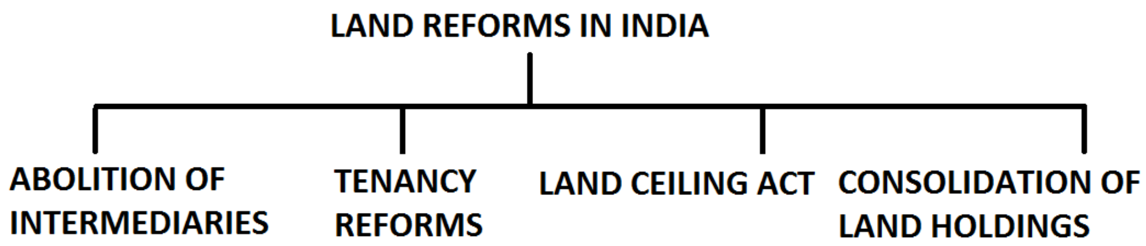
(i) Problems of soil: Indian soil has many problems like soil erosion, water logging, nitrogen deficiency and swamps. These are the reasons for low productivity of agriculture.

(ii) Problems of pests and diseases of crops: Plant diseases like rust and smut and rats, insects and pests destroy large portion of crops.

Q12. Write a brief note on Land reforms in India

Ans: Introduction: Land reform refers to efforts to reform the ownership and regulation of land. (or) redistribution of land by the government from landholders to landless people for agriculture or special purpose is known as land reform.

Land Reforms in India: A committee, under the Chairmanship of J. C. Kumarappan was appointed to look into the problem of land. The Kumarappa Committee's report recommended comprehensive agrarian reform measures, i.e., land reforms.



Land reforms acts can be classified in to four major types

1. Abolition of the Intermediaries
2. Tenancy Reforms/Tenancy acts
3. Land Ceiling Act (Fixing Ceilings on Landholdings)
4. Consolidation of Landholdings.

1. Abolition of the Intermediaries: Abolition of the zamindari system: The first important legislation was the abolition of the zamindari system, which removed the layer of intermediaries who stood between the cultivators and the state. The reform was made to strengthen the actual landholders, the cultivators.

Advantages: The abolition of intermediaries made almost 2 crore tenants the owners of the land they cultivated. The abolition of intermediaries has led to the end of a parasite class. More lands have been brought to government possession for distribution to landless farmers.

2. Tenancy Reforms: After passing the Zamindari Abolition Acts, the next major problem was of tenancy regulation. The rent paid by the tenants during the pre-independence period was exorbitant; between 35% and 75% of gross produce throughout India.

Tenancy reforms introduced to regulate rent, provide security of tenure and confer ownership to tenants. With the enactment of legislation for regulating the rent payable by the cultivators, fair rent was fixed at 20% to 25% of the gross produce level in all the states except Punjab, Haryana, Jammu and Kashmir, Tamil Nadu, and some parts of Andhra Pradesh.

The reform attempted either to outlaw tenancy altogether or to regulate rents to give some security to the tenants.In West Bengal and Kerala, there was a radical restructuring of the agrarian structure that gave land rights to the tenants.

3. Ceilings on Landholdings: The third major category of land reform laws were the Land Ceiling Acts. In simpler terms, the ceilings on landholdings referred to legally stipulating the maximum size beyond which no individual farmer or farm household could hold any land. The imposition of such a ceiling was to deter the concentration of land in the hands of a few.

By 1961-62, all the state governments had passed the land ceiling acts. But the ceiling limits varied from state to state. To bring uniformity across states, a new land ceiling policy was evolved in 1971. In 1972, national guidelines were issued with ceiling limits varying from region to region, depending on the kind of land, its productivity, and other such factors.

It was 10-18 acres for best land, 18-27 acres for second class land and for the rest with 27-54 acres of land with a slightly higher limit in the hill and desert areas.

With the help of these reforms, the state was supposed to identify and take possession of surplus land (above the ceiling limit) held by each household, and redistributes it to landless families and households in other specified categories, such as SCs and STs.

4. Consolidation of Landholdings: Consolidation referred to reorganization/redistribution of fragmented lands into one plot. The growing population and less work opportunities in non- agricultural sectors, increased pressure on the land, leading to an increasing trend of fragmentation of the landholdings.

Under this act, If a farmer had a few plots of land in the village, those lands were consolidated into one bigger piece of land which was done by either purchasing or exchanging the land.

Q13. Explain about the programs of green revolution and its effects

Ans: Introduction: The term green revolution was first used by William S. Gaud and Norman Borlaug is the Father of the Green Revolution.

Green Revolution in India:

The green revolution in India refers to a period in India when agriculture was converted into an industrial system due to the adoption of modern methods and technology, such as the use of high yielding variety (HYV) seeds, tractors, irrigation facilities, pesticides, and fertilizers.

In 1961, India was on the brink of mass famine. Norman Borlaug was invited to India by the adviser to the Indian Minister of Agriculture and geneticist, now known as **the father of the Green Revolution (India)** Dr. M. S. Swaminathan. Despite bureaucratic hurdles imposed by India's grain monopolies, the Ford Foundation and Indian government collaborated to import wheat seed from the International Maize and Wheat Improvement Center (CIMMYT).

The state of Punjab was selected by the Indian government to be the first site to try the new crops because of its reliable water supply and a history of agricultural success.

Features of Green Revolution

1. Introduced High Yielding Variety seeds in Indian agriculture.
2. The Green Revolution at first focused on states with better infrastructure such as Tamil Nadu and Punjab.
3. During the second phase, the high yielding variety seeds were given to other states, and crops other than wheat were also included in the plan.
4. The most important requirement for the high yielding variety seeds is proper irrigation.
5. Commercial crops and cash crops such as cotton, jute, oilseeds, etc were not a part of the plan. Green revolution in India mainly emphasized food grains such as wheat and rice.
6. To enhance farm productivity green revolution increased the availability and use of fertilizers and pesticides to reduce any damage or loss to the crops.
7. It also helped in promoting commercial farming in the country with the introduction of machinery and technology like harvesters, drills, tractors, etc.

Green Revolution Programmes

1. Intensive Agriculture Development program (IADP)

Intensive Agriculture Development program was the first major experiment of Indian government in the field of agriculture and it was also known as a “package programme” as it was based upon the package approach.

The programme was launched in 1961. The core philosophy was to provide loan for seeds and fertilizers to farmers. Intensive Agriculture Development program was started with the assistance of Ford Foundation.

It was launched as pilot basis in one district of 7 states at that time. These 7 districts were:

1. Thanjavur (Tamil Nadu)
2. West Godavari (Andhra Pradesh)
3. Shahabad (Bihar)
4. Raipur (Madhya Pradesh)
5. Aligarh (Uttar Pradesh)
6. Ludhiana (Punjab)
7. Pali (Rajasthan)

The IADP was expanded and later a new Intensive Agriculture Area programme (IAAP) was launched.

2. Intensive Agriculture Area programme (IAAP)

Intensive Agriculture Area programme was launched in 1964-65. The core philosophy of the IAAP was that "much greater emphasis should be given to the development of scientific and progressive agriculture in an intensive manner in the areas which have High production potentials". The idea was to cover at least 20% of the cultivated area of the country. The emphasis was on import crops such as Wheat, Rice, Millets, Cotton, Sugarcane, Potato, Pulses etc. The Intensive Agriculture Area programme (IAAP) paved the way for Green Revolution in the country. IAAP was launched in 115 districts.

3. High Yielding Variety Programme (HYVP):

The High Yielding Variety Programme (HYVP) was launched in the Kharif of 1966-67 with an objective to attain self-sufficiency in food by 1970-71. The core philosophy of the programme was to increase the productivity of food grains by adopting latest varieties of inputs of crops. Introduction of new high yielding varieties of improved seeds and enhanced application of the fertilizers and extended use of pesticides were its main features.

Q14. Explain the sources of agricultural credit in India

Ans: Introduction: Agricultural credit is considered as one of the most basic inputs for conducting all agricultural development programmes. In India, there is an immense need for proper agricultural credit as Indian farmers are very poor.

From the very beginning, the prime source of agricultural credit in India was moneylenders. After independence, the Government adopted the institutional credit approach through various agencies like co-operatives, commercial banks, regional rural banks etc. to provide adequate credit to farmers, at a cheaper rate of interest.

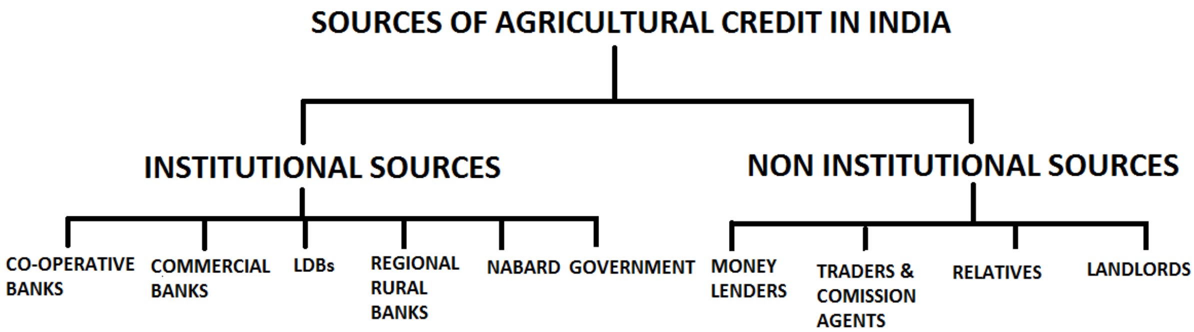
Classification of Agricultural Credit:

Considering the period and purpose of the credit requirement of the farmers of the country, agricultural credit in India can be classified into three major types

Short term credit: The Indian farmers require credit to meet their short term needs viz., purchasing seeds, fertilizers, paying wages to hired workers etc. for a period of less than 15 months. Such loans are generally repaid after harvest.

Medium-term credit: This type of credit includes credit requirement of farmers for a medium period ranging between 15 months and 5 years and it is required for purchasing cattle, pumping sets, other agricultural implements etc. Medium-term credits are normally larger in size than short term credit.

Long term credit: Farmers also require finance for a long period of more than 5 years just for the purpose of buying additional land or for making any permanent improvement on land like the sinking of wells, reclamation of land, horticulture etc.



Sources of Agricultural Credit

Sources of agricultural credit can be classified into two major types

I. Institutional Sources

II. Non-Institutional Sources

I. Institutional Sources

The main motive of institutional credit is to assist the farmers in raising their agricultural productivity and maximising their income.

The following are some of the important institutional sources of agricultural credit in India.

1. Co-operative Credit Societies: The cheapest and the best source of rural credit in India is definitely the co-operative finance. In India the active primary agricultural credit societies (PACS) cover nearly 86 per cent of the Indian villages and account for nearly 36 per cent of the total rural population of the country.

2. Government: Another important source of agricultural credit is the Government of our country. These loans are known as " **Taccavi loans "** and are lend by the Government during emergency or distress like famine, flood etc.

3. Commercial Banks: After the nationalisation of commercial banks in 1969, the commercial banks started to extend financial support both directly and indirectly and also for both short and medium periods. With the help of "village adoption scheme" and service area approach the commercial banks started to meet the credit and other requirements of the farmers.

4. Land Development Banks: Land development banks are advancing long term co-operative credit for 15-20 years to the farmers against the mortgage of their lands for its permanent improvement, purchasing agricultural implements and for repaying old debts.

5. Regional Rural Banks

6. NABARD (National Bank for Agriculture and Rural Development)

II. Non Institutional Sources

1. Money Lenders: These moneylenders were supplying a major portion of agricultural credit and indulged into malpractice like manipulation of accounts and charged exorbitant rate of interest on their loan often 24 per cent and over.

2. Traders and Commission agents: Traders and commission agents are also advancing loan to the agriculturist for productive purposes before the maturity of crops and then force the farmers to sell their crops at very low prices and charge heavy commission.

3. Relatives and Friends: Cultivators are also normally borrowing fund from their own relatives and friends in times of their crisis both in terms of cash or kind. These loans are a kind of informal loans and carry no interest.

4. Landlords: In India, small as well as marginal farmers and tenants are also taking loan from the landlords for meeting their financial requirements.

Q15. Explain the defects in agricultural marketing in India

Ans: Introduction: The process of exchange of agricultural products is called agricultural marketing. It means the buying and selling of agricultural products is known as agricultural marketing.

Major Defects of Agricultural marketing in India:

1. Lack of Output Quality: Due to the low quality of production the farmers are not in a position to get good price to their products.

Causes for low quality product
1. Poor quality of seeds,
2. Primitive methods of cultivation,
3. Lack of pest and disease control measures,

2. Absence of Grading: As a general rule, there is hardly any grading of the commodities to be marketed. Therefore, the purchaser has little, if any, confidence in the quality of the product(s). Of course, the British Government passed the Agricultural Produce (Grading and Marketing) Act in 1937 to solve this problem. But nothing really has happened. As per the Act, licenses are issued on a selective basis to reliable merchants, under the supervision and control of the Government staff. The graded commodities are subsequently passed on to the market under the label of "AGMARK".

3. Inadequate Storage and Warehousing Facilities: The average Indian fanner does not have .adequate storage facilities. Moreover, there are no satisfactory warehousing facilities in the market. For these two reasons the farmer has to sell his produce immediately after the harvest. He cannot wait to obtain better prices in the future. Moreover, due to lack of storage facilities, farmers are unable to obtain loans from co-operative marketing societies or even commercial banks against the security of the stored output.

4. Lack of Adequate Transport Facilities: India's railroad network is grossly inadequate compared to its needs. There are hardly 2.8 km of rail tract per 100 square km area in India. The condition in rural areas is even worse. The road conditions in rural areas are really very bad. Even the rich cultivators, having surplus to dispose off, are often not interested in going to the mandis. Most rural roads are un-metalled and cannot be used during the monsoon season.

5. Lack of Information: The market for agricultural products in India is not perfectly competitive in the sense that the farmers do not usually get adequate information about the price that prevail in big and organised markets. Due to lack of communication facilities, the information about market prices rarely reaches the farmers.

Since most farmers are illiterate and ignorant they take at face value whatever price rules in all parts of the market. Instead, lack of market information causes variations in market prices. Daily prices of some essential commodities are no doubt made public by the A.I.R. and T.V., but the number of radio sets and T.V. in rural areas is very small.

6. A Long Chain of Intermediaries: The number of middlemen and intermediaries between the farmer and the final consumer of most agricultural commodities is very large. Therefore, the total margin going to the traders is quite a large part of the market price. Some of them, such as the dalals, hardly perform any economic function. So the farmer hardly gets anything compared to the effort put and expenses incurred.

7.Unethical Practices: Many fraudulent practices are observed in rural markets. The entire method of transaction is against the interest of the farmer. In the mandis, the farmer has to approach a broker (a dalal) to be able to dispose of his produce to the arhitiya (a commission agent). These two intermediaries often use code words to settle the price under cover and not in open. Although they act for both the buyer and the seller, they serve the interest of the buyer than that of the seller by forming collusion with the arhitiya.

Moreover, false weights and measures are used and unnecessary deduction is made from the quoted price on the pretention that his produce is of inferior quality. Thus, the farmer is exploited in various ways and, the whole method of transaction is against the interest of the farmer. In short, most transactions are unfair and unethical.

8. Multiplicity of Charges: A related point may be noted in this context. There is multiplicity of charges on the seller. Some of these are legitimate such as commission, carriage and weight men, while others are not (such as charges for the arhitiya buyers' servants and apprentices, charity, religious festival and so on). In each case the seller has to pay more than the buyer.

9. Lack of Proper Marketing Facilities: In very-recent times, the quantum of marketed surplus has increased significantly in certain areas due to the spread Of Green Revolution. But this has not been supported by a. corresponding increase in market yards and other ancillary facilities. Consequently, the farmer has been the lone sufferer.

10. Debt Obligation and Distress Sales: Finally, the average farmer is almost always in debt. So he cannot wait after the harvest so as to obtain better prices in future. He has to make distress sales to the moneylender or the trader immediately after the harvest, for clearing his debt.

So the main point is that the farmer has to sell his produce at the wrong time, at a wrong place and at an unfavourable price. As a result his revenue falls.

Remedial Measures: The following measures may be taken to improve the present system of agricultural marketing in India.

1. Regulated Markets
2. Expansion of Market Yards
3. Cooperative Marketing Societies
4. Storage Facilities
5. Credit
6. Transport Facilities

UNIT-IV

Q16. What is the role /Importance of Small Scale and Cottage Industries in India?

Ans: Introduction :- small scale industries plays an important role in Indian economy. The importance of the small scale industries can be understand by the following poings.

1. Number of Units:

Total number of registered small scale units has been increasing rapidly from 16,000 in 1950 to 36,000 in 1961 and to 8.53 lakh units in 1985-86 and then finally to 20.32 lakh in 2006-07. Moreover, there were about 108.12 lakh unregistered small scale units in India. In 2006-07 the total number of small scale units further increased to 128.4 lakh.

2. Employment Generation:

Small scale industries are labour-intensive and thus are generating a huge number of employment opportunities. Total employment generated by these small scale industries has increased from 39.7 lakh in 1973-74 to 96.0 lakh in 1985-86. Estimated employment of the small scale sector has again increased from 129.8 lakh in 1991-92 to 312.5 lakh in 2006-07, showing an increase of about 4.2 per cent over the previous year.

3. Investment:

Investment in the small scale sector has been increasing at a faster rate. As per the statistics made available by SIDO, total amount of investment in the small scale units of India has increased significantly from Rs. 2,233 crore in 1972-73 to Rs. 4,431 crore in 1978-79 and then to Rs. 9,585 crore in 1985-86. Thus, the investment has increased by 116 per cent during the last 7 years.

4. Output:

Total production of the small scale units has increased from Rs. 7,200 crore in 1973- 74 to Rs. 57,100 crore in 1985-86.' The value of output of the SSI sector in 2006-07 was estimated at Rs. 4,71,663 crore showing an increase of 12.6 per cent over the output of Rs. 4,18,884 crore in 2005-06.

5. Contribution to Exports:

The contribution of SSI sector towards export has been increasing at a faster rate. The value of exports of the products produced by the small scale sector has increased from Rs. 393 crore in 1973-74 to Rs. 9,100 crore in 1990-91 and then to Rs. 1,50,242 crore in 2005- 2006.

6. Equitable Distribution of Income:

Small scale and cottage industries has been resulting a more equitable distribution of national income and wealth. This is mainly due to the fact that the ownership of small scale industries is quite widespread as compared to large scale industries and small scale sector is having a higher employment potential than that of large scale sector.

7. Mobilisation of Capital and Entrepreneurial Skill:

Small scale industries can mobilise a good amount of savings and entrepreneurial skill from rural and semi-urban areas remained untouched from the clutches of large scale sector. Thus a huge amount of latent resources are being mobilised by the SSI sector for the industrial development of the country.

8. Regional Dispersal of Industries:

Small scale industries are playing an important role in dispersing the industrial units of the country in the various parts of the country. As the large scale industries are mostly located in some states like Maharashtra, West Bengal, Gujarat, Tamil Nadu, thus dispersal of SSI units throughout the country can achieve a balanced pattern of industrial development in the country.

9. Better Industrial Relations:

The small scale industries are maintaining better industrial relations between employers and employees and thus can lessen the frequency of industrial disputes. But the large-scale industries are facing the problems of strikes and lockouts and hence good industrial relations in these industries are very difficult to maintain. Thus the loss of production and man-days are comparatively less in small scale sector. It is due to the above mentioned factors the growth rate of small scale industrial sector has remained faster in terms of its number, employment and output.

Major problems faced by the small scale industries

Small scale industries play a vital role in the economic development of our country. This sector can stimulate economic activity and is entrusted with the responsibility of realising various objectives generation of more employment opportunities with less investment, reducing regional imbalances etc. Small scale industries are not in a position to play their role effectively due to various constraints. The various constraints, the various problems faced by small scale industries are as under:

Major problems faced by the small scale industries are :

(1) Finance
(2) Raw Material
(3) Idle Capacity
(4) Technology
(5) Marketing
(6) Infrastructure
(7) Under Utilisation of Capacity
(8) Project Planning
(9)managerial inadequacies

Q17. Critically examine the new Industrial Policy of 1991

Ans: Introduction :- On July 24, 1991, Government of India announced its new industrial policy with an aim to correct the distortion and weakness of the Industrial Structure of the country that had developed in 4 decades; raise industrial efficiency to the international level; and accelerate industrial growth.

Objectives of new industrial policy 1991

1. The new industrial policy 1991 aimed to improve industrial growth
2. Liberalizing the regulations and license controls of the industrial sector.
3. It aimed to increase the support to Micro Small and Medium Enterprises (MSMEs).
4. To reduce the losses of public sector enterprises and make them profitable.
5. To provide incentives for setting industries in the backward areas.
6. To reduce the inflation rate and remove the imbalances in payment.
7. It also aimed to build sufficient Foreign Exchange Reserves.

Main features of new industrial policy-1991

1. Liberalisation

Removal of Industrial Licensing and Registration: Previously private sector had to obtain license from Govt. for starting a new venture. In this policy private sector has been freed from licensing and other restrictions.

Industries licensing is necessary for following industries

1. Liquor
2. Cigarette
3. Defence equipment
4. Industrial explosives
5. Drugs
6. Hazardous chemicals

2. Abolition of MRTP Act

According to Monopolies and Restrictive Trade Practices (MRTP) Act 1969**,** all those companies having assets worth Rs. 100 crore or more were called MRTP firms and were subjected to several restrictions. Now these firms have not to obtain prior approval of the Govt. for taking investment decision. Now MRTP Act is replaced by the competition Act, 2002.

3. Privatisation

Privatisation means permitting the private sector to set up industries which were previously reserved for the public sector. Literally speaking, privatisation is the process of involving the private sector-in the ownership of Public Sector Units (PSU's).

Step taken for Privatisation

A. Sale of shares of PSUs

Indian Govt. started selling shares of PSU's to public and financial institution. Now the private sector will acquire ownership of these PSU's.

B. Disinvestment in PSU's

The Govt. has started the process of disinvestment in those PSU's which had been running into loss. It means that Govt. has been selling out these industries to private sector.

C. Minimisation of Public Sector

Number of industries reserved for public sector was reduces from 17 to 2.
(i) Railway operations
(ii) Atomic energy

4. Foreign investment and Technology

The new industrial policy 1991 increased the flow of foreign direct investment (FDI) in India as government liberalised its FDI policy. Also, FDI was to bring better technology, modernize industries, and increase exports by improving the quality of goods and services as per the international standards.

The Government adopted the two routes for FDI approval, the automatic approval by Reserve Bank, and government approval through foreign investment promotion board (FIPB). It categorised the industrial classification based on approval up to 50/51/74/100% FDI.

5. Globalization

Globalisation means the interaction of the domestic economy with the rest of the world with regard to foreign investment, trade, production and financial matters.

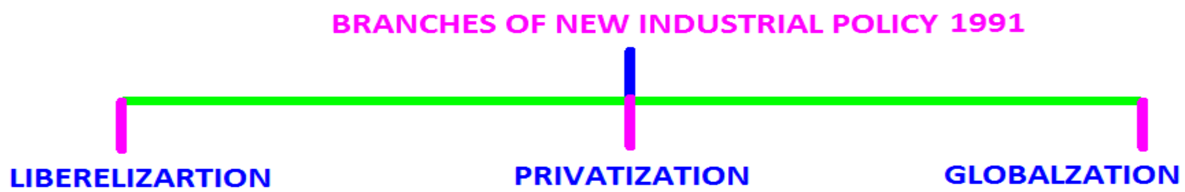
Steps taken for Globalisation
(i) Reduction in tariffs
(ii) Long term Trade Policy

6. Government support to Small scale industries

The new industrial policy 1991 provided greater Government support to the small scale industries for their rapid growth and improvement in economic efficiency through technology up gradation.

7. Liberalisation of industrial location policy

The new industrial policy 1991 liberalised the industrial location policy and it provided that the locations other than cities having the population over 1 million were not required to obtain industrial approvals except for industries subjected to compulsory licensing.



Positive impact of new industrial policy

1. The new Industrial Policy radically differs from the fundamental Industrial Policy of 1956.
2. The new policy is a bolder step towards the process of deregulating the economy so that Indian industry becomes more competitive internally and internationally.
3. The relicensing of a large number of industries, scrapping the asset limit of the MRTP companies, and the abolition of registration schemes will free Indian entrepreneurs from needless controls.
4. This new policy has been hailed as a ‘landmark’ in the opening up of the Indian economy.
5. This policy is a great leap towards privatisation.

Q18. Explain the importance of service sector in India

Ans: Introduction:- The tertiary sector of the economy (also known as the service sector) is one of the three economic sectors.

In India, the importance of services sector has been increasing continuously decade after decade. With the continuous expansion of services sector, both in terms of volume and diversity, the importance of services sector has been increasing at a high speed.

The service sector consists of the "soft" parts of the economy, i.e. activities where people offer their knowledge and time to improve productivity, performance, potential, and sustainability.

Services or the "tertiary sector" of the economy covers a wide range of activities.

The various sectors that combine together to constitute service industry in India are:

Trade
Education and Health
Hotels and Restaurants
Railways
Other Transport & Storage
Communication (Post, Telecom)
Banking
Insurance
Dwellings, Real Estate
Business Services
Public Administration; Defence
Personal Services
Community Services
Other Services
Tourism

Importance of Service Sector in India:

Importance of service sector can be understood by the following items**.**

1. Contribution of GDP: The share of total services sector in India's GDP(at constant prices), increased from 28.5 % in 1950-51 to 51.3% in 2013-14.

2. Higher and rapid growth of service sector: The importance of services sector to Indian economy can also be traced its attainment of higher compound annual growth rate(CAGR). The CAGR of services sector attained 10.0 % for the period 2004-05 to 2011-12. The CAGR of GDP is only 8.6% during the same period.

3. Higher share of services in GSDP: The service sector has been contributing towards the Gross State Domestic Product of different states and union territories satisfactorily in recent years.

4. Employment generation of services sector: The important of services sector can also be realised from its contribution towards generation of employment in India. Although the primary sector is the dominant employer followed by the services sector, the share of services sector has been increased over the years and that of the primary sector has been decreasing.

5. Contribution to India's services trade: The service sector is also playing an important role sector in raising the volume of exports in the country. Thus India is moving towards a services led exports growth in recent years. During 2004-05 to 2008-09 as per the balance of payments data merchandise and services exports grew by 22.2 and 25.3% respectively.

6. Contribution towards human development: Services sector has a lot of contribution towards human development in our country. Accordingly services sector has been rendering some valuable service like health services; educational facilities, IT and IT enabled services, skill development, health tourism, sports, and cultural services etc., which are largely responsible for human empowerment and improvement of life of the people in general.

7. Services sector growth and FDI inflows: Modest growth of services sector has made ample scope for the smooth inflow of FDI in to the country. FDI also plays a major role in the dynamic growth of services sector.

8. Development of infrastructure communication services: Services sector has also been playing an important role in developing, expanding and management of infrastructure with a special emphasis on development of transportation and communication services.

9. Contribution towards IT: The services sector has also been paved the way for a continuous growth of its IT and IT enabled services sector and thereby helping the economy of the country to attain higher growth both in terms of GDP share, employment, export etc., which has put India on the global map.

10. Contribution towards development of some social services: Services sector is also been playing an important role in development and expansion of some social services like sports, cultural services etc. Sports promote physical fitness and develop human personality which also plays an important role in national identity, community bonding and international bonding.

Q19. Explain about the development of infrastructural facilities in India

Ans: Introduction:- Economic infrastructure refers to the facilities, activities and services which support operation and development of all sectors of the economy. These facilities, activities and services help in increasing the overall productivity of the economy. They also play an essential role in facilitating the smooth running of all the sectors of the economy.

Infrastructures are such basic requirements like railways, roads, ships, airways, communication, etc. They also include energy, banking, science, technology, health, education and other public utility concerns.

Without the existence and presence of economic infrastructures, the growth and fast pace of the economy is impossible. Moreover, infrastructures of an economy are also termed as 'social and economic overheads'.

Social infrastructure:

Economic development depends not only on economic infrastructure but also on social infrastructure. Therefore, not only economic infrastructure but also human capabilities play a vital role in economic development. Human capabilities depend on basic education, health services, ownership patterns, social stratifications, gender relations and the opportunity of social cooperation. Investment in social infrastructure is a pre-requisite for inclusive growth and employment.

Health Indicators in India

SL.No	Health Indicators	1991	2001	2011	2017
1	Crude Birth Rate (per 1000 population)	29.5	25.4	21.8	20.2
2	Crude Death Rate (per 1000 population)	9.8	8.4	7.1	6.3
3	Total Fertility Rate	3.6	3.1	2.4	2.2
4	Maternal Mortality Ratio (per 1,00,000 live births)	330	301	167	122
5	Infant Mortality Rate (per 1000 live births)	80	66	44	33
6	Child Mortality Rate (0-4 years per 1000 children)	26.5	19.3	12.2	8.9
7	Life Expectancy at Birth	60.3	64.3	67.5	69.0

Education indicators in India

Year	Primary & Upper Primary Schools	Senior Secondary Schools	Colleges	Universities
2011-12	11.93 lakhs	0.84 lakhs	34852	642
2017-18	14.85 lakhs	1.24 lakhs	39931	993

Investments in Infrastructure

India requires investment worth Rs 50 trillion (US$ 777.73 billion) in infrastructure by 2022 to have sustainable development in the country. India is witnessing significant interest from international investors in the infrastructure space.

Some of the key investments made in the sector are given below:

Large investment in infrastructure has seen momentum as overall PE (private equity)/VC (venture capital) investment touched an all-time high of US$ 14.5 billion in 2019.

The largest deal was done by Abu Dhabi Investment Authority, Public Sector Pension Investment Board and National Investment and Infrastructure Fund as they made investment worth US$ 1.1 billion in GVK Airport Holdings Ltd.

Government Initiatives to develop infrastructure facilities in India

The Government of India is expected to invest highly in the infrastructure sector, mainly highways, renewable energy, and urban transport.

In April 2020, the Government set a target of constructing roads worth Rs 15 lakh crore (US$ 212.80 billion) in the next two years.

In May 2020, Border Roads Organisation (BRO) achieved major milestone by digging up a 440-metre long tunnel below the busy Chamba town on Rishikesh-Dharasu road Highway (NH 94).

Indian energy sector is expected to offer investment opportunities worth US$ 300 billion over the next 10 years.

NHAI will be able to generate revenue of Rs one lakh crore (US$ 14.31 billion) from toll and wayside amenities over the next five years.

In the Union Budget 2020-21, the Government has given a massive push to the infrastructure sector by allocating Rs 1,69,637 crore (US$ 24.27 billion) to develop the transport infrastructure.

Communication sector has been allocated Rs 38,637.46 crore (US$ 5.36 billion) to develop post and telecommunications departments.

Indian Railways has received an allocation of Rs 72,216 crore (US$ 10.33 billion) under Union Budget 2020-21.

Achievements in Infrastructure Development in India

Following are the achievements of the Government in the past four years:
In 2019, the sector witnessed seven merger and acquisition (M&A) deals worth US$ 1,461 million.
In March 2020, NHAI accomplished the highest ever highway construction of 3,979 km of national highways in FY- 2019-20.
Cargo traffic handled stood at 707.4 million tones (MT) in FY- 2019-20.
Freight earnings in FY-2019-20 (till February 2020) stood at Rs 119,216.11 crore (US$ 17.06 billion), while its gross revenue stood at Rs 183,092.74 crore (US$ 26.20 billion) during the same period.
Electricity production in India reached 1,252.61 BU in FY- 2019-20.
The largest PE (private equity) investment witnessed was the acquisition of Pipeline Infrastructure India by Canadian asset management firm Brookfield's for US$ 1.9 billion in Q1- 2019.
In FY-2019-20, the cumulative growth of eight core industries stood at 0.6 per cent.
As on 31 March-2020, 26.02 million households got electricity connection under the Saubhagya Scheme.
In 2019, infrastructure sector witnessed seven merger and acquisition (M&A) deals worth US$ 1,461 million.
India's rank jumped to 22 in 2019 from 137 in 2014 on World Bank's Ease of doing business - "Getting Electricity" ranking.
Energy deficit reduced to 0.7 per cent in FY- 2019 from 4.2 per cent in FY- 2014.
India was ranked 44 out of 167 countries in World Bank's Logistics Performance Index (LPI) 2018.
India ranked second in the 2019 Agility Emerging Markets Logistics Index.

UNIT-V

Q20. Explain about the objectives, achievements and failures of Indian five year plans

Ans: Introduction:- Planning plays an important role in the smooth functioning of an economy. In 1950, the Government set up the Planning Commission to create, develop, and execute India's five-year plans.

History of Economic Planning In India

First plan in India(before independence): Mokshagundam Vishvesvaraiah 1934

Setting up of the Planning Commission: 15 March 1950

First Five Year Plan: 9 July 1951

Last Five Year Plan: 12th plan (2012-2017)

Dissolution of the Planning Commission: 17 August 2014

Setting up of NITI Aayog (National Institution for Transforming India): 1 - 1- 2015

PLAN	PERIOD	MAIN OBJECTIVE
1st plan	1951 - 1956	Rapid agricultural development
2nd plan	1956 - 1961	Rapid industrialization
3rd plan	1961 - 1966	Establishment of a self-reliant and self-generating economy
4th plan	1969 - 1974	Growth with stability
5th plan	1974 - 1979	Removal of poverty
6th plan	1980 – 1985	Removal of poverty and unemployment
7th plan	1985 – 1990	Growth of food grains production, increase in employment opportunities
8th plan	1992 – 1997	Rapid growth of agriculture sector
9th plan	1997 – 2002	Growth with social justice and equality
10th plan	2002 – 2007	Reduce poverty by 5%
11th plan	2007 – 2012	Rapid and inclusive growth
12th plan	2012 - 2017	Faster sustainable and more inclusive growth

Objectives of Economic Planning in India

The objectives of these five-year plans were as follows:

1. Economic Growth and Economic Development:
2. Economic Equity and Social Justice
3. Full Employment
4. Economic Self-Reliance and Self Sufficiency
5. Modernisation
6. Economic Stability
7. Social Welfare and Provision of Efficient Social Services
8. Regional Development
9. Comprehensive and Sustainable Development

10. Reduction in Economic Inequality
11. Increasing the standard of living

ACHIEVEMENTS OF INDIAN FIVE YEAR PLANS

1. Economic Growth:
Economic planning in India has been successful in increasing the national income and the per capita income of the country resulting in economic growth.
2. Progress in Agriculture:
The first five-year plan focused on agricultural development. However, agricultural sector did not receive priority in the subsequent plans. Yet, with various initiatives implemented in the agricultural sector such as the green revolution and agricultural pricing policies, there has been a considerable increase in the output of the agricultural sector.
3. Industrial Growth:
Economic planning has also contributed to the progress of the industrial sector.
4. Public Sector:
The public sector played a predominant role in the economy immediately after the independence. While there were only 5 industrial public sector enterprises in 1951, the number increased to 244 in 1990 with an investment of Rs.99, 330 cores. However, the number of public sector enterprises fell to 217 in March 2010.
5. Infrastructure:
Development of infrastructure such as transport and communication, power, irrigation etc., is a pre-requisite to rapid economic growth and development.
6. Education and Health Care:
Education and health care are considered as human capital as they contribute to increased productivity of human beings.
7. Growth of Service Sector:
Service sector is the key contributor to the economic growth of India. The service sector contributed to about 53.2 percent of the gross value added growth in 2015-16.
8. Savings and Investment:
Savings and Investments are major driving forces of economic growth. The gross domestic savings in India as a proportion of GDP has increased from 8.6 percent in 1950-51 to about 30 percent in 2012-13.
9. Science and Technology:
India is the third most preferred destination for technology investments. It is among the top most countries in scientific research and space exploration.
10. Foreign Trade:
The exports of the country increased from Rs. 54.08 billion in 1977- 78 to Rs. 17,144.24 billion in 2015-16. And imports have increased from Rs. 60.20 billion in 1977-78 to Rs. 24, 859.27 billion in 2015-16.

SHORTCOMINGS OF INDIAN FIVE YEAR PLANS

1. Slow Growth
2. Neglect of Agriculture
3. Unemployment
4. Failure to eliminate poverty
5. Inflation
6. Failure to reduce inequalities of income and wealth
7. Political Instability
8. Failure to provide employment to all able persons
9. Failure to check growth of black money
10. Failure to implement land reforms
11. Failure to reduce concentration of economic power

21. Explain the objectives of 12th Five Year Plan

Ans: Introduction:- Twelfth Five Year Plan (2012-2017) was launched with the objective of faster, sustainable and more inclusive growth. It aimed to increase the GDP at a faster pace such that each strata of the society is a part of and contributed to the growth and hence foster an environment of inclusive growth, , which is sustainable.

12th Five Year Plan 2012-17 as per the draft document released by the Planning Commission aims at a growth rate of **8%**. This is the revised rate when compared to the initial approach paper.

Vision of 12th Five Year Plan (2012-17)

Twelfth Five Year Plan focuses on Growth

Growth which is

- **Faster**
- **Inclusive**
- **Sustainable**

25 Core Monitorable Targets of the 12th Five Year Plan (2012-17)

ECONOMIC GROWTH

- Real GDP growth at 8%.
- Agriculture growth at 4%.
- Manufacturing growth at 10%.
- Every state must attain higher growth rate than the rate achieved during 11th plan.

POVERTY AND EMPLOYMENT

- Poverty rate to be reduced by 10% than the rate at the end of 11th plan.
- 5 Crore new work opportunities and skill certifications in non-farm sector.

EDUCATION

- Mean years of schooling to increase to 7 years.
- 20 lakh seats for each age bracket in higher education.
- End gender gap and social gap in school enrollment.

HEALTH

- Reduce IMR to 25/1000 live births
- Reduce MMR to 100/100000 deliveries
- Increase Child Sex Ratio to 950.
- Reduce Total Fertility Rate to 2.1
- Reduce under nutrition of children in age group 0-3.

INFRASTRUCTURE

- Investment in Infrastructure at 9% of GDP

- Gross Irrigated Area 103 million hectare (from 90 million hectare)
- Electricity to all villages; Reduce AT&C losses by 20%.
- Connect Villages with All Weather Roads
- National and State high ways to a minimum of 2 lane standard.
- Complete Eastern and Western Dedicated Freight Corridors.
- Rural Tele-Density to 70%.
- 40 Litres Per Capita Per Day Drinking Water to 50% of rural population; Nirmal Gram Status to 50% of all Gram Panchayats.

ENVIRONMENT AND SUSTAINABILITY

- Increase green cover by 1 million hectare every year.
- 30,000 MW renewable energy during Five Year Period.
- Emission intensity of GDP to be reduced to 20-25% of 2005 levels by 2020.

SERVICE DELIVERY

- Banking Services to 90% of Indian Households.
- Subsidies and Welfare related payment to be routed through Aadhar based Direct Cash Transfer Scheme.

22. Write a note on NITI Aayog

Ans: Introduction:- Government of India has replaced the old planning commission started in 1950 with a new institution called NITI Aayog (National Institution for Transforming India) on 1 January 2015. It works under the chairmanship of Prime Minister. NITI Aayog will seek to provide a critical directional and strategic input into the development process. It focuses on co-operative federalism.
Union Government of India announced the formation of NITI Aayog on 1 January 2015. The first meeting of NITI Aayog was chaired by Narendra Modi on 8 February 2015.
The NITI Aayog is a policy think tank of the Government of India, established with the aim to achieve sustainable development goals with cooperative federalism by fostering the involvement of State Governments of India in the economic policy-making process using a bottom-up approach.

NITI Aaayog is based on the 7 pillars of effective governance

(1) Pro-People
(2) Pro-Activity
(3) Participation
(4) Empowering
(5) Inclusion of all
(6) Equality
(7) Transparency.

The NITI Aayog comprises the following:

- The Prime Minister as the **Chairperson**.
- **A Governing Council** composed of Chief Ministers of all the States and Union territories with Legislatures and lieutenant governors of Union Territories(except Delhi and Puducherry)
- **Regional Councils** composed of Chief Ministers of States and Lt. Governors of Union Territories in the region to address specific issues and contingencies impacting more than one state or a region.
- Full-time organizational framework composed of
- a **Vice-Chairperson**,
- four **full-time members,**
- two **part-time members** (from leading universities, research organizations and other relevant institutions in an ex-officio capacity),
- four **ex-officio members** of the Union Council of Ministers,
- a **Chief Executive Officer** (with the rank of Secretary to the Government of India) who looks after administration, and a secretariat.
- **Experts and specialists** in various fields

Chairman: Narendra Modi

Vice Chairperson: Rajiv Kumar

Ex-Officio Members: Amit Shah, Rajnath Singh, Nirmala Sitaraman and Narendra Singh Tomar

Special Invitees: Nitin Gadkari, Piyush Goyal, Thawar Chand Gehlot and Rao Inderjit Singh

Full-time Members: V. K. Saraswat (former DRDO Chief), Ramesh Chand (Agriculture Expert) and Dr. Vinod Paul (Public Health expert)

Chief Executive Officer (CEO): Amitabh Kant

Objectives and Functions of NITI Aayog:

1. To evolve a shared vision of national development priorities sectors and strategies with the active involvement of States in the light of national objectives
2.To foster cooperative federalism through structured support initiatives and mechanisms with the States on a continuous basis, recognizing that strong States make a strong nation
3. To develop mechanisms to formulate credible plans at the village level and aggregate these progressively at higher levels of government
4. To ensure, on areas that are specifically referred to it, that the interests of national security are incorporated in economic strategy and policy
5. To pay special attention to the sections of our society that may be at risk of not benefiting adequately from economic progress
6. To design strategic and long term policy and programme frameworks and initiatives, and monitor their progress and their efficacy. The lessons learnt through monitoring and feedback will be used for making innovative improvements, including necessary mid-course corrections
7. To provide advice and encourage partnerships between key stakeholders and national and international like-minded Think tanks, as well as educational and policy research institutions.
8. To create a knowledge, innovation and entrepreneurial support system through a collaborative community of national and international experts, practitioners and other partners.
9. To offer a platform for resolution of inter-sectoral and inter departmental issues in order to accelerate the implementation of the development agenda.
10. To maintain a state-of-the-art Resource Centre, be a repository of research on good governance and best practices in sustainable and equitable development as well as help their dissemination to stake-holders
11. To actively monitor and evaluate the implementation of programmes and initiatives, including the identification of the needed resources so as to strengthen the probability of success and scope of delivery
12. To focus on technology up gradation and capacity building for implementation of programmes and initiatives

Criticism

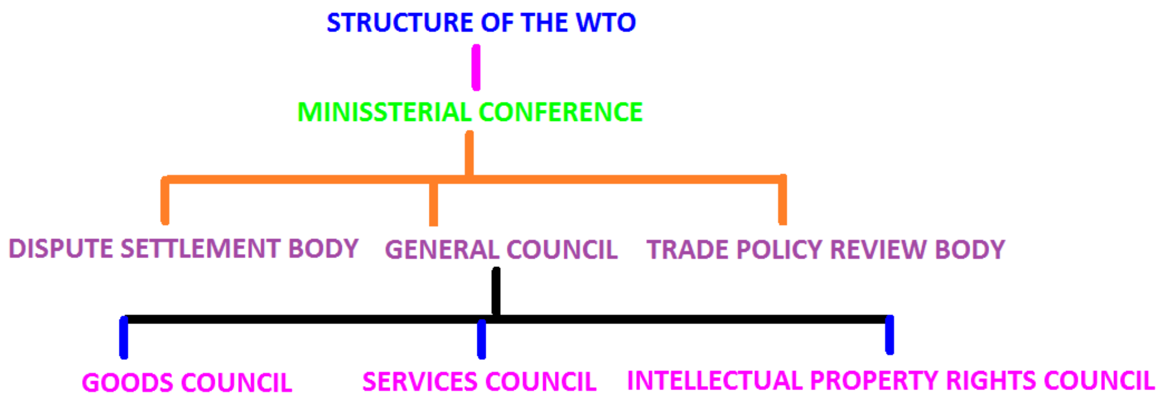
1. Like planning commission, it's also a non-constitutional body which is not responsible to parliament.
2. Dismantled planning commission without consulting the states.
3. UTs are represented by Lieutenant Governors, not by chief ministers. This is against the principles of federalism.
4. Fund allocation to welfare schemes may get affected. For example, there is a 20 % reduction in gender budgeting.

23. Explain the impact of WTO polices and agreements on Indian economy

Ans: Introduction:- The World Trade Organization (WTO) is a multilateral organization headquartered in Geneva, Switzerland. It came into existence on January 1, 1995, as a

successor to the General Agreement on Tariffs and Trade (GATT). The organization functions as a central body that facilitates global trade.
The WTO provides a common platform to negotiate trade agreements among member countries and to resolve any trade disputes. It manages 60 global and about 300 regional trade agreements. The 60 trade agreements are accorded the status of international law. The WTO comprises 164 member states.

Structure of the World Trade Organisation



The Ministerial Conference

The conference includes representatives from all members of the WTO. It gives equal representation to all its members regardless the size of their economy or share in international trade. It can be thought of as the legislative branch of the WTO.
The 12th ministerial conference in now scheduled to take place in June 2021 in Kazakhstan.

The WTO is headed by the ministerial conference, while the daily operations are carried out by 3 administrative bodies.

1. General Council:

The general council comprises the representatives of all member countries and acts as the representative of the ministerial conference when it comes to daily operations. Its job is to carry out the implementation and monitoring functions of the WTO.
The general council is further divided into multiple councils and committees that focus on specific topics.
A. Goods Council
B. Service Council
C. Intellectual property rights council

2. Dispute Settlement Body

The dispute settlement body is a part of the general council and is responsible for settling trade disputes between member countries. There is also an appellate authority, where member countries can appeal any decisions made against them during a dispute settlement.

3. Trade Policy Review Body

The trade policy review body is also a part of the general council and is responsible for ensuring the trade policies of member states are in line with the goals of the WTO. Member countries are required to inform the WTO about changes in their laws and trade policies.

The body undertakes regular reviews of the policies to ensure they conform to the rules of the WTO. This is part of the monitoring function of the WTO, and it helps the WTO to adapt to the changing economic landscape.

Functions of the WTO

The functions of the WTO can be broadly classified into five categories
1. Trade Negotiations
2. Implementation and Monitoring
3. Dispute Settlement
4. Building Trade Capacity
5. Outreach

1. Trade Negotiations: The WTO facilitates trade negotiations among countries by providing a framework to structure the agreements, as well as providing dispute resolution mechanisms. It creates an international legal framework that ensures the smooth exchange of goods and services among the member countries.

2. Implementation and Monitoring: Once the agreements are negotiated, the job of the WTO is to ensure that the signatory countries adhere to their commitments in practice. It also produces research based on the impact of the agreements on the economies of the countries involved.

3. Dispute Settlement: The WTO also acts as a dispute settlement body when there is a trade conflict between its member states. The members of the WTO can file complaints against other member states if they feel the trade and economic policies of a country are divergent from their commitments under one of the agreements of the WTO. Following the complaint, there are formal hearings like a court until a settlement is reached.

4. Building Trade Capacity: WTO runs special programs to support developing countries by helping them build the capacity to participate in free trade with more developed countries. It also gives concessions under certain agreements to low-development countries to ease them into free trade with other countries.

5. Outreach: The WTO carries out lobbying and outreach across the world as a part of its larger objectives to promote free trade. They try to persuade governments to reduce barriers to trade free, fair and open markets around the world.

WTO and its impact on Indian economy::

The WTO has both favourable and non-favourable impact on Indian economy.

Favourable impact:

1. Increase in export earnings:

i. Growth in merchandise export: The establishment of the has increase the exports of developing countries because of reduction in tariff and non-tariff trade barrier India's merchandise have increased from 32 billion US $(1995) to 185 billion US $ (2008-09).
ii. Growth in service exports: The WTO introduced the GATS (General Agreement on Trade in Service) that proved beneficial for countries like India. India's service exports increased from 5 billion US $(1995) to 102 billion US $ (2008- 09) for 45% of India's service.

2. Agriculture export: Reduction of trade barrier and domestic subsidies raise the price of agricultural products in international market, India hopes to benefit from this in the form of higher export earnings from agriculture.

3. Textile and clothing: Textiles and clothing. The phasing out of the MFA (Multi Fiber Arrangements) will help the developing countries like India to increase the export of textile and clothing.

4. Foreign direct investment: As per the TRIMs agreement, restrictions on foreign investment have been withdrawn by the member nations of the WTO. This has benefited developing countries by way of foreign direct investment, euro equities and portfolio investment. In 2008-09 the net foreign direct investment in India was 35 billion US$.

Unfavourable impact:

1. TRIPs (Trade Related aspects of Intellectual Property): Protection of intellectual property rights has been of the major concerns of the WTO. As a member of the WTO, India has to comply with the TRIPs standards. However, the agreement on TRIPs goes against the Indian patent act 1970, in the following way

i. Pharmaceutical sector: Under the Indian patent act 1970, only process patents are granted to chemicals, drugs and medicines. Thus, a company can legally manufacture once it had the product patent. So, Indian pharmaceutical companies could sell good quality products at low prices. However under TRIPs agreement, product patents will also be granted that will raise the prices of medicines, thus keeping them out of reach of the poor people, fortunately, most of drugs manufactured in India are off – patents and so will be less affected.

ii. Agriculture: Since the agreement on TRIPs extends to agriculture as well; it will have considerable implications on Indian agriculture. The MNG, with their huge financial resources may also take over seed production and will eventually control food production. Since a large majority of Indian population depends on agriculture for their livelihood, these developments will have serious consequences. Micro – organisms: under TRIPs agreement patenting has been extended to micro organisms as well. These mills largely benefit MNCS and not developing like India.

2.TRIMs (Trade Related Investment Measures): The agreement on TRIMs also favours developing nations as there are no rules in the agreement to formulate international rules for controlling business practices of foreign investors. Also, complying with the TRIMs agreement will contradict our objective of self-reliant growth based on locally available technology and resources.

3. GATS (General Agreement on Trade in Services): The agreement on GATS will also favour the developed nations more. Thus, the rapidly growing services sector in India will now have to compete with now have to complete with giant foreign firms. Moreover, since foreign firms are allowed to remit their profits, dividends and royalties to their parent company, it will cause foreign exchange burden for India.

4. Trade and Non-tariff barriers: Reduction of trade and non-tariff barriers has adversely affected the exports of various developing nations. Various Indian products have been hit by non-tariff barriers. These include textiles, marine product, floriculture, pharmaceutical basmati rice, carpets, and leather goods etc.