OVERVIEW ON INDIAN ECONOMY

Dr. Sumbul Samreen

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CONTENTS

CHAPTER 1

OVERVIEW ON INDIAN ECONOMY AT THE TIME OF INDEPENDENCE

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ABSTRACT:

When India gained its independence in 1947, its economy was mostly based on agriculture, and it was heavily influenced by colonial exploitation and widespread poverty. An overview of India's socioeconomic environment throughout this time period is given in this research, which also looks at important aspects including industrial backwardness, rural hardship, and the legacy of British colonial control. It describes the policy measures the Indian government has taking to solve the issues the recently independent country is facing in terms of economic growth. In order to attain economic self-reliance and social equality, the study explores the use of planned economic strategies, the encouragement of industrialization, and the focus on agricultural reforms.

KEYWORDS:

Agrarian Distress, Economic Development, Independence, Industrialization, Planned Economy.

INTRODUCTION

When India first gained its freedom, it was a very impoverished country with a large number of uneducated workers, most of whom were working in the agricultural sector. The leaders of the independence movement had to consider how to advance the country in order to meet the expectations of the just liberated populace. As a group, they determined that the state planning technique of development under a mixed economy model was the most suitable approach for achieving fast growth. Jawaharlal Nehru, the first Indian prime minister, chose to implement the Soviet Union's five-year planning strategy in India after being very impressed by its advancements [1], [2]. All of these topics will be covered in this unit's discussion. When an economic system is planned, the economy is controlled by the nation. In this economic system, the central government regulates industry by deciding on important matters including the distribution and manufacture of products and offerings.

Central, or centralized planning and suggestive planning are the two main categories of planning. Following the dissolution of the British Raj, Independent India chose to build its economy via centralized planning. The Planning Commission was established in this purpose. With a decree from the Government of India, Jawaharlal Nehru, the country's first prime minister, established the Planning Commission in March 1950. The Planning Commission was established in accordance with the government's stated goals, which included boosting production, providing chances for employment in the community for all, and encouraging a rapid increase in the nation's standard of living through the effective use of its resources. Each of the prime ministers who have come after Nehru has served as head of the Planning Commission. The Planning Commission was tasked with evaluating all of the nation's resources, augmenting those that were lacking, creating plans for the most efficient and equitable use of resources, and setting priorities [3], [4].

The Planning Commission of India has created and carried out the several five-year plans since its founding. Up until 1991, India primarily adhered to this state-led development model.

However, pressure from international financial institutions such as the World Bank and the International Monetary Fund, coupled with a balance of payments crisis, forced India to liberalize its economy and give up on the centralized planning approach.

Under Nehru's direction, Prof. P. C. Mahalanobis developed the "Nehru-Mahalanobis" model. The "Nehru-Mahalanobis Model" served as the foundation for the second five-year plan and, with only minor modifications, served as the basis for all succeeding plans until 1977, when the Janata Party came to power and developed the Gandhian model. The model placed a strong focus on the quick growth of heavy industry with the goal of building an indigenous industrial base to increase India's level of self-reliance in the capital-goods and armaments sectors. Within the scope of the second year-year plan, the heavy goods strategies were justified as In the long run, the production of coal, power, iron and steel, heavy equipment, heavy chemicals, and heavy industries in general would boost the capacity for capital creation, which would determine the pace of industrialization and the expansion of the national economy [5], [6].

In order to prevent the accumulation of capital from being impeded by challenges in obtaining supply of necessary producer goods from other nations, one major goal is to make India independent on foreign imports of producer goods as soon as feasible. Therefore, the heavy industry has to grow as quickly as possible. The "Nehru-Mahalanobis Model" emphasized that local savings would have to bear the majority of the burden of development, even while it acknowledged that foreign assistance helped in the development of capital goods and the infrastructure sector.

The plan placed emphasis on export growth in order to cover the majority of imports, while foreign help would mostly take the form of loans. The model also took into account the notion that, despite their importance, massive investments in heavy industries would not result in a discernible rise in employment since such projects need a large amount of cash. Therefore, investments in small-scale enterprises were required to support the production of consumer products and create jobs. The model did not undervalue the contribution of agriculture to the development of the Indian economy, despite its concentration on massive investment in heavy industries. Nehru said, "We shall find that this industrial progress cannot be achieved without agricultural advances and progress," recognizing the importance of agriculture to the Indian economy.

Everyone is aware that we cannot progress in industries until we are self-sufficient in agriculture. As far as development goes, we are doomed if we have to import food. We are unable to import both food and equipment. "An economic system in which both the private enterprise and a degree of state monopoly (usually in public services, defense, infrastructure, and basic industries) coexist" is one definition of a mixed economy. Where the means of production are shared by the public and private sectors, all contemporary economies are mixed. A mixed economy is one in which the State engages in some significant production—either directly or via its nationalized industries—while leaving the remainder to the private sector. It may also describe an economy having elements of both socialism and capitalism, i.e., a mix of state and private ownership of the means of production combined with some degree of central government supervision. This kind of economy aims to do away with the negative aspects of both capitalism and socialism while preserving the benefits of both private and public sectors coexisting [7], [8].

Although the set of policies that would ultimately come to be linked with the term "mixed economy" had been supported from at least the 1930s, the phrase originated in the context of political discourse in the United Kingdom after World War II. R.H. Tawney, Anthony Crossland, and Andrew Shonfield were among the British Labour Party's proponents of the mixed economy, however Harold Macmillan and several Conservatives also held similar views. In general, an economy that is mixed is one in which the public and private sectors both have economic power. The traits of both state-controlled socialist economies and market-driven liberal economies are reflected in mixed economies. Although Nehru supported the mixed economy approach to growth, he did not see it as a "half-way house" between liberal or capitalistic and socialism or communist types of economic structure. Because it was devoid of both of its ideological tenets, Nehru saw the mixed economy as a superior form of economic organization [9], [10].

It was a fusion of the two economic systems. Nehru also adopted the stance that only the mixed economy, which had the adaptability and resiliency to do so, could absorb the ongoing extraordinary advancements in science and technology that led to extraordinary transformations in human activity and the modes of production.

The forces of supply and demand provide the answers to these issues in a capitalist or market-driven economy. Only consumer items that are in demand and can be profitably marketed on both local and international markets are created in a capitalist economy. For instance, manufacturing of automobiles and TVs will occur if there is a market for them. In addition, more labor-intensive production techniques will be used if labor is less expensive than capital, and vice versa. The distribution of things created in a capitalist economy is based not on what individuals need, but rather on their buying power the capacity to purchase products and services. In a nation like India, the impoverished need homes, but the market will not take their demands into account since they lack buying power. Therefore, market forces will not develop and provide houses for the impoverished.

DISCUSSION

In a socialist economy, the government determines what products and services are needed by the populace. Socialism operates on the premise that the state is the ultimate arbiter of human needs. For instance, while the wealthy may want luxuries, the government will instead utilize its resources to provide necessities for the impoverished rather than luxury things for the wealthy. In a similar vein, in a socialist nation, the allocation of products is determined by what the populace needs rather than what they can buy. A socialist country would ideally provide free public health care, education, and other services to all of its members. In a mixed economy, the government and the market both have a say in what products and services are produced and supplied. Ideally, in a mixed economy, the government would provide necessary products and services that the market is unable to give, and the market will provide whatever goods and services it can create efficiently.

Jawaharlal Nehru did not find the capitalist economy appealing. Nehru believed that "a classless society, based on cooperative effort, with opportunities for all" should take the place of the "acquisitive society," since it was out of date with the times. Nehru concluded that any social structure that was predicated on a small number of people possessing capital and land while "the others lived on the verge of existence" was "self-condemned" and needed to be altered. He noted that "the strongest urge in the world today is that of social justice and equality." Nehru did not support a system in which the state controlled the means of production, despite his belief that the capitalism system had outlived its usefulness for two reasons: institutional and historical. The institutional justification stemmed from his belief that ultimate control over the means of production could not be achieved without instituting "authoritarianism" and "totalitarianism," two concepts he detested as a committed democrat. In order to "realize economic growth and social justice without the sacrifice of freedom and the democratic rights of the common citizen," Nehru aimed to establish a system. Additionally, he believed that the system would inevitably move toward "monopolies and aggregations of economic power" with each little economic expansion. Though he did not want to drastically alter the nation's geographic, historical, religious, economic, or social context, he did wish to alter the path of history. India's mixed economy has evolved in tandem with the national independence struggle, particularly in the 1930s when the Congress took a more socialist stance.

The Indian National Congress decided to pursue a socialist pattern of development for an independent India at its session in Karachi in 1931. Furthermore, the Indian National Congress declared socialistic development to be the party's objective in the Avadi Resolution of 1955. "With strategic controls over the private sector to prevent the evils' of anarchic industrial development," the resolution mandated that "the State will necessarily play a vital part in starting and operating big projects through overall controls of resources, trends, and essential balances in the economy." A year later, the Indian parliament formally endorsed the "socialistic pattern of development," which included land reforms and industry control. Consequently, the mixed economy model was the main emphasis of the industrial policy decisions in 1977 and 1980. The resolution acknowledged the need and significance of businesses in the public and private sectors.

The resolution stressed, among other things, that private sector businesses would get fair and nondiscriminatory treatment, and that financial support and the construction of transportation infrastructure would be used to promote their growth.

The resolution took the position that the nation could not industrialize quickly on its own via the private sector. Therefore, it gave public sector enterprises a crucial and growing scope. The private sector was also guaranteed a significant position in the nation's industrial framework. The resolution also recognized the significance of small-scale, village, and cottage businesses. In addition, the resolution gave the public sector a significant place.

The private industry's concerns that the public sector would grow at their expense were unfounded, and there was plenty of room for the private sector to grow. the sectors for which the state was to have exclusive responsibility. The industries on this list included mining, coal, mineral oils, iron ore and other important minerals like copper, lead, and zinc, aircraft, air transportation, railways, shipbuilding, telephone, telegraph, and wireless equipment, atomic energy, iron and steel, heavy machinery needed for mining, heavy electrical industries, and the generation and distribution of electricity.

The industries included in Schedule B were those in which the state might create new units or gradually nationalize already-existing ones. This list included around twelve industries. There were lots of prospects for the private sector to grow and thrive in these areas. It covered the following industries: pulp, synthetic rubber, road and sea transportation, chemicals, antibiotics and other vital medications, machine tools, ferro alloys and steel tools, aluminum and other non-ferrous metals not covered by Schedule A, and other mining-related businesses. Prior to gaining independence, Indian agriculture was archaic, unchanging, and unenthusiastic. Following independence, planners and politicians came to the conclusion that agriculture needed to undergo significant change. Actually, the First Five Year Plan was only intended for agricultural purposes. In contrast to the aim of 61.6 million tons, food grain output increased throughout this time, going from 50.8 million tonnes in 1950–1951 to 66.9 million tonnes in 1955–1956. The agriculture sector's performance in relation to total food grain Production rose satisfactorily in practically every category of industry between 1985 and 1990. There was a 9.0% rise in the industry in 1990–1991 as well. The Ninth Five Year Plan saw a mere 5.5% rise in industrial production. There were both cyclical and structural reasons that contributed to the slowdown. The industrial growth rate increased to 8% in 2004–05 from 6% in 2002–03. The industrial sector expanded by 10.6% in 2006–07, according to the Economic Survey 2006–07. Since 1995 to 1996, this growth rate is the greatest.

The Eleventh Plan seeks to increase the industrial sector's annual growth rate to 10%. Being self-sufficient is the ultimate aim of India's economic development program. It follows that social, political, and economic security are necessary for the country to be self-sufficient. The abolition of reliance on foreign assistance is a prerequisite for this. The production of more food grains increased, but not quickly enough to fulfill the needs due to the fast population growth. India was forced to purchase a lot of food grains as a result. The balance of payments is under a lot of strain as a result of this massive import of food grains. India has always been at the disadvantage in the trade balance from the start of the First Five Year Plan. Therefore, foreign help is required to close the deficit.

In the early years of development, the share of foreign help was rather large, but it has since decreased. Significant progress has been made toward achieving this aim over the Plan period. In the Second Plan, foreign assistance was reported to constitute 28% of total aid. In the Third Plan, it dropped to 27.2%, and in the Eighth Plan, to 5.5%. The Ninth Five Year Plan saw strong performance from India's external sector. Thus, in 2001–2002, the account deficit decreased from 1.4% to 0.7% of GDP. Numerous essential goods, such as equipment and steel, are now manufactured in India. As a result, we are no longer as dependent on the import of these products. From 4.8 percent in the Third Plan to 12.5 percent in the Sixth Plan, the growth rate of exports has grown. In the Seventh and Eighth Plans, it rose to 15% and 11.4 percent, respectively. Due to the worldwide slowdown, the growth rate of exports decreased in the first year of the Ninth Plan period before increasing subsequently. In India, the goal of planned development with social justice has been emphasized in every Five Year Plan from the Second Plan.

These plans have prioritized raising people's standards of living, eradicating unemployment, poverty, and wealth and income disparity. There has undoubtedly been a decrease in the number of impoverished individuals living below the poverty line, but the number of those living below the line—260 million—remains high. This represents almost 22% of the whole population. Opportunities for employment have been one of the main goals of economic planning in India. This was intended to be accomplished by growth initiatives in the service, small, cottage, and major industries as well as the agricultural and service sectors of the economy. Numerous polls indicate that there has been a decline in unemployment in recent years, but overall conditions have not improved as many individuals are either underemployed or work part-time. This is due to the fact that population expansion is outpacing the pace at which job opportunities are opening up.

Furthermore, there are still significant disparities in the distribution of income in India. Modernization is the word used to describe a range of institutional and structural modifications to the framework of economic activity. The Indian economy has seen many such shifts. For example, many Indian manufacturing facilities are now using cutting-edge technology. The modernization of the Indian economy has also been aided by the growth of the public sector. It has been crucial to the development of heavy industries including fertilizers, petrochemicals, steel, and petroleum. The emergence of a banking industry and money market network has resulted in structural changes within the industry. Many organizations have been established to provide the small-scale industry access to raw materials, infrastructure, and marketing facilities. The nation has produced horticultural crops, cash crops, and food grains at a quick pace. New technologies have also contributed to the modernization of the agricultural industry. During the Plan era, there was also a growth in the production of crude oil and coal. The transportation infrastructure has been improved. Following independence, India's leaders determined that the country should pursue growth under a state-led model. Numerous limitations were imposed on the private sector in this respect. In the 1970s, these limitations were so bad that businesspeople began calling the government-led growth model "License Raj." Up until 1991, when India chose to change its economy by opening it up to the private sector and foreign competition, the state-led model of growth was essentially maintained. The 1991 balance of payments crisis that India was experiencing was taken into consideration while making this choice. As you read in the previous unit, India was in danger of defaulting on its debt due to the current account deficit, which had grown to such an extent during the balance of payments crisis. India had to mortgage its gold holdings in order to get an IMF loan as a consequence of the crisis. The loan contained requirements, referred to as "structural adjustment policies," that India had to meet in order to satisfy the loan's requirements. And thus the economic reform process got underway. The LPG (Liberalization, Privatization, Globalization) model of development has replaced the state-led model of development since 1991. This course will examine the economic changes implemented after 1991 and evaluate their effects on the economy of India.

Former Prime Minister Rajiv Gandhi initiated economic changes in India. "The public sector has entered too many areas where it shouldn't be," he said. We're going to let the private sector participate in the economy in a number of formerly closed sectors. As a result, certain steps were done to relinquish authority and make spaces available to businesses. Rajiv Gandhi did not, however, have a particularly firm or definitive stance on the subject of globalization and privatization, even if there was considerable economic liberalization. A new industrial strategy that constituted a significant break from the previous industrial policy of 1956 was launched in 1991, the year Mr. Narasimha Rao assumed office as prime minister. The new economic strategy had three objectives: privatization, globalization, and liberalization. The primary goal of liberalization was to remove the onerous regulatory environment that impeded business freedom. The nation had established a system of license-permit-control raj throughout time. The new economic policy's goal was to save entrepreneurs the needless hassle of having to apply to the bureaucracy for authorization to begin a project.

Similar to this, the MRTP Act's cap on asset ownership of ~100 crore prevented the large corporate houses from launching new ventures. An application was turned down if the company firm had assets of more over `100 crore. It was thought that this restriction needed to be reviewed since prices had increased and it was no longer appropriate. The private sector lobby's second criticism was that it discouraged large corporations from making lump sum investments in infrastructure and heavy industries. The NDA proposed in its election campaign to increase the asset limit of MRTP enterprises to `1000 crore.

The government decided it would be best to completely remove the cap in order to allow large corporations to launch ambitious initiatives in the key industries heavy industry, petrochemicals, electronics, etc. The government believed that the MRTP restriction should be removed since it was no longer relevant in the context of liberalization. Liberating the massive private company sector from bureaucratic restrictions was the main goal of liberalization. As a result, it began to overthrow the industrial licensing and control system. The Industrial strategy of 1991 eliminated industrial license for all projects, with the exception of a select group of eighteen industries, in accordance with this strategy. A joint venture entails the partial privatization of a public company. There might be a number of variations. In a joint venture, a 25% transfer to the private sector suggests that the public sector will retain overwhelming ownership and control. Even if the public sector still has a sizable share in the project, a 51% transfer of ownership to the private sector tips the scales in favor of the private sector. A transfer of a preponderant portion is implied by the 74% transfer of ownership to the private sector. The private sector is better positioned to alter the nature of the business in such a scenario. It is possible to create a holding company structure where the government only has authority over high-level choices and gives operational firms enough latitude to carry out their daily business. A large organization, such as the Steel Authority of India, may become a holding corporation, which would allow it to assign certain responsibilities to its smaller divisions. Thus, a decentralized management structure is created: Under this arrangement, the government consents to provide a private bidder the right to utilize public enterprise assets for a predetermined amount of time, say five years. The bidder is expected to guarantee the amount of earnings that will be made available to the state when signing a lease. This kind of ownership is tenure-based. Depending on the specifics of the case, the government maintains the right to reject the lease to the same applicant or to award the lease to a different bidder. In a restricted sense, privatization refers to the whole or partial transfer of ownership of a public sector business to the private sector. However, it also means that sectors that were formerly exclusive to the public sector are now available to the commercial sector. The intentional promotion of investment into the private sector of the economy, with a relatively less emphasis on the growth of the public sector, is expected to augment the proportion of the private sector in the economy as a whole.

CONCLUSION

Following decades of colonial control, the Indian economy was characterized by structural limitations and socioeconomic inequities at the time of independence. The problems of poverty, industrial regression, and rural hardship need coordinated efforts toward economic growth and restoration. In order to promote growth and social fairness, the Indian government established a planned economic strategy that placed a strong emphasis on industrialization, infrastructural development, and agricultural reforms. In the decades after independence, India achieved notable advancements in social welfare and economic prosperity despite a number of challenges. Nonetheless, enduring issues including regional differences, unemployment, and economic inequality continue to be obstacles to inclusive growth and development. It will be crucial for policymakers to deal with these issues going ahead by implementing focused interventions, sustainable development plans, and inclusive laws that support fair economic opportunities for all societal groups.

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CHAPTER 2

INVESTIGATION OF GROWTH AND STRUCTURE OF INDIAN ECONOMY

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ABSTRACT:

The development and structure of the Indian economy are examined in this study, with a particular emphasis on important economic indicators, structural changes, and governmental interventions. The research looks at the trajectory of India's economic development since independence via a review of historical data and economic literature, emphasizing the importance of the agricultural, industrial, and services sectors. It examines the forces behind economic expansion, including as globalization, demographic shifts, and technology breakthroughs, and evaluates how government policies affect the growth of different industries and the distribution of wealth. The study also looks at the structural changes that have occurred in the Indian economy, including the transition from agricultural to industrial and service-oriented sectors, and examines the effects these changes have had on employment, productivity, and income inequality.

KEYWORDS:

Economic Growth, Industrialization, Policy Interventions, Sectoral Development, Structural Transformation.

INTRODUCTION

All political parties generally agree that changes are a historical necessity and that the reform process cannot be reversed. The main goal is to expand the areas of private sector activity and to restrict the areas of the public sector. Following the dissolution of the Soviet Union, even left-leaning parties have come to terms with the need of implementing liberalization, privatization, and globalization reforms[1], [2] . But recent occurrences like the global financial crisis have reignited the discussion in India on whether to carry out further economic changes. Without a question, the reform process has aided in accelerating development, but the impoverished and weaker segments of society have not benefited from this progress. In fact, within the last 20 years, income disparity has increased significantly. While there are now around 50 billionaires in the United States living in India, 800 million people there subsist on less than $2 per day. Such a significant economic inequality is unsustainable and would only lead to instability in India given the size of its people [3], [4].

Furthermore, the recent discovery of corporate frauds totaling several lakhs: The economy has begun to expand at a faster pace since the reform process was launched. In 1991–1992, the GDP growth rate fell to 0.9%, but it thereafter began to rise. One outcome of the reform effort was the five-year average growth rate of more than 6%. This would lead to an average GDP growth rate of 4% per person. Enhancing the public sector to raise the rate of return is the main goal of economic reforms. Reducing the overstaffing of public sector projects was necessary to address the issue. The government's voluntary retirement program is one of the first moves in this direction. In addition to setting up the National Renewal Fund to pay for voluntary retirement, it also made arrangements for worker retraining and redistribution. The VRS has resulted in an 8% decrease in PSU staff strength [5], [6].

Disinvestment in PSUs was one of the government's other actions. The government has started providing Mutual Funds and Financial Institutions with stock in 31 carefully chosen public sector firms, ranging from 5 percent to 20 percent. This is only an emblem. Between 1991–1992, the government and privatization were able to generate `9793 crore in four years. Since the revenues of disinvestment are utilized to close the budget deficit, critics refer to it asdeficit privatization. The NDF Government's Common Minimum Programme mandated that the earnings from disinvestment be allocated to two essential areas: education and health. Overall, PSU reforms have not gained the anticipated amount of traction. Piecemeal disinvestment has occurred, and rather than strengthening PSUs, the money earned via this campaign is going toward lowering government deficits. Furthermore, political, bureaucratic, and labor issues have not been adequately used. Reforming the public sector makes sense since a significant portion of it cannot be privatized [7], [8].

The GDP and national income growth are covered in this unit. The Central Statistics Organization (CSO) reports that the economy of India is expanding at the quickest rate in the world. In 2017, the Indian economy increased by over 7% yearly, as reported by the International Monetary Fund (IMF). India was the highest globally rated country in terms of consumer confidence in 2015. Approximately fifteen percent of India's GDP now comes from the industrial sector. The Indian government is attempting to increase the manufacturing sector's contribution to the GDP and hopes to reach 25% via the "Make in India" program.

"National income" refers to a nation's entire revenue. It displays an economy's total financial performance. National income may be measured in a number of ways, including GDP and gross national product (GNP). Numerous approximations are being developed at constant pricing for different elements such as industry, services, and agriculture. The sectoral makeup of national income is covered in this unit. The age and population characteristics of the Indian economy are covered in depth in this section. The unit pays particular attention to factors like population dispersion and gender mix. The course concludes by outlining the many facets of the National Population Policy, 2000, including its goals and reach. "National income" refers to a nation's overall revenue. It displays an economy's total financial performance. The national income may be used as a proxy for this economic performance. Prof. D. M. Mithani states that "the flow of goods and services produced in an economy in a year or a particular period of time" is what is meant by national income. "Depreciation" refers to the wear and tear on the machinery. It is common knowledge that the value of machines diminishes with time when they are used often. The machines need to be replaced after a few years when their value drops to zero. The similar process may be used with other fixed assets like buildings, tools, etc. Thus, we get net national product (NNP) by deducting the depreciation value from GNP.

On the other hand, technically speaking, national income is the amount left over after subtracting indirect taxes from the net product calculated at current market values. Because it shows the payments made to the factors of production throughout the manufacturing process, this statistic is also known as NNP at factor cost. Economies often do not favor nominal national income or national income at current prices because they are impacted by two crucial variables: changes in price levels and changes in physical production. For instance, the national income will be overstated if prices in the current year rise or fall unusually without an actual increase or drop in the physical production [9], [10].

On the other hand, the change in physical production is the sole component that matters for calculating national income at constant prices. As a result, the change in pricing is normalized in this instance in accordance with the change in output level, providing us with a more accurate image of the increase or decrease in real production. Consequently, the most accurate measure of economic growth is real national income. It assists in monitoring actual shifts in the production of goods and services and facilitates cross-national as well as annual comparisons with other economies. According to the prior approach, at current prices in 1950–51, the proportion of the agriculture and allied, Industry, and Services sectors was 51.81 percent, 14.16 percent, and 33.25 percent, respectively. In 2013–14, the Agriculture and Allied Sector's contribution fell to 18.20%. The services sector's percentage increased to 57.03%. Additionally, the industrial sector's share grew to 24.77 percent.

Primary, secondary, and tertiary sectors form the foundation for another division of an economy. An economy's primary sector starts to play a smaller role as it grows, while the secondary and tertiary sectors take center stage. The Indian economy has seen comparable transformations since gaining independence. The GDP proportion of the primary sector decreased, going from 59% in 1950–1951 to around 17% in 2009–2010. During the same time span, the GDP share of agriculture and related activities in the primary sector decreased from 57% to around 15%. It is crucial to realize that, despite a continuous increase in the amount of agricultural output, the proportion of agriculture's contribution to national GDP is only declining.

DISCUSSION

Because the service sector has seen greater development in industrial production and product value than the agriculture sector, there has been a drop in the sector's GDP percentage. The percentage of the secondary sector almost doubled, from 13.5% in 1950–1951 to 24.5% in 1990–1991 years. However, its percentage of the GDP has not changed much in the following years, ranging from 24% to 26% between 2000 and 2001. In 2009–2010, the percentage of registered manufacturing units rose from 4.1% in 1950–51 to almost 12%. While the supply of gas, electricity, and water is almost steady, the percentage share of manufacturing particularly registered manufacturing—and construction—in the secondary sector is continuously increasing. The service industry, also known as the tertiary sector, has grown significantly during 1950–1951, increasing from 28% of GDP in that period to over 60% in 2014–2015. Every industry in the tertiary sector has shown signs of strong expansion. With a proportion of the GDP of around 22.5%, the major industry is trade, hotels, transportation, and communication. The financial sector has grown at the quickest rate since independence, especially after the nationalization of the banks in 1969 and 1980.

India's economic process has benefited from the services sector's strong performance and contribution since the 1980s. The services sector had an increase in growth, rising from 6.6% during the 1981–1990 decade to 7.6% during the 1991–2000 timeframe. This industry grew by 10% annually on average between 2001–2002 and 2009–2010. The tertiary sector's share has increased more than the secondary sector's, despite the primary sector's slower growth than that of the tertiary and secondary sectors. The average annual growth rate of the primary sector has been 2.5 percent, while the secondary and tertiary sectors have grown at around 5 percent over the planned period. The secondary sector has never been the main driver of the Indian economy. The tertiary sector now holds control, while the primary sector dominated in the past. This pattern of structural transformations has diverged from the western world's trend of development.

