

# Self-Study Material (OLD)



## **RKDF UNIVERSITY, BHOPAL**

### **Bachelor of Arts (B.A.)**

#### **Third Semester**

Course	Category	Subject	Subject Code
<b>B.A.</b>	<b>Major</b>	<b>INDIAN ECONOMICS</b>	<b>BA-EC-301</b>
<b>Total Credit: 6</b>		<b>Max.Marks:100 (Internal:40+External:60)</b>	

#### **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.

<b>Units</b>	<b>Topic</b>	<b>Duration (In Hours)</b>	<b>Marks</b>
<b>I Introduction</b>	<ol style="list-style-type: none"> <li>1. Characteristics of Indian Economy</li> <li>2. Trends and Sectoral Composition of National Income</li> <li>3. Sectoral Distribution of Workforce</li> <li>4. National Resource Endowments- Land, Water, Livestock, Forest and Minerals</li> <li>5. Demographic Features- Population Composition, size and Growth Rates.</li> <li>6. Problems and causes of Over-Population and Population Policy.</li> </ol>	18	20
<b>II Agriculture</b>	<ol style="list-style-type: none"> <li>1. Nature, Importance and Characteristics of Indian Agriculture</li> <li>2. Land Use Pattern and Land Reforms</li> <li>3. Trends in Agricultural Production and Productivity</li> <li>4. Green Revolution-Objectives, Achievements and Failures</li> <li>5. Agriculture Finance and Insurance</li> <li>6. Agriculture Marketing</li> <li>7. New Technology in Agriculture</li> </ol>	18	20
<b>III Industry and Infrastructure</b>	<ol style="list-style-type: none"> <li>1. Industrial Development of India after Independence</li> <li>2. New Industrial Policy of 1991</li> <li>3. Role of Public Sector and Private Sector in Industrialization</li> <li>4. MSME- Definition, Characteristics and Its Role</li> <li>5. Problems and Remedies of Small-Scale and Cottage Industries</li> <li>6. Start-up India, Make in India and Aatm Nirbhar Bharat</li> <li>7. Infrastructure Composition- Power, Transport and Communication</li> </ol>	18	20
<b>IV Foreign Trade and Development</b>	<ol style="list-style-type: none"> <li>1. India's Foreign Trade- Importance, Composition and Direction</li> <li>2. Role of Foreign Direct Investment, Multinational Corporations</li> </ol>	18	20

	3. Disinvestment in India 4. Indian Planning- Objectives, Achievements and Failures 5. NITI Aayog 6. Indian Economic Problems- Poverty, Unemployment and Regional Inequality		
<b>V</b> <b>Economy of Madhya Pradesh</b>	1. Salient Features of Madhya Pradesh's Economy 2. Natural Resources of Madhya Pradesh- Land, Forest, Water and Minerals 3. Trends and Regional Disparities in Agriculture sector of Madhya Pradesh 4. Organic Farming and Polyhouse in Madhya Pradesh 5. Industrial Development in Madhya Pradesh 6. Infrastructure Development in Madhya Pradesh- Power, Transport and Communication 7. Development of Tourism in Madhya Pradesh. 8. Employment oriented schemes in Madhya Pradesh	18	20

### 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<sup>th</sup> 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<sup>th</sup> 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.

- Natural resources are those that are **present on the earth** but are **not influenced by human activity**.
- Oil, coal, natural gas, metals, stone, and sand are some **examples** of natural resources.
- **Allocating natural resources** may be a major source of economic and political conflict within nations as well as between them.
- This is especially true when there are growing shortages and scarcities (depletion and overconsumption of resources).
- **Environmental damage and human rights** violations are frequently caused by natural resource extraction.

## 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 utilised 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.

India has the second-largest population in the world. With a current population of about 1.3 billion, population growth control continues to be on every government's agenda. In this article, you can read all about the National Population Policy, 2000, as well as, about previous such policies and measures announced by the government in this direction. This is an important topic under the UPSC exam polity, governance, and social issues segments.

### **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.

## 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.

The importance of agriculture in the Indian economy is:

- Agriculture is one of the key contributors to the economy. It is the backbone of the country.
- It is the primary activity of the nation.
- It provides employment opportunity to the rural agricultural as well as non-agricultural labourers.
- It is the source of food and fodder.
- It also plays an important role in international business in import and export activities.

## **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.

**Land Utilization and Land Use Pattern in India:** Land use pattern refers to the arrangement or layout of the uses of land which may be used for pasture, agriculture, construction, etc., and factors that mostly determine this are relief features, climate, the density of population, soil and socio-economic factors. The effective and efficient development of natural resources without damaging the environment or human existence is referred to as resource development. Resource development helps future generations as

well as current ones.

## **Land Use Pattern in India**

In India, the land is primarily used for agricultural purposes, with nearly 60% of the country's land area devoted to farming. India is one of the world's leading producers of food, and agriculture accounts for a significant portion of the country's economy.

Other uses of land in India include forestry and grazing, which make up about 15% of the country's total land area. Less than 5% of India's land is urbanized, although this figure is growing as the country's population continues to increase.

## **Trends in Agricultural Production and Productivity**

### **Introduction**

The highest portion of the Indian natural resources consists of land and by far the largest number of its inhabitants is engaged in agriculture. Therefore in any scheme of economic development of the country, agriculture holds a position of basic importance. This module states briefly the main features of the agricultural situation in India. Although Indian agriculture is way back compared to the levels in developed countries, some notable developments have occurred over the years since independence. Large areas which suffered from repeated failures of rainfall have received irrigation; new crops have come to occupy a significant position in the country's production and trade; the agricultural and industrial economies in the country now exert a powerful influence on one another; problems of rural indebtedness and the exploitative practices of the village moneylender are much less, and finally there is already in the countryside an awakening and a desire for raising standards of living.

### **Cropping Trends in Indian Agriculture**

A variety of crops is grown in India. The net area sown under these crops is 142.3 million hectares. This constitutes over 46 per cent of the total geographical area of the country. Cropping pattern refers to the distribution of cultivated land among different crops grown in the county. Cropping pattern reveals the nature of agricultural operations. E.g. the importance of food crops viz., cash crops. Cropping pattern is influenced by a host of factors which can

be broadly classified into two categories:

Ø **Physical Factors:** Among physical factors the important ones are soil conditions, extent of rainfall and type of climate. Natural conditions of the country are the most important factors affecting the cropping pattern of a country. Certain kinds of soil and climate are suitable for particular crops, and not so suitable for other crops. As a result only such particular crops are grown in those areas which suit their natural conditions.

Ø **Economic Factors:** These are related to such things as prices, income, size of land holdings, availability of agricultural resources etc. the prices of agricultural products of inputs and of manufactured goods all have a bearing on the types of crops the farmer will grow and the proportion of land he will devote to different crops etc.

Ø **Historic Factors:** At any given point of time the cropping pattern of a country is given by history. The early settlement of man on land and the evolution of needs and capacity of population through time have governed the types of crops grown and the lands earmarked for different crops.

Ø **Social Factors:** It includes the factors such as density of population, customs, traditions, attitude towards material things, willingness and capacity for change, etc, have an important bearing on the types of crops grown and the area devoted to different crops. Before the attaining of independence the peasant in India was tradition bound and fatalistic in outlook.

Ø **Government Policy:** The policies of the government affect cropping pattern in a very significant way. Policies relating to priorities given to various crops, exports, taxes, supply of credit, development of backward regions etc. determine the nature of crops and the area under them.

## **Trends and Evaluation**

The agriculture growth has been marked by some healthy features. Unfortunately, however, there have been some ugly marks too. On the whole, the net result has not been very



satisfactory. Positive and negative points are discussed as under:

Ø **Positive Points:** There has been an uptrend in the agricultural production. The output has grown at a compound rate of 2.7 per cent since the beginning of planning in 1951-52. This growth rate is somewhat higher than the population growth. It is however, much higher than the pre-independence growth rate of 0.3 per cent during the 45 years preceding independence (1900-1 to 1945-56). Thus the growth rate is fairly sizeable, although not very high. The output level has also increased much. There is now a little less instability in the agricultural output. Due to improvement in the technique of production there is an increase in productivity. There is modernization of agriculture because of high yielding crops, chemical fertilizers, pesticides etc.

- Ø **Negative Points:** However, there are quite a number of unhealthy features that have marred the agricultural scene. The growth rate has been slow and unsteady. The growth rate at 2.7 per cent is due to large growth in certain crops like wheat. Without this the overall growth rate is much less. The weakening of the influence of weather has been insignificant. This is evident from the fact that there is a very little decrease in the variations of output from year to year in respect of the most important crops namely, food grain crops. The output cost of agriculture has been rather high. In comparison with agricultural costs of advanced countries, our costs are high indeed. Lastly, the agricultural growth has been very uneven and inequitable, in respect of crops, regions, states and classes. In case of certain crops, particularly of food grains group, the growth rates have differed vary widely.

From the above it is obvious that there are, no doubt, gains which have marked the production profile of agriculture. But each one of the advances is very little so that the total impact is not of much significance. On the other hand, the negative features are too glaring with growth rate of output low, unsteady and unevenly distributed as among crops, regions and classes. On the whole, therefore, the unsatisfactory trends over shadow the healthy developments.

### **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.”

## **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.

## **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 this 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).

### **Role of Public Sector and Private Sector in Industrialization**

- At the time of independence, Indian economic conditions were very poor and weak. There was neither private capital nor did India have foreign investment credibility so as to attract foreign investment. Moreover, Indian planners did not want to be dependent on foreign capital for economic development. In such a situation, it seemed most rational that the public sector takes an active role.
- Following are the reasons that explain the driving role of the public sector in industrial development:
  - (i) **Lack of Capital with the Private Entrepreneurs:** At the time of independence, the requirement of capital for diversified industrial growth far exceeded its availability with private entrepreneurs. Accordingly, it became essential for the state to foster industrial growth through public sector undertakings.

- (ii) **Lack of Incentive among the Private Entrepreneurs:** The private investors lacked the incentive to invest in large industries. Because of this reason, the public sector was forced to invest for the development of these industries.
- (iii) **Socialistic Pattern of Society:** The government realised that a socialist society could be achieved only through direct participation of the state in the process of industrialisation because it requires investment that generates employment rather than investment that only maximises profit.
- Concentration of wealth was to be discouraged and public investment was considered as the best means to achieve it.

### **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 8<sup>th</sup> 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 export 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.

### **Problems and Remedies of Small- Scale and Cottage Industries**

Small Scale Industries are industries in manufacturing, production and rendering of services are done on small scale. The investment limit is up to Rs.5 crore while the annual turnout is up to Rs. 10 crores.

Cottage Industries are usually very small and are established in cottages or dwelling places. Khadi and Village Industries Commission (KVIC) is a statutory organization that promotes village industries that also helps cottage industries.

**Difference between small scale and cottage industries:** In Small scale industry outside labour is used whereas in cottage industries family labour is used. SSI uses both modern and traditional techniques. Cottage industries depend on traditional techniques of production.

### **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 Foreign 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.

### **Role of Foreign Direct Investment, Multinational Corporations**

Foreign direct investment (FDI) is an investment made by a company or an individual in one country into business interests located in another country. FDI is

an important driver of economic growth.

### **Foreign Direct Investment (FDI)**

Any investment from an individual or firm that is located in a foreign country into a country is called Foreign Direct Investment.

- Generally, FDI is when a foreign entity acquires ownership or controlling stake in the shares of a company in one country, or establishes businesses there.
- It is different from foreign portfolio investment where the foreign entity merely buys equity shares of a company.
- In FDI, the foreign entity has a say in the day-to-day operations of the company.
- FDI is not just the inflow of money, but also the inflow of technology, knowledge, skills and expertise/know-how.
- It is a major source of non-debt financial resources for the economic development of a country.
- FDI generally takes place in an economy which has the prospect of growth and also a skilled workforce.
- FDI has developed radically as a major form of international capital transfer since the last many years.
- The advantages of FDI are not evenly distributed. It depends on the host country's systems and infrastructure.
- The determinants of FDI in host countries are:
  - Policy framework
  - Rules with respect to entry and operations/functioning (mergers/acquisitions and competition)
  - Political, economic and social stability
  - Treatment standards of foreign affiliates
  - International agreements
  - Trade policy (tariff and non-tariff barriers)
  - Privatisation policy

## **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.

## **NITI Aayog**

The Planning Commission which has a legacy of 65 years has been replaced by the **NITI Aayog**. The utility and significance of the Planning Commission had been questioned for a longer period. The replacement seems to be more relevant and responsive to the present economic needs and scenario in the country.

### **Latest News about NITI Aayog:**

1. Shri Parameswaran Iyer joined NITI Aayog as Chief Executive Officer on 10th July 2022.
2. Dr. Arvind Virmani joined NITI Aayog as a full-time Member with effect from 16th July 2022.
3. 'One District, One Product Policy' – It is a recent agenda of the Niti Aayog Governing Council. It intends to boost export at the district level.
4. Niti Aayog to commission a study on the select judgements and verdicts of Supreme Court and National Green Tribunal on the economy of India.
5. National Action Plan for Migrant Workers is underway and for the same Niti Aayog is a responsible authority.

6. 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.
7. Recently the NITI Aayog vice-chairman had mentioned that the Government will introduce the production-linked incentive (PLI) scheme for more sectors to boost domestic manufacturing. The objective of the PLI scheme is to incentivise investors in this country to put up globally comparable capacity in scale and competitiveness. 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.

## **Economy of Madhya Pradesh**

### **Salient Features of Madhya Pradesh's Economy**

As the name suggests, Madhya Pradesh lies at the centre of the country and is sometimes referred to as the "Heart of India". Being at the centre of the land, it does not have any coastal or international boundary. That's why economic facts about Madhya Pradesh do not include much coastal trade or inter boundary trade.

However, MP has some significant hill ranges distributed throughout the states. These include the Vindhya ranges in the west and Kaimur hills (one of the branches of Satpura) in the North. Madhya Pradesh's economy is not only driven by agriculture. The natural resources and manufacturing sector have an essential role in MP's growth and development. The MP economy thus becomes an interesting topic to analyse and study.

- **Agriculture**

- Although the agricultural dependence of MP is mainly on rainfall, some areas have grown with the help of mechanised cultivation. Narmada valley is one of the most fertile regions of Madhya Pradesh. Durum wheat that is grown here is exported all over the world.

- Madhya Pradesh is the largest producer of soybeans. It is also a significant producer of different varieties of rice. The government of India gave Chinnar rice brand a GI tag on September 29, 2021.
- **Natural Resources**
- Madhya Pradesh is rich in natural resources, and they contribute to a large part of Madhya Pradesh's GDP. It is one of the leaders in mining stones and has the highest number of copper stone reserves in India.
- Madhya Pradesh also has one of the most extensive coal stocks (the coal production of Madhya Pradesh was 132.531 million tonnes in 2021).
- MP is a major diamond-producing state in the country, and it is one of the major contributors to the MP revenue. Diamond production in 2019-20 had reached 25,603 thousand tonnes. Despite being rich in natural and mineral resources, the revenue of MP doesn't justify the availability of resources.
- **Tourism**
- Madhya Pradesh is home to spectacular historical places like Ujjain (a sacred city of Hindus), Khajuraho, etc. These cities attract lakhs of tourists from all over the world annually.
- This state also has a wide variety of flora and fauna across different Natural parks and wildlife sanctuaries that are distributed throughout the state. Some of these include Orchha, Pench, Pachmarhi, Kanha and Bandhavgarh. Madhya Pradesh has a total of 25 wildlife sanctuaries and 6 tiger reserves. The state is home to the highest number of tigers (526 in 2019), and the world's first white tiger was found in Rewa, a district in Madhya Pradesh.
- The share of GDP from travel and tourism was 10.4% in 2019, which came down to 5.5% in 2020 due to the pandemic.
- **Manufacturing Sector**
- Madhya Pradesh, being a natural producer of a variety of raw materials, is a great manufacturing hub. It has emerged as a stalwart in automobile manufacturing due to its large area, which is required for setting up the agencies. Indore and Bhopal have

become alternate industrial investment destinations for bigger cities like Noida and Gurgaon.

- The state is a leader in textile manufacturing, automobiles, food processing, engineering, and agriculture equipment manufacturing. Due to the advantages of workforce availability, Madhya Pradesh has been paving the way to becoming a developed and self-sufficient state.
- The districts of MP have been divided into 7 AKVNs (Audyogik Kendra Vikas Nigam) in Bhopal, Indore, Gwalior, Jabalpur, Ujjain, Sagar, and Rewa. According to the Annual Survey of India (ASI) 2015-16, Madhya Pradesh has over 4426 factories. Madhya Pradesh also has India's first greenfield SEZ in Pithampur, which has a total area of 1114 hectares. Slowly but steadily, the manufacturing sector has become a significant contributor to the MP economy.
- **Employment opportunities in Madhya Pradesh**
- Despite staggering economic opportunities throughout the state, the unemployment rate in Madhya Pradesh rose above 10% in 2021. Even though the state has done well in providing jobs for semi-skilled and unskilled people, there is still a long way to go before employment opportunities improve throughout the state. The COVID pandemic has somewhat influenced the high unemployment rate, but that cannot be used as an excuse for long. The unemployment rates in MP are a matter of grave concern and must be addressed as soon as possible.
- **Conclusion**

Madhya Pradesh has a vivid mixture of culture, natural resources, and human resources. It stands at 27th rank in GDP per capita income, but MP is growing at a rate of 10%. The debt, however, is a serious issue for the state as far as money management is concerned. The state is full of resources and can reach the apex of its growth, provided the resources are utilised properly.

## **Natural Resources of Madhya Pradesh- Land, Forest, Water and Minerals**

- A mineral is a natural substance of organic or inorganic origin with definite chemical and physical properties.
- Madhya Pradesh ranks fourth in the production of minerals and ranks second in the revenue generated from Minerals in the country. Madhya Pradesh receives the highest royalty from Coal followed by Limestone, copper, Bauxite, and Manganese.

### **Mineral Resources of Madhya Pradesh**

Madhya Pradesh is one of the minerals resources-rich states in India. Madhya Pradesh lies in the North East Plateau region of India, this belt is one of the richest mineral belts in the country.

- Mineral resources place an important role in the development of the economy of Madhya Pradesh.
- Madhya Pradesh is one of the eight most important minerals resource-rich states in the country.
- According to the economic survey of Madhya Pradesh, State has the first rank in the production of diamond and Manganese, and it ranks second in the production of limestone and rock phosphate.
- Madhya Pradesh is in the third position in the production of coal. The total revenue collected from the mineral resources in the year 2020-21 is 20260 crore rupees, which is 12.67% more than the previous year's revenue.

### **Trends and Regional Disparities in Agriculture sector of Madhya Pradesh**

Distribution of households and Population by socio-economic classification: Scheduled tribes households' accounts for 19.94 percent of total household and around 17.77 percent of households belonging to scheduled castes are there in the state. Other Backward Classes accounted for 38.91 percent of households are highest in state. Other households are slightly less than one fourth of total households. <sup>3</sup>/<sub>4</sub> Type of Households: In urban area 44.19 % household earning income from self-employment, 32.61 % from salaries/regular wages, 17.18 % earn their livelihood by working as casual labour and 6.02 % from other activities.

Among self-employed households the representation is more of OBC and others as compare to their population while in case of salary earning households the representation of ST and others is more. In case of SC and OBC their representation is less by 4.5 and 5 percentage points than their proportion in population respectively. In Rural areas, 76.31 % of households earning their livelihood from agricultural activities, which includes 29.03 % households who are working as agricultural labourers in rural area of the state. 11.73 % of total households come under Self Employed-non agriculture category. Among self-employed in agriculture households the presentation is more of OBC and others as compare to their population. It is also true for self employed in non-agriculture.

**Use of Primary Source of Energy:  $\frac{3}{4}$  Cooking:** It is observed that in urban areas of the state, during 2004-05, 58.1 % of households were using LPG as fuel, 37.4 % using firewood, 2.1 % using kerosene and 2.0 % using dung cake for cooking. The LPG users accounts for 42.6 % among ST households, 28.3 % among SC households, 55.2 % among OBC households and 72.8 % among other households. Majority of households of Scheduled tribes and Castes, firewood and chips are major source of fuel for cooking. Among total LPG users, 3.4 % belonged to ST category, 7.4 % to SC, 35.7 % to OBC and others accounted for 53.6 percent showing disproportionate distribution of better fuel to their respective population. In rural areas, penetration of use of LPG for cooking is found to be low at 3.95 percent. Fuel wood is widely used for cooking by 93.43 % of rural households though use of dung cake is limited to 2.51 percent of households. The reason for use of firewood by large proportion of all social groups is availability of fire wood from nearby forests. Among firewood user households 65% are accounted by ST and OBC households. In case of LPG users 79.4 % are others and OBC households. Majority of dung cake users' households belong to OBC and others category of households.

**$\frac{3}{4}$  Lighting:** Electricity is the major source for lighting in both urban and rural area of the state. 88.48 % of households are using electricity for lighting in the state. In urban area user households accounts for 97 % of total households while for rural area it is 83.4 percent. The access to electricity is almost equitable to all socio groups irrespective of their place of residence. Marginal distortion in case ST and SC is observed in both urban and rural area.

**$\frac{3}{4}$  Access to Various Programmes** State sample of 61st Round of NSSO reveals that Food for Work programme could reach to 1.0 % of households, Annapoorna 0.5 % households, ICDS 5.7 % and Midday Meal could reach 30.37 percent of households in the state. Midday Meal could reach 35 percent of households in rural area while in urban it was able to reach 13.5 % of households. It is also observed that programme could reach ST, SC and OBC relatively more than state average reach.

## **Organic Farming and Polyhouse in Madhya Pradesh**

Organic MP is a one-stop solution for organic farm development, polyhouse development, and soil-less farming technology. We are on a mission to build a strong supply chain of organically produced fruits and vegetables and raise the income of farmers, by supporting them with all kinds of facilities at affordable costs.

Madhya Pradesh signifies the heart of India, bestowed with ever flowing and most reverend rivers like “Narmada”, “Betwa” “Ken and “Chambal”, rich diversity of flora and fauna, picturesque forests of high value Teak, Sal, Bamboo, vast grasslands with Fascinating wildlife in their natural habitat, yet local and original communities living in harmony with mother nature ever since human civilization. 1.20 The vast expanse of great ranges of Vindhyanchal and Satpura, highly productive plains of Malwa, ravines of Chambal and hills of Kaymore, rich heritage of Bundelkhand all provides unique opportunities for its development. 1.30 The state has unique distinction of earning huge foreign exchange through high value exports of farm produce like soybean DOC, soybean oil, variety of pulses, best quality bread wheat, fruits like mango, banana, vegetables of all types and seasons, spices, condiments, aromatic and medicinal herbs, produce from forests both timber and non timber, minor forest produce like leaves, fibre, natural dyes and many products of plant and animal origin. Yet the depending population remain in the clutches of poverty and state bears a stigma of under developed region in the country. 1.40 The state has 11 agro – climatic zones, with > 20 million ha of gross cropped area with cropping intensity in excess of 135%. The state has over 40% irrigated area and possess large portfolio of crops seasonal, perennial and perishable.

## **Industrial Development in Madhya Pradesh**

Madhya Pradesh, a state in the heart of India is the 2<sup>nd</sup> largest state by area and one of the fastest growing states with annual GSDP growth at 8% CAGR over the last decade. Madhya Pradesh government has worked diligently over the past decade to develop the state as an industrial hub and promote it as a potential investment destination. The state government has made an investment of more than \$15.4 billion in support infrastructure in the last five years. The state has good connectivity to large markets and major metro cities such as New Delhi, Mumbai, Ahmedabad, Hyderabad and Kolkata. MP possesses a road network of 160,000 KM, 455 trains passes through the state daily besides its air connectivity with major tier 1

cities in the country. To overcome the problem of land-lockedness, State has established 6 Inland Container Depots (ICDs).

State falls under influence area of Delhi Mumbai Industrial Corridor (DMIC) and has developed industrial and investment regions like Pithampur-Dhar- Mhow, Ratlam-Nagda, Shajapur-Dewas and Neemach-Nayagaon along the corridor. State hosts one of the twelve Japanese Industrial Townships to be established in India, as envisioned under “The India Japan Investment Promotion Partnership” at Pithampur, Indore. Additionally, State has also developed an Industrial Township specifically focused on South East and Far East Asian investors. State is developing four investment corridors (Bhopal-Indore, Bhopal-Bina, Jabalpur-Katni- Satni-Singrauli, Morena-Gwalior- Shivpuri-Guna) to promote industrial development and employment opportunities. Madhya Pradesh is a leading producer of minerals in India with major production in Manganese, Copper, Glass, Limestone, etc. and is the only state in India with diamond reserves. It has over 8% of the total Coal reserves of India and 1,434 billion cubic meters coal-bed methane. State government is promoting sustainable utilization of resources to promote industrial development. Madhya Pradesh has all of the 11 agro climatic zones of the country. The state ranks first in producing soybean, pulses, grams, garlic, etc. and is 2<sup>nd</sup> largest producer of wheat, maize and Green peas. Madhya Pradesh is one of the leading states in growing banana, orange, guava, mango and lemon fruits. The state contributes over 40% share to India’s total organic farming and as per a report published by DACFW, Government of India, Horticulture productivity/hectare is higher in MP than India’s national average. The state contributes the maximum forest cover to the total forest area of the country, nearly 94,689.38 sq. KM. Medicinal plants of around 2,200 varieties are available in Madhya Pradesh forest. The state has 14 per cent ‘pashudhan’ (cattle wealth) of the country which contributes nearly 10 percent to the to the total milk production of the country. State has 1,20,000 acres of industrial land bank including 40,000 acres of developed area. Over the last years it has developed SEZs and sector specific parks like SEZ Pithampur, Crystal IT park, Plastic park in Tamot and Gwalior, Logistics park Shivpuri, Vikram Udyogpuri, Ujjain, Spice park, Chhindwara, among other. Additionally, one multi-product SEZ is proposed in Chhindwara. Abundant Technical and Skilled Manpower is available in the state to support the industries. The State is home to several premier national institutes like AIIMS, IIT, IIM, NIFT, NID, NLIU, IIITM and CIPET. Also, it is home to ~45 Universities including Central, State and Private universities. Around One lakh manpower (technical experts) join workforce from these colleges every year in the state. Madhya Pradesh is also rich in culture and tourism. Tourism sites like Khajuraho,



Bhimbaithika and Sanchi have been recognised as world heritage centres. Kanha, Bandhavgarh, Pench, Panna and Shivpuri are famous tiger reserves and have various other animals, also. Pachmarhi, Amarkantak and Tamia are some other major tourism destinations of the State. Tourism department has also taken initiative to promote tourism using various islands in the state like Hanuwantiya, Madhya Dweep and Sailani islands. It host India's only and largest water carnival, Jal Mahotsav, every year. The state is leader in textile manufacturing, automobiles, food processing, engineering and agriculture equipment manufacturing. The peaceful manpower of the State is an added advantage for industrial development. All the above mentioned factors pave the way for the Madhya Pradesh to become a developed state. According to report released by RBI, Madhya Pradesh secured fifth position garnering 7.2 per cent share in industrial investments. Over the last decade Madhya Pradesh has witnessed a radical transformation in terms of economic and social development. The same is attributable to stable government, supplemented by creation of a robust support infrastructure in terms of roads, water supply, irrigation capacity and a 24×7 power supply. Madhya Pradesh stands 5<sup>th</sup> among Indian states in ease of doing business ranking conducted by World Bank and DIPP.