Self-Study Material
(OLD)

RKDF UNIVERSITY, BHOPAL

Bachelor of Arts (B.A.)

Third Semester

Course	Category	Subject	Subject Code
B.A.	**GE**	**INDIAN ECONOMICS**	**BA-EC-303**
Total Credit: 6		**Max.Marks:100 (Internal:40+External:60)**	

Course Outcomes (CO):
After completing this course student will be able to:

CO-1: Understand about various sectors of the Indian Economy

CO-2: analyze the sector specific policies.

CO-3: evaluate various economic policies adopted post-independence.

Units	Topic	Duration (In Hours)	Marks
I **Introduction**	1. Characteristics of Indian Economy 2. Trends and Sectoral Composition of National Income 3. Sectoral Distribution of Workforce 4. National Resource Endowments- Land, Water, Livestock, Forest and Minerals 5. Problems and causes of Over-Population and Population Policy2000. 6. Recent government policy on natural resources in India 7. Health Policy (Ayushman Bhatat)	18	20
II **Agriculture**	1. Nature, Importance and Characteristics of Indian Agriculture 2. Trends in Agricultural Production and Productivity 3. Green Revolution-Objectives, Achievements and Failures 4. Agriculture Finance and Insurance, Crop insurance scheme (PMFBY) 5. New Technology in Agriculture 6. Agriculture reform 2020 and MSP	18	20
III **Industry and Infrastructure**	1. Industrial Development of India after Independence 2. New Industrial Policy of 1991 3. MSME- Definition, Characteistics and Its Role 4. Start-up India, Make in India and Aatm Nirbhar Bharat 5. Infrastructure Composition- Power, Transport and Communication	18	20
IV **Foreign Trade and Development**	1. India‟s Foregin Trade- Importance, Composition and Direction	18	20

	3. Disinvestment in India 4. Indian Economic Problems- Poverty, Unemployment and Regional Inequality		

Part- C Learning Resource
Text Books, Reference Books, Other Resources

Suggested Readings:

1. Panagariya, Arvind. (2020)- India Unlimited: Reclaiming the Lost Glory, HarperCollins Publishers India
2. Mishra and Puri (2020)- Indian Economy, Himalya Publishing House, New Delhi.
3. Rudra Dutt and Sundaram- Indian Economy, S.Chand and Company, New Delhi.
4. Hariharan , N.P. (2008)- Lights and Shades of Indian Economy, Vishal Publishing Co., Jalandhar.
5. Uma Kapila (20^{th} Edition) (2009)- Indian Economy since Independence, Academic Foundation, New Delhi.
6. Reserve Bank of India- Annual Reports.
7. Annual Economic Survey, Government of India (Latest).
8. Brahmananda, P.R. and V.R. Panchmukhi (Eds.) (1987)- The Development Process of the Indian Economy, Himalaya Publishing House, Bombay.
9. Government of India, Plannig Commission, 12^{th} Five Year Plan, New Delhi

INDIAN ECONOMICS

Characteristics of Indian Economy

Meaning of Indian Economy: India is a developing nation and economy, including a blended economy on the planet. The significant attributes of a developing economy are overpopulation, the most extreme populace underneath the destitute or poverty line, a poor infrastructure, an agro-based economy, a slower pace of capital development, and low per capita income. Since the freedom of the country, India has been creating numerous viewpoints according to the monetary perspective. Albeit the Indian economy is in the developing stage, it will gradually move to become a developed nation. The significant changes in the Indian economy were made in the year 1991.

Characteristics of the Indian Economy:

The Indian economy is a developing one, and this is owed to the way that there are exceptionally significant measures of illiteracy, unemployment, poverty, and so on in India. With an instantaneously lessening Gross Domestic Product (GDP) to add to the different issues confronted by the Indian economy, there are a ton of elements that add to the characteristics and nature of the Indian economy being a developing one.

Low Per Capita Real Income: The actual revenue or income of a nation alludes to the buying force or the purchasing power of the nation overall in a given monetary year, while the per capita actual or real income alludes to the normal buying force or purchasing power of the nation or the buying force or purchasing power of a person in a country in that year. Emerging nations share the quality of a low for each capita real income.

High Rate of Population Growth: Where there is a high populace, There additionally must be a framework set up to help that populace. This implies there should be sufficient instructive, educational, and clinical offices, enough business openings or employment opportunities with great compensations, and so forth. With a high populace, particularly an undeniably high populace, giving these facilities to every resident turns into an immense undertaking, and frequently, state-run administrations or the government can’t carry on with it; in this manner, it leaves the economy in the developing stage.

The Endless Loop of Poverty: The endless loop of neediness and poverty deals with both the supply side just as the demand side. On the supply side, since the products and services are not being sold, there is an insufficiency of capital advancing or lending to low rates on investments, and consequently a low degree of per capita real or actual income or pay. With this comes the demand side, the endless loop of poverty alludes to when the buying power based on the real income of the nation is low, prompting the exorbitance of products and services. This is the way the endless loop of neediness works, and it is somewhat normal to find in developing economies.

Highlights of the Indian Economy

Agro-Based Economy: The Indian economy is absolutely agro-based economy. Close around 14.2 % of Indian GDP is contributed by farming and unified areas, while 53% of the total populace of the nation relies on the horticulture sector.

Overpopulation: Overpopulation is one of the main pressing issues of the Indian economy. The number of inhabitants in India gets expanded by around 20% in every decade consistently. Around 17.5% of the total populace is owned by India.

Incongruities in Income: The most disturbing thing in the Indian economy is the convergence of abundance. As per the most recent report, 1% of Indians own 53% of the abundance of the country's wealth. Among these, the top 10% claim a portion of 76.30%. The report expresses that 90% of the nation claims under a fourth of the nation's wealth.

Destruction in Capital Formation: The rate of capital development is emphatically associated with lower levels of pay or income. There is a tremendous decrease in Gross Domestic Capital contrasted with the earlier years.

Poor Infrastructural Development: According to a new report, around 25% of Indian families can't acquire electricity, and 97 million individuals can't acquire safe drinking water. Sanitation administrations can't be acquired by 840 million individuals. India requires 100 million dollars to dispose of this infrastructural abnormality.

Imperfect Market: Indian markets are defective or imperfect in nature as it falls short in the absence of portability, mobility, or movement, starting with one spot then onto the next, which gets the ideal use of assets. Thus, fluctuations in prices occur.

Endless Loop of Poverty: India is an ideal illustration of the term 'A nation is poor since it is poor'. The endless loop of neediness or poverty traps these types of developing countries.

Obsolete Technology: Indian creation of work is labour-intensive in nature. There is an absence of innovations and modern machinery.

Backward Society: Indian social orders are caught in the scourge of communalism, male-dominated society, odd notions, caste system framework, and so forth. The above factors are the significant limitation of the development of the Indian economy.

Low Per Capita Income: The per capita pay of India is considerably less than that of the other developing nations. As indicated by the assessments of the Central Statistics Office (CSO), the per capita net public income of India at present costs for the year 2020-21 (based on 2011-12 prices) was around Rs. 86,659.

- **Trends and Sectoral Composition of National Income**

  The sectoral composition of an economy is the contribution of different sectors to total GDP of an economy during a year. That is the share of agricultural sector industrial sector and service sector in GDP.

  National income is the money value of all the final services and goods produced in an economy during a given period of time. It includes the incomes of all factors of production, such as rent, wages, profits, and interest.

- **Sectoral Distribution of Workforce**

  The three-sector model in economics divides economies into three sectors of activity: extraction of raw materials (primary), manufacturing (secondary), and service industries which exist to facilitate the transport, distribution and sale of goods produced in the secondary sector (tertiary).

  The sectoral distribution of workforce in India is as follows: Primary sector is the main source of occupation with 48.9% of the workforce. Secondary sector provides employment to only 24.3% of the workforce. 26.8% people are employed in the tertiary sector.