After gaining independence, India established a mixed economy. The public sector (government sector) was given more room under this structure, and as a result, the public sector's importance has steadily increased. Following India's independence, the public sector's percentage of GDP increased from 7% to 14% between 1990 and 1991. In 2004–05, the percentage was 23.0 percent. The public sector's share has been almost stable since the New Economic Policy was introduced in 1990, and a decline is anticipated in the future as a result of globalization and privatization. The present income of an individual or family, regardless of source, may be referred to as personal income. However, because it includes a number of items unrelated to the current production of goods and services in the economy and leaves out some items related to it, personal income is not an accurate indicator of the current economic activities that are represented by the production of goods and services in the economy. To put it another way, it encompasses both the profits from economic activities that result in productive services and the revenues that do not result in the provision of productive services.

Therefore, personal income is calculated by deducting from national income the portion that is generated but not received by the individuals and adding to it the personal receipts that come from sources that are not included in national income. Therefore, we should subtract the undistributed corporate profits, tax, employers' and employees' social insurance contributions from the national income in order to calculate personal income. We should then add government and business transfer payments, net interest paid by the government, interest paid by consumers, and dividends given to shareholders by the corporate business sector.

After subtracting direct personal taxes, such as personal income tax, from personal income, disposable personal income is the result. Because it indicates the whole amount of revenue that is available for the individual in question to spend, the remaining amount is known as disposable personal income. Personal expenses, such as interest paid by customers and consumption expenses, make up the gap between disposable personal income and personal savings. A 2011 Indian Census estimated that 1.21 billion people live in India. The sex ratio has been steadily declining, which is one aspect of Indian demographic behavior that has raised a great deal of worry. It is still unclear what exactly is causing this ongoing deterioration.

Nonetheless, it is widely acknowledged that gender imbalance is reflected in the unfavorable sex ratio, and adequate action must be done to reverse this trend. A significant shift in health is being brought about by the ongoing changes in disease load, even as demographic transition reflects changes in both the quantitative and qualitative composition of the population. The population between the ages of 15 and 60 is growing at a much faster pace than the population overall. Given that this age group is actively looking for job, there is a far greater demand than ever for more labor options. Nonetheless, there has been a notable decrease in the overall reliance ratio. This is achieved by a significant decrease in the reliance ratio for the younger generation, while the dependency ratio for the older generation essentially stays same. The economic circumstances of the homes would thus improve much more quickly than they would have before if meaningful work could be given to the whole labor force. India is progressively modernizing and urbanizing, as shown by the country's demographic makeup, which is split between rural and urban areas and by the distribution of occupations. During the same time, the country's urban population climbed from 17.3% to 31.8 percent, while the rural population declined from 82.7 percent in 1951 to 68.2 percent in 2011. With about a fifth of the world's population, India is the second most populous nation in the world. India has had a large population throughout history.

Since independence, there has been a sharp decline in mortality rates and a failure of official family planning programs, which has resulted in a sharp rise in population. There are benefits and drawbacks to this. Let's examine a few characteristics of population increase. The shift from a stable population with high fertility and mortality to one with reduced fertility and mortality is known as the demographic transition. Population increase and shifts in the population's age distribution are unavoidable throughout the transition. The demographic shift in India has been consistent but somewhat sluggish. Consequently, the nation was spared the negative consequences of too abrupt shifts in the population's size and age distribution on its social and economic advancement. One of the fundamental demographic features that offers insightful demographic analysis is population enumeration by gender composition. The Indian census has a history of providing data on many characteristics of the population according to gender makeup. Variations in the gender distribution broadly mirror the underlying social, economic, and cultural tendencies of the community in many ways.

The number of females per 1000 males in the population is known as the "sex ratio," which is a crucial social indicator that can be used to assess the level of equality that exists between men and women in a community at any particular moment. It should be mentioned that in nature, the sex ratio is assumed to be about equal. Experts state that the main contributing elements that affect changes in sex ratio include skewed sex ratio at birth, sex disparity in mortality, and sex selective outmigration. The gender ratio in India is biased towards men and has been steadily increasing in many ways. Policymakers and planners are paying close attention to this in an effort to buck the trend and restore balance. India's overpopulation is causing a plethora of issues. Although India has a population of over a billion people today, it lacks China's vast landmass to sustain its quickly growing population. India is facing significant issues with its water tables dropping as a result of over-extraction that exceeds sustainable output. To address this problem, desalination facilities are being developed. Nonetheless, other observers argue that underdevelopment, not overcrowding, is the root reason of India's poverty since the country has the same population density as Japan.

The decline in the share of the agriculture (and related activities) sector over the thirty-nine-year period has been significantly less (108 points per 1000 instead of 160 points per 1000) than was recorded for the total work force. This is because the share of female workers started out much higher (861 per 1000) instead of 759 per 1000. The earnings of the other industries have also not increased much. The percentage of the labor force that is employed in agriculture has been declining at a quicker pace throughout the 1990s. It has happened almost twice as quickly as what was achieved throughout the thirty-three-year span from 1961 to 1994. In a similar vein, throughout the 1999s, earnings in the stocks of the other sectors also increased at a similarly rapid rate. But this speed has been far less noticeable in the manufacturing (and repair services) sector (from 0.6% year between 1961 and 1994 to 0.8% annually in the 1990s). The overall number of workers in the agricultural and related activities sector has decreased, albeit at a more modest pace (0.9 million) than what our previous report had shown. In actuality, between 1993–1994 and 1999–2000, the number of workers in this industrial division grew among males and in rural regions.

Crop production has seen a decrease in the size of its workforce overall—1.5 million—but not in rural regions, where there has actually been a little gain in the number of workers in this sector of the agricultural and associated industries sector. The percentage of female workers has decreased significantly compared to the whole labor force, both in the crop production sub-sector and the larger agriculture and related activities sector. The majority of the workforce drop in the livestock industry is among female workers, with the distribution of these workers slightly more equally across the rural-urban difference. The increase of roughly 2 million workers engaged in providing agricultural support services in aggregate, which is concentrated, almost exclusively, in rural areas, is regulating the reduction in the size of the work force in the agriculture and allied activities sector in the total work force and among female worker and contributing to the increase in the rural work force in this sector. The manufacturing and repair services sector has added more workers overall, and as a result, its profit share of the labor force has increased compared to previous reports, thanks to the alignment of repair services with the manufacturing sector in accordance with current National Accounts practice. The manufacturing and repair services industry added just over 5 million workers between 1994 and 2000, with the majority of those workers being distributed equally between rural and urban areas. On the other hand, just 20% of the new workforce in this industry is made up of female employees. There was discussion about the Indian population's demographic characteristics. We will now discuss regional differences, unemployment, and poverty in India. India has seen significant growth since gaining its freedom.

This progress hasn't been consistent, however. The main cities, like as New Delhi and Mumbai, have grown quickly, leaving the countryside far behind. Furthermore, examining growth trends at the state level reveals that some Indian states have much higher indices of economic and human development than others. In this unit, these issues will be examined. We will also talk about unemployment and poverty, two of the main issues pertaining to India's underdevelopment. The economy that independent India inherited was not only geographically unbalanced but also somewhat outdated. It was a reflection of the misguided development pattern that the colonial government enforced in order to further its own goals. Mumbai, Kolkata, and Chennai are the metropolises where the majority of industrial and commercial activity was concentrated. There was a lot of activity in Delhi, Kanpur, Ahmedabad, and other places. The nation's other areas continued to be undeveloped. Therefore, the main task facing the policy makers was to eliminate the regional imbalances that already existed. The country's economic policy regime saw a significant shift as a result of the economic reforms that started in 1991. Market-led growth replaced the state-led and guided development policy. A program of liberalizing the domestic and exterior markets eventually replaced the regulatory framework.

With the implementation of the new economic strategy, private investment started to move from areas that required more effort to those that yielded larger profits. Richer states with superior infrastructure attracted more private investment. Both the growth and the investment patterns were more concentrated. This sparked a curiosity for researching regional differences. States' financial capacities differed greatly. The wealthier states were unable to generate enough income from taxes and non-tax sources to provide their citizens with the necessary caliber of public services. The disparities in the states' per capita expenditures likewise mirrored these budgetary inequalities.

Richer states like Punjab, Haryana, and Maharashtra have much higher capita revenue capacities than impoverished ones like Bihar and Uttar Pradesh. Actually, it was almost twice as much. The generous transfers made by the Finance Commissions were unable to significantly reduce the gaps in the states' revenue capacity. The wealthier states not only had much superior infrastructure and public service standards, but they also had far more financial capability. They were in a better position to draw money from individual investors and the Planning Commission. The underlying reason of the nation's ongoing and widening interregional differences at the state level, even while growth rates increased in the wealthier states, is this kind of complexity. The states that benefited the most were Kerala, West Bengal, Gujarat, Karnataka, Tamil Nadu, and Madhya Pradesh. All of these states fall into the high to medium per capita income range, with the exception of Madhya Pradesh.

The population has grown more quickly in the poorest states despite the GSDP growing at a slower pace there. Consequently, there has been a slower growth in per capita income. According to the report of the Twelfth Finance Commission, it is not unexpected that measures of interstate differences in per capita SDP, such as the minimum-maximum ratio and coefficient of variation, clearly demonstrate that the situation deteriorated in the 1990s. The urban poor mostly descend from the rural poor who moved to urban regions in quest of better economic opportunities and a more stable lifestyle, laborers who work a range of odd jobs, and self-employed people who run a variety of businesses and sell goods by the side of the road.

India's government has made many efforts since gaining independence to establish a system for calculating the number of impoverished people living in the nation. To define poverty, people are split into two groups: the impoverished and the non-poor. The poverty line further divides these two groups. The completely impoverished, the very poor, and the poor are among the several categories of poverty. In a similar vein, there are several classifications of non-poor people as well, such as the wealthy, the very rich, the utterly affluent, and the middle class and upper middle class. Poverty is linked to a number of variables besides wealth and income, such as access to basic healthcare, sanitation, drinking water, and education. However, the method used to calculate the poverty line ignores socioeconomic elements including prejudice, illiteracy, poor health, lack of access to resources, and lack of civil and political liberties that both cause and begin poverty. The government should ensure that the goal of programs aimed at reducing poverty is to enhance people's lives by broadening their possibilities for being healthy and well-fed, informed, and involved in communal life, among other things. According to this perspective, development entails reducing barriers to a person's ability to pursue their goals in life, such as illiteracy, illness, restricted access to resources, and a lack of civil and political liberties.

Consequently, a major contributing factor to the very low rise in per capita income is population growth. The gap between the affluent and the poor continues to increase as a consequence of this. Regional and big-small farmer disparities were made worse by the Green Revolution. This was made worse by the lack of land reforms and the reluctance and incapacity to redistribute land. More recently, some have claimed that increased inequality has stemmed from the advantages of economic expansion rather than reaching the impoverished. In reality, throughout the previous 20 years, India's Gini coefficient a measure of economic disparity in a nation has increased.

CONCLUSION

Examining the expansion and configuration of the Indian economy shows a dynamic and multifaceted environment marked by noteworthy successes and enduring obstacles. India's economy has grown quickly in the decades after its independence because to the country's fast urbanization, industrialization, and service sector development. This economic trajectory has been made possible in large part by government policies that support investment, liberalize markets, and encourage innovation. But structural imbalances like unequal income distribution, unequal regional growth, and enduring poverty nevertheless make inclusive and sustainable development difficult. In the future, authorities must concentrate on resolving these structural limitations by means of focused interventions, such as social welfare initiatives, infrastructure development, and investments in human capital. In addition, the long-term resilience and success of the Indian economy will depend on initiatives to support equitable development, environmental sustainability, and global competitiveness.

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CHAPTER 3

INVESTIGATION OF STRUCTURE OF INDIAN ECONOMY

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ABSTRACT:

This research delves into the composition of the Indian economy, scrutinizing its principal domains, patterns, and obstacles. The study looks at how India's economy is made up of the agricultural, industrial, and service sectors via a thorough investigation of economic literature and data collection. It examines the development of the Indian economy throughout time, following its shift from a mostly agricultural economy to one that is more diversified and focused on manufacturing and services. The research also looks at employment trends, sectoral links, and sectoral contributions to GDP. It also examines how government policies, technical developments, and globalization have affected the composition and functioning of the Indian economy.

KEYWORDS:

Agriculture, Economic Structure, Industrialization, Services Sector, Structural Transformation.

INTRODUCTION

An economy's structure governs how products and services are used, how economic inputs are allocated, how economic results are shared, and how manufacturing is carried out. It is a group of institutions and the social ties between them. Conversely, it is the system of guidelines used to solve economic issues, such the distribution of limited productive resources to meet the economic issue of inadequacy. India now has a population of about 1.3 billion people, and that number is rising at a rate of 1.55% year [1], [2]. With a GDP of over $2.936 trillion in 2019, India is the sixth-biggest economy in the world and the third largest in Asia, behind China and Japan. The share of India's GDP that goes toward services, industry, and agriculture is 54%, 29%, and 18%, respectively. Though more than half of the population depends on agriculture for a living, India is making the most of its vast pool of highly competent English language experts to become a significant exporter of IT services and personnel. While a sizable and expanding middle class of over 50 million Indians depends on discretionary income ranging from 200,000 to 1,000,000 rupees per year ($4,166–$20,833), almost 700 million Indians live on $2 or less each day. It is unclear how trade liberalization will proceed [3], [4].

A significant Doha Ministerial Declaration of the World Trade Organization (WTO) in July 2008 failed because to differences in market access between the United States and India (as well as China). The Indian government eliminated 1,420 consumer import limits in 2002, and in subsequent budgets, it has gradually lowered non-agricultural customs tariffs. The tax system is complicated, nevertheless, with several taxes having compounding impacts. The bilateral merchandise trade between the United States and India exceeded $87 billion in 2018. Low per capita income is one of the most defining characteristics of an underdeveloped economy. India has an extremely low per capita income when compared to the developed world.

The trajectory of the per capita income gap between underdeveloped and industrialized nations is now gradually widening. In India, there is a significant divide between the affluent and the poor due to the country's low per capita income and uneven income distribution. The country's poverty issue is becoming worse and more severe as a result of this uneven distribution of wealth and income, and it is also seriously impeding economic progress. The rapid increase in population is yet another significant obstacle to India's economic progress. The fact that there were 102.67 crore people living in India as per the 2001 census amply illustrates this. India is now the second most populous nation in the world, after China [5], [6].

India has a population of around 133.92 crores as of 2017. The high birth rate that characterizes all underdeveloped nations encourages population expansion. In order to sustain the same level of life, the rapid pace of population expansion further drives faster economic development. Nonetheless, the underdeveloped nations get poorer as a result of the inability to maintain their level of life, which hinders economic growth: In India, the distribution of occupations clearly reflects economic inequality. A fundamental characteristic of an underdeveloped economy is the significant contribution of agriculture to the national income and the large percentage of the working population that is employed in this sector. In India, the rate of capital creation is also low. The capacity and desire of individuals to save is the primary determinant of capital development. People's capacity to save is particularly low in developing nations due to low per capita income and uneven wealth and income distribution, which results in poor capital accumulation India’s economy is greatly impacted by the country's very underdeveloped social and institutional structure. This serves as a formidable barrier to any modification in the mode of production. Furthermore, societal structures like the caste system have a big impact on people's economic lives. Even though India just makes up 2.4% of the planet's land area, it is home to 16.2% of all people on Earth [7], [8].

Additionally, India sustains 18% of the world's cow population while having just 0.5% of the world's grazing space. India is blessed with a diverse range of soil types, climates, biological zones, and biodiversity. According to the Thornthwaite classification, 228 mha (or 69% of the total area) are classified as dryland (arid, semi-arid, and dry sub-humid) One of the world's most populous deserts, the Thar Desert is located in the hot, dry area of Western Rajasthan. Agroclimatic, agroecological, and agrometeorological zones have been used to categorize the nation in order to plan and carry out different initiatives and programs. The main driver of the Indian economy's development is agriculture. The majority of people still rely heavily on agriculture for their daily needs. The majority of agriculture in the nation is rainfed, covering over 97 mha and making up almost 68% of the net cultivated area out of the 142 mha total cultivated area.

India is home to a diverse spectrum of soil types, each unique to a particular area. For agricultural output, the two most significant soil types are alluvial and black cotton soils. Alluvial soils are found in the large Indo-Gangetic Plains, the Narmada and Tapti basins in Madhya Pradesh, and the Cauvery in Tamil Nadu. They make up about 78 mha, or around 24%, of the total land area. These soils are said to be excellent for growing potatoes, sugarcane, legumes, wheat, rice, and other cereals. The states of Maharashtra, Gujarat, Madhya Pradesh, Karnataka, Andhra Pradesh, Tamil Nadu, Uttar Pradesh, and Rajasthan are home to the approximately 51.8 mha of black cotton soils. These are also thought to be beneficial for growing citrus fruits, vegetables, cotton, grains, legumes, oil seeds, and other crops. Furthermore, the estimated 51.8 million hectares of red soils are located mostly in Tamil Nadu, Karnataka, Kerala, Maharashtra, Andhra Pradesh, Madhya Pradesh, Bihar, and West Bengal. These work well for growing vegetables, tobacco, rice, and ragi (millet). In 12.6 mha, laterite and lateritic soils are found. They aren't thought to be beneficial for farming. About 37 mha make up the desert soils area. These are likewise deemed unsuitable for use in farming [9], [10]. Water has a prominent place among the many and diverse natural resources that India is blessed with. In order to produce agricultural products, water development and management are crucial. Sustainable economic growth, environmental preservation, and poverty reduction all depend on integrated water management. The nation's water resources shall be developed and managed in an integrated way, under the National Water Policy of 2002. About 4000 km3 of precipitation, including snowfall, fall in India each year. India's rainfall exhibits a great degree of temporal and regional variability.

The absurdity of the issue is that, despite having the most rainfall in the world, Mousinram in Cherrapunji virtually never has a water scarcity during the dry season. The Indian rivers' total average yearly flow is estimated to be 1953 km3. An estimated 432 km3 of replenishable groundwater are available annually. India's yearly groundwater and surface water resources are projected to be 396 km3 and 690 km3, respectively. As the population grows quickly and aspirations to raise living standards rise, the strain on the nation's water supplies grows.

DISCUSSION

Additionally, the amount of water resources available per person is steadily decreasing. The issue of flood and drought syndrome affects India as a result of temporal and geographical unpredictability in precipitation. Overexploitation of groundwater is causing low river flows to decrease, groundwater supplies to diminish, and salt water intrusion into coastal region aquifers. In some significant locations, excessive canal irrigation has resulted in salinity and water logging.

The quality of surface and groundwater resources is being negatively impacted by rising pollution loads from point and non-point sources. It is anticipated that precipitation and water availability will be impacted by climate change. Up until now, the gathering, processing, storing, and sharing of data have not received enough attention. A portion of the gaps between the developed advanced technologies of water resources planning, designing, and management and their field applications should be filled by the work being done on Hydrology Project Phase-I and Phase-II's proposed Decision Support System.

In India, the monsoon season produces around 3000 km3 of rain, out of the overall 4000 km3 of annual precipitation. India's rainfall is influenced by the northeast and south-east monsoons, local storms, and shallow cyclonic depressions and disturbances. Except for Tamil Nadu, where the north-east monsoon influences the state around October and November, the south-west monsoons are mostly responsible for the highest levels of rainfall between June and September. India has a vast network of rivers, with over twenty main rivers and several tributaries. While some of these rivers are seasonal, many of them are permanent.

The Himalayas are the source of rivers like the Ganges, Brahmaputra, and Indus, which convey water year-round. The primary sources of the river's flows during the dry season are the base flow and the snow and ice melt from the Himalayas. The many tributaries of these river basins contain almost 50% of India's water resources. Compared to the South Peninsular River System, the Himalayan Rivers have an almost twice as high average water output per unit area. This demonstrates unequivocally how significant the high mountains' contribution to snow and glacier melt is.

In addition to the water found in the nation's many rivers, groundwater is a significant supply of water for industrial, agricultural, and drinking purposes. It supplies more than 45% of the nation's irrigation and over 80% of the water needed for residential use. International standards state that a nation is considered water strained if its annual per-capita water availability is less than 1700 m3. Furthermore, the nation is categorized as having a shortage of water if the annual per capita use is less than 1000 m3. In India, the per capita surface water availability was 1902 m3 in 2001 and 2309 m3 in 1991. By 2025 and 2050, respectively, these are expected to drop to 1401 and 1191 m3, respectively. Thus, in order to improve the quality of life for millions of people, especially in rural regions, it is imperative that the government engage in effective planning, development, and management of the nation's biggest assets: its water and land resources. According to the most recent estimate, the country's forest cover is shown in Table 1.1 and in the pie chart in Figure 1.1. Three density classes very dense forests (VDF), moderately dense forests (MDF), and open forests (OF) are used to display the forest cover. Additionally, scrub areas have been marked out. Mangrove cover of the equivalent density class is included in the area under VDF, MDF, and OF, as was previously stated.

According to a 2007 study, the country's forest cover is 69,899 km3, or 21.02 percent of the total land area. really thick forest In steep terrain, forest cover is significant from an ecological standpoint. Acknowledging this, the National Forest Policy (1988) seeks to preserve two thirds of the country's hilly terrain as forests and tree cover.

The Planning Commission designated the hill districts for the Western Ghats Development Program and hill regions, and these are the same districts that were chosen for the forest cover study. A hill taluka, per their definition, is one that is more than 500 meters above mean sea level. A district is considered hilly if the entire area of its hill talukas makes up more than half of the district's total land area. The definition above refers to 124 hill districts, which are dispersed over 16 states and UTs. A overview of the country's hill districts' forest cover, broken down by state

There are 281,841 km2 of forest cover in the country's hill districts, or 39.82 percent of the districts' total land area. Even though these districts do not entirely consist of steep terrain, the following table's depictions of forest cover provide a useful starting point for tracking policy standards. Each of the following states has hilly districts: Arunachal Pradesh, Himachal Pradesh, Manipur, Meghalaya, Mizoram, Nagaland, Sikkim, Tripura, and Uttarakhand. 66.07 percent of these nine states are covered by forest cover. Fifty-five of the 124 hilly districts have more than two thirds of their land covered by forests, 37 have between one and two thirds, and 32 have less than one third. Furthermore, in eight hilly districts, the percentage of land covered by forests is less than 10%. A comparison of the 2007 and 2005 (updated) forest cover reveals a net increase of 663 km2 of forest cover in the country's hilly regions. Tribal people, who have coexisted peacefully in woods for eons, rely heavily on forests for their economic and cultural survival. Analyzing and keeping an eye on the state of the forest cover in tribal communities is crucial. For the purposes of this provision, the tribal districts are those that the Indian government designated under the Integrated Tribal Development Programme.

The states of Arunachal Pradesh, Manipur, Meghalaya, Mizoram, Nagaland, Sikkim, and Tripura, as well as the Union Territories of Dadar and Nagar Haveli and Lakshadweep, are all home to tribal areas. 412,625 km2, or 37.32 percent of the district's total area, are covered by forests in the tribal districts. Even though the tribal districts make up just 33.64 percent of the nation's overall land area, they have 59.72 percent of the nation's total forest cover. With the exception of Assam (23.95 percent), every state in the Northeastern region has more than 75% of its land covered by forests. All things considered, these numbers show how abundant the forest resources are in the tribal areas generally, and in the Northeast specifically. Rich forest resources may be found in the country's northeast area, which is made up of seven states: Arunachal Pradesh, Assam, Manipur, Meghalaya, Mizoram, Nagaland, and Tripura. Nearly one-fourth of the nation's forest cover is found in this region, which makes up only 7.76 percent of its total land.

This area has been recognized as one of the world's 19 biodiversity hotspots due to its abundance in species. There are several significant tribes in the area that make up around 27% of the total population. The region's land usage is characterized by the widespread practice of shifting agriculture, which has historically provided the indigenous people with their primary means of subsistence. The number of the tribal people has increased dramatically over time, and as a consequence, the shifting agriculture cycle is been shortened to fewer than five years, which has resulted in forest degradation.

The region's total forest cover is 170,423 km2, or 66.81 percent of the total area, compared to the national average of 21.02 percent. Of the region's total forest cover, very dense, moderately dense, and open woods make up 16.64 percent, 43.42 percent, and 41.94 percent, respectively. There has been a 598 km2 increase in the region's forest cover during the 2005 assessment (updated). The regeneration in the regions of shifting farming is the primary cause of the gain. India is home to 1.21 billion people. The consistent drop in the sex ratio is one aspect of Indian demographic behavior that has raised a great deal of worry. There is still uncertainty on the causes of this ongoing decline.

Nonetheless, it is widely acknowledged that gender inequality is reflected in the unfavorable sex ratio, and corrective action is required to reverse this trend. A large health transition is being produced by the ongoing changes in illness load, whereas demographic transition reflects changes in the population profile both quantitatively and qualitatively. The population between the ages of 15 and 60 is growing at a much faster pace than the population overall. Given that this age group is actively looking for job, there is a far greater demand than ever for more labor options. The overall reliance ratio has been drastically dropping, nevertheless. This is achieved by a significant decrease in the reliance ratio for the younger generation, while the dependency ratio for the older generation essentially stays same. Therefore, the economic circumstances of the homes would improve much more quickly than they would have been if meaningful work could be given to the whole labor force. India's population is rapidly becoming more urbanized and modern, as seen by the distribution of occupations throughout the country and its rural-urban makeup. The country's urban population grew from 17.3% to 31.8% over the same time, while the country's rural population fell from 82.7% in 1951 to 68.2% in 2011. The shift from a stable population with high fertility and mortality to one with reduced fertility and mortality is known as the demographic transition. Population increase and shifts in the population's age distribution are unavoidable throughout the transition.

The demographic shift in India has been gradual but consistent. The nation was able to prevent the negative impacts of the population's age distribution and fast changes on social and economic growth as a consequence of the gender-based information-gathering tradition. Gender composition shifts are a reflection of broader societal changes in the social, economic, and cultural domains. The number of females per 1000 males in the population is known as the "sex ratio," which is a crucial social indicator that can be used to assess the level of equality that exists between men and women in a community at any particular moment. It should be mentioned that in nature, the sex ratio is assumed to be about equal. Experts state that the main contributing elements that affect changes in sex ratio include skewed sex ratio at birth, sex disparity in mortality, and sex selective outmigration.

The gender ratio in India is biased towards men and has been steadily increasing in many ways. Policymakers and planners are paying close attention to this in an effort to buck the trend and restore balance. Research by K. Sundaram (July, 2001) found that the percentage of the agricultural, forestry, and fishing sectors in the overall labor force had decreased by 16%. This reduction is more significant than the 10% decline in this sector's proportion of the rural labor force and is indicative of a change in the labor force's composition from rural to urban areas. The service industry as a whole had an increase in its (collective) workforce share of 10%. This was divided in half by the commerce, lodging, and restaurant industries. The sectors that provide communal, social, and personal services as well as transportation, storage, and communications all had increases in their respective labor force shares of 2%. The decline in the share of the agriculture (and allied activities) sector over the thirty-nine-year period has been significantly less (108 points per 1000 instead of 160 points per 1000) than was recorded for the total work force. This is because the share of female workers started out much higher, at 861 per 1000, instead of 759 per 1000. The earnings of the other industries have also decreased significantly in a similar manner.

The overpopulation of India is causing a plethora of issues. India does not have the vast landmass that China has to sustain its fast-growing population, despite the country's existing population of over a billion people. Because of over-extraction beyond sustainable yield, India is facing serious issues with a reduction in its water bodies. It is creating desalination facilities in order to address this problem. On the other hand, other researchers argue that while India has a population density comparable to Japan, underdevelopment rather than overcrowding is the reason for the country's poverty. Poverty estimates are produced every five years and represent the percentage of individuals living below the national and regional poverty lines, separately for rural and urban regions. Based on a large sample survey of household consumer spending conducted by the National Sample Survey Organization (NSSO) over a roughly five-year interval, the survey was created. Based on the methods outlined in the Expert Group report on "Estimation of Number and Proportion of Poor," also known as the Lakdawala Committee Report, the Commission has been measuring the poverty line and poverty ratio since 1997. Based on consumer spending data from the NSS 61st Round (July 2004 to June 2005), the poverty ratio is calculated using the uniform recall period (URP) to be 27.3 percent for the whole nation in 2004–05, 25.7 percent in urban areas, and 28.3 percent in rural regions.

Consumer spending information for every purchase is gathered for a 30-day recall period in URP. The poverty ratios are 21.8% in rural regions, 21.7% in urban areas, and 21.8% for the whole nation based on the mixed recall period (MRP) for the same time. Five nonfood categories—clothing, footwear, durable goods, education, and institutional medical expenses—have consumer spending data gathered for a 365-day recall period in MRP, whereas consumption data for the rest items is collected for a 30-day recall period. Based on URP consumption (27.5), the 2004–05 poverty estimate is similar to the 1993–94 estimate (36). Although not quite identical, the poverty estimates for 2004–05 based on MRP consumption (approximately 21.8) are similar to those for 1999–2000 (26.1).

Based on URP, India's poverty ratio is much greater in rural regions than in urban areas, although it is about equal in MRP-based areas. reduction in the amount of natural resources, particularly fossil fuels; elevated levels of noise, water, soil, and air pollution. Even when the population grows, pollution significantly decreases after a nation has industrialized and become affluent because to a combination of government control and technical advancement extraordinary levels of both legal and illegal immigration to the industrialized world have led to extraordinary political and demographic issues in the US and Europe. The Third World loses its limited skill base even with the managed and authorized movement of bright and educated individuals from the region to the developed world. Extinction rates may reach 140,000 species annually as a result of shifting farmers' use of slash-and-burn methods in tropical forests, which has led to mass species extinctions. This phenomenon is particularly prevalent in nations where rural populations are growing quickly. According to the IUCN Red List, 698 animal species have vanished off the face of the planet throughout human history.

In some areas, poverty is accompanied with inflation, which lowers the degree of capital accumulation. Ineffective administration and misguided economic policies exacerbate poverty and inflation. Absolute poverty has been eradicated and low inflation rates have been maintained in many densely populated nations. India has always had difficulty providing for its constantly expanding population. Indian authorities first proposed that population increase would put economic progress at risk and strain the public health system in the 1920s. Developed countries (including the United States) were worried that an expanding Indian population would lead to a rise in the need for international help. India implemented the first National Family Planning Program (NFPP) in history in 1952 in response to these worries. By making contraception and maternity healthcare accessible, the initiative sought to lower fertility rates. Nevertheless, the program's goals were not fully achieved throughout execution. Coercive methods were used by NFPP in a haste to meet demographic objectives. Both intensive communication initiatives and widespread sterilization programs were directed towards Indian families.

The policy ultimately compromised family values and reproductive health in the sake of population control. Over fifty years later, the National Population Policy (NPP-2000) has been hailed as the answer to inadequate execution. NPP-2000 placed a high premium on reproductive healthcare. In general, the process of generating GDP estimates involves segmenting the whole economy into several sectors that include basic, secondary, and tertiary economic activity.

GDP figures for registered manufacturing (businesses registered under the Factories Act, 1948), construction, agriculture, forestry and logging, fishing, mining, and quarrying are based on production approaches. The income approach is used to estimate GDP that comes from unregistered manufacturing (businesses not registered under the Factories Act), trade, hotels and restaurants, transportation, storage, banking and insurance, real estate, home ownership, business services, public administration, and defense, among other services. The estimates of various services provided by the public sector are created by analyzing the departmental and non-departmental commercial undertakings' annual reports and budget documents. The estimates of the organized (registered) manufacturing sector are created using data from the Annual Survey of Industries, while the estimates of the unorganized sectors in various economic activities are created using the labor force in the activity and the figures of per worker value added that are obtained from the Economic Census's follow-up surveys. Unorganized sector GDP estimates are typically calculated for the base year or benchmark survey year, and estimates for succeeding years are derived by shifting the base year estimate using the relevant physical indicators. Various Annexes show the degree to which this kind of indirect estimating is used in the preparation of yearly GDP estimates.

CONCLUSION

The analysis of the Indian economy's structure reveals how dynamic and ever-changing it is. The industrial and services sectors have seen tremendous expansion and diversification in recent decades, despite the fact that agriculture still contributes significantly to GDP and jobs. New economic sectors and activities have emerged as a result of industrialization and urbanization, propelling increases in wealth and productivity. But issues like unemployment, regional inequality, and agricultural hardship still exist and need for focused policy responses. Maintaining economic progress and correcting structural imbalances would need government measures focused on manufacturing, infrastructure, and inclusive growth. Furthermore, for India to fulfill its long-term economic objectives and ambitions in the international arena, it will be imperative to make efforts to capitalize on technology breakthroughs, improve human capital, and promote innovation.

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CHAPTER 4

EXPLORATION OF THE AGRICULTURE IN INDIA

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ABSTRACT:

This research examines the importance, difficulties, and development potential of India's agricultural industry. This study looks at agricultural production, animal farming, and related activities, among other aspects of agriculture, via a thorough literature review and data analysis. It explores the development of agriculture historically in India, highlighting its significance to the country's economy and society. The research also looks at how government regulations, technological adoption, and climate change affect the sustainability and productivity of agriculture. Agriculture still makes a substantial contribution to the national economy, even if its percentage has been declining as a result of the growth of the secondary and tertiary industries. It presently makes up around 16 percent of GDP, down from 57% in 1950. It is a well-known truth that agriculture contributes less to a nation's development the more developed it is.

KEYWORDS:

Agricultural Productivity, Climate Change=, Government Policies, Livestock Farming, Technology Adoption.

INTRODUCTION

Agriculture still makes a substantial contribution to the national economy, even if its percentage has been declining as a result of the growth of the secondary and tertiary industries. It presently makes up around 16 percent of GDP, down from 57% in 1950. It is a well-known truth that agriculture contributes less to a nation's development the more developed it is. Approximately 60% of people on the planet today are either directly or indirectly dependent on agriculture. The working population's increased reliance on agriculture is a sign of the underdevelopment of the nation's non-agricultural sectors [1], [2]. Leading businesses like the sugar and cotton textile sectors rely on agriculture for their basic resources. In addition, the food that industrial workers consume is derived from farmland. Additionally, agriculture creates a market for a range of products. Among the many agricultural products, we export are tobacco, tea, coffee, spices, and coffee. This is about 15% of our whole export revenue.

Therefore, agriculture generates foreign cash that enables us to purchase machinery from overseas. It also makes our nation self-sufficient and preserves the balance of payments. The tertiary sector offers useful services like banking and warehousing to the agricultural and industrial sectors. The majority of internal commerce involves agricultural products. For instance, the transportation of agricultural products accounts for the majority of the business for different modes of transportation. A significant portion of state government revenue comes from land revenue, irrigation fees, agricultural income taxes, and other sources [3], [4]. Export taxes on agricultural products are another source of income for the Central Government.

Furthermore, the imposition of an agricultural income tax by our government is a significant source of revenue. However, for various political reasons, this has not been feasible. The nation has gained notoriety thanks to its agriculture. In the global rankings for groundnut and tea output, India holds the top spot. Internal commerce involves a significant amount of agriculture. This is due to the fact that 90% of people in our country spend 60% of their money on necessities like food, milk, tea, and so on. For the vast majority of people, agriculture has always been their primary source of income. In India, the goal of agricultural policy has been food grain production that is self-sufficient and self-reliant for many years. On this front, significant progress has been achieved [5], [6].

From 52 million tonnes in 1951–1952 to 244.78 million tonnes in 2010–2011, food grains were produced. The predicted total output of food grains in 2017–18 was 275 million tons. The agriculture sector's major metrics in I are shown in Table 2.1. International organizations have reached an agreement on the concept of "land use planning," which was released in 1999 by the United Nations Environment Programme (UNEP) and the Food and Agriculture Organization (UNFAO). Planning land use is seen as a methodical, iterative process that is done to provide a favorable climate for the sustainable development of land resources to satisfy the needs and desires of people. It gives individuals the authority to decide how best to utilize natural resources and land by evaluating the institutional, socioeconomic, legal, and physical potentials and limits related to these uses [7], [8].

A further way to define "land use planning" is the process of assessing the physical, social, and economic aspects of the land as well as potential land use patterns in order to choose and implement the land use and action plans that will best serve the goals at hand. Planning for land use might take place at the municipal, state, federal, district, watershed, city, village, or other levels. The nation lacks a comprehensive and integrated land use planning framework, which would allow for sensible and ideal land usage.

The nation's existing system for land use planning is insufficient and does not address the municipal, regional, and state levels. A methodical, scientifically grounded land use planning approach is required.

In terms of spatial (land use) planning, the Constitution (Seventy-fourth Amendment) Act, 1992 establishes District Planning and Metropolitan Area Planning, which combine the plans of municipalities and panchayats. In general, spatial (land), environmental, and urban problems are not included in the District Plans that are now being produced. District level spatial land use plans are typically lacking, so in order to ensure sustainable development, land use planning of such (urban, industrial, or eco sensitive) areas must be initiated. This is necessary for regional development spurred by urbanization or industrialization, or for regional development that needs to be regulated due to the presence of large eco sensitive zones.

Unplanned and haphazard development could have negative effects if immediate action is not taken. These effects could include conflicts between land uses and adjacent land uses, especially with agricultural areas, rural uses, natural resource areas, and environmentally delicate and fragile ecosystems. They could also result in losses of productive land and ecosystem services. A big worry is competing and conflicting land uses. "Competing land uses" are those that vie with one another for the same piece of property in a given place. In rural areas, these land uses that compete with agriculture could include cash or food crops; industrial or agro-industrial uses; highways; peri-urban development or outgrowth; integrated townships or theme cities; mega-projects; and Special Economic Zones (SEZs) or Special Investment Regions [9], [10]. Land uses that are in opposition to the current land use are known as conflicting land uses. Some land uses have an effect on neighboring land uses. Examples of such conflicting land uses are urban/industrial development on agricultural lands, agriculture encroaching into forest areas, highways in eco-sensitive areas, polluting industries in rural or eco-sensitive areas, agriculture in forest areas, mining in forest areas, and urban waste disposal in periurban areas. The main worry is the harm that these land uses do to other land users. For instance, air pollution from an industrial region may affect nearby places, or the ecosystem service of natural drainage may be destroyed by urban growth, which may have an effect on the lakes and other bodies of water that are already there. Changes in land use that are not considered carefully might have a direct influence on animal habitat, which in turn could have an impact on biodiversity both locally and globally.

Competing and incompatible land in many parts of India, the deterioration of land and soil as a result of soil erosion and other processes is a serious issue. The entire area of degraded land in the nation is estimated to be about 120.40 million hectares. Degradation of the land causes issues with water logging, alkalinity, salinity, and acidity, as well as a reduction in soil fertility. The tribal inhabitants and marginal farmers often exploit the deteriorated soils. Studies show that the economic losses resulting from these lands' decreased production amount to roughly 285,000 million, or about 12% of the lands' overall productive value. Water resource projects are often designed and carried out piecemeal, with little thought given to the best use of available resources, environmental sustainability, or the overall welfare of the populace.

There is an encroachment onto and diversion of the natural drainage routes and water bodies for various uses. Groundwater recharging zones are often obstructed. Water sources are becoming more contaminated, particularly by industrial effluents, which not only poses health and environmental risks but also reduces the supply of clean water. Large portions of the nation's rivers are both severely contaminated and lack sufficient flow to maintain aquatic ecology, self-purification, cultural requirements, and aesthetics. Changes in land use and cover have an impact on the availability and quality of water resources by altering the features of catchment regions of streams, rivers, and aquifer recharge zones. The effects of climate change include rising temperatures as well as problems with drought and floods. Changes in land use, such as the conversion of forests.

DISCUSSION

The rising unemployment rate is one of the biggest problems the Indian economy has been dealing with. It undermines social standards, encourages poverty and inequality, and costs the country a significant amount of human resources. In India, unemployment is a chronic illness that prevents physically fit individuals from working at the going rate. People's level of life is lowered since those without jobs have less money to spend. They experience social deprivation and inferiority complex. As a result, some economists refer to the issue of unemployment as a socioeconomic one facing society. In India, unemployment is becoming a significant issue, notwithstanding the difficulty in obtaining precise data. Every year, almost 7 million more individuals join the labor force, and this number is growing more quickly. Conversely, however, the economy's expansion isn't producing enough employment.

India's jobless population rose from 2.01 crore in 1993–1994 to 2.66 crore in 1999–2000. The labor force was around 363.33 million (36.33 crore) in 1999–2000, however over the Tenth Plan era, it has increased dramatically. The NSSO produced data showing that employment on a Current Daily Status (CDS) basis rose significantly between 1999–2000 and 2004–05 compared to the augmentation seen between 1993–1994 and 1999–2000. There were around 47 million new job possibilities during this time, as opposed to only 24 million between 1993–1994 and 1999–2000. From 1.25 percent to 2.62 percent annually, employment grew more quickly. Nonetheless, the labor force expanded 2.84 percent faster than the work force, and the unemployment rate increased as well. According to the CDS, the frequency of unemployment rose from 7.31 percent in 1999–2000 to 8.28 percent in 2004–2005.

Between 1994 and 2007, the organized sector's employment growth fell in both the public and private sectors combined. This is explained by the rise in the public organized sector employment rate. From 2008 to 2011, the country's organized sector, which includes the governmental and commercial sectors, had a compound annual unemployment growth rate of 1.72%. For the public sector, it was -0.24, while for the private sector, it was 5.06. The United States Bureau of Labor Statistics defines the jobless as those who do not presently have a job, have actively sought employment within the last four weeks, and are willing to work. The unemployment figures also include those who were temporarily laid off and are waiting to be summoned back to that position. In a different sense, employees are seen as service providers, and they are labeled as jobless when they are unable to find a buyer for their goods. Conversely, underemployment is a scenario in which an employee works less than the full eight hours each day. It is once again the result of the nation's underutilization of its labor force. This kind of unemployment affects the agricultural industry in India. Similar to how cyclical unemployment is a barrier to nations with advanced industrial development, the issue of unemployment and underemployment poses a challenge to emerging nations. There is a risk of pollution and natural catastrophes because of the increasing industrialization, urbanization, and use of chemicals in agriculture. Hazardous chemicals, materials, and wastes can have negative effects on the handling, storing, and transportation of these materials and chemicals. Toxic emissions can also be released, as can effluents, particularly those that are difficult for plants to decompose. Groundwater, streams, rivers, lakes, and other bodies of water can become contaminated, and there is a risk of both natural and industrial disasters.

The extinction of species and the vulnerability to ecosystem services pose increasing threats to biodiversity. India's land spans 3.287 million sq. km (328.73 million Ha), with an approximate west to east length of 3,000 km and an approximate north to south length of 3,200 km. Land is needed for many different types of development, and as civilization advances, land usage varies throughout time. If left unchecked, these modifications may eventually harm sustainable development. Between 1950–1951 and 2007–2008, the nation's net sown area rose from 41.8% to 46.1% annually. The percentage of land used for non-agricultural purposes has climbed from 3.3% to 8.5%, while the percentage of land covered by industrial complexes, transportation networks, mining, historic sites, water bodies, and urban and rural communities has increased from 14.2% to 22.8%. Somewhere else, land utilization has decreased as a result of these increases. The percentage of "other areas," which includes fallow land and other uncultivated land other than barren and uncultivable land, dropped precipitously from 40.7% to 22.6% during the same time (1950–1951) to 2007–2008.

About 0.17 percent of India's land is used for mining, 2.35 percent for urban regions, and significantly less than 1 percent for industrial sectors. But as cities and industries grow quickly and the corresponding infrastructure is developed, the amount of land used for these purposes will only grow. Due to the rising demand for land, some land will need to be taken away from other purposes. The land classified as "other areas" has been exploited so far. However, due to potential high hills, other similar topography, or usage that restrict their use for development, some areas could no longer be suitable. Under such circumstances, the need for more land will come from destructive activities like agriculture or forestry. A reduction in the amount of land available per person will directly affect the amount of land needed for community development and other forms of development. When land availability is directly impacted by places that sustain human life, natural resources like water, ecosystems with flora and animals, or agricultural areas, there is cause for serious worry.

According to the 2011 Census, 6,40,867 villages are home to 68.84 percent of the nation's population, while 7,935 metropolitan centers are home to the remaining 31.16 percent. Despite now making up just 14% of the GDP, agriculture continues to be the primary source of income for the vast majority of people living in rural areas and is the cornerstone of the country's food security. Therefore, in order to guarantee food security for the country and to provide and provide a means of subsistence for the rural people, rich agricultural land and clean water resources must be adequately safeguarded. India now produces around 245 million tonnes of food grains, but by 2020, demand is expected to increase to 307 million tonnes, a 25% increase. Currently, the productivity of agriculture is half that of many other nations. Reducing agricultural land diversion under any conditions may not be the only way to increase food output and security; greater productivity may also be the key. However, as has been seen in a number of other nations, the increased usage of soil may pose a danger to its production. Therefore, the crucial issue is whether soil productivity will be sufficient to support a billion people at a better level of living than those that already exist by the end of the century.

Long-term strategies are required to address the problems of food security and livelihood. Reasonable limitations on the purchase and conversion of at least certain categories of agricultural property need to be implemented for this reason. According to the National Policy for Farmers, 2007 (NPF 2007), prime farmland must be preserved for agricultural use and shouldn't be changed unless there are extraordinary reasons.

The command areas of irrigation projects, premium agricultural lands, and double cropped land are among the agricultural regions that must be preserved in order to ensure food security. Additionally, agricultural areas that are vital to the livelihood of the rural and tribal populations must be protected.

India is divided into three groups of seven climatic regions: (a) Tropical wethumid group: this group has two types of climates: tropical wet (humid or monsoon) and tropical wet and dry (savannah); (b) dry climate group: this group has three types of climates: tropical semi-arid (steppe), sub-tropical arid (desert) and sub-tropical semi-arid (steppe); (c) sub-tropical humid group: this group has sub-tropical humid (wet) with dry winters and the atmosphere of mountains, highlands, or alpine. There are nine bio-geographic areas in India. India is home to more than 91,000 animal species and 45,500 plant species, making it one of the world's twelve mega-biodiversity nations. Native medicine still makes extensive use of over 6,500 native herbs. Furthermore, with over 300 wild ancestors and near relatives of cultivated plants still living and developing under natural settings. India's soil is diverse and may be divided into 27 major soil classifications. Approximately 56% of the land area is made up of alluvial, black cotton, and red soil, all of which are said to be appropriate for a variety of crops. 15% of the area is made up of desert, lateritic, and laterite soil, none of which are good for farming. India has a finite supply of water resources. Just 4% of the world's renewable water resources are available for use in the nation.

1. These few resources are also dispersed inequitably over geography and time.
2. In addition, there are issues with recurrent droughts and floods in various parts of the nation.

77.47 million Ha, or 23.57 percent of the country's total land area, is made up of the nation's documented forests as of 2003. 30.8 percent of the forest lands are recognized protected forests, 51.6 percent are notified reserved forests, and 17.6 percent are unclassified woods. Legally proclaimed woods are to be used and managed in accordance with guidelines established by the National Forest Policy of 1988, the Indian Forest Act, and many other State laws dealing to forest issues. These laws have a significant influence on both the use of non-forest areas and the manner that forest lands are to be used.

India has abundant mineral resources and the right geological conditions for a wide range of other minerals. 89 minerals are produced in India; 4 are fuel minerals, 11 are metallic, 52 are non-metallic, and 22 are minor minerals. India's percentage of the population living in urban areas rose from 17% in 1951 to 31% in 2011. By 2050, 55% of India's population is expected to live in cities, according to UN estimates on global population. By 2050, there will be 915 million people living in cities, up from 377 million in 2011 according to this trend of urbanization. The surrounding regions and urban areas need careful planning.

The Special Economic Zone Act of 2005 led to the establishment of several SEZs, including vast tracts of productive agricultural land, which has further worsened India's already tense land relations. The local economy may undergo significant changes as a result of a SEZ. But access to common resources such as waterways, grazing areas, and farmlands is lost. Across India, there is a widespread protest movement led by farmers against SEZs. The government's approach has changed significantly as a consequence of these objections; for example, 5,000 Ha of land may now only be allocated to any one SEZ, and it has decided not to use its powers of "eminent domain" and "public purpose" to seize property for SEZs. Due to the significant land needs, these policy adjustments may not be sufficient to solve the fundamental problems without a corresponding land use planning approach. The Committee on State Agrarian Relations and Unfinished Task in Land Reforms believes that 2,00,000 Ha of land would be sufficient to produce around 1 million tons of food grains. This land requirement is for SEZs that get "in–principle approval." To meet the demands of expanding industrialization, proper land usage and management strategies as well as land use planning are required. It is necessary to create a national policy framework that takes into account the interests of different sectors and stakeholders in order to guarantee the best possible use of land resources via sensible land use planning and management.

A strategy like this should provide the States a framework within which they may adopt and create their own policies that address issues unique to their states. The States need to confer with all relevant parties when creating land use regulations and make sure they have the necessary legal support. In order to accomplish sustainable development, comprehensive land use strategies and plans should be created in compliance with these rules. The Ministry of Agriculture, Government of India, published a "National Land Use Policy Guideline and Action Points" (1988) after extensive debates. The aforementioned policy placed a strong emphasis on the creation of appropriate law and the honest application of punishments for those who violate it. The "National Land Use and Wasteland Development Council," which met for the first time on February 6, 1986, was chaired by the prime minister and presented with the aforementioned policy recommendations. After giving the policy due study at the state level, the Council approved its approval and distributed it throughout the nation for adoption. But the policy's effects were not what was intended.

Hereafter, the "National Land Utilization Policy" refers to the suggested national policy framework. In order to meet community requirements, protect natural resources, and reduce land use disputes, the policy aims to efficiently and rationally arrange and regulate land use. Regarding land usage, there are several rules in place. The National Water Policy of 2013, the National Land Use Policy Outlines of 1988, the National Forest Policy of 1988, the Policy Statement of Abatement of Pollution of 1992, the National Livestock Policy Perspective of 1996, the National Agricultural Policy of 2000, the National Population Policy of 2000, the National Policy and Macro-level Strategy and Action Plan on Biodiversity of 2000, the National Environmental Policy of 2006, and so on are some examples of these.

The urgent need to establish a uniform categorization system has arisen from recent changes in time and the growing need for information linked to land use and land cover. States and Union Territories-related land data and mapping methodologies are provided in a variety of categories and processes with varying sizes.

Growing need for up-to-date data and land cover maps that include a land cover categorization system necessitates appropriate mapping using a National Remote Sensing Agency (NRSA) scale of 1:250,000. The classification system offered a conceptual framework that sparked discussions in more than forty departments and institutions, leading to the countrywide adoption of the twenty-twofold categorization system for land cover and land use analysis. In order to determine the map information connected to agricultural land with reference to seasonal crops like rabi and kharif, multi-date satellite data was analyzed. An investigation of the land cover of other types of terrain, such as forests, water bodies, and fallows, was also included.

NRSA uses hybrid technique in conjunction with digital and visual means to actively participate in information collection and collaborate with other agencies. The data set included 442 districts nationwide, of which 274 were subjected to visual analysis methods, while the other 168 districts were subjected to digital procedures. The project needed several software modules for digital analysis, and these modules were created and merged using the analysis program on commercially available photos.

CONCLUSION

India's agricultural exploration highlights how important agriculture is to the nation's economy and way of life. A considerable section of the population still relies heavily on agriculture as their major source of income, although it confronts a number of obstacles, such as dangers brought on by climate change, land degradation, and water shortages. Many stakeholders, including legislators, farmers, academics, and civil society groups, must work together to address these issues. To ensure food security and rural development, government policies that support sustainable agriculture, increase productivity, and facilitate farmers' access to markets are crucial. Furthermore, the agricultural industry may be modernized and transformed with the support of efficient extension services and expenditures in research and technology adoption. India has the ability to achieve equitable and sustainable prosperity in the future by using the potential of agriculture and taking advantage of new possibilities like organic farming and agri-tech innovation.

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CHAPTER 5

CHANGES IN CROPPING PATTERN OF MADHYA PRADESH

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ABSTRACT:

This research looks at how Madhya Pradesh, a state in central India, has changed its agricultural practices over the last several decades. The study looks at changes in crop choices, cropping intensity, and land-use patterns using a mix of primary survey data, satellite imaging analysis, and secondary sources. It looks at the agronomic methods, market dynamics, governmental regulations, and environmental variables that are causing these changes. The impact of shifting cropping patterns on Madhya Pradesh's rural livelihoods, food security, and agricultural sustainability are also evaluated in this research. Madhya Pradesh, with a land area of 308,000 square kilometers, is the second biggest state in India. The state of Madhya Pradesh has an impressive diversity of agricultural practices, including a broad range of cropping patterns, soil types (from light textured soil to extremely heavy rich clay vertisols, each with their own inherent challenges), and climate variations both within and between various crop seasons.

KEYWORDS:

Agricultural Sustainability, Cropping Intensity, Government Policies, Land-Use Patterns, Market Dynamics.

INTRODUCTION

Madhya Pradesh, with a land area of 308,000 square kilometers, is the second biggest state in India. The state of Madhya Pradesh has an impressive diversity of agricultural practices, including a broad range of cropping patterns, soil types (from light textured soil to extremely heavy rich clay vertisols, each with their own inherent challenges), and climate variations both within and between various crop seasons. There are eight agroclimatic zones in the state. Soybean, Paddy, Maize, Bajara, and Tur are among the primary crops planted in the kharif season; in the rabi season, the main crops grown are Wheat, Gram, Mustered, Cotton, Jowar, and vegetables. In certain places, sugarcane is planted alongside bananas and custard apples. Madhya Pradesh is the country that produces the most pulses, with Gram and Soybean accounting for 21.38%, 40.33%, and 59.92% of the total, and Jowar and Masoor accounting for 22.10%, 14.11, and 22.30% of India's total output of oil seeds [1], [2].

Between 2005 and 2015, Madhya Pradesh's agriculture industry grew by around 9.7% annually. Over a ten-year period, this is the greatest growth rate in agriculture that any large Indian state has ever recorded. The state government has implemented a number of initiatives to strengthen the state's agricultural industry. Among them, three interventions widening irrigation, building all-weather roads to facilitate farmers' trips to the markets, and a robust wheat procurement system with bonuses above MSP for wheat have been particularly important. The state government established the irrigation coverage using tube-wells and then extended it with an original plan to provide farmers a high-quality power supply throughout the wheat irrigation season. Many large- and medium-sized irrigation projects that had been in the works for a number of years were finished by using financial resources to provide the farmers access to canal irrigation. Production and the amount of land planted to wheat showed significant increases with the extension of irrigation cover [3], [4].

A state that grows food grains; in TE 2014–2015, 62 percent of Madhya Pradesh's gross cropped area (GCA) was devoted to food grains and 32 percent to oil seeds. Cereals account for a higher share of the dietary grains (39.4% of GCA) than do pulses (23%). Wheat is the most significant grain farmed in the state, accounting for around 24% of GCA. The most significant pulses farmed in the state are gram, which accounts for around 13 percent of GCA. Arhar, on the other hand, accounts for 2 percent of GCA and 10% of the pulse area. The primary crop farmed in the state is wheat, which is interplanted with gram during the Kharif season. Madhya Pradesh is primarily an oilseeds state, with 25.4 percent of its total crop area (FCA) being planted to soybeans. Even though Madhya Pradesh is one of the main states in the nation that produces grains, the growing of horticulture crops as cash crops has seen a notable uptick. The area planted with horticulture crops increased from 2 percent to 6 percent between 2005 and 2015. Vegetables account up around 43% of the total horticultural area, followed by spices (37%), fruits (35%), and aromatic and medicinal plants and flowers (5.3%) [5], [6].

Following 2010–2011, Madhya Pradesh had a notable rise in the area planted with vegetables. The amount of land used for vegetables grew by around 78%, from 284 thousand hectares in 2010–11 to 507 thousand hectares in 2011–12. As a result, the percentage of GCA's land planted to vegetables almost doubled, from 1.3% in 2010–2011 to 2.3% in 2011–2012. In contrast to the abrupt increase in the area dedicated to vegetables that occurred during 2010–2011, the development of the fruit area started as early as 2008–09. From 47 thousand hectares in 2007–08 to 92 thousand hectares in 2008–09, more land was used for fruit agriculture.

Growing various crops in different sections of the state throughout different seasons is another major feature of Madhya Pradesh, which allows for The nodal agency in charge of the growth of the agricultural sector is the Department of agricultural and Cooperation, which is a division of the Ministry of Agriculture. It is in charge of creating and carrying out national policies and initiatives that maximize the use of the nation's soil, water, land, and plant resources in order to achieve fast agricultural expansion. Since agriculture is a state topic, it is the duty of the state governments to guarantee the industry's expansion and advancement inside their borders. As a result, some governments have established distinct departments. The Rashtriya Krishi Vikas Yojana (RKVY) of the Government, the National Policy for Farmers of 2007, the Expansion of Institutional Credit to Farmers, the National Rural Health Mission, the National Food Security Mission, the Legislative Framework for Warehousing Development and Regulation, the Integrated Food Law, the Protection of Plant Varieties and Farmers’ Rights (PPVFR) Act, 2001, the National Bamboo Mission, and other notable initiatives have all been implemented recently [7], [8].

Rapid agricultural expansion is necessary for people to become self-sufficient, to ensure their food and nutritional security, to create a fair distribution of wealth and income in rural regions, to lower poverty, and to enhance their quality of life. Increases in this field have the greatest trickle-down effect on other industries, which helps the greatest portion of the people as well as the whole economy. India has a total land area of 328.7 million hectares, of which 190 million hectares are grossly cultivated and 141 million hectares constitute the net planted area. A cropping intensity of 134% is present on 57 million hectares of net irrigated land. Between 1991–1992 and 2006–2007, the nation's overall irrigation potential expanded from 81.1 million hectares to 102.8 million ha.

In 2006–07, the total expected output of foodgrains was 217.3 million tons. In contrast to the population growth, which averaged 2.1% annually between 1950–1951 and 2006–2007, foodgrain output grew at an average yearly pace of 2.5%. As a consequence, foodgrains in India almost reached self-sufficiency, with very few imports occurring between 1976–1977 and 2005–2006. The output of pulses increased by 0.8 million tonnes (6%) and wheat by 6.5

million tonnes (9.3%) during 2006–07, which contributed significantly to the growth in foodgrain production. The amount of oilseeds produced decreased (3.7 million tonnes, or 13%) as compared to the amount produced in 2005–2006. On the other hand, the output of nonfood crops in 2006–07 surpassed both the goals and the levels attained the year before, especially sugarcane, cotton, and jute [9], [10].

Agricultural exports were valued at 28,157.52 crore in 2006–07 (until September 30, 2006), compared to 21673.25 crore in April–September 2005. During the period of April through September 2006, the percentage of agricultural exports in overall exports exceeded 10%. There was a decrease in agricultural imports from April to September of 2005. During the same year, the percentage of India's total imports that were agricultural showed a decrease from 3.70 per cent to 2.88 per cent. After China and the United States, India is the world's third-largest producer and user of fertilizers, accounting for 11.4 and 11.9 percent of global NPK nutrient output and consumption, respectively. Fertilizer use per hectare grew at an average rate of 3.3% from 69.8 kg in 1991–1992 to 113.3 kg in 2006–07.

DISCUSSION

The States should raise the proportion of agricultural investment in their state programs. It seeks to guarantee the holistic development of agriculture and related sectors in order to meet the target of 4% annual growth in the agricultural sector during the Eleventh Five Year Plan period. It is a State Plan Scheme, and eligibility for assistance falls on the amount allocated to agriculture and related sectors in State budgets over and above the baseline proportion of expenditures on these sectors. The Central Government is to provide the States all of the money allocated under the RKVY. The program, which is government financed, aims to increase rice, wheat, and pulse production by 10, 8, and 2 million tons, respectively, above benchmark levels by the conclusion of the Eleventh Five Year Plan period. The mission is to increase foodgrain production of the aforementioned crops by improving productivity and expanding the area; it also intends to restore soil fertility and productivity, create jobs, and improve the farm level economy in order to boost farmers' confidence in the targeted areas. It's being used in 305 districts throughout 16 states in the union.

The National Farmers Support Organization (NFSM) engages in a number of activities related to showcasing enhanced production technologies, dispersing high-quality HYV and hybrid seeds, promoting recently released varieties, supporting micronutrients, providing training, running a mass media campaign, and awarding best-performing districts. The districts that have been designated are granted the liberty to implement any locally tailored interventions that are included in the Strategic Research and Extension Plan (SREP) created for the district's agricultural growth. After conferring with the State Governments and considering the National Commission on Farmers' recommendations, the Indian government adopted the National Policy for Farmers, 2007. Among other things, the National Policy for Farmers has made a comprehensive strategy for the growth of the farming industry possible.

This policy's main objective is to define "farmer" broadly, rather than only in terms of agriculture. It is much more extensive than an agriculture policy in that regard. One goal is to increase farmers' net income significantly in order to increase farming's economic viability. It goes without saying that in addition to the implementation of suitable pricing policies, risk mitigation techniques, and other measures, there is focus on heightened productivity, profitability, institutional support, and enhancement of land, water, and support services.

The Indian government started a program called the Green Revolution to modernize agriculture. It was mostly supported by foreign organizations and concentrated on giving farmers access to high-yielding variety (HYV) or hybrid seeds along with insecticides, fertilizers, and other inputs. The biochemical advancements that led to the Revolution included chemical insecticides, fertilizers, and high-yielding cultivars. The years 1967–1978 in Indian agriculture are mostly covered by the name "Green Revolution." Between 1947 and 1967, attempts were undertaken to achieve food self-sufficiency, but they were not totally successful. Up until that point, the majority of efforts had been focused on growing the agricultural areas, but the media continued to report on starving fatalities. Malthusian economics was well shown in this situation, when population growth was outpacing food supply and extreme measures were needed to boost output. The Green Revolution developed as the answer. It is important to remember that the phrase "Green Revolution" refers to successful agricultural experiments conducted in many other nations and is not exclusive to India.

The Green Revolution initiatives were limited to regions with reliable irrigation systems as the new crops and farming techniques required an adequate supply of water. It was primarily aimed at the regions that cultivate rice and wheat. Consequently, only a few states Punjab, western Uttar Pradesh, coastal Andhra Pradesh, and portions of Tamil Nadu saw the first wave of the Revolution. From the middle of the 1950s until the middle of the 1960s, India had food shortages. Notwithstanding the very commendable 3% annual expansion in agricultural production between 1949 and 1965, this led to a national disaster. The expansion of agriculture had started to stall at this time. Long-term pressures on Indian agriculture were caused by the country's massive post-independence population growth, which increased the country's annual GDP from roughly 1% in the preceding fifty years to roughly 2.2%. Other factors included a sluggish increase in per capita income and a massive (and growing with each Five-Year Plan) expenditure on planned industrialization. For instance, this led to a demand for food that the Indian markets could not adequately provide. Beginning in the middle of the 1950s, food costs increased.

India has to import more food in order to keep prices stable and fulfill the food shortfall Beginning in 1956, India entered into contentious agreements to import food from the US under the PL-480 program. In the initial year of the program, almost three million tons of food grains were imported; this amount continued to grow, reaching over four and a half million tonnes in 1963. The two conflicts with China (1962) and Pakistan (1965) as well as the two consecutive drought years (1965–1966) occurred during this time, resulting in a 17% and 20% decrease in agricultural and food production, respectively. Between 1965 and 1968, food costs increased at a pace of about 20 percent annually. In 1966, India was compelled to purchase almost 10 million tons of food grains. At this critical point, when famine conditions are spreading throughout the nation, particularly in Bihar and Uttar Pradesh, the United States has threatened to back out of its agreements to provide food to India.

The New Agricultural Strategy got underway with full force Lal Bahadur Shastri, the prime minister at the time, C. Subramaniam, the minister of food, and Indira Gandhi, who succeeded Shastri in 1966 following Shastri's short term, all enthusiastically endorsed and formulated this fundamental shift in the approach to advancing Indian agriculture. Such a shift was advocated by the US and the World Bank-appointed Bell Mission, but it seems that they were "leaning on open doors" since a sizable majority in support of the move had arisen inside India. Areas with guaranteed irrigation and other natural and institutional advantages were the focus of critical inputs such as high-yield variety (HYV) seeds, chemical fertilizers and pesticides, agricultural machinery like tractors and pump sets, soil-testing facilities, agricultural education programs, and institutional credit. As a result, 32 million acres of land, or 10% of the total cultivated area, were first selected as the highest priority for program benefits. With the introduction of HYV seed technology from wheat to rice during the second phase, which lasted from 1970–1973 to 1980–1983, the Green Revolution expanded to other regions of the nation, including eastern

Uttar Pradesh, Andhra Pradesh (especially the coastal districts), portions of Karnataka and Tamil Nadu, and so on. Currently, the growth rate of 2.38 percent per year for the whole India is much less than that of states like Maharashtra, Gujarat, and Andhra Pradesh.

The Green Revolution's third and most current phase, which lasted from 1980–1983 to 1992–1995, had very noteworthy and positive outcomes. The once low-growth eastern regions of West Bengal, Bihar, Assam, and Orissa were now affected by the Green Revolution, with West Bengal recording an unparalleled annual growth rate of 5.39 percent. Other areas also saw substantial growth, notably the southern region and the central regions of Madhya Pradesh and Rajasthan. In actuality, the growth rate in the southern area exceeded that of the northwest region for the first time. By the conclusion of the third phase, there had been a significant decrease from previous decades in the coefficient of variation of the yield (per hectare) and production growth levels across the different states. Therefore, during this time, agricultural output growth in all of India increased significantly, reaching an unprecedented growth rate of 3.4% annually. Additionally, a much more diversified growth pattern was observed, which significantly reduced regional inequality by spreading rural prosperity.

Thirty-five percent more food grains were produced in 1970–71 than in 1967–68. Once again, the total amount of food produced grew from 89 to 112 million tons between 1964–1965 and 1971–1972, which is estimated to represent a 10% increase per person. During the same time, food availability grew from 73.5 million to 99.5 million tonnes, while net food imports decreased from 10.3 million tonnes in 1966 to 3.6 million tonnes in 1970. It is estimated that India would need to purchase between 8 and 10 million tons of wheat annually at a cost of $600 to $800 million if the new agricultural policy hadn't been implemented. Food scarcity problems in India were resolved as the availability of food dramatically increased, reaching 110.25 million tonnes in 1978 and 128.8 million tonnes in 1984. In addition to having buffer food supplies of more than 30 million tons by the 1980s, India was exporting food to repay previous debts or lending money to nations facing food shortages.

During this time, agricultural production in eastern India increased noticeably at a faster rate than in other early Green Revolution regions, such as Punjab, where agricultural yields stagnated. Specifically, the "agricultural success story of the 1980s" was seen in West Bengal, where annual growth in agricultural production exceeded 6%. Between the middle of the 1960s and the 1980s, public infrastructure supply, finance, agricultural research, and extension served as the cornerstones of the agricultural strategy. Simultaneously, institutional frameworks were established for government intervention in the agricultural markets to guarantee that farmers received fair prices for their output and that food costs in the economy remained low enough to contain inflation. The agricultural development strategy changed in the 1990s, during the fourth phase of the Green Revolution, to mostly depend on the market mechanism to drive growth and to reduce the amount of various other government-provided assistance.

Increased domestic agricultural market integration with global markets was also facilitated by a number of legislative measures. The expansion of agriculture significantly decreased as a consequence of these developments. The growth rate during this era was the lowest since Independence, moving to a multi-crop system. Additionally, this has raised their revenues. Traditional ties between landowners and bound laborers are becoming less strong. The payment of cash has replaced in-kind payments (grain) in India as well. Additionally, there are now more employment openings in the agriculture industry. The fundamental reason why the crops grown during the Green Revolution were so lucrative was because they produced more product. Rich farmers with access to land, money, technology, and expertise, as well as those with the ability to invest, might raise their output and make more money. But those without these riches or the ability to control the means of production missed out on the chance to rise further up the social ladder and fell farther down the social hierarchy. The new technology's input was so costly that small farmers could not afford it; only the middle and big In essence, the Green Revolution caused agriculture to become more commercialized, which often resulted in tenant farmers being displaced. Because the crop was so valuable, landowners started to reclaim their rented property and grow it.

The situation of the landless and marginal land holders deteriorated while that of the wealthy farmers improved. In regions like Punjab and certain parts of Madhya Pradesh, the service castes that formerly performed these agriculturally related tasks were displaced as a result of the advent of technology like tillers, tractors, threshers, and harvesters. This piece of Numerous studies have shown that the high-yielding cultivars are harmful to consumers' health. Today, a number of farmer groups advocate going back to more conventional, organic farming practices. One important factor in the context of agricultural expansion is agricultural marketing.

Farmers are encouraged to work hard in all facets of farming when their goods are sold promptly and profitably. A logical farmer really maintains one eye on the market and one on the plow. Unfortunately, there are some significant problems with agricultural marketing in India. Farmers often don't get a fair price for their goods. They often fall prey to the "Paradox of Plenty," which states that more output results in lower income because of the tendency of pricing to plummet due to large market sales. As a result, farming in India is less of a reliable source of income and more of a risk on the future. One may argue that marketing poses a major danger to the enticement to invest in the context of Indian agriculture. Agriculture's relatively restricted supply-price response has prevented farming from becoming a profitable industry. The majority of Indian farmers still see farming as a means of livelihood alone.

The persistence of an antiquated marketing system severely restricts farming's exposure to the dynamics of supply and demand in the market. "Problem of agricultural growth cannot be fully solved unless agricultural marketing is improved," according to the Royal Commission Report. Selling agricultural products is just one aspect of agricultural marketing.

It is a fairly broad phrase that includes all of these connected operations to the buying, sorting, shipping, and selling of agricultural products. "Agricultural marketing comprises all operations involved in the movement of farm produce from the producer to the ultimate consumer," according to Faruque. at India, farmers often sell the majority of their products at unorganized local marketplaces. An official estimate is that 72% and 89%, respectively, of Bengal's and Bihar's entire rice production is sold in local marketplaces. According to the All India Rural Survey Committee, an Indian farmer typically sells around 35% of his product in the village and 24% to commission agents and dealers in the rural districts. The commission agents, who also double as moneylenders, buy the majority of the farmers' products in the uncontrolled marketplaces. Nonetheless, the quantity of uncontrolled marketplaces is progressively decreasing. The majority of marketplaces are controlled and provide farmers with a fair price while being directly supervised by the market committee

Indian farmers are not able to negotiate together. Millions of marginal and tiny producers seldom ever get together to create a cohesive front. Frequently, they enter the market as lone rivals with their goods. Its apparent effects include poor pricing and revenue loss. "As long as the farmer does not learn the system of marketing himself or in cooperation with others, he can never bargain better with the buyers of his produce who are often very shrewd and well-informed," the Royal Commission on Agriculture said. Another major flaw in the Indian marketing system is the abundance of middlemen. Between the farmer and the ultimate consumer, there is a lengthy network of middlemen that take the majority of the profit that would have gone to the farmers. It is estimated that the farmer receives just fifty paise for every rupee worth of wheat sold, and only fifty paise for every rupee worth of rice sold. Approximately 60% of the ultimate consumer's payment is given to the farmer; the remaining 40% is given to the middlemen.

CONCLUSION

An examination of Madhya Pradesh's changing cropping patterns indicates a dynamic agricultural environment influenced by a number of variables. The state has seen a substantial change in the types of crops grown, with cash crops like soybeans and pulses progressively displacing traditional staples like rice and wheat. These adjustments are a result of changing consumer expectations, technology developments, and government initiatives to diversify the agricultural sector and raise farmer incomes. However, worries about the condition of the soil, water availability, and ecological balance have been raised by the increase of cash crop farming. A comprehensive strategy that supports crop diversification, sustainable agricultural methods, and smallholder farmers is needed to address these issues. To ensure the resilience and profitability of Madhya Pradesh's agricultural sector, government interventions centered on promoting agroecological principles, expanding access to financing and market information, and upgrading irrigation infrastructure may be very important. Additionally, promoting inclusive and equitable agricultural growth in the state requires empowering farmers via capacity-building programs and democratic decision-making procedures.

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CHAPTER 6

DISCRIMINATION OF GROWTH OF INDUSTRY IN INDIA

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ABSTRACT:

This research looks at the prejudice that India has seen in the development of companies in a variety of areas. The study examines differences in industrial growth according to geography, sectoral policies, investment patterns, and institutional support using empirical data, statistical analysis, and case studies. It explores the historical background of India's industrialization and examines the effects of discriminatory practices on geographical differences, socioeconomic inequality, and economic progress. The paper also looks at possible approaches to redress these differences and encourage inclusive industrial growth for sustainable development.

KEYWORDS:

Economic Growth, Industrial Development, Institutional Support, Regional Disparities, Sectoral Policies.

INTRODUCTION

Another significant element of economic activity is industry, also known as the secondary sector of the economy. Following its independence, the Indian government placed a strong emphasis on the long-term economic growth of industrialization. So, in 1956, the Industrial Policy Resolution (IPR) established the framework for industrial growth. The construction of heavy industries was prioritized in the 1956 program, with the public sector taking the lead in this regard. Adoption of the heavy or basic industries plan was defended by the arguments that it would ease the strain on farmers, support the expansion of the consumer goods industry, and support the development of small businesses that are essential for creating jobs and attaining self-reliance. The second and third plan eras, 1956–61 and 1961–66, saw a phenomenal increase in industrialization after the IPR’s implementation in 1956. The public sector made up the largest portion of this expansion. However, as the 1960s came to a close, industry investment decreased, which had a negative impact on the growth rate. This tendency was reversed in the 1980s, when industry investment grew as a result of a better infrastructural foundation that included coal, electricity, and rail [1], [2].

Early in the 1990s, it was discovered that public sector initiatives were falling short of expectations. There have been allegations of loss-causing mismanagement in these undertakings. Thus, the Indian government made the decision in 1991 to support the private sector's contribution to industrial development, liberalize the country by doing away with the strict license system and permitting both domestic and foreign businesses to explore foreign markets. Strengthening the nation's industrialization process was the goal of all these actions. The Liberalization, Privatization and Globalization (LPG) model is one such industrial growth paradigm [3], [4].

The process of industrial development has had periods of expansion followed by slowdowns since the implementation of this new strategy in 1991. During the first years of the 1990s saw a notable expansion in industrialization as a result of increased infrastructural investment, lower excise taxes, easier access to financing, etc. However, as the 1990s came to a conclusion, the growth rate slowed down as a result of strong competition from foreign businesses, poor infrastructural support, etc. But at the start of the new century, there was once again a rebound between 2002 and 2008 since the saving rate increased from 23.5 percent in 2001–2 to 37.4 percent in 2007–08. Even the rivalry from overseas businesses was beneficial at this time because it allowed local businesses to have sufficient internal strength in areas like finance, customer service, and quality control to survive the competition. But after 2008–2009, there was a little deceleration in industrial development as a result of rising fuel prices, interest rates, and borrowing costs. Diaspora is a large nation whose people deal with a variety of issues. The nation was plunged into complete destitution during the roughly two centuries that the British governed it and took use of its riches [5], [6].

The only thing that made India great or joyful after the British departed in 1947 was "freedom." There were several issues prior to the Indian administration. In addition to widespread poverty, there was the issue of food scarcity and inflation. The nation also had significant issues with infrastructure, healthcare, and illiteracy. As a long-term plan Organizing the resources is yet another crucial duty. This implies that in order to arrange the necessary resources, the planners must be aware of their sources. For instance, the planners must create the budget and list the various funding sources if the plan has to be financed. One of the main sources of funding for the government as it creates plans is tax income. A bank loan is one of the sources of funding for a company owner. When there are several funding sources, the planner must also determine how much money should be taken from each of these sources.

Utilizing human resources is another crucial responsibility for carrying out the strategy suggestion. The planner has to make an estimate of the kind of labor and the total number of people needed to complete the work. This demand should be well estimated at the onset. A correct assessment of the physical resources should also be given. Physical resources consist of things like cars, furniture, stationery, and office buildings. The process of implementation and execution begins in an orderly way to accomplish the intended objective after the resources are set. Periodic reviews must be conducted until the ultimate goal is achieved in order to ensure that everything is operating as intended, to correct errors that may have occurred, and to adjust the working style to account for any changes [7], [8].

Economy throughout its period of independence. Recall that these issues include widespread poverty and inequality, poor agricultural and food grain storage productivity, a lack of industrial and infrastructure growth, etc. Since these would take a long time to resolve, the Indian government devised a five-year plan, commencing with the first-year plan in 1951 development. The plan was to compile a list of critical issues that needed to be resolved while taking into account the available resources and the ability to allocate them. After five years, evaluate the work that has been done and make the necessary corrections in the next five years of the plan, and so on.

P.C. Mahalonobis, V.R. Gadgil, V.K.R.V. Rao, and Jawaharlal Nehru are a few of India's greatest planners. 1950 saw Nehru take office as India's first prime minister and create the Planning Commission. The Planning Commission's primary duty was to create plans that considered the nation's resources and recommended the most efficient ways to use them in a balanced way. The first five-year plan (FYP) was created by the planning commission for the years 1951–1956, inclusive. As of 2014, India has undergone almost sixty years of planning, with the eleventh five-year plan having been finished and the twelfth FYP still ongoing. In order to achieve economic growth, real national income and per capita income must increase annually at a certain pace. The measurement of national income at a certain year's price or at a fixed price is known as real national income. The average income of people in the economy is known as real per capita income. It is maintained that genuine growth in both per capita and national income is necessary to raise the quality of life for every person, every home, and society at large. A rise in income will boost people's and the nation's buying power since income is a measure of purchasing power. People will be able to fulfill their desires by acquiring more products and services as their purchasing power rises. The whole nation is able to pay for its imports, or purchases made from elsewhere. A rise in real income also indicates a greater level or amount of production than before. In this context, output refers to the products of several economic sectors, including services, manufacturing, and agriculture, all of which are necessary to meet the demands of India's expanding population. annual growth in production must be accomplished. In order to attain a greater rate of production, the economy has to spend more in building infrastructure and capital assets [9], [10]. Power projects, highways, trains, airports, ports, telecommunications networks, buildings, etc. are all considered infrastructure. Capital stock consists of things like equipment, plants, banks, and insurance. Since investment in all of these areas is required to produce economic growth in real income, the nation's planners establish growth targets in each of the five-year plans, taking into account factors like population growth and the demand for products and services. The term "employment" describes a worker's participation in a profitable economic activity, such as the production of products or services.

DISCUSSION

The process of producing anything entails using household-provided means of production, which generates revenue. Organization/entrepreneurship are elements of production. The nation's households are the owners of these components. Given that factors are limited resources that must be employed to generate products and services, it is critical that the government provide possibilities for their appropriate utilization. An economy's ability to produce is determined by the quantity of factor resources it has. If these production elements find work, the necessary quantity of output can be produced.

The elements' revenue in the form of labor wages, rent to building and land owners, interest to capital owners, and profit to entrepreneurs may then be allocated among them based on the output's worth.

The necessary quantity of output cannot be created, and revenue cannot be earned, if the nation is unable to provide job opportunities for the elements of production to be engaged in a profitable manner. Consider the nation's labor resources as an example. As you are aware, the country's labor force is composed of people between the ages of 15 and 59. Every year, as a result of population growth, there are also more persons entering the labor force. They are usually educated as well. Should there be insufficient opportunities for work, they will continue to be jobless and underutilized. Indeed, India's unemployment rate is quite high. In addition to driving up consumption without matching increases in output, unemployment contributes to a number of societal issues including crime and poverty.

Food security is the idea that everyone has access to enough food at all times to live an active and healthy life. Economist P.V. Srinivasan pointed out that this calls for both a sufficient aggregate food supply and a sufficient individual or family buying power to demand sufficient amounts of food. In actuality, India has maintained its food grain self-sufficiency since the 1970s, as mentioned by R. Radhakrishna. It strengthened its ability to handle annual variations in food production by amassing substantial buffer stores via the Food Corporation of India (FCI) agency and distributing these stocks to the populace via the PDS. In some recent years, buffer stockpiles have significantly above minimal standards, leading to the issue of "excess stocks." While the buffer stock standards were 24.3 million tonnes, the actual food grain inventories reached a record high of 63.0 million tonnes in July 2002.

Consequently, there were up to 38.7 million tons of excess stocks. Stocks, however, have since dropped. In actuality, food grain stockpiles on January 1, 2006, were 18.8 million tonnes, which was below than both the buffer stock standards of 20 million tonnes and the stock of 21.7 million tonnes on January 1, 2005. The decreased wheat stock was the primary cause of the stock drop.

In an attempt to maintain wheat supplies, the Indian government acted panicked and, in 2007–2008, raised the procurement price to 850 per quintal. On the other hand, it requested that the State Trading Corporation import 3 million tonnes of wheat to make up for any production shortfall (private traders and state-run companies had also imported 6.5 million tonnes of wheat in 2006–2007, when production had dropped to 68.6 million tonnes). There are further worries. Analysts note that although rising incomes and population growth will cause a shift in eating habits away from coarse grains, which will increase wheat consumption significantly in the years to come, production is not expected to rise because there is no evidence of further productivity increases or an increase in the area under wheat.

With the exception of 2002 and 2003, rice output has exceeded consumption. However, yields have stagnated at 2,000 kg per hectare since the late 1990s, meaning that rice production has not increased much. The primary goal of India's public distribution system is to provide customers basic items at low, subsidized costs in order to protect them from the effects of increasing commodity prices and preserve the population's minimal nutritional status. The government uses levies to fund purchases of a portion of the marketable surplus from producers and traders/millers at procurement prices in order to operate this system. The acquired grain, mostly wheat and rice, is then distributed to customers via a network of fair pricing and/or ration stores, and/or buffer supplies are built up.

PDS has been utilized in India to distribute food grains as well as coal, kerosene, sugar, textiles, and culinary oils. In India, rice, wheat, sugar, and kerosene have been the main products provided under PDS. Eighty-six percent of PDS sales have come from these four goods combined. Because their combined sales have accounted for less than 1% of PDS sales, coarse grains (Jawar, Bajra, maize, etc.) essentially do not factor in the PDS. Less than 0.2% of PDS sales have come from pulses, which are a significant source of protein for the underprivileged. In India, PDS provides cards to all families with valid residential addresses that are registered. Fair pricing stores (FPS) grew in number during the course of the year, from 0.47 lakh at the end of 1960 to 3.12 lakh in 1984, and they now number 4.74 lakh. PDS, perhaps the biggest distribution network globally, provides goods valued at about 30,000 crore per year to over 160 million households.

By the middle of the 1960s, the amounts distributed via the PDS outlets were still less than five million tons. The amounts stayed at 10 million tons during the 1970s, and the average was about 16 million tonnes in the 1980s. Following a high of 19.0 million tons in 1991–1992, the offtake from PDS outlets tended to drop. In actuality, there was a significant rise in the difference between the PDS's allocation and offtake for both wheat and rice, but especially for wheat. Between 1991 and 1992, a total of 21.92 million tons of rice and wheat were allocated under the PDS, with an offtake of 19.0 million tonnes.

Therefore, 86.7% of the allotment was offtaken. In 2001–2002, the total amount of rice and wheat allocated under PDS was 30.37 million tonnes, although only 13.84 million tonnes were actually taken in. Offtake was thus just 45.6% of allotment. When the government agencies had to incur significant handling and storage expenses due to the unsold supplies in the PDS, the decreased offtake became a major source of worry. The main cause of the significant discrepancy between allocation and offtake from the PDS observed in the 1990s was the significant increase in the issue prices of wheat and rice, which led to a significant decrease in the difference between the open market price and the price paid for supplies through the PDS (the issue price). For instance, between 1990 and 1994, the issue price of rice was changed four times, resulting in a price level for rice in 1994 that was more than twice as high as the price in 1989 and almost twice as high as the price in 1989 for superfine rice.

The government-fixed central issue price (CIP) was in place until May 1997, when the Targeted Public Distribution System (TPDS) was implemented, resulting in the introduction of a dual pricing system. Under this approach, issue prices were set at 50% of the economic cost for families below the poverty line (BPL) and at the same amount as the economic cost for those above the poverty line (APL). There was little need for APL households to purchase from the PDS since the issue prices were so close to the market price.

As a result, the government's food grain reserves rose significantly. In July 2001, the government had to lower the issue price for APL households by thirty percent in order to address this issue. As a result, the issue price was lowered to 70% of the economic cost for APL households. The Food Corporation of India (FCI), founded in 1965, is the primary supplier of food grains to the PDS. The Corporation's main responsibility is to acquire, store, transfer, transport, distribute, and sell food grains and other consumables. It guarantees that farmers get fair compensation for their product and that consumers may purchase food grains from the central pool at consistent rates set by the Indian government.

Additionally, the Corporation has been given the authority to manage food grain buffer reserves on behalf of the government. Since FCI is the only repository of food grains destined for the PDS, its importance has grown along with the output of wheat and rice in recent years and the demands placed on the PDS. F It has been noted by several economists that the PDS's activities have actually raised prices overall. This is because the government's annual massive purchases of food grains actually lower the net amounts available on the free market. Due to traders' speculation and the market's limited supply, food grain prices on the open market have risen to very high levels. The poor are harmed by this dual market system, which consists both the open market and the PDS. As was previously said, the PDS only partially satisfies the needs of the impoverished. They are thus forced to buy on the open market, where costs are exorbitant. As a result, PDS not only fails to satisfy the poor's major needs, but it also works against them by driving up open market prices.

Individuals who are not covered by the PDS at all, such as daily wage casual laborers, migratory workers, and people without legal home addresses, suffer from two disadvantages: they are not only not covered by the PDS, but they also have to pay more for everything they buy on the open market. Numerous empirical studies have shown that the rural poor have not profited much from the PDS since they rely more on the free market than the PDS for the majority of goods. Similar to this, urban poor people have relied heavily on the free market to satisfy their needs for consumption.

According to Kirit S. Parikh, "the cost effectiveness of reaching the poorest 20 per cent of households through PDS cereals is very small" in research on the efficacy of PDS in reaching the poor. With the exception of Goa, Daman, and Din, where 28 paisas go to the poor, for every rupee spent, fewer than 22 paisas reach the needy in all states. This is just meant to highlight the huge expense of PDS assistance, not to imply that it does not help the impoverished in any way. It would also be important to note in this context that only families with valid home addresses that are registered are eligible to get ration cards. This indicates that many impoverished people who are homeless as well as those who do not have a valid residential address

Many economists have noted that PDS coverage in rural regions was woefully inadequate for a significant planning period, and it remained mostly restricted to metropolitan areas. As a matter of fact, P.S. George calculated in a 1984 essay that the offtake from the public distribution system in metropolitan areas accounted for almost 85% of the overall offtake. S. Mahendra Dev and M.H. Suryanarayana, however, suggested that the urban bias may not exist in the majority of the States, with the exception of West Bengal, based on data from the 42nd round of the NSS. In reality, they contended that the PDS is rurally skewed favoring rice and coarse grains throughout all of India based on certain criteria. PDS has also been criticized for system leaks, which include losses from storage and transportation as well as diversion to the free market. Due to the pervasiveness of corrupt activities, food grains are being diverted to the open market, which accounts for a significant portion of the leakage. Shopkeepers pocket the difference when they offer rations at greater prices on the open market rather than at reduced rates.

A report by Tata Consultancy Services claims that the ration cards are faked by the allIndia diversion. S. Mahendra Dev uses the example of a tribal community in Maharashtra's Dahanu taluka where residents had not even tasted sugar in over a year. However, the June 1995 ration card of a malnourished tribal household revealed that it had purchased 26 kg of sugar in a single day. Similar circumstances exist in other Dahanu villages. In rural places, the delivery methods are awful.

Food grains aren't easily found everywhere, even at stores that charge a reasonable price. The way that PDS benefits are distributed varies significantly by area. For instance, the four Southern States of Andhra Pradesh, Karnataka, Karala, and Tamil Nadu accounted for nearly one-hall (48.7%) of the nation's total PDS offtake of food grains in 1995, whereas in 1993–1994 they only made up 18.4% of the population of India living below the poverty line. In contrast, only 10.4% of all Indian food grains were purchased from PDS in 1995, with the four Northern States of Bihar, Madhya Pradesh, Rajasthan, and Uttar Pradesh (also known as the BIMARU States) accounting for as much as 47.6% of the country's population living below the poverty line in 1993–1994. Upon normalizing for population size, the distribution of per capita amounts provides a more realistic picture of the variations across states and regions.

According to a recent study, the per capita monthly purchases of cereals from PDS were less than half a kilogram in poor states with high rates of poverty, such as Bihar, Madhya Pradesh, Uttar Pradesh, and Rajasthan, and 2.3 kg in states with low rates of malnutrition, such as Kerala, Tamil Nadu, and Andhra Pradesh. Improvements to traditional and ineffective implements have been the focus of strategies and programs. These have allowed farmers to own tractors, power tillers, harvesters, and other machinery; they have also made custom hire services available; and they have supported human resource development, testing, evaluation, and research & development. Additionally, a sizable industrial base has been established for the production of agricultural equipment. In addition to institutional credit, the introduction of technologically sophisticated equipment via demonstration and extension has also been used. The farmers have also embraced resource-saving equipment.

Financial assistance is given to farmers for the purchase of designated agricultural machinery and implements under a number of government-sponsored programs, including Macro Management of Agriculture, Technology Mission for Oilseeds, Pulses, and Maize, Technology Mission on Horticulture, Technology Mission on Cotton, and National Food Security Mission. arm Machinery Training & Testing Institutes (FMT&TIs) have been established in Assam, Biswanath Chariali (Assam), Garladinne (Andhra Pradesh), and Budni (Madhya Pradesh). The institutions are able to yearly teach 5600 workers in a variety of agricultural mechanization topics. These organizations also test and assess agricultural equipment, such as tractors, in compliance with national and international standards. Since the establishment, these institutions have taught 1,10,712 employees and tested over 25,84 machines as of March 31,

2009. These institutions taught 5894 workers and tested 163 machines in 2008–2009. The goal of the demonstration of newly produced agricultural equipment, including horticulture equipment, is to introduce new or better technology into the agricultural production system. In order to familiarize farmers with the usage and application of new or upgraded agricultural/horticultural equipment for the production of various crops, the component calls for conducting demonstrations of the equipment in their fields. The implementing agencies get a 100% grant in help for the purchase and demonstration of the designated equipment. Funds are granted to States and two organizations (ICAR & SFC) for the purpose of implementing programs based on bids made for assistance under the plan. 1,52,364 farmers benefited from 11214 new equipment demos that took place in 2008–09. This is a new element from the Tenth Plan that was authorized in order to teach a lot more farmers in the surrounding areas, and it was put into practice starting in 2004. Each state has designated the institutions through which the training program will be conducted.

The Prime Minister's Office has designated "Reforming Agricultural Markets & Promoting Post Harvest Technology" as one of the Ministry of Agriculture's focus areas. As a result, the Department launched a brand-new program on "Post Harvest Technology and Management" during the XI Plan period, starting in March 2008, with a 40.00 crore authorized budget. The program gave priority to technologies developed by the ICAR, CSIR, and other organizations both domestically and overseas for primary processing, value addition, low-cost scientific storage and transportation of cereals, pulses, oilseeds, sugarcane, vegetables, and fruits, as well as crop by-product management. Under this program, 478.00 lakh were made available for the distribution of post-harvest equipment via subsidies, as well as for the planning of post-harvest technology demonstrations and training sessions.

In 1964, the Indian government recommended that State Governments establish State Agro Industries Corporations (SAICs) in the public sector to serve as intermediaries in facilitating farmers' access to industrial inputs for agricultural purposes. Thus, between 1965 and 1970, 17 SAICS—Andhra Pradesh, Assam, Bihar, Gujarat, Haryana, Himachal Pradesh, Jammu and Kashmir, Karnataka, Kerala, Madhya Pradesh, Maharashtra, Odisha, Punjab, Rajasthan, Uttar Pradesh, Tamil Nadu, and West Bengal were established in the joint sector with equity participation of the Government of India and respective State Governments. The Government of India is now a minority stakeholder as a consequence of several State Governments increasing their equity interest. The State Governments of Gujarat, Karnataka, Uttar Pradesh, Tamil Nadu, Rajasthan, and West Bengal have so far received the Government of India's stakes in the SAICs On December 14, 1983, the Dangerous Machines (Regulation) Act 1983 an external website that opens in a new window went into effect. In order to ensure the safety of anyone operating a machine, the Act regulates trade, commerce, and the production, supply, and use of products from any industry that produces dangerous machines. It also provides compensation for any death or physical harm sustained while operating a machine. This Act has affected power threshers, which are used to thresh agricultural crops. By virtue of Notification No. G.S.R. 505(E) and the amendment of the Dangerous Machines (Regulation) Rules 1984 by Notification No. G.S.R. 506(E) dated July 24, 2007, the power-operated sugarcane crusher and chaff cutter have also been brought under the jurisdiction of the Dangerous Machines (Regulation) Act 1983.

CONCLUSION

The research reveals significant discrimination in India's industrial progress, which sustains socioeconomic and geographical differences. Uneven industrial growth has resulted from the disproportionate attention and investment given to certain industries and geographic areas. A multifaceted strategy including targeted investment plans, institutional interventions, and legislative changes is needed to address these inequities. Special economic zones, industrial clusters, and infrastructure development projects are examples of government programs that attempt to promote inclusive industrial growth and may be very effective in reducing prejudice and encouraging balanced industrialization. Promoting equitable industrial growth also requires working to improve disadvantaged groups' and regions' access to capital, technology, and chances for skill development. India can use its industrial potential to propel economic development, provide job opportunities, and enhance the welfare of its populace by tackling discriminatory practices and advocating for inclusive policies.

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CHAPTER 7

INVESTIGATION OF INDUSTRIAL POLICIES OF INDIA

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ABSTRACT:

This study examines India's industrial policies, examining their formulation, application, and effects on the country's industrial growth. The research investigates the creation and application of industrial policies from before independence to the present via a thorough analysis of historical records, official publications, and academic literature. Key policy efforts are examined, such as the 1948 Industrial Policy Resolution, the 1956 Industrial Policy, the 1990s economic liberalization reforms, and the ensuing policy modifications. Additionally, the study evaluates how well these policies work to advance industrial development, encourage innovation, draw in investment, and provide job possibilities. Additionally, it examines the obstacles and limitations that Indian companies must overcome, including inadequate infrastructure, regulatory barriers, and international competitiveness, and assesses the legislative measures taken to solve these issues.

KEYWORDS:

Economic Liberalization, Industrial Development, Industrial Policy, Policy Implementation, Regulatory Framework.

INTRODUCTION

The Indian economy was severely plagued by issues of unemployment, poor per capita income, industrial backwardness, poverty, and illiteracy at the time of independence. An earnest attempt was made to usher in an age of industrial prosperity after India's independence in 1947. For the different sectors, the government established laws and regulations. Over time, a number of industrial policies were implemented that influenced the country's perspective. The many industrial policies and the public sector's involvement in industrialization are covered in this section [1], [2]. The idea of cottage industry and small-scale enterprises is also covered. The 1956 industrial strategy separated industries into three groups based on the role the state would need to play in each. It is important to keep in mind that this boundary was not strict and that the State was always free to engage in any kind of industrial production.

The industries in the First Category were those whose future growth the State would be solely responsible for. This category included 17 industries. The state would be the sole entity to establish any new units within these industries. The Second Category included of sectors that would gradually become State-owned, where the State would normally take the lead in creating new units but where private industry was also expected to support State efforts. Twelve industries, less significant than those in the first group, made up this category. The other industries fell into the Third Category, and the private sector would typically be responsible for spearheading their future growth. The State would be free to launch any new enterprise even under this heading. As a result, no sector was immune to government intrusion [3], [4].

In line with the plan developed in succeeding Five-Year Plans, the State would promote and stimulate the growth of these industries in the private sector. The State may provide financial support to the private sector under certain circumstances. Businesses operating in the private sector are required to align with the social and economic policies of the government and will be governed by the industries (Development and Regulation) Act and other pertinent laws. The industrial policy statement emphasized the importance of cottage, village, and small-scale industries in the growth of the national economy because they guarantee more equitable distribution of the nation's income, create large-scale jobs immediately, and enable the efficient mobilization of capital and expertise that might otherwise go underutilized [5], [6].

Additionally, the creation of small companies around the nation would guarantee a balanced economic growth and prevent issues related to unplanned urbanization. The preservation of industrial peace has been emphasized as one of the key requirements for the development of industry. Labor is a participant in the shared goal of development in a socialist democracy and ought to take an active role in it. Employees should be gradually integrated into management and there should be collaborative consultation. Public sector businesses need to lead by example in this regard. To ensure that industrialization benefits the entire nation, it is critical that the gaps in industrial development levels between various regions gradually close. To this end, the State should supply the necessary infrastructure to underdeveloped areas or areas where job opportunities are most needed. Only by ensuring a balanced and coordinated development of the industrial and agricultural economies in each region can the nation's economy as a whole achieve higher standards of living.

Regarding the nationalization strategy, the 1948 and 1956 policy declarations diverge most significantly. The original policy said that industries falling under the second group might continue to function for a period of ten years, after which the government would choose whether or not to nationalize them. This clause undermined private initiative and produced unpredictability in the business sector. The 1956 policy announcement made private business owners in the mostly public sector forget about the possibility of nationalization. Private industry was therefore given a fresh chance to defend its continued existence in a socialist democracy. The Congress Government announced the new industrial policy on July 23, 1980, while adhering to the spirit of the 1956 Industrial Policy Resolution. It included significant relaxations and concessions that benefited the small, medium, and large-scale sectors with the triple goals of modernization, expansion, and spread to underdeveloped areas. The main goals of the concessions are to double the investment cap for small, ancillary, and tiny sectors; regularize excess capacity; allow automatic expansion facilities for large units in the priority sector; and establish multiple industrial hubs in underdeveloped areas [7], [8].

The government made the decision to work toward the objective of a thriving, independent, and contemporary economy where all sectors contributed positively. Consequently, the government acknowledged that although it was important to let private sector businesses expand in line with the goals and objectives of national plans and programs, it would not allow the monopolistic tendencies or the concentration of wealth and economic power in a small number of hands to increase. In terms of automatic expansion, the government believes that the greatest possible use of the current industrial capacity shouldn't be subject to needless limitations. Only fifteen enterprises were allowed to have the capability for automatic growth by the government in 1975. The maximum amount of additional capacity that could be implemented in these sectors was 5% annually or 25% over the course of a five-year plan, and it may be done in phases. The government declared that other industries will also have access to this resource. The 1980 Industrial Policy Statement did not fully endorse the Janata Government's "district industrial center" concept. The 1980 policy notes that the district industrial center initiative has not yielded results that are proportionate to the costs paid. As a result, the government chose to launch more successful programs.) The New Policy Statement has referenced nucleus factories, which should transmit industrial impulses all around, in the context of developing backward regions. When put into practice, the so-called "nucleus plant" idea is anticipated to primarily focus on assembling the byproducts of auxiliary units that lie within their orbit. The 1980 policy acknowledges that there is room for further improvement in lowering the time taken for processing applications for the creation of new capacities, proposals for significant expansion, and the production of new goods. It also refers to the significant simplification and streamlining of licensing procedures [9], [10].

It is suggested to expedite the industrial license evaluation and decision-making procedure. Technologies and industrial processes that seek to maximize energy use or harness alternative energy sources will get particular support, including financing on favorable conditions. The Janata Party's December 1977 policy declaration and track record of encouraging industrial development are severely criticized in the July 1980 Industrial Policy. However, a thorough inspection would reveal that there was no significant change from the previous policies in the 1980 Industrial Policy. For example, the 1980 policy wishes to keep the policy of reserving goods for the small-scale sector even while it regrets the artificial distinctions between the large- and small-scale sectors that the Janata Government fostered. The difference between the micro and small-scale industries has been maintained, despite the fact that the investment limitations for each have risen. Furthermore, although the notion of the nucleus plants is nice, it will not be easy to implement. It seems to be merely another trendy term, since it is used in the 1980 policy statement. It is anticipated that more industrial units would experience regularization of the so-called surplus capacity and excess output beyond allowed limitations. This is positive and helps to spur industrial expansion. It is important to promote the introduction of new technologies by permitting the creation of extra capacity when needed in more situations.

DISCUSSION

Revision of foreign currency thresholds for new material and component imports in order to avoid licensing requirements: According to the Industries (Development and Regulation) Act, industrial undertakings with investments under 5 crores are exempt from obtaining an industrial license. However, a requirement of this exemption from licensing was that the foreign exchange requirement for the import of raw materials and components in such cases should not exceed 15 percent of the ex-factory value of industrial production, or 40 lakh, whichever was less. Even firms with capital under 5 crores would need to get an industrial license if the import need surpassed this ceiling. The cap of 15% of the cost of the ex-factory value of industrial output will apply to the increase in the limit to 75 lakh due to the increase in raw material costs. This cap would not, however, apply to sectors for whom the government has authorized certain phased production programs. Jawaharlal Nehru established the framework for contemporary India. Nehru outlined the goals and objectives for the country on the eve of independence. These included the country's rapid industrial and agricultural development, the rapid creation of opportunities for gainful employment, the progressive reduction of social and economic disparities, the elimination of poverty, and the achievement of self-reliance. These still hold true now as they did when Nehru presented them to the country. These goals and objectives must be aided in the implementation of any industrial strategy. Despite being motivated by these worries, the current industrial strategy essentially ends Nehruvian socialism and puts the public sector on par with the private sector in a number of sectors. Therefore, the public sector will have to descend from the apex of authority to street level commercialism where it must contend with private industry in key sectors like steel, electricity, and numerous others.

The industrial policy resolution, which the government issued in 1948, placed a strong focus on the need to maintain steady growth in output and ensure its equal distribution for the benefit of the economy. The industrial strategy was amended and enacted in 1956 in light of the passage of the Constitution and the socioeconomic objectives, with a focus on the role of small-scale, cottage, and micro enterprises.

The 1980 industrial policy statement placed a strong emphasis on the need of fostering domestic market competitiveness as well as technical modernization and advancement. The aforementioned program established the groundwork for a progressively more competitive export market and guaranteed foreign investment in advanced technology sectors. The nation's industrial sector grew rapidly as a result of these initiatives.

The foundational industries were in place. Along with the emergence of new industrial boom centers came a new generation of entrepreneurs. Under the direction of the late Prime Minister Rajiv Gandhi, a number of procedural and policy reforms were made in 1985 and 1986 with the goals of raising quality, cutting costs, and boosting productivity. Numerous restrictions were removed, and the public sector was granted a great deal of autonomy. Investing in the capital of important enterprises served as the main tool for maintaining control over the top echelons of the economy throughout the 1950s and 60s. These days, the government has more tools for involvement, including monetary and fiscal tools. The majority of the country's savings are likewise under governmental control. Financial and banking organizations are governed by the state. These tools will work better in situations when government action is required. The government will improve worker welfare, zealously defend labor interests, and provide workers with the tools they need to adapt to the unavoidable advancement of technology. Labor will be treated as an equal partner in development and wealth. Employee involvement in management will be encouraged.

The government will never stop envisioning uncharted territory. Building on previous successes, addressing any distortions that may have inadvertently crept in, maintaining a steady increase in productivity and meaningful employment, and achieving global competitiveness will be the core goals of the new industrial strategy.

The policies of the government will remain unchanged notwithstanding changes. All industrial licenses will be eliminated going forward, with the exception of eighteen industries that need control due to social, environmental, security, and strategic considerations, as well as to reduce elitist consumption. Cars, sugar, cigarettes, color TVs and VCRs, white goods like air conditioners, refrigerators, and electronic washing machines are some of these businesses. The DGTD registration system is to be eliminated, and business owners would simply need to submit an information memorandum for any new ventures or expansions There are still eight sectors that are exclusive to the public sector and are dominated by security and strategic considerations The many vibrant small and medium-sized business owners who have needlessly been hindered by the licensing system would benefit most from the exemption from licensing. The Indian economy as a whole will gain from this, becoming more modern, efficient, and competitive, and it will finally establish itself as a legitimate player in the global industrial revolution.

Plant installations outside of cities with a population of one million or more will not need industrial clearances. Unless in previously designated industrial districts, industries (excluding electronics, computer software, and printing) will be required to establish units outside of a 25-kilometer radius in places with a population of one million or more. The required convertibility condition would no longer be applied for term loans from financial institutions for new projects by major firms, citing the industrial policy statement. As a result of the broad liberalization initiatives, the current processes have been simplified. Every registration program that was in place has been discontinued.

It is important to take full use of chances to encourage investment in India in addition to relieving governmental restraints from Indian business. The benefits of technological transfer, marketing know-how, the adoption of contemporary management systems, and new avenues for export promotion would all accompany foreign investment. This is especially important given the evolving global landscape of industrial and economic cooperation, which is characterized by capital mobility. As a result, the government will encourage foreign investment since it will advance the nation's industrial growth.

It has been agreed to approve direct foreign investment up to 51% foreign ownership in 34 categories of high priority sectors in order to attract foreign investment in high priority industries that need big investment and cutting-edge technology. Among them are two-wheelers and commercial cars; chemicals; man-made fibers; medicines and medications; paper; tires; portland cement; hotels; several food processing companies; soy products; and industrial and agricultural gear. This method will not encounter any form of bottlenecks. This move would significantly improve the transparency of Indian foreign investment policies.

A structure like this will entice foreign businesses to invest in India. Up to 51% of foreign stock may be invested in trading enterprises that are predominantly exporters; under the import-export policy, these businesses will be considered equally to local trading and export houses. A Special Empowered Board will be established to negotiate direct investment in certain sectors with major worldwide corporations; the goal is to draw significant investment that would provide access to global markets and advanced technologies. Subject to specific requirements, the Government would automatically approve technology agreements connected to high priority sectors within designated regions in an effort to infuse the appropriate amount of technological vitality into the Indian economy. Other sectors will have access to such facilities as well, provided that these agreements do not need the use of free foreign currency. Indian businesses would have the autonomy to use their own economic judgment when negotiating technology transfer arrangements with their international competitors.

A fundamental component of our development strategy has been the public sector. In crucial economic sectors, public ownership and control have been crucial in limiting the consolidation of economic power, minimizing regional inequities, and guaranteeing that planned growth advances the interests of everyone. The public sector was granted a crucial position in the economy by the industrial policy decision of 1956. Over the last 50 years, significant investments have been made to develop the public sector, which now dominates the economy. Numerous issues have recently started to surface in a lot of the public businesses. Furthermore, public businesses have shown a very poor rate of return on capital. Rather than being a benefit to the government, many public businesses are becoming a burden. The public sector's initial idea has likewise been significantly watered down. The most notable instance is the private sector's acquisition of sick units. Almost one-third of the overall losses incurred by central public companies may be attributed to this group of public sector organizations.

The government will support public businesses that operate in the designated regions or that make decent or fair profits. The memorandum of agreement mechanism will provide these businesses a much higher level of managerial independence. The private sector's involvement in these sectors will be encouraged to foster competition. To further enforce market discipline on the performance of public companies, a portion of the government's equity share capital holdings in a subset of these firms will be disinvested. There are a lot of publicly owned businesses that are really ill, losing a lot of money, and not doing much good for society. The public sector is less able to renew itself via fresh investments and technological progress as a result of the poor rate of return on capital spent. As a consequence, many public firms are now liabilities for the government rather than assets. The public sector's role has been revised under the new Industrial Policy of 1991. The public sector will only be able to provide services and commodities for basic infrastructure, explore for oil and mineral resources, and produce things where strategic concerns are paramount, like defense equipment. Due to the increasing intricacy of the industrial structure and the necessity of attaining economies of scale to guarantee increased productivity and competitive advantages in the global market, the government's intervention in large companies' investment decisions through the MRTP Act has become detrimental to the growth of the Indian industrial sector. It will no longer be necessary for so-called MRTP Companies to scrutinize investment choices before to admission. Revocation of the laws pertaining to takeover, merger, and amalgamation is also planned. Comparably, the Companies Act will suitably include the clauses pertaining to limitations on the purchase and transfer of shares.

Consequently, the government has made the decision to implement a number of policies aimed at freeing the Indian industrial sector from the shackles of needless bureaucratic regulation. Industry leaders and premier trade associations have praised the new industrial strategy, especially the moves to eliminate licensing for the majority of sectors, liberalize foreign investment, and raise the MRTP level. A significant step in bringing the nation into a new period of growth and prosperity is the new industrial strategy. The Indian industry's structure will alter as a result of the new policy. Its goal is to increase the competitiveness of Indian industry on a global scale. As to the FICCI President, several outdated limitations have been eliminated or modified, and prerequisites for a system that is conducive to the market have been established. This would allow India to integrate into the global economy based on its efficiency and competitiveness. The Associated Chamber of Commerce and Industry President hailed the move as a turning point in the liberalization of the Indian economy. He praised the government for implementing a competitive and market economy in place of the command-and-control economy, which has been abandoned globally. Marx is not as significant as the market. Conversely, opposition leaders throughout the nation have sharply criticized the new industrial strategy. The prevailing opinion was that the policy hurt the average person and was a sellout to the World Bank and the IMF.

The new approach was criticized by former prime minister Chandrashekhar, who called it a complete departure from Gandhi's teachings. He was worried that the program would lead to more joblessness. Former Finance Minister Madhu Dandavate said that the Government had placed the small-scale industry in a difficult situation by eliminating the restrictions on MRTP enterprises. This would have a major impact on job opportunities and the reduction of poverty. All governmental operations, including public industrial and commercial firms, are categorized as the public sector or public enterprises. In the Indian economy, public enterprise has a critical and pivotal role. It is hardly hyperbole to suggest that the success of these businesses would determine how the economy performed. agricultural nation, therefore how income is distributed mostly relies on how agricultural property is divided. There have been initiatives to provide land to the peasantry, but despite indications that the range of economic inequality has shrunk, land distribution is still uneven.

The current tax structure is still regressive; land is seldom subject to direct taxes, and high urban income taxes are notorious for being evaded. The inability to achieve a fairer distribution of income is summed up by the pre-tax income distribution numbers. Less than 1% of total income was accounted for by the poorest 10% of households in 1960, whilst more than 1/3 was accounted for by the top 10%. Compared to industrialized capitalist nations, this income distribution is less equal. Instead of focusing on redistributing money to fulfill "Socialist" goals, the designers of the contemporary Indian economy placed a strong emphasis on state control of industries. The belief was that state regulation of business may lead to socialism by acting as a stand-in for social transformation.

It is anticipated that public businesses would play a vital role in driving rapid changes in the economy and society by expanding the core sector, building infrastructure, and filling in the gaps in the industrial structure. Its goal as the industry leader in finance is to direct and regulate the private sector as needed. Lastly, social fairness will be ensured by economic prosperity brought about by public enterprise.

Public businesses are mostly required in developing nations and are not a matter of choice. Even though it was obvious that the Congress administration in India was dedicated to growing the public sector, it avoided regions where private industry was present. Nationalization of the already operating businesses has often been used in situations when regulation and control were deemed insufficiently effective, the public interest was at stake, or it was necessary to put the sector on solid ground.

The great majority of state businesses operate in sectors that the private sector has not before touched or investigated. It was emphasized in the 1956 Industrial Policy Statement that state enterprise was intended to govern the "commanding heights" of the economy. However, there has been a noticeable shift in India in recent years toward more liberalization, and it seems that the private sector is positioned to be a major player in the economy in the years to come.

CONCLUSION

The analysis emphasizes how important industrial policies are in determining the industrial landscape and economic course of India. Governments have implemented a number of policies throughout the years to support entrepreneurship, industrialization, and increased competitiveness. While certain policies like the liberalization reforms of the 1990s—have had favorable results, other programs have encountered difficulties in their implementation and efficacy. In the future, industrial policy formation must take a comprehensive approach that takes into account the changing demands of Indian businesses, encourages innovation and the adoption of new technologies, and guarantees regulatory clarity and ease of doing business.

In order to assist the expansion of small and medium-sized businesses (SMEs) and promote equitable industrial development across regions and sectors, authorities must also prioritize improving infrastructure, skill development, and access to financing. India has the potential to become a major global economic force in the twenty-first century by realizing its industrial potential and using the lessons learnt from previous policies to adopt a forward-looking outlook.

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CHAPTER 8

EVOLUTION OF THE PUBLIC SECTOR IN INDIAN ECONOMY

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ABSTRACT:

The public sector's growth in the Indian economy is examined in this paper, which traces its history from before independence to the present. The study clarifies the function and importance of the public sector in India's economic environment via a historical examination of governmental policies, legislative changes, and economic trends. It looks at significant turning points in the development of the public sector, such as the creation of public businesses, nationalization laws, and privatization and disinvestment reforms. The influence of the public sector on social welfare, industrial development, economic growth, and job creation is also examined in this research. It also assesses legislative proposals meant to revitalize and modernize the public sector and examines current issues that public sector businesses confront, such as inefficiencies, overstaffing, and financial losses.

KEYWORDS:

Economic reforms, Industrial development, Public enterprises, Public sector, Privatization.

INTRODUCTION

A development that occurred after independence is the public sector's significant participation into the economy. The railroads, the post and telegraph department, the ordinance manufacturers, and a few state-managed firms such as the quinine factories and the salt factories were the only industries in which the public sector invested prior to 1947. The Indian government's 1948 Industrial Policy Resolution was the catalyst for the public sector's rise to prominence. It states that steps to ensure its equal distribution must be taken alongside a dynamic national strategy aimed at a constant expansion in output by all means [1], [2]. This framework is necessary to evaluate the issue of State involvement in industry and the circumstances under which private company should be permitted to function. Since then, the public sector has grown quite quickly.

With the second Plan's implementation of a socialist social structure, the notion that State companies would be central to the nation's economic growth began to take hold. In India, public businesses have expanded via two distinct channels: (1) nationalization of pre-existing firms; and (2) establishment of new enterprises. The first group includes organizations like the State Bank of India, LIC, Air India, nationalization of 20 banks, etc., while the second category includes organizations like Hindustan Steel Ltd. and the Fertilizer Corporation of India. The vast expansion of public sector investments has occurred against a unique political and ideological backdrop unique to the political evolution of India. The Indian National Congress has a history of using extreme language to convey its goals for the economy [3], [4].

The 1929 Lahore Resolution said that drastic reforms to the current economic and social structures of society as well as the elimination of egregious inequality were necessary to end the poverty and suffering of the Indian people and to improve the lot of the majority. The Karachi Resolution that followed stated that the State will own or regulate ships, railroads, rivers, mining resources, and other public transportation infrastructure. The goals of starting new businesses and the rationales for nationalizing certain already-existing ones are many and often vary from time to time and from case to case. In this sense, the only generalization that may be made is that public enterprise is more a matter of necessity for us than of choice. In India, public enterprise has grown more because of the exigencies of the circumstances than because of philosophy [5], [6].

Former Prime Minister Indira Gandhi once stated, "We advocate a public sector for three reasons: to gain control of the commanding heights of the economy; to promote critical development in terms of social gain or strategic value, rather than primarily on considerations of profit; and to provide commercial surpluses with which to finance further economic development." This statement provides a brief overview of the need for and role of public enterprise in India. As is usually the case in a socialistic design of society, the public sector was supposed to socialize the means of mass production and benefit the people. The central sector of the economy, which included production, distribution, and consumption, was held by the state, with the aim of advancing national progress rather than private profit. Under such circumstances, the so-called public sector must grow quickly, fill up the gaps left by the reluctant or unable private sector, and take the lead in influencing the direction of the economy. Power, communications, public transit, broadcasting and information, mining, and defense manufacturing are a few of these sectors.

The public sector initially led the way in creating the capital and basic goods industries, laying the groundwork for future national growth free from the narrow constraints of profit—as would arguably be the case in a laissez-faire economy dominated by private enterprise, where individual interests would likely take precedence over national interests. But eventually, some of these monolithic enterprises lost their early vibrancy and turned into cash-strapped, overstaffed, over-unionized, complacent islands of mediocrity that produced nothing but enormous losses dinosaurs that had outlived their usefulness. The most important socioeconomic goal is to reduce income and wealth disparities. This goal goes hand in hand with the desire to end poverty and create an equitable society by distributing wealth and earning capacity fairly. Helping the impoverished realize their latent potential by releasing them from economic serfdom and providing them everyone with the chance to achieve social justice is another crucial goal of a socialistic society [7], [8].

Large public sector enterprises were also intended to fulfill this objective; however it was seldom stated in such strong terms. This was achieved by giving these underprivileged sectors support and by setting aside a certain proportion of positions for the less fortunate members of society, such as the physically disabled. A purely profit-driven banking system would never consider providing concessional loans under the "Differential Rates of Interest" scheme, which allowed cheap finance to reach District Consultative Committee sponsored beneficiaries drawn from such segments of the local population. Nationalized banks performed a commendable service by doing this. One of the main objectives of planning is to distribute the advantages of economic growth as fairly as possible throughout the nation in an effort to address regional inequities. Ensuring that the fruits of prosperity spread throughout the country is crucial for both humanitarian and security reasons, as civil unrest typically stems from dissatisfaction with a wealth distribution system that undermines the very goal of implementing a socialistic form of governance. This is especially true for the fragile northern and northeastern states, many of which are underdeveloped economically and hence open to ideas that are at odds with our democratic, nonviolent, peaceful, socialist-run style of government.

Bhilai, Rourkela, and Durgapur are well-known examples of the industrial progress that these regions have seen; nevertheless, more similar success stories are required, and rapid economic development is urgently needed. The private sector lacks the means and the will to carry out the extensive industrialization program. Therefore, relying too much on the private sector will only impede economic growth. Growth in public business will accelerate economic expansion.

The primary driver of the public sector's growth is the resource distribution pattern established by the plans. Agriculture was the primary focus of the first Plan, while basic and capital goods industries took center stage in the second Plan [9], [10].

In terms of industrial activity, the private sector dominated throughout the First Plan era. However, with the focus shifting, it was inevitable that the public sector would expand in both absolute terms and in relation to the private sector. Infrastructure offers several essential resources for quick economic expansion. Facilities like electricity, irrigation, banking, training, transportation, and communication are all part of the economic infrastructure. Social infrastructure consists of things like drinking water facilities, health care, education, and sanitation. Since infrastructure helps society as a whole rather than just individuals, it cannot be developed via private sector initiatives. Thus, the State has primary responsibility for it. 95.1% of the public has been accounted for by the infrastructure.

DISCUSSION

Enhancing the public sector to raise the rate of return is the main goal of economic reforms. Reducing the overstaffing of public sector projects was necessary to address the issue. The government's voluntary retirement program is one of the first moves in this direction. It also created the National Renewal Fund, which offers compensation for voluntary retirement. Disinvestment in PSUs was one of the government's other actions. The government has started providing Mutual Funds and Financial Institutions with stock in 31 carefully chosen public sector firms, ranging from 5 percent to 20 percent. The government was able to generate 9793 crore throughout the course of the four-year period (1991–92 to 1994–95), and this is really a symbolic privatization. Because the money from disinvestment is used to close the budget deficit, some refer to it as deficit privatization. The NDF Government's Common Minimum Programme mandated that the earnings from disinvestment be allocated to two essential areas: education and health. Overall, PSU reforms have not gained the anticipated amount of traction. Piecemeal disinvestment has occurred, and rather than strengthening PSUs, the money obtained is being utilized to lower budget deficits. Furthermore, political, bureaucratic, and labor issues have not been exploited to their full potential.

Reforming the public sector makes sense since a significant portion of it cannot be privatized. The goal of the reform effort, particularly its focus on globalization, was to draw in more foreign money and speed up the economic process. Nevertheless, the state's efforts were only partially successful. According to the statistics, there were about 1,174 billion in total investment flows between 1991–1992 and 1995–1996, of which 8.05 billion came from portfolio investments and only $3.69 billion from direct foreign investment.

Critics remind out that the nonpriority sector accounts for 39% of foreign investment. Multinational corporations' entrance into the consumer products only dispensed In 2010, the Madhya Pradesh government unveiled its much anticipated industries strategy. It requires emerging industries to provide locals a 50% direct employment reservation. The drafting of new rules and regulations that modernize the current policy took about two years for the governmental apparatus. According to Industry Minister Kailash Vijayvergiya, "the policy offers incentives, grants, and sops to the new investment provided they offer jobs to local people." A few of the policy's provisions appear speculative and hence unlikely to provide any results. "Mega investments" those that spend less than 25 crore but create 1000 direct employment for locals will be given preferential treatment and other benefits in line with their size, the minister said. Currently, if an investment is $25 crore or above, it falls into the mega category.

In order to prevent the development of slums in future industrial zones, a separate zone for laborers was also established. Additionally, businesses who would privately buy property will get a 50% discount on land diversion. If non-resident Indians guarantee an investment of at least 25 crores, a special package for foreign direct investment was also envisioned.

The 74th Amendment does not provide the state the authority to take away local bodies' ability to impose taxes, thus the state government's requirements to eliminate the dual taxation system—which consists of taxes imposed by both local administrative bodies and local industrial department arms—need to be revised by the constitution. The new policy also provides accessible advantages, such as interest grants (up to a maximum of 25 lakh) on investments, to the impoverished and disabled. The sector of small-scale industries has grown to play a significant role in the nation's economic structure. According to the Development Commissioner, Small Scale Industries (DCSSI) Report, which was released, the industry consisted of approximately 32 lakh units in 1998–1999 that produced over 7500 different items for both domestic and international markets. This sector contributed approximately 40% of the value added to the manufacturing sector and more than 34% of the country's exports. Approximately 95% of the nation's industrial units are in this sector, which employs 175 lakh people in meaningful work.

The range of industries includes contemporary small-scale industries, unorganized traditional industries, and organized big and medium-sized businesses. Village and Small Industries (VSI) is a term used to refer to the last two sectors, which are unorganized traditional industries and contemporary small-scale industry. The VSI sector is further subdivided into seven sub-sectors, which are called residuals. These sub-sectors include Handicrafts, Handlooms, Khadi and Village Industries, Coir, Sericulture, Power Looms, and Small-Scale Industries not falling into any of these categories. The power looms and remaining small-scale industries are referred to as the "modern" small-scale industries, whereas the first five sub-sectors are sometimes referred to as the "traditional sector." At the Central level, there exist boards or supervisory organizations for the development and management of various subsectors. These organizations are the Khadi and Village Industries Commission, the Development Commissioner for Handicrafts, the Development Commissioner for Handlooms, the Coir Board, the Central Silk Board, the Textile Commissioner, and the Development Commissioner for Small Scale Industries.

The cottage industry is a kind of unorganized business where individuals labor in crafts including knitting, weaving, ceramics, and handicrafts. The personnel utilize standard equipment, and they are often set up at the person's house or a nearby location. This sector of the economy is linked to integrated rural development, poverty alleviation, and community development programs. Milk-based businesses, handloom and power loom businesses, oilseed businesses, and food processing in Gujarat; stone-cutting, carpet-making, and handicraft businesses in Rajasthan; handloom and power loom businesses, milk products (primarily Tarai region) in Uttar Pradesh; food processing, handloom and power loom businesses, milk products, etc. in the periphery of metropolitan areas.

A strategy that reserves things that are both technically and economically feasible for exclusive production in the small-scale sector is one way to assist small-scale enterprises. The reservation policy, which was first implemented in 1967 mainly as a promotional and defensive strategy against the large-scale industry, protects the small-scale sector, with the exception of big units that export at least 75% of their entire output.

In March 1984, the IDR Act was revised to provide the government the authority to set aside resources for the small-scale industry. The process of reserving or de-reserving products for manufacturing in the small-scale sector is ongoing and is overseen by an advisory committee on reservation established under the IDR Act. As of June 29, 2001, there were 799 items reserved for the small-scale sector overall. Over the last 45 years, the small-scale industry has grown to be significant to the nation's socioeconomic growth. It has helped with exports and job creation in addition to the general expansion of the gross domestic product. The expansion of the national economy is directly impacted by the performance of the small-scale sector, which is a subset of the industrial sector as a whole.

The SSI Sector is facing a number of new opportunities as well as challenges due to the ongoing economic reform program, which is based on the principles of globalization, privatization, and liberalization. Other changes in the international economic scene include the creation of the World Trade Organization (WTO).

The industry's biggest obstacle is the rising level of local and international competition. In addition, the industry has been dealing with issues pertaining to marketing, infrastructure, technology, credit, and late payments brought on by a plethora of laws and regulations. It is imperative that these issues be resolved quickly and efficiently if we are to allow this industry to take advantage of the prospects and function as a growth engine.

In October 1999, the Indian government established a new Ministry of Small-Scale Industries & Agro and Rural Industries in an effort to give the growth of SSI more concentrated attention. A Mission for the Millennium that provided a blueprint for small-scale and village businesses was unveiled as soon as the Ministry was established. In June 2000, the Hon'ble Prime Minister formed a Group of Ministers chaired by India's Home Minister, Shri L.K. Advani, to outline a roadmap for this sector in the New Millennium.

The Planning Commission's Interim Report from the S.P. Gupta Study Team served as background information for the Group of Ministers to examine. The 25 lakh investment cap for the Tiny Sector will remain in place. The 1 crore investment cap for the SSI sector would remain in place. A particular list of high-tech, export-oriented sectors will be released by the Ministry of SSI & ARI. These firms will need to have their investment ceiling increased to a maximum of 5 crores in order to get the necessary technological upgrades and to maintain their competitive advantage. There will be a swift drafting and enactment of the Limited Partnership Act. An effort will be made to introduce the Bill prior to the next Parliamentary session. The 1980s saw the emergence of the small scale industry (SSI), a significant part of the Indian economy. Currently, it represents more than 40% of all exports from the nation and close to 35% of the industrial sector's gross value of production. It also gives over 12 million individuals access to work possibilities.

The main goal of the Indian government's SSI strategy is to provide the industry more vigor and development-impetus so that it can fully contribute to the economy, especially in terms of production, employment, and export growth.

The industry has mostly lost its license. More attempts are being made to de-bureaucratize and deregulate the industry in order to eliminate any obstacles to its potential for development and to place more trust in young and small business owners. The primary goal of economic globalization and liberalization, which began in India in July 1991, was to abolish the compulsory licensing system.

Currently, six businesses are subject to compulsory licensing, while four industries such as arms and ammunition and related defense equipment, defense aircraft and warships, nuclear energy, and the railroads are designated for the public sector. These include tobacco companies, breweries and distilleries, electronic defense and aerospace equipment of all kinds, industrial explosives including detonating and safety fuses, gunpowder, dangerous chemicals, and medicines, among others. Under the Compulsory Licensing Provisions, small entities with less than fifty employees and fewer than one hundred employees are exempt from the need to get a license. Credit is maybe the most important component of all the components that make up a corporation.

Even the best-laid plans might backfire if sufficient funding is not made available when needed. MSMEs need financing assistance for a variety of reasons, including diversification, capacity development, facility refurbishment and upgrades, and business operations. Regarding MSMEs, the credit issue intensifies with the occurrence of any episodic event, such as a sizable order, a shipment rejection, an unusually long payment delay, and so on. MSMEs often have little operating capital and are typically funded by bank credit, personal loans from friends and family, and their own contributions. Early on in the development of MSMEs, the Indian government realized that a targeted lending strategy was necessary for these businesses. Banks guarantee credit to the MSE sector as part of their priority sector lending. Banks must compelably make sure that a certain portion of their total lending currently 32% for international banks and 40% for domestic commercial banks goes to priority sectors as identified by the government. These industries include retail commerce, small businesses, and agriculture, among others.

Organizational Structure

The main financial organization for MSME sector growth, funding, and promotion is Small Industries growth Bank of India (SIDBI). In addition to providing financial support to the industry, it synchronizes the operations of establishments involved in comparable undertakings. The three main business sectors of SIDBI are (i) development and support services; (ii) direct financing; and (iv) refinance assistance. Commercial banks serve as crucial conduits for the industry's credit distribution and are essential in meeting working capital needs in addition to offering term loans (in the form of composite loans). The primary State-level sources of long-term funding for the MSME sector are State Financial Corporations (SFCs) and twin-function State Industrial Development Corporations (SIDCs).

The Government of India's flagship program, Startup India, aims to foster a startup culture and create a robust, inclusive environment that supports innovation and entrepreneurship in the country. The Startup India Initiative was established on January 16, 2016, and since then, it has implemented a number of initiatives aimed at assisting business owners, developing a strong startup ecosystem, and changing India such that job creators rather than job seekers dominate the nation. A specialized team called Startup India Team oversees these initiatives and is accountable to the Department of Industrial Policy and Promotion. The Government of India has launched a significant new national initiative called "Made in India," which aims to safeguard intellectual property, promote innovation, improve skill development, encourage investment, and establish world-class manufacturing infrastructure in the nation. This initiative's main goal is to boost India's manufacturing industry and draw in investments from across the world. The Department of Industrial Policy and Promotion (DIPP), under the Ministry of Commerce and Industry of the Government of India, is in charge of it. The Make in India initiative, which seeks to leverage the country's talent pool, provide new job opportunities, and strengthen the secondary and tertiary sectors, is crucial to India's economic development. The initiative also attempts to raise India's ranking on the Doing Business index by getting rid of rules and regulations that aren't needed, streamlining bureaucratic procedures, and increasing the openness, responsiveness, and accountability of the government.

The Made in India initiative focuses on 25 industries. These include the following industries: automobiles; aviation; chemicals; IT & BPM; pharmaceuticals; construction; defense manufacturing; media and entertainment; wellness; mining; tourism and hospitality; railroads; automobile components; renewable energy; biotechnology; space; roads and highways; and electronics systems. With a contribution of 4.8% of India's GDP in road transport, compared to 1.5% for railroads, road transport has become the country's most important component in the transportation industry. Despite major obstacles to interstate freight and passenger movement, road transportation has grown in significance over time. In contrast, inland waterways, railroads, and air travel do not have to deal with onerous en route inspections or hurdles.

In the next years, it is anticipated that road traffic would increase significantly in both freight and passengers. Over the medium term, a variety of variables are projected to contribute to the strong expansion of freight transportation by road transport. Significant investments in the national highway system will enable prompt, dependable, door-to-door services; road freight movement provides a comprehensive logistical solution that reduces transportation costs, inventory, and logistics; and increasing export and import volumes.

More significantly, a rise in exports is anticipated to raise the need for interior transportation, including air and sea transportation, to move goods from manufacturing centers in the gateway ports. In India, trains serve as the primary means of passenger and freight transportation. It facilitates the conduct of commerce, tourism, pilgrimages, and education by bringing together individuals from all across the nation. It has constrained the nation's economic life and aided in hastening the growth of both industry and agriculture. In India, railways were first established in 1853, and as they developed during the 20th century, a number of state-owned and company-managed railway networks were established. The Central Standards Office (CSO) was established in 1930 to provide designs, standards, and specifications, while the Indian Railway Conference Association (IRCA) was established in 1903 to impose standardization and coordination amongst diverse railway systems. Nonetheless, before to independence, foreign consultants were mostly responsible for the designs and manufacturing of railway equipment. However, as the nation gained its independence and its industrial and commercial activity surged to an unprecedented level, increasing the need for rail transportation, the focus in the design and manufacturing fields completely changed. In order to test and carry out domestic applied research in railroad technology,

A new organization named the Railway Testing and Research Centre (RTRC) was established on September 1st, 1952, with its headquarters located in Lucknow. Research Designs and Standards Organization (RDSO) was established in 1957 as an affiliated office of the Railway Board after the later merger of the Central Standards Office (CSO) and the Railway Testing and Research Centre (RTRC) into a single entity. The current year's performance of major infrastructure areas' broad and subsectors paints a varied picture. Power, cement, petroleum refineries, railway freight traffic, passengers handled at domestic terminals, and highway upgrades by the National Highways Authority of India (NHAI) all saw improvements in growth. The amount of mobile phone connections, coal, natural gas, fertilizers, and the way export cargo is handled at airports The first country to build hydroelectric power plants was India. The first hydroelectric plants in India were established in Darjeeling in 1898 and Shimsha in 1902. In the fiscal year 2008-09, the installed capacity of hydropower plants in India was around 36877.76. Improving energy usage is a worldwide concern, especially in emerging and less developed nations.

The 20% of the world's population that lives in developed nations uses 60% of the energy produced, while the other 80% of people must make do with 40% of the energy produced. This has undoubtedly led to significant differences in the quality of life and style of living between nations that use a lot of energy and those who do not have appropriate access to it. This is the exact reason why finding new energy sources and raising energy consumption levels have moved to the top of the agenda in all emerging nations. Globally, thermal and hydroelectric power have taken up the majority of the electric power sector as significant energy sources.

The share of hydroelectric capacity in the Indian power grid has decreased significantly during the last 30 years. The percentage decreased from around 46% in 1970 to 40% in 1980, 29% in 1990, and 25% in 2003. It dropped to 13.5% by 2017. As of April 2017, just 44,594 MW of India's enormous hydropower potential which is now expected to be in the range of 150,000 MW had been used India’s energy planning process has long included renewable energy as a significant component. Early in the 1970s, it was realized how crucial renewable energy sources would be in the shift to a sustainable energy basis. Political support for renewable energy was demonstrated at the federal level in 1982 with the creation of the first Department of Non-Conventional Energy Sources. This department was later elevated to the rank of Ministry of Non-Conventional Energy Sources (MNES) in 1992 and renamed Ministry of New and Renewable Energy (MNRE).

There isn't a ministry like this elsewhere in the world. The Ministry of New and Renewable Energy (MNRE) is the central government agency in India for all issues pertaining to new and renewable energy. The Ministry has been helping to implement a wide range of programs, such as using renewable energy sources for urban, industrial, and commercial applications, developing alternative fuels and applications, and bringing renewable energy to rural areas for lighting, cooking, and motive power. Furthermore, it facilitates the investigation, creation, and advancement of novel and sustainable energy technologies, goods, and services.

CONCLUSION

The way the public sector has changed within the Indian economy throughout time is indicative of how goals for development and economic policy have changed. Even though it was crucial to India's early industrialization and infrastructure growth, the public sector has had difficulty adjusting to the demands of a liberalized and internationally linked economy. During the 1990s economic reform period, there were notable changes in government policy towards privatization and disinvestment with the goal of improving efficiency, competitiveness, and budgetary restraint. Nonetheless, the public sector remains indispensable in critical sectors, social infrastructure, and welfare-related endeavors. Moving forward, a well-rounded strategy that makes the most of the advantages of the public and private sectors is required to support innovation, encourage sustainable economic development, and alleviate socioeconomic disparities. Enhancing the performance and governance of public sector businesses, promoting competition, and establishing favorable conditions for private sector involvement and investment are the main priorities for policymakers. India can achieve inclusive and equitable growth and realize the full potential of its public sector by adopting reforms that improve efficiency, accountability, and transparency.

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CHAPTER 9

DEVELOPMENT AND ROLE OF NUCLEAR ENERGY

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ABSTRACT:

The evolution and function of nuclear energy are examined in this paper in relation to international energy systems and sustainable development. The study investigates the global deployment patterns, regulatory frameworks, and technological advancements of nuclear energy via a thorough examination of the literature and empirical data analysis. It looks at the potential and problems related to using nuclear power, as well as the economic, environmental, and geopolitical aspects influencing its acceptance and growth. The report assesses nuclear energy's ability to support low-carbon economy transition, energy security, and carbon abatement. It also covers new developments including improved reactor designs, advances in the nuclear fuel cycle, and global partnerships to enhance nuclear energy technology and governance.

KEYWORDS:

Energy Security, Nuclear Energy, Nuclear Power Plant, Sustainable Development, Technological Innovation.

INTRODUCTION

The Atomic Energy Commission was established in 1948 to formulate policies on the development of atomic energy in India after the country's 1947 attainment of independence. Dr. Bhabra served as Secretary of the newly formed Department of Atomic Energy, which was tasked with carrying out the directives issued by the Atomic Energy Commission. As one of the Atomic Energy Commission's longest-serving members, Sir J.R.D. Tata had a major influence on the nation's atomic energy program's policy. After a modest beginning, the atomic energy program has expanded into a wide-ranging, multifaceted, interdisciplinary endeavor with 63 entities under DAE [1], [2]. The range of these noteworthy endeavors include research and development in the fields of nuclear sciences and engineering, radioisotope exploration and mining, nuclear energy development and application, bio-agriculture research, medical sciences, etc.

The nation's atomic energy initiatives are overseen under the Atomic Energy Act. Nuclear Power Corporation of India Limited (NPCIL) is executing the first stage of the commercial nuclear power program, which consists of PHWRs and imported LWRs. Bharatiya Nabhikiya Vidyut Nigam Limited (BHAVINI) is executing the second stage, which consists of Fast Breeder reactors. Both companies are fully owned by the union government in compliance with the act's provisions. The development of nuclear energy in India started with the goals of achieving self-reliance in energy supply and enhancing the quality of life for the populace via peaceful applications of atomic energy [3], [4]. With the launch of TAPS 1&2 (BWR) in 1969, the commercial nuclear power program now accounts for around 3% of the nation's installed capacity. The Indian nuclear program was designed with three distinct phases and related technologies in mind, primarily to maximize the country's rich uranium and moderate uranium nuclear resource profiles. This program's three stages are consecutive and based on a closed fuel cycle, in which the used fuel from one stage is recycled into fuel for the next.

As a result, the closed fuel cycle considerably minimizes the amount of waste produced while multiplying the fuel's energy potential. Pressurized Heavy Water Reactors powered by natural uranium make up the initial stage. Only 0.7% of uranium-235, which fissions to generate energy (200 MeV/atom), is found in natural uranium. The remaining 99.3% is made up of non-fissile uranium-238, which is transformed into the fissile element Pu-239 in a nuclear reactor. A little amount of plutonium-239 is created during the fission process by transmuting uranium-238, among other fission products [5], [6].

Fuel for the second stage, which consists of Fast Breeder Reactors (FBRs), is recovered mixed oxide of uranium-238 and plutonium-239 from reprocessing of the spent fuel from the first stage. In fast-breeze reactors (FBRs), plutonium-239 fission produces energy and transmutes uranium-238 into plutonium-239. Therefore, the FBRs also known as Breeders produce fuel and energy. Fuel production exceeds fuel consumption in FBRs. Uranium-238 may be fed plutonium over time to increase its inventory. India has the third-largest stocks of thorium-232 in the world, but as it is not fissile, it must be transformed in a fast breeder reactor into uranium-233, a fissile material. The second stage of the program, which entails the commercial operation of Fast Breeder Reactors (FBRs), is intended to accomplish this.

In the second stage, thorium-232 will be added as a blanket material to be converted to uranium-233 when a significant supply of plutonium-239 has been accumulated. With the indigenous nuclear power program being sequential and requiring lead times at each step, it is anticipated that direct thorium use would need a significant amount of time. Thus, in addition to the three-stage effort, creative reactor design for direct thorium utilization is also underway. Within this framework, the Advanced Heavy Water Reactor (AHWR) and Accelerator Driven Systems (ADS) are cutting edge technologies in development. A sub-critical system that uses high-energy particles for fission is what the ADS basically is. This technology produces very little waste, which is one of its main benefits. Actinides generated in ADS are "burned" out in this method, which significantly reduces waste compared to the reactors now in use.

Another creative idea is the AHWR, which will basically enhance thorium utilization without passing through the second part of the three-stage program by serving as a bridge between the first and third stages. It modifies with heavy water and cools with light water. It is powered by a combination of Thorium-232 and Plutonium-239, with Thorium-232 providing a significant portion of the power. India is also a proactive participant in the ITER project, a multinational experimental effort focused on developing fusion power for the future. India is providing a number of the parts for this experimental reactor. The Indian government has released the Integrated Energy Policy, which seeks to bridge the current short-, medium-, and long-term disparity between the supply and demand of energy. The policy achieves the correct balance by recognizing the need of both public and private sector engagement in supplying the nation's energy needs: "Wherever possible, the energy market should be competitive." Independent regulation becomes even more crucial in these situations since it has been shown that competition alone has its limitations in a number of sectors related to the energy industry [7], [8].

The telecom market in India is now expanding at the highest rate worldwide. In addition to causing the subscriber base to increase quickly, opening the telecom industry to foreign investment has greatly aided in maximizing customer advantages, especially when it comes to price discovery after a moderate approach to tariffs. India is becoming a very desirable place to invest because to the growth of its telecom industry, which has made the nation the center of attention worldwide. India now boasts one of the lowest rates and one of the global telecom markets with the quickest rate of growth.

Broadband and internet penetration have also increased. With funding from the Universal Service Obligation Fund, the Indian government authorized a proposal to build a national optical fibre network that would link 2.5 lakh Gram Panchayats (USOF). A step in the right direction toward promoting the quick and fair expansion of this industry is the proposed National Telecom Policy, which is now being finalized in conjunction with several stakeholders. India had a growth rate of 0.48 percent in the number of telephone users, rising from 960.90 million at the end of May 2012 to 965.52 million at the end of June 2012. In June 2012, the percentage of rural customers climbed to 35.60 percent, while the percentage of urban subscribers fell to 64.40 percent from 64.65 percent. As a result, India's total tele-density increased from 79.28 in the previous month to 79.58 at the end of June 2012 [9], [10].

DISCUSSION

By the end of June 2012, the number of subscribers in metropolitan areas has risen from 621.21 million in May to 621.76 million. Over the same time period, the number of subscribers in rural regions rose from 339.69 million to 343.76 million. The rate of increase for subscriptions in urban areas is 0.9%, whereas in rural areas it is 1.2%. The rural tele-density climbed from 40.21 to 40.66, whereas the total urban tele-density declined from 169.17 to 169.03. As of September 30, 2019, there were 1195,24 million phone customers in India overall. There were 1173.75 million cellphone users and 21.49 million wireline subscribers as of this writing. The Telecom Regulatory Authority of India (TRAI) is the nation's telecom regulator.

In India, communication One of the Indian industry's fastest-growing categories is electronics and information technology. This industry is receiving a lot of attention, in addition to the liberalization of export-import regulations and foreign investment. The role of digital infrastructure and services in a nation's development and well-being is becoming more and more apparent. India, more than most nations, is well-positioned to gain from utilizing new digital technologies and platforms to unlock productivity and reach underserved and unserved markets. This will help to accelerate economic growth and development, create modern jobs and livelihoods, and guarantee that its citizens have access to next-generation services. India has significant capabilities in both software and telecommunications. India is already becoming more digital. India is experiencing one of the fastest global growth rates for its digital presence and profile. India has the greatest mobile data usage in the world, with over a billion mobile phones, digital IDs, and half a billion internet users.

More than 200 million Indians use social media on a daily basis, while more than 200 million Indians started using digital payments and mobile banking only last year. According to estimates, India's digital economy might grow to a trillion US dollars by 2025 if it continues at its present rate of digitization. The data economy and digital technologies and services are no longer the exclusive domain of a privileged few, but have instead developed into widely used tools of access and empowerment for over a billion Indians. This is demonstrated by the swift and unparalleled spread of mobile phones, the internet, social media platforms, and digital payments throughout the country. A nation's trade policy is the collection of laws that control its economy's external sector. One of the various economic tools utilized in a nation like India to meet the needs of economic development is trade policy. India's trade strategy has mostly aimed to increase exports while limiting imports to the amount of foreign money that the government can afford. The significance of exports in the framework of developmental planning was first realized in the middle of the Second Plan.

The ratio of international trade to national revenue may be used to assess the contribution of foreign commerce to the national economy. Exports as a percentage of national revenue were around 8% in 1951–1952, 4.4% in 1971–1972, and 8% again in the 1970s and 1980s as a result of higher export development. The share of imports in national revenue fell from 10.7% in 1951–1952 to 4.9% in 1971–1972, although it remained between 9% and 10% throughout the 1970s. The proportion of national revenue that was attributed to exports in 1993–1994 was 8.7%, while the comparable percentage for imports was 9.1%. First, compared to previous decades, India is now less reliant on the global economy, according to these statistics. Global commerce increased more quickly between 1951 and 1990 than India's trade did. Since all emerging nations experience a decline in their share of global commerce, it is likely that export restrictions were imposed as part of an export philosophy intended to preserve the limited local supply of some important goods. Second, it is illegal to export certain strategically significant items, such as defense supplies. Third, political restrictions prevent shipments to specific nations, such as South Africa and East Africa. India's goal has been to increase exports while keeping in mind its constraints in order to have enough foreign currency on hand to cover its import needs, facilitate the repayment of its foreign debt, and accumulate reserves as a safety net.

In order to maintain balance in receipts and payments, import and export policies work together as an adjunct. The import policy promotes import substitution while the export policy works to promote exports in order to minimize the outflow of foreign currency reserves. The purpose of import restrictions is to prevent the unwarranted import of products in order to preserve the finite foreign currency reserves. Raw materials and capital products that are not produced domestically are given preference when it comes to allowed imports. Food grains, rare consumer items like oils, sugar, etc., and agricultural inputs like fertilizers are given precedence among the remaining imports. Petroleum and crude oil make up a significant portion of our import expenditure; yet, there are insufficient sources of these items in this country, so imports of them are not feasible.

In India, imports are heavily regulated via the employment of both tariff and non-tariff obstacles. Any export or import, unless expressly allowed under the "Open General Licence" category of commodities, requires a licence. concentrated in the hands of British businesses, and international shipping lines served British colonial objectives over Indian ones. However, because of the excess on its trade account and the war supplies it sent to the United Kingdom, India amassed enormous pound balances throughout the war. After "controlled" commerce became the norm in the post-war era, the trade restrictions imposed during the war were eventually normalized with the passage of The Import and Export (Control) Act of 1947. The protection afforded to the Indian industries required extensive trade regulations.

Since planning began in 1951, the focus of trade policy has switched from a favorable trade balance to the urgent demands of development in accordance with the plan's aims. During 1951–1956, there were little imports and exports because of the trade restrictions in place at the time. However, several commodities boards and export promotion councils were established, export quotas were raised, and export laws were generally liberalized. The Second Plan (1956–1961) included import substitution in addition to export development. A policy of delayed payment for imports was introduced, import limits were tightened, and an institutional framework for exports was reinforced with the establishment of the Foreign Trade Board in 1957, which was ultimately superseded by the Board of Trade in 1962.

Seven Commodity Boards and nineteen Export Councils, including a federation of export groups as their apex body, were established. To encourage the export of heavy and light electrical products, leather goods, art silk, pharmaceuticals, and some non-traditional commodities, seven Development Councils were also established. The export promotion program saw substantial strengthening in terms of institutional structure, incentives, and other policy measures throughout the Third Plan period (1961–1966).

The Mudaliar Committee (1965) suggested that, in order to encourage exports as a long-term strategy, a selective approach should be used with regard to export incentives, minimum and maximum price fixing, quality controls, inspection, etc. The Fourth through Sixth Plan periods saw a strengthening of the institutional backing for export promotion. The Trade Development Authority (TDA) was established to assist small and medium-sized business owners in realizing the full potential of their export market. TDA gave them package help, which included everything from market research to order execution for exports. The State Trading Corporation of India Ltd. (STC) offered small-scale business owners comparable support via a single window. It should be mentioned that STC and MMTC have been tasked with export promotion activities and are the canalizing agents for a variety of import and export goods.

The first Foreign Trade Policy 2004–09, which had two main goals to double the nation's percentage share of global merchandise trade in five years and to use trade expansion as a powerful tool for job creation and economic growth was the primary reason for the country's strong growth in exports over the past five years. Our share of the world merchandise trade increased to 1.45 percent in 2008 from 0.83 percent in 2003 as a result of the exports' more than two-fold growth from USD 63 billion in 2003–04 to USD 168 billion in 2008–09 (WTO estimates). During that time, our portion of the world's exports of commercial services increased from 1.4% to 2.8%. In terms of employment, increased exports during that time resulted in the creation of almost 14 million jobs, either directly or indirectly. However, 2009 saw one of the worst global recessions since the end of World War II, affecting almost every nation and having a significant impact on every key economic statistic, including trade, industrial output, capital flows, unemployment, per capita investment, and consumption. As a result, the IMF and WTO have forecast a fall in global trade of 9% and more than 11% in volume terms, respectively. The globe has seen an unparalleled economic slowdown, and India is no exception.

With short- and long-term goals in mind, the Foreign Trade Policy 2009–14 aims to double our share in global trade by 2020, stop and reverse the trend of declining exports, and support additional sectors, particularly those severely impacted by the global recession. The Policy's short-term goal was to reach a target of USD 200 billion in exports by March 2011 at a rate of 15% annually. For the next three years, or until 2014, a target of 25% annual export growth was planned. In addition, by 2014, our exports of products and services were predicted to treble. Numerous goods from a range of industries are covered by the FPS for benefits. These include engineering products (such as machine parts for agricultural use, sewing machine parts, trailer parts, hand tools, garden tools, musical instruments, clocks and watches, railway locomotives, etc.); plastic (products with added value); products made of jute and sisal; technical textiles; green technology products (such as wind turbines, electric vehicles, and windmills); project goods; vegetable textiles; and specific electronic items.

Up to 153 ITC (HS) Codes at the 4-digit level have been added to the Market Linked Focus Product Scheme (MLFPS), significantly increasing its scope. Medicinals, synthetic textile fabrics, value-added rubber products, value-added plastic goods, textile mixtures, knitted and crocheted textiles, glass products, specific iron and steel products, and specific aluminum articles are a few of the company's main products. If these items are exported to the thirteen designated markets, benefits will be given. Additional duty credit scrips, equal to 1% of the FOB value of previous exports, will be granted to status holders in order to promote technical advancement and speed up exports. The purchase of capital goods with Actual User condition may be accomplished using the duty credit scrips. This facility will be available to the following industries: plastics, basic chemicals, automobiles and two-wheelers, nuclear reactors and parts, ships, boats, and floating structures; leather (not finished leather), textiles and jute, handicrafts;

engineering (not iron and steel and non-ferrous metals in primary and intermediate forms). To let a domestic intermediate manufacturer to deliver to an advance permission holder (against validation letter) and be exempt for up to two stages from paying excise tax in lieu of a refund. If a manufacturer provides items to an ultimate exporter, then shipments to that manufacturer would be exempt. Currently, exemption is only permitted for one step.

It is now possible to convert shipping invoices from one export promotion program to another with more freedom. Customs will now allow this change to occur with Under the Advance Authorization Scheme for Deemed Supplies, the direct shipment of imported products from the port to the site has been permitted in order to save processing expenses. Currently, duty-free imported items may only be transported to the authorized manufacturer's facility or the manufacturer that supports it. Every nation is dependent on every other nation, and this interdependence is evident in the global trade and economic exchanges. An exchange of value or the transfer of ownership of an asset or item constitutes an economic transaction. Any exchange of an item or service for cash that results in the payment of cash or other monetary assets and creates financial flows is referred to as a commercial transaction. Financial transactions are the buying and selling of financial claims that result in resource transfers from one nation to another. International economic and commercial transactions include the exchange of products for goods, services for services, and commodities and services for cash.

A nation's "systematic record of all economic transactions between the residents of the reporting country and residents of foreign countries" is its balance of payments. Both visible and unseen transactions are included. The so-called "principle of comparative advantage" is the primary cause of the economic advantages of overseas commerce. International commerce may benefit every country in the globe if various nations focus on offering goods and services in which they have comparative advantages due to differences in resources, prices, or technology. In order to draw a firm conclusion on the advantages of international commerce for an economy, it is necessary to take external receipts and payments into account. A nation's foreign revenues and payments are often divided into two categories: current account and capital account.

The two categories of the current account are invisibles and merchandise trade. Of the two, merchandise trade includes both products imports and exports. The term "surplus" or "deficit" trade balance refers to the difference between the two. In order to calculate the trade balance, it is typical to record imports on a CIF (Cost, Insurance, and Freight) basis and exports on a FOB (Free On Board) basis. Current international payments for goods other than merchandise imports or exports are referred to as invisibles. Among the more significant things that fall under the category of "invisibles" are dividend and interest payments, travel, and transportation.

A nation's current account is made up of its merchandise commerce and invisibles; the difference indicates a country's current account surplus or deficit. External borrowings or repayments of external borrowings, external investments or disinvestments, etc., are all considered transfers on a capital account. The country's foreign currency reserves rise or fall in proportion to the current account and capital balances combined. It is possible to have a larger capital account surplus (i.e., foreign borrowings exceeding repayments) in addition to a current account deficit. As a result, it appears as an increase to the nation's foreign currency reserves. The shift in reserves must be made up both conceptually and mathematically by the net difference between the current and capital accounts. Statistical discrepancy, often known as mistakes and omissions, is a compensatory phrase that is typically included in a nation's balance of payments data.

Another perspective on a nation's current account surplus or deficit exists. The current account is referred to in macroeconomics as a mirror image of the gap between domestic savings and domestic investments in national accounting. A current account surplus arises when domestic savings surpass domestic investments. This accounting identity results from the way a nation's Gross National Product (GNP) is determined. Either the "flow of product" technique or the "earnings and cost" approach may be used to calculate GNP. The excess of exports of goods and services over imports is included in the former approach as "foreign investment." A nation's GNP as determined by both methods must equal one another in terms of national accounting.

It is simple to prove the accounting identity between the current account balance and the difference between domestic savings and investments by using this equation as a starting point. Payments for goods imported and receipts for goods exported, loans to and investments in foreign nations and businesses, foreign investments in domestic businesses, borrowings from other nations, tourist expenditures (both domestic and foreign tourists), money paid to foreign carriers, receipts for foreign goods carried in national borders, costs associated with foreign embassies established in the home nation, interest and dividend payments, and other similar items are all included in a country's balance of payments. A balance of payments must always have equal parts; that is, payments to be paid to outside parties must match revenues from outside parties. The rationale stems from the basic understanding that one should anticipate receiving something in return for anything they get. Although a quarterly balance of payments is also typical, balances of payments are often created for a year.

The government uses the balance of payments primarily to educate itself on the country's standing abroad and to assist in the creation of trade, fiscal, and monetary policies. A country's balance of payments is a system that tracks the flow of revenue and expenses, much like GDP (Gross Domestic Product). However, the movement of financial assets is included in the balance of payments, unlike GDP. When deciding on policy, governments often refer to the balance of payments of significant trading partners. Any bank, business, or person engaged in international commerce or finance, directly or indirectly, needs the information included in a country's balance of payments. In order to evaluate the effects of such flows on the domestic money supply and the economy's savings, the monetary authorities of the reporting nation need be aware of the receipts and payments made between the reporting country and other countries.

Additionally, economists use this data to examine how international transactions affect the reporting nation's national income, specifically how they affect the country's assets and liabilities (capital side) as well as its current account and current income and expenditure. Based on these facts, the foreign exchange policy, monetary policy, and fiscal policy are developed or revised. Therefore, it can be said that the data on balance of payments is particularly helpful for developing and implementing domestic economic policy.

CONCLUSION

Nuclear energy has become an important part of the world's energy supply and a crucial step in the switch to low-carbon power systems. Nuclear power is essential for meeting rising energy demand, cutting greenhouse gas emissions, and improving energy security, despite worries about safety, development, and waste management. Modern reactor designs, such molten salt reactors and compact modular reactors, have the potential to improve nuclear energy industry cost-effectiveness, safety, and efficiency. International cooperation and regulatory frameworks are also necessary to address shared issues and encourage the safe and sustainable construction of nuclear energy facilities around the globe. However, resolving public concerns, enhancing waste management procedures, and guaranteeing strict safety regulations are necessary for nuclear energy to remain viable in the long run. Nuclear energy has a lot to offer in terms of meeting the issues of warming temperatures and energy security in the twenty-first century, as well as helping to achieve global sustainable development objectives via embracing technical innovation, boosting international collaboration, and encouraging public participation.

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CHAPTER 10

TRANSACTIONS BETWEEN RESIDENTS AND NON-RESIDENTS

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ABSTRACT:
The interactions between residents and non-residents are examined in this research, with an emphasis on the policy and economic ramifications of such transactions. Through the use of data from several sources, such as international trade databases, balance of payments statistics, and national accounts, the study examines the types, quantities, and patterns of cross-border transactions including capital, financial assets, products, and services. It looks at the variables that influence these exchanges, including capital flows, trade liberalization, macroeconomic policies, and technical developments. The research also examines how resident-non-resident transactions affect employment, income distribution, currency rates, and balance of payments situations within domestic economies. It also evaluates how countries and international organizations have responded with their policies to control the potential and hazards of cross-border trade and advance economic growth and stability.

KEYWORDS:

Balance, Capital Flows, Cross-Border Transactions, International Trade, Policy Responses.

INTRODUCTION

The balance of payments typically records transactions that occur between nationals of one country and nationals of other nations. Residents may include people who live in the nation, as well as organizations, corporations, government agencies, etc. The balance of payments shows the transactions between residents, or units or branches of multinational corporations having domestic headquarters, and their parent or foreign branches. The economic transaction is excluded from the balance of payments if it is only between residents [1], [2]. For example, the balance of payments will not account for the selling of gold on the domestic market. Nonetheless, the resident-non-resident foundation of balance of payments has several exclusions. The amount of gold in the nation's currency rises if the gold is sold to the central bank. The balance of payments shows it. In a similar vein, the foreign account balance of payments is not a declaration of the country's position as of a certain date, but rather an accumulation of the flow of economic transactions that occurred during the time. Rather than a balance sheet, it is more akin to a company's funds flow statement. For example, if the balance of payments indicates a US $400 million increase in non-resident deposits, this indicates that the total amount of balances held by non-residents of the nation in Indian banks has changed by US $400 million over the period; it does not imply that these balances are US $400 million [3], [4].

Except for the freight on imports invoiced CIF/CFR as covered under import payments, travel encompasses all receipts and payments related to foreign transportation services. The credits consist of receipts for other revenues, overseas profits of Indian transport businesses, and costs incurred by foreign transport companies in India. The debits include payments to international transportation providers and overseas costs incurred by Indian enterprises. Government is associated with receipts and payments on government accounts that are not included elsewhere, as well as with receipts and payments for the upkeep of diplomatic missions, embassies, and offices of international organizations like the WHO, UNO, and others. Credits comprise the amounts allotted, in accordance with the PL 480 agreement, to the US embassy's expenses in India from the rupee earnings of sales of excess US agricultural goods in India [5], [6]. The receipts and payments for services such as agency services, professional services, technicians, magazine subscriptions, royalties, etc. are covered under this category of miscellaneous goods. Payment transfers, also referred to as unilateral transfers, are receipts and payments made without expecting anything in return. This includes help and grants from foreign governments, savings repatriations, remittances for family support, the transfer of migrants, and contributions and donations to charitable and religious institutions, among other things.

The transfers, receipts, and payments owing to earnings, interest, dividends, and discounts which include interest charges and commitment fees on foreign loans, including those from the International Monetary Fund are all considered investment income under this. It is not necessary to know the exact amount of exports/receipts or imports/payments when making decisions on economic policy. Policies and procedures are said to be primarily determined by the net difference between the two. For this reason, the balance of trade and the balance of payments are two crucial metrics that are needed. The difference between the values of goods import and export as well as other observable things is referred to as the balance of trade. A nation is considered to have a favorable, positive, or surplus balance of trade when its total exports exceed its total imports. A negative, unfavorable, or deficit balance of commerce exists when the total amount of imports exceeds the total amount of exports. A nation's exports and imports can never really be equal at any one moment, which means that the trade balance will never be balanced. There will always be a positive or negative outcome.

The phrase "balance of payments," on the other hand, is more inclusive since it covers both visible and invisible commerce. As a result, it comprises both the balance of invisibles and the balance of commerce. It is sometimes referred to as the "balance of payments on current account" since it primarily comprises the net balance of the items that are included in the current account. The current account's total sums due and payable will either display a positive (surplus) balance or a negative (deficit) balance objective. Private capital flows include remittances from private enterprises to overseas subsidiaries or branches for working capital needs, as well as short-term loans, grants, and other financial assistance from foreign governments, international financial organizations, and foreign banks. These sporadic payments can be sent to the government account as compensation. These may also consist of short-term bank money [7], [8].

Governmental or private entities may engage in long-term capital movements. The private flows include advances and loans made to private individuals (buyer's credit); investments made by Indians living overseas or by foreigners visiting India; investments made in joint ventures; consulting; turnkey projects; delayed payment credits; and so on. These official account flows also occur as a result of government grants, credits, loans, and other financing for long-term private goals. The amount of money invested by non-residents in India's equal entities is known as foreign investment. The investor's objective is reflected in the distinction between direct and portfolio investments. A direct investment shows an investor's long-term commitment to the business and his desire to actively participate in its administration [9], [10].

Direct investments include contributions made by the direct investor in equity as well as any interest earned on the initial investment that is kept in the nation. Investments in equity securities other than direct investments are included in a portfolio. The investor has no plans to get involved in the company's management. The amount that locals invest in foreign enterprises is known as foreign investment abroad. Short-term loans, commercial borrowings, and outside help are all considered loans. The word "external assistance" describes borrowings, often on confessional terms, from bilateral and multilateral entities like as the World Bank.

Debts due to foreign banks, bond market borrowings, export credit agency credits, and loans from specialized bilateral or multilateral organizations like the International Finance Corporation that are given on commercial terms are all considered forms of commercial borrowing. Credit that has to be paid back within a year is referred to as short-term credit. The assets and liabilities of non-resident deposit accounts, commercial banks, and other financial institutions are covered by banking capital.

DISCUSSION

The country's foreign assets and liabilities are reflected in the capital account, which also has an impact on the status of its creditors and debtors. A net creditor position is indicated by a foreign asset surplus over foreign liability, and vice versa. The country's foreign assets and liabilities are affected by net changes in the current account, which are represented by an equal and opposite change in the capital account. The capital account, which is similar to a balance sheet, receives the surplus or deficit from the current account, which functions similarly to an income and expenditure statement. Errors and omissions are added to the relevant column of the balance of payments in the event that none of these accounts add up. In terms of economics, a nation's balance of payments is either surplus or deficit when its transactions aside from those that just finance the actual transactions are out of balance. Some are considered "above the line," while others who are just funding are considered "below the line." Each nation typically chooses which goods to include below the line based on its needs for both short- and long-term economic policies.

In recent years, bankers, economists, and businesspeople have all shown a keen interest in the study of balances of payments. A bank's financial statement provides insight into the situation of the bank. In a similar vein, a nation's balance of payments discloses its financial standing in relation to other nations. The importance of the balance of payments is so great that it is seen as an indicator of the state of the economy of a nation. It may provide the solution to comprehending the economic issues facing a nation. It is also very useful for predicting the commercial and economic climate of a nation. A double entry bookkeeping system uses equal-sized credits and debits to maintain the balance of payments. On the credit and debit sides, there is an entry that corresponds to each transaction. Therefore, in the event that exports are made, a matching entry of debit will be made for any growth in foreign assets or claims against foreigners, as well as an entry of credit for the outflow of products on the current account. Similar to this, imports will show up as a debit item for the inflow of products, and a rise in foreign liabilities, a decrease in foreign assets, or an outflow of cash or claims will show up as the credit item for which the payment has been made. As a result, there is a matching entry on the capital account for each credit or debit entry on the current account. Unanimous transfers, like gifts and contributions, don't include any payment or adjustment to assets or liabilities. On the debit side, the entries represent gifts or contributions; on the credit side, they represent the flow of products coming into the nation. Some debits and credits cannot always be matched because of discrepancies in the sources and timing of occurrences.

Then, there might be a disparity that calls for a balancing entry that is, mistakes and omissions. When a nation does not have exchange controls, the government records balance of payments statistics with the assistance of its statistical office. This in turn is dependent upon several governmental and private organizations, banks, and businesses. This information is being gathered by each IMF (International Monetary Fund) member countries for use in their own records and for forwarding to the fund. The balance of payments is regarded as being of the highest importance due to the critical significance of such data for planning, policy-making, compilation, and timely availability. The monetary authorities and government entities of a nation are often the primary sources of compilation for that nation. The information is gathered from a variety of public and commercial organizations, banks, financial institutions, ports, airlines, and other locations where exchange restrictions are in place either voluntarily or in accordance with legal requirements.

In India, the information is more readily accessible via the institutions like the national bank and monetary authority that are in charge of managing exchange controls. Every sector has some investments and saves, but not all of them are investors. Some are net savers. For a while now, the foreign sector has been a net saver in India, which encourages investment by other economic sectors. These kinds of investments support the expansion of the economy's employment and revenue. Additionally, these inflows ease the developing nation's foreign currency shortfall and balance of payments constraint. This is a result of insufficient import capacity. These nations' inability to maintain sufficient foreign currency reserves would impede their ability to increase employment and income. They further encourage global manufacturing on a bigger scale and market specialization. Thus, the information is helpful for developing investment and savings policies, forecasting economic development, domestic monetary policy, fiscal policy, and—most importantly foreign exchange policy. A nation's foreign exchange, monetary, and fiscal policies, as well as the general expansion of its economy, are all impacted by changes in the balance of payments. These developments also have an impact on the global and domestic financial landscape.

Credits and debits have to add up when duplicate entries are made. It implies that there must always be a balance in the payments. However, this is limited to the accounting context. In the context of economics, we must comprehend the adjustment mechanism, or how forces work to balance a nation's inflows and outflows when there is the possibility of greater exports than imports (a positive trade balance), greater exports over imports (a positive invisible trade balance), or a larger current account balance. If the current account deficit isn't the result of mistakes or omissions in the data, it may often be made up for by the withdrawal of monetary gold, short-term loans, a decrease in foreign currency assets, or an increase in foreign exchange liabilities. The short-term credits and cash inflows will be a regular feature of the balance of payments if they are independent and not motivated to finance a deficit on other accounts. Apart from these intentional attempts at balance brought about by induced flows of money, the process of adjustment operates organically via changes in either income or prices, or both. International reserves are the first three sources. If the disruptions are just temporary, the nation's foreign reserves or borrowing may be used to cover them.

A country cannot keep using its foreign reserves forever if the deficit persists. It won't take long for the nation's foreign balances to reach an irreversible minimum. Its gold reserves will almost run out, and its financial sources won't be prepared to provide it any more loans. The primary components of the balance of payments will be impacted by the first reduction in the money supply brought on by the loss of gold and the need to safeguard the nation's reserves. Because of the decrease in business activity, there will be less demand for goods; prices will drop; exports will grow; imports will lose appeal; and eventually, the increase in exports and the decrease in imports will correct the unfavorable balance of payments and bring about a new equilibrium. When there is a balance of payments surplus, the opposing process becomes activated.

Hume's rule of no foreign savings states that more exports will raise domestic income, which will then cause higher imports, balancing the trade and payments. The international trade multiplier, which is equal to 1/MPM (marginal propensity to import), is the amount that would first increase exports in order to raise revenue. This is the process of automatic adjustment brought about by fluctuations in income over time. An increase in exports would prompt a rise in investment and further income growth if the accelerator is also at work at home. The initial rise in exports may result in a greater increase in imports and an unfavorable trade balance, or the outcome may be unclear, if the external influences are also at play. Trade in services has gained more attention in recent years for a variety of reasons. First off, although the demand for imports and foreign currency profits is rising, many emerging nations no longer enjoy the comparative advantage of trade in products. These developing nations must focus instead on advancing the services sector in global commerce in light of the circumstances. Over the last 20 years, there has been a significant increase in trade value in relation to the amount of services traded globally.

All current account items other than goods commerce and pure transfer payments are included in this definition of "services." It is vital to highlight that the trade in services is concentrated more in industrialized and established nations than in products, and it will take a while before emerging nations can account for a significant portion of global commerce in this area. Under invisibles, there has been a significant influx of non-official migrants entering India in recent years. The government has been promoting these inflows since 1982 by offering higher interest rates on non-resident rupee bank accounts than on local deposits. Additionally, the RBI has maintained the SLR requirements for these accounts at a lesser level 25% as opposed to the standard 31-38% for domestic deposits. Both the interest income and the deposits themselves are free from wealth tax and income tax. Nonetheless, because of the lower interest rates on foreign currency in outside markets, the rates of interest on non-resident foreign currency accounts were maintained lower than those on Indian deposits.

The IMF creates or cancels reserve assets, which are a component of a nation's official reserve asset holdings, in connection with the allocation or cancellation of SDRs. The holdings of SDRs rise (debit) upon allocation, but they decrease (credit) upon cancellation. One element of official reserve assets is the SDR holdings. The item allocation (credit) in the balance of payments acts as an offsetting entry to indicate a rise in SDR holdings, while the cancellation (debit) acts as a balancing entry to indicate a reduction in SDR holdings. Gold is a financial asset as well as a commodity. It is regarded as a financial asset and is known as "monetary gold" when it is kept by the Central Monetary Authority (the Reserve Bank of India in India) as a portion of its foreign reserves. It is handled like any other commodity when it is in the possession of any other person, including the government. The term "monetization of gold" refers to the process by which the Central Monetary Authority purchases gold from a non-monetary sector, either from a resident or a non-resident, in order to bolster its foreign reserves.

The reverse transfer of gold from the monetary to the non-monetary sectors is known as demonetization. It takes place when the Federal Reserve distributes Unrequited transfers include gifts, grants, immigration, transfers, taxes, and other situations in which one party gives another something of value economically without expecting anything in return. The nation that receives the gift or grant makes no guarantees or transfers anything in return. One side's absence of economic values is made up for by an entry known as unrequited transfers.

"Transfers" in the context of India's balance of payments refers to unrequited transfers. The double entry accounting method serves as the foundation for the balance of payments. This and the one used in commercial accounting are comparable. This standard for compiling the balance of payments is recognized globally. In an accounting system that uses double entry, transactions are documented as equal-valued pairs of credit and debit entries. A nation's balance of payments, as used in accounting, is the total of its economically significant transactions, for which the corresponding entries for credits or debits are automatically matched. Credit entries are used in the double entry system to document unrequited transfers, accounts receivable, and financial transactions involving a growth or reduction in assets or liabilities. A collection of fundamental macroeconomic accounting identities make up the analytical framework that connects the global movement of capital, products, and services to domestic economic activity. These fundamental facts, which connect a country's economic activity to its balance of payments account, indicate that if it produces more than it consumes, it will save more than it invests, export more than it imports, and eventually experience a capital outflow. Spending more than it makes means that a country will invest more than it saves, import more than it sells, and eventually experience an influx of capital.

An organization headquartered in another nation may invest in a firm in another country by acquiring a controlling ownership position. This kind of investment is known as foreign direct investment, or FDI. Thus, the idea of direct control sets it apart from an overseas portfolio investment. The Indian economy has been designed to draw in foreign investment since the liberalization measures of 1991 in order to meet the goals of economic development and job creation. India has emerged as one of the top locations for foreign direct investment. India received FDI totaling around $62 billion in 2017. Multinational Corporations in India will also be covered in this section. A multinational company, or MNC, is a business that has operations in many nations but is run out of its home nation. MNCs now control a large portion of the global economy in today's globalized society. We will go over a number of MNCs in India-related topics.

Globalization is occurring in economies all around the globe, and the development of foreign direct investment is the main factor driving this trend. Through the Multinational Corporations (MNCs), it has been instrumental in integrating national economies and creating an integrated global production system that has improved the competitiveness and economic outcomes of both host and home nations. Governments work to establish an enabling framework in order to attract foreign direct investment (FDI) because they recognize the potential benefits of FDI for economic development and growth. They are aware, however, that other factors such as market size, growth, and macroeconomic stability carry a greater weight when it comes to investors' locational decisions. Governments have achieved this by lowering or doing away with obstacles to entrance and establishment, local ownership and control requirements, discriminatory operating conditions, and screening or permission processes. This has led to the liberalization of national FDI regimes. In addition to providing specific guarantees in crucial areas like the transfer of funds, expropriation, and dispute resolution, many have adopted or agreed to general standards of treatment, including national treatment, most-favorable-nation, fair and equitable treatment, and treatment in accordance with international law.

These developments are an outgrowth of the prevailing propensity to embrace market-oriented policies in an effort to increase economic efficiency. They are also a part of a larger liberalization movement that includes all forms of foreign transactions. The two main factors integrating the global economy during the last several decades have been international commerce and foreign direct investment. As the mobility of production elements across national borders has increased, foreign direct investment (FDI) has become a crucial component of a company's expansion strategy. Foreign Direct Investment is the main source of funding for emerging nations. Currently, inbound foreign direct investment (FDI) accounts for around one-third of the GDP of emerging nations, up from only 10% in 1980. Recently, foreign direct investment (FDI) has become a worldwide commodity, and emerging nations in particular are competing to draw in more FDI.

Since 1991, several nations have drastically changed their industrial, political, fiscal, and economic structures in an effort to draw in international investment. These nations have made significant changes to the laws and regulatory framework governing foreign direct investment (FDI), including the opening of formerly restricted sectors to FDI, the simplification or elimination of approval processes, the introduction of incentives, and the creation of specialized liberalized schemes. The number of bilateral investment treaties (BITs) for the protection and promotion of investment has dramatically increased, which is indicative of the government's intention to promote FDI flows. Furthermore, from intradeveloped and developed-developing to intra-developing and developing undeveloped nations as a partner, the pattern of BITs has also significantly altered. In order for host economies to flourish, foreign direct investment (FDI) is essential. It also plays a big part in increasing the host nation's exports. The sales from facilities owned by foreigners are thought to be almost twice as large as global commerce. Along with providing a source of capital inflow into host countries, foreign direct investment (FDI) also improves the competitiveness of the home economy by transferring technology, bolstering infrastructure, increasing productivity, and creating new job opportunities. Because multinational investment businesses have the ability to influence both political and economic issues, host governments have often seen foreign direct investment (FDI) as a danger. Many developing nations, still scarred by their painful pasts at the hands of colonial powers, see foreign direct investment (FDI) as a contemporary version of economic colonialism and exploitation.

FDI, to put it simply, is the acquisition of ownership in a foreign corporate company. The transfer of funds across international borders is what allows an investor to have ownership over the assets they purchase. FDI is the process by which an investor with headquarters in one nation (the home country) buys an asset in another (the host country) with the intention of managing it. What sets FDI apart from portfolio investments in foreign equities and other financial instruments is the management component. In theory, FDI allows a company whose activities span many nations to become a multinational corporation (MNC). India surpassed China and the US as the top destination for foreign direct investment in 2017, according to the Financial Times. India received $31 billion in investment in the first half of 2015, compared to $28 billion and $27 billion from China and the US, respectively. India saw a rise in foreign direct investment (FDI) inflows to USD 60 billion in 2016–17, demonstrating the success of the government's initiatives to facilitate commercial transactions and loosen FDI regulations. Foreign direct investment in India reached USD 61.96 billion in the next fiscal year. One of the key developments of the postwar period has been the rise of the multinational private business as a potent force for global social and economic transformation. The host nations have differing opinions on its development.

A multinational company is a business that owns or manages production facilities, such as mines, factories, oil refineries, distribution networks, etc., across many nations. "Enterprises which control assets factories, mines, sales offices and the like in two or more countries" is how the United Nations described multinational businesses. Another definition of a multi-company is one that has activities in at least six countries, revenues above $100 million, and subsidiaries that make up at least 20% of its total assets. Taking away communist economies, multinational corporations produce one-fifth of the world's production. Their output has been increasing at a pace of 10% annually in recent years, which is almost twice as fast as the global output and half as fast as the global trade. 2016 research said that of the top 100 economies worldwide, 69 were multinational corporations and 31 were nations. Multinational corporations are enormous as a result The majority of multinational corporations have oligopolistic market positions primarily due to their significance in new technologies, specialized skills, or product differentiation, as well as their intensive advertising, all of which make it harder for rivals to enter the market. Nearly all sizable businesses have some kind of international component.

It will send agents abroad, open representative offices there, import materials from abroad, export some products, grant licenses to foreign companies to use its patents or know-how, hire foreign workers, have foreign investors, borrow money from foreign banks, and even have foreign nationals on its board of directors, regardless of where it is headquartered. None of them, however, would qualify as a global business as none would call for a sizable upfront investment in overseas property or involve overseeing employee groups in different cultures. An organization may only be considered really international when it faces the challenges of creating, manufacturing, promoting, and financing its goods inside other countries.

A local firm may become multinational by opening branches abroad, operating fully or partly owned subsidiaries abroad, or forming joint partnerships with international businesses. The concentration of multinational firms in certain sectors is a noteworthy observation. Considering the United States of America to be the leader in this endeavor, we discover that eighty-five percent of US investment is focused on the automotive, chemical, mechanical, and electrical engineering sectors. Multinational companies' geographic dispersion reveals an intriguing trend. If we look at the distribution of multinational corporations by place of origin, we discover that in 1966, around 55% of them were US-based, 20% were British, and 25% were European or Japanese. In the annals of human history, multinational activities conducted by private corporate enterprises are relatively new. The English, Dutch, and French trading businesses of the 17th and 18th centuries, as well as the merchant trading organizations of medieval Venice, were precursors to the modern multinational company, although they were not exact replicas of it. With very little permanent investment, they were mainly trade companies as opposed to producing ones. Additionally, they mostly conducted business within colonial borders rather than under the authority of other independent governments.

CONCLUSION

Exchanges between citizens and non-residents are vital in determining the direction of the world economy and the state of the economy at home. In the age of globalization, cross-border money flows, financial transactions, and trade in products and services have all become more intertwined. These transactions provide risks including currency rate volatility, financial instability, and susceptibility to outside shocks, even as they also present chances for economic expansion, the creation of jobs, and the spread of technology. The challenge for governments and legislators is to strike a balance between advancing trade openness and defending homegrown economic interests. In order to address shared concerns and advance sustainable development, effective policy solutions may include actions to strengthen regulatory frameworks, improve transparency, and encourage international collaboration. Furthermore, attaining inclusive and resilient economic development in a world that is becoming more linked requires initiatives to promote fair and equitable participation in international markets in addition to risk management and adverse effect mitigation strategies.

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CHAPTER 11

ORGANIZATIONAL FORMS IN INDIAN ECONOMY

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ABSTRACT:

The variety of organizational structures seen in the Indian economy, from contemporary corporate firms to conventional family-owned businesses. The study examines the traits, development, and importance of many organizational structures in various fields and businesses, drawing on theoretical frameworks and actual data. It examines the many aspects that influence the decision on the organizational structure, such as commercial, regulatory, historical, and cultural issues. Additionally, the research looks at the performance outcomes like resilience, efficiency, and social impact that are connected to various organizational structures. It also evaluates the effects of organizational variety in the Indian setting on employment dynamics, income distribution, economic growth, and sustainability.

KEYWORDS:

Corporate Enterprises, Economic Development, Organizational Diversity, Small and Medium-Sized Enterprises (SMES), Traditional Family-Owned Businesses.

INTRODUCTION

Large-scale profit-sharing is a practice of multinational firms. This somewhat disproves the accusation that they engage in financial drain. Reinvesting earnings, however, is seen negatively by certain nations since it increases the amount of foreign ownership of a nation's economy and politics. From an early focus on the mining, extractive, and raw material sectors, American corporate investment in developing nations has been steadily moving toward diverse manufacturing and retailing enterprises [1], [2]. A noteworthy outcome has been a significant rise in American exports of managerial and technical expertise and know-how to the receiving nation. This change will help to lower the cost associated with foreign exploitation.

Multinational corporations have a significant potential to aid in the development of less developed nations. The establishment of stable administrations in such nations and their initiatives to promote private investment are the primary factors that will determine its implementation. Foreign and local investment will be drawn to any emerging nation that provides political stability, contractual respect, financial accountability, and equal taxation. The impressive development of places like Taiwan and Hong Kong attests to this. Because private sector investment combines the transfer of management and technical help with finance, it is a more effective vehicle of development than state aid. There is a general unhappiness with bilateral government assistance, which makes increasing private investment vital [3], [4].

The core reasons of international tensions will remain, despite the fact that steps taken to reduce or insure against risks will aid in increasing this flow. The American corporation's overseas affiliate will continue to face charges of "exploitation" of local resources and excessive profit margin. Envy and resentment among others will arise from its workers' superior living standards when it pays them more than the going rate for salary and perks. In emerging nations, the social and political impacts of multinational firms are less evident than their economic ones. A society finds the process of progress to be fundamentally uncomfortable. Development generates political tensions by causing changes in the distribution of wealth and income as well as by reallocating economic power among social strata. Peaceful political changes may usually ease these tensions; but, they are sometimes followed by more or less violent upheavals. In fact, the foreign company is seen as a danger to privileged positions in the conventional culture in the developing nation since it is a force for change. Leading development economists, however, have advised Latin American nations that it would be in their best interests to force multinational companies to sell affiliates to local owners or the government [5], [6].

They contend that the expansion of local businesses is impeded by the overseas affiliates. Such a program could promote patriotic pride, but it seems to come at a hefty cost in terms of delayed progress. The indigenous' easy acceptance of soft drinks, packaged meals, cars, electrical appliances, and many other American accoutrements is a clear indication of the cultural effects of American corporate infiltration in emerging nations. More fundamentally, it's possible that many of these nations' key cultural foundations, social attitudes and behavioral patterns, status and value systems, and arts will all see significant changes. In the end, they ought to lower communication barriers between nations and provide a foundation for a stable international order.

The traditional practices that have benefited the people of emerging nations are under attack from multinational firms, which are bearers of new values and ideas. "The idea of meritocracy instead of aristocracy, of rewarding talent instead of status, of distinguishing people by ability instead of color or sex" is introduced by a global organization. Many emerging nations have passed laws to prevent large-scale foreign private investment out of fear that they may "lose control" of their national destiny. Charges of "abuses" or "exploitations" by multinational corporations are not always the foundation of the argument for home country restrictions.

The fact that the objectives of multinational corporations and the host nation are different forms the basis for the argument in favor of home country control over multinational corporations. A developing nation should prioritize exporting manufactured goods. This perspective represents the idea that industry is necessary for a modern nation and that, without industrial exports, the tiny local markets in the majority of emerging nations would impose high prices. Developing nations often lament because multinational corporations often forbid exports from their overseas branches. For instance, in India during the 1960s, export restrictions were included in 43% of all formal cooperation agreements between Indian and international companies between 1961 and 1964.

A significant portion of the animosity directed against American multinational companies stems from an incorrect association of these firms with the imperialist ventures of past colonial rulers. The imperial monopolies of Britain, France, Holland, and Spain were the first foreign firms that most host nations in the emerging world dealt with. These early businesses served as the governments' "selected instruments." They invaded their colonies under the flags of their home nations in order to extract natural resources, mine them, and export produced commodities for huge profit margins. It was only natural for the colonial peoples to see these early multinational enterprises as tools of imperialism. These sentiments have permeated the more contemporary American multinational firms, which are seen as CIA agents and tools of "neocolonialism." However, US businesses are not seen as "chosen instruments" of national policy. There are two ways multinational corporations do business in India via local branches; and (through Indian subsidiaries of international corporations that control over half of the country's paid-up stock. Firstly, there is hardly any justification for the word "multinational," as most of the time only citizens of one nation sit on the board or governing body [7], [8].

Although they may employ people from several countries and operate in multiple countries, the majority of control, investment, and policy decisions are made by one central office. It is also said that multinational corporations do not believe they have a duty to uphold the interests of the local community in which they operate. They pay little attention to preparing locals for positions in senior management. there is an inherent risk that these firms might move large amounts of money from one region to another during a crisis, perhaps leading to the entire system's collapse.

Third, in a situation when labor was in short supply and money was plentiful, the technology that multinational firms transmit was developed. For the Third World nations, on the other hand, where labor is plentiful but capital is scarce, the opposite is true. Therefore, the technology is inappropriate for poorer nations.Hans Singer and Raul Prebisch discuss the "enclave" impact of foreign investment, which refers to the multinational tycoons' refusal to integrate into the domestic economies of the less developed nations [9], [10].

DISCUSSION

The destruction of host nations' cultures is a result of economic domination. These multinational corporations' operations have a striking resemblance to the methods used by the previous imperialists to impose their culture on the colonies. By paying local employees far more in salary and benefits than other companies, they alienate the local workforce and establish a tiny, parallel culture in the host nation. Sixth, a French critic has said that governments are unable to regulate large multinational tycoons who are driving consumer demands and seeking profits at the root of the issue, making it difficult for them to control inflation. Certain Indian rules must be followed by foreign corporations who do business in India or invest in Indian companies. For instance, the foreign business must abide by the Foreign Exchange Management Act (FEMA) while making an investment in India or opening an office there. When doing business in India, international enterprises are also required by FEMA to periodically adhere to certain filing and procedural standards.

Likewise, the business must abide by Indian tax regulations if it maintains an office in India and offers goods or services there. Similarly, in the event that it has an office, it must adhere to local laws. A foreign company is one that was formed outside of India but maintains its principal location of business such as a share transfer or an office that is registered with the relevant regulatory body in India. According to the Companies Act of 2013, a foreign company is any entity that was formed outside of India and maintains a place of business there, whether it does so directly or via an agent, electronically, physically, or in some other way. The corporations Act, which only applies to international corporations if Indian entities own 50% or more of the paid-up share capital (as determined by incorporating preference shares), does not, however, impose compliance requirements on all foreign firms. International businesses must adhere to the Companies Act, 2013's regulations with regard to their operations, just as an Indian firm would. The government's policy is to make sure that both indigenous and foreign businesses operate in accordance with the nation's overall socioeconomic policy, and that all of their activities including the scope of their operations are governed by the policy guidelines that the government periodically announces. Regarding the two strategic goals of expanding cooperation to developing nations and opening doors for this nation in capital goods, technology, and know-how exports, Indian joint ventures overseas have performed well.

The businesses have helped the poor nations where they are mostly based advance toward industrialization and import substitution. They have also led to a rise in India's exports of technology-intensive goods throughout this period. The joint ventures' performance has improved, even in terms of their commercial profitability. Their overall earnings more than quadrupled from 1974–1975 to 1976–1977. Over the time, the losses have also decreased. Following liberalization, Indian corporations have made much more high-quality and large-scale international investments abroad. There has also been a perceptible shift in Overseas

Investment Destination (OID) from the year 2000 forward. While foreign direct investments (OID) were mostly channeled into resource-rich nations like Sudan, Australia, and the United Arab Emirates in the first half of 2017, they were redirected toward nations with higher tax rates like Singapore, Mauritius, the British Virgin Islands, and the Netherlands in the second half. The main way that Indian businesses invest abroad is via mergers and acquisitions (M&A).

Growing M&A activity will provide businesses direct access to larger and more recent markets as well as improved technology, allowing them to expand globally and grow their client base. India has become one of the world's top achievers in mergers and acquisitions on the deal-street. The number of M&A deals in India rose by 14% in 2017 to 1,022 deals totaling US$ 46.8 billion. India has made significant liberalization-related advancements in its foreign policy. India has seen significant changes in both its international and domestic economic policies under PM Narasimha Rao.

Significant adjustments were made to banking, interest rates, and the capacity to completely convert Indian rupees (the currency used for commerce) during Rao's government. But Rao made the most significant move around the end of 1991 when he allowed foreign investment into India.

The "ever-proliferating bureaucracy" and the "license raj" were attempted to be reorganized by the new administration. Due to this restructuring, obstacles were removed and foreigners were able to enter Indian markets. These obstacles included a number of licenses and permissions that could only be obtained by senior administrators or members of the Indian Parliament. Potential foreign investors were scared off by these convoluted and ineffective rules, which had a negative impact on the Indian economy. Rao's reform proposal included revolutionary reforms as well. Rao eliminated the clause requiring local industry control and restricted equity involvement to 40%, according to Nalini Kant Jha's Asian Survey. India also lifted trade barriers, which greatly increased export growth and markedly decreased import taxes and customs charges.

have a significant impact on the formulation and maintenance of governmental economic, political, and policy. "The democratic framework of the Indian polity permits this exercise (of public influence) in ways that are not open in many other developing economies," writes Amartya Sen in his book India: Economic Development and Social Opportunity. As such, the main political players in India's foreign affairs are still the members of the democratic state. Second, India is building better and deeper ties with western countries like the US as a result of its new economic strategy of open trade. The nonalignment stance of India throughout the Cold War age and the swadeshi attitude of the Indian Parliament during that time made for very bad Indo-US ties prior to the start of this new liberal age. Rao used liberal philosophy to try to mend the relationship after becoming government in 1991. His objective was to enhance commercial links between the world's two biggest democracies, so transforming the current conflict into a mutually advantageous partnership.

Many countries increased their foreign investment in India consistently throughout the 1990s. India had a sharp rise in foreign interest, which led to a significant shift from the country's swadeshi era to one of increasing global interdependence. Not all Indians, meanwhile, embraced the 1991 changes. The Bharatiya Janata Party (BJP) and the Left parties were the principal leaders of the opposition. India, according to the BJP and the Left, was heading in the wrong way. They contend that the nation is headed toward a liberal miracle only to discover that neo-imperialism is taking advantage of their emerging country. The "common man" of India started to suffer, according to the BJP and other swadeshi enthusiasts, because of rising costs for food and agricultural goods and falling incomes as a result of foreign competition. But the BJP has implemented a number of changes to encourage foreign direