APPOLO STUDY CENTRE

TNPSC GROUP I MAIN - 2021
MANDATORY TEST XVII
PAPER III – UNIT III INDIAN ECONOMY - CURRENT ECONOMIC TRENDS AND IMPACT OF GLOBAL ECONOMY ON INDIA - I

Time: 3 hours **Total marks: 250**

SECTION A **10 x 10 = 100**

Answer all the questions. Answer not exceeding 150 words each

1. **Define Capital Formation. Discuss the problems of Capital Formation in India**
மூலதன உருவாக்கம் - வரையறு. இந்தியாவில் மூலதன உருவாக்கத்தில் உள்ள பிரச்சனைகளை விளக்குக

Capital formation has been defined as "the amount which a community adds to its capital during a period is known as the amount of its investment or capital formation".

Since the national capital or wealth is used in the production of goods, the capital stock will get worn out or depreciated. So, in the process of capital formation, care should be taken to replace the worn-out assets and thereby maintain the capital intact, along with increasing the capital over and above maintenance. Gross capital formation includes both maintaining capital intact and increasing the capital assets over and above replacement. Net capital formation includes only the addition of the existing volume of assets. Generally, capital formation really refers to net capital formation.

Reasons for Low Rate of Capital Formation in India

1. Low Income
2. Demographic Reasons
3. Low Productivity
4. Unproductive Expenditure Pattern
5. Inequalities in Income Distribution
6. Small size of the market
7. Lack of capital equipment
8. Lack of economic overheads
9. Lack of enterprise

10. Lack of financial institutes

11. Technological backwardness

12. High level of taxation

13. Social security measures

14. Demonstration effect

15. The threat of nationalization

16. The public sector

17. Inflationary situation

18. Availability of cheap labour

19. High rates of interest

20. Unfavourable laws

2. Why India opted for LPG reforms? Describe the important initiatives under New Economic Policy.
LPG சீர்திருத்தங்களை இந்திய ஏன் தேர்வு செய்தது? புதிய பொருளாதார கொள்கையின் கீழ் கொண்டுவரப்பட்ட முக்கிய முயற்சிகள் பற்றி விவரி

In India the period after 1980-81 was marked by severe balance of payment difficulties mainly due to hike in oil price and Gulf war in 1990-91 and hostilities in West Asia. When the new government took over in June 1991. India had unprecedented balance of payment crisis. The finances of the central, and state Government had reached a situation of near bankruptcy. With the downgrading of India’s credit rating by some international agencies, there was heavy flight of capital out of India.

Since India lost its credit worthiness in the international market, the government mortgaged 40 tons of gold to the Bank of England. Under these circumstances, the government for 1991-92 presented its budget in July 1991 with a series of policy changes which underlined globalization, liberalization and privatization. This has come to be called as India’s new economic policy. This policies were strengthened when India signed the Dunkel Draft in 1994.

Important Initiatives

1. Industrial Delicensing
2. De reservation of the industrial sector
3. Public sector policy (de reservation and reform of PSEs)
4. Abolition of MRTP Act
5. Foreign investment policy and foreign technology policy.

1. **Industrial Delicensing policy:** the most important objective of the new industrial policy of 1991 was the end of the industrial licensing or the license raj or red tapism. Under the industrial licensing policies, private sector firms had to secure licenses to start an industry.

2. **De reservation of the industrial sector:** Previously, the public sector was given reservation especially in the capital goods and key industries. Under industrial deregulation, most of the industrial sectors were opened to the private sector as well. Under the new industrial policy, only three sectors viz., atomic energy, mining and railways will continue as reserved for public sector. All other sectors have been opened for private sector participation.

3. **Reforms related to the Public sector enterprises**: Reforms in the public sector were aimed at enhancing efficiency and competitiveness of the sector. The government identified strategic and priority areas for the public sector to concentrate. Loss making PSUs were sold to the private sector.

4. **Abolition of MRTP Act:** The New Industrial Policy of 1991 has abolished the Monopoly and Restrictive Trade Practices Act 1969. In 2010, the Competition Commission has emerged as the watchdog in monitoring competitive practices in the economy. The policy caused big changes including emergence of a strong and competitive private sector and a sizable number of foreign companies in India.

5. **Foreign investment policy:** Another major feature of the economic reform was red carpet welcome to foreign investment and foreign technology. This measure has enhanced the industrial competition and improved business environment in the country. Foreign investment including FDI and FPI were allowed. In 1991, the government announced a specified list of high-technology and high-investment priority industries wherein automatic permission was granted for foreign direct investment (FDI) up to 51 % foreign equity. The limit was raised to 74 percent and subsequently to 100 percent for many of these industries. Moreover, many new industries have been added to the list over the years. Foreign Investment Promotion Board (FIPB) has been set up to negotiate with international firms and approve foreign direct investment in select areas.

3. Discuss the importance of calculating National Income
தேசிய வருமானத்தை கணக்கிடுதலின் முக்கியத்துவம் பற்றி விவாதி

Importance of National Income Analysis

National income is of great importance for the economy of a country. Nowadays the national income is regarded as accounts of the economy, which are known as social accounts. It enables us

1. To know the relative importance of the various sectors of the economy and their contribution towards national income; from the calculation of national income, we could find how income is produced, how it is distributed, how much is spent, saved or taxed.
2. To formulate the national policies such as monetary policy, fiscal policy and other policies; the proper measures can be adopted to bring the economy to the right path with the help of collecting national income data.

3. To formulate planning and evaluate plan progress; it is essential that the data pertaining to a country's gross income, output, saving and consumption from different sources should be available for economic planning.
4. To build economic models both in short - run and long - run.
5. To make international comparison, inter - regional comparison and inter - temporal comparison of growth of the economy during different periods.
6. To know a country's per capita income which reflects the economic welfare of the country (Provided income is equally distributed)
7. To know the distribution of income for various factors of production in the country.
8. To arrive at many macro economic variables namely, Tax – GDP ratio, Current Account Deficit - GDP ratio, Fiscal Deficit - GDP ratio, Debt - GDP ratio etc.

4. Agricultural Productivity in India is the lowest in the world. Discuss the reasons.
உலகிலேயே இந்தியாவின் விவசாய உற்பத்தித்திறன் மிகக்குறைவாக உள்ளது. காரணங்களை விவாதி

Low Agricultural Productivity

The condition of Indian agriculture still largely remains backward although it is considered as the backbone of the Indian economy. Agricultural productivity, which is composed of both productivity of land and labour as well, is among the lowest in the world. Average yield per hectare in India is quite below the world average in all crops. It is much lower as compared with even the yield rates prevailing in less advanced countries of the world. Causes of Low Agricultural Productivity in India factors, which are responsible for this backwardness or low agricultural productivity in Indian agriculture, can be conveniently grouped under three broad headings, which are as below:

1. General Factors.
2. Institutional Factors.
3. Technological Factors.

1. General Factors: Following are some of the general factors, which are responsible for low agricultural productivity in Indian agriculture:

1. **Socio-Economic Factors**
2. **Lack of Adequate Finance**
3. **Lack of Productive Investment**
4. **Overcrowding in Agriculture**
5. **Discouraging Rural Atmosphere**
6. **Inadequate non-firm Services**
7. **Natural Calamities**

2. Institutional Factors

Following are some of the institutional factors, which are equally responsible for the backwardness of Indian agriculture:

1. **Small Size of Holdings**:
2. **Defective Pattern of Land Tenure**:

3. Technological Factors

The following technological factors are responsible for low agricultural productivity in Indian agriculture:

1. **Poor Technique of Production**:
2. **Lack of High Yielding Seeds**:
3. **Scanty Use of Fertilizers**:
4. **Inadequate Irrigation Facilities**:
5. **Lack of Agricultural Research**:

5. Enlist the defects of Agricultural marketing system in India?
இந்தியாவில் வேளாண் சந்தைப்படுத்துதலில் உள்ள குறைகளை பட்டியலிடுக

Defects of Agricultural Marketing in India

(1) Lack of Organization among Farmers.—The farmers do not have their own collective organization or association to facilitate them to sell their produce.

(2) Forced Sale.—The Indian farmers are forced to sell their produce at an unfavourable time and place and get unfavourable price. They sell their produce immediately after harvest because of poverty and indebtedness.

(3) Poor Storage Facilities in Villages.—The Indian farmer does not have facilities to store his produce properly.

(4) Poor Transport Conditions in Rural Areas.—The transport conditions in rural areas are so bad that even rich farmers who have large amounts of surplus produced may not always be interested in going to the mandis.

(5) Poor Conditions in the Mandis.—The conditions in the mandis are such that the farmer is afraid of going there. He may have to wait for sometime before he may be able to dispose of his produce. He may not have proper warehousing facilities to keep his stock.

(6) Existence of too many middlemen.—The number of intermediaries and middlemen between the farmer and the final consumer of farm produce are too many and the margin going to them is too large.

(7) Lack of adequate information.—The farmers do not ordinarily get information about the ruling prices in the big markets. They have no idea about marketing conditions and about the possible prices in the future.

(8) Fraudulent practices in the market.—In the unregulated markets, many malpractices are common such as arbitrary deductions from sale proceeds, discriminatory marketing charges, etc.

(9) Multiplicity of weights and measures.—There was no common measure throughout the country. There is a great scope for cheating the farmers.

(10) Absence of grading and standardisation of agricultural produce.—In a country where there is excessive adulteration, one cannot simply think of the system of grading and standardisation.

(11) Lack of financial facilities.—For the finance required for agricultural operations, the farmer has to depend upon the village traders. Because of the heavy indebtedness and high rate of interest, the farmer mortgages his crop in advance of production to the village trader for lower prices.

(12) Inferior quality of produce.—The quality of produce is inferior due to indifferent seeds, pests and diseases, preventive methods of harvesting and lack of proper storage and dumping

6. Explain the role of crop insurance schemes in protecting the farmers of India
இந்திய விவசாயிகளை பாதுகாப்பதில் பயிர்க்காப்பீட்டு திட்டங்களின் பங்கினை விளக்குக

National Agricultural Insurance Scheme (NAIS)

The Government of India in Co-operation with the General Insurance Corporation of India (GIC) had introduced a scheme called the '**National Agricultural Insurance Scheme (NAIS)**' from **Rabi 1999-2000 Season.** This new Crop Insurance Scheme entitled NAIS replaced the earlier Comprehensive Crop Insurance Scheme (CCIS). The Main objective if the scheme is to protect the farmers against losses suffered by them due to crop failure on account of natural calamities such as drought, flood, hailstorm, cyclone, fire, pest/diseases etc. so as to restore their credit worthiness for the ensuing season.

Farm Income Insurance Scheme

Prime Minister inaugurated Farm Income Insurance Scheme in **January 2004** for providing insurance safeguards and economic security to farmers. Ministry of Agriculture and Indian Agriculture Insurance Company Ltd. are jointly introducing this scheme. This scheme provides 'broader risk insurance' for the losses in agriculture income due to adverse natural calamities and fluctuation in market prices of the agriculture crop.

Varsha Bima (Rainfall Insurance Scheme)

Agricultural Insurance Company of India Ltd. (AICIL) introduced Rainfall Insurance Scheme known as "**Varsha Bima" during 2004**, south-west monsoon period.

Pradhan Mantri Fasal Bima Yojana (2016)

The new Crop Insurance Scheme is in line with One Nation – One Scheme theme. It incorporates the best features of all previous schemes and at the same time, all previous shortcomings/weaknesses have been removed.

The highlights of this scheme are as under:

- There will be a uniform premium of only 2% to be paid by farmers for all Kharif crops and 1.5% for all Rabi crops. In case of annual commercial and horticultural crops, the premium to be paid by farmers will be only 5%. The premium rates to be paid by farmers are very low and balance premium will be paid by the Government to provide full insured amount to the farmers against crop loss on account of natural calamities.
- There is no upper limit on Government subsidy. Even if balance premium is 90%, it will be borne by the Government.
- Earlier, there was a provision of capping the premium rate which resulted in low claims being paid to farmers. This capping was done to limit Government outgo on the premium subsidy. This capping has now been removed and farmers will get claim against full sum insured without any reduction.
- The use of technology will be encouraged to a great extent. Smart phones will be used to capture and upload data of crop cutting to reduce the delays in claim payment to farmers. Remote sensing will be used to reduce the number of crop cutting experiments.

National Crop Insurance Programme (NCIP) / Rashtriya Fasal Bima Karyakram (RFBK)

NCIP is a Central Sector Scheme formulated by merging National Agricultural Insurance Scheme (NAIS), Pilot Weather Based Crop Insurance Scheme (WBCIS), Pilot Modified National Agricultural Insurance Scheme (MNAIS) and and Pilot Coconut Palm Insurance Scheme (CPIS). The scheme came into force from Rabi 2013-14 and covers all districts.

Loanee farmers will be covered on compulsory basis under the component- scheme of NCIP notified by the concerned state, while non-loanee farmers will choose either MNAIS or WBCIS component.

Private sector Insurers with adequate infrastructure and experience will be permitted to implement NCIP besides Agriculture Insurance company of India (AlC).

Insurance Products from Agriculture Insurance Company of India Limited (AIC)

Agriculture Insurance Company of India Limited (AIC) was incorporated under the Indian Companies Act 1956 on 20th December, 2002 with an authorised share capital of INR 15 billion and paid up capital of INR 2 billion. AIC commenced business from 1st April, 2003.

7. **Examine the role of Industrialization in economic development of India**
இந்திய பொருளாதார வளர்ச்சிக்கு தொழில்மயமாதலின் பங்கு குறித்து ஆய்க

Role of Industrialization in economic development of India

1. Social Stratification: Social impacts of industrialization can be illustrated by how the new international division of labour has tended to create particular clusters of jobs in particular place
2. Health and Quality of Life: Industrialization changes human health and thus affects the quality of life, morbidity, mortality, and broader population dynamics.
3. Growth of National Income:
4. Alleviation of Poverty
5. Reduction of Income Inequalities:
6. Better Health

Impact of Industrialization

Impact of industrialization could be noticed in the following areas:

1. **Time-Space Compression**:

2. **Evaluation of Industrialization in India**: The indicators named above will be used to evaluate the success of Indian industrialization policies. A distinction will be made between the period from Independence until 1980, characterized by inward-looking policies such as IS, and the period from 1980 until today, characterized by reforms and the opening up of the Indian economy. The following analysis with indicators compares the achievements of these two periods only. Absolute statements of Indian achievements follow later on.

   It must be emphasized that the analyzed data conceals sharp disparities within India between development-oriented states and laggards, between women and men, between adults and children, and between city and countryside. Different states have progressed at differing paces and, even within states, different regions have achieved markedly varied results. Even more noticeable than geographic differences in poverty reduction are the inequalities that persist across gender, caste and ethnic groups. Social indicators for women - literacy, for example-are distinctly lower than for men, and the level of scheduled castes and tribes in both economic and social achievements is still well below the national average.

3. **Growth of National Income**: Growth of national income in GNP per capita in India was about 1.4% in the years from 1960 to 1980. The effects of the reforms of the 1980s are reflected in growth figures: the average GNP per capita growth increased to 3.25%. And with further opening up in the 1990s, the GNP per capita reaches new heights with 3.8% average growth in the period from 1987 to 1997.

8. Describe the role of public sector enterprises in Indian economy
இந்திய பொருளாதாரத்தில் பொதுத்துறை நிறுவனங்கள் பங்கு பற்றி விவரி

Role of Public Sector

(1) Rapid Industrial Development.—As India requires quick and rapid development of industries, the State has to assume a dominant role in industrialization. Some of the basic and heavy industries which are not generally undertaken by the private enterprise as they yield very often low rate of profit, are to be started by the public sector.

(2) Building Socialistic Pattern of Society.— The growth of public sector ensures rapid economic development and greater employment opportunities.

(3) Provision of Infrastructure.—There is the need of adequate infrastructure for rapid industrial development and particularly for the private sector to undertake enterprise.

(4) Social Overheads.—It is for the public sector to create social overheads like institutions for research and general and technical education, hospitals, etc.

(5) Balanced Regional Development.—The private sector as it is interested in its own profit motive may not start enterprises in backward and underdeveloped regions. The public sector can do what the private sector cannot do. The development of under developed regions is more a special responsibility of the public sector.

(6) Resource Mobilization.—Rapid industrialization requires resource mobilization on a massive scale. Such large scale mobilization of resources is not possible for the private sector. The Government has to take a big lead in collecting resources for rapid industrialization.

(7) Optimum Allocation of Resources.—The scarce resources should be put to the best possible uses. The private sector which is profit motivated, mis-allocate the resources by providing non-essential luxury goods at a time when the need is that of producing the necessaries for masses. For correcting such misallocation of resources, the public sector has to expand its activities.

(8) Provision of Employment.—Public sector provides two categories of employment : (i) Government administration and other Government services like health, education, research and various activities to promote economic development, and (ii) public sector proper, i.e., economic enterprises owned by the Centre, State and local Governments.

(9) Share in Saving and Capital Formation of the Economy.—The share of the public sector is nearly one-half of the capital formation.

(10) Import Substitution and export promotion.—Some public sector enterprises were started specifically to produce goods, which were formerly imported and thus to save foreign exchange. Some other public enterprises have done much to promote India's exports.

(11) Volume of Sales of the Public Sector.—The share of the public sector has increased significantly in net domestic product (NDP). This is largely due to a rapid expansion of the public sector enterprises.

(12) Contribution to Central Exchequer.—The public enterprises contribute to the Central Exchequer through the payment of : (i) dividends, (ii) corporate taxes, (iii) excise duties, etc. In this way, they help in mobilization of resources for the planned development.

9. SEZ as a tool for economic development in India. Explain
இந்தியாவில் பொருளாதார வளர்ச்சிக்கான கருவியாக சிறப்பு பொருளாதார மண்டலங்கள் விளங்குகின்றன. விளக்குக

Special Economic Zones

With a view to overcome the shortcomings experienced on account of the multiplicity of controls and clearances, absence of world-class infrastructure, and an unstable fiscal regime and with a view to attract larger foreign investments in India, the Special Economic Zones (SEZs) Policy was announced in April 2000.

As part of the economic reforms, the system of taking over land by the government for commercial and industrial purposes was introduced in the country. As per the Special Economic Zones Act of 2005, the government has so far notified about 400 such zones in the country. Since the SEZ deprives the farmers of their land and livelihood, it is harmful to agriculture. In order to promote export and industrial growth in line with globalisation the SEZ was introduced in many countries

India was one of the first in Asia to recognize the effectiveness of the Export Processing Zone (EPZ) model in promoting exports, with Asia's first EPZ set up in Kandla in 1965. The broad range of SEZ covers free trade zones, export processing zones, industrial parks, economic and technology development zones, high-tech zones, science and innovation parks, free ports, enterprise zones, and others.

Objectives of SEZ Act, 2005

The main objectives of the SEZ Act are as below:

1. generation of additional economic activity;
2. promotion of exports of goods and services;
3. promotion of investment from domestic and foreign sources;
4. creation of employment opportunities;
5. development of infrastructure facilities;

10. Discuss the salient features of Pradhan Mantri Gram Sadak Yojana.
பிரதம மந்திரியின் கிராம சாலை திட்டத்தின் சிறப்பம்சங்கள் பற்றி விவாதி

Launched on 25th December 2000 as a 100 % Centrally Sponsored Scheme to provide road connectivity in rural areas of the country by the then prime minister of India Late Shri Atal Bihari Vajpayee.

- ✓ Since 2015, Centre- State Sharing: : 60:40 in plain areas and 90:10 in NE and Hilly Area
- ✓ All weather road connectivity to eligible habitations

- ✓ Eligible Habitations: Population 500+ in plains, 250-499 in the North-East states including Sikkim, Hilly states

PROGRAMME OBJECTIVES

The primary objective of the PMGSY is to provide Connectivity, by way of an All-weather Road (with necessary culverts and cross-drainage structures, which is operable throughout the year), to the eligible unconnected Habitations in the rural areas with a population of 500 persons and above in Plain areas.

The PMGSY will permit the Upgradation (to prescribed standards) of the existing roads in those Districts where all the eligible Habitations of the designated population size (refer Para 2.1 above) have been provided all-weather road connectivity. However, it must be noted that Upgradation is not central to the Programme. In Upgradation works, priority should be given to Through Routes of the Rural Core Network, which carry more traffic.

PMGSY - Phase I

PMGSY - Phase I was launched in December, 2000 as a 100 % centrally sponsored scheme.
Under the scheme, 1,35,436 habitations were targeted for providing road connectivity and 3.68 lakh km. for upgradation of existing rural roads in order to ensure full farm to market connectivity.

PMGSY - Phase II

The Government of India subsequently launched PMGSY-II in 2013 for upgradation of 50,000 Kms of existing rural road network to improve its overall efficiency.

While the ongoing PMGSY - I continued, under PMGSY phase II, the roads already built for village connectivity was to be upgraded to enhance rural infrastructure.

The cost was shared between the centre and the states/UTs.

PMGSY - Phase III

Phase III was approved by the Cabinet during July 2019.
It gives priorities to facilities like:

Gramin Agricultural Markets (GrAMs)

GrAMs are retail agricultural markets in close proximity to the farm gate, that promote and service a more efficient transaction of the farmers' produce.

Higher Secondary Schools and Hospitals.

Under the PMGSY-III Scheme, it is proposed to consolidate 1,25,000 Km road length in the States. The duration of the scheme is 2019-20 to 2024-25.

SECTION – B **10 x 15 = 150**

Answer all the questions. Answer not exceeding 250 words each

11. "Economics that hurts the moral well-being of an individual or a nation is immoral, and therefore, sinful." – Who said this statement and discuss his economic thought.

"ஒரு தேசத்தின் அல்லது ஒரு தனியாரின் தார்மீக ஒழுக்க நெறிகளை காயப்படுத்தினால் அந்த பொருளாதார நடவடிக்கையும் இழுக்கானது மேலும் அது பாவமானது" - இது யாருடைய கூற்று மற்றும் அவரது பொருளாதார சிந்தனைப்பற்றியும் விவாதி.

Mahatma Gandhi

Gandhian Economics is based on ethical foundations. In 1921, Gandhi wrote, "Economics that hurts the moral well-being of an individual or a nation is immoral, and therefore, sinful." Again in 1924, he repeated the same belief: "that economy is untrue which ignores or disregards moral values".

Salient Features of Gandhian Economic Thought

Village Republics:

To Gandhi, India lives in villages. He was interested in developing the villages as self-sufficient units. He opposed extensive use of machinery, urbanization and industrialization.

On Machinery:

Gandhi described machinery as 'Great sin'. He said that "Books could be written to demonstrate its evils… it is necessary to realize that machinery is bad. Instead of welcoming machinery as a boon, we should look upon it as an evil. It would ultimately cease.

Industrialism:

Gandhi considered industrialism as a curse on mankind. He thought industrialism depended entirely on a country's capacity to exploit.

Decentralization:

He advocated a decentralized economy, i.e., production at a large number of places on a small scale or production in the people's homes.

Village Sarvodaya:

According to Gandhi, "Real India was to be found in villages and not in towns or cities." So he suggested the development of self-sufficient, self-dependent villages.

Bread Labour:

Gandhi realized the dignity of human labour. He believed that God created man to eat his bread by the sweat of his brow. Bread labour or body labour was the expression that Gandhi used to mean manual labour.

1. **The Doctrine of Trusteeship:**

Trusteeship provides a means of transforming the present capitalist order of society into an egalitarian one. It gives no quarter to capitalism. However, now India experiences both casino capitalism and crony capitalism

2. **On the Food Problem:**

Gandhi was against any sort of food controls. He thought such controls only created artificial scarcity. Once India was begging for food grain, but India tops the world with very large production of food grains, fruits, vegetables, milk, egg, meat etc.,

3. **On Population:**

Gandhi opposed the method of population control through contraceptives. He was, however, in favour of birth control through Brahmacharya or self-control. He considered self-control as a sovereign remedy to the problem of over-population.

4. **On Prohibition:**

Gandhi advocated cent per cent prohibition. He regarded the use of liquor as a disease rather than a vice. He felt that it was better for India to be poor than to have thousands of drunkards. But ,now many states depend on revenue from liquor sales.

12. **Population Growth can be both a stimulant as well as an obstacle to economic development. Discuss with Indian Scenario**
மக்கள்தொகை வளர்ச்சி பொருளாதார வளர்ச்சிக்கு ஒரு தூண்டுதலாகவும் தடையாகவும் உள்ளது என்பதை இந்திய சூழலுக்கு தகுந்தவாறு விவாதி

Population Explosion as an obstacle to Economic Development

India is facing the situation of population explosion. Although we need more labour supply for our economic development, it is also true that if our population keeps on rising, the process of economic development will be affected. The rising population in India affects economic development in the following ways:

(1) Food Shortage

If the population of India goes on rising and there is no proportionate increase in agricultural production, the country will face a serious food problem.

(2) Burden of unproductive Consumers

The greater the increase in population, the greater is the number of children and old persons. Children and old persons consume without their making any contribution to output. The increasing number of children and old people increase the burden in terms of more requirements of nutrition, medical care, public health and education that go unattended to a large extent.

PH: 044-24339436, 42867555, 9840226187

(3) Reduction in National and Per Capita Income

The fast growing population retards the average growth rate of national income and per capita income. This is because whatever is added to the national income is consume by ever-increasing population.

(4) Low savings and investment

The most serious consequences of a rapid increase in population is that it reduces the capacity to save and invest. The national income and per capita income in India is very low to leave any margin for the people to save. Further, there will be a fall in effective demand as the people's purchasing power is low. Rapid population growth thus makes it difficult to increase the rate of savings which determines the possibility of achieving higher productivity and incomes in a country.

(5) Reduction in Capital Formation

Capital formation is very essential for the economic development of a country, particularly for a developing country like India. Capital formation depends upon saving and investment. This is not possible when there is a rapid growth of population, which results in more unemployment and underemployment. Thus, the fast-growing population affects the capital formation in the country adversely.

(6) Unemployment and Underemployment

Rising population aggravates the problem of unemployment. The labour force also increases with the increase in population; and this increased labour force is not fully absorbed due to lack of employment opportunities. Therefore, there are more unemployed and underemployed people.

(7) Loss of Women's Labour

Rapid and frequent childbirths make a large number of women unable to take part in productive activity for longer periods. This is a waste of human resource, and it retards economic development.

(8) Low Labour efficiency

The increasing population adversely affects the national income and the per capita income. Due to this, the people have a low standard of living, which makes them less efficient. This hinders the rapid development of the country.

(9) More Expenditure on Social Welfare Programmes

A rise in population increases the number of children. This would demand more social expenditure on medical care, public health, family welfare, education and housing, etc.

(10) Agricultural Backwardness

The increase in population has led to uneconomic holdings through subdivision and fragmentation of land holdings in India. The size of holding is so small that mechanized farming is not possible. Although some successful efforts towards development of agriculture have been made under the Five Year Plans, agricultural production still far short of the requirements of the population and the agro-industries in the country.

(11) Underdeveloped Industries

The rapid growth of population adversely affects industrial development. This is the reason why neither the cottage and small-scale industries nor large-scale industries could develop adequately in the country. Both big and small industries require adequate capital, whereas the rate of capital formation is low in India. Public investment in India is insufficient for the industrial development of the country.

(12) Financial Burden on Government

Rapid increase in population is a financial strain to the government. The resources have to be spent on launching poverty alleviation programmes and social welfare schemes. This includes provision of good drinking water, housing, sanitary, health and medical facilities in order to increase the standard of living of the people. If the population is controlled, then the government can spend on more productive purposes which would increase the national and per capita income and thereby raise the standard of living of the people.

13. NITI Aayog has been constituted to actualize the important goal of cooperative federalism. Discuss
கூட்டுறவு கூட்டாட்சிவாதத்தின் முக்கிய இலக்கை அடைய நிதி ஆயோக் அமைக்கப்பட்டுள்ளது. விவாதி

NITI Aayog

NITI Aayog (National Institution for Transforming India) was formed on January 1, 2015 through a Union Cabinet resolution. NITI Aayog is a policy think-tank of the Government of India. It replaced the Planning Commission from 13th August, 2014. The Prime Minister is the Chairperson of NITI Aayog and Union Ministers will be Ex-officio members. The Vice- Chairman of the NITI Aayog is the functional head and the first Vice-Chairman was Arvind Panangariya.

Functions of NITI Aayog

1. **Cooperative and Competitive Federalism:** To enable the States to have active participation in the formulation of national policy.

2. **Shared National Agenda:** To evolve a shared vision of national development priorities and strategies with the active involvement of States.

3. **Decentralized Planning:** To restructure the planning process into a bottom-up model.

4. **Vision and Scenario Planning:** To design medium and long-term strategic frameworks towards India's future.

5. **Network of Expertise:** To mainstream external ideas and expertise into government policies and programmes through a collective participation.

6. **Harmonization:** To facilitate harmonization of actions across different layers of government, especially when involving cross-cutting and overlapping issues across multiple sectors; through communication, coordination, collaboration and convergence amongst all the stakeholders.

7. **Conflict Resolution:** To provide platform for mutual consensus to inter-sectoral, inter-departmental, inter-state as well as centre-state issues for all speedy execution of the government programmes.
8. **Coordinating Interface with the World:** It will act nodal point to harness global expertise and resources coming from International organizations for India's developmental process.

9. **Internal Consultancy:** It provides internal consultancy to Central and State governments on policy and programmes.

10. **Capacity Building:** It enables to provide capacity building and technology up-gradation across government, benchmarking with latest global trends and providing managerial and technical know-how.

11. **Monitoring and Evaluation:** It will monitor the implementation of policies and progammes and evaluate the impacts.

Initiatives like Atal Innovation Mission, Ayushmaan Bharat approach towards water conservation measures and the draft bill to establish the National Medical Commission to replace the Medical Council of India have all been conceptualized in NITI Aayog.

NITI Aayog is also bringing about a greater level of accountability. It has established a development monitoring and evaluation office which collects data on the performance of various ministries. Using such data, the Aayog makes performance based ranking of states to foster a spirit of competitive federalism. The success of NITI Aayog can be evaluated after a substantial period of time

Seven pillars of effective governance:

i. Pro-people agenda that fulfils the aspirations of the society as well as individuals.
ii. Pro-active in anticipating and responding to citizen needs.
iii. Participative, by involvement of citizens.
iv. Empowering women in all aspects.
v. Inclusion of all groups with special attention to the SCs, STs, OBCs and minorities.
vi. Equality of opportunity for the youth.
vii. Transparency through the use of technology to make government visible and responsive.

PH: 044-24339436, 42867555, 9840226187

14. Land reforms are a major instruments of social transformation but had limited success in India. critically examine
நிலசீர்த்திருத்தங்கள் சமூக மாற்றத்தின் ஒரு முக்கிய கருவியாகும், ஆனால் இந்தியாவில் அது குறைவான வெற்றியையே பெற்றது என்பதனை பகுத்தாய்க.

Objectives

The land reform measures contemplated to achieve these objectives were as follows:

- ✓ Abolition of intermediaries
- ✓ Tenancy legislation
- ✓ Ceiling on land holdings; and
- ✓ Co-operative farming.

The basic objective of land reforms in India has been the creation of a system of peasant proprietorship. **"Land to the Tiller**" has been the motto.

The main objectives of the land reforms are as below:

- To make redistribution of land to make a socialistic pattern of society. Such an effort will reduce the inequalities in ownership of land.
- To ensure land ceiling and take away the surplus land to be distributed among the small and marginal farmers.
- To legitimize tenancy with the ceiling limit.
- To register all the tenancy with the village panchayats.
- To establish relation between tenancy and ceiling.

The land reform legislation was passed by all the State Governments during the fifties touching upon these measures.

Reasons for Low Progress of Land Reforms:

The task force on agrarian relations set up by the Planning Commission to appraise the progress and problems of land reforms, identified the following reasons for the poor performance of land reform measures:

1) Lack of Political Will: In the context of the socio-economic conditions prevailing in the country, no tangible progress can be expected in the field of land reforms in the absence of requisite political will.

2) Absence of Pressure from Below: Except in a few scattered and localized pockets, practically all over the country, the poor peasants and agricultural workers are passive, unorganized and inarticulate.

3) Negative Attitude of the Bureaucracy: Towards the implementation of land reforms, attitude of bureaucracy has been generally lukewarm and indifferent.

4) Legal Hurdles: Legal hurdles also stand in the way of land reforms. The task force categorically states:

5) Absence of Correct and up-to-date Land Records: The absence of correct and complete land records further added a good deal of confusion. It is because of this that no amount of legislative measures could help the tenant in the court unless he could prove that he is the actual tenant. This he could only do if there were reliable and up-to-date records of tenants.

6) Lack of Financial Support: Lack of financial support plagued the Land Reform Act from the beginning. No separate allocation of funds was made in the fifth plan for financing land reforms.

15. Define Food Security. Explain the role of Price Policy, Food Corporation of India (FCI) and Public Distribution System (PDS) in ensuring food security in India.
உணவுப் பாதுகாப்பை வரையறு. இந்தியாவில் உணவு பாதுகாப்பை உறுதி செய்வதில் விலைக்கொள்கை, இந்திய உணவு கழகம் மற்றும் பொது விநியோகத்திட்டத்தின் பங்கினை விளக்குக.

The Components of the Agricultural Price Policy

(1) Announcement of minimum support prices for major food grains well in advance of the sowing season.—Minimum support prices are in the nature of a long-term guarantee to producers that in the event of a glut in the market consequent on an increase in production or for any other reason, prices will not be allowed to fall below the minimum economic level. These prices are generally announced well in advance of the sowing season. Once the minimum price for a product is announced, it is implemented by the Government. The Government is committed to purchase at the announced support price, unlimited quantities of the crop concerned irrespective of the size of the harvest and the level of the market price. The support price is of representative cost data.

(2) Fixation of procurement prices for purchasing a part of the marketable supplies at below market prices.—The procurement price is the instrument consistently used by the Government for making purchases for dealing the public distribution system. It now covers 15 crops. It stands to reason that the procurement prices should be higher than the minimum support prices, since the latter operate when the former is keen to sell to the Government at minimum support prices in conditions of excess production, whereas the former operate when the Government takes the initiative to make purchases from the farmers.

(3) Running a public distribution system for safeguarding the interests of the low income consumers.—Public distribution is another major instrument of price policy. Public distribution comprises two types of rationing, viz., statutory rationing and informal rationing. In the statutory rationed areas, the open market is legally barred from functioning, the Government undertakes the responsibility of supplying specific rationed quantities to consumers. In the areas of informal rationing, on the other hand, the open market is allowed to function so that the consumers can supplement the ration from the fair price shops by purchases in the open market.

(4) Building up buffer stocks to meet emergency situation and to mitigate annual price fluctuations.—The Government enters the food grains market to have buffer stock to meet the current needs and to maintain the supply line even in a year of crop failure. The primary objective of buffer stock is price stabilization and to achieve stability of farm incomes. But the holding of food grains involves cost in the form of interest lost, godown rentals and wastage in storage. These prove a drain on the public exchequer and get translated into high consumer subsidies. India is primarily having a buffer stock of about 25 million tonnes.

Historically, the objectives of the PDS have been were as below:

1. Maintaining price stability
2. Increasing the welfare facilities for the poor (by providing access to basic foods at reasonable prices to the vulnerable population),
3. Rationing during situations of scarcity,
4. keeping a check on private trade,
5. To improve distribution of basic goods,
6. To maintain good quality at low cost, and
7. To unite the production and marketing units of the country into a single system.

FCI

Objectives of FCI

The Food Corporation of India initially serviced only four States in the southern part of the country. Later, it extended its services throughout the country. Today, the FCI is the unrivalled food marketing agency, serving the interests of both the farmers and consumers. Its market operations prevent the speculative trader from acting against the interest of the farmer by assuring htm a remunerative price for his produce. It ensures a prompt and uninterrupted supply of food grains to the vulnerable sections of society all over the country. Operationally, the FCI reaches the remotest corners of the country through its vast network of offices and storage centres. Financially, it is one of the largest public sector undertakings, with an annual turnover of over Rs. 25400 crores.

FUNCTIONS

The main functions of the Food Corporation of India are:

(a) To procure a sizeable portion of the marketable surplus of food-grains and other agricultural commodities at incentive prices from the farmers on behalf of the Central and State Governments;

(b) To make timely releases of the stocks through the public distribution system (fair price shops and controlled items shops) so that consumer prices may not rise unduly and unnecessarily;

(c) To minimize seasonal price fluctuations and inter-regional price variations in agricultural commodities by establishing a purchasing and distribution network; and

(d) To build up a sizeable buffer stock of food-grains to meet the situations that may arise as a result of shortfalls in internal procurement and imports.

16. Discuss the causes of rural indebtedness in India and measures to remove rural indebtedness.
இந்தியாவில் ஊரக கடனுக்கான காரணத்தையும் ஊரக கடனை அகற்றுவதற்கான நடவடிக்கைகளையும் ஆய்க

Features of Rural Indebtedness

Nearly three fourth of rural families in the country are in debt. The amount of debt is heavier in the case of small farmers. Cultivators are more indebted than the non-cultivators. Most of the debts taken are short term and of unproductive nature. The proportion of debts having higher rates of interest is relatively high. Most of the villagers are indebted to private agencies particularly money lenders.

Causes for Rural Indebtedness

The causes for rural indebtedness may be summarized as below:

1. Poverty of Farmers: The vicious circle of poverty forces the farmers to borrow for consumption, cultivation and celebrations. Thus, poverty, debt and high rates of interest hold the farmer in the grip of money lenders.
2. Failure of Monsoon: Frequent failure of monsoon is a curse to the farmers and they have to suffer due to the failure of nature. Therefore, farmers find it difficult to identify good years to repay their debts.
3. Litigation: Due to land disputes litigation in the court compels them to borrow heavily. Being uneducated and ignorant they are caught in the litigation process and dry away their savings and resources.
4. Money Lenders and High Rate of Interest: The rate of interest charged by the local money lenders is very high and the compounding of interest leads to perpetuate indebtedness of the farmer.

Measures to Remove Rural Indebtedness

Several remedial measures have been introduced to reduce rural indebtedness. It includes regulation of money lenders, development of rural banks, Regional Rural Banks (RRBs), Micro Finance, formation of Self Help Groups (SHGs), Primary Cooperative Banks and Land Development Banks, Crop Loan Schemes, Lead Bank Schemes, Micro Units Development and Refinance Agency Bank (MUDRA), promotion of subsidiary occupation, of farm employment opportunities, skill development programmes and so on. However, the interest rate charged plus transaction cost for poor people and Self-Help Groups are much higher as compared to that for rich people. For instance, education loan is costlier than car loans.

Regional Rural Banks (RRBs)

Regional Rural Banks came into existence based on the recommendation made by a working group on rural banks appointed by the Government of India in 1975. RRBs are recommended with a view to developing rural economy by providing credit and other facilities particularly to the small and marginal farmers, agricultural labourers, artisans and small entrepreneurs. RRBs are set up by the joint efforts of the Centre and State Governments and commercial banks. At present, there are 64 Regional Rural Banks in India. The RRBs confine their lending's only to the weaker sections and their lending rates are at par with the prevailing rate of cooperative societies.

Micro Finance

Micro finance, also known as micro credit, is a financial service that offers loans, savings and insurance to entrepreneurs and small business owners who do not have access to traditional sources of capital, like banks or investors. The goal of micro financing is to provide individuals with money to invest in themselves or their business. Microfinance is available through micro finance institutions, which range from small non-profit organizations to larger banks. In India, Non-Government Organizations (NGOs) play a pivotal role in the development of micro finance service. Microfinance industries in India have grown vastly in the last two decades. In 2009, the total number of micro finance institutions in India was around 150 (Tripathi, 2014).

Self-Help Groups (SHGs)

Self Help Groups are informal voluntary association of poor people, from the similar socio-economic background, up to 20 women (average size is 14). They come together for the purpose of solving their common problems through self-help and mutual help. The SHG promotes small savings among its members. They save small amounts Rs.10 to Rs.50 a month. The savings are kept with a bank. After saving regularly for a minimum of 6 months, they lend small amounts to their members for interest. Based on their performance, they are linked with the bank for further assistance under SHG Bank Linked Programme (SBLP) started in 1992. It is a holistic programme of micro-enterprises covering all aspects of self-employment, organization of the rural poor into self Help groups and their capacity building, planning of activity clusters, infrastructure build up, technology, credit and marketing.

In 2009-10, the number of new SHGs having credit-linked with banks was 1.59 million and a bank loan of Rs.14,453 Crores was disbursed to these SHGs. Further, the number of SHGs which maintained savings accounts with banks at the end of March 2010 was 6.95 million.

The main objective of this programme is to bring the beneficiaries above the poverty line by providing income generating assets to them through bank credit and government subsidy. NABARD estimates that there are 2.2 million SHGs in India, representing 33 million members that have taken loans from banks under its linkage program to date. The SHG Banking Linkage Programme since its beginning has been predominant in certain states, showing spatial preferences especially for the southern regions like Andhra Pradesh, Tamil Nadu, Kerala and Karnataka. These SHGs have helped the Banks to accumulate more funds. Actually the banks change higher interest for the SHGs than car owners.

Under NABARD SHG Linkage Programme, SHGs can borrow credit from bank on showing their successful track record of regular repayments of their borrowers. It has been successful in the states like Andhra Pradesh, Tamil Nadu, Kerala and Karnataka during 2005-06. These States received approximately 60 per cent of SHG linkage credit (Taruna and Yadav, 2016).

Major Features of SHGs are

1. SHG is generally an economically homogeneous group formed through a process of self-selection based upon the affinity of its members.
2. Most SHGs are women's groups with membership ranging between 10 and 20.
3. SHGs have well-defined rules and by-laws, hold regular meetings and maintain records and savings and credit discipline.
4. SHGs are self-managed institutions characterized by participatory and collective decision making.

17. What are the objectives of Disinvestment? Explain the models of Disinvestment and National Investment Fund.
பங்குவிலக்குதலின் நோக்கங்கள் யாவை? பங்குவிலக்கல் மாதிரிகள் மற்றும் தேசிய முதலீட்டு நிதி பற்றி விளக்குக

Objectives of Disinvestments

- The government decided to set up a new department of disinvestments in 1999 for expediting the process of disinvestments in public sector enterprises.

- The overall objective of the disinvestments policy is to raise resources from within the public sector for meeting the following three categories of cost associated with transforming the Indian public sector.

- Apart of these resources will be used to pay for the enterprises declared as terminally sick by BIER. (Board of industrial and financial reconstruction).

- These costs would primarily include expenses relating to Voluntary Recruitment Scheme (VRS).

- Another part of the revenues would be used for restructuring those enterprises, which are the verge of becoming chronically sick but for the formulation of reinforcement/rehabilitation.

- These enterprises will be given extra infusion of capital after ensuring that a management accountability system based on memorandum of understanding (MOUS) is in place, without the MOUS system being in place, there is a risk that these enterprises may not be able to make the most effective use of the additional resumes given to them.

- A big part of the money raised from disinvestments will be used for retraining of the workers displaced or affected as a result of the closure and internal restructuring involving downsizing.

- Another objective of disinvestments policy is to create conditions conducive to rising productive efficiency in all its dimensions live lowing cost of productive (including unit labour costs) improving.

- Product quality and variety, improving innovative behaviour improving investment based on prospective profitability.

- A part of the proceeds from privatization may be used for retiring public debt-primarily by buying back treasury bills from the banks.

- Overall, the idea should be to improve the strategic performance of the PSUs.

- The Ministry of Disinvestments Government of India has out lined the following as the primary objectives.

- Releasing the large amount of public resources locked up in non-strategic PSEs, for redeployment in areas that are much higher on the social priority, such as basic health, family welfare, primary education and socio economic infrastructure.

- Stemming further out flow of these scarce public resources for sustaining the unviable non-strategic PSEs reducing the public debt that is threatening to assume unmanageable proportions transferring the commercial risk of the private sector wherever the private sector is willing and able to step in.

- Releasing other tangible and intangible resources, such as large manpower currently locked up in managing PSEs and their time and energy, for redeployment in high priority social sector that are short of such resources.

Models of Disinvestments

Once, disinvestments, as a measure has been mooted out to make it more objective and useful the correct policy must be devised.
There are many approaches and models. The most suitable model must be selected. Let us see the different models.

1. Public Offer

The government followed the policy of open auction sale and allowed NRIs and other persons legally permitted to hold equity to participate. This model was adopted in the early 1990s. This method gave excellent results in 1994-95. But late in 1999-2000 the government shifted to strategic scale, that is public offer method. Equity was offered to **retail investors** through domestic public issue. A lot of blue chip PSUs also tapped the overseas market by selling GDRs (Global depository receipts). This model has some good points. It was a sincere effort to broad base the investor base, create share holder value, and return a portion of the wealth generated by PSUs to the people of the country.

This type of method would take very long to complete the process of disinvestments of all public sector undertaking. This method is transparent and thus liable too much less abuse. It was also successful in India during 1994-95. Thus when national and worldwide experience give support to a transparent methodology of privatization there is no reason why it should not be accepted as a method in future. But it is really intriguing that in the care of HPCL and BPCL, both oil giants the government has adopted two approaches. The dichotomy of this approach, and non transparent procedure, which led to the allegations of corruption and nepotism.

2. Cross Holding

In the case of cross holdings, the government would simply sell part of its shares on one PSU to other PSUs.

3. Warehousing

Under this model of government owned financial institutions were expected to buy the government stake in selected PSUs and hold them until any third buyer emerged.

4. Golden Share

- The golden share concept is engineered to protect the government interests in the PSUs.
- In this model the government retains a 26 per cent stake in the PSU-but a lesser stake does not make it a minority shareholder. But it will continue to give to government the status of the majority shareholders.

5. Strategic Sale

This plan is being currently pursued by the government.

It major features are as follows:

- Government to offload above 51 percent in strategic sales; new cap fixed at 74 per cent.
- Disinvestments price to be market – determined and not prefixed.
- Structural mechanism to speed up disinvestments process to be put in place. Under the structural mechanism, PSUs selected for disinvestments will be freed from the administrative control of the parent Ministry and placed under a new body, to be created for piloting the process.

National Investment Fund: In January 2005, the GoI decided to constitute a 'National Investment Fund' (NIF)50 which has the following salient features:

(i) The proceeds from disinvestment of will be channelised into the NIF which is to be maintained outside the Consolidated Fund of India.

(ii) The corpus of the National Investment Fund will be of a permanent nature.

(iii) The Fund will be professionally managed, to provide sustainable returns without depleting the corpus, by selected Public Sector Mutual Funds (they are – UTI Asset Management Company Ltd.; SBI Funds Management Company Pvt. Ltd.; LIC Mutual Fund Asset Management Company Ltd.).

From April 2009, the disinvestment proceeds are being routed through NIF to be used in full for funding capital expenditure under the social sector programmes of the GoI, namely:

(i) Mahatma Gandhi National Rural Employment Guarantee Scheme
(ii) Indira Awas Yojana
(iii) Rajiv Gandhi Gramin Vidyutikaran Yojana
(iv) Jawaharlal Nehru National Urban Renewal Mission
(v) Accelerated Irrigation Benefits Programme
(vi) Accelerated Power Development Reform Programme

18. Explain the significance of small-scale industries and their role in economic development
சிறுதொழில்களின் முக்கியத்துவத்தையும் பொருளாதார வளர்ச்சியில் அவற்றின் பங்கையும் விளக்குக

Significance of Small Scale Industries

The small scale and cottage industries of India have a decisive role to play in the economic development of the country. By and large, small enterprises have certain definite advantages.

1. Contribution to National Income and Larger Output: The small enterprises of India were contributing a larger share of National Income when India became independent. Out of the total national income of? 8,500 crore the share of small industrial units was Rs.870 crore as against the share of Rs.610 crore by large industries. Although there has been considerable development of large scale industries during the period of planning, even now, India remains mainly a country of small scale production. The growth and output of small scale industries are very credit-worthy.

2. Employment Potential: The small scale industries are labour intensive. Labour investment ratio in their case is quite high. A given amount of capital invested in small scale industrial undertakings is likely to provide more employment, at least in the short run than the same amount of capital invested in large scale industries. This is a very important factor for a country like India where millions of people are unemployed and under employed. The handloom industry alone employs nearly 50 lakh people or nearly as many as employed in all organized industries. So it is a solution to the unemployment problem. The rapid growth of small scale sector and its employment has great relevance in our national economic policies. The growth of the small sector improves the production of the non-durable consumer goods of mass consumption. As such, it acts as an anti inflationary force.

3. Capital Light: Small industries require only a smaller amount of capital than required by large scale industries. Where there is scarcity of capital and economizing capital is essential, small scale industry is the only effective solution.

4. Skill Light: The large scale industries require high degree of skill and managerial talent of engineers, technicians, accountants and managers. In our country the supply of qualified personnel is very much limited and economizing the services of these people is also essential. Small scale sector provides the training ground for industrial experience.

5. Import Light: Small scale industries require mostly indigenous machines and equipment and they need not depend too much on imported materials. In the case of large industries, heavy engineering equipment, machines, technical skill and even raw materials have to be imported, which would create problems of foreign exchange earnings. Small industries reduce the need for foreign capital or foreign exchange earnings.

6. Quick Yielding and Decentralization: The time lag between investment and return in the case of small industries is very short and as such the project would give quick returns. Further the small industries being distributed throughout the country there will be no regional imbalance.

7. Better Distribution of Wealth: The decentralization of industries in the small scale sector secures even distribution of income and wealth. Further, small scale industry will not create slums, housing problems, sanitation, disease and squalor as in the case of large scale industries.

8. Contribution to Exports: Growth of small scale industries in the post-independent era has contributed a lot towards export earnings. Bulk of export earnings come from non-traditional items produced by small enterprises.

9. Less of Labour Unrest and Disputes: Generally, in small units, production will not be hampered due to labour trouble, and the labour relationship in small units will be comparatively good and amiable. In the small sector, the labourers are not well organized like large scale sector, and as such they could not express their resentment through strikes and other similar tools of intimidation.

Small Scale Industries

Small scale industries play an important role for the development of Indian economy in many ways. About 60 to 70 percent of the total innovations in India comes from the SSIs. Many of the big businesses today were all started small and then nurtured into big businesses. The role of SSIs in economic development of the country is briefly explained in forthcoming paragraphs.

Role of SSIs in Economic Development

1. Provide Employment

2. Bring Balanced Regional Development

3. Help in Mobilization of Local Resources

4. Pave for Optimisation of Capital

5. Promote Exports

6. Complement Large Scale Industries

7. Meet Consumer Demands

8. Develop Entrepreneurship

19. Explain the role of Industrial Policies in Industrial Development of India
இந்தியாவில் தொழில் வளர்ச்சிக்கு தொழிற் கொள்கையின் பங்கு பற்றி விளக்குக

Industrial Policy Resolution of 1948

The feature of the Industrial Policy Resolution, 1948 is the middle course it had taken between **laissez-faire and collectivism**. Indian industries saw the dawn of "Mixed Economy" and the participation of the public and the private enterprises in specified fields of production.

Industrial Policy Resolution, 1956

New Classification of Industries

Under the revised policy of 1956, the industries were reclassified into three categories, viz, **Schedule A, Schedule B, and the rest of the industries.**

Under Schedule A, seventeen industries were listed and made purely state-owned. **Twelve industries** were brought under **Schedule B**. These twelve were brought under mixed sector where the industries would be progressively owned by the State, and private enterprise would have the opportunity to develop singly or in participation with the States. All the remaining industries or residual industries were brought under the **third category,** viz., private sector. But the Government retained the right of starting its own unit at any time.

Industrial Policy Resolution, 1977

The main elements of the policy were as follows:

1. Development of Small Scale Sector: The Janata policy statement categorically mentioned that "The emphasis on industrial policy so far has been mainly on large industries, neglecting cottage industries completely and relegating small industries to a minor role. The main thrust of the new industrial policy will be on effective promotion of cottage and small industries widely dispersed in rural areas and small towns". The small sector was classified into three categories.
   - Cottage and household industries, which provide self-employment on a wide scale;
   - Sector incorporating investment in industrial units in machinery and equipment up to Rs. 1 lakh.
   - Small scale industries comprising industrial units with an investment up to Rs.10 lakh and in case of ancillaries with an investment in fixed capital up to Rs.15 lakh.

The Prime Minister Mr. Narasimha Rao announced the New Industrial Policy on **July 24, 1991.**

The new policy radically liberalized the industrial policy itself and de-regulated the industrial sector substantially.

The primary objectives of the industrial policy were

i. to promote major industries from the clutches of bureaucrats,
ii. to abolish restrictions on foreign direct investment,
iii. to liberate the indigenous enterprise from the restrictions of MRTP Act,
iv. to maintain a sustained growth in productivity and employment
v. to achieve international competitiveness.

20. Critically analyse the social infrastructure of India.
இந்தியாவின் சமூக உள்கட்டமைப்பு பற்றி ஆராய்க

1. Health
   - Primary
   - Secondary
   - Tertiary health care
   - Schemes
   - Drawbacks

2. Education
   - Primary
   - Secondary
   - Tertiary / higher education
   - Schemes
   - Drawbacks

3. Drinking Water
   - Pipe water supply for rural households
   - schemes
   - Drawbacks

4. Sanitation
   - Open defection
   - Swachh Bharat