- National Resource Endowments- Land, Water, Livestock, Forest and Minerals Natural and Human-Made or Man-Made Resources: Natural resources include land, soil, water, vegetation, wildlife, minerals and power resources. Resources created by humans are called human-made resources like engineering, technology, machines, buildings, monuments, paintings and social institutions.

Types of Natural Resources

There are two types of natural resources, depending on their availability:

- **Renewable Resources:** Renewable resources are those that are continuously available and can be utilized in a variety of ways. Examples: Air, Water, Sunlight, Forest, etc.
- **Non-renewable Resources:** Non-renewable resources are those whose supply is limited because of their non-renewable nature and whose availability might reduce in the future. Minerals and fossil fuels are a few examples.

Natural Resources as Economic Factors in Economic Growth

- Natural resources are the most important factor influencing the development of an economy.
- Natural resources include **land area and soil quality, forest wealth, a good river system, minerals and oil resources, a favourable climate**, and so on.
- The abundance of natural resources is critical for economic growth. A country lacking in natural resources may be unable to develop rapidly.
- However, the availability of abundant natural resources is a necessity but not a sufficient condition for economic growth.
- Natural resources are **unutilized, underutilised, or misutilised** in developing countries. One of the reasons for their backwardness is this only.
- Countries such as **Japan, Singapore**, and others, on the other hand, are not endowed with abundant natural resources, but they are among the world's developed nations.
- These countries have demonstrated a commitment to preserving available resources, putting forth their best efforts to manage resources, and minimising the waste of resources.

- Demographic Features- Population Composition, size and Growth Rates.

  Demographics can include any statistical factors that influence population growth or decline, but several parameters are particularly important: population size, density, age structure, fecundity (birth rates), mortality (death rates), and sex ratio.

  The demographic composition refers to the proportion or number of people who can be identified according to a certain characteristic. The demographic composition provides a mathematical description of the people living in a specific area. variables within a nation's population, such as age, gender, income level, marital status, ethnic origin and education level; demographic characteristics are commonly used as a basis for market segmentation.

Problems and causes of Over- Population and Population Policy

Overpopulation is a situation where the number of people living in a region exceeds what its resources can sustain. The world's population is growing at an alarming rate. The human population has exceeded 7 billion and is projected to reach 11 billion by 2100.

Causes of Overpopulation in India

Many reasons cause overpopulation in India

- The main reason is the high birth rate in India. Many couples have more than two children. People believe more children mean more help and support when they get old. So they keep having many kids. But this makes the population grow very fast.
- Earlier in India, people used to prefer small families. Now people think that having many kids is good. So more children are born. This changed attitude leads to overpopulation.
- Many people in India are uneducated. They do not understand that having many children is a problem. Educated people know they should have fewer kids. But uneducated people keep having more kids. This grows the population quickly.
- The Indian government promotes family planning. But many people still do not practice family planning properly. Couples should space out their children and have fewer kids. But many do not. This results in a large population.

- Now people in India live longer lives. They live up to 70 or 80 years. Earlier, people used to die young. So the total population was less. Now people live longer and have multiple children. So the population increases a lot.
- Now, better medical care means fewer people die from diseases. Even babies have less chance of dying. So more babies become adults and have their kids. This adds to the population.
- Now farmers grow more crops due to newer methods. So more food is available. When more food is available, more people can live and have kids. Earlier, fewer crops meant less population.
- In India, there are fewer job chances for young people. Students do not get work after study. So they marry early and then have more kids. They think kids will help with work. But this also adds to overpopulation.
- Poor people tend to have more kids. They think kids can work and add to the family income. Rich people can afford fewer children. But for poor people, more kids mean more help and income support. This leads to overpopulation.
- In India, cities grow very fast, but no long-term planning exists. New buildings and facilities are not enough for the growing population. So overcrowding happens in cities. This overcrowding is a result of overpopulation.

In conclusion, overpopulation in India is caused by many social, economic, and lifestyle factors. India needs better education, family planning programs, poverty reduction schemes, and employment creation to control population growth. The government and the public must work together to solve this big problem. With awareness and responsibility, India can reduce population growth rates and control overpopulation.

National Population Policy 2000

The National Population Policy (NPP), 2000 is the central government’s second population policy. The NPP states its immediate objective as addressing the unmet needs for contraception, healthcare infrastructure, and health personnel, and providing integrated service delivery for basic reproductive and child healthcare.

- The medium-term objective of the NPP 2000 was to reduce the Total Fertility Rate (TFR) to replacement levels by 2010.

The TFR was to be 2.1 children per woman.

- 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 environmental protection.

Recent government policy on natural resources in India
National Resource Efficiency Policy

Ministry of Environment, Forest and Climate Change (MoEFCC) has released **Draft National Resource Efficiency Policy (NREP).**

- The policy **envisions** a future with environmentally sustainable and equitable economic growth, resource security, and healthy environment and restored ecosystems with rich ecology and biodiversity.
- The draft talks about **action plans** with **timeframe of 3 financial years starting from 2019.**
- The policy is guided by the principles of-
    - reduction in primary resource consumption to sustainable levels
    - creation of higher value with less material through resource efficient and circular approaches
    - waste minimisation
    - creation of employment opportunities and business models beneficial to the cause of environmental protection and restoration
- Seven sectors identified for the First NREP Action Plans-
    - Automotive Sector
    - Plastic Packaging Sector
    - Building and Construction Sector
    - Electrical and Electronic Equipment Sector

- Solar Photo Voltaic Sector
- Steel Sector
- Aluminium Sector

- Priority areas because they contribute almost 25% to Indian GDP. Highlights of the Policy
- **The Energy and Resources Institute (TERI)** put in efforts on the issue of improving resource utilisation because even though there were different policies under different ministries, a common **connecting link** was missing.
- One of the **objectives** is to see how the existing policies are currently working for promotion of resources, and how **life cycle thinking can be promoted** across the different stakeholders so that they do not feel isolated.
- Resources which are being **extracted, produced, fabricated, designed** and ultimately being **consumed** are a kind of one unit/entity which is travelling through the **various stages of the life cycle.** This is a very critical thought in the formation of this policy.
- TERI compiled a **sectoral assessment** of various sectors with potential opportunities and shared it with **MoEFCC** which prepared the draft for the policy.

How the policy ensures mainstreaming of resource efficiency in India?

- Two major sectors of **Solar Photovoltaic** and **Plastic Packaging** has been taken up on a very large scale by the Prime Minister of India (ban on one time use plastic from 2nd October).
- Only one ministry will not be able to meet the desired results so a **wholesome process and a holistic approach** by all ministries is required to get the desired results.
- In the concept of **Resource Efficiency**, **end product of one industry** would be used as an **initial product of another industry** so there has to be an **industrial symbiosis.**
- All the ministries would have to be on board to **check the complete and total outlook of the end product** and **less of virgin material** (materials sourced directly from nature in their raw form, such as wood or metal ores) will be used and **more focus will be on the secondary resource material** which can help India to achieve the **five trillion dollar economy by 2024.**

How to ensure reduction in primary consumption?

India’s primary consumption has **increased 6 times** from **1.18 billion tonnes in 1970** to **approximately 17 billion tonnes in 2015.**

- **Efficient use of existing resources:** The size and goals of indian economy make it difficult to reduce the primary consumption but the **efficiency can be increased of the existing resources** which are being consumed and recycled wherever possible.
- **Fixation of the supply chain:** This policy envisages to **address and fix the whole supply chain.**
- **Prioritisation of the issues:** The disconnect between our polity and society needs to be broken down and issues with utmost priority need to occupy **centre stage and centre debate.**
- **Taxation and Incentivisation:** The policy envisages some amount of **taxation** and some amount of **incentives** on nudging behaviour either **on recycling** or **on secondary material reuse.**

How do we get all the stakeholders on board?

- By **bringing in representatives from all the ministries involved,** who are working for the different sectors or on various stages of value chain.
- By **adopting a collaborative approach** to understand the challenges and to bring in the **principles of 6Rs (Rethink/Reinvent, Refuse, Reduce, Reuse/Repair, Recycle and Replace/Rebuy)** to work in line with the larger objective of sustainable consumption and production.
- By **spreading awareness** at the top level, mainly at ministerial level about the **growth of need for resources** and the crucial question of where to get them from.
- By **encouraging representatives** from stakeholder communities to **contribute and understand the limitations** and work together to overcome those limitations.

Targets of the Plan

- To solve the **need of a single coordinating force** which can make an action plan to be followed by different ministries, without entering into the territory of the ministries and not becoming a threat to them.
- This can be **used as a prototype** for the sectors which would be taken up after these initial seven sectors after 3 years.
- To save our resources and finance by **shunning the linear economy** and **adopting circular economy,** major achievements can be done.
- More focus on **abiotic resources** for the time being and **biotic** resources to be talked about in the later phases of the plan.

How to monitor the plan?

- The **action plan** follows up after acceptance and adoption of the policy, **setting up a board and a regulatory authority.**
- Regulatory Authority will set up rules and regulations which will govern the identified sectors and the board will create a consensus to implement those rules and regulations.
- This environmental policy is a **consensual process** so it **needs to be linked to the ease of living** and once that is done, different ministries can be pulled together.
- **Convincing ministries** to give **incentives for secondary reuse of material** so that it will improve the lives of people, living conditions finally impacting ease of business and the ease of living targets.
- **Letting go of some commercial interest which will be covered by incentives** with the help of political and bureaucratic leadership to mediate and ease the convincing among multiple stakeholders.

How do our businesses remain environmentally sustainable and how to create such models?

- By looking at ways to give the product a second life, looking for ways to make **secondary products more competitive** in terms of its value market and finding markets of such products for consumers.

- By **creating a scale** and bringing it to a level to ensure that **business is sustainable in terms of economies of scale.**
- Coming up with unique models to see how this scale effect can be generated and eventually able to **deliver recycled products** in a **more economically effective** and **competitive manner,** and also **in line with the standards of virgin materials.**
- While assigning role to economic instruments, the real test is how to make the **incentives win-win opportunities for all** the players in the market.
- Focus should be to **create the market and opportunities for both** the markets- **virgin product** manufacturing and **recycled product** manufacturing.

Challenges

- Such **omnibus policy** has so many stakeholders and often they get into **inter or intra ministerial and interdepartmental conflicts** or even **centre-state** conflicts as well.
- Even the **abiotic** resources have **not** been **realized** to their **full potential,** leave alone the biotic resources even though both have mentions in the policy.
- Different stages of a product's lifecycle are managed by different parts of the government, divided at central and state levels so it might be **difficult to coordinate.**

Suggestions

- It needs to be **translated into multiple languages** so that consumers can understand the policy very well.
- It needs to be **communicated at state and city level** so that people know it and demand it to work.
- **Focus on every sector equally** if the plan has to be successful.

Green procurement

- There has to be a **change in the behaviour of the consumer** which will be done by **incentivisation** of green procurement.

- There should be an **incentive on the part of the consumer** and there should be **assurance** through **audits, monitoring, verification** that the product being used is a first-grade product and the money of the consumer is not wasted.
- **Creating awareness** about behavioural change is important if the policy needs to be successful.

Green Procurement- It means purchasing products and services that **cause minimal adverse environmental impacts.** It incorporates human health and environmental concerns into the search for high-quality products and services at competitive prices.

Ayushman Bharat

Ayushman Bharat, a flagship scheme of Government of India, was launched as recommended by the National Health Policy 2017, to achieve the vision of Universal Health Coverage (UHC). This initiative has been designed to meet Sustainable Development Goals (SDGs) and its underlining commitment, which is to "leave no one behind."

Ayushman Bharat is an attempt to move from sectoral and segmented approach of health service delivery to a comprehensive need-based health care service. This scheme aims to undertake path breaking interventions to holistically address the healthcare system (covering prevention, promotion and ambulatory care) at the primary, secondary and tertiary level.

Salient Feature

- Ayushman Bharat - National Health Protection Mission will have a defined benefit cover of Rs. 5 lakh per family per year.
- Benefits of the scheme are portable across the country and a beneficiary covered under the scheme will be allowed to take cashless benefits from any public/private empanelled hospitals across the country.
- Ayushman Bharat - National Health Protection Mission will be an entitlement based scheme with entitlement decided on the basis of deprivation criteria in the SECC database.
- The beneficiaries can avail benefits in both public and empanelled private facilities.
- To control costs, the payments for treatment will be done on package rate (to be defined by the Government in advance) basis.

- One of the core principles of Ayushman Bharat - National Health Protection Mission is to co-operative federalism and flexibility to states.
- For giving policy directions and fostering coordination between Centre and States, it is proposed to set up Ayushman Bharat National Health Protection Mission Council (AB-NHPMC) at apex level Chaired by Union Health and Family Welfare Minister.
- States would need to have State Health Agency (SHA) to implement the scheme.
- To ensure that the funds reach SHA on time, the transfer of funds from Central Government through Ayushman Bharat - National Health Protection Mission to State Health Agencies may be done through an escrow account directly.
- In partnership with NITI Aayog, a robust, modular, scalable and interoperable IT platform will be made operational which will entail a paperless, cashless transaction.
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Agriculture

Nature, Importance and Characteristics of Indian Agriculture

The practice of crop growing of plant life and livestock is called agriculture. Agriculture is the key development in the up rise of inactive human evolution. Whereby the people who lived in the cities used the farming of domesticated species and created their food surpluses. The history of the agricultural journey began thousands of years ago. Food, fuels, fibres, and raw materials are the majorly grouped agricultural products.

Agriculture is a very important sector of the Indian economy which contributes approximately about 17% of the total GDP and over 60% of the population gets employment through it. The agriculture of the Indian economy is growing impressively over the last few decades. Ever since independence, the food grains production has increased from 1950-51 to 51 million tonnes to 2011-12 with 250 million tonnes which has been the highest since then.

(i) Source of livelihood: Agriculture contributes to about 25% of our total national income. The main occupation of the Indian economy is agriculture.61% people of the total population get employment from it.

(ii) Dependence on monsoon: Monsoon is the main thing on which the agriculture of India depends upon. If there is a good amount of rain i.e. the monsoon is good then the crop production would also be more in quantity and if the monsoon does not sum up well then the crops fail to grow. Sometimes too much rain resulting in floods causes a great amount of destruction to our crops. Due to the inadequate irrigation facilities, agriculture depends upon the monsoon.

(iii) Labour-intensive cultivation: The population is increasing with every passing day which in turn puts increasing pressure on land. The landholdings are getting shattered and subdivided which becomes uneconomical. These farms do not allow the pieces of equipment and machinery to be used on them.

(iv) Underemployment: The uncertain amount of rainfall and inadequate irrigation facilities leads to decreasing agricultural production. The farmers get to work only a few months in the whole of the year. Their work capacity is not properly utilised. This in turn causes distinguished unemployment as well as underemployment.

Land Use Pattern and Land Reforms

Land reform usually refers to redistribution of land from the rich to the poor

- It includes regulation of ownership, operation, leasing, sales, and inheritance of land
- In an **agrarian economy** like India with great scarcity of resources, and an unequal distribution of land, coupled with a large mass of the rural population below the poverty line, there are compelling economic and political arguments for land reform
- The exigencies of time during Independence, led to reformative legislations in this perspective

Land reform in India, after Independence focused on the following features:

1. **Abolition of intermediaries—zamindars, jagirdars, etc.**
    - This was important to remove a layer of intermediaries between the cultivators and state
    - This was done by state legislations, as the subject was included under the **state list** of Indian Constitution
    - This particular reform was the most effective, as it succeeded in taking away the superior rights of the zamindars over the land and weakened their economic and political power

        - The abolition of zamindari meant that about 20 million erstwhile tenants now became landowners
        - It brought more land to government possession for distribution to landless farmers.
    - However, the Zamindars retained large tracts of land as under '**personal cultivation'** and the landlords tried to avoid the full impact of the effort at abolition of the zamindari system
        - Further, in many areas, the zamindars declared a large proportion of their land under 'personal cultivation', and this resulted in large-scale eviction of tenants as well

2. **Tenancy reforms**
    - These were introduced to regulate rent, provide security of tenure and confer ownership to tenants
    - The reforms reduced the areas under tenancy, however, they led to only a small percentage of tenants acquiring ownership rights
    - Despite the measures, these laws were never implemented effectively
        - The repeated emphasis in the plan documents, did not ensure all states passing a legislation to confer rights of ownership to tenants

3. **Ceiling on Landholdings**
    - Land Ceiling Acts were passed, to legally stipulate the maximum size beyond which no individual farmer or farm household could hold any land
        - The imposition of the ceiling was to reduce the concentration of land in hands of a few
    - Implementing this reform, the state was supposed to identify and take possession of surplus land (above the ceiling limit) held by each household, and redistribute it to landless families and households in other specified categories, such as SCs and STs
    - These legislations had many **loopholes**, because of which their effectiveness could not be realised in reality

        - The land owners kept control of their land, by breaking up large estates into small portions, dividing them among their relatives and transferring them to **benami** holders.

4. **Consolidation of Land Holdings**
    - The increasing pressure on land, combined with division based on inheritance laws leads to distribution of single plot into fragments
    - Consolidation is basically the reorganisation of fragmented lands into single plot
    - Under the scheme, all land in the village was first pooled into one compact block and divided into smaller blocks to eventually be allotted to individual farmers
    - This move resulted in increased productivity to farmers, as they could focus on their resources at one place
        - It brought down cost of cultivation, reduced litigation, saved time and labour in cultivating land earlier, in fragmented land holdings
    - Due to lack of adequate political and administrative support the progress made in terms of consolidation of holding was not very satisfactory except in Punjab, Haryana and western Uttar Pradesh.

Green Revolution-Objectives, Achievements and Failures

The large increase in the production of food grains because of the use of HYV or miracle seeds, especially for wheat and rice is known as **Green Revolution.** The term 'green revolution' was used in the context of consequential advancement in the field of production, especially wheat and rice, in India after the 1960s with the help of new agricultural practices and technologies and thus replacing the old traditional agricultural methods. The traditional methods and practices included the use of original inputs such as organic manures, seeds, simple ploughs, and other basic agricultural tools. Modern methods and practices comprise a high-yielding variety (HYV) of seeds, chemical fertilizers, pesticides, extensive irrigation, agricultural machinery, etc. This program was also known as *modern agricultural technology*, *seed-fertilizer-water technology*, or in simpler terms Green Revolution. The title of Green Revolution was given because this program happened and spread quickly bringing extraordinary results in such a short period. In the years 1998-1999, the Green Revolution covered a total area of 78 million hectares, that is, 55 percent of the net sown area. The leading cause that leads to the emergence of the Agricultural revolution was the new kind of seeds known as the **High Yielding Variety (HYV) Seeds** which led to a drastic increase in agricultural yield. These seeds are required to plant in those areas, which have suitable drainage and water supply. These seeds need chemical fertilizers and pesticides 4-10 times more than ordinary seeds to get a high-yield production.

Achievements or Benefits of Green Revolution

Achievements or Benefits of the Green Revolution are as follows:

- **Reduction of the Number of Greenhouse Gas Emissions:** The high-yield approach to agriculture has a considerable effect on how carbon cycles through the atmosphere. Thus, the green revolution controls emissions and the environment.
- **Increase in Food Production:** The use of modern techniques of production in place of the old traditional ones has helped in increasing the production of food by a considerable amount.
- **Consistent Yields during Uncooperative Seasons:** By focusing on the production of those varieties of crops that have a high yield in different seasons, the green revolution can produce crops even in uncooperative seasons.
- **Reduction in Food Prices for the Global Economy:** The agricultural markets depend on supply and demand. The supply of food grains is more available when there is a consistent yield. High-yield crops produce more items for harvest, which means additional food is available to consumers. This enables the farmers to sell their products at a lower rate for the consumers. The farmers themselves gain additional profits by producing more on the same area of land.
- **Reduces the Issues of Deforestation:** Since the green revolution helps increase food production through its modern techniques, it lowers the need for the consumption of food for the people as they can meet their food requirements. There is enough food for the people to consume. Thus, reducing the need for deforestation and protecting the environment.

Agriculture Finance and Insurance

The means of Agricultural finance typically is examining, studying, and exploring the financial factors of the farm business, which is the core sector of India. The financial factors contain money significance connecting to the production of disposal and their agricultural products. Agricultural finance is analyzed into two categories one is the micro, and another is the macro level. The Types of Agricultural Loans in India are as National Bank for Agriculture and Rural Development.

Murray (1953) described agricultural finance. Agriculture finance is also known as "a financial analysis of borrowing funds and reserves by farmers, the operation of farm lending agencies, association and of organization interest in loans for agriculture ."

Another definition of agriculture finance is given according to **Tandon and Dhondyal (1962).** He specified the term "agricultural and another in finance." It is known as an associate of agricultural economics, which negotiates with financial or economic resources that all are connected to individual farm divisions."

Pradhan Mantri Fasal Bima Yojana (PMFBY)

Pradhan Mantri Fasal Bima Yojana (PMFBY) scheme was launched in India by Ministry of Agriculture & Farmers welfare, New Delhi from Kharif 2016 season onwards. National Insurance Company started participating in PMFBY from Rabi 2016 onwards and covered 8 States and 2 Union Territories during the past 5 seasons namely, Rabi 2016-17, Kharif & Rabi 2017 and Kharif & Rabi 2018 covering 70,27,637 farmers. Farmers share of premium is Rs. 453 crores and with subsidy from State/Central Govts RS.1909 Crores, gross Premium is Rs.2362 Crores for the 5 seasons together. Whilst the claims of Kharif 18 and Rabi 18 are under process, we have closed the first 3 seasons with a gross premium amount of Rs.1804 Crores collected from 35,22,616 farmers and claims to the tune of Rs.1703 crores were paid, by which 17,66,455 no of farmers benefited, which shows almost 50% of the farmers insured were benefitted. Here are Two Schemes under the said operational Guidelines.

1. **Pradhan Mantri Fasal Bima Yojana (PMFBY) – Elaborated here under.**
2. **Revised Weather Based Crop Insurance Scheme (RWBCIS) – Please refer to pmfby website for details**

1**. Objective of the Schemes**

Pradhan Mantri Fasal BimaYojana (PMFBY) aims at supporting sustainable production in agriculture sector by way of

- Providing financial support to farmers suffering crop loss/damage arising out of unforeseen events
- Stabilizing the income of farmers to ensure their continuance in farming
- Encouraging farmers to adopt innovative and modern agricultural practices
- Ensuring flow of credit to the agriculture sector which will contribute to food security, crop diversification and enhancing growth and competitiveness of agriculture sector besides protecting farmers from production risks.

2. **Who can be covered?**

All farmers who have been sanctioned Seasonal Agricultural Operations (SAO) loans (Crop Loans) from Financial Institutions (FIs), i.e. loanee farmers, for the notified crop(s) season would be covered compulsorily.

The Scheme is optional for non-loanee farmers.

- The insurance coverage will strictly be equivalent to sum insured/hectare, as defined in the Govt. notification or /and on National Crop Insurance Portal multiplied by sown area for notified crop.

3. **How to enroll the farmers in the Scheme?**

Both Loanee and Non-Loanee farmers are to be enrolled in the National Crop Insurance Portal(NCIP) belong to Ministry of Agriculture & Farmers welfare, New Delhi. Banks who are lending Seasonal Crop Loans to the farmers are responsible to upload the data in the NCIP

Premium must be paid by way of NEFT only and DD or Cheques are not accepted. Similarly offline applications for enrollment are not accepted as every application needs to be filled-in online.

4. Coverage of Crops

1. Food crops (Cereals, Millets and Pulses),
2. Oilseeds

3. Annual Commercial / Annual Horticultural crops.

6. **Coverage of Risks and Exclusions under PMFBY Scheme**:

Following stages of the crop risks leading to crop loss are covered under the Scheme. Addition of new risks by the State Govt other than the one mentioned below, by the State Govt. is not permitted.

a. **Prevented Sowing/Planting/Germination Risk:** Insured area is prevented from sowing / planting / germination due to deficit rainfall or adverse seasonal/weather conditions. 25% of the sum insured will be paid and the Policy will be terminated.
b. **Standing Crop (Sowing to Harvesting):** Comprehensive risk insurance is provided to cover yield losses due to non-preventable risks, viz. Drought, Dry spell, Flood, Inundation, widespread Pests and Disease attack, Landslides, Fire due to natural causes ,Lightening, Storm, Hailstorm and Cyclone.
c. **Post-Harvest Losses:** Coverage is available only upto a maximum period of two weeks from harvesting, for those crops which are required to be dried in cut and spread / small bundled condition in the field after harvesting against specific perils of Hailstorm, Cyclone, Cyclonic rains and Unseasonal rains.
d. **Localized Calamities:** Loss/damage to notified insured crops resulting from occurrence of identified localized risks of Hailstorm, Landslide, Inundation, Cloud burst and Natural fire due to lightening affecting isolated farms in the notified area.
e. **Add-on coverage for crop loss due to attack by wild animals:** The States may consider providing add- on coverage for crop loss due to attack by wild animals wherever the risk is perceived to be substantial and is identifiable.

Agriculture Marketing New Technology in Agriculture

Technological advancements are today integral to attaining sustainability goals in agriculture. Satellite and GPS technologies, sensors, smart irrigation, drones, and automation, to list a few, provide the means for precision agriculture, which further aids in effective resource utilization. On the one hand, they reduce the use of harmful agrochemicals and, on the other, they help conserve non-renewable resources. They also help agriculturists to prepare days in advance for unseasonal or extreme weather events, thereby reducing crop losses during such events.

Other technologies that hold the promise of promoting sustainability are block chain technologies for food safety through greater transparency, controlled environmental agriculture (CEA), and biotechnology, along with 3D printing technology that allows the production of food products while saving both time and energy. Scientific research and advancements in agriculture enable farmers to utilize the best of traditional and technology-led crop production for nutritious, high-output yield while causing as little damage to the environment as possible and ensuring cost-effectiveness. With adequate and timely information at hand, even remotely-located rural farmers can adopt practices for sustainable and climate-smart agriculture that result in economic gains. Watch how Cropping made this possible.

One of the ways for a stakeholder to realize economic sustainability is by achieving optimal production quantities at lower production costs. Data from satellite images, sensors, and IoT devices facilitate smarter decisions to optimize farm operations by using as minimal resources as possible and mitigating risks to realize optimal crop yields. Traceability in agriculture makes agri-supply chains more transparent and provides stakeholders with increased control over operations and quality compliance. It enables them to identify and address issues, such as food loss or wastage, and recognize opportunities to make processes cost-effective. They also help reduce the stakeholders' response time to food crises, thus saving up to millions of dollars in losses. Traceability to source, along with accurate certification and product labelling, provides agro-enterprises with a competitive edge that helps improve their access to local and international markets and leads to better price realization for smallholder farmers.

Farm Acts, 2020

The Indian agriculture acts of 2020, often referred to as the Farm Acts are three acts initiated by the Parliament of India in September 2020. After having been approved by the Lok Sabha and the Rajya Sabha, the President of India gave his assent to the bills on 27 September 2020.

Farm Acts, 2020 Background

- Agriculture comes under the state list of Schedule 7 of the Indian Constitution and to initiate reforms in the agricultural sector, in 2017, the central government had released model farming acts. However, several reforms suggested in the model acts had not been implemented by the states. The centre promulgated three ordinances in the first week of June 2020.

- In September 2020, the President gave assent to the three farm acts.
- There have been protests against the acts by farmers in Punjab, Haryana and other states. Some states have also opposed the new legislation. The Kerala legislative assembly passed a resolution against the farm reforms and sought their withdrawal.
- The Supreme Court stayed the implementation of the Farm Acts 2020 and constituted a four-member committee to make recommendations within two months.

Details:

- The three laws aim to change the way agricultural produce is marketed, sold and stored across the country. They are mostly focussed on the forward linkages to the agricultural sector.

The following are the three acts passed and their salient provisions.

The Farmers' Produce Trade and Commerce (Promotion and Facilitation) Act, 2020:

- The act aims at opening up agricultural sale and marketing outside the notified Agricultural Produce Market Committee (APMC) mandis for farmers, removes barriers to inter-State trade and provides a framework for electronic trading of agricultural produce. It expands the scope of trade areas of farmers' produce from select areas to "any place of production, collection, aggregation".
- It prohibits state governments from levying any market fee, cess, or levy on farmers, traders, and electronic trading platforms for the trade of farmers' produce conducted in an 'outside trade area'.
- The act seeks to break the monopoly of government-regulated mandis and allow farmers to sell directly to private buyers.

Farmers (Empowerment and Protection) Agreement on Price Assurance and Farm Services Act, 2020:

- It creates a national framework for contract farming. It provides a legal framework for farmers to enter into written contracts with companies and produce for them.

- The written farming agreement, entered into prior to the production or rearing of any farm produce, lists the terms and conditions for supply, quality, grade, standards and price of farm produce and services.
- It defines a dispute resolution mechanism. The Act provides for a three-level dispute settlement mechanism– Conciliation Board, Sub-Divisional Magistrate and Appellate Authority.

Essential Commodities (Amendment) Act, 2020:

- It removes cereals, pulses, oilseeds, edible oils, onions and potatoes from the list of essential commodities. It will deregulate the production, storage, movement and distribution of these food commodities.
- It will also remove stockholding limits on such items except under "extraordinary circumstances". The central government is allowed regulation of supply during war, famine, extraordinary price rise and natural calamity of grave nature and annual retail price rise exceeding 100% in horticultural produce (basically onions and potatoes) and 50% for non-perishables (cereals, pulses and edible oils), while providing exemptions for exporters and processors at such times as well.
- It requires that imposition of any stock limit on agricultural produce be based on price rise.
- It will allow agribusinesses to stock food articles and remove the government's ability to impose restrictions arbitrarily.

Arguments in Favour of the Farm Acts

- The acts are being hailed as a watershed moment in the history of Indian agriculture that could initiate a complete transformation of agriculture.
- The new farm acts are expected to benefit all the stakeholders — farmers, industry and consumers.
    - The new farm acts would help the small and marginal farmers (86% of total farmers) who don't have the means to either bargain for their produce to get a better price or invest in technology to improve the productivity of farms.

- The new acts will help in establishing a much more integrated market, creating competition, and enhancing efficiency and effectiveness of the marketing domain of the agricultural sector.

Farm Acts – Critical analysis

The constitutional validity of the acts:

- Article 246 of the Constitution places “agriculture” in entry 14 and “markets and fairs” in entry 28 of the State List. But entry 42 of the Union List empowers the Centre to regulate “inter-State trade and commerce”. While trade and commerce “within the State” is under entry 26 of the State List, it is subject to the provisions of entry 33 of the Concurrent List – under which the Centre can make laws that would prevail over those enacted by the states.
- Entry 33 of the Concurrent List covers trade and commerce in “foodstuffs, including edible oilseeds and oils, fodder, cotton and jute”. The Centre, in other words, can pass any law that removes all impediments to both inter- and intra-state trade in farm produce, while also overriding the existing state APMC Acts. The FPTC Act does precisely that.
- However, some experts make a distinction between agricultural “marketing” and “trade”. Agriculture per se would deal with everything that a farmer does — right from field preparation and cultivation to also the sale of his/her own produce. The act of primary sale at a mandi by the farmer is as much “agriculture” as production in the field. “Trade” begins only after the produce has been “marketed” by the farmer.
- Going by this interpretation, the Centre is within its rights to frame laws that promote barrier-free trade of farm produce (inter- as well as intra-state) and do not allow stockholding or export restrictions. But these can be only after the farmer has sold. Regulation of the first sale of agricultural produce is a “marketing” responsibility of the states, not the Centre.
- The Judiciary will have to take a call on the constitutional validity of the farm acts, 2020.

Need to address misconceptions:

Misconceptions regarding MSP:

- An analysis of the recent laws makes it clear that as against the prevalent misconception that the prevailing system of Minimum Support Price (MSP) is being replaced, rather new options were being put forward for the farmers through these farm bills.
- The government has made it clear that procurement at MSP will continue and also that the mandis will not stop functioning. Under the new system, farmers will have the option to sell their produce at other places in addition to the mandis.
- It is worth noting that only 6% of farmers actually sell their crops at MSP rates, according to the 2015 Shanta Kumar Committee's report using National Sample Survey data. None of the laws directly impinges upon the MSP regime.

Misconceptions regarding contract farming:

- There are fears that contract farming will lead to land loss of the small and marginal farmers to big corporates. However, adequate protection of land ownership is in place to protect farmer interests.
- The act explicitly prohibits any sponsor firm from acquiring the land of farmers – whether through purchase, lease or mortgage.
- The point to note is that contract cultivation is voluntary in nature and farmers cannot be forced into an agreement.

Inevitability of agricultural reforms:

- The Indian farmer constitutes 40 per cent of the country and an even higher percentage of its poor and as the available data points out, is under immense stress.
- Indian economic and social development depends upon the empowerment of the farmers and the rural segment of our population. Thus there is an urgent need for agricultural sector reforms to move beyond the antiquated agricultural policies.
- The Indian farm bills are in line with international precedence wherein a number of developing economies have been making changes to their agriculture policies since

the 1990s to encourage private sector involvement which would provide a major fillip to the sector.

- The International Monetary Fund has also backed the recent farm acts as being an important step in the right direction.

<u>Way forward:</u>

- The farm acts are a step in the right direction and there is the need to ensure the effective implementation of the same.
- The following measures could help address some of the concerns regarding the farm laws.

The Farmers' Produce Trade and Commerce (Promotion and Facilitation) Act, 2020:

- The move to enlarge the market for agricultural produce is welcome but this should be supplemented by measures that will help preserve the existing 'safety net' mechanisms like MSP and public procurement.
- Though a farmer will have the freedom to choose where he/she wants to sell, he/she may not have the knowledge to negotiate the best terms with a private company. The state should work towards empowering the farmers in this direction.
- The government must create enabling infrastructure to enable the farmers to do barrier-free trading of agricultural commodities.

Farmers (Empowerment and Protection) Agreement on Price Assurance and Farm Services Act, 2020:

- The method of determining prices, including guaranteed price and additional amount, should be provided in the agreement as annexures. The government must ensure suitable provisions to ensure that the prices are not below the MSP.
- In case of prices subjected to variations, the contract agreement must include a guaranteed price to be paid for such produce, and a clear reference linked to the prevailing prices or any other suitable benchmark prices for any additional amount over and above the guaranteed price, including bonus or premium.

- There should be time-bound redressal of grievances.

MSP

The MSP is a minimum price guarantee that acts as a safety net or insurance for farmers when they sell particular crops. These crops are procured by government agencies at a promised price to farmers and the MSP cannot be altered in any given situation. The concept of MSP, therefore, protects the farmers in the country in situations where crop prices fall drastically. Wheat and rice are among the top crops that are procured by the government at MSP from the country's farmers. A total of 22-23 crops are procured under MSP.

Industry and Infrastructure

Industrial Development of India after Independence

Industrial development is a very important aspect of any economy. It creates employment, promotes research and development, leads to modernization and ultimately makes the economy self-sufficient. In fact, industrial development even boosts other sectors of the economy like the agricultural sector (new farming technology) and the service sector. It is also closely related to the development of trade.

But just after independence India's industrial sector was in very poor condition. It only contributed about 11.8% to the national GDP. The output and productivity were very low. We were also technologically backward. There were only two established industries – cotton and jute. So it became clear that there needed to be an emphasis on industrial development and increasing the variety of industries in our industrial sector. And so the government formed our industrial policies accordingly.

New Industrial Policy of 1991

The New Industrial Policy, 1991 had the main objective of providing facilities to market forces and to increase efficiency.

Larger roles were provided by

- L – Liberalization (Reduction of government control)

- P – Privatization (Increasing the role & scope of the private sector)
- G – Globalisation (Integration of the Indian economy with the world economy)

Because of LPG, old domestic firms have to compete with New Domestic firms, MNC's and imported items

The government allowed Domestic firms to import better technology to improve efficiency and to have access to better technology. The Foreign Direct Investment ceiling was increased from 40% to 51% in selected sectors.

The maximum FDI limit is 100% in selected sectors like infrastructure sectors. Foreign Investment promotion board was established. It is a single-window FDI clearance agency. The technology transfer agreement was allowed under the automatic route.

Phased Manufacturing Programme was a condition on foreign firms to reduce imported inputs and use domestic inputs, it was abolished in 1991.

Under the Mandatory convertibility clause, while giving loans to firms, part of the loan will/can be converted to equity of the company if the banks want the loan in a specified time. This was also abolished.

Industrial licensing was abolished except for 18 industries.

Monopolies and Restrictive Trade Practices Act – Under his MRTP commission was established. MRTP Act was introduced to check monopolies. The MRTP Act was relaxed in 1991.

On the recommendation of the SVS Raghavan committee, Competition Act 2000 was passed. Its objectives were to promote competition by creating an enabling environment.

To know more about the Competition Commission of India, check the linked article.

Review of the Public sector under this New Industrial Policy, 1991 are:

- Public sector investments (Disinvestment of Public sector)
- De-reservations –Industries reserved exclusively for the public sector were reduced
- Professionalization of Management of PSUs

- Sick PSUs to be referred to the Board for Industrial and financial restructuring (BIFR).
- The scope of MoUs was strengthened (MoU is an agreement between a PSU and concerned ministry).

Public Sector Contribution to the Indian Economy:

Along with the private sector the public sector also equally contributes to the Indian economy. Discussed below are some of the ways in which the Public sector contributes to the Indian economy.

- **Capital and Income Generation:**

The public sector plays a positive role in growing the Net Domestic Product (NDP). Just after the independence the share of the Public sector in the NDP in 1950 was 7% which rose up to 21.7% in 2003-2004. Also, the Public sector plays a significant role in the generation of the national capital. **During the planning period i.e. in the first plan the contribution of the public sector to the GDP of India was 3.5% which grew up to 9.2% in the 8th plan.**

- **Strong Industrial Base:**

The public sector was quite successful in providing India with a decent industrial base due to which India soon turned into a major industrial hub in the world. The foundation laid by the public sector industries provided motivated private investors to invest in the Indian industries. As all the industries are interdependent on each other, the large-scale public sector industries created a demand that was fulfilled by the small-scale industries of India. The products manufactured by the Indian Public Sector Industries act as raw materials for many Multi-National Companies. For example, many countries import cotton yarn made from Indian textile industries. **The largest PSU of India i.e. IOCL (Indian Oil Corporation Limited), only earned a profit of more than Rs. 6235 Crores in the financial year 2021-22.** Thus the Public sector of India not only created strong a strong industrial base but also significantly contributed to the economic growth of India.

- **Employment Generation:**

The public sector of India generates great employment opportunities for the citizens and by 2017, there are 11,30,840 people employed in the central public sector enterprises. The GOI is offering employment in the public sector in various categories like defence, administration, and other government services. The job security in the public sector is way more than compared in the private sector, thus it is a dream sector to work in for many youths.

- **Export Promotion:**

The Public sector Units of India produced a large number of essential goods and the expert sales of India kept on constantly increasing. **The total export sales increased by almost 24% with total export sales of more than Rs. 38 Billion USD in the financial year 2021-2022.** The PSUs of India also reduced the imports as these industries started manufacturing every basic necessity. For example, before independence, India was quite reliable to other nations for fuel but today with more than 18 Public sector petroleum refineries India stood as a major exporter of petroleum products.

- **Checking Concentration of Income and Wealth:**

The idea of providing the Public sector of India a leading role in industrial development during the planning period was quite good. As it also ensured that the total wealth and the doesn't get concentrated. The public sector provided everyone with an equal chance to earn. Also, the profits earned by the PSUs come back to the government that is further used by the government for the welfare of the national citizens.

- **Contribution to Central Exchequer:**

The PSUs of India significantly contribute to the Central Exchequer and after the independence, the contribution of the public sector to the Central Exchequer kept on increasing for example in **the financial year 2016-17 the contribution of CPSEs to the Central Exchequer was more than Rs 36 Trillion**.

MSME- Definition, Characteristics and Its Role

MSMEs are Micro, Small, and Medium Enterprises that are usually involved in the manufacture and production of goods and commodities. These business enterprises are the backbone of a country's development and provide holistic development to the rural and urban population of the country.

The MSME sector in India makes a contribution of around **30%** to the nation's GDP. Moreover, it contributes about 40% to the total exports of India and provides more than 110 million job opportunities in the country. Thus, the importance of MSME in the growth and development of India is vital.

Features of MSME

- MSMEs contribute significantly towards improving the lives of their employees and artisans. They help these workers have a better quality of life by providing them with an income source, medical benefits, loan facilities, and more.
- MSMEs constantly strive to bring innovation, modernisation, and expansion in technology and infrastructure in the sector they operate in.
- These enterprises are equipped to provide banking institutions with credit limits and financing assistance.
- MSMEs set up specialised manpower training centres to upgrade the skills of individuals and create a motivating and feasible environment for future entrepreneurs.
- MSMEs are technologically driven and have quality certifications and advanced testing facilities to ensure top-notch quality of goods and commodities.
- MSMEs follow the latest global trends and bring innovation in product manufacturing and packaging to the domestic markets.
- MSMEs create ample job opportunities in both rural and urban areas.
- MSMEs produce thousands of products, which are usually less expensive than similar products from international brands.
- MSMEs promote growth in the khadi, village, and coir industries by collaborating with the concerned ministries, stakeholders, and artisans in these areas. Such sectors require low investments and have flexible operations, opening the doors for enhanced employment opportunities and higher domestic production.

Role of MSME in India

Here are a few points highlighting the importance of MSME in the Indian economy:

- **Export:** MSMEs' contribution to the exports from India was recorded at 42.67% by August 2022. Such high volumes of exports facilitate international trade and contribute to industrial growth within the country.
- **Employment:** As stated before, MSMEs create employment in rural and urban areas of the country. These business enterprises are the second largest employment sector in India after agriculture. By setting up units in rural and underdeveloped areas, MSMEs contribute to the better living standards of people from lower socioeconomic and rural areas as well.

- **Innovation:** MSMEs bring innovation to various processes in the manufacturing of goods and commodities. They provide the necessary skills, tools, and technology for automation and advancement in their sectors. It contributes to the overall technological up gradation of the country and promotes research and development.
- **Entrepreneurship:** MSMEs promote inclusiveness in the country by facilitating the entry of aspiring entrepreneurs in various sectors. They promote healthy competitiveness among entrepreneurs, which fuels industrial growth.

Recent Government MSME Schemes and Policies in India

- **FIRST:** Keeping in view the crucial role MSMEs play in the development of the country, the central government announced the launch of FIRST (Forum for Internet Retailers, Sellers, and Traders). The program aligns with the government's Digital India movement and educates and informs MSMEs about opportunities to become self-reliant and digitally capable.

  More than **17,200** retail entrepreneurs have already registered with the program, and these MSMEs are taking powerful steps to become digital and self-reliant.
- **MSME Innovation Scheme:** The Indian government launched the MSME innovation scheme in March 2022 to foster innovation in the sector. Under this scheme, MSMEs can enjoy reimbursement of the cost of Intellectual Property Rights applications for new ideas and designs. The programme provides financial and other resources to MSMEs to encourage innovation.
- **CGTMSE:** The Credit Guarantee Trust Fund for Micro and Small Enterprises scheme provides financial assistance of up to ₹2 Crore to new businesses.
- **CLCSS:** The Credit Linked Capital Subsidy Scheme provides capital subsidies to MSMEs operating in the khadi, village, and coir sectors. The subsidy allows these businesses to acquire technological innovation and upgradation.
- **ASPIRE:** ASPIRE, or A Scheme for Promotion of Innovation, Rural Industries, and Entrepreneurship, fosters innovation and entrepreneurship in rural and agricultural sectors by establishing advanced technology networks.

Start-up India, Make in India and Aatm Nirbhar Bharat

The Aatmanirbhar Bharat ARISE-ANIC program is a national initiative to promote research & innovation and increase competitiveness of Indian startups and MSMEs.
Atmanirbhar Bharat Mission focuses on improving the Indian economy by improving manufacturing, supply, and demand. It is the mission started by the Government of India on 13th May 2020, towards making India Self-reliant. Make in India focuses more on attracting the foreign investors to make investments towards the factors of production required in the Indian manufacturing sector.

Foreign Trade and Development

India’s Foregin Trade- Importance, Composition and Direction

A study of a country’s imports and exports of products and services is known as the composition of trade. In another sense, it provides information on a country’s imports and exports of commodities. As a result, it reveals a nation’s structure and level of economic development. Raw resources, agricultural products, and intermediate commodities are exported by developing countries, whereas developed nations export finished goods, equipment, and machines. The Indian Foreign Trade Policy boosts the economy by allowing India’s exports and imports to rise significantly.

Composition of Indian foreign trade: Imports

The composition of India’s import basket included oils, pulses, machinery, chemicals, hardware, pharmaceuticals, dyes, yarns, paper, grains, non-ferrous metals, cars, and other items at the time of independence. With the advent of planning and the emphasis on establishing capital goods and engineering sectors, the government was required to purchase a large number of capital equipment and maintenance imports.

The top eight import items during April-February of FY22 were:

- Petroleum crude & products (25.7 percent of total imports)

- Plastic materials, artificial resins, etc. (3.3 percent)
- Pearls, semi-precious & precious stones (5 percent)
- Gold (8.2 percent)
- Electronic goods (11.8 percent)
- Electrical & non-electrical equipment (6.6 per cent)
- Inorganic & organic chemicals (5 percent)
- Coal, coke, etc. (4.9 percent).

In FY22, these main import items accounted for 70.6 percent of overall imports.

The composition of India's imports is segregated into three categories: raw materials, capital goods, and consumer products.

Raw materials

Petroleum oil, lubricants, edible oil, iron and steel, fertilisers, non-ferrous metals, precious stones, pearls, and other commodities fall into this category. The percentage of total imports made up of all of these commodities skyrocketed significantly from 47% in 1960-61 to nearly 80% in 1980-81.

Presently, concerns about supply disruptions have risen due to Russia's invasion of Ukraine, bringing oil prices to multi-year highs. Given that India imports roughly 80% of its oil, the current circumstance puts its trade deficit in jeopardy.

Petroleum imports increased from USD 13.1 billion in January to USD 15.3 billion on February 22. Due to rising international oil prices, higher mobility, and a corresponding increase in domestic and foreign oil consumption, petroleum imports climbed significantly from USD 72.4 billion in FY21 to USD 141.7 billion in FY22.

Capital goods

Non-electrical and electrical machinery, metals, locomotives, and other transport equipment, among other things, fall into this category. These items are necessary for the country's industrial development. Capital goods imports accounted for roughly 32% of overall imports in 1960-61, amounting to around INR 356 crore. This gradually decreased, and in 1992-93, it was around 21%.

Consumer products

It involves importing electrical items, food grains, medications, and paper, among other things. Until the end of the Third Five-Year Plan, India had a severe food grain shortfall. As a result, India would import enormous amounts of food grains. Presently, India has become self-sufficient in food production.

Composition of Indian foreign trade: Exports

The top eight export items during the April-February period of FY22 were:

- Engineering goods (26.9% of total exports)
- Organic & inorganic chemicals (7.1%)
- Gems & jewellery (9.4%)
- Drugs & pharmaceuticals (5.9%)
- Textiles (3.8%)
- Electronic goods (3.7%)
- Petroleum products (14.8%)
- Cotton yarn/fabs/made-ups, handloom products etc. (3.7%).

These eight goods accounted for approximately 75 percent of overall exports in FY22.

India's export composition can be classified into two categories: traditional exports and non-traditional exports.

Traditional products

Traditional items include the export of coffee, tea, jute goods, iron ore, animal skin, cotton, minerals, fish and fish products, etc. These products accounted for nearly 80% of our overall exports at the start of the planning era. However, these items' contribution is gradually decreasing, while non-traditional items' contribution is increasing.

Non-traditional products

Engineering goods, sugar, chemicals, electrical goods, iron and steel, leather goods, gems and jewellery are among the non-traditional items exported.

Engineering goods and petroleum products are the two major components of India's total exports. Exports of engineering goods have climbed to USD 101 billion in FY22, a 49.8% increase. Also, petroleum exports have skyrocketed from USD 22.2 billion in FY21 to USD 55.5 billion in FY22.

Conclusion

To summarise, major changes in the scale, composition and course of the Indian foreign trade have been noted over the last five decades. India's transformation from a largely primary commodities exporting country to a non-primary commodities exporting country is remarkable. The nation's reliance on importing capital goods and food grains has also decreased. The majority of these modifications have been in line with the economy's development needs. The trend implies that the Indian economy is undergoing structural changes.

Disinvestment in India

The disinvestment policy in India over the decades, how it has evolved from 1991 when it was initiated. You can also read about the different approaches towards disinvestment by the various governments in power. Also in focus is DIPAM, the acronym for the Department of Investment and Public Asset Management.

1. Disinvestment is defined as the action of a government aimed at selling or liquidating its shareholding in a public sector enterprise in order to get the government out of the business of production and increase its presence and performance in the provision of public goods and basic public services such as infrastructure, education, health, etc.
2. Disinvestment refers to the selling of the government's stake in public sector undertakings (PSUs) and other assets.
3. It is a process by which the government sells a part or whole of its shareholding in a public sector enterprise to private entities or the public.
4. The objective of disinvestment is to reduce the financial burden on the government, improve the management and performance of the public sector enterprise, and promote the growth of the private sector.

5. Disinvestment in India started in 1991 as part of economic liberalization and has since become an important policy tool for the government.
6. Funds from disinvestment would also help in reducing public debt and bring down the debt-to-GDP ratio while competitive public undertakings would be enabled to function effectively.

Indian Planning- Objectives, Achievements and Failures

Economic planning in India aims at bringing about rapid economic development in all sectors. In other words, it aims at a higher growth rate.

India’s macroeconomic performance has been only moderately good in terms of GDP growth rates. The compound annual rate of growth stands at 4.4% at 1993-94 prices for the whole planning period (1950-51 to 1999-00). Compared to the pre-plan period when she was caught in a low level equilibrium trap, growth acceleration during the last 50 years has been impressive indeed. However that it is not yet clear as to how much of this acceleration has been due to the change in the world economic boom since World War II and how much due to India’s own planning efforts.

Economic planning in India refers to the process of creating a long-term vision and strategy for the country’s economic development. Economic planning in India started in 1951 with the adoption of the First Five-Year Plan, which was designed to promote economic growth, reduce poverty and unemployment, and improve the standard of living of the people. The main objective of economic planning in India is to achieve balanced and sustainable economic growth that benefits all sections of society. The process involves the allocation of resources, the formulation of policies, and the implementation of programs to achieve the desired economic outcomes.

INDIAN ECONOMIC PROBLEMS

The Indian economy is one of the fastest-growing economies in the world. However, it faces a number of challenges that need to be addressed in order for it to continue to grow. One of the biggest challenges is population density. India has one of the highest population densities in the world, which puts a lot of pressure on resources like land and water. Another challenge is Indian infrastructure. The country’s infrastructure is not up to par with other developed countries, which hurts economic growth. Additionally, India has a large poverty problem, which needs to be addressed if the country wants to see continued economic growth.

Indian Economy

The Indian economy is the world's tenth-largest economy by minor GDP and third-largest by PPP (purchasing power parity). India is a member of the G20, the International Monetary Fund (IMF) and the World Bank. The Indian economy is projected to be the world's second-largest by 2050.

Challenges Faced By the Indian Economy

There are different challenges that the Indian economy faces. Here are they:

Poverty and Income Inequality:

In India, poverty and income inequality are pressing issues. The country is home to a significant population living below the poverty line, with a wide gap between the rich and the poor. This divide presents challenges to social cohesion and inclusive growth.

Unemployment and Underemployment:

Unemployment and underemployment pose persistent challenges in India, particularly among the youth. The government faces the ongoing task of creating sufficient job opportunities to accommodate the expanding labor force.

Population Density

The population density of India is one of the highest in the world. This population density, coupled with Indian infrastructure which is not able to keep up with the population growth, is one of the main problems that the Indian economy faces.

Poverty Problems

Another challenge faced by the Indian economy is poverty. Nearly 22% of the population lives below the poverty line. This means that a large portion of the population is not able to participate in the economy and this leads to a vicious cycle of poverty.

Unemployment

Unemployment is another big challenge that the Indian economy faces. The unemployment rate in India is at a 45-year high. This means that there are a lot of people who are not able to find jobs. This leads to a lot of social problems as well.

Payment Deterioration

One of the most recent challenges faced by the Indian economy is payment deterioration. This is caused by the delay in payments from the government to contractors and suppliers. This has led to a lot of financial problems for the contractors and suppliers.

Poor Education

Another challenge that the Indian economy faces is poor education. The literacy rate in India is only around 74%. This means that a lot of people are not able to get good jobs and participate in the economy. This leads to a lot of social problems as well.

Private Debt

Another challenge faced by the Indian economy is private debt. The private debt to GDP ratio in India is one of the highest in the world. This means that a lot of people have taken out loans and are not able to repay them. This leads to a lot of financial problems for the economy.

Fixed Labour Laws

Another challenge faced by the Indian economy is fixed labour laws. These laws make it very difficult for companies to lay off workers. This leads to a lot of inefficiency in the economy and leads to a lot of financial problems for the companies.

Inadequate Infrastructure

One of the biggest challenges faced by the Indian economy is inadequate infrastructure. The infrastructure in India is not able to keep up with the population growth. This leads to a lot of problems such as traffic jams, power cuts, and water shortages.

Corruption

Corruption is another big challenge faced by the Indian economy. Corruption leads to a lot of inefficiency and waste in the economy. It also leads to a lot of social problems as well.

Conclusion

The Indian economy is currently facing a number of challenges. These include high levels of inflation, an unstable rupee, and a large current account deficit. In addition, the country faces significant infrastructure needs and a growing population that is increasingly young and educated. These factors present both opportunities and challenges for the country’s economic growth in the years ahead. Students who are interested in learning more about India’s economy should read this article for an overview of the most important issues facing the country today.