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DEPARTMENT OF COMMERCE

SUBJECT NAME: INDIAN ECONOMY

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INDIAN ECONOMY

SYLLABUS:

UNIT I: Economic Growth and Economic Development- Transition on Indian Economy-– Indian Economy from 1950 .- Indicators of economic development- National Income- Basic Concepts and computation of national income.

UNIT II: Major problems of Indian Economy- Human Development Index. Present Scenarios of population, unemployment, Poverty and inequality. Demographic trends in Population. Measures to control the population-Foreign trade

UNIT III: Agriculture: Contribution to economic development- Green Revolution- Organic farming- Food policy and Public distribution system.

UNIT IV: Industry- Role of industries in economic development-Large scale industries and small scale industries- New Economic Policy 1991- Industrial development before and after globalization in India.

UNIT V: Five year plans in India- Achievement and strategy and failures- Nidhi Aayog.

INDIAN ECONOMY

INTRODUCTION

India is a developing country and the economic system prevails in India is a mixed economy where the public sector co-exists with the private sector. The economy of India is characterized as a developing market economy. It is the world's fifth largest economy in GDP and third largest in Purchasing Power Parity (PPP). The rate of growth of Indian economy is estimated to be around 7- 8% in the year 2015-16.

MEANING OF UNDERDEVELOPMENT

The higher level of output produced by the country, their higher consumption standards, high savings and investment, capital formation and high standard of living of the people is described as developed country.

On the other hand, heavy population pressure, under utilization of resources, low rate of capital formation, etc has portrayed as underdeveloped economy.

DEFINITION OF UNDERDEVELOPMENT

1. Prof. Ragner Nurkse defines "Underdeveloped countries are those which compared with the advanced countries are under equipped with capital in relation to their population and natural resources".
2. According to Paul A. Samuelson "Optimistically, a less developed country is one regarded as being capable of substantial improvement in its income level".

CHARACTERISTIC FEATURES OF UNDERDEVELOPED ECONOMY

(i) Low per capita income

Underdeveloped economies are experiencing extremely low level of per capita income when comparing developed nations. They are also facing unequal distribution of income and wealth which leads to worsened the situation further.

(ii) Preponderance of agriculture

An underdeveloped country is a primary producing economy and 70% of the population is mainly dependant on agriculture and allied occupations. In the year 1999, the working population engaged in agriculture in India is 61%, in Japan it was 5% and in UK and USA it was only 2%.

(iii) Heavy population pressure

The main problem in India is the high level of Birth rates, coupled with a falling level of death rates. This population pressure leads to reduction in average size of holdings, low rate of capital formation, problem of unemployment, low rate of capital formation, poverty, etc.

(iv) Low rate of capital formation

Underdeveloped country like India suffers from low rate of capital formation. The existence of capital deficiency reflected in two ways.

- The amount of capital per head available is low.
- The current rate of capital formation is also low.

This low level of capital formation resulted in low volume of savings and investment. And these were one of the major obstacles for development.

(v) Mass poverty

Due to increase in size of population, low rate of capital formation, inequalities in income and wealth leads to majority of the population living below poverty line.

(vi) Under utilization natural resources

Underdeveloped country like India was endowed with plenty of natural resources like land, water, minerals, forest, etc. But these resources are remain unutilized or underutilized due to shortage of capital, low level of technology, transport bottlenecks, etc.

(vii) Prevalence of low level of technology and skilled labour

Application of modern technology requires more capital and training for labours also require funds. Hence, underdeveloped countries are suffering from low level of technology and shortage of skilled man powers which leads to low level of production.

(viii) Unemployment problem

In India, labour is an abundant factor, and consequently it is very difficult to provide gainful employment to the entire working population. Majority of the population were working in agricultural sector. This excessive dependence on agriculture leads to disguised unemployment and underemployment to a greater extent. This is mainly due to absence of employment opportunities in secondary and tertiary sectors.

(ix) Poor economic organization

Economic organizations and financial institutions will enable the country to develop easily. But in India, economic organizations are either undeveloped or completely absent in rural areas. This would create problems of development and growth.

(x) Dualistic economy

Existence of dualistic nature of economic activities is another characteristic feature of backward economy like India. There will be market economy on one side and subsistence economy on the other side. In the market economy, there will be developed amenities of modern life catering to the needs of rich class people. And subsistence economy will be very backward with agricultural activities in rural areas.

(Xi) Foreign trade orientation

Excessive dependence on export has an adverse effect in underdeveloped countries. They depend much on export of basic goods like raw-materials and minerals and import consumer goods and machinery

OBSTACLES TO ECONOMIC DEVELOPMENT

The important causes of underdevelopment are implicit in nature. The causes of under development are classified into six types,

(i) Market imperfections

(ii) Vicious circle of poverty

(iii) In appropriate government policies

(iv) International forces

(v) Low rate of savings and investment

(vi) Administrative incompetence and corruption.

(i) Market imperfections

The perfect markets are almost absent in underdeveloped countries and an optimum allocation of resources cannot be achieved. According to Meier and Baldwin,

The major forms of market imperfections are…..

- Factor immobility
- Price rigidity
- Ignorance of market conditions
- Rigid social structure.
- Lack of specialization.

(ii) Vicious circle of poverty

Prof.Ragner Nurkse stated as "A circular constellation of forces tending to act and react upon one another in such a way as to keep a poor country in a state of poverty. A country is poor because it is poor". The development of an economy relies much upon the rate of capital formation which is affected by both demand and supply of capital, faces vicious circle. This can be explained through the diagram.

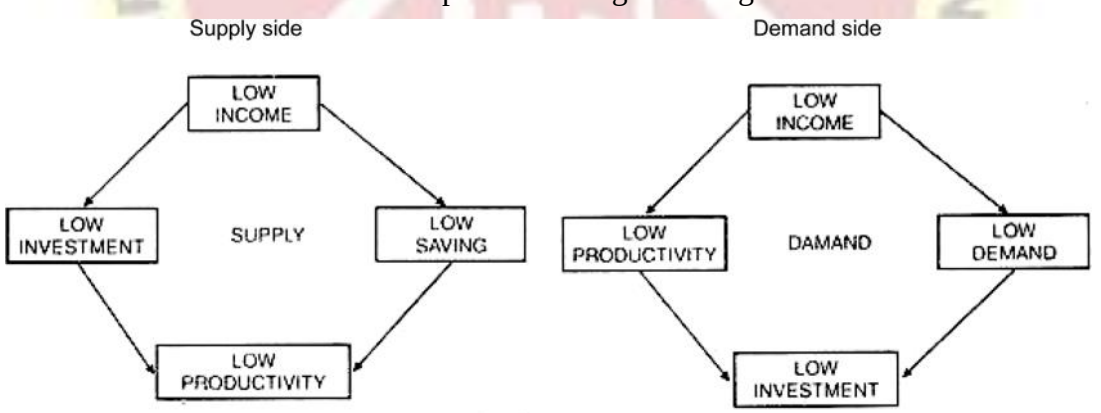

Fig. 1.1.

The above diagram clearly depicts the underdeveloped countries faces poor income and productivity. In order to develop these, the circle must be broken at both demand and supply side. This can be done by increasing capital formation, providing incentives to investment, increasing imported foreign capital and adopting monetary measures.

(iii) Inappropriate government policies

Many of the economic problems of underdeveloped countries have been caused by inappropriate government policies.

- The administrative procedures,
- Ideology
- The biggest failing of all human being in capital development
- Appropriate technical research.

(iv) International forces

Most of the Asian countries were under the rule of alien once upon a time. The dependant countries were exploited by the foreign rulers by utilizing the resources for promoting their own country. Economists like Lewis, Myrdal and many others have been maintained that there has been "disequalising forces" in the world economy.

In recent times, the underdeveloped countries facing far more competition in domestic and international markets, they suffer from a great shortage of skills, and form the fact that differences in levels of skills between rich and poor countries.

(v) Low rate of savings and investment

The rate of capital formation is very low in underdeveloped countries and the available capital is not properly being utilized. There is lack of incentive to save and invest due to unstable political conditions, lack of developed capital market, banking and other financial institutions.

(vi) Administrative incompetence and corruption

Economic development of any country requires well-trained and dedicated administration. This along with stable government would maintain law and order and security of the people and also directs for investment and thereby benefits of economic policies and programmes. But the underdeveloped countries are lagging of such dedicated administration and having corrupted politicians are the major obstacles to economic development of the nation. The major sources of corruption can be identified as follows.

- Lack of transparency,

- Scarcity of goods and services
- Red-tape which encourages the use of bribe as speed money
- The archaic laws.

DETERMINANTS OF ECONOMIC DEVELOPMENT AND GROWTH

The process of economic growth and development is determined by two sets of factors like economic factors and non-economic factors.

Economic factors

Economic factors are money related factors which are responsible for economic development of a nation. They are:

(i) Utilization of natural resources

Abundant natural resources and adoption of modern technology to exploit the resources in a proper manner will result in higher level of production and thereby leads to economic development. Countries like Asia and Africa could not attain high level of development due to improper utilization of natural resources.

(ii) Transport and communication

The means of transport and communications initiate economic development. More facilities of transport would reduce the cost of transport. Transport and communications ensure easy mobility of factors of production, raw materials etc.

(iii) The rate of capital formation

Capital formation is the crux of the problem of economic development. High capital formation leads to high capital accumulation. Construction of buildings, dams, factories, roads, railways, waterways, harbors, irrigation facilities and improved methods of agriculture are essential for capital formation.

(iv) Capital output ratio

The term capital output ratio refers to the requirements of capital for a definite output in units. In other words, it describes the productivity of capital at a point of time. A lower capital output ratio tends to led to a comparatively higher growth rate of output.

The underdeveloped countries capital output ratio is higher i-e more capital is required for lesser output due to wastage in the process of production, low level technology, inefficiency of factors and inadequate infrastructure.

(v) Technological progress

Technological changes are the most important factors in the process of economic growth. Technical advancement leads to more production of capital goods which in further leads to economic development.

Non-economic factors

Non Economic factors are social, cultural, political and climatic factors which are the root cause of economic growth and development.

(i) Social and cultural factors

Social and cultural factors have been responsible for economic development and growth. In underdeveloped countries the activities of the people would be based on tradition and religion, and customer.

The traditional values of people like morality, truthfulness, contentment, simple living and non-materialistic attitude etc have to be changed in order to develop economically.

(ii) Human factors

Rate of growth of population would be a greatest impediment for economic development and growth. Human factors can be achieved by good expenditure on health, education, sanitation, social services and security measures. The family planning and control of population should form part of economic development.

iii) Political factors

Political and administrative factors also help to modern economic growth. Enlightened electorates, educated politicians and morally straight administrators ensure greater economic development.

On the other hand, weak political structure, instability, corrupt politicians, officials and inefficient administration would be a hindrance to economic development.

iv) Climatic factors

Among the non-economic factors climatic conditions stands foremost in determining economic development. Climatic factors severely hamper development through their

impact on man and agriculture. It also affects agriculture, food supply, soil, etc. Countries in North and South temperate zones had succeeded economic growth while most of the tropical countries were economically backward.

ECONOMIC DEVELOPMENT

Economic development is a process whereby there will be a development in agriculture, industry, transport and communication and foreign trade.

According to Meier and Baldwin, we can define economic development as "A process whereby economy's real national income increases over a long period of time".

Economic development usually refers to the adoption of new technologies, transition from agriculture-based to industry-based economy and general improvement in living standards.

Features of economic development

- The positive results in the economy.
- Changes in the labour force
- Increases in real national income
- The national income increased at the boom period in business cycle should not be considered as economic development.

Distinguish between economic growth and economic development

Table 1.1.

Economic development	Economic growth
It refers to the underdeveloped countries.	It refers to the developed countries.
Output, employment and national income is low	Output, employment and national income is high.
Political, sociological and psychological factors involved in low level	Political, sociological and psychological factors involved in higher level.
The economic activity is very slow	The economic activity has a fast movement.
Slow changes in institutional technology and skills	Better improvement in technology and skills.

It follows normal education, health, and single type of family institution	It follows better health, better education and type of family institutions.
It needs planning or a sort of government action	It is a process of automatic change
It is not measurable and a subjective concept.	It is measurable and objective in nature.
This refers to the starting from fundamental	This refers to the gains which has achieved already
It is a static economy where human resources developments are at low level	It is a dynamic economy where human resources are getting high growth.

ECONOMIC GROWTH

Increase in a country's productive capacity is measured by comparing Gross National Product (GNP) in a year with the GNP in the previous year. Increase in the capital stock, advances in technology, and improvement in the quality and level of literacy are considered to be the principal causes of economic growth. In recent years, the idea of sustainable development has brought in additional factors such as environmentally sound process that must be taken into account in growing an economy.

Rostow's stages of economic growth

Many economists have contributed towards the concept of development and philosophy of growth. But most accepted philosophy is Rostow's philosophy. His philosophy of economic growth is explained through five stages on the basis of analogy of an aeroplane. The stages were listed below:

- The traditional society
- The pre-conditions for take off
- The take –off
- Drive to maturity
- The age of high mass consumption.

The traditional society

This society functions with limited production due to inaccessibility to modern techniques. The output per head is limited, through the area under cultivation can be

increased. Over dependence on agriculture creates a social structure backward and unproductive.

The pre-condition for take –off

In this stage in which the outlook of the people changes due to spread of education and technical knowledge. People started feeling about the possibility of economic progress. Modern science is applied in production. Banks and financial institutions appeared and there is a scope for internal and external trade. But even then the development was made at a low speed.

The take-off stage

The obstacles and resistance for growth are almost overcome and forces of economic progress starts moving at a reasonable speed. In this stage,

- Increase in investment and output
- Change in production techniques.
- Growth becomes normal condition of society
- The quick emergency of political.

Drive to maturity

This stage is the result of take off stage and in this stage, the new leading sectors gather momentum. This leads to increased output surpassing the increase in population. The makeup of the economy changes increasingly as techniques improves.

The age of high mass consumption

This is the final stage in which the economy's per capita real income is increasing. The masses get the fruits of economy. There was an achievement in technology and entrepreneurship. Increase in market for durable consumer goods, automobiles, electronic gadgets, etc. Full employment is achieved and poverty and hunger could be read only in books.

TRANSITION OF INDIAN ECONOMY - INDIAN ECONOMY FROM 1950

In economic history of India, independence was itself a turning point as it was hopelessly poor due to deindustrialization of Britain. It was under the rule of British for nearly two centuries. The economy, administration and culture of India have been

largely influenced by British. The policy of British was aiming at exploiting India's natural resources for the benefit of their country. During that time, many Indians were illiterate, lived under abject poverty. But after Independence in the year 1947, the economy of India presented a dual picture of traditionalism and modernization

The first budget of India

India's first Finance Minister was R.K. Shanmukham Chetty who presented the budget on 26th November 1947. He has made several interventions in defence of fiscal federalism, an issue which would prove significant for his state of Tamil Nadu in the decades ahead.

The Planning Commission of India was set up in the year 1950. The entire range of planning including allocation of resources, implementation and appraisal of five year plans was taken care by the Planning Commission. In 1951, India's first five-year plan was launched and this plan focused mainly on agriculture and irrigation to boost farm output as India was losing precious foreign reserves on food grain imports.

The modern statistics and the Swadeshi Movement

In 1956, India laid the foundation for economic modernization to serve better for India's long-term growth imperatives. In 1955, they have established the Indian Statistical Institute, and this plan laid an invocation of the spirit of Swadeshi or self-reliance. The Industrial Policy Resolution 1956 paved the way for development of the public sector and also categorized industries into three groups viz.

a) Industries of basic and strategic importance were to be exclusively in the public sector.
b) The second group comprised industries that were to be incrementally state-owned.
c) The third group comprising mostly consumer industries which was left for private sector.

From Bhakra-Nangal Dam to Bhilai Steel Plant and the Modern Temples of India

The first Prime Minister of India Pandit Jawaharlal Nehru identified power and steel as the key bases for planning. Hence, the huge Bhakra-Nangal dams are among several hydel projects India built to light up homes, run factories, and irrigate crops. Germany made a contract to build a steel plant in Rourkela, while Russia and Britain would build

one each in Bhilai and Durgapur, respectively. The Indian Institutes of Technology and the Atomic Energy Commission were the other “Modern Temples".

Indo-Chinese War

The war with China had exposed India’s economic weakness. Chronic food shortages and inflation convinced that India needed to move away from centralized planning and price controls. They focused on agriculture, accepted a larger role for private enterprise and foreign investment, and trimmed the erstwhile Planning Commission’s role.

THE GREEN REVOLUTION AND AN EVERGREEN REVOLUTION

During 1960’s India was on the verge of a mass famine. Food aid imports from the United States, on which the country was reliant, were beginning to hit India’s foreign policy autonomy. That time, our scientists, stepped in with high-yielding variety seeds of wheat, which was termed as Green Revolution. The Scientists advocated for moving India towards sustainable development by implementing environmentally sustainable agriculture, sustainable food security and the preservation of biodiversity. And this process is called as an “evergreen revolution".

Revolution in Dairy farming

Based on the success of the Green Revolution, the Commission turned its attention to the dairy sector. In the following years the government’s Operation Flood led to a rapid increase in milk production which is called as White Revolution. Self-sufficiency in the dairy sector was achieved entirely through the cooperative movement, which has spread to more than 12 million dairy farmers across the country.

The 1960s was a decade of multiple economic and political challenges for India. Two wars had caused hardships for the masses. Nationalization of 14 private banks was on 20th July 1969. The main aim of the move was to accelerate bank lending to agriculture during the time where big businesses cornered large chunks of the credit flow. Nationalization of banks helped in boosting farm credit and lending to other priority sectors. Financial savings increased as banks were made to open branches in rural areas.

During 1985-86, the budget lowered direct taxes for companies and raised exemption limits for income tax. There was widely credited for ushering in the information technology and telecom revolutions in the country.

The Bhopal gas tragedy

The Bhopal gas tragedy in the year 1984 have brought to the fore the real possibility of industrial accidents on a massive scale and the importance of regulatory oversight. On the night of 2 December 1984, at least 40 tonnes of poisonous methyl isocyanides gas got leaked from the plant killed around 4,000 people and permanently disabled more than thousand.

The fiscal deficit as a permanent feature on Indian economy

High fiscal deficit is one of the critical features of Indian economy as the government spending was more than its income. More government spending was on servicing interest cost of borrowings, defence, pensions, subsidizing food, fertilizer and fuel consumption and schemes directed at housing, poverty, health and sanitation. A large portion of the government's capital remains locked up in its own companies and holdings, which it is unable to sell. Thus the Indian economy continues to suffer from lack of capital and a lack of political will to implement bold reforms.

The government of India launched Mahatma Gandhi National Rural Employment Guarantee Scheme in 2006 in 200 most backward districts, which was later extended to all rural districts. The scheme aimed to enhance livelihood security by providing at least 100 days of guaranteed wage employment in a fiscal year to every rural household whose adult members volunteer to do unskilled manual work.

The overnight demonetization on an unsuspecting nation

Few announcements by the Indian prime minister on 8th November 2016 have had as long-lasting and wide-ranging an effect. Sudden announcement by the Prime Minister was C 500 and C 1,000 banknotes, amounting to 85% of the currency in circulation by value, were no longer valid in order to break the grip of corruption and black money.

Code of conduct to help for sick promoters

India is a country with sick companies but no sick promoters. Hence, the government introduced the Insolvency and Bankruptcy Code, 2016 (IBC). The code made it possible for lenders to oust errant promoters from a company and hand it over to financially sound owners. The success of the IBC is questionable, but it has created a sense of responsibility among promoters.

Goods and Services Tax

The government has put improving ease of doing business high on its agenda. The Goods and Services Tax was implemented on July 2017. India is now one of the few countries to have an indirect tax law that unifies various central and state tax laws. In spite of a lot of teething troubles and the increased compliance burden on companies, particularly traders and small and medium enterprises, the new system has removed tax barriers across states and created a single common market, ensuring a free flow of goods without trucks being halted at borders for payment of interstate levies.

A country beginning to consider startups as a new business model

A number of startups have mushroomed across India as young entrepreneurs experiment with ideas in digital payments, online retail, on-demand delivery, education, and software and so on. The rise of startups has created a new ecosystem of angel and venture funding, and incubators and accelerators as well as new patterns of consumption in society.

NATIONAL INCOME

Introduction

National Income plays a major role in the economic development of the country. It occupies an important position in an economic theory. A higher National Income country would grow faster than the country with lower National Income.

Meaning of National Income

National Income means the total income of the people of a country in a year. It is the aggregate money value of all goods and services produced in a country in a year.

Definition of National Income

- National Income Committee of India (1951) defines, "A National Income estimate measures the volume of commodities and services turned out during a given period counted without duplication".
- Central Statistical Organization (CSO) defines "National Income is the sum total of factor incomes generated by the normal residents of a country in the form of wages, rent, interest and profit in an accounting year".

The analysis of these definitions conveys that National income refers to the following:

- The income of the country
- The measurement refers to a specified time period (1 year)

- It includes all types of goods and services in the calculation.
- Counted without duplication.

METHODS OF CALCULATING NATIONAL INCOME

Generally three methods are used by the countries to calculate National Income. They are:

- Product method
- Income method and
- Expenditure method

Product method

In this method, the total value of all the goods and services produced in a country is calculated during the financial year. The goods and services produced might be valued at market prices or factor prices which means the wages or prices paid to different factors of production.

Income method

Under this method, the incomes and payments received by all the people in the country are calculated. Income received in the form of wages, interests, rents and profits by individuals, business houses and the government including the taxes and profits of government enterprises are calculated and totaled.

Expenditure method

One man's expenditure is another man's income in an economy. And the sum-total of expenditure measures the total income. We add up the expenditure of all the people on consumer goods, investment and saving in order to arrive at National Income.

DIFFICULTIES IN THE CALCULATION OF NATIONAL INCOME

The calculation of National Income in any country faces many practical difficulties. In India, the difficulties are particularly great because of its backwardness, illiteracy and ignorance of the people.

Conceptual difficulties

It has been argued that the National Income denotes only the income of the Nationals or the income received by the Nationals living in foreign countries should be added with the income produced within the country. This problem is not solved.

Another problem is that whether to include 'services' in the calculation from the value of 'goods and services'. In actual life, there are many services rendered gratis out of mercy, friendship and generosity which cannot be equated to money value.

Existence of barter system

In the computation of National Income, it is assumed that bulk of goods and services produced are exchanged for money. But in India, particularly in the agricultural sector, cultivation is carried on mostly for subsistence economy and most of the produce does not come to the market for sale. Either the produce is consumed by the producers themselves or exchanged for other goods.

Non-availability of reliable statistics

Statistics and income data are the vital requirements in the computation of National Income. In India, the serious handicap is the non-availability of vital statistics and inadequacy of data. Even the little available statistical information is not completely reliable.

Double counting

In the product method, the error of double counting may creep in while calculating raw materials first and then the finished goods and services rendered.

Transfer problem

This is another problem in the calculation of National Income. In the income method, only the net income has to be taken and not the gross income. For instance, if an individual gets an income of Rs.10,000 and pays a sum of Rs.500 tax to the government, it is necessary to calculate the income of the individual as Rs.9500 and Rs.500 should be taken as the income of the government as this amount has been transferred from the individual to the government.

CAUSES FOR THE SLOW GROWTH OF NATIONAL INCOME IN INDIA

Richard T.Gill says that "India's rate of progress is pitifully meager as against her actual needs. At her present pace, India would remain a very poor nation at the end of the century and many segments of her population would undoubtedly still be living in conditions of desperate poverty".

Population growth

Population is an important determinant factor in economic growth of the country. In India, massive efforts and huge investments towards development are dissipated largely to feed the increasing population. The increase in National Income is eaten away by the increasing population.

More dependence on agriculture

Too much dependence on agriculture restricts quick raising in the level of per capita income. In India agriculture is not organized on a commercial basis. Due to high pressure in agriculture there is low productivity, inferior soils, inefficient cultivation, inefficient utilization, etc.

Occupational structure

This is one of the hindering factors responsible for the poor national output in India. The primary sector occupies a high proportion of working force when comparing to other sectors. This resulted in disguised unemployment and zero productivity.

Investment and capital output ratio

The investment and the capital output ratio decides the growth rate of National Income of the economy.

$$\text{Rate of growth of National Income} = \frac{\text{Investment ratio}}{\text{Capital output ratio}}$$

The increase in rate of interest and a fall in capital output ratio for increasing the growth of National Income. If there is low rate of interest and high capital output ratio then naturally there will be poor growth of National Income.

Industrial development and infrastructure

The rate of growth of industries and the infrastructural development is not available as per the requirement throughout the country. These things have resulted in a poor growth rate of National Income of the country.

Poor savings and investment

In India, the rate of savings and investment is extremely low when compared to other countries of the world. This has resulted in poor growth of National Income in the country.

Socio-political condition

The socio-political conditions prevailing in India is not much conducive to the economic growth of the country. Unstable politics, caste system, fatalism, joint family system, illiteracy, etc are responsible for the slow growth of National Income in India.

SUGGESTIONS TO INCREASE NATIONAL INCOME OF INDIA

The following suggestions are recommended to increase the rate of growth of National Income in India.

- Agricultural sector has to be developed on a massive scale
- Proper utilization of natural resources
- Development of industrial sector
- Increasing rate of savings and investment
- Reducing population growth rate
- Increasing foreign trade
- Balanced growth
- Removing inequalities in income
- Development of infrastructure
- Economic liberalization

2

POVERTY

INTRODUCTION

India is striving hard to eradicate poverty since independence. During these last 67 years since independence, there are millions of needy people living below the poverty line, despite being pulled out at very low-income requirements which are inadequate to bring the needy lives to a decent state of living. In the last 20 years, the poverty in India gradually steps in a downfall. The Indian government had noted that 6.7% of its population is below its official poverty margin in the year 2019.

But at present the poverty in India is considered to be extremely vulnerable due to the pandemic situation with severe lockdown curtailing activity. Daily wages were hardly affected by the pandemic and poverty line increasing rapidly comparing to before years. The pandemic is fast coming to be an economic crisis for developing countries like India. About 40000 people were jobless. Due to pandemic outbreak, millions of people live just above the poverty line and they are in a precarious position. In the worst-case scenario, the many people are in extreme poverty.

EFFECTS OF POVERTY IN THE YEAR 2020

While comparing Indian poverty level with the International, always India is striving for its economic growth. Due to the high rate of Population growth, poverty is uncontrollable in India. Because of sudden pandemic crisis, there is depletion over the employment sectors and more poverty crisis, the rapid increase in price, medical bills, low rate of economic development, the concentration of power in hands of the upper class of society, and increase in unemployment particularly in a rural area. When comparing to all Asian countries, according to Poverty line estimation, India is the only country to have more poverty line.

People in the society were encountering with lot of difficulties where poverty hits every unemployment individuals like thunder during this pandemic.

It is difficult to define the term poverty as this concept is a relative one. In the materialistic sense, a poor person is one who lacks means to get necessities of life. The intake of food and the standard of living are also taken into account in measuring the term poverty.

Meaning of Poverty

The word poverty is derived from French word "poverte" which means poor. It is complex to define poverty as it depends on multifaceted and multidimensional elements like region, geographical condition, circumstances and so on.

Poverty Line

The Indian Planning Commission has defined the term poverty line "on the basis of recommended nutritional requirement of 2,400 calories per person per day for rural areas and 2100 calories per person per day for urban areas".

Types of Poverty

- **Absolute poverty**

This kind of poverty occurs due to lack of basic food, clean water, health, sanitation, shelter and education. It is known as extreme poverty or abject poverty. People who suffer from this kind of poverty would experience lot of struggle to live, lot of child death from preventable diseases like malaria, cholera and other water contaminated diseases.

- **Relative poverty**

This type of poverty arrives on the basis of living standard of the people. It is a measure of inequality of income. For instance: A family can meet their basic requirements but they cannot buy anything beyond their basic needs.

- **Situational poverty**

This kind of poverty arises due to unexpected emergencies like environmental disaster, unemployment and health problems. It is a temporary poverty as it comes out of an unfortunate event.

- **Generational poverty**

This poverty pertains from one generation to another. This type of poverty is more complicated as people cannot escape because they are trapped in its cause and unable to come out of it.

- **Rural poverty**

The name itself suggests that this poverty occurs in rural areas with population below 50,000. It arises due to less job opportunities, less support for disabilities and education opportunities in rural areas.

- **Urban poverty**

This kind of poverty occurs in metropolitan cities with population above 50,000. Urban people suffer from poverty due to urbanization, inadequate housing facilities, and limited access to health and education, etc.

CAUSES OF POVERTY

a. Heavy population pressure

The rate of growth of population in India has been increasing at a rapid speed. This is mainly due to fall in death rate and increase in birth rate. In 1991, it is estimated that the population rate is 84.63 crores and in 2001 it was 102.87 crores.

b. Unemployment and underemployment

Due to continuous increase in population the country struggles to provide employment opportunities to all and so there is chronic unemployment and underemployment in India. Hence, poverty arises due to lack of employment opportunities.

c. Inequalities of income

In India inequalities occur both in rural and urban areas. It is due to the mal distribution of National Income and concentration of economic power. According to the World Bank Report of 1989, the lowest 20% people have got only 7% of income and highest 20% people have received 49.4% of income in the year 1975-76. But still this situation prevails even today and the changes are only at marginal level.

d. Increase in price

There has been a continuous increase in prices which leading to fall in purchasing power and the middle income and poorer sections of the society faces impoverishment. The inflationary pressures further increased the number of people living below poverty line.

e. Regional disparities

Disparities among the regions in development are another drawback of Indian economy. States like Punjab, Haryana, Gujarat, West Bengal and Maharashtra are

richest in terms of per capita income and continue to be the developed states. Whereas, Bihar, Orissa, Madhya Pradesh, Rajasthan and Uttar Pradesh continues to be in a state of backward due to poor population.

f. Low consumption expenditure

Because of low per capita income, the consumption expenditure is also very low in India.

MEASURES TO REMOVE POVERTY IN INDIA

It is essential to eradicate the massive poverty in India. Hence, nine remedial measures are suggested to reduce poverty. They were:

- Accelerating economic growth
- Agricultural growth
- Development of infrastructure
- Human resource development
- Growth of non-farm employment
- Access to assets
- Access to credit
- Public distribution system
- Implementing Special employment schemes

1. Accelerating economic growth

Poverty in India can be removed by accelerating economic growth. Benefits of this growth will trickle down the poor in the form of more employment opportunities, greater productivity and higher wages. Hence, with this economic growth it is expected that the poor will be lifted above the poverty line.

2. Agricultural growth

The growth of agriculture and poverty are inversely related with other. If there is high agricultural growth then there would be low poverty ratio.

3. Development of infrastructure

There should be development in infrastructure in order to create employment opportunities for the poor and raise their productivity. Public investment is needed to

raise up for development of infrastructure like building of roads, highways, ports, telecommunication, power and irrigation. These works mainly based on labour intensive which creates employment opportunities to many.

4. Human resource development

Poverty can also be reduced by developing human resources in India. Greater investment is required in education like schools, technical training institutes and vocational colleges in order to raise the literacy rate and import skills to the people. This development of human resource generates employment opportunities and also raises productivity and income of the poor people.

5. Growth of non-farm employment

Development of the non-farm employments like petty trade, transportation, dairy farming, handicrafts, forestry, food processing, repair workshops and other agricultural products is required to remove poverty in India.

A study of poverty alleviation in Haryana and Andhra Pradesh reveals that there is significant reduction in rural poverty due to the remarkable increase in non-farm employment and there was decline in poverty more rapidly in the districts of Hyderabad city due to large increase in non-farm employment.

6. Access to Assets

After independence, the rapid growth of population has led to greater subdivision and fragmentation of agricultural land holdings and lack of employment opportunities in industries and other non-farm sectors has worsened the conditions of agricultural labour and self-employed small farmers.

The people cannot engage themselves in self-employment activities for earning adequate income to meet their basic needs. Hence, Redistribution of land through effective implementation of tenancy reforms so as to ensure security of tenure and fixation of fair rent would be an important measure of reducing rural poverty.

7. Access to credit

Providing credit facilities to the small farmers on easy terms would help the poor to meet their working capital requirements like purchasing raw-materials, fertilizers, pesticides, etc. This will enable the small farmers to adopt high- yielding technology in order to raise their productivity. The government should set up Regional Rural Banks

(RRB) and must take effective steps to improve the functioning of these financial institutions so as to provide easy availability of credit to the poor farmers.

8. Public Distribution System (PDS)

A proper functioning of Public distribution system is required to remove poverty in India. Nearly 80% of the income is spent on food by households. Therefore ensuring food security to the poor households in an assured supply of adequate quantity of food-grains and other essential commodities at subsidized prices is required.

The 'Food Corporation of India' procures the food-grains from the farmers at the minimum support prices (MSP) and store them in their warehouses located throughout the country. And these food grains are sold through ration shops at below market prices.

9. Implementing Special employment schemes

Dandekar and Rath have proposed employment generating schemes to remove poverty in India. It was realised that it would take a very long time for economic growth to generate enough employment opportunities to provide full employment to all the people in the country. Hence, special schemes of employing poor on rural public works were proposed by Dandekar and Rath in their work "poverty in India".

Some of the special employment schemes introduced in India were listed below:

- The Special Employment Scheme of Rural Public Works
- Jawahar Rozgar Yojana (JRY)
- Integrated Rural Development Programme (IRDP)
- Training for Rural Youth and Self Employment (TRYSEM)
- Development of Women and Children in Rural Areas (DWCRA)
- Swaran Jayanti Gram Swarozgar Yojana (SGSY)

POVERTY ALLEVIATION PROGRAMMES

Though poverty and unemployment are inseparable concepts the policy measures for reducing unemployment is equally applicable for the removal of poverty. The planners have adopted four broad categories of programmes for poverty alleviation. They are:

- Income generating programmes for the rural poor
- Special area development programmes

- Creation of supplementary employment opportunities
- The Minimum Needs Programme

Some of the major poverty alleviation programmes are explained below.

- **Integrated Rural Development Programme (IRDP) –** This programme is initiated in the year 1979. It is the largest micro-enterprise programme which reached 50 million beneficiaries. It aims at all round development and target to uplift the poor by proving subsidies to people in rural areas, SC/ST, rural artisans, agricultural and non agricultural labourers, marginal and small farmers respectively.
- **Training for Rural Youth for Self-Employment (TRYSEM)** – TRYSEM also introduced in the year 1979 as a facilitating component of IRDP. The main objective of this scheme is to provide technical training and developing entrepreneurial skill to the rural youth from poor families to enable them to take up self employment.
- **Nehru Rozgar Yojana (NRY) –** This programme is established in the year 1989. The main aim of this scheme is to create one million jobs per year. It helps in creating both self employment as well as wage employment. NRY consists of three schemes namely:
- **The Scheme of Urban Micro Enterprises (SUME)** – This scheme is launched to induce unemployed youth to take up self employment ventures in urban areas.
- **The Scheme of Urban Wage Employment (SUWE)** – this scheme provides employment opportunities to the urban poor through creating social and economical beneficial assets among the low income neighbourhoods in towns.
- **The Scheme of Housing and Shelter Upgradation (SHASU)** – this scheme ensures training and subsidy along with loan assistance in order to provide employment for persons involved in housing and building activities.
- **Jawahar Rozgar Yojana (JRY)** – This programme was introduced in the year 1989 by merging with National Rural Employment Programme (1980) and Rural Landless Employment Guarantee Programme (1983). The aim of this

scheme is to provide wage employment to at least one member in each poor family for 50 to 100 days nearby their residence throughout the country.

- **Employment Assurance Scheme (EAS)** – This scheme was launched in the year 1993. It aims at providing unskilled manual work to at least two members in each family for 100 days.
- **Prime Minister's Rozgar Yojana (PMRY)** – This scheme came into existence in the year 1993. It provided permanent employment to about 10 lakhs educated unemployed youth. Loan has provided upto Rs. 1 lakh without any collateral security. Youth between the age group of 18 to 35 and their family annual income is less than Rs.24,000 would be eligible to get assistance under this scheme.
- **National Food for Work Programme (NFWP)** – This scheme was established in the year 2004 in 150 most backward districts in India. Igts aim is to generate supplementary wage employment to the rural poor. It is a Centrally sponsored scheme and under this scheme food grains are provided at free of cost to the states and only the transportation tax on food grains and handling charges are to be barred by the state.
- b – This scheme was launched in the year 1999. The main aim is to bring up the families above poverty line within 3 years through micro enterprises in rural areas. The beneficiaries under this programme will be known as "Swarozgaris". And they are two types. (i) Individual Swarozgaris and (ii) Self Help Groups.
- **Sampoorna Grameen Rozgar Yojana (SGRY)** – This came into existence in 2001 and it is a centrally sponsored scheme. As this is a food-for-work programme, only part of the wages will be paid in cash and remaining will be in the form of food grains. Generation of employment will be based on varied infrastructure activities like afforestation, watershed development, construction of school building, etc.
- **Pradhan Mantri Gramodaya Yojana (PMGY)** – It was introduced in 2000-01. Its objective is to develop the village in five basic critical areas like health, primary education, drinking water, housing and rural roads.
- **Minimum Needs Programme (MNP) –** This programme was introduced during fifth five year plan and was implemented in the seventh five year plan.

This scheme is introduced to raise the standard of living of the people. By providing primary and adult education, health, water supply, roads and electrification, housing facilities to the rural people the standard of living would be developed.

- **Twenty Point Programme (TPP) –**
  - Irrigation capacity has to be increased
  - Increase in production of pulses
  - Increase in the production of oil seeds
  - Extension of Integrated Rural Development and National Rural Employment Programme
  - Fixation of ceiling on land holdings
  - Fixing minimum wages to agricultural labourers
  - Rehabilitation of bonded labour
  - Expansion of SC/ST programme
  - Provision of drinking water in villages
  - Improvement of slums
  - Development of power generation
  - Development of forests and gobar gas
  - Family planning measures
  - Setting up of primary health centres
  - Welfare programme for women and children
  - Primary education for children between 6 to 14 years
  - Expansion of public distribution system
  - Simple industrial policy
  - Controlling of generation of black money
  - Efficient management of public sector industries.

CONCLUSION

There have been several poverty alleviation schemes and programs are everywhere in the country. A Feasible solution in order to eradicate this poverty is the only way to

control population so that resources available will be enough in order to halt starving of food. Still, a giant part of the population in India resides beyond the poverty level. Speedy economic process and therefore the use of technology for social sector programs have helped build a big dent in extreme economic condition within the count. Thus, a lot of comprehensive approaches are required to eradicate the economic condition in India.

HUMAN DEVELOPMENT INDEX

The Human Development Index (HDI) is a statistic composite index of life expectancy, education and per capita income indicators, which are being used to rank the countries into four tiers of human development. When the life span, the literacy rate, the Gross National Income and Per Capita Income is higher, then the country scores a higher Human Development Index (HDI). This HDI is used to measure a country's development by the United Nations Development Programme (UNDP). The HDI was created to emphasize the capabilities of the people should be the ultimate criteria for assessing the development of a country. It is a summary measure of average achievement in key dimensions of human development like healthy and a long life, being knowledgeable and having a decent standard of living.

Definition of Human Development Index

The Human Development Index (HDI) is a statistical tool used to measure a country's overall achievement in its social and economic dimensions. The social and economic dimensions of a country are based on the health of people, their level of education attainment and their standard of living.

Components of Human Development Index

The following are the components of Human Development Index.

- **Health:** Health is the first component of HDI. Since life expectancy is the most important parameter, health is needed for determining a long and healthy life.
- **Education:** Education is another important component by which is an indicator for the development of a nation. Education can be measured in two stages, which can be as expected years of schooling that is based on entry level schooling age and mean years of schooling (total schooling age) for the adult population.

- **Income:** The third parameter for determining a good standard of living is income and it is determined by the gross national income per capita.

Importance of Human Development Index

For calculating the overall development of a nation, it is necessary to determine social measures of development. The Human development index measures the socio economic factors and therefore, is considered very effective in measuring the performance of a country in terms of these factors. It acts as a tool in evaluating the socio-economic status of nations around the world every year and acts as a reliable indicator of the development of the nations.

- HDI gives an overall index of economic development.
- It also gives rough ability to make comparisons on issues of economic welfare much better than GDP statistics.
- It gives ideas for which areas to be developed.
- Focuses more on social and human development rather than capital accumulation and growth.

Four pillars of Human Development Index

For any building activity, it requires pillars for the support. Just like that the idea of human development is being supported by the concepts of equity, sustainability, productivity and empowerment.

- **Equity –** Equity aims to make the capital access to opportunities available to everybody. If development is viewed in terms of enhancing people's basic capabilities, people must enjoy equitable access to opportunities. Such may be called equality-related capabilities. To ensure equality-related capabilities or access to opportunities what is essential is that the societal institutional structure needs to be more favourable or progressive.
- **Sustainability** – It means the continuity in the availability of opportunities. The concept of sustainable development focuses on the need to maintain the long term protective capacity of the biosphere.

- **Productivity** – Here, productivity means human labour productivity or productivity in terms of human work. The improvement in the quality of human resources raises the productivity of existing resources.
- **Empowerment** – This means to have the power to make choices. Empowerment implies a political democracy in which people themselves make the decisions about their lives. Under it, people enjoy greater political and civil liberties and remain free from excessive controls and regulations.

PRESENT SCENARIO OF POPULATION

Introduction

India is the second highly populated country in the world. It is now estimated that by 2027, India will surpass China and become the most populous country in the world with 1.47 billion people. And by 2030, India will cross the 1.5 billion milestones. India's population will peak in 2059 with 1.65 billion people.

India has more than 50% of its population below the age group of 25 and more than 65% below the age of 35. In 2020, it is estimated that the average age of an Indian will be 29 years, where in China it is 37 and 48 for Japan. By the year 2030, India's dependency ratio should be just over 0.4. However, the number of children in India peaked more than a decade ago and now it is falling gradually. The number of children under the age of five peaked in 2007, and since then the number has been falling. The number of Indians under the age of 15 was peaked slightly in 2011 and declining now a day. By 2100, 13.34% of the earth population will be in India that is 4.42% less than the peak level of 17.76% in 2013.

Birth rate and death rate

The birth rate and the death rate are the most important factors for the population explosion in India. In recent years, the death rate and birth rate was almost similar upto the mid of 20th century which means a slow rate of population growth. People began to live longer and the death rate started to decline due to increase in the health care facilities, level of education, availability of proper nutrition and diet, etc. Due to this mismatch of birth and death rate resulted in faster growth of population in the past few decades. India has registered birth rate at 18.2 per 1000 population and death rate 7.3 per 1000 population as on 2020.

Poverty and illiteracy

The two factors poverty and illiteracy also contributes immensely for the growth of population in India. In rural areas, children were considered as assets, where they were the earning hands in the poor family. On the other hand, the illiteracy of women has a direct impact on fertility as it is evidenced that the fertility rate of illiterate women tends to be higher than those who are literate.

Family planning and social factors

The pattern of family planning has not changed much even after 69 years of creation of the National Family Planning Program. Preference for male children by families is still prevalent in the overwhelming patriarchal society. Hence, a woman ends up being pregnant multiple times and producing many children till a male child is born.

Total Fertility Rate

The average number of children born to women during their reproductive age is called as Total Fertility Rate (TFR). For a stable population growth rate, 2.1 fertility rates are required and this rate is called as replacement rate. India has witnessed a steady decline in the Total Fertility Ratio, which touched 2.3 in the year 2016. It was estimated that population growth is more concentrated in economically weaker sections of the society and poorer regions of the country.

Unemployed youth and demographic disaster

India has around 28% of youth among the total world population. This potential youth is often referred to as the 'demographic dividend' which means the youth available in the country are equipped with quality education and skills training. They not only get suitable employment but also effectively contribute towards the economic development of the country. Around 25 million work forces enter into labour market but only 7 million are able to secure jobs which results in huge unemployment rate. Around 18% of the youth labour force is unemployed in India and today around 33% of the total youth are not in employment, education and training (NEET), which is highest in the world. This huge unemployed and NEET category of youth are turning demographic dividend into a demographic disaster for India.

DENSITY OF POPULATION

Density of population is defined as the number of persons living per square kilometer. It shows concentration of population in a particular area. In the year 1951

the number of persons per square kilometer is 117 and increased to 267 in 1991 and further increased to 324 persons in 2001.

Census year	Density of population(per sq.km)
1901	77
1911	82
1921	81
1931	90
1941	103
1951	117
1961	142
1971	177
1981	216
1991	267
2001	325
2011	382

SIZE AND GROWTH OF POPULATION

It refers to the total number of persons living in a country. Census 2001 indicates the total population of India is 1027 million. In this 531million are males and 496 million are females. India's population is increasing at a faster rate and it places second in population next to China. Every year 1.60 crore persons are added in country's population.

Sex Ratio

Sex ratio is defined as the number of females per thousand males. In 2001 census, the sex ratio was 933 females per 1000 males and in 2011, there were 940 females per 1000 males and in 2019, it is 930 females per 1000 males. This indicates that number of females per males are always less than 1000. This is due to maternal death, female infanticide, etc.

Literacy Ratio

Literacy ratio refers to percentage number of literates in total population. It is arrived by calculating population aged seven years and above. Literacy in India is a key for socio-economic development.

Census year	Literacy percentage
1951	16.70
1961	24,00
1971	29.50
1981	36.10
1991	52.21
2001	65.38
2011	74.04

The above census of India indicates the literacy rate of India is quite increasing. The highest literacy rate of 93.91% is recorded in the state of Kerala and lowest literacy rate is recorded in Bihar with 63.82% respectively.

Life Expectancy

Life expectancy means the number of years a person is expected to live from the time of birth. It depends on the death rate and the age at the time of death. According to the current status (2011-15) it has been projected that the life expectancy of males are 66 years and 70years for females.

CAUSES OF OVERPOPULATION

When a country experiences high growth rate of population is known as population explosion. India is the second most highly populated country in the world. If the birth and death rate in India maintain the same level, it is projected that India would be the world's most populous country by the year 2024 by surpassing china.

The over growth of population of a country is due to the following factors:

- Economic factors
- Biological factors
- Social factors
- Other factors

Economic Factors

(i) Poverty – in under developed countries the raise of birth rate is due to illiteracy, poor diet, ill health, etc. a poor man always welcomes further addition in his

family in order to supplement the family's income. Hence, this results in population explosion of the country.

(ii) **Predominance of agriculture** – the occupational structure of Indian population has not changed and still two third of the working population is engaged in agriculture. And in agrarian society children are considered as asset for income earning. Hence, it leads to high growth rate of population.

(iii) **Slow pace for urbanization** – the proportion of urban population out of total population is low in India. Urbanization disintegrates joint family system and the urban people are more conscious about the burden of a larger family.

Biological Factors

(i) **Decline in death rate** – due to control of epidemics like cholera and small pox, decline in the incidence of death due to malaria and tuberculosis, improved health measures, drinking water supply, hygienic and sanitation facilities and removal of famine, there is a sharp fall in the death rate in India.

(ii) **Better Medical Facilities -** technological advancement and Science was able to produce better means of producing food, which allowed families to feed more mouths. Medical science made many discoveries in medicine with which they were able to defeat a whole range of diseases. Illnesses that had claimed thousands of lives till now were cured because of the invention of vaccines. Combining the increase in food supply with fewer means of mortality tipped the balance and became the starting point of overpopulation.

(iii) **Technological Advancement in Fertility Treatment** – With the latest technological advancement and more discoveries in medical science, it has become possible for couple who are unable to conceive to undergo fertility treatment methods and have their own babies. Today there are effective medicines which can increases the chance of conception and lead to rise in birth rate.

Social Factors

(i) **Practice of early marriage** – More than 8 out of every 10 girls in India got married in the age group between 15 to 20 years. This practice of early marriage

has raised the span of reproductivity. Hence it is essential to raise the average age of Indian women to 25 years or above in order to reduce the fertility rate.

(ii) Universality of marriage – marriage in India is universal in nature, since it is a religious and social necessity of the country. The parents in India feel that it is their responsibility to arrange marriages for their daughters. Most of the girls are getting married during the most fertile period of 15 to 20 years of age.

(iii) Illiteracy – Illiteracy is widespread among women in India. Economists stated that spread of education alone can change the attitudes of the people towards marriages, family, child birth and so on. It would help the people to overcome religious superstitions and irrational ideas. Due to lack of education, there is absence of awareness regarding family planning measures use of contraceptives is not up to the expected level.

(iv) Lack of Family Planning – people is ignorant and they are not aware of biology of reproduction, need for birth control and birth control devices. Those people are unable to understand the harmful effects of overpopulation and lack of quality education prompts them to avoid family planning measures.

(v) Religious and social attitudes – The idea to have sons and daughters for performing religious traits and to earn religious merit are still common in India. Existence of joint family system, unmarried men and women, childless couples are not encouraging.

Other Factors

(i) Joint family system - Joint family system is one of the major root causes for population growth in India. There is always a pressure to have babies both directly and indirectly.

(ii) Preference for a son - Several socio-economic, cultural and psychological factors like old age security, economic support of the family, perpetuating family tradition, inheritance of property, performing the death rituals, for getting dowry, etc are motivating to have male babies.

CONSEQUENCES OF POPULATION GROWTH

a) Depletion of Natural Resources - The effects of overpopulation are quite severe. The first of these are the depletion of resources. The Earth can only

produce a limited amount of water and food, which is falling short of the current needs. Most of the environmental damage being seen in the last fifty odd years is because of the growing number of people on the planet. They are cutting down forests, hunting wildlife in a reckless manner, causing pollution and creating a host of problems. Those engaged in talking about overpopulation have noticed that acts of violence and aggression outside of a war zone have increased tremendously while competing for resources.

b) **Degradation of Environment**: - With the overuse of coal, oil and natural gas, it has started producing some serious effects on our environment. Rise in the number of vehicles and industries have badly affected the quality of air. Rise in amount of CO_2 emissions leads to global warming. Melting of polar ice caps, changing climate patterns, rise in sea level are few of the consequences that we might we have to face due to environment pollution.

c) **Food shortage** – increase in population leads to food shortage. This is because the production of food grain is subject to law of diminishing returns in contrast; the population in India is growing at a faster rate. Nearly one million of people die due to malnutrition in the country.

d) **Disease and death** – over population leads to high incidence of diseases and death. It is more complicated to the government to arrange for wholesome food, public health services and medical aid for the growing population.

e) **Low per capita income** – growing population results in unemployment and underemployment which in turn resulted in low per capita income of the nation.

f) **Unemployment and underemployment** – As population increases there will be increase in supply of labour. The number of unemployed people is increasing every year. Hence it is required to utilize the vast natural resources in order to absorb the growing labour force.

g) **Energy crisis –** The demand for energy would also be increasing due to increasing population. This growing needs results in energy crisis in our country.

h) **Educational burden** – The expenditure on education would also increase due to increase in population between the age group of 6 to 14 years. The

expenditure per pupil is estimated that Rs.150 per year and total educational expenditure is about more than Rs.3000 crores per year.

i) **Conflicts and Wars –** Overpopulation in developing countries puts a major strain on the resources it should be utilizing for development. Conflicts over water are becoming a source of tension between countries, which could result in wars. It causes more diseases to spread and makes them harder to control. Starvation is a huge issue facing the world and the mortality rate for children is being fuelled by it. Poverty is the biggest hallmark we see when talking about overpopulation.

j) **High Cost of Living -** As difference between demand and supply continues to expand due to overpopulation, it raises the prices of various commodities including food, shelter and healthcare. This means that people have to pay more to survive and feed their families.

MEASURES TO CONTROL POPULATION IN INDIA

Population of India is quite large and increasing at a galloping speed. One percent growth rate means an addition of 1 crore people every year but actually speaking 2 crore persons are being adding every year. Hence effective population control measures are needed of the hour. Birth rate is mainly responsible for rapid population growth and so measures which can reduce the birth rate should be adopted. These measures can be classified into 3 heads.

A. Social Measure

Population explosion is a social problem and it is deeply rooted in the society. So efforts must be done to remove the social evils in the country.

1. **Minimum age of Marriage -** As fertility depends on the age of marriage, the minimum age of marriage should be raised. In India minimum age for marriage is 24 years for men and 21 years for women have to be fixed by law. This law should be firmly implemented and people should also be made aware of this through publicity.
2. **Raising the Status of Women -** There is still discrimination to the women. They are confined to four walls of house. They are still confined to rearing and

bearing of children. So women should be given opportunities to develop socially and economically. Free education should be given to them.

3. **Spread of Education** - The spread of education changes the outlook of people. The educated men prefer to delay marriage and adopt small family norms. Educated women are health conscious and avoid frequent pregnancies and thus help in lowering birth rate.
4. **Adoption** - Some parents do not have any child, despite costly medical treatment. It is advisable that they should adopt orphan children. It will be beneficial to orphan children and childless couples.
5. **Change in Social Outlook –** The Social outlook of the people should undergo a change. Marriage should no longer be considered as a social binding. Issueless women should not be looked down upon.
6. **Social Security -** More and more people should be covered under-social security schemes. So that they do not depend upon others in the event of old age, sickness, unemployment etc. with these facilities they will have no desire for more children.

B. Economic Measures

1. **More employment opportunities** - The first and foremost measure is to raise the employment avenues in rural as well as urban areas. Generally in rural areas there is disguised unemployment. So efforts should be made to migrate unemployed persons from rural side to urban side. This step can check the population growth.
2. **Development of Agriculture and Industry** - If agriculture and industry are properly developed, large number of people will get employment. When their income is increased they would improve their standard of living and adopt small family norms.
3. **Standard of Living** - Improved standard of living acts as a deterrent to large family norm. In order to maintain their higher standard of living, people prefer to have a small family.

4. **Urbanization** - It is recorded that people live in urban areas have low birth rate than those living in rural areas. Urbanization should therefore be encouraged to control population.

C. Other Measures

1. **Postponement of marriage** - As far as possible, marriage should be solemnized at the age of 30 years. This will reduce the period of reproduction among the females bringing down the birth rate. The govt. has fixed the minimum marriage age at 21 yrs for males and 18 yrs for females.
2. **Family Planning** - This method implies family by choice and not by chance. By applying preventive measures, people can regulate birth rate. This method is being used extensively; success of this method depends on the availability of cheap contraceptive devices for birth control. Chander Shekher, says "Hurry for the first child, Delay the second child and avoid the third."
3. **Recreational Facilities** - Birth rate will likely to fall if there are different recreational facilities like cinema theatre, sports and dance etc. are available to the people.
4. **Publicity** - The communication media like T.V., radio and newspaper are the good means to propagate the benefits of the planned family to the uneducated and illiterate persons especially in the rural and backward areas of country.
5. **Incentives** - The govt. can give various types of incentives to the people who adopt birth control measures. Monetary incentives and other facilities like leave and promotion can be extended to the working class which adopts small family norms.
6. **Employment to Woman** - Another method to check the population is to provide employment to women. Women should be given incentive to give services in different fields. Women are taking active part in competitive examinations. As a result women employees are increase in number in teaching, medical and banking etc. By implementing all there measures we can control the growth of population.

THEORY OF DEMOGRAPHIC TRANSITION

Demographers stated that India is now passing through the second stage of demographic transition. This transition is bound to have enormous growth of population.

The demographic transition tells about the relationship between the birth rate and the death – rate of the country. The demographers stated that economic development is based on population increasing or decreasing. The demographic transition due to variations in the birth rate and death rate of the people in different states of economic development. The population of India has gone up to 843 million in just 40 years causing population explosion.

The Different Stages Of Demographic Economic Development

Stage – I: **high birth rate and high death rate** - High death rate would be due to poor diet, absence of medical help, poor progress in science, and tack of scientific cane for disease and also the attitude of the people. In the first stage of demography, the population would be more or less static (ie) more births would be followed by more deaths.

Stage- II: high birth-rate but low death-rate - Due to economic development, spread of education, and scientific knowledge, many diseases would be controlled or cured. In this stage, the death-rate is reduced due to the following reasons:

- the introduction of penicillin ,Mycin, ,Sulfa drugs
- Life saving medicines,
- Fantastic surgery, etc.

Stage-III: Stable birth-rate and death-rate - The birth- rate will also be reduced due to industrialization, urbanization, awareness of family planning programmes, wise parenthood, and higher standard of life etc. In this stage the birth and death rates will become stable

The advanced countries of the world are in the third stage of demographic transition. It depends on the initial birth- rate, the rate of economic progress, the type of education, social change, and cultural, religious attitude to the people and policies to the government.

DEMOGRAPHIC TRENDS IN INDIAN POPULATION

Demography is the study of the growth, structure, and movement of human populations. It focuses on censuses, which take stock of a population at a moment in time, and also flows of vital events like births, deaths, marriages, and migratory movements.

Meaning of demographic trend

Any measurable change in the characteristics of a population over time is known as demographic trend. Example: increased or decreased concentration of a particular ethnic group, sex ratio, etc.

What is demography?

Demography is the study of human populations, their size, composition and distribution across space and the process through which populations change. Births, deaths and migration are the big influencers of demography, jointly producing population stability or change. The study of human population also provides age specific data for planning, scientific, technical and commercial purposes.

Demographic cycle

A nation passes through 5 stages of demographic cycles which were discussed below:

- **High stationary Stage:** This is the first stage, which is characterized by a high birth rate and high death rate which cancel each other and the population remains stationary. India was in this stage till the year 1920.
- **Early expanding stage:** In the second stage, the death rate begins to decline while the birth rate remains unchanged. As the birth rates remain high, the population starts to grow rapidly.
- **Late expanding stage:** During the third stage, the death rate declines still further and birth rate tends to fall, but population tends to grow as birth rate supersedes the death rates, but rates of population growth decelerates.
- **Low stationary stage:** The fourth stage is characterized by low birth rate and low death rate with the result that the population becomes stationary. Most industrialized countries have gone through a demographic transition from a high birth and high death rates to low birth and low death rates.
- **Declining stage:** Population begins to decline at this fifth stage, because birth rate is lower than death rate.

DEMOGRAPHIC PROFILE OF INDIA

India's population is projected around 1.37 billion in the year 2019. Next to China, India is the second most populated country of the world with 1.43 billion people.

According to world population prospects by United Nation, India is projected to overtake China as the world's most populous country around 2027.

Age and sex composition

According to the Census of India 2011, the population of India is 121crore comprising of 62.3 crore males and 58.7 crore females. 68.86% Indian lives in rural areas and 31.14% lives in urban areas.

Age pyramid

There is a decline in the share of population in the age group between 0 to 14 years from 36.3% in 1991 to 26.5% during the year 2017. But the proportion of economically active population between the age group 15 to 59 years has been increased from 57.7% in 1991 to 65.4% in 2017. This shows a demographic dividend. Because of better education, health facilities and increase in life expectancy, percentage of elderly population above the age of 60 years has gone up from 6.0% in 1991 to 8.2% in 2017.

Demographic dividend

When the working age population between the age group from 25 to 64 years is growing faster than other age groups then these conditions can yield an opportunity for accelerated economic growth known as the "demographic dividend".

Because of rapid declining birth and death rates, India's working-age population is now increasing. The extent to which India can capitalize on this depends on how well the workers can be employed. This brings in issues of quality of labour force and capacity of the economy to harvest the potential dividend into actual benefit. In order to get benefit from the demographic dividend, the Indian government should invest in education and health, especially for young people and create conditions conducive to sustained economic growth.

Sex ratio

Sex ratio is defined as the number of females per 1000 males**.** Sex ratio of India has improved by 10 from 933 in 2001 to 943 in 2011. In rural areas sex ratio is 949 and in urban area sex ratio is 929.

Sex ratio at birth can be affected by sex selectivity. Sex ratio at birth for the country has gone down by 2 points to 896 in 2015- 2017 from 898 in 2014-2016. Chhattisgarh has reported the highest sex ratio at birth of 961 while Haryana recorded the lowest rate 833.

Dependency ratio

The ratio of economically active to economically inactive persons is dependent on age composition is known as dependency ratio.

When the large bulge of population moves from working ages to old ages would result in raising old age dependency. This would matter at the macro-level, but also at the micro or household level. Traditionally, supporting elderly parents has been the responsibility of working adults but low fertility means small families who would find it difficult to support elderly parents. This would then call for developing mechanism to provide old age support.

Literacy rate

The effective literacy rate for India has gone up from 64.83% in 2001 to 74.04% in 2011 showing an increase of 9.21%. This shows that three fourth of the population of 7 years and above is literate in the country. Ten states and union territories viz., Kerala, Lakshadweep, Mizoram, Tripura, Goa, Daman & Diu, Puducherry, Chandigarh, Delhi and Andaman & Nicobar Islands have achieved literacy rate of above 85%. Bihar recorded the lowest literacy rate of 61.8% and Kerala recorded the highest literacy rate with 94%.

Density of population

Density of population is defined as the number of persons per square kilometer. It shows the concentration of population in a particular area. The population density of India has gone up to 382 persons per square kilometer in 2011 as compare to 325 persons per square kilometer in 2001.

Among the states, Bihar has become the most densely populated state with 1102 persons/km2 and Arunachal Pradesh the least densely populated state with 17 persons /km2 in 2011. As of 2020, Population density of India will be 455 people per sq. km.

Crude Death Rate

Death rate is defined as the number of deaths per thousand populations in a given region and time period. The death rate of India has declined from 7.4 in 2008 to 6.3 in 2017. It varies from 5.3 in urban areas to 6.9 in rural areas for the year 2017.

Infant Mortality Rate

The Infant Mortality Rate (IMR) is a crude indicator of the overall health scenario of a country or a region is defined as the infant deaths (children less than one year) per

thousand live births in a given time period and for a given region. During the year 2017, 33 infant deaths per thousand live births were reported which is one-fourth as compared to 129 infant deaths per thousand live births in 1921. In 2017, the maximum IMR has been reported for Madhya Pradesh with 47 and the minimum for Nagaland with 7.

Total fertility rate (per woman)

Total fertility rate (TFR) refers to total number of children born to a woman in her life time if she were subject to the prevailing rate of age specific fertility in the population. Total Fertility Rate (TFR) for the country has come down to 2.2 in 2017 after being stable at 2.3 for the last four years from 2013 to 2016. During the year 2017, Bihar has reported the highest TFR of 3.2 and Delhi has reported the lowest TFR of 1.5.

Maternal mortality ratio

The Maternal Mortality Ratio (MMR) is derived as the proportion of maternal deaths per 1,00,000 live births. MMR of India has declined from 167 in 2011-2013 to 130 in 2014-2016.

The decline has been most significant in states like Bihar, Jharkhand, Uttar Pradesh, Uttarakhand, Madhya Pradesh, Chhattisgarh, Odisha, Rajasthan and Assam from 246 to 188. Among the southern states, Andhra Pradesh, Telangana, Karnataka, Kerala, Tamilnadu reported decline in MMR from 93 to 77 and in the other states Gujarat, Haryana, Maharashtra, Punjab, and West Bengal from 115 to 93.

Neo-natal mortality rate

The first 28 days of life is called the neonatal period. It is the most vulnerable time for a child's survival. In India the national average of neonatal deaths per 1,000 live births is 23 (SRS 2017), it is more in rural population (27) than in urban areas (14).

POPULATION POLICY

The policy to control population was adopted by Indian government in the year 1952. Since then the policy gathered its momentum and family planning became the 'kingpin' of the policy. This policy is introduced with a view to tackle effectively the population in the country.

Objectives Of Population Policy

An effective population policy should possess the following objectives:

- Reduction in the birth rate
- Increase the growth rate of per capita income
- Increase the pace for economic development
- Stabilizing population growth by fall in death rate

The Features Of Population Policy

- Raising the minimum age of marriage by three years, i.e.,
  From 15 years to 18 years for female
  From 18 years to 21 years for male
- The states to have their own legislation.
- The plan assistance to states will be linked to the 1971 population level for the next 25 years.
- Increase is the monetary compensation for sterilization.

National Population Policy, 2000

India's population reached 100 crore on May 11, 2000 and it is estimated that if current trends of population increase continuously then it will become the most populous country in the world by 2045 and it would overtake China. During the 20th century, India's population increased nearly five times from 23 crore to 100 crore, while during the same period world's population increased nearly three times from 200 crore to 600 crore.

With 1.55 crore current annual increase in population, it seems difficult to maintain a balance to conserve the resource endowment and environment in the country. For promoting sustainable development with more equitable distribution, there is an urgent need to stabilize population.

To meet the reproductive and child health needs of the people of India and to achieve Total Fertility Rate (TFR) by 2010, the provision of policy framework for advancing goals and priorities to various strategies is available in the National Population Policy announced on 15 February, 2000. The basic aim of this policy is to

cover various issues of maternal health, child survival and contraception and to make reproductive health care accessible and affordable for all.

Objectives of National Population Policy (NPP) 2000

1. **The Immediate Objective** - The immediate objective is 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.
2. **The Medium Term Objective** - The medium term objective is to bring the Total Fertility Rate (TFR) to replacement level by 2010 through vigorous implementation through inter-sectorial operational strategies.
3. **The Long Term Objective** - The long term objective is to achieve a stable population by 2045 at a level consistent with the requirements of sustainable economic growth, social development, and environment protection.

Targets of National Population Policy

The following are the targets of National Population Policy:

1. Achieve zero growth rate of population by 2045.
2. Reduce infant mortality rate of below 30 per thousand live births.
3. Reduce maternal mortality ratio of below 100 per 1, 00,000 live births.
4. Reduce birth rate to 21 per 1000 by 2010.
5. Reduce Total Fertility Rate (TFR) to 2.1 by 2010.

Family Planning: In India, the family planning is adopted in the year 1952. It has been introduced to control the rapid population growth in India. It acts as an integral part of population policy schemes like education, health, child care, birth control, nutrition, etc. in recent years; the family planning is renamed as "Family Welfare Programme". It aims to promote small family norm and reproductive, child health through free and voluntary choice.

FAMILY PLANNING GOALS

- Motivation programme to spread the knowledge of family planning. Examples: Mass media like T.V. radio and News papers.
- Supply of contraceptives to all sections of rural; and urban area.

- Extensive use of sterilization of both males and females.
- Financial incentive for adopting family planning

Impact Of Family Planning Programmes In India

- Sterilization clearly gives full protection
- Regular use of pills.
- Regular use of contraceptives 50 percent.
- Sterilization the level of using 8.26 million during 1976-77

CONCLUSION

India's Population growth rate constantly acts as a hurdle in addressing the problem of poverty, hunger and malnutrition and also in providing better quality of health and education with limited resources. Covid-19 has accentuated these challenges and also raised concerns on the timely attainment of the United Nation Sustainable Development Goals. It is therefore important to understand that in order to have a better future for all on a healthy planet, attainment of the SDGs is critical.

Family planning is an effective tool to ensure a stable rise in the population, which in turn is crucial for the achievement of some of these SDGs. The government at all levels- Union, State and Local, must promote awareness and advocate the reproductive rights of women and encourage the use of contraceptive methods.

The key stakeholders need to be committed to well-researched planning and implementation on how to harness the population growth for the maximum economic benefit of the society and country. Providing adequate education and training to the large young population would ensure them to be productive, effective and competent, thereby proving themselves as key contributors to economic growth.

UNEMPLOYMENT PROBLEM

Unemployment is a major social issue in India. It is a serious problem and indicates the situation where the total numbers of job seeking persons are higher than the job opportunities.

Since the pandemic started, many have lost their jobs and increasing unemployment have been an issue of grave concern The worsening economic

conditions prior to the pandemic and the resulting lockdown suffered an additional blow when the entire nation had to be locked at home.

It has been estimated that nearly 41 lakh youth have lost their jobs due to the pandemic and predicts that 61 lakh jobs will be lost by the end of the year. Another report says that India needs to create 9 crore jobs by the end of 2030.

The current pandemic and the consequent lockdown laid bare the fragility of India's formal job market, which has collapsed.

Centre For Monitoring Indian Economy(CMIE) reported that in September 2020, the unemployment rate in India fell to 7% in September 2020, earlier which was 29% since the country went into lockdown (March 2020). However, it has increased to 9.1% in December 2020. The lockdown due to pandemic outbreak has forced many industries to shut down which has resulted in increasing unemployment across the country.

What Is Unemployment?

Unemployment is a situation when a person actively searches for a job and is unable to find work. Unemployment indicates the health of the economy.

Meaning Of Unemployment

By unemployment we mean, inefficient utilization of human resources, lower production and therefore lower standard of living of people.

Unemployment Rate

The unemployment rate is the most frequent measure of unemployment. The unemployment rate is the number of people unemployed divided by the working population or people working under labour force.

Unemployment rate = (Unemployed Workers / Total labour force) × 100

APPROACHES ON UNEMPLOYMENT

The National Sample Survey Organization (NSSO) defines employment and unemployment on the following activity statuses of an individual. The NSSO and the Ministry of Statistics and Programme Implementation measures India's unemployment on three approaches:

1. Daily Status Approach

Under this approach, the unemployment status of a person is measured for each day in a reference week. A person having no gainful work even for one hour in a day is described as unemployed for that day.

2. Weekly Status Approach

According to this approach, the unemployment highlights the record of those persons who did not have gainful work or were unemployed even for an hour on any day of the week preceding the date of the survey.

3. Usual Status Approach

This approach gives the estimates of those persons who were unemployed or had no gainful work for a major time during the 365 days.

CAUSES OF UNEMPLOYMENT

Unemployment is a complex phenomenon and it could not be caused by a single problem. Due to over-population, there is more supply of labour force and inadequate employment opportunities create the problem of unemployment.

a) **Population explosion** – population growth is the major cause for unemployment problem. The country struggles to provide employment opportunities as nearly 45 million persons are added to the labour force every year.

b) **Backwardness in agriculture** – primitive methods of agricultural occupation and heavy pressure in agriculture resulted in disguised unemployment and underemployment.

c) **Insufficient industrial development** – The investment in industrial sector could not gain its momentum and could not able to generate employment opportunities due to lack of capital, poor technology, scarcity of raw-materials, less labour intensive techniques and so on.

d) **Prevailing education system** – Indian education system fails to impart technical and vocational education. Rather, it produces more matriculates, undergraduates and post graduates in large number. This creates a huge gap between job seekers and job opportunities.

e) **Joint family system** – prevalence of joint family system is another root cause for unemployment. Under this system, the families own big businesses and many will not prefer employment as they depend on joint income of the family. Many of them seem to be working but they do not add towards production. This would create disguised unemployment.

f) **Excessive use of foreign technology** – technical unemployment arises due to use of foreign technology. This is because the lack of scientific and technical research in our country and its high cost.

g) **Capital intensive projects** – the process of development resulted in increasing capital intensive projects. India is a country with excess labour and so the use of automatic machines and other sophisticated equipments would results in large scale of unemployment.

h) **Faulty employment planning** – The Indian planning does not give much importance to employment and does not form an integral part of planning strategy. The government and the planning commission under estimates the human resources of our country.

i) **Fall of cottage and small scale industries** – Many artisans became unemployed due to fall in cottage industries. This is because of adverse effect on small scale and cottage industries due to industrial development.

j) **Immobility of labour** – Mobility of labour is very low in India as they were very much attached to their family. People would not prefer to go to far off areas to seek jobs. Other factors like language, religion, climate, etc are also the main reasons for less mobility of labour.

IMPACT OF UNEMPLOYMENT

The unemployment in any nation has the following effects on the economy:

- The problem of unemployment gives rise to the problem of poverty.
- The government suffers extra borrowing burden as unemployment causes a decrease in the production and less consumption of goods and services by the people.
- Unemployed persons can easily be enticed by antisocial elements. This makes them lose faith in the democratic values of the country.

- People unemployed for a long time may indulge in illegal and wrong activities for earning money which increases crime in the country.
- Unemployment affects the economy of the country as the workforce that could have been gainfully employed to generate resources actually gets dependent on the remaining working population, thus escalating socio-economic costs for the state. For instance, a 1 % increase in unemployment reduces the GDP by 2 %.

It is often seen that unemployed people end up getting addicted to drugs and alcohol or attempts suicide, leading to losses to the human resources of the country.

Different Types Or Kinds Of Unemployment

Unemployment may be defined as "a situation in which the person is capable of working both physically and mentally at the existing wage rate, but does not get a job to work". It means the involuntary unemployment arises when a person is willing to work at the existing wage rate but does not get a job. Unemployment in India can be classified into the following categories:

- **Cyclical unemployment** – this unemployment causes due to trade cycles at regular intervals. The down swing in business activities results in unemployment. It is a short run phenomenon and it is unavoidable during depressionary period.
- **Technological unemployment** – This unemployment is the result of changes in the techniques of production which may not warrant much labour. Use of technology would replace machines in place of labour and results in unemployment.
- **Frictional unemployment –** This kind of unemployment arises due to improper adjustment demand for and supply of labour. This arises when some workers are temporarily out of work while shifting to other jobs, when there is a strike or factory lock outs, etc.
- **Seasonal unemployment** – In agriculture and some agro-based industries, production activities takes place only during some time period. So they offer employment to that specific period of time. People engaged in such type of activities may remain unemployed during off season. For ex: sugar industry is a

seasonal industry starting production after the harvest and closing within 100 to 120 days.

- **Structural unemployment** – This type of unemployment is the result of drastic changes in the economic structure of a country. Due to economic development and technical advancement structural unemployment arises due to more supply of labour than other factors of production like land and capital.
- **Voluntary unemployment** – This kind of unemployment arises when people are not willing to go for job at the prevailing wage rate. This may be because the labour prefers leisure or the employment opportunities offered would not acceptable to him or he may have permanent sources of unearned income.
- **Involuntary unemployment** – this unemployment is the outcome of non availability of jobs due over population, heavy pressure in agriculture, etc. A person is willing to go for work but he could not find any job is known as involuntary unemployment.
- **Casual unemployment** – This unemployment arises due to short term contracts, shortage of raw materials, fall in demand, change of ownership, etc. This kind of unemployment occurs when a person is employed on a day to day basis.
- **Chronic unemployment** – In underdeveloped country like India, unemployment is long-term feature and so it is called chronic unemployment. It is because the economy would not in a position to offer wide range of employment opportunities to the growing labour force.
- **Underemployment –** This unemployment causes when an educated person got employed less than his capacity to produce. When a person undertakes as job on a part time basis or he may undertakes a job lesser than his qualification. For example: if a person who did his post graduate degree received a job of office assistant for which only qualification of S.S.L.C is required.

REMEDIAL MEASURES FOR UNEMPLOYMENT

Unemployment problem is growing day by day in India and it has to be tackled in a planned manner. It may not be solved by using single solution. Hence it requires multi-pronged attempt to solve this problem in an effective manner.

Short-Term Measures

- People are to be encouraged to take up small businesses by giving them financial assistance and establishment of more small scale industries is required.
- Extension of NES (National Extension Services) would create more employment potentials.
- Mobility of factors of production through developing road transport.
- Action must be taken to develop construction of houses to low income groups along with slum clearance and housing schemes.
- Private building activity to be encouraged as it is a labour intensive project.
- Expansion of training facilities in the field where manpower shortage exists.
- To remove regional imbalance Rural Electrification work has to be fastened.

Long-Term Measures

- Diversified industrialization along with rapid economic development is required
- More importance to be given up to labour intensive projects rather than capital intensive projects as former generates employment opportunities to labour.
- Technical and vocational education must be encouraged rather than literary education.
- Adoption of scientific methods in the field of agriculture would generate employment.
- Population growth rate has to be checked have to be controlled.
- The government must undertake the policy of implementing complimentary public works.
- Establishment of employment exchanges in rural as well as in urban areas.
- Financial assistance must be provided to people those who are self employed through liberal institutions.

EMPLOYMENT GENERATION PROGRAMMES AND POLICIES

Various programmes have been launched by Indian government in order solve the problem of unemployment. These programmes are classified into two categories. They were:

a) **Provides self-employment** – poor people are encouraged to take up self-employment by providing them productive assets, financial assistance by issuing credit and subsidies.

b) **Provides wage employment** – by creating community assets they provide wage employment to the poor.

Many schemes were correlated with poverty reduction programmes. Some of them were:

- **Training for Rural Youth and Self-Employment (TRYSEM)** – This scheme provides technical training to rural youth and enables them to take up either self-employment or wage employment.
- **Development of Women and Children in Rural Areas (DWCRA)** – Under this scheme, poor rural women are selected and provision of training about small cottage businesses and other economic activities in order to give them employment opportunities.
- **Jawahar Rozgar Yojana (JRY)** – This scheme is designed to promote employment to the rural unemployed and underemployed by taking up productive economic assets.

STEPS TAKEN BY GOVERNMENT TO REMOVE UNEMPLOYMENT

- **Integrated Rural Development Programme (IRDP) –** This program was launched in 1980 to create full employment opportunities in rural areas.
- **Training of Rural Youth for Self-Employment (TRYSEM):** This scheme was started in the year 1979 with the objective to help unemployed rural youth between the age of 18 and 35 years to acquire skills for self-employment. Scheduled Caste /Scheduled Tribe Youth and Women were given priority in this scheme.
- **National Rural Employment programme (NREP) and Rural Landless Employment Guarantee Programme (RLEGP) -** These programmes were started with effect from April, 1, 1989 on 80:20 cost sharing basis between the centre and the States.
- **Mahatma Gandhi National Rural Employment Guarantee Act (MNREGA)** - It is an employment scheme that was launched in 2005 to provide social

security by guaranteeing a minimum of 100 days paid work per year to all the families whose adult members opt for unskilled labour-intensive work.This act provides Right to Work to people.

- **Pradhan Mantri Kaushal Vikas Yojana (PMKVY)** – This scheme was launched in 2015 with an objective of enabling a large number of Indian youth to take up industry-relevant skill training that will help them in securing a better livelihood.
- **Start Up India Scheme** – This was launched in the year 2016 which aims at developing an ecosystem that promotes and nurtures entrepreneurship across the country.
- **Stand Up India Scheme** – The scheme was launched in the 2016. This programme aims at facilitating bank loans between Rs. 10 lakh to Rs. 1 crore to at least one SC or ST borrower and at least one women borrower per bank branch for setting up a green field enterprise.

The Way Forward

- In India, many labour- intensive manufacturing sectors such as food processing, leather and footwear, wood manufacturers and furniture, textiles and apparel and garments. Special packages, individually designed for each industry are needed to create jobs.
- Public investment in sectors like health, education, police and judiciary can create many government jobs.
- Decentralization of Industrial activities is necessary in order to provide the people of every region to get employment.
- Development of the rural areas will help mitigate the migration of the rural people to the urban areas thus decreasing the pressure on the urban area jobs.
- The government needs to encourage entrepreneurship among the youth as they generate employments to many in a country.
- Concrete measures aimed at removing the social barriers for women's entry and their continuous participation in the job market is needed.
- Government needs to keep a strict watch on the education system and should try to implement new ways to generate skilled labour force.

- Effective implementation of present programs like Make in India, Skill India, Start up and Stand-Up India.
- There is a need for National Employment Policy (NEP) that would encompass a set of multidimensional interventions covering a whole range of social and economic issues affecting many policy spheres and not just the areas of labour and employment. The policy would be a critical tool to contribute significantly to achieve the goals of the 2030 Agenda for Sustainable Development.

PRINCIPLES OF THE NATIONAL EMPLOYMENT POLICY

- Enhancing human capital through skill development;
- Creating sufficient number of decent quality jobs for all citizens in the formal and informal sectors.
- Strengthening social cohesion and equity in the labour market.
- Coherence and convergence in various initiatives taken by the government.
- Supporting the private sector to become the major investor in productive enterprises.
- Supporting self-employed persons by strengthening their capabilities to improve their earnings;
- Ensuring employees' basic rights and developing an education training and skill development system aligned with the changing requirements of the labour market*

FOREIGN TRADE

The Foreign trade in India consists of all imports and exports to and from India. The foreign trade in India is administered by the Ministry of Commerce and Industry. According to 2017 survey, foreign trade accounted for 48.8% of India's GDP.

The evolution of India's trade with foreign countries has started before independence. The government of India had maintained semi-autonomous diplomatic relations with other nations. After independence, India joined the common wealth of Nations and strongly supported independence movements in other colonies, like the Indonesian National Revolution and the partition of various territorial disputes.

The Portuguese traded with India during 1948 and attracted other European countries. They established trading posts at Calicut and Cochin. They exported pepper, ginger, cinnamon, cardamom, nutmeg, mace and cloves. The profits made from this trip were huge.

The economic liberalization 1991, laid quantitative restrictions on imports and the average tariffs were exceeding 200%. Foreign investment was strictly restricted to only allow Indian ownership of businesses. Indian economy has improved mainly due to increased foreign trade due to economic liberalization.

India places eighth position in exporting commercial services in the world. During the year 2016, India accounted for 3.4% of global trade in services. India achieved 5.7% growth in services trade during the year 2016-17.

Export and import in India

India is exporting 7500 commodities to 190 countries and importing 6000 commodities from around 140 countries. India exported 18.2 billion and imported 462.9 billion worth of commodities in 2014. According to Indian economic survey of

2017-18, states like Maharashtra, Gujarat, Karnataka, Tamil Nadu and Andhra Pradesh accounted for 70% of India's total exports.

The survey also found that the largest firms in India contributed to a smaller percentage of exports when compared to countries like Brazil, Germany, Mexico, and the United States. The top 1% of India's companies accounted for 38% of total exports.

India's largest trading partners are the United Arab Emirates, China, United States, Saudi Arabia, Switzerland, Singapore, Germany, Hong Kong, Indonesia, Iraq, Russia and Japan.

Role of international trade in economic development

Foreign trade plays a vital role in enlarging market for a country's output. This is due to increase in exports which in turn increase in national output. Expanding the country's foreign trade would result in economic growth and prosperity of the nation. Increasing foereign demand may also leads to attain economies of scale by large scale of production. Expansion in exports would results in reduction in costs, increase in employment opportunities and also increase in investment which assists in the economic growth of the country.

Foreign trade and economic development

The foreign trade contributes to economic development in the following ways:

1. Exploring means of procuring imports of capital goods is the main function of foreign trade.
2. Trading helps in developing technology which increases productivity and also results in short-term multiplier effect.
3. Trading ensures fuller utilization of capacity resulted in economies of scale.
4. Foreign trade helps in increasing the welfare of the workers in the following ways: (i) increasing wages due to larger exports (ii) trade provides gains from foreign trade to the consumers as well as the workers (iii) it enables the workers to become more productive (iv) increase in demand for skilled labour due to increase in exports.
5. Trading helps in promoting economic welfare by stimulating efficient utilization of factor endowments 0f different regions.

6. Foreign trade provides foreign exchange that is used to remove the poverty and for other productive purposes.
7. Foreign trade plays an important role in increasing the production of any country. The foreign trade is remarkable factor in expanding the market and encouraging the producers. In countries where home market is limited it is necessary to sell product in other countries.
8. Foreign trade also encourages the businessmen to increase the investment to produce more goods.
9. It provides incentives for the foreign investors, besides local investment, to invest in those countries where there is a shortage of investment.
10. It is essential for the growth of globalization.

Internal and International Trade

The internal trade is otherwise known as domestic trade where transactions are taking place within the geographical boundaries of a nation. It is also known as intra-regional or home trade. International trade, on the other hand, is trading activities among different countries of the world.

Features of foreign trade

The following are the salient features of international trade

1. **Immobility of factors** – The mobility of factors of factors of production like labour and capital is always greater between countries of the world rather than within a country. There would be restrictions of international mobility of labour due to reasons like immigration laws, citizenship, qualifications, etc.
2. **Heterogeneous market** – In the international trade heterogeneous market prevails on factors like differences in climate, languages, preferences, habits, customs, weights, measures, etc. These things convey that the behavior of international buyers would differ in each case.
3. **Different National Policies** – The rules and regulations related to taxation, trade unions, education systems, factory legislations, etc are differed between the countries of the world.

4. **Differed socio-economic environment -** The socio-economic environment would always different among the countries of the world but it is more or less uniform within the regions of the country.
5. **Different political units** – The domestic trade activities were under same political unit whereas the foreign trade occurs between different political units.
6. **Different currencies** – Most important feature of foreign trade is that it involves the use of different types of currencies. Each country has its own exchange policy with regards to exchange rates and foreign exchange.

Advantages of foreign Trade

(i) **Optimum use of natural resources -** Foreign trade helps each trading country to make optimum use of its natural resources. Wastage of resources can be avoided when concentrating on the production of goods which are best suited for resources utilization.

(ii) **Availability of all types of goods -** By means of trade, it enables a country to obtain goods which cannot be produced by them due to higher costs of production; they can import those goods from other countries at lower costs.

(iii) **Specialization:** Foreign trade results in specialization and also encourages production of different goods in different countries. Due to advantages of division of labour, these goods can be produced at a lower cost.

(iv) **Advantages of production at large-scale –** Foreign trade increase the production capacity of the countries. They produce in a larger scale for home consumption as well as for export to other countries. They can dispose the goods to other countries which they have in surplus. This would further leads to large scale of production and achieving economies of scale by world countries.

(v) **Stabilization of prices** – foreign trade eliminates fluctuations in prices and also helps in equalizing prices of goods throughout the world.

(vi) **Establishment of new industries** – by importing machineries, equipments and modern technical know-how from developed countries, the underdeveloped

countries can establish and develop new industries. This would helps in development of the home countries and also the world economy in a large scale.

(vii) Increasing efficiency – International competition have made the producers in a country to produce better quality goods at a minimum possible cost. This leads to increasing efficiency and benefits to the consumers in the world market.

(viii) Development of transport and communication – foreign trade requires better means of transport and communication in order to earn the gains of international trade.

(ix) Exchange of ideas and culture – Trading enhances relationship between people of the different countries. This encourages exchange of ideas and culture. It also creates co-operation, understanding, and cordial relations among various nations.

(x) To meet natural calamities – Imports plays an important role in supplying goods at the time of natural calamities such as droughts, floods, famine, earth quake, etc

(xi) Other advantages – foreign trade also helps in many other ways like benefits to consumers, maintaining international peace and ensures better standard of living.

Disadvantages of foreign trade

Though foreign trade has many advantages, it also has some disadvantages which cannot be ignored.

(i) Development of home industries – Foreign trade has an adverse effect on the development of home industries as it poses a threat to home industries for its survival at home industry. The new entrants in the industry may find difficult due to stiff competition from foreign countries and unrestricted trade.

(ii) Economic dependence –The underdeveloped countries always have to depend upon the developed countries for their economic development. Hence, there is a chance for economic exploitation of underdeveloped countries by the developed

countries. Most of the underdeveloped countries in Africa and Asia have been exploited by European countries.

(iii) Political dependence – International trade encourages subjugation and slavery and it impairs economic independence which endangers political dependence. For Example, the Britishers came to India for trading and they captured India and ruled over the country for a very long time.

(iv) Exhaustion of natural resources – Increase in exports would results in exhaustion of natural resources of a country in a shorter span of time. This resulted in economic downfall of the country in the long run.

(v) Import of harmful goods - Importing harmful goods like spurious drugs, luxury articles, etc adversely affects the economic well-being of the people.

(vi) Storage of goods – increasing exports results in shortage of supply of essential articles in the home country. This would leads to inflation of those goods in home country.

(vii) Danger to International Peace – Foreign trade paves way for foreign agents to settle down in the country which results in threat to international peace.

(viii) Rivalries among nations - Due to competition in the foreign market, foreign trade breeds rivalries among nations which would eventually lead to wars and disturbing world peace.

(ix) Hardships in times of war – Foreign trade promote the goods which have comparative cost advantage. Hence, it provides lop sided development of a country. It is difficult to obtain the goods during war times we import usually.

3

AGRICULTURE

AGRICULTURE IN INDIAN ECONOMY

Agriculture is an important sector in Indian economy. The economy's major focus is always on the agriculture sector as nearly 75% of the total population of India depends on agriculture. Agriculture is the backbone of Indian economic system. India is primarily an agricultural country. The importance of agriculture in Indian economy is evident. Agriculture is the largest and the most important 'Industry' in India. India ranks second place in worldwide in farm outputs. Recently in the year 2018, Indian agriculture employed nearly 50% of the labour force and contributed 17 to 18% towards GDP.

In the year 2016, the contribution of agriculture and allied sectors like animal husbandry, forestry and fisheries were 15.4% of the GDP and 31% of the workforce in 2014. The economic contribution of agriculture to India's GDP is steadily declining with the country's broad-based economic growth. Still, agriculture is demographically the broadest economic sector and plays a significant role in the overall socio-economic fabric of India.

DEFINITION OF AGRICULTURE

1. Agriculture may be defines as "It is the art and science of growing plants and other crops and raising animals for food, other human needs, or economic gain."
2. Rubenstein defines, "Agriculture is the deliberate effort to modify a portion of Earth's surface through the cultivation of crops and the raising of livestock for sustenance or economic gain".

FEATURES OF INDIAN AGRICULTURE

(i) Source of livelihood – Agriculture is the main source of livelihood for people in India. A recent estimate says that about 66% of working population is engaged in agriculture and allied activities. As majority of the population

depends on agriculture for employment it is the source of livelihood for many people in the country. Agriculture also contributes 25% towards National Income.

(ii) **Dependence on monsoon** – The Indian agriculture mainly depends on monsoon. In recent years India faces failure of monsoon. If monsoon is good, the production will be more and if monsoon is less than average production of crops fail and vice versa.

(iii) **Labour intensive cultivation** - The pressure on land holding increased due is increasing population. Subdivision and fragmentation of land holdings become uneconomical as the machineries and equipments cannot be used on such farms.

(iv) **Under employment** – There causes underemployment due to inadequate irrigation facilities and uncertain rainfall, there is less agricultural production and farmers find work a few months in the year. Their capacity of work cannot be properly utilized and leads to underemployment and disguised unemployment.

(v) **Small size of holdings** – The size of land holding is quite small due to large scale sub-division and fragmentation of holdings and the average size of land holding was 2.3 hectares in India while in Australia it was 1993 hectares and in USA it was 158 hectares.

(vi) **Traditional methods of production** - In India, they are using traditional methods agricultural production. Hence due to adoption of traditional methods it causes low production in agriculture.

ROLE OF AGRICULTURE IN THE INDIAN ECONOMY

Agriculture is considered as the backbone of the Indian Economy. Agricultural sector plays a strategic role in the process of economic development of a country. More than 70% of our total population earns their livelihood from agriculture. Following are some of the important points which explain the role of agriculture in the Indian economy:

- **Contribution to National Income –** The contribution of agriculture and allied activities towards National Income during 1950-51, was about 59% and now it

has been gradually declined to 48% in the year 1970-71 and further declined to 23% in the year 2004-05.

- **Source of Livelihood -** In India, nearly two-third of the working population are **engaged** either directly or indirectly in agriculture for their livelihood. According to an estimate, about 66% of our working population is engaged in agriculture.
- **Agriculture and Industrial** Development **-** Agriculture in India is the major source of supply of raw materials to industrial sector. About 50% of the income **generated** in the manufacturing sector comes from the agro-based industries of the country. Ex: Cotton, Jute, Textile and Sugar industries.
- **Commercial Importance -** Indian agriculture plays a vital role in both the internal and external trade of the country. Nearly 70% of India's exports are originated from agricultural sector. Agriculture helps in earning foreign exchange to the country.
- **Sources of income to the government -** Agriculture is one of the major sources of revenue to both the Central as well as the State Government of the country. The Government earns a substantial income from raising land revenue.
- **Agriculture and Economic Planning -** The planning perspective in India also depends much on agricultural sector. Increase in agriculture production leads to success of economic planning. Thus, the agricultural sector is playing a very important role in the country like India and the prosperity of the Indian Economy still largely depends on agricultural sector.

PROBLEMS OF INDIAN AGRICULTURE

1. **Inequality in Land Distribution** - The distribution of agricultural land in India has not been fairly distributed. Large size of land holdings is in the hands of the rich landlords, farmers and money lenders throughout the country. But majority of small farmers own a very small and uneconomic size of holdings, resulting to higher cost per units. Addition to this, a huge number of landless cultivators has been cultivating on the land owned by the absentee landlords, leading to lack of incentives on the part of these cultivators.

2. **Land Tenure System** – India suffers from lot of defects in the system of land tenure. Insecurity of tenancy was a big problem for the tenants, particularly during the pre- independence period. After independence the land tenure system has been improving due to the introduction of various land reforms measures but the problem of insecurity of tenancy and eviction still prevails to some extent. This is due to the presence of absentee landlords and benami transfer of land in various states of the country.
3. **Sub-division and Fragmentation of holdings -** The average size of holding is expected to decline from 1.5 hectares in 1990-91 and 1.3 hectares in 2000-01. There was continuous subdivision and fragmentation of land due to increasing pressure of population in agriculture and selling of land to meet debt repayment obligations. Hence, this leads to decline in size of operational holdings which further leading to increase in number of small and marginal holdings and fall in large and medium holdings.
4. **cropping pattern –** The cropping pattern of India is one of the indicator of development and diversification of the sector. Food crops and non-food crops are the two types of crops produced by the agricultural sector of the country. When the price of cash crops increases, it would attract the farmers to produce more and more of cash crops or commercial crops. This would create the problem of food crisis in the country.
5. **Instability and fluctuations –** Indian agriculture subjects to continuous instability and fluctuations in weather and gamble of monsoon. This resulted in low production in food grains and other crops and causes instability and fluctuations in agricultural operation of the country.
6. **Conditions of agricultural labourers** – The agricultural labourers are being exploited by the rich landlords and zamindars for their benefit and converted the poor farmers as slaves or bonded labourers. This system continues to prevail generation after generation in India. All these things led to wretched condition and total deprivation of the rural areas. But this situation has changed after 50 years of independence. The total number of agricultural labourers has increased

from 55.4 million in 1981 to 74.6 million in 1991. This increasing number leads to disguised unemployment.

7. **Poor agricultural practices and techniques** – The Indian farmers were using traditional methods and techniques in the method of cultivation. In recent years, they have started adopting some improved methods like steel ploughs, seed drills, barrows, hoes, etc to a limited extent only. But still some farmers are rely much upon old techniques and this lead to low agricultural production.
8. **Uses of inputs** – Indian agriculture suffer from inadequate use of inputs like fertilizers and high yielding variety seeds. The farmers are not using the fertilizers and even dung manure in an inadequate quantity in lands. They also suffer from lack of financial support to buy good quality of high yielding seeds.
9. **Inadequate irrigation facilities** – Indian agriculture still suffers lacking of proper irrigation facilities. Only very limited number of farmers can avail the facilities of irrigation. This is due to lack of controlled water supply and artificial irrigation facilities. Indian farmers have to be depend much upon monsoon which is irregular in nowadays.
10. **Absense of crop rotation** - Crop rotation is necessary for the successful agricultural operation and to retain the fertility of the soil. The fertility of the soil goes down if there is continuous production of cereals on the same plot. Instead the fertility of the land can be restores if there is production of other crops like pulses, vegetables, etc on the same plot in an rotational basis. As the farmers are illiterate and ignorant they are not aware of the benefits of crop rotation and they fail to implement it.
11. **Lack of organized agricultural marketing** - Indian farmers are facing the problem of low income from their marketable surplus crops in the absence of proper organized markets and adequate transportation facilities. The sub-division of holdings are also scattered between regions and creates serious problem in marketing their products. Hence, there will be lot of middlemen in the market responsible for speedy disposal of their crops at cheaper price.

12. **Instability in agricultural prices** – A major threat to Indian agriculture is prevailing of fluctuation in prices. The government should announce the policy of agricultural price support in order to gain reasonable income from agricultural practices along with provision of incentives for its expansion. Maintaining stable prices is important for the growers as well as the consumers, exporters, agro-based industries and so on.
13. **Agricultural indebtedness** – Growing indebtedness is one of the greatest problems of Indian agriculture. The farmers used to borrow heavy amount of loan to meet their production and other financial requirements on a regular basis. Thus, the debt of farmers passes on to one generation to the other. They fall into the debt trap due to crop failure, low income from low price of crops, high rate of interest charged by money lenders and so on.

AGRICULTURAL POLICY OF INDIA

The Agricultural policy has been introduced by the government of India in order to raise the agricultural production and productivity. By doing this, the standard of living of poor farmers would be raised as their income level increases due to increase in production. This policy is formulated for all round development of the agricultural sector.

To remove the major problems in the agricultural sector like inefficient utilization of resources, predominance of agriculture, insignificant progress of cooperative farming, etc., the agricultural policy was formulated in India.

Main Objectives of agricultural policy

The policy has formulated to achieve definite objectives for reducing the problems in agricultural sector. The following are some of the objectives laid down by agricultural policy.

(i) Raising the Productivity of Inputs

Improving the productivity of inputs by buying High Yielding Variety Seeds, fertilizers, pesticides, irrigation projects and so on was one of the main objectives of Indian agricultural policy.

(ii) Raising Value-Added per Hectare

Increasing the value added per hectare rather increasing physical input and increasing the agricultural productivity of small and marginal holdings is the another objective of this policy.

(iii) Protecting the Interest of Poor Farmers

By abolishing the intermediaries through land reforms the agricultural policy aimed to protect the interest of the small and marginal farmers. It also helps in expanding institutional credit to the small and marginal farmers.

(iv) Modernisation of Agricultural Sector

Introducing modern technology in agricultural field like applying inputs of high yielding variety seeds, fertilizers, pesticides, etc to increase production in agriculture. Hence, modernization in agriculture is another important objective of agricultural policy.

(v) Checking Environmental Degradation

Frequent checking of environmental degradation of natural base of agriculture is another objective of Agricultural policy of India.

(vi) Agricultural Research and Training

To promote agricultural research and training facilities to earn the benefits of research by farmers is an important objective of this policy. This creates a close linkage between the farmers and the research institutions.

(vii) Removing Bureaucratic Obstacles

Bureaucracy on the farmers' Co-operative societies and self-help institutions is an obstacle for the development of agriculture. Hence, this policy has set an objective to remove such obstacles so that they can work independently.

CRITICISMS OF AGRICULTURAL POLICY

The economists have criticized the agricultural policy on the following aspects:

- The investment incurred for developing agriculture is inadequate.
- Many policies adopted were urban-biased in nature which does not favour the rural people.

- The government adopted a defective price policy in terms of trade.
- The green revolution introduced through this policy has increased the agricultural production but it created a technological gap between the rich and the poor farmers.
- The land reform measures like system of land tenure and the institutional reforms does not yield the desired results due to the lack of political will.

NATIONAL AGRICULTURAL POLICY 2000

A national agricultural policy was introduced by the government of India on 28th July, 2000. It has introduced to envisages about 4% annual growth rate of efficient utilization of technology and resources and to increase private investment and emphasize on price protection to the farmers. This policy aimed to achieve agricultural growth by 4% per annum through adopting some structural, institutional, economical and tax reforms measures.

Objectives of National Agricultural Policy (2000)

1. To attain a growth rate above 4.0% per annum in the agricultural sector.
2. To attain growth by efficient utilization of resources and provision for soil conservation, water and bio-diversity.
3. Attaining equity in growth by ensuring a wide spread of impact across regions and different classes of farmers.
4. by catering to the needs of the domestic markets and maximizing benefit from agricultural exports there would a demand-driven growth in the economy.
5. To attain sustainable growth in all field like technology, environment and economical aspects.
6. This policy encourages cultivating fodder crops and trees to meet the growing needs to feed the cattle and other live stocks.
7. Encouraging involvement of co-operatives and private sector for promoting and developing allied activities like animal husbandry, dairy and poultry farming is also an objective of this policy.

Adoptive measures given by the New Agricultural Policy, 2000

In order to attain the above-mentioned objectives, the new policy has suggested some measures which are necessary to be adopted are listed below:

- Utilization of unused lands for agriculture purpose and also make use of lands for afforestation.
- To increase the cropping intensity it is necessary to adopt multiple cropping and crop rotation.
- Water-shed management must be adopted for bringing two third of the cropped area which depends on rains under sustainable rainfed agriculture.
- Prevent over exploitation of water through rational using of surface and ground water.
- Drip and sprinkler irrigation will be adopted to make efficient use of water resources.
- Encourage landless labourers and farmers to take part in pastures and forestry programmes by providing them financial incentives.
- Production of food crops with higher nutritional value.
- Application of biotechnology, remote sensing technology, harvesting technologies, etc must be encouraged by the government on a large scale.

FOOD PROBLEM – SECURITY AND POLICY

Introduction

Most of the people in India find it difficult to meet their requirements of food grains. This inadequacy of food grains is a complicated issue for the poor and they have to live below poverty line. This condition is due to scarcity of food grains and low purchasing power of the people. Since independence, food problem is one of the most serious problems in India which expects immediate attention. Finally, there has been a tremendous increase in the production of food grains after implementing the new agricultural strategy called “Green Revolution”.

NATURE AND CAUSES OF FOOD PROBLEM IN INDIA

1. **Shortage of supply of food grains** – There is over and ever increasing demand for food grains but the supply of food grains are too small. This demand exceeds supply is due to the following reasons:

- The production of food grains is not sufficient to meet the requirements of the growing population
- There is fluctuation in food grain production every year and most of the time the shortage in supply has been met by imports.
- Existence of inequalities in income between the rich and the poor is another problem where the poor cannot able to afford food grains with their limited income.

2. **Deficiency in quality** – For a balanced diet we need some important elements like proteins, vitamins and minerals. But the Indian people were taking food which is deficient in nutritious elements. This would adversely affect the efficiency of the working population. Most of the people suffered from malnutrition and undernourished and other health issues.
3. **Poverty among poor people** – The poor people cannot meet their basic requirements especially food as their income is very less. Due to low income they have less purchasing power. Hence, the poor people would leave in a position called poverty.

Measure to Solve the Food Problem

It became necessity for the Indian government to solve the food problem in the country. Both the State Governments and the Central Government has been taking vigorous steps to solve the food problem in India.

The measures to solve food problem has been categorized into two. They were:

(a) Short- term measures and

(b) Long-term measures.

Short-Term Measures

(1) Increase in Imports – shortage of production and higher prices of food grains are the two basic problems responsible for food problem. These two combined with increasing demand for food leads to rise in prices of food grains. Hence, the Indian government made great effort in increasing food grains from other countries.

(2) **Procurement of Food grains –** Some states like Andhra and Punjab have surplus food grains. Hence the government has taken steps to procure food stuffs from those surplus regions and supply those to the deficit states. The Governments collect some amount of food grains from each farmer who has above the minimum he kept for his own consumption. This collection of food grains is known as procurement of food grains.

(3) **Price Control and Rationing –** For trading specially for wholesale and retail trade, the government has to fix fair price for the food grains. For this they have set up fair price shops throughout the country. Through these fair price shops the Government sells its stock of food grains.

Besides fair price shops, the Government had introduced rationing system in urban areas and distributes a minimum quantity of food grain to every persons and family.

(4) **Licensing of Wholesale Trade** – In order to eliminate malpractices like hoarding and speculative activity in food grains, the wholesale trade were licensed in many states. By doing this the Government can regulate the activities of the wholesale dealers and improving trade practices. The traders were asked to declare their stocks to prevent hoarding and profiteering.

Long-Term Measures

(1) **Increase in Agricultural Production** – To solve the problem of food it is essential to increase the food gains production in India. Hence, to increase production a new strategy called green revolution was introduced in India. Through this plan, there was supply of high yielding variety seeds, fertilizers, pesticides and modern equipments in the field of agriculture. The result of this plan was there was mass production of food grains only in certain areas with assured water supply. Another feature called double cropping also increases the production of food gains.

(2) **Control of Population** – Another important step to solve food problem is controlling population growth. Otherwise the steps taken to increase food production would become useless the problem cannot be solved at all. Hence,

the Government has been using various methods to check population growth in both urban and rural areas.

(3) **Changing Food Habits -** Changing the food habit of the people is another long-term measure to be adopted for solving food problem. The most predominant food of all class people is cereals. It will be a permanent solution for food problem. If the rich class people consume less of cereals and more of foods like eggs, fish, meat, fruit, vegetables, etc. and the poor class people would take less of wheat and rice and more of coarse grains, papaya, sweet potatoes etc., the problem would be solved to an extent.

PUBLIC DISTRIBUTION SYSTEM

Introduction

The Public distribution system (PDS) in India is established in the year 1939 as a war time ration measure. This system ensures distribution of food grains at affordable prices. The system of PDS is operated jointly by the central and the state government of India. The Food Corporation of India (FCI) has assumed the responsibility for procurement, storage, transportation and bulk allocation of food grains to the State Governments.

This system is operated by identifying eligible families and issue of Ration Cards and supervision of the functioning of Fair Price Shops by the **State Governments.**

Various commodities like **wheat, rice, sugar and kerosene and other materials like** pulses, edible oils, iodized salt, spices, etc are being allocated to the States and union territories for distribution.

EVOLUTION OF PDS IN INDIA

The PDS was **introduced during World War II** as a war-time rationing measure. Before the 1960s, distribution through PDS was generally dependent on imports of food grains.

The government set up the **Agriculture Prices Commission** and the **Food Corporation of India** to improve domestic procurement and storage of food grains for PDS. It had evolved into a universal scheme by the year 1970

The **Revamped Public Distribution System (RPDS)** was launched in June, 1992 with a view to strengthen and streamline the PDS as well as to improve its reach in areas like hilly, remote and inaccessible areas where a weaker section of the people lives.

The Government of India also launched the **Targeted Public Distribution System (TPDS)** by the year 1997 which focuses on the poor.

Functions of PDS

- Both Central and State Governments share responsibilities to provide food grains to the identified beneficiaries.
- The government procures food grains from the farmers at a minimum support price and sells it to the states.
- They took responsible for transporting the grains to go downs in each state.
- The States bear the responsibility of distributing food grains to each fair price shop where the **beneficiary buys the food grains at the lower prices.**

Importance of PDS

- PDS ensures **Food and Nutritional Security** of the nation.
- Helps in **stabilizing food prices** and making availability of food to the poor at affordable prices.
- It helps in maintaining buffer **stock of food grains** in the warehouse.
- **Redistribution of grains** by supplying food from surplus regions of the country to deficient regions is possible through PDS.
- The system of minimum support price and procurement price has contributed to the increase in food grain production.

Defects of PDS

The PDS in India has been criticized on various grounds.

- The system is against the poor and homeless.
- The distribution is mainly carried on in wheat and rice and not in coarse cereals which are essential requirements of the poor sections of the society.

- Ration cards are issued to only those families with residential addresses, the homeless poor and the families without address are left out.
- There is considerable inter-state variation in dependence of poor in PDS.
- The coverage of PDS is for the entire population of the country without specifically targeting the weaker sections of the society.
- The PDS is highly subsidized because of the inefficiency of the Food Corporation of India.
- Studies have shown that entitled beneficiaries are not getting food grains while those are ineligible are getting undue benefits.
- TPDS suffers from large leakages of food grains during transportation to and from ration shops into the open market.
- The provision of **minimum support price (MSP)** has encouraged farmers to divert land from production of coarse grains and thus, **discourages crop diversification.**

Revamped Public Distribution System (RPDS)

Considering several criticisms leveled against the operations of the PDS, the government of India in 1992 made an attempt to revamp the Public Distribution System. Under this system, the government earmarked 1175 blocks which includes drought prone areas, desert areas, hilly tracts, tribal areas and urban slums. In these areas, additional commodities like tea, soap, pulses and iodized salt are distributed by the state government and also additional quantities of food grains have made available in these are issued at price which are lower by Rs.50/- per quintal than the central issue price for the normal PDS.

GREEN REVOLUTION

Introduction

Green Revolution called a new strategy introduced by the government of India during 1961-65 between the commencement of the third and fourth five year plans. It was initiated with introduction of High Yielding Variety (HYV) seeds in Indian agriculture. Efficient use of irrigation and use of fertilizers also adopted in this revolution. This

method is adopted by the government to meet the growing demand for food grains for the growing population.

The productivity of grains was very low in India as it still depends on monsoon, lack of irrigation and other infrastructure facilities. They use traditional methods and there was absence of modern technology. And also, the country faced severe famine during the rule of Britishers as they promoted only cash crops instead of food crops. The country was importing food grains from other countries. Hence, this strategy has adopted to produce self-sufficient economy.

Definition of green revolution

"Green revolution is the spectacular advance that has taken place in the field of agriculture in recent years, through concerted and continued efforts of many agricultural scientists".

Features of the green revolution

- The new strategy introduced high yielding variety seeds for the first time in agricultural field. The high yielding seeds had more success with the wheat crop and it was very much effective in areas with proper irrigation facilities. So, the focus of Green Revolution was initially on better infrastructural states like Punjab and Tamilnadu.
- Many other crops than wheat are also introduced during this plan. In the second phase of green revolution, the HYV seeds were given to several other states.
- The HYV seeds require proper irrigation facilities. It needs alternative amounts of water supply for its growth. This plan has developed the inland irrigation system around the farms in India.
- The new strategy emphasized mainly on food grains like rice and wheat. Other commercial crops like cotton, jute, oilseeds, etc are not included in this plan.
- Increase in use of fertilizers and its availability would relatively increase the productivity of the farms.
- In order to prevent loss or damage to the crops the plan used pesticides and insecticides.

- This plan widely helped for the promotion of commercial farming in the country. There was introduction of new technology and machineries like tractors, harvesters, drills, etc in the field of agriculture.

Impact of the green revolution

- ***Increase in Agricultural Production*** – there was a remarkable increase in the agricultural production due to green revolution. The largest beneficiary of the plan was wheat grain as its production increased to 55 million tones in the year 1990. Where it was only 11 million tones during the year 1960.
- ***Increase in per Acre Yield*** **–** Green revolution also done a great job in increasing yield per hectare. In wheat production, the yield per hectare was increased from 850 kg per hectare to 2281 kg per hectare by the year 1990.
- ***Less Dependence on Imports:*** India had finally reached the stage of self-sufficiency due to green revolution. Now there was enough production to meet the needs of the growing population. We can also able to stock grains to meet emergency situations. Hence, we need not import food grains from other countries rather we were able to start exporting its agricultural produce.
- ***Employment:*** There was a fear that commercial farming leads to unemployment due to replacement of machines by labour. But there was raise in rural employment due to supporting industries. The processes like irrigation, transportation, food processing, marketing all created new jobs for the workforce.
- ***Benefit to the Farmers*** **–** Due to green revolution, there was increase in income of the farmers. The subsistence farming were totally eliminated and now they are adopting commercial farming because of raise in income level.

CRITICISM / SHORTCOMINGS / FAILURE OF GREEN REVOLUTION IN INDIA

Though green revolution has created greatest impact in agricultural production there were some criticisms like it has not very successful in India, it had benefited only to rich land lords. It creates regional inequalities and so on. It has been criticized on the following grounds:

1. **Increase in Unemployment** – The agricultural programmes and mechanization leads to unemployment in rural areas. This plan was inappropriate for countries like India, where there is unemployment is a serious problem.
2. **More Dependence on Fertilizers** – Green revolution emphasized greatly on the usage of fertilizers rather than irrigation. Fertilizers have no use in the absence of irrigation. Due to over use of fertilizers, the fertility of the soil has decreased in some areas.
3. **Economic Inequalities** – The green revolution resulted in creating inequality among the farmers. Because, the benefits of green revolution has been received by the prosperous farmers and the poor farmers could not able to adopt the equipments used in this policy. This enhanced economic inequalities among farmers.
4. **Regional Inequalities** –This strategy resulted in regional disparities as the implementation of resources was aimed in naturally favoured areas. Hence, some areas with natural endowments got benefited. This created regional inequalities where the prosperous areas became more prosper and the backward areas became more backward.
5. **Lop sided development** – Green revolution resulted in lop sided development as it was successful in producing only few crops like rice, wheat, maize, bajra, and jowar and neglected other crops like cotton, sugarcane, oilseeds, etc.
6. **Storage difficulties** – The extensive progress in agriculture gives rise to the problem of storage. The storage capacity of our country at present is estimated at 2.5 crore tones which is insufficient with regard to increasing production.
7. **Difficulties in the Use of Modern Techniques** – The modern techniques used in green revolution cannot be implemented by small farmers who owe small lands. The modern equipments are designed to adopt by the big land lords. Hence, the small and marginal farmers could not benefit by green revolution.

SUGGESTIVE MEASURES FOR SUCCESSFUL GREEN REVOLUTION

There are some suggestive measures which are to be adopted in agriculture for successful implementation of green revolution.

1. Provision of credit facilities at lower interest rates to the small and marginal farmers.
2. The small farmers should also be getting the benefits of modern technology.
3. Activation of land development programmes should be taken effectively.
4. Effective implementation of marketing system in agriculture would yield good results.
5. Small-scale and cottage industries must be developed rapidly to generate employment opportunities where the machines replaced the labour due to this strategy.
6. Preference should be given for labour intensive technique programmes.
7. The high yielding seeds and improved seeds should be developed to increase production.
8. Crop insurance should be started on a large scale for farmers.
9. Other basic services like education, research and expansion services should be provided to the villagers.
10. Expansion of irrigation facilities for the successful implementation of the programme.

ORGANIC FARMING IN INDIA

Introduction

The system of organic farming is not a new concept and it has been in practice since ancient times in India. The primary objective of organic farming is to help soil stay in good health through the use of biological wastes, organic wastes and bio-fertilizers. Using organic manures help in sustainable crop production along with a pollution-free environment. It is also can be called as ‘green farming’.

Organic farming in India was started to respond to the environmental suffering caused by chemical pesticides and synthetic fertilizers. It is an agricultural process, uses pest control derived from organic manure and animal or plant waste. This system uses ecologically based pest controls and biological fertilizers derived largely from animal and plant wastes and nitrogen-fixing cover crops. Modern organic farming was

developed as a response to the environmental harm caused by the use of chemical pesticides and synthetic fertilizers in conventional agriculture, and it has numerous ecological benefits.

Definition of organic farming

Organic farming can be defined as a system of management and agricultural production that combines a high level of biodiversity with environmental practices that preserve natural resources and has rigorous standards for animal welfare.

The term organic farming can apply to the following categories of products:

- Unprocessed products like vegetables, cereals, fruits, cotton, flowers, animals, eggs or milk
- Processed products for human consumption viz., cheese, bread or instantaneous meals;
- Food for animals like organic soy cakes;
- Materials for vegetative reproduction and seeds.

Principles of Organic Farming in India

Organic agriculture in India grows and develops with four principles. These principles can contribute to improving organic agriculture for the world.

a) Principles of Health - This principle is related to the health of the ecosystem, people, and communities.

b) The Principles of Ecology – This principle maintains a right balance between ecosystem and environment or nature

c) Principles of Fairness – This one aims at maintaining good human relationships and quality of life.

d) Principles of Care – The considerations about the environment and environment of the future.

Types of Organic Farming

Organic farming comprises of two types viz., pure organic farming and integrated organic farming.

(a) **Pure organic farming** – In this type of farming, they avoid every unnatural chemical. The fertilizer and pesticides are obtained from natural sources in the process of pure farming. It is called a pure form of organic farming.

(b) **Integrated organic farming** – Integrated organic farming consists of integrated nutrients management and integrated pest management.

Techniques of Organic farming

In India, the farmers are using some techniques in the process of organic farming which has been discussed below:

1. Soil Management

Soil management is the primary technique of organic farming in India. The soil loses its nutrients after cultivation, and its fertilizer goes down. The process in which soil is recharging with all the necessary nutrients called soil management. Organic farming uses natural bacteria which are available in animal waste to increase the fertility and productivity of the soil.

2. Weed Management

The main aim of organic farming is to remove the weeds. Weeds are the unwanted plant, growing along with the crop. Weeds sticking with nutrients of the soil affected the production of the crops. The farmers were using two techniques to remove weed. They were (a) Removing – In this process they remove or cut the weed (b) Mulching – In this technique, the farmers use a plastic film or plant to residue on the soil surface to block the weed's growth.

3. Crop Diversity

This method is also known as multiple cropping where different crops can cultivate together to meet the growing demand for crops.

4. Chemical Management in Farming

Agricultural farms contain useful and harmful organisms that affect farms. To save crops and soil, the growth of organisms needs to be controlled. In this process, natural or fewer chemicals, herbicides, and pesticides used to protect soil and crops. Proper maintenance is required throughout the area to control other organisms.

5. Biological Pest Control

Under this method, the farmers use living organisms to control pests with or without the use of chemicals.

Features of organic farming in India

Some of the salient features of organic farming include the following:

- Organic farming protects the soil fertility.
- It helps in maintaining the level of organic matter
- It encourages biological activity in soils
- Helps in providing nutrients through the microbial action
- It uses legumes to fulfill the nitrogen requirements of the soil.
- Recycling organic matter like crop residues and manures
- Managing diseases, pests and weeds through the use of techniques like natural predators, organic manure, crop rotation, maintaining diversity, growing resistant varieties, etc.
- Effective livestock management by paying special attention to their nutrient requirements, housing, breeding, rearing, etc.

Concept of organic farming

The concept of organic farming in India aims at keeping the soil alive, maintaining its good health, cultivating the land and then raising the crops. This must be done to maintain a pollution-free environment and in an ecological manner. Organic farming is a very native concept to India. It is based on the following principles:

- Soil is a living entity of organic farming.
- Nature plays a vital role in this farming as it does not use any external nutrients or additional water.
- Organic farming is based on understanding the ways of nature. It does not mine the soil of its nutrients nor does it degrade the soil for fulfilling the needs of the common man.
- The living population of the soil is protected and nurtures. The natural micro-organisms in soil are not harmed in any way.

- The focus in organic farming is the soil and so the health of the soil and its structure is maintained.

Emergence of organic agriculture in India

In India, organic agriculture is being increasingly adopted by farmers. They can be divided into 3 different categories:

- **Category 1** – In this category, the farmers who lives in a no-input zone, organic farming is the only way of life. They have been practicing them since ages and it is a traditional way of doing agriculture.
- **Category 2** – due to the ill-effects of conventional agricultural practices and owing to the misuse of fertilizers, some farmers have adopted organic farming in the recent years fall under this category.
- **Category 3** - This category includes farmers who have systematically adopted organic agriculture to capture the market commercially.

Most of Indian farmers fall under the first category but they are not certified farmers. Certified farmers are in the third category and the certified and non-certified farmers are included in the second category.

Advantages Organic Farming

- Organic foods are free of harmful pesticides, antibiotics, and additives.
- They have less of any environmental impacts than conventional farming
- Farmers can reduce their production costs since they need not have to spend a lot of money on chemicals and fertilizers.
- They improve plant growth and physiological activities of plants.
- In the long term, organic farms save energy and protect the environment.
- More animals and plant can live in the same place in a natural way which increases biodiversity.
- Organic farming practices help to reduce water pollution.
- Food tastes better and is poison-free.
- The nutritional value is higher in organic foods.

Disadvantages of Organic Farming

- Organic foods are more expensive because farmers do not get much out of their farms as much as conventional farmers.

- Marketing and distribution are not efficient because organic foods are prepared in a smaller amount.
- Organic foods have shorter shelves life because they are not treated with waxes or preservatives.
- Organic Farming cannot produce enough food that the world's population needs to survive.
- There are no subsidies offered for most organic farmers.

Problems of Organic Farming in India

- **Lack of Awareness**

  The most important constraint felt in the progress of organic farming is the inability of the government policy making level to take a firm decision to promote organic agriculture. Most of the farmers in India have only vague ideas about organic farming and its advantages against the conventional farming methods.

- **Marketing Problems**

  Marketability of the organic crops is difficult over the conventional produce. Before production of the crops, marketability of the crops has to be assured. Inability to obtain a premium price, at least during the period required to achieve the productivity levels of the conventional crop will be a setback.

- **Inadequate Supporting Infrastructure**

  There are only four agencies for accreditation and their expertise is limited to fruits and vegetables, tea, coffee and spices. The certifying agencies are inadequate.

- **High Input Costs**

  The small and marginal farmers in India have practicing the organic farming in the form of traditional farming system. They use own farm renewable resources and carry on the agricultural practices in an ecologically friendly environment. Now the costs of the organic inputs are higher than those of industrially produced chemical fertilizers and pesticides including other inputs used in the conventional farming system.

- **Marketing Problems of Organic Inputs**

  Bio-fertilizers and bio-pesticides are yet to become popular in India. There is a lack of marketing and distribution network for them because the retailers are not interested to deal in these products, as the demand is low.

- **Shortage of bio mass**

  Many experts and well informed farmers are not sure that all the nutrients with the required quantities can be made available by the organic materials. They are of the view that the available organic matter is not simply enough to meet the requirements.

Poverty **3.25**

4

INDUSTRIES

INTRODUCTION

Country like India with vast manpower and varied resources, industrialization plays a major role for the development of the economy. Industrialization is a process of manufacturing consumer goods as well as capital goods and building up of infrastructure in order to provide goods and services to the country as a whole.

Social and economic changes occur due to industrialization because of transforming an agrarian society into an industrial society. It replaces human labour by machines for its mass production.

Meaning of industrialization

Industrialization is a transformation away from an agricultural or resource-based economy, towards an economy based on mass manufacturing. Industrialization is usually associated with increases in total income and living standards in a society.

Role of Industrialization in the economic development of India

Industrialization led to a process of change in the technology which has used by the enterprises for the production of goods and services. It plays a vital role for the economic development of the nation. Some of the role played by industrialization has been discussed below:

Substantial increase in income – The industrial development could offer a wide scope for rapid economic growth and income. The efforts of human along with improved technology would give rich dividends by large scale production. The industrially developed countries of the world have very high per capita income whereas in less developed countries it is low.

Infra structural growth – Industrialization resulted in expansion of infrastructural facilities like banking, insurance, transportation, etc.

Growth of science and technology – Industrialization requires updated technology for its development. Hence, it provides a way for growing science and technology in India.

Utilization of resources – Industrialization helps in optimum utilization of scarce resources. The country's National Income increases due to increase in number of industries and increasing production.

Employment opportunities – Industrialization generates number of employment opportunities to many by increasing its production and its expansion.

Effects of industrialization

Industrialization leads to three important effects. They were:

(i) Internal structural changes

(ii) Changes in pattern of foreign trade

(iii) Social consequences

- **Internal structural changes:** the relative growth of non-agricultural population which has characterized industrialization brings with it many significant economic, social, psychological and political changes. It increased the number of wage earners.
- **Changes in pattern of foreign trade:** in the absence of restrictive commercial policies, the structure of foreign trade will change. Imports of manufactured and consumer articles will considerably reduced and the pattern of imports will be mainly capital goods for industrialization.
- **Social consequences:** the actual process of industrialization involves fundamental changes in the type of living and standard of living. These call forth suitable social adjustments.

LARGE-SCALE INDUSTRIES IN INDIA AND THEIR PROBLEMS

A humble beginning of industries was made in India in the 18th century with the help of foreign capital. The Indian capitalists were participated in the development of industries only during the middle of the 19th century. But the industries did not developed due to the absence of poor planning, shyness of Indian capital, lack of technology, etc. Most of the industries were concentrated on certain regions only and

the industries which are developed like cotton, sugar and jute industries also faced many problems. In this chapter, we shall see some important large scale industries in India and their problems.

COTTON TEXTILE INDUSTRY IN INDIA

The cotton textile industry is the largest single industry in India and it places second in the cloth production among the countries of the world. The investment made initially was 3000 crores and there were 2024 mills in India which provided direct employment to nearly 20 million workers. And also provides indirect employment opportunities to above 3 million people in the form of cotton growers, processors, handloom and power loom weavers, cloth dealers and shop keepers. India held world monopoly in manufacturing cotton textiles for about 3,000 years. In the middle ages, Indian cotton textile products were in great demand in the Eastern and European markets.

The first cotton mill was established at Fort Glaster near Kolkata in the year 1818 with English capital. But this mill could not survive in the market and closed down. The first successful cotton textile mill was established in Mumbai in the year 1854 with parsi capital. The Shahpur mill in 1861 and Calico mill in 1863 at Ahmedabad places other landmarks in the development of Indian cotton textile industry. The real expansion of this industry took place during 1870's and it continued its progress till the outbreak of the first world war in 1914. The World War I, the Swadeshi Movement and the grant of fiscal protection leads the industry to grow at a rapid speed. There was enormous demand for cloth during World War II also led to further progress of the industry.

But in 1947, the industry had suffered a serious setback due to the partition of India and Pakistan. Due to this partition, the long staple of cotton growing areas was gone to Pakistan. At this stage, India faced severe crisis in obtaining raw cotton. This industry also face problems like stiff competition from the modern mill industry of Britain which provided cheap and better goods as a result of industrial revolution in that country. The British textile industry enjoyed political advantage during that time in India.

Production of cotton

The cotton cloth is being produced in three different sectors. They were: (i) Mill sector (ii) power – loom sector and (iii) Hand loom sector.

Mill sector – In the initial stages, this sector played a major role in the cotton textile industry. But due to the growth of power loom and hand loom the importance of mill sector was reduced drastically and the share of mill sector towards cloth production declined from 80.69% in 1950-51 to 5.37% in 2003-04.

Power loom sector – This sector plays a pivotal role in the production of cloth and generates more employment opportunities in the country. It provides millions of job opportunities to the people by significant contribution of cloth production. This industry produced variety of cloth with intricate designs and it accounts for nearly 63% of the total cloth production of the country. It also contributes more towards export earnings in the country.

Handloom sector – In this sector, nearly 65 lakh persons were engaged in weaving and allied activities. It contributes 14% of the total cloth production in the country and also contributes towards export earnings substantially.

PROBLEMS OF COTTON TEXTILE INDUSTRY

Though cotton textile is one of the most important industries of India, the industry is obsessed with many problems. Two main factors which have wrecked die industry are Government's textile policy and the growth of the power loom sector. Due to this reason, many cotton mills became inefficient and uneconomic and they became sick and many were closed down. By 1992 nearly 130 cotton mills were closed down. Following are some of the problems faced by the industry.

1. **Scarcity of Raw Cotton:** Due to the partition of India and Pakistan, the Indian cotton textile industry suffered a lot as most of the long staple cotton growing areas went to Pakistan. Hence, more staple cotton requirements have met by imports only.
2. **Obsolete Machinery:** The textile mills are using old and obsolete machinery which resulted in low productivity and inferior quality. In India, nearly 60-75% machineries were 25 to 30 years old whereas in the developed countries, the textile machinery installed even 10-15 years ago has become outdated and obsolete.

3. **Erratic Power Supply:** The cotton textile mills suffer from erratic and inadequate power supply which adversely affects the production.
4. **Low Productivity of Labour:** The productivity of labour in India is extremely low as compared to the advanced countries. On an average a worker in India handles about 2 looms as compared to 30 looms in Japan and 60 looms in the USA. If the productivity of an American worker is taken as 100, the corresponding figure is 51 for U.K. 33 for Japan and only 13 for India.
5. **Stiff Competition:** Indian cotton mill industry has to face stiff competition from power loom and handloom sectors, synthetic fibres and from other products imported from other countries. They also face stiff competition in foreign markets from Taiwan, South Korea and Japan whose goods are cheaper and better in quality.
6. **Sick Mills:** In India, about 177 mills have been declared as sick mills. The National Textile Corporation set up in 1975 has been striving hard to avoid sick mills and has taken over the administration of 125 sick mills. Even then 483 mills have already been closed.
7. **Exports:** India is a major exporter of cotton textiles. Cotton yarn, cloth and readymade garments form important items of Indian exports. Indian garments are well known throughout the world for their quality and design and are readily accepted in the world of fashion.
8. **Competition from the decentralized sector:** Growth of decentralized sector is another factor responsible for the growing sickness of the mill sector. Being a small-scale sector, the Government allowed excise concessions and other privileges. These accompanied with low wages have led to low cost of production in the decentralized sector. This resulted the share of mill sector is decreasing while there is increasing share in decentralized sector.
9. **Government controls and heavy excise duties:** The cotton textile industry has greatly suffered due to wrong and faulty policies of the Government. In the past the Government has sought control of price, distribution of yarn, pattern of production, etc. The price of the cloth was fixed by the Government below the

cost of production. Similarly, under the yarn distribution scheme of 1972, the Government made it obligatory on all mills to supply 50% of the production of yarn to the decentralised sector at reduced rates.

10. **Problem of controlled cloth**: Another problem of the mill sector is related to the production of controlled cloths wherein mills are incurring huge loss.

PRESENT POSITION OF COTTON TEXTILE INDUSTRY

There has been a phenomenal growth of cotton industry during the last four decades. About 15 million workers were engaged in this industry. At present, there are 1,719 textile mills in the country. Out of 1,719 mills, 188 mills are in public sector, 147 under cooperative sector and 1,384 mills were in the private sector. Among these three-fourth of the mills were spinning mills and one-fourth were composite mills.

Location Factors

Availability of raw cotton, market, transportation, etc plays a vital role in the localization of the cotton industry. Nearly 80% of the industry is coterminous with the cotton growing tracts of the country.

Most important centres like Ahmedabad, Solapur, Nagpur, Mumbai, Coimbatore and Indore are located in the areas of large scale cotton cultivation. Maharashtra and Gujarat have contributed a good deal in the localization and growth of cotton textile industry. Though, the cotton textile mills are located in 80 towns and cities of India, its major concentration is found largely in Maharashtra, Gujarat, West Bengal and Uttar Pradesh.

Iron and Steel Industry

The Iron ages in India has been placed as early as 1500 B.C. Iron smelting was done in little Charcoal furnaces “scattered all over the country” and the steel thus produced “anticipated by many centuries the finest qualities of the modern European product.”

India possesses some of the world’s largest reserves of iron ore, mainly hematite and magnetite with iron content ranging from 65% to 70% respectively. The iron ores of India places second largest in the world as it assessed one-fourth of the total world reserves with high grade of 22,000 million tones. Iron and Steel industry forms the base of all industrial activity. Wagon industry, engineering industry and other transport

equipment industries are directly dependant on iron and steel industry. Manufacturing agricultural tools, tractors, and tube wells also depends on iron and steel industry.

The steel industry is also called as 'Mother Industry' as the production of steel has a multiplier effect on the development of all other industries. Steel industry provides direct employment to thousands of workers. According to the Ministry of Labour and Employment, the industry provides livelihood for about 128.8 thousand people in private sector and 107.1 thousand people in the public sector, besides thousands of workers in ancillary industries.

The Tata Iron and Steel Company

Tata Iron and Steel plant was in full production in the year 1916. The factory manufactured Pig Iron in 1911 and steel in early 1912.The Railway lines, beams, angles, channels, etc., were manufactures in large quantities and exported to other countries like Egypt, Mesopotamia, Japan, U.K and U.S.A. They were purchasing pig iron particularly from TISCO. Jamshedji Tata, showed the determination which was to be eventually crowned with success. The company was also greatly helped in its early days by the Railway Board's offer to purchase annually, for a period of ten years, 20,000 tons of steel rails.

The military requirements of the government have greatly increased during the World War I while the lack of transport facilities almost completely stopped foreign supplies. Hence, the industry made rapid strides and production expanded.

Problems of the Iron and Steel Industry

A major problem in the industry was the utilization of the installed capacity. While the installed capacity expanded over four times during the year 1955-56 to1960-61, the actual production was only a shade more than double of that in 1955-56.

Certain other problems like Labour troubles and bad management certainly were responsible for the problem of industry. Another problem was that of high costs. The rapid expansion of the industry necessarily led to much inferior raw-materials being used. Besides, labour productivity was low partly on account of the excessively large numbers which the mills carried on their rolls and partly because of its inefficient use. Some of the major problems faced by Indian iron and steel industry are discussed below:

1. ***Huge capital***

The Iron and steel industry requires large capital investment which a developing country like India cannot afford. Most of the public sector integrated steel plants have been established with the help of foreign capital.

2. ***Lack of Technology***

During the mid 1960's and 1970s, the Indian steel industry was characterised by a high degree of technological efficiency which was mainly from abroad. But, after the oil crisis, steep hike in energy costs and escalation of costs of other inputs reduced the profit margin of the steel plants. This has resulted in lower investment in the development of technology.

3. ***Low Productivity of labour***

The per capita labour productivity in India is at 90-100 tonnes which is one of the lowest in the world. The labour productivity in Japan, Korea and some other major steel producing countries is about 600-700 tonnes per man per year.

4. ***Inefficiency of public sector***

Most of the public sector units are plagued by inefficiency caused by heavy investment on social overheads, poor labour relations, inefficient management, underutilisation of capacity, etc. This had resulted in heavy losses and hinders the proper functioning of steel plants.

5. ***Low utilization potential***

The utilization potentiality in iron and steel is very low in India. Rarely it exceed 80% utilisation. For example, Durgapur steel plant utilises only 50% of its potential. This is caused by several factors, like strikes, lockouts, scarcity of raw materials, energy crisis, inefficient administration, etc.

6. ***Heavy demand***

There was growing demand for iron and steel with each passing day and large quantities of iron and steel are to be imported for meeting the demands. Production has to be increased to save precious foreign exchange.

7. Shortage of metallurgical coal

The coal reserves, especially high grade cooking coal for smelting iron are limited though India has huge deposits of high grade iron ore. Many steel plants are forced to import metallurgical coal. India's supply of high grade coal for making coke for the smelting of iron is extremely low. In addition to this, Indian cooking coal has a high ash content because of the sedimentary nature of the origin. It has been estimated that, every 1% increase in ash content of coal brings down the production of blast furnaces by 3%.

8. Inferior quality of products

Lack of modern technological and capital inputs and weak infrastructural facilities leads to a process of steel making which is more time consuming, expensive and yields inferior variety of goods. Such a situation forces the country to import better quality steel from foreign countries. Thus, there is an urgent need to improve the situation and take the country out of desperate position.

9. Problem of administered pricing

The system of administered pricing is followed by the government and controlled the distribution of steel among consumers. Due to heavy demand for various items of steel materials, price control and distribution had led to black-marketing and acute shortage of steel. These prices were fixed by the government through a Joint Committee in which the producers have little way.

10. Sickness of mini-steel plants

The 'Report on Currency and Finance' reveals that the mini-steel plants are faced with sickness like short supply of inputs and sharp

Increase in prices of inputs like electrodes and scrap, inadequate power supply, constraint of working capital and poor management.

JUTE INDUSTRY

Jute is popularly known as the 'golden fibre' and it occupies an important place in the economy of India. It is one of the biggest earners of foreign exchange. The Jute Mill was first established at Rishra near Serampur, Bengal in the year 1859. The

progress of this industry was initially low but within a short period of 30 years, it has developed into a huge industry. The first World War offered the industry a stimulus and considerable quantities of sand bags, tarpaulins, tent cloth, wagon covers, etc., were sent to all theatres of war.

There are more than 73 jute mills at present with 44,990 looms. This industry provides employment to nearly 2.5 lakh workers directly and exports more than 75% of the production and about 40 lakhs families are engaged in jute cultivation. The industry was located in five states like West Bengal, Andhra Pradesh, Bihar, Uttar Pradesh and Madhya Pradesh.

Problems of the Jute Industry

The major problem of this industry was that of foreign competition. The most powerful competitor was Pakistan which had the advantage, being a late comer, of installing more productive modern machines as against India's old factories crying for modernisation.

Due to the partition of India and Pakistan, major portion of the jute producing area had went to Pakistan and hence, the Pakistan industry assured of ample supply of lower-priced and better quality raw-fibre, enjoying a substantial export subsidy and operating through Bonus vouchers, was able to increase her share in the world jute exports from 7% in the fifties to nearly 30% towards the end of the Third Plan Period.

The industry sustains its competitiveness due to continuous improvement in the quality of the product and diversification of production both against other countries and against the flood of Polymers.

With the help of the National Industrial Development Corporation, the industry initiates some programmes of modernisation such as the introduction of the electrically driven looms. But the process was far from satisfactory and only the spinning section had been modernized.

The Jute Enquiry Commission also complained that the industry produced only certain types of goods in certain markets and stressed the need for more positive efforts to diversify the pattern of production. India did not make much progress in this field.

A self-sufficiency drive was launched under which the area under jute cultivation was extended but the results were not satisfactory. Much of the raw-jute produced was **"grown on marginal lands and was of poor quality."**

Some of the major problems of this industry is discussed below

- Problem of Partition - Due to the Partition in 1947, the major good jute-producing areas went to East Pakistan (now called Bangladesh) which received 82% of the good quality jute growing tract. This resulted in acute shortage of raw jute in India and this made the country to close down some of the mills. India tried to import jute from neighbouring countries.
- But due to hostile political relationship between India and Pakistan this effort could not materialize. Government then tried to use Mesta as substitute of jute. Deliberate attempts were made to increase the jute- growing areas. Incentives were declared for the growth of jute instead of food-grain. This period has witnessed a clash between jute and rice cultivation.
- Stiff Competition – India faced stiff competition from Bangladesh, Sri Lanka, Thailand and China. The net value of export is increasing day by day but India's percentage share in world production is gradually decreasing.
- Low Yield Per Acre - India produces very low quantity of jute per unit of land. Among the other producing countries, the production of India is one of the lowest in the world. In Bangladesh the average yield per hectare is 1.62 tonnes while it is only 1.3 tonnes per hectare in India.
- Low Productivity - Due to obsolete machinery, the output per worker is not satisfactory. Compared to other countries of the world, Indian productivity per worker is one-third.
- Problem of Substitute Materials - Heavy dependence on erratic Indian jute supply forced the other countries to evolve substitutes of jute to check the Indian monopoly over jute goods. Some of them are using substitute products of jute as raw material e.g. Manila hemp and Kenaf fibres. Besides these, several attempts were made to use polyester fibres as substitute of jute. Paper and polyester bags are replacing cotton gunny bags very rapidly.

- Modernization Problem - Most of the jute mills were established above 100 or 150 years back. Hence, most of the mills are having backdated and obsolete machinery. Output of these machineries is very low compared to the modern sophisticated machines. This had led to gradual decline in the production capacity of the machines. The labour requirements in these machines are very high. In modern age, due to stiff competition, this large labour force is increasing the cost of production.
- Government Protection - Since Independence, jute owners made several attempts to get different government subsidies. To overcome the hurdles, in 1989 the government also provided some package measures for modernization programme.

Applications were received from 36 mills, where 14 were found worthy. These mills got a sanction of Rs. 54.89 crores. Out of this amount, Rs. 43.29 crores was sanctioned for modernization and 6.19 crores for rehabilitation of the workers. A number of units were declared sick and a few others were nationalized.

STEPS TAKEN BY THE GOVERNMENT OF INDIA TO REVAMP THE INDUSTRY

1. Many schemes have been introduced by the government for the diversification in the industry so that structural changes in product range may occur. Jute handlooms, handicrafts etc. were given priority.
2. The Government has introduced a circular for compulsory use in packing commodities.
3. The Government had also launched Jute Modernization Fund scheme and Jute Development Fund scheme to revive the industry.
4. A national centre for jute diversification has also been set up.
5. Modification of multi-fibre industry to use jute goods in other industry too.
6. The government of India and United Nations Development Programme (UNDP) together launched a set of programmes to monitor the production of jute, diversification and export promotion.

Sugar Industry

The Sugar industry in India is one of the best agro-based industry and it occupies a pre-eminent position in the economy. It is the biggest industry employing about 3 lakh skilled and unskilled workers and 50,000 technicians. It also provides employment

opportunity to about 25 million cultivators. Thousands of people engaged in sugar trading, transporting sugar and cane and also other by products like alcohol, plastics, paper, synthetic rubber, fibre board, etc. this industry begun to export sugar in recent years and thereby earning valuable foreign exchange. India is the world's largest producer of sugarcane and second largest producer of sugar after Cuba.

Growth and Development of the industry:

India has a long tradition of manufacturing sugar. Sugar making by Indians are found even in the Atharva Veda. In ancient times, in India only gur and khandsari were made and the sugar industry came into existence only in the middle of the 19th century, when it was introduced by the Dutch in North Bihar in the year 1840.

Unfortunately, this attempt could not succeed. The first successful attempt was made by the indigo planters at the initiative of Britishers in 1903 when Vacuum pan mills were started at Pursa, Pratabpur, Barachakia and Marhowrah and Rose in north-eastern U.P. and the adjoining Bihar.

The industry grew rather sluggishly during early years of the 20th century, and there were only 18 mills in 1920-21 and 29 mills in 1930-31. The industry got a great fillip after the fiscal protection in 1931 and the number of mills rose to 137 in 1936-37. The production also shot up from 1.58 lakh tonnes to 9.19 lakh tonnes during the same period.

After the World War II the industry passed through an uncertain phase and some stability was experienced only after 1950-51. There were 139 mills producing 11.34 lakh tonnes of sugar in 1950-51. The planning period made the industry to develop more rapid strides. In the year 1994-95, there were 420 mills producing 148 lakh tonnes of sugar.

PROBLEMS OF SUGAR INDUSTRY

The Sugar industry in India is plagued with several serious and complicated problems which require immediate attention and rational solutions. Some of the burning problems are briefly described as under:

- Low Yield of Sugarcane – Though, India has the largest area under sugarcane cultivation, the yield per hectare is extremely low as compared to other major sugarcane producing countries of the world. For example, India's yield is only 64.5 tonnes/hectare as compared to 90 tonnes in Java and 121 tonnes in Hawaii.

This had resulted in lower in overall production and short supply of sugarcane to sugar mills.

- Short crushing season – Sugar Manufacturing is a seasonal factor with a short crushing season varying normally from 4 to 7 months in a year. The mills and its workers remain idle during the remaining period of the year, thus creating financial problems for the industry as a whole.
- High cost of Production – The cost of production increases due to increasing cost of sugarcane, inefficient technology, uneconomic process of production and heavy excise duties. The cost of manufacturing sugarcane in India is one of the highest in the world.
- The problem of by-products – The by-products of sugar industry are 'bagasse' and 'molasses' which have not been properly utilized. The bagasse can be used for manufacturing paper pulp, insulating board, plastic, carbon cortex etc., and Molasses can be used for the manufacture of power alcohol. It is also useful in manufacturing DDT, acetate rayon, polythene, synthetic rubber, plastics, toilet preparations, etc.
- Old and obsolete machinery - Most of the machineries used in Indian sugar mills, were old and obsolete, being 50-60 years old and needs rehabilitation. But the low margin of profit would not be conducive for the mill owners to replace the old machinery by the new one.
- Competition from Gur and Khandsari units – Before the advent of sugar industry the Khandsari and gur have been manufactured in rural India. As khandsari industry is free from excise duty, it can offer higher prices of cane to the cane growers. Hence, cane growers themselves use cane for manufacturing gur and save labour cost which is not possible in sugar industry. It is estimated that about 60% of the cane grown in India is used for making khandsari and gur and the organised sugar industry is deprived of sufficient supply of this basic raw material.
- Regional imbalances in distribution – Half of the sugar mills are located in Maharashtra and Uttar Pradesh and about 60% of the production comes from these two states. On the other hand, there are several states in the north-east,

Jammu and Kashmir and Orissa where there is no appreciable growth of this industry. This leads to regional imbalances which have their own implications.

- Low per capita consumption - The per capita annual consumption of sugar in India is only 16.3 kg as against 48.8 kg in USA, 53.6 kg in U.K., 57.1 kg in Australia and 78.2 kg in Cuba. This resulted in low market demand and creates problems of sale of sugar.

CEMENT INDUSTRY

India is the second largest producer of cement in the world. It is the key factor in the economic development of India. India's cement industry is a vital part of its economy, providing employment to more than a million people, directly or indirectly. The Indian cement industry has attracted huge investments, both from Indian as well as foreign investors. India has a lot of potential for development in the infrastructure and construction sector and the cement sector is expected to largely benefit from it. Some of the recent major initiatives such as development of 98 smart cities are expected to provide a major boost to the sector.

The industry was established in the year 1914, when the Indian Cement Company Limited manufactured cement at Porbunder, Gujarat. India has recorded continuous growth and now it stands as the seventh largest cement producer in the world. At present, there were 20 large cement units, 140 mini-cement plants with an installed capacity of 140 million tonnes. It provides employment opportunities to over 2 lakh persons.

Problems of Cement Industry

- Heavy burden tariff – The industry is facing a problem of heavy burden of tariffs like high excise duties, sales tax, royalties on limestone, coal, etc. The burden of tax on cement industry amounted to 35% of the retail price of the cement and 47% of ex-factory price, excluding excise duty, sales tax and freight.
- Low utilization capacity – The industry is not working to the fullest capacity utilization. Hence, there is short-fall in production, while the demand for cement is growing at a rate of 9 to 10% per year. This low capacity utilization is due to

acute shortage of cement producing states, frequent power cuts, shortage of coal, limited availability of furnace oil and so on.

- Cost escalation and rigid prices – The cost of production of cement is escalating year after year, but the price of cement remains rigid. It was estimated that in the case of levy cement, only 37% of the levy price went to the manufacturers and the remaining 63% was mopped up by the government in the form of excise duty, sales tax, railway freight, etc.
- Increasing investment costs and declining profits – It has been estimated that during 6th five year plan, the investment cost per tonne of installed capacity of a million tonne per annum cement plant was Rs.650 and during 7th plan, iot was 1,500 per tonne. Investment costs have more than doubled while the profits are declining.
- Cement technology – The technology adopted by Indian cement industries were obsolete, resulting in wastage of coal and electricity. In financial terms, it works out to nearly Rs.200 crores per year.

SMALL SCALE AND COTTAGE INDUSTRIES IN INDIA

During the time when Europe was inhabited by uncivilized tribes, India was famous for the wealth of her rulers and for her small-scale and cottage industries. Even under the rule of British, there is an ample proof to show the excellence of the products of her small industries. The Indian handicrafts and cottage industries thrived in the past under the patronage of royal families and aristocracies and also due to their association with religious sentiments. But, with the decline of royal families and diminishing religious sentiments, and favours many of the handicrafts and small industries have disappeared from the scene.

Definition of Small Scale and Cottage Industries

Fiscal Commission in 1950 defines, “A cottage industry is one which is carried on wholly or primarily with the help of the members of the family, either as a whole or a part-time occupation. A small-scale industry, on the other hand, is one which is operated mainly with hired labour, usually 10 to 50 hands”.

The industrial units are categorized as small-scale, medium scale and large scale units based on the capital resources incurred, their size and the number of labourers engaged upon.

Differences between Small Scale and Cottage Industries

produce goods with mechanized equipments but the cottage industries involve activities mostly by hand and are performed Small scale industries are mostly located in urban places, but the cottage industries are normally associated with agriculture and provide subsidiary employment in rural areas

Small scale industries primarily with the help of household workers.

Role and Performance of Small-Scale and Cottage Industries

- Expansion of Small-Scale Sector and Contribution to Industrial Output: When India becomes independent, the small industries contributed a larger share of National Income. Out of national income generation of Rs.8,500 crores in 1948-49, the share of small industrial units were Rs.870 crores against the share of Rs.610 crores by large industries. The number of small-scale units stood at 23.9 lakh in 1993-94 and increases to 33.7 lakh in 2000-01. This clearly shows that during these time period, the number of industrial units increased by 41%. The output of small-scale units was Rs. 2, 41,648 crore in 1993-94 and this rose to Rs. 4, 50,450 crore in 2000-01. This shows that the output of the small-scale industries increased by as much as 86.4% over the period 1993-94 to 2001-02.
- Employment potential – The small scale industries are labour intensive. The handloom industry alone employs nearly 50 lakh people or nearly as many as employed in all organized industries. The small-scale units employed 129.80 lakh people in 1991-92 and this number has raised to 185.6 lakh people in 2000-01. Creation of employment opportunities in India depends crucially on the development of small-scale and cottage industries.
- Equitable Distribution of National Income - The small-scale and cottage industries ensure more equitable distribution of national income and wealth. This happens because of the following two considerations:

  (a) The ownership of small-scale industries is more widespread than the large-scale industries, and

(b) They possess a much larger employment potential as compared to the large industries.

- Regional Dispersal of Industries - There has been massive concentration of large-scale industries in the states of Maharashtra, West Bengal, Gujarat and Tamil Nadu. As a result, disparity in industrial development has increased. Even within these industrialized states, industries have tended to get concentrated in a few large cities like Mumbai and Chennai.
- Mobilisation of Capital and Entrepreneurial Skill - Small-scale industries has an advantage of mobilisation of capital and entrepreneurial skill. A number of entrepreneurs are spread over small towns and village industries are distributed over the entire length and breadth of the country.
- Less Industrial Disputes - When compared with large-scale units, small industries have less industrial disputes. Small-scale and cottage industries do not face problems of frequent strikes and lock-outs as in the case of large industries. Therefore, there is no loss of output in small-scale and cottage industries. Because, the workers in small scale units are unorganized, they do not resort to strike. Any worker who shows his resentment is immediately thrown out. Therefore, while in a small-scale unit relations between the employer and employees appear to be normal on the surface but in fact they may be not.
- Contribution to Exports - With the establishment of a large number of small-scale industries in the post-independence period, the contribution of the small-scale sector in export earnings has increased by leaps and bounds. Small-scale industries exports bulk of non-traditional items like readymade garments, sports-goods, finished leather, leather products, woollen garments and knitwear, processed foods, chemicals and allied products, and a large number of engineering goods.The total export of the small-scale industrial products increased from Rs. 150 crore during 1971-72 to Rs. 48,979 crore in 1998-99. The share of small-scale sector in manufacturing exports is about 45%.
- Capital light – Small industries incur only a smaller amount of capital than the large scale industries. Small industries are the only effective solution, when there is scarcity of capital and when there is essential for economizing capital.

- Skill light – The large-scale industries require huge degree of skills and managerial talent of engineers, technicians, accountants and managers. But small industries do not require much skills and it provides the training ground for industrial experience.
- Import light – Small industries do not depend upon imported materials as they require only indigenous machines and equipment. Small industries reduce the need for foreign capital or foreign exchange earnings.
- Quick yielding and decentralization – The return in case of small industries is very short and the project would give quick returns. The small industries being distributed throughout the country there will be no regional imbalance as in the case of large industries which are concentrated in some regions.

PROBLEMS OF SMALL SCALE AND COTTAGE INDUSTRIES

The 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 like generation of more employment opportunities with less investment, reducing regional imbalances etc. But these industries are not in a position to play their role effectively due to various constraints like procurement of raw-materials, effective manufacturing techniques, marketing facilities, finance, etc. Some of the major problems are discussed in this chapter.

(1) Problem of Finance

Finance is one of the most important problems confronting small scale industries Finance is the life blood of an organization and no organization can function properly in the absence of adequate funds. The scarcity of capital and inadequate availability of credit facilities are the major causes of this problem. The credit worthiness of the entrepreneurs are very low due to weak economic base. Hence, they are forced to borrow money from money lenders at exorbitant rate of interest and this upsets all their calculations.

(2) Raw Material

Small scale industries are plagued with shortage of raw materials. These units have to face numerous problems like availability of inadequate quantity, poor quality

and even supply of raw material is not on regular basis. All these factors adversely affect the functioning of these units.

(3) Under utilisation capacity

There is under utilization of installed capacity to the extent of 40 to 50% in case of small scale industries. The main reasons for this under-utilization are shortage of raw material problem associated with funds and even availability of power. Small scale units are not fully equipped to overcome all these problems as is the case with the rivals in the large scale sector.

(4) Low level of Technology

Small scale entrepreneurs are not fully exposed to the latest technology. They even lack requisite resources to update or modernize their plant and machinery Due to obsolete methods of production; they are confronted with the problems of less production in inferior quality with higher cost.

(5) Problem of Marketing

The small scale units suffered from problem of marketing. They are not in a position to get first hand information about the market like the competition, taste, likes and dislike of the consumers and prevalent fashion. With the available result they are not in a position to upgrade their products keeping in mind of market requirements. They are producing less of inferior quality at higher costs.

(6) Problem of Infrastructure

Inadequate Infrastructural facilities adversely affect the functioning of small scale units. There is inadequate availability of transportation, communication, power and other facilities in the backward areas. Entrepreneurs are faced with the problem of getting power connections and unscheduled long power cuts. These problems would make the working of various units more difficult.

(7) Poor Project Planning

Another important problem faced by small scale entrepreneurs is poor project planning. The small entrepreneurs do not have much knowledge in technical and

economical and plunge into entrepreneurial activity out of mere enthusiasm and excitement.

They do not bother to about project feasibility analysis covering all these aspects in addition to technical and financial viability of the projects. Due to limited financial resources they cannot afford to avail services of project consultants. This result is poor project planning and execution.

(8) Skilled Manpower

A small scale unit which is located in a remote backward area may not have problem with respect to unskilled workers, but skilled workers are not available there. This is because, the skilled workers may be reluctant to work in these areas, the enterprise may not afford to pay the wages and other facilities demanded by these workers.

(9) Managerial problems

Managerial inadequacies pose another serious problem for small scale units. Modern business requires vision, knowledge, skill, aptitude and whole hearted devotion. Competence of the entrepreneur is vital for the success of any venture. Many small scale units have turned sick due to lack of managerial competence. The small scale entrepreneurs have to encounter numerous problems viz., overdependence on institutional agencies for funds and consultancy services, lack of credit-worthiness, education, training, lower profitability and marketing.

INDUSTRIAL POLICY

Industrial Policy 1948

India began her quest for industrial development after independence. The industrial policy resolution of 1948 marked the beginning of the evolution of Industrial policy.

Features of industrial policy 1948:

(i) The industrial policy resolution of 1948 contemplated a mixed economy reserving a sphere for both public and private sector.

(ii) The industries were divided into four broad categories viz:

a. Defence industries and control of atomic energy - The ownership and management of these industries was the exclusive monopoly of the Central Government.

b. Coal, Iron and steel, ship building, telephone and telegraphs were to be owned by the state.

c. Basic industries - Fertilizers electron chemicals, non- ferrous metals, woolen textiles, minerals etc. were subject to the regulation of Central Government.

d. Other remaining industries were open to the private sector.

Industrial Policy 1956

Significant development took place in India after 1948. The Parliament accepted the socialist pattern of economy. It facilitated the fresh statement of industrial policy.

Provisions of 1956 Policy

Under this policy, there was many provisions given which has been listed below:

i. new classification of industries

Schedule A industries: These industries are exclusive responsibility of the state.

Schedule B: State owned industries, but the private enterprises could supplement the effort of the state.

Schedule C: All the remaining industries which could be owned by private sector.

ii. Fair and non-discriminatory treatment of Private sector.

iii. Encouragement to small scale and cottage industries.

iv. Removing regional disparities.

v. Provision of basic amenities for labour.

Industrial Policy 1977

This new industrial policy was introduced to make radical changes in the existing policy by the Janata Party in the year 1977.

Provisions of 1977 Industrial Policy

The following are some of the provisions laid in the new industrial policy

i. Development of small scale sector. Small scale sector was classified into three categories Viz (a) cottage and household industries (b) Tiny sector with less than 1 lakh investment.(c) small scale sectors with investment upto 10 lakhs.

ii. Setting up of District Industrial Centres in each district to Promote small scale and cottage industries.

iii. Implementation of various programmes to enlarge the areas of operation of Khadi and village industries.

iv. Making special arrangements to apply new technology in order to improve the productivity of the small and village industries.

v. Public funds should be pumped into sick units to develop those industries.

vi. Framing policies which are encouraging worker's participation in management.

INDUSTRIAL POLICY 1980

This policy was announced by Congress party. And the objective of this policy was to strengthen the economic infrastructure.

Features of this new policy

socio-economic objectives

- optimum utilization of installed capacity
- optimum utilization of installed capacity
- maximizing production
- higher production
- employment generation
- removing regional imbalances
- preferential treatment for agro-based industries
- promotion of economic federalism
- Revival of the economy
- effective operational management of the public sector
- promotion of industries in rural areas

The above industrial policies recognized the need for securing foreign capital and enterprise. But in practice there was no encouragement for foreign ownership and control. And these policies could not meet the requirements of liberalized economy and foreign investments. Hence, these factors led to the formation new policy in the year 1991.

NEW INDUSTRIAL POLICY 1991

The new industrial policy of 1991 comes at the center of economic reforms that launched during the early 90's. This Policy has brought comprehensive changes in the economic regulation of the country. The role of public sector has been redefined as the part of the policy. The disinvestment programme was launched under the New Industrial Policy 1991. Private sector has given welcome in major industries that were previously reserved for the public sector. Similarly, foreign investment has also given importance under the policy. But the most important reform measure of the new industrial policy was that it ended the practice of industrial licensing in India. Industrial licensing represented red tapism. The new policy contained policy directions for reforms of Liberalisation, Privatisation and Globalisation. It enlarged the scope of private sector participation and it has given opening to foreign investment and foreign technology. Since 1991, the country's policy on foreign investment is gradually evolving through the introduction of liberalization measures in a phase wise manner.

Another important feature of this new policy was the abolition of the practice of industrial licensing. This policy has limited industrial licensing to less than fifteen sectors. It means that to start an industry, one has to go for license and waiting only in the case of these few selected industries. This has ended the era of license raj or red tapism in the country. The 1991 industrial policy contained the root of the liberalization, privatization and globalization drive made in the country in the later period. The policy has brought changes in the following aspects of industrial regulation.

1. Industrial delicensing
2. Deregulation of the industrial sector
3. Public sector policy

4. Abolition of MRTP Act
5. Foreign investment policy and foreign technology policy.

Objectives of new industrial policy

The New Industrial Policy, 1991 seeks to liberate the industry from the shackles of licensing system and drastically reduce the role of public sector and encourage foreign participation in India's industrial development. The broad objectives of New Industrial Policy are as follows:

i. Liberalizing the industry from the regulatory devices such as licenses and controls.
ii. Enhancing support to the small scale sector.
iii. Increasing competitiveness of industries for the benefit of the common man.
iv. Ensure running of public enterprises on business lines and thus cutting down their losses.
v. Providing more incentives for industrialisation of the backward areas, and
vi. To ensure rapid industrial development in a competitive environment.

The New Industrial Policy has made very significant changes in four main areas viz., industrial licensing role of public sector, foreign investment and technology and the MRTP act. The major provisions of this policy are discussed below.

(1) Abolition of Industrial Licensing

In the earlier industrial policy, the industries were subjected to tight regulation through the licensing system. Though some liberalisation measures were introduced during 1980's that positively affected the growth of industry. Still industrial development remained constrained to a considerable extent.

The new industrial policy abolishes the system of industrial licensing for most of the industries. Under this policy no licenses are required for setting up new industrial units or for substantial expansion in the capacity of the existing units, except for a short list of industries relating to country's security and strategic concerns, hazardous industries and industries causing environmental degradation.

To begin with, 18 industries were placed in this list of industries that require licenses. Through later amendment to the policy, this list was reduced. It now covers only five industries relating to health security and strategic concerns that require compulsory licensing. Thus the industry has been almost completely made free of the licensing provisions and the constraints attached with it.

(2) De-reservation of Industries for Public Sector

The public sector which was conceived as a vehicle for rapid industrial development, largely failed to do the job assigned to it. Most public sector enterprises became symbols of inefficiency and imposed heavy burden on the government through their perpetual losses.

The new industrial policy seeks to limit the role of public sector and encourage private sector's participation over a wider field of industry. The following changes were made in the policy regarding public sector industries:

(i) Reduced reservation for public sector

Out of the 17 industries reserved for the public sector under the 1956 industrial policy, the new policy de-reserved 9 industries and thus limited the scope of public sector to only 8 industries.

Later, a few more industries were de-reserved and now the exclusive area of the public sector remains confined to only 4 industrial sectors which are: (i) defence production, (ii) atomic energy, (iii) railways and (iv) minerals used in generation of atomic energy.

(ii) Efforts to revive loss making enterprise

Those public enterprises which are chronically sick and making persistent losses would be returned to the Board of Industrial and Financial Reconstruction (BIFR) or similar other high level institutions created for this purpose. These institutions will formulate schemes for rehabilitation and revival of such industrial units.

(iii) Disinvestment in selected public sector industrial units

To raise large resources and introduce wider private participation in public sector units, the government would sell a part of its share holding of these industries to

financial services like Mutual Funds, financial institutions, general public and workers.

For this purposes, the Government of India set up a 'Disinvestment Commission' in August 1996 which works out the modalities of disinvestment. On the basis of recommendations of the 'Disinvestment Commission' the government sells the shares of public enterprise.

(iv) Greater autonomy to public enterprises

The New Industrial Policy seeks to give greater autonomy to the public enterprises in their day-to-day working. The trust would be on performance improvement of public enterprises through a mix of greater autonomy and more accountability.

(3) Liberalised Policy Towards Foreign Capital and Technology

The inflow of foreign capital and import of technology was tightly regulated under the earlier Industrial policy. Each proposal of foreign investment was to be cleared by the Government in advance. Wherever foreign investment was allowed, the share of foreign equity was kept very low so that majority of ownership control remains with Indian capitalists.

(4) Changes in the MRTP Act

According to the Monopolies and Restrictive Trade Practices Act (MRTP), 1969, all big companies and large business houses were required to obtain clearance from the MRTP Commission for setting up any new industrial unit, because such companies were allowed to invest only in some selected industries. Thus, besides obtaining a licence they were also required to get MRTP clearance. This was a big impediment for industrial development as the big business firms which had the resources for development could not grow and diversify their activities.

(5) Greater Support to Small-Scale Industries

The New Industrial Policy seeks to provide greater government support to the small-scale industries so that they may grow rapidly under environment of economic efficiency and technological up gradation. It also allows for equity participation by the large industries in the small scale sector not exceeding 24% of their total shareholding.

This has been done with a view to provide small scale sector an access to the capital market and to encourage their upgradation and modernisation the government would also encourage the production of parts and components required by the public sector industries in the small-scale sector.

(6) Other Provisions

Besides the other above mentioned measures, the Industrial Policy 1991 announced some more steps to promote rapid industrial development. It said that the government would set up a special board (which was established as Foreign Investments Promotion Board (FIPB) to negotiate with a number of international companies for direct investment in industries in India.

It also announced the setting up of a fund called National Renewal Fund to provide social security to retrenched workers and provide relief and rehabilitate those workers who have been rendered unemployed due to technological changes.

The New Policy also removed the mandatory convertibility clause under which the Public Sector Financial Institution were asked to convert the loans given by them to private industries.

Evaluation of the New Industrial Policy

The New Industrial Policy 1991 aims to unshackle Indian's industrial economy from the cobwebs of unnecessary bureaucratic control. According to this policy the rate of the government should change from that of only exercising control over industries to that of helping it to grow rapidly by cutting down delays. Removal of entry barriers and bringing about transparency in procedures. This policy therefore also at virtually ending the 'Licence-Permit Raj' which has hampered private initiative and industrial development. The new policy therefore throws almost the entire field of industry wide upon for the private sector.

The public sector's role has been confined largely to industries of defence, strategic and environmental concerns. Thus, new policy is more market friendly and aims at making the best use of available entrepreneurial talent in a congenial industrial environment. The industry is thus expected to grow faster under the new industrial policy 1991.

Critical analysis of New Industrial policy 1991

The new policy created a greater impact on Indian economy and the society. It has both positive as well as negative impact which may be summed up in the following:

- Research and development – There was constant updating of knowledge and research and development. Creativity and innovation has become the order of the day.
- Quality – The concept of quality has undergone a significant change. The main focus is on total quality which is to be maintained at all levels rights from the manufacture of goods till it reaches the consumers.
- Infrastructure – There is an extensive growth of infrastructure such as transport, banking, communication, etc., during this new industrial policy.

Negative impact of new industrial policy

- There was tough competition for domestic industries.
- Opposition from trade unions
- Problem of unemployment
- Indiscriminative use of natural resources of domestic country by the Multi-National Companies.

DEVELOPMENT OF INDUSTRIES BEFORE AND AFTER GLOBALIZATION

Introduction

In India, a large number of public, private and joint sector industries have been established in the post-independence period itself. Lot of industrial resources and raw materials are available in India during the period. Steel plants like Bhilai, Bokaro, Rourkela, Ranchi, Jamshedpur, Renukoot, etc., emerged as major centres during the half decades of independence.

Later on, industrialization at medium and small scale was taken up in all the states. The main sectors of industrialization are electronics, transport and telecommunication. Compared to advanced countries, there is very little industrialization in India. About 10% of the total workers are employed in the organized industrial sector. Both private and public sectors have grown side by side since independence.

In 1948, it was decided to reserve right of control with the state over coal, steel, aviation, petroleum industries, etc. All other industries were open to private enterprises. In 1956, a resolution was passed under which private capital was allowed to enter into the reserved sectors of industry.

The state enterprises and public sector undertakings ran into heavy losses, and this put a question mark on the capabilities of the Indian State and its approaches in managing its own establishment. Many of the government enterprises were handed over to private entrepreneurs and industrialists. Privatization has entered in a selected way in offices and transport sector, including roads, railways and airways. 'Contractualism' is the new slogan today.

Definition of globalization

Globalization has been defined as the process of rapid integration of countries and happenings through greater foreign trade and investment. It is the process of international integration arising from the interchange of world vies, products, ideas and other aspects of culture.

Industrial status before globalization

During 1980-81, India was marked severe balance of payment difficulties due to hike in oil prices and Gulf war in 1990-91 and hostilities in West Asia. In 1991, India had unprecedented balance of payment deficits. The finances of Central and State government had reached a situation of near bankruptcy. This problem got further accentuated by India's increased reliance on high cost external commercial borrowings and deposits of NRI in 1980s. Some international agencies have downgraded the credit rating of India. This combined with political uncertainties in the country led to heavy flight of capital out of India and it lost its credit worthiness in the international market. The government of India had mortgaged nearly 40 tonnes of gold to the Bank of England.

In 1991, in spite of adopting several restrictive measures in the import sector and also drawing 1.8 billion dollars from the Contingency Compensatory Financing Facility (CCFF), the foreign exchange reserves declined to 1.1 billion dollar in June 1991 and the amount was sufficient for just two weeks of imports into the country. Debt servicing was default and appeared imminent. This condition could be avoided only if

the credit were made available from the International Monetary Fund (IMF) or World Bank.

Under these circumstances, the new government presented the budget in July 1991 with a series of policy changes which underlined globalization, liberalization and privatization. This has come to be called as the India's New Economic Policy.

From the above discussion, it is clearly understood that the policy of globalization and liberalization was not out of selection of a policy but it was a matter of compulsion both voluntary and involuntary.

Reforms made to adopt globalization and liberalization in India

The following measures were taken by the government of India in order to make the programme of structural adjustment to suit the policy of liberalization and globalization.

- Abolition of industrial licensing
- Reduction in the number of industries reserved for public sector.
- Fixing of realistic exchange rate of rupee to encourage export of Indian goods.
- Quantitative import controls through licensing were slashed. All capital goods, intermediate goods and raw materials were made free to be imported.
- Approval of foreign investment upto 51% of equity was allowed and foreign technology agreements permitted for 35 priority industries.
- Foreign Exchange Regulation Act (FERA) was amended in order to remove number of constraints, so that Indian business could operate easily in foreign countries.
- New norms were introduced in the financial sector. The banks were asked to maintain 8% norms of capital to risk weighted asset ratio and also made provision to the extent of 15% of the advantage in the category of nonperforming assets.

Industrial development after globalization

In India, the effects of Globalization on Industries have started when the government opened the country's markets to foreign investments in the early 1990s. The government of India made changes in its economic policy in 1991 by which it allowed direct foreign investments in the country. As a result of this, globalization of the Indian

4.32 *Industries*

Industry took place on a major scale. The Indian economy has been boosted significantly as Foreign Direct Investments (FDI) enters into India. Some of the benefits of Indian industries due to globalization have been listed below:

- The gold which was mortgaged has been retrieved.
- The rate of growth of GDP has increased after globalization.
- Due to globalization many foreign countries set up industries in India especially in pharmaceutical, BPO, petroleum, manufacturing and chemical industries.
- It helped in reducing unemployment and poverty in India
- Globalization brought in highly advanced technology and made Indian industry more technologically advanced.
- The balance of payment deficits has been improved.
- Domestic production for exports has been increased.
- Global production cost has been reduced and best products are available at competitive prices.
- The government attempted to revive the small scale sector by reserving items exclusively for it to manufacture. With globalization, the list of reserved items was substantially curtailed and many new sectors were thrown open to big players.
- Small scale industry however exists and still remains the backbone of Indian Economy. It contributes to a major portion of exports and private sector employment.
- Software, BPO industries boom in India has helped the country to absorb a big chunk of demographic dividend.
- Telecom sector was a government-owned monopoly and consequently, the service was quite substandard. After globalization, private telecom sector reached the pinnacle of success. And Indian telecom companies went global.

5

ECONOMIC PLANNING

The National Planning Commission was set up in the year 1950 under the inspiration of Pandit Jawaharlal Nehru. The economic planning of India is based on planning through its five-year plans, which are developed, executed and monitored by the Planning Commission. India is now in thirteenth five year plan where the twelfth plan completed its term in March 2017.

The first five year plan was implemented in the year 1951 soon after independence aiming for the development of the country. Thus, it strongly supported agriculture production and also launched the industrialization of the country. It built an economic system of mixed economy, with a great role for both public sector as well as a growing private sector.

DEFINITION OF PLANNING

Some of the definitions of economic planning are:

1. Robbins defines economic planning as "collective control or supervision of private activities of production and exchange."
2. According to Hayek, planning means, "the direction of productive activity by a central authority".
3. Dr.Dalton defines, "Economic planning in the widest sense is the deliberate direction by person's in charge of large resources of economic activity towards chosen ends."
4. According to Dickinson who defines planning as "the making of major economic decisions-what and how much is to be produced, how, when and where it is to be produced, to whom it is to be allocated, by the conscious decision of a determinate authority, on the basis of comprehensive survey of the economic system as a whole."

NEED FOR ECONOMIC PLANNING

To get a successful planning the following necessary conditions are to be fulfilled.

- Each and every plan must have well defined aims and objectives. In democratic planning there must be a large measure of agreement in the community with regard to these aims and objectives.
- Planning must emerge out of the conscious decision of a determinate authority.
- There must be a diffusion of power and responsibility to get overall unity of the policy. Hence, in planning the direction must come from the Central government.
  - ❖ The planning authority must carefully fix the targets without any illusions.
  - ❖ The planning must be flexible enough that they can be revised and rephrased if circumstances demand it.
  - ❖ The planning must follow a judiciary price policy to achieve the objectives and targets fixed in plans.
  - ❖ There must be an efficient administration to discharge its responsibilities in successful implementation of the plan.

NATURE OF ECONOMIC PLANNING IN INDIA

The planning deals with decision making and utilization of available resources for achieving the targets and goals framed for the development of the country. It is a process of deciding nature, mechanism and beneficiaries of production behavior of the economy.

Types of Economic Planning In India

1. Comprehensive Planning

It is otherwise called as imperative planning. It works on the basis of directions. It comprehends all the inputs and outputs and incorporates resources, factors, commodities and services. Plans formulated under this planning process encompass different units owning resources viz. private companies, cooperatives, individuals and public sector. This type of planning is governed by the centralized directions which are based on the use of implementing instruments which give commands to the economy to work in a particular frame work. Hence, the government has power to authorize Central Agency meant for the purpose. In India, it is Planning Commission who is responsible

for doing all these things. Thus, the government has an active role in comprehensive planning.

2. Decentralized Planning

It is also called as indicative planning and it is democratic in nature. Under this type of planning, decision making process is dispersed and the implementation of plans is carried through market mechanism. It involves the dispersal of planning both in respect of formulation of the plans and their implementation.

This planning also envisages the involvement of the social action groups organized on a voluntary basis. Since these groups are in constant touch with the people particularly with marginalized and deprived sections of society, they can contribute more in suggestive system of the planning process.

Decentralized planning is also based on an assumption that the market prices decide the nature of choices. It also formulates a framework of prices and other incentives to guide both public and private activity. However, it also earmarks the areas for the development of infrastructural facilities viz. roads, education and health. It accommodates government intervention to safeguard the environment from pollution, to eradicate poverty and deprivation, to correct inequalities of income and wealth etc.

OBJECTIVES OF PLANNING IN INDIA

Indian economy was a backward economy since independence. In order to move the country towards economic development, India adopted a model of planned economic development under the mixed economy structure.

The main objectives of planning in India include the following:

(i) Increase in National Income

The main objective of planning is to increase the National Income along with increasing the level of production and increase in the level of per capita income of the people.

(ii) Achieving Full Employment

Unemployment is a curse in any society. In order to remove poverty and inequalities it is essential provide employment opportunities to the people. Hence, the objective of planning was not to reduce inequalities by lowering the income levels of the richer sections but by raising the income levels of the poorer sections of the society.

(iii) Reduction in Inequalities of Income and Wealth

An inequality in income and wealth is a common phenomenon in India which translates themselves into absolute poverty and destitution. The planning aims to remove such inequalities as they lead to inequality of economic opportunities.

(iv) Creation of a Socialist Society

This was an obvious and generally accepted objective that by creating socialistic society there would be creation of equal opportunities of economic advancement for all sections of the society.

(v) Removal of Bottlenecks

Another objective of planning is removing bottlenecks like low rates of saving and investment, inefficient technology, problems of balance of payments, absence of basic industries and insufficient infrastructure, etc. as these are the retarding factor for the growth of the economy.

(vi) Industrialization

Indian plans have adopted a strategy of industrialization of the economy and laid great emphasis on heavy and basic industries. It also assigned a high priority to agricultural growth but in practice, agricultural and rural development received inadequate attention.

Some analysts viewed that India, with its vast agricultural potential should have first concentrated on the development of agriculture and rural parts of the economy. Such an approach would have generated economic surplus needed for capital formation and investment.

(vii) Self-Reliance

Our plans also aimed at “self-reliance”. It deals with the freedom from the need to import and therefore a policy of “import substitution” regardless of its cost. This objective should have been taken to mean “ability to pay for our imports through our export earnings”. Thus, we should have added to our export capacity and competitive strength in international markets.

(viii) Precedence to Public Sector

In our planned growth, public sector was preceded over the private sector so as to acquire commanding heights of the economy and be in a position to use it for guiding the private sector along chosen lines.

IMPORTANCE OF ECONOMIC PLANNING IN INDIA

Establishment of planned economy is not possible in any country within a day or in a year. History of economic growth in some countries reveals that planning has been painfully evolved and its growth or change is attributed to certain factors which have facilitated the growth of planned economy in an increasing number of countries.

Its development is the extensive and intensive. It is intensive in the sense that its process of perfection is never complete. It is always subject to improvement. Its requirements are greatly changing, certain historical factors have profoundly favoured the development of planned economy. A variety of factors have led to the adoption of planning in various countries.

The importance of economic planning may be explained as follows:

i. Better Utilization of Natural Resources

Economic planning facilitates better utilization of natural resources. Through planning it is possible to utilize available labour and capital in the interest of nation which helps in maximisation of national output.

ii. Increase in National and per capita Income

The increase in level of production increases the level of savings and investment which leads to capital formation for economic development of a country. Hence planned economy proves an important instrument for increasing National and Per capita income.

iii. Improvement in Living Standard

The standard of living of India's population is far below and a subsistence segment of population fails to meet even their basic necessities of life. This miserable situation is due to low level of per capita income and prevalence of other social evils. Hence, planning must aim at removing such consequences.

iv. Balanced Economic Development

The economic growth in India is unbalanced in nature. For instance, while preparing industrial plan more importance will be given to development of consumer industries and neglecting plans for basic industries. This creates unbalanced development. Hence, the process of proper plans helps for a balanced economic development.

v. Full Employment

By developing small-scale and cottage industries in the country, the problem of unemployment can be removed to a great extent. Further it would also reduce the population pressure on agricultural land. Five year planning in India has taken lot of efforts to generate more and more employment opportunities.

vi. Equal Distribution of Wealth and Income

Unequal distribution of income and wealth is the serious problem in India. This creates many problems like class conflicts between haves and have nots, the rich people will be rolling in luxuries while another group of population are not even able to meet their basic needs. These inequalities should be easily removed by adopting a planned economy.

FIVE YEAR PLANS IN INDIA FIRST FIVE-YEAR PLAN (1951–1956)

This plan was presented by our first Indian Prime Minister, Jawaharlal Nehru with an urge for the development of the nation after independence. This plan focused mainly on the development of the primary sector. The total planned budget of Rs.2069 crore and later increased to 2378 crore was allocated to seven broad areas like irrigation and energy (27.2%), agriculture and community development (17.4%), transport and communications (24%), industry (8.4%), social services (16.6%), rehabilitation of landless farmers (4.1%), and for other sectors and services (2.5%). Immediately after independence, India was suffering from basic problems like capital deficiency and low capacity to save.

The targeted growth rate was 2.1% GDP growth but the achieved growth rate was 3.6%. The net domestic product went up by 15%. There were high yielding varieties of crops due to good monsoon. And it helped in boosting exchange reserves and per capita income by 8%. During this period many irrigation projects were initiated including the Bhakra, Hirakud, Mettur Dam and Damodar Valley dams.

By the end of the plan in 1956, five Indian Institutes of Technology (IITs) were started and the University Grants Commission (UGC) was set up to take care of funding and take measures to strengthen the higher education in the country.

OBJECTIVES OF FIRST FIVE YEAR PLAN

The main objectives of the First Five Year Plan are explained as under:

1. To reform the country's economy.
2. To solve the food problem.
3. To raise the standard of living of the people.
4. To provide social and economic justice.

Achievements of First Five Year Plan

- **Increase in National Income -** The First Five Year plan aimed at achieving its targets and ambitious objectives to a larger extent. The national income rose from Rs. 9110 crores to Rs. 10800 crores from 1950- 51 to 1956-57. The per capita income increased by 11%t and per capita consumption by 8% in the same period.
- **Agricultural Development -** In the field of agriculture, the targeted food grains production was 62.6 million tones and the actual production was 69.3 million tones. There was an increase in the number of agricultural production of all crops. There was also a significant reduction in import of food stuffs during this planning period.
- **Industrial Production -** Industrial production has recorded an increase to the extent of 38%. Total gross investment in fixed capital in the private sector was about Rs. 340 crore. There was a good progress in the production and expansion capacity in the case of Sindri Fertilizer Factory, Chittaranjan Locomotive Factory, Indian Telephone Industries, Integral Coach Factory, Cable Factory and Pencillin Factory. A new plant of iron and steel was set with a capacity of 35000 tones of pig iron.
- **Irrigation and Railway Development** – During this plan, the irrigation facilities were extended upto 16 million acres of land. Out of this, 10 million acres used for small works and 6 million for major works. Multipurpose river projects like Bhakra Nangal, Damodar Valley and Hirakund was accelerated and many more new projects were started on Kosi Koyna, Rihand and Chambal.

  In rail transport, the traffic carried between 1951-52 to 1955-56 in terms of tones increased by about 8%. Initially, Indian Railways has 8209 locomotives, 19225 coaches and 222441 wagons on the line which increased to 9262 locomotives 23779 coaches and 266049 wagons by ending 1955-56.

- **Education** – The schooling facilities provided for the children between age group of 6-11 was 42% which was increased to 51% from 1951-56. There were 209671 primary and 7288 higher secondary schools in 1950-51 which increased to 274038 and 106000 in 1955-56 respectively.

  The number of training institutions for basic education was recorded 449 in 1955-56 against its number 114 in 1950-51 respectively.

- **Balance of Payment -** The balance of payment position was quite satisfactory during first plan. In the original plan estimates, an average annual deficit of Rs. 180 to 220 crore was visualised but the actual expenditure was of amounting Rs. 96 crore. So far as sterling balance was concerned the withdrawal was of only Rs. 138 crore against Rs. 290 crore.

Second Five-Year Plan (1956–1961)

As First plan, focused mainly on agriculture, the second five-year plan focused mainly on industry, especially heavy industry. The domestic production of industrial products was encouraged in the Second plan, particularly in the development of the public sector. This plan aims at maximizing long run economic growth and attempted to determine the optimal allocation of investment between productive sectors. It used the prevalent state of art techniques of operations research and optimization and also the novel applications of statistical models developed at the Indian Statistical Institute. The plan centred at trading mainly on imported capital goods.

It is only during this planning period, there was an establishment of Hydroelectric power projects and steel plants at Bhilai, Durgapur, and Rourkela. Coal production was increased and more railway lines were added in the north east. The main purpose of the plan was to establish ‘socialistic pattern of society.

The total amount allocated under the second five-year plan was Rs. 4,800 crore. This amount was allocated among the following various sectors:

- Power and irrigation
- Social services
- Communications and transport
- Miscellaneous
- Target Growth:4.5% Growth achieved:4.0%

OBJECTIVES OF SECOND PLAN

The main objectives of the Second Five Year Plan are as under:

(i) Sizeable increase in the national income to raise the level of living.

(ii) Rapid industrialisation with special emphasis on the development of basic and heavy industries;

(iii) Large expansion of employment opportunities;

(iv) Reduction of inequalities in income and wealth and a more even distribution of economic power.

Achievements Of Second Plan

Foreign Exchange

The plan witnessed a severe drain on the foreign exchange resources of the country. The reserves were drawn by about Rs. 540 crore during the period of 1955-56 to 1959-60 which was due to the large trade deficits. In 1959-60, India's external payment position continued to reflect this and foreign exchange was declined by Rs. 16 crore.

Agricultural Development

In the case of agriculture, the production was recorded 76 million tones in 1960-61 against 65.8 million tones in 1955-56. The overall increase was 16 per cent. The production of cotton, sugarcane and oilseeds was 5.1 million bales, 8 million tones and million tones. The rate of growth in agriculture sector was 44.6% in 1956-57 and 65% per cent in 1960-61.

Power Programmes

Due to foreign exchange hardships, the power programme suffered a setback. Even then, there was electrification in villages and towns in the country was about 21396 by the year 1960 and also there was 16000 kilometres of transmission lines with operating voltage about 33 KV were erected during the plan period.

Industrial Development

The industrial advancement gathered momentum during the second plan period. The country started producing large quantities of machinery, machine tools, heavy electrical

equipment's and scientific instruments. There was a rapid progress in consumer goods like sewing machines, bicycles, fans, radios and other electric goods.

General Development

- There were programmes related with railways and ports were carried out during this plan.
- The railway carried a freight of 154 million tones. There were 1813 locomotives. 6091 coaching vehicles and 85526 wagons during 1959-60. Number of passenger vehicles increased from 44744 to about 46000.
- Additional schooling facilities at elementary stage were provided to about 2 lakh children. The centrally sponsored scheme for the expansion of girl education and training of women teachers was implemented by almost all states.
- The total numbers of primary health units were recorded 2500 and the strength of doctors increased from 7000 to 68,000 during the same period.

Third Five-Year Plan (1961–1966)

The third plan stressed mainly on agriculture and there was improvement in the production of wheat, but the Sino-Indian War of 1962 exposed weaknesses in the economy and the plan was shifted the focus towards the Defence industry. In 1965–1966, there was war between India and Pakistan and this war resulted in severe drought in 1965. The war led to inflation and the priority was shifted to price stabilisation. Even then there was development in other factors like construction of dams, cement and fertilizer industries were built up and mass increase in the production of wheat in Punjab.

Many primary schools have been started in rural areas. Panchayat elections have been started and the states have been given more development responsibilities.

State electricity boards and state secondary education boards were formed. States were made responsible for secondary and higher education. The target growth rate was 5.6% but the actual growth achieved was only 2.4%.

The main aim of third plan is to provide India a self-generating and self-reliance economy by 1975-76.

OBJECTIVES OF THIRD PLAN

(a) To secure an increase in national income of 5% per annum.

(b) To achieve self-sufficiency in food-grains and increase agricultural production in order to meet the requirement of industry and exports;

(c) To expand the basic industries like steel, chemical industries, power, etc.

(d) To utilization of manpower to the fullest possible extent and to ensure a substantial expansion in employment opportunities;

(e) To establish greater equality of opportunity and to bring about reduction in disparities in income and wealth.

Achievements of third plan

National Income

The rate of growth of national income was less than half of the rate 5% per annum. In 1964-65, it was registered to the tune of 2.5, 1.7 and 4.9% respectively. In 1965-66, it was declined to 4.2%.

Agricultural and Power Development

Regarding agriculture there was stagnation in the first three years of the plan but during 1964-65, there was a bumper record in agricultural production and again during 1965-66 the production was declined due to severe floods and droughts. As a whole, the production of agriculture went down by 7.4%.

The average growth rate of power generating capacity was 12.5% during 1965-66 while installed generating capacity was 10.17 million KW in the same year against installed generating capacity of 5.65 million KW.

Industrial Development

The industrial output increase was 8.2% in 1961-62, 9.6% in 1962-63, 9.2% in 1963-64 and 8.3% in 1964-65 and the growth of output fell down to 4.3% in 1965-66.

The production in the case of iron ore, diesel engines, cloth textile, machinery and soda ash was registered to the extent of 24.46 million tones, 93.1 thousands, 200 million rupees and 33.1 tones, respectively ending 1965-66. While it was 11 million tones, 44.7 thousands, 104 million rupees and 152 tones at the start of the plan period.

Cottage and Small Scale Industries

In the beginning of the plan, there was encouraging progress in cottage and small scale industries in the first two years. But later on, it showed downward trend due to shortage of raw materials followed by hostilities of 1962 and 1965. In 1960, the production of handloom and power-loom were 2013 million metres and it was increased to 3056 million metres in 1965-66.

The total share in production of cloth was 30.4% in 1960 while it rose to 40% in 1965-66. Production of khadi and woolen and silk were increased from 53.76 million sq. metres in 1960-61 to 84.85 million sq. metres in 1965-66. The industry provided employment to nearly 2 million persons.

Railway Development

During the plan period, the total length of railway route rose from 56247 kms. to 59399 kms, passengers originating from 1594 million to 2082 million. Also, development in other commercial vehicles which shows an increase from 225 thousand to 333 thousand during the plan.

Education

The elementary education increased from 48.7% to 59.6% and the total enrolment in secondary education was increased from 03 million to 5.19 million over the same period.

Fourth Five-Year Plan (1969–1974)

This plan was presented by Indira Gandhi. During this plan 14 Indian banks were nationalized. There was successful implementation of the new strategy called Green Revolution in the field of agriculture. The funds allotted for industrial development was diverted towards the war efforts like Indo-Pakistani War of 1971 and Bangladesh Liberation War. The targeted Growth was 5.7% but actual Growth was only 3.3%.

OBJECTIVES OF FOURTH PLAN

(a) This plan aims at free from dependence on foreign aid and also priority to develop agriculture and industrial sector.

(b) To maintain stability in the prices and to set up consistent economic policies.

(c) Efforts should be made to maximize production and priority would be given to enlarge the income of the rural population and augmenting food supply.

(d) For ensuring continued growth in various industries like machinery, chemicals, mines, power and transport.

(e) For the development of human resources, additional facilities would be provided particularly in rural areas.

ACHIEVEMENTS OF FOURTH PLAN

- ***National Income and Balance of Payment***

The plan envisaged an average annual compound growth rate of 5.7 % and the economy experienced a growth rate of 5.2%. The rate of domestic saving rose from 8.4% to 13.6% during the plan period and the rate of investment from 9.5% to 14.4% over the same period.

During the first three years of the Fourth Plan, the balance of payment was fairly stable but it was not well in the later period of plan. This is due to the drought in 1972-73 and large imports of food grains gone up to unprecedented levels.

- ***Agriculture Production***

The estimation of increase in the production of food grains was 129 million tones but it was registered only 104.7 million tones. The highest level of production was 108 million tones in 1970-71. The output of pulses had deteriorated in spite of favourable price trend.

The target of production was 15 million tones and the actual production was 10 million tones in 1973-74. The total area of food crops under irrigation was 35.2 million hectares whereas non-food crops under irrigation was recorded 4.8 million hectares in 1973- 74.

- ***Industrial Development***

The annual growth rate of industrial sector was only 3.9%. The industrial production growth rate was declined from 6.8% to 3.7% in 1970-71 but it increased to 4.5% in 1971-72. The production of steel ingot was 7.4 million tones against 10.8 million tones; finished steel was of 5.4 million tones against 8.1 million tones; cotton textile

machinery of Rs. 300 million against Rs. 450 million; petroleum of 7.7 million tones against 8.5 million tones.

- ***General Development***

In social welfare activities, substantial progress was achieved. The number of primary health centres and sub-centres rose to 5250 and 33000 by the end of 1973-74 against its number of 4919 and 22826 respectively in 1968- 69. Similarly, the number of doctors and nurses also increased from 102520 and 61000 to 138000 and 88000 in the same period.

Fifth Five-Year Plan (1974–1979)

The fifth plan aims at employment, poverty alleviation, and justice. The plan also focused on self-reliance in agricultural production and defence. In the year 1978, the newly elected Moraji Desai government rejected the plan. Electricity Supply Act was enacted in 1975, which enabled the Central Government to enter into power generation and transmission.

During this plan, the Indian national highway system was introduced and many roads were widened to accommodate the increasing traffic and there was also expansion in Tourism. The expected growth rate is 4.4% and the actual growth was 5%.

OBJECTIVES OF FIFTH FIVE YEAR PLAN

1. Overall rate of growth of GDP to 5.5%
2. Expansion of productive employment;
3. A National programme for minimum needs;
4. Extended programme of social welfare;
5. Stress on agriculture, key and basic industries.

Achievements of Fifth Plan

- ***National Income***

The Fifth Five Year Plan was suspended one year earlier than its tenure but the progress of this plan was fairly satisfactory when comparing with other plans which completed five years. The growth rate of national income was 5.4% in 1970-71. But the average growth rate of per capita income was 2.92% due to high growth of population.

- ***Agricultural and Social Sector***

The annual rate of growth of agricultural production grew at the rate of 4.58% against its target rate of 3.3%. The total food-grains production was 125.6 million tonnes in 1978-79 and oilseed was registered of 8.9 million tones. The gross irrigated area was recorded 48.41 million hectares during the same period.

Nearly 78000 Gobar Gas Plants were installed by the end of plan period. Agricultural Co-operative Credit Societies advanced Rs.1626 crore for the development of land. The storage capacity available for food-grains was about 14 million tones by the year ending 1977-78.

- ***Industrial Development***

During this plan, the village and small industries registered a growth rate of 6.8% per annum. The employment has increased in Village and Khadi industries from 8.84 lakh and 9.27 lakh in 1973-74 to 11.24 lakh in 1979-80.

The production of coal, crude oil and iron ore was recorded 104 million tones, 11.77 million tones and 39 million tones respectively. The overall growth rate of industrial production was around 6.2%.

- ***General Development***

a. During this plan, 20259 post offices were opened, raising its number to 1.3 lakh.

b. 11970 telegraphic offices and 8825 long distance public call offices were opened.

c. The total enrolment in elementary education has been recorded 905 lakh during the plan period.

d. About 1.84 lakh villages had been benefited from water supply schemes.

ANNUAL PLAN (1978–1980)

The fifth five year plan was rejected by the Janata Party government and they directly switched over to Sixth Five-Year Plan (1978–1980). And this plan was further rejected by the Indian National Congress government in 1980 and made new sixth plan. The annual Plan consisted three types of proposed plans. The First Plan was comprised of the annual budget of the current year and the Second Plan kept changing as per the

requirements of the Indian economy. The Third Plan was a perspective plan where there was no fixation of dates for the commencement and termination of the plan.

Sixth Five-Year Plan (1980–1985)

The sixth plan also marked the beginning of economic liberalization. During this plan, price controls were eliminated and ration shops were closed. This led to an increase in food prices and prosperous areas of India adopted family planning more rapidly. The sixth five-year plan was a great success as the targeted growth rate was 5.2% and the actual Growth attained was 5.4%.

OBJECTIVES OF SIXTH PLAN

(a) Promoting efficient utilization of resources and improved production.

(b) Modernizing and strengthening of impulses for the achievement of economic and technological self-reliance;

(c) A progressive reduction in the incidence of poverty and unemployment;

(d) A speedy development of indigenous sources of energies.

(e) Improving the quality of life of the people especially the economically and socially handicapped population;

(f) Strengthening the distribution bias of public policies and services in favour of weaker sections of society;

(g) Reduction in regional inequalities;

(h) Promoting policies for controlling the growth of population through small family norm.

Achievements of Sixth Plan

- ***Balance of Payment***

The export and import was recorded the growth of Rs. 9962 crore and Rs. 15600 crore respectively. The disappointing performance of export was related to unusual combinations of adverse internal and external developments.

- ***Horticultural and Plantation Crops***

The production of vegetables and potatoes was recorded was 40 million tones and 16 million tones respectively. There was satisfactory record in the production of

coconut. Fruits also showed the production of 23.50 million tones in against its target of 24.40 million tones. The production of tea was less than its target but coffee's production was more than 20000 tones in 1984-85 while it was only 118.6 thousand tones in 1980-81.

- ***Crop Production and Selected Inputs***

The sixth plan was proposed to have replacement rate of 10% for the pollinated crops like wheat and paddy, 100% for hybrids and 5% for pulses and oil seeds. It was low in states like Madhya Pradesh which attributed to countless regions due to higher selling prices of seeds and also lack of popularizing certified seeds.

- ***Agricultural Credit and Storage Capacity***

There were 94089 primary agricultural credit societies constitute the most significant agency in terms of volume of loan advanced and territorial coverage. There was also Commercial Banks have over 36000 in semi urban and rural branches and 182 Regional Rural Banks with 8727 branches. Disbursement of credit has risen from Rs. 2550 crore in 1979-80 to Rs. 5810 crore in 1984-85 through these agencies. Another important development in the field of agricultural credit was the establishment of the National Bank for Agriculture and Rural Development (NABARD) in July, 1982.

- ***Animal Husbandry and Dairying***

The number of veterinary hospitals and dispensaries rose from 12017 to 14849. Besides, 19286 Veterinary First Aid Centres were established against the plan target of 18483 to provide animal health facilities near the doorsteps of farmers.

Similarly, the number of liquid milk plants was recorded 166 in 1984-85 against its number of only 142 in 1979-80. For marketing of eggs, 111 egg and poultry production cum marketing centres were established during the plan period. Three sponsored Dairy development Projects in the districts of Dorrang, Dibrugarh, Sibsagar were made during this planning period.

Seventh Five-Year Plan (1985–1990)

The Seventh Plan laid stress on improving the productivity level of industries by upgrading of technology. To establish growth in areas of increasing economic

productivity, production of food grains, and generating employment are the main objectives of the 7th five-year plan.

As an outcome of the sixth five-year plan, there had been steady growth in agriculture, control on rate of Inflation, and favourable balance of payments which had provided a strong base for the seventh five Year plan to build on the need for further economic growth. The targets of 7th Plan were listed below:

1. Ensuring Social Justice
2. Removal of oppression of the weak
3. Using modern technology
4. Agricultural development
5. Anti-poverty programs
6. Full supply of food, clothing, and shelter
7. Increasing productivity of small- and large-scale farmers
8. Making India an Independent Economy

The basic objective of this plan is building an independent, self-reliance economy. The plan sought to emphasize policies which would accelerate the growth in food-grain production, increase in employment and raise productivity.

Achievements of Seventh Plan

- ***Agriculture***

The first three years of seventh plan were of the poor monsoon years. 150.4 million tones of food-grains was recorded in 1985-86 which was lower than the previous peak production of 152.4 million tones in 1983-84. The second year 1986-87 recorded decline to 143.4 million tones and followed decline to 138.4 million tones in 1987-88.

This set back to agricultural production in these years to be seen against the background of the long-term growth rate of agricultural output around 2.6% which rose to 3.5%.

With regard to non-food grain crops, the production of oil seeds was below the target in the first three years of Seventh Plan. In the case of cotton, the output exceeded the target during the first three years. The production of jute in the first two years

exceeded the target while the third year registered a fall. The production of sugarcane reached a record to 196.72 million in 1987-88.

- ***Agricultural Inputs***

The total potential irrigation was achieved of 4.41 million hectare against its target of 4.65 million hectares. However, investment on minor irrigation development was made of the order of Rs. 647 crore in 1985-86 and Rs. 730 crore in 1986-87 and the consumption of fertilizer is 11.3 million tones

- ***Industrial Performance***

The Seventh Plan has emphasized on accelerating the pace of growth by liberalization of industrial licensing policy and other regulations, provision of incentives for certain key areas like electronics etc. Despite of drought conditions in 1987-88, the pace of growth is almost maintained.

The industrial production had grown at 7.5% and the manufacturing sector recorded a growth of 8.2% and grew at 9.9% in the year 1988.

- ***Balance of Payment***

There was trade deficit, which averaged 3.4% of GDP during sixth plan, increased to 3.7% of GDP in 1985-86 but declined in 1986-87 to 3.2% due to both better export performance and acceleration in growth rates of imports.

The current account deficit is estimated to 2% of GDP, against the targeted average of 1.6% for the plan period. The trade deficit declined from Rs. 7748 crore to Rs. 6658 crore.

- ***Price Trend***

Strong inflationary pressures due to monsoon failures generate consequent supply squeeze in agriculture and its effect on the rest of the economy. The annual inflation rate in terms of the wholesale price index had gone up to 10.6% during 1987-88. Upto January 1989, wholesale price index had come down to 5.4%. The consumer price index has also registered a lower increase of 8.6% as against the growth of 9.6% per cent in 1986-87.

- ***Employment and Poverty Alleviation Programme***

It was estimated that 222 million persons in rural and 50.5 million in urban areas live below the poverty line at the beginning of seventh five year plan. The poverty ratio

was 39.9% in rural areas and 27.7% in urban areas in 1984- 85. Hence, this plan aimed at bringing .down the poverty rate from 36.9% to 25.8%.

ANNUAL PLAN (1990-92)

Economic instability prevailing during 1990-91 due to fast changes in political situation at the centre. Hence no five-year plan was implemented during these years. There were only Annual Plans during these years and the eighth plan was formulated by the year 1992.

EIGHTH FIVE-YEAR PLAN (1992–1997)

In 1991, India faced a crisis in Foreign Exchange reserves, and thus, under pressure, the country took the risk of reforming the socialist economy. During this time Dr. Manmohan Singh , (the former Prime Minister of India) launched India's free market reforms that brought the nearly bankrupt nation back from the edge. It was the beginning of privatization and liberalization in India.

The main highlight of eighth plan is Modernization of industries. A gradual opening of the Indian economy was undertaken in order to correct the burgeoning deficit and foreign debt. It is during this planning period, India became a member of the World Trade Organization in1995. This plan was aiming at controlling population growth, poverty reduction, employment generation, strengthening the infrastructure, Institutional building, tourism management, Human Resource development, etc.

OBJECTIVES OF EIGHTH FIVE YEAR PLAN

i. Achieve full employment by generating adequate employment opportunities.
ii. To control population growth through active cooperation of the people and an effective scheme of incentives and disincentives.
iii. Universality of elementary education and eradication of illiteracy among the people in the age group between15 to 35 years.
iv. Providing primary health facilities, safe drinking water facilities for all villages and entire population of the country.
v. Diversification of agriculture to achieve self- sufficient in food and generate surpluses for exports.

vi. Attaining sustainable development by strengthening the infrastructure like energy, transport, and communication and irrigation

vii. Encouraging all-round productivity and efficiency in the public sector enterprises.

Achievements of the Eighth Plan

- ***Growth Rate***

The Eighth Plan begins with target of 5.6% but it achieved only 0.5% in the year 1998-99 and gradually increased to 5.2% in 1992-93 and 6.2% in 1993-94. The CSO estimates show that the growth rate of GDP would be around 6.8% in 1994-95. Thus the Eighth Plan is likely to end with an average growth rate of 6.8% per annum.

- ***Gross Domestic Savings and Investment***

Gross domestic savings during the first four years of the Eighth Plan has increased from 22.1% to 24.9% and then to new peak of 26.1% 1996-97.

The average gross domestic savings (GDS) as per cent of GDP during the Eighth Plan is estimated at 24.3 per cent and these surpassed the target of 21.6 per cent. The rise in domestic savings in 1996-97 to a peak level of 26.1 per cent of GDP was primarily due to rise in private savings to 24.2 per cent of GDP.

The gross domestic investment has also increased from 23.9% to 25.7% 1996-97. The average gross domestic investment has reached the level of 25.7%.

- ***Agriculture***

The agricultural sector has achieved 6.1% growth rate in 1992-93 and 9.4% growth rate in 1996- 97. There was an increase in production of food-grains about 179.5 million tones in 1992-93 showing a growth rate of 6.6% and then it increased to 199.4 million tones in 1996-97 showing a growth rate of 10.5%. Thus the agricultural sector performed better growth rate during this plan.

- ***Mining***

The Eighth Plan set the target of attaining annual average growth rate of 8% in Mining and Quarrying sector of the country. But the country attained the growth rate of 1.1% and 1.7% during the years 1992-93 to 1994-95. But again in 1994- 95 this has

attained the growth rate of 9.2%. Hence during this Plan the average growth rate attained by the mining and quarrying sector was estimated at 3.4%.

- ***Industry***

The targeted growth rate is 7.3% in the manufacturing sector during the Eighth Plan, but this sector could attain only 4.2% in1992-93 and 8.4% growth rate in1993-94 respectively. The growth rate of manufacturing sector has further increased in the subsequent years and the average growth rate achieved estimated was 9.2%.

During the Plan, the industrial sector of the country has responded well to the economic reforms process. And the average growth rate attained by the industrial sector during Eighth Plan was 8%.

- ***Transport and Communication***

The transport sector's growth during the first two years of the plan was 5.4% during 1992-93 and then declined to 4.4% in 1993-94 as against the targeted annual average growth rate of 6.1%.

The communication sector has achieved a good progress during this plan. It was targeted to achieve 6.1% but the percentage growth was about 10.3% during 1992-93. Nearly 7 million new telephone connections were given by the department of telecommunication during the first four years of the eighth plan.

- ***Services Sector***

The services sector achieved a growth rate of 7.9% during eighth plan. It was higher than the growth rate of 7.4% made during seventh plan.

- ***Employment Generations***

This plan had an ambitious target of implementing employment generation schemes. The target had set to attain the growth rate of 2.6% employment generation. And the additional employment opportunities generated every year during the plan was about 8 to 9 million respectively.

Ninth Five-Year Plan (1997–2002)

The ninth plan aimed at achieving speedy industrialization, human development, attaining full employment, reduction of poverty and self-reliance.

OBJECTIVES OF NINTH FIVE YEARS PLAN

The major objectives of Ninth Five Years Plan stated are as under:

1. Prioritize agricultural sector and to provide employment opportunity and to eradicate poverty.
2. Stabilization of prices and accelerate economic growth.
3. To provide food and nutritional security for all especially the vulnerable sections of the society.
4. Provision of basic amenities like safe drinking water and other services like primary health facilities, primary education, etc.
5. To control the growth of population by control measures.
6. Ensuring social mobilization and participation of people at all levels to attain sustainable development.
7. Women empowerment and upgrading of other weaker sections of the society like scheduled castes, scheduled tribes, backward classes and other minorities.
8. Promoting and developing the institutions like Panchayat Raj institutions, Co-operatives and Self-help groups.
9. Efforts should be made to strengthen and to build self-reliance.

Achievements of the Ninth Plan

Growth Rate

The initial target set to achieve GDP is 7% but due slowdown of the economy; the target has reduced to 6.5%. And the annual growth rate achieved was only 5.4% which was lower than the target.

Gross Domestic savings and Investment

The target fixed to achieve gross domestic savings was 26.1% but the plan has reached the level of 23.4% by the year 2000-01. The gross domestic investment aimed at achieving 28.2% and achieved the growth rate of 24% during 2000-01 respectively.

Agricultural production

This plan aimed at annual average growth rate of agriculture and allied sector at 3.9% and it has attained only 2.7% growth. The production of food grains has increased substantially 192.3 million tones to 209.2 million tones.

Mining

The target fixed to attain growth in quarrying and mining sector was 7.2% but it has achieved only 2.9% during the first three years and attained 6.9% in 1997-98 and it has declined to 0.9% in 1998-99 and 1.1% at the end of the plan.

Industry

The manufacturing sector is expected to achieve the growth rate of 8.2% during this plan and it attained 4.9% on an average. The target fixed for electricity, gas and water supply was 9.3% and the actual growth rate was 7.7%.

Transport and Communication

With regard to transport, the plan aimed to achieve 3.9% for railways, 4.4% for other transport and 9.5% for communications sector. But actual growth earned during this plan was an average rate of 3.1%, 5.6% and 14.1% from all these sectors.

Trade

The trading sector aimed at 6.7% growth and this growth rate was successfully achieved during the first three years of this planning period.

TENTH FIVE-YEAR PLAN (2002–2007)

This plan was aimed to achieve 8% GDP growth per year. 20-point programme was introduced during this planning period to reduce poverty. It aimed at reducing poverty by 5% by the year 2007. It also targeted gainful employment and reduction in gender gaps in literacy and wages by 50%. The targeted growth rate during this plan was 8.1% and the plan achieved 7.7% growth rate.

OBJECTIVES OF TENTH FIVE YEAR PLAN

a. Another feature of this plan was it aimed at transforming Swarn Jayanti Gram Swarozgar Yojana (SJGSY) into a micro finance programme and it has to be run by banks without any subsidy.

b. Restrictions were laid in providing funds to gram sabhas like it should be extended only when there is contribution of people from 25% in normal blocks and 15% in poor blocks.

c. The food for work programmes should be run only in didtressed areas.

d. Must undertake productive works like maintenance of rural roads, watershed development, rejuvenation of tanks, afforestation and irrigation.

e. The economic status of small and marginal farmers, artisans, unskilled workers, etc should be made through special efforts.

f. encouragement of small and other industries in rural areas and thereby provide non-farm employment opportunities to the poor people.

Eleventh Five - Year Plan (2007–2012)

This plan was presented by former Prime Minister ManMohan Singh. This plan began with objective of crossing the growth rate of about 7.7% achieved during 10th plan and fixed a target of achieving 9% growth rate. The eleventh plan aimed at increase the growth rate of agriculture to 4% and the industries and service sector to 11% respectively. Hence, this plan has the theme called "inclusive growth".

OBJECTIVES OF ELEVENTH FIVE-YEAR PLAN

- This plan aims at rapid and inclusive growth and reduction in poverty
- Education empowerment and development of skills
- Gender inequalities should be removed
- Sustainable development on environmental basis
- Reducing the fertility rate to 2.1%
- Provision of clean drinking water to all.

Achievements of Eleventh Five-Year Plan

- The first year of the plan had a great start and achieved a growth rate of 9.3%.
- There was global financial crisis during the year 2008-09 which leads to decelerated growth rate.
- There was a registered growth rate of 8.6% in 2009-10 and 9.3% in 2010-11 respectively.
- The growth rate of GDP during eleventh plan was 8%. It was greater than tenth plan's achievement. This growth is considered as satisfactory achievement as the planning period have crossed two global crisis during 2008 and 2011.
- Agriculture attained a growth rate of 3.7% as against the target 4%, industries gained 7.2% growth against the target 10-11% and 9.7% in services sector against the target of 9-11% .

- The target fixed for domestic savings and investment are 34.8% and 36.7% and the actual growth rate achieved in both was 33.5% and 36.1% respectively.
- During this plan the poverty rate has been declined to 1.5%.

Twelfth Five-Year Plan (2012-17)

The twelfth plan focused on faster, inclusive and sustainable growth. This plan aimed at 8% growth rate. This plan intended to reduce poverty by10% on a sustainable basis. This plan also intended to remove all bottlenecks in infrastructure and its development.

OBJECTIVES OF THE TWELFTH FIVE-YEAR PLAN

- Providing new job opportunities in the non farm sector of about 50 million.
- Removing gender gap and social gap in the enrolment in schools
- Enhancing access to higher education
- Reducing malnutrition among children among the age group between 1 to 3 years.
- Provision of electricity in rural areas
- Ensuring proper drinking water facilities to at least 50% of the rural population.
- Provision of banking services to 90% households.
- To achieve the rate of growth of GDP of about 8%.
- The rate of growth of agriculture is expected to be 4%.
- The manufacturing industries are expected to achieve a rate of growth upto 10%.

ASSESSMENT OF INDIA'S FIVE YEAR PLANNING

With the introduction and implementation of India's five year plans, there was great advancement in its National Income. The country has now become a super power nation. India has taken numerous efforts to come to this stage of super power.

Achievements of Five Plans in India

- The National Income of India has increased manifold. The rate of growth has been increased to 5.8% in 2000-01 from 1.2%. The increase in National Income is the key indicator for economic development of India.

- The planning has also increased the per capita income continuously from 1.8% to 4.9% by the year 2000-01.
- There was tremendous increase in agricultural production as the production of food grains increased from 510 lakh tones to 212 million tones.
- The transport and communication sector progressed to a greater extent. The total length of the roads are increased up to 1448.6 thousand and the goods rail was also developed to increase trading activities.
- India is no longer dependent on other countries for food grains. Now it has become self sufficient in producing large number of agricultural crops.
- From first till eighth five year plans, greater importance was given to programmes generating employment opportunities.
- Progress has made in development of science and technology led to increase in technical and managerial manpower.
- Other services like education, health, family planning, etc has improved considerably.

Failures of Planning

- Policies like Poverty alleviation programmes has not achieved much and hence the percentage of people living below poverty line has not reduced.
- Though much importance given to employment generation still 90 million people left unemployed in our country. Hence, the country was not able to generate adequate employment opportunities to the growing number of unemployed.
- The agriculture and industrial sectors have failed to achieve the required growth rate consistently.
- There was increasing gap between the rich and poor due to unequal distribution of income and wealth.
- The planning of India is subjected to shortfall in attaining its target as a result of underutilization of resources, faulty implementation of planning and inefficient administrative machinery.
- Still there was practicing traditional methods of agriculture in many areas of India and so carrying out effective land reform measures are difficult.
- Growing deficit in foreign exchange reserves and balance of payment.

NITI AAYOG

Introduction

The National Institution for Transforming India (NITI) Aayog was formed on 1st January 2015. The government has replaced the Planning Commission with a new institution called NITI Aayog. NITI Aayog provides relevant technical advice to the Centre and States while designing strategic and long term policies and programmes for the Government of India.

In the context of governance structures, the changed requirements of our country, point to the need for setting up an institution that serves as a Think Tank of the government a directional and policy dynamo. The proposed institution has to provide governments at the central and state levels with relevant strategic and technical advice across the spectrum of key elements of policy. This includes matters of national and international import on the economic front, dissemination of best practices from within the country as well as from other nations, the infusion of new policy ideas and specific issue-based support.

Objectives of NITI Aayog

NITI Aayog has the following objectives:

a) The vision of NITI Aayog is to evolve a shared vision of national development priorities, sectors and strategies with the active involvement of States in the light of national objectives.

b) To foster cooperative federalism through structured support initiatives and mechanisms with the States on a continuous basis.

c) To formulate credible plans at the village level and implement it progressively at higher levels of government.

d) To ensure that the interests of national security are incorporated in economic strategy and policy.

e) To pay special attention to the sections of our society those who have not benefitting adequately from economic progress.

f) 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.

g) To create a knowledge, innovation and entrepreneurial support system through national and international experts, practitioners and other partners.

h) To offer a platform for resolution of inter-sectoral and inter-departmental issues in order to accelerate the implementation of the development agenda.

i) To focus on technology upgradation and capacity building for implementation of programmes and initiatives.

Features of NITI Aayog

NITI Aayog is developing as a State-of-the-art Resource Centre, with the necessary resources, knowledge and skills, that will enable it to act with speed, promote research and innovation, provide strategic policy vision for the government, and deal with contingent issues.

NITI Aayog's activities can be divided into four main heads:

1. Design Policy and Programme Framework
2. Foster Cooperative Federalism
3. Monitoring and Evaluation
4. Think Tank and Knowledge and Innovation Hub

Seven Pillars of NITI Aayog:

NITI Aaayog is based on the 7 pillars of effective governance. They are:

(1) Pro-People

(2) Pro-Activity

(3) Participation

(4) Empowering

(5) Inclusion of all

(6) Equality and

(7) Transparency

Difference between NITI Aayog and Planning Commission

Sl.No	Characteristics	Planning Commission	NITI Aayog
1.	Organization	It has deputy chairman, member secretary, and full-	CEO of Vice Chair person, 5 full time and 2 part time

Sl.No	Characteristics	Planning Commission	NITI Aayog
		time members. Secretaries or member secretaries	members and 4 cabinet ministers.
2.	Planning	It followed top-down planning for government with public sector resources.	It follows national development strategy in a market economy integrated with the globalized world.
3.	Relation with states	It was a central government institution and no structural mechanism for interaction with states.	It promotes co-operative federalism and provides a platform for structural and regular interaction with states.
4.	Finance	Allocation of funds was decided by the planning commission.	Finance ministry has to decide the share of taxes to states and fund allocation to union assistance to the state plan.
5.	Constitution and reporting	The commission reported to National Development Council which has State Chief Ministers and Lieutenant Governors.	The governing council has Chief Ministers and Lieutenant Governors.

Agenda of NITI Aayog

- The recent agenda of NITI Aayog Governing Council is 'One District, One Product Policy. It intends to boost export at the district level.
- Niti Aayog to commission a study on the select judgements and verdicts of Supreme Court and National Green Tribunal on the economy of India.
- NITI Aayog is a responsible authority for the National Plan for Migrant Workers which is under the way.
- The NITI Aayog has framed a model Act on conclusive land titles that it hopes will be adopted and implemented by states. The aim is to facilitate easy access of credit to farmers and reduce a large number of land-related litigations, besides enabling transparent real estate transactions and land acquisition for infrastructure developments.

- The Vice Chairman of NITI Aayog had mentioned recently that the Government will introduce the Production Linked Incentive (PLI) scheme for more sectors to boost domestic manufacturing. The Government of India has already introduced the PLI scheme for pharmaceutical, medical devices, mobile phones and electronic manufacturing companies. It is now considering extending the scheme to other sectors as well.

Criticisms of NITI Aayog

- NITI Aayog is also a non-constitutional body like planning commission, which is not responsible to parliament.
- Dismantled planning commission without consulting the states.
- Union Territories are represented by Lieutenant Governors, and not by chief ministers. This is against the principles of federalism.
- Fund allocation to welfare schemes may get affected. For example, there is a 20 % reduction in gender budgeting.

Conclusion

NITI Aayog will function in close cooperation, consultation and coordination with the Ministries of the Central Government and State governments. While it will make recommendations to the Central and State Governments, the responsibility for taking and implementing decisions will rest with them. NITI Aayog will seek to facilitate and empower the critical requirement of good governance which is people centric, participative, collaborative, transparent and policy-driven.

UNIVERSITY EXAM QUESTION PAPERS

APRIL - 2011

Section - A (10 × 2 = 20) Answer any ten questions in short

1. Define the term underdevelopment
2. What is National Income?
3. What are the types of water transport in India?
4. What is foreign trade?
5. What is cyclical unemployment?
6. What are the short-term remedial measures for unemployment?
7. State any four problems of minor irrigation.
8. What is green revolution?
9. What is the main source of public distribution in India?
10. List out the aims of New Industrial Policy 1991.
11. What is industrialization?
12. State the periods of annual plans.

Section - B (5 × 5 = 25) Answer any five questions in brief

1. What are the objectives of second five year plan?
2. Describe briefly the obstacles to economic development.
3. What are the difficulties in the calculation of National Income?
4. What are the causes for inequalities of income in India?
5. What are the defects of Indian Irrigation?
6. What are the effects of industrialization?
7. What are the achievements of first five year plans?

Section - C (3 × 10 = 30) Answer any three questions in detail

1. Discuss in detail the features of underdevelopment.
2. Analyse the consequences of growth of population in underdeveloped countries
3. Discuss the importance of agriculture in the economy of india.
4. Briefly explain the problems of small scale industries in India.
5. Explain briefly about the outlays and targets of Minimum Needs Programme in the seventh plan.

APRIL - 2013

Section - A (10 × 2 = 20) Answer any ten questions in short

1. What is meant by economic development?
2. What is national income?
3. What are the three concepts of unemployment?
4. List out the problems of road transport.
5. What is meant by Re-export trade?
6. What are the effects of Green Revolution?
7. Enumerate the objectives of land reforms.
8. State the various types of irrigation works.
9. What is LPG?
10. State the year in which the New Economic Policy was introduced.
11. What are the objectives of Ninth five year plan?
12. State the objectives of third five year plan.

Section – B (5 × 5 = 25) Answer any five questions in brief

1. What are the differences between growth and development?
2. Discuss the factors which influence the growth of a country.
3. Explain the causes of inequalities in income.
4. Analyse the different types of unemployment.
5. Briefly discuss the steps taken to increase productivity in agriculture.
6. Discuss the causes for concentration of wealth in a few hands.
7. Discuss the features of Indian plans.

Section – C (3 × 10 = 30) Answer any three questions in detail

1. Explain the different methods of computing national income.
2. Analyse the different problems of Indian economy.
3. Discuss the causes of food problem in India and assess the measures adopted by the government to solve it.
4. Briefly discuss the main components of New Economic Policy.
5. Critically evaluate the eighth five year plan.

APRIL - 2014

Section - A (10 × 2 = 20) Answer any ten questions in short

1. What is economic growth?
2. Define Gross National Product.
3. What is investment?
4. What is population explosion?
5. What is meant by Green Revolution?
6. Who is agricultural labour?
7. What is industrialization?
8. What is infrastructure?
9. What is merger?
10. What is Mixed Economy?
11. What is subsidy?
12. What is meant by self sustained growth?

Section - B (5 × 5 = 25) Answer any five questions in brief

1. What are the features of economic development?
2. What are the precautions to be taken while estimating Gross Domestic Product?
3. Enumerate the major causes of unemployment.
4. Explain the objectives of Food Policy.
5. Explain the major sources of irrigation in India.
6. What are the problems of Small Scale Industries?
7. What are the objectives of minimum needs programme of Seventh Plan?

Section - C (3 × 10 = 30) Answer any three questions in detail

1. Explain different methods of measuring National Income.
2. Enumerate the basic features of underdeveloped economics.
3. Explain the causes for slow progress of Land reforms in India.
4. What are the advantages of small scale industry?
5. Discuss whether Indian economy is developed or not.

APRIL - 2015

Section - A (10 × 2 = 20) Answer any ten questions in short

1. What is economic development?
2. State the formula to calculate per capita income.
3. Define poverty.
4. What is foreign trade?
5. State the year in which Public Distribution System was introduced.
6. List out the major components of food security system.
7. What is Green Revolution?
8. State the year in which industrial policy was firstly introduced.
9. State the reasons for industrial sickness.
10. Analyse the problems of small scale industries.
11. Who is the chairman of Planning Commission?
12. What are the objectives of Ninth five year plan?

Section - B (5 × 5 = 25) Answer any five questions in brief

1. Analyse the difficulties involved in estimating National Income.
2. Explain the causes of unemployment.
3. What are the evils of overpopulation?
4. Discuss the causes for low productivity in agriculture.
5. Explain the different sources of finance for small industries.
6. Critically analyse the Tenth five year plan.
7. What are the objectives of economic planning?

Section - C (3 × 10 = 30) Answer any three questions in detail

1. Briefly explain the obstacles of growth and development.
2. State and explain the causes of poverty in India. Suggest measures to solve the problems of poverty.
3. Discuss the need for irrigation in India. Explain the various types of irrigation works in India.
4. Explain the criticisms against new industrial policy.
5. Discuss the priorities given in the 1st five year plan.

Indian Economy **UQP.5**

NOVEMBER - 2016

Section - A (10 × 2 = 20) Answer any ten questions in short

1. Define economic development.
2. Explain density of population.
3. What is land ceiling?
4. Define small scale industries.
5. What is plan target?
6. Define long term planning.
7. What is GNP?
8. State any two problems of Indian Economy.
9. What is PDS?
10. Define poverty.
11. State any two sources of irrigation.
12. What do you mean by HYVP?

Section - B (5 × 5 = 25) Answer any five questions in brief

1. What are the problems of calculating national income?
2. State the consequences of rapid increase in population.
3. What are the problems of foreign trade?
4. Explain the features of food policy.
5. State the main reasons for the failure of five year plans.
6. What are the features of economic development?
7. What are the problems of small scale industries?

Section - C (3 × 10 = 30) Answer any three questions in detail

1. Discuss India as developing economy.
2. State and explain the main causes for unemployment.
3. Discuss the importance of Green revolution.
4. Elucidate the role of industries in economic development.
5. Analyse the objectives of Indian five year plans.

APRIL - 2017

Section - A (10 × 2 = 20) Answer any ten questions in short

1. What is National Income?
2. Give the meaning of economic growth.
3. Define the term poverty.
4. What do you mean by inequality?
5. State the definition of foreign trade.
6. Mention any two major irrigation sources.
7. What is small scale industry?
8. Write any two tasks of FCI.
9. Give the meaning of industry.
10. State the definition of green revolution.
11. How many five year plans were completed till date?
12. Mention any two objectives of first plan.

Section - B (5 ×5 = 25) Answer any five questions in brief

1. Distinguish between economic development and economic growth.
2. What are the measures to reduce inequality?
3. Narrate the limitations of Green Revolution.
4. Why is food policy required?
5. Bring out the features of globalization.
6. State the objectives, achievements and limitations of second plan.
7. Mention the indicators of economic development.

Section - C (3 × 10 = 30) Answer any three questions in detail

1. What is the significance of national income? Explain the concepts associated with it.
2. Narrate the anti-poverty and employment generation programmes.
3. What are the advantages and drawbacks of public distribution system.
4. Discuss the salient features of new economic policy.
5. Outline the broad objectives of economic planning.

Indian Economy **UQP.7**

APRIL - 2016

Part - A (10 × 2 = 20) Answer any ten questions in short

1. Define economic growth.
2. What is NNP?
3. Define poverty line.
4. What is unemployment?
5. What is buffer stock?
6. What is Green Revolution?
7. Define cottage industry.
8. What is minor irrigation?
9. State planning.
10. What is new economic policy?
11. Define foreign trade.
12. What is industrial licensing?

Part - B (5 × 5 = 25) Answer any five questions in brief

1. Distinguish between economic growth and development.
2. State the various methods of measuring national income.
3. What are the causes for poverty in India?
4. Explain the different types of foreign aid.
5. What are the objectives of twelfth five year plan?
6. State the role of small scale industry in Indian Economy.
7. What are the main features of Tamil Nadu economy?

Part - C (3 × 10 = 30) Answer any three questions in detail

1. Discuss the importance of National Income calculation in India.
2. Analyse the role of transport in economic development of a country.
3. Discuss the role of Food Corporation of India in the distribution system.
4. Describe the achievements of planning in India
5. Give the reason for the adoption of globalization and liberalization in India.

NOVEMBER - 2018

Part - A (10 × 2 = 20) Answer any ten questions in short

1. What is economic growth?
2. State the meaning of personal income.
3. What is meant by absolute poverty?
4. Define unemployment.
5. What is meant by land reforms?
6. What is green revolution?
7. What is industrialization?
8. When was the New Economic Policy introduced in India?
9. Define the term of five year plan in India.
10. Which five year plan should be called as Repair plan?
11. Define cottage industry.
12. What is density of population?

Part - B (5 × 5 = 25) Answer any five questions in brief

1. Explain the role of technological progress in economic development.
2. Describe the problems of Indian Economy.
3. Describe the importance of public distribution system.
4. Explain the various benefits of irrigation.
5. Distinguish between small scale and large scale industries.
6. Explain the significance of five year plans.
7. Point out the causes of decline in the mortality rate.

Part - C (3 × 10 = 30) Answer any three questions in detail

1. Describe the different methods of measuring National Income.
2. Analyse the nature, trend and composition of India's foreign trade.
3. Discuss the features and objectives of public distribution system.
4. Write a detailed note on New Economic policy 1991.
5. Analyse the visions of India's eleventh five year plan.

Indian Economy **UQP.9**

NOVEMBER - 2019

Part - A (10 × 2 = 20) Answer any ten questions in short

1. What is economic development?
2. What is gross national product?
3. What is meant by life expectancy?
4. What is head-count ration?
5. What is public distribution system?
6. State the various sources of irrigation.
7. Give the meaning of economies of scale.
8. What is surplus?
9. Define "small scale industry".
10. In which five year plan, the five point strategy is adopted?
11. State the period for fourth five year plan.
12. What is meant by merger?

Part - B (5 × 5 = 25) Answer any five questions in brief

1. Distinguish between economic growth and economic development.
2. Describe the measures to control population.
3. What are the major objectives of land reforms in India?
4. Bring out the importance of agriculture in the Indian Economy.
5. What are the characteristics of small scale industry?
6. What are the short comings of the first five year plan?
7. Write notes on the importance of foreign trade in economic development.

Part - C (3 × 10 = 30) Answer any three questions in detail

1. Discuss the basic concepts of National Income.
2. Explain the nature and causes of unemployment in India.
3. Discuss the effects of green revolution.
4. What are the advantages and disadvantages of large scale industries?
5. What are the achievements and failures of India's five year plan?

NOVEMBER - 2020

Section – A (10 × 2 = 20) Answer any ten questions in short

1. What is economic growth?
2. Define national income.
3. State the meaning of unemployment.
4. What do you understand by income inequalities?
5. What is foreign trade?
6. What do you mean by green revolution?
7. Expand PDS.
8. State the meaning of irrigation.
9. What is industry?
10. Point out any two problems of large scale industries.
11. When first five year plan was started?
12. State any two objectives of third five year plan.

Section – B (5 × 5 = 25) Answer any five questions in brief

1. What are the indicators of economic development?
2. Explain the causes of income inequalities.
3. Point out the problems of over population.
4. What are the objectives of food policy?
5. Bring out the features of new economic policy 1991.
6. List out the problems of SSI.
7. What are the reasons for failure of five year plans?

Section – C (3 × 10 = 30) Answer any three questions in detail

1. Discuss the barriers to economic development.
2. Analyse the various measures to increase the productivity in agriculture.
3. Discuss the various poverty alleviation programmes in India.
4. Describe the role of large scale industry for the development of Indian economy.
5. Examine the achievements of X five year plan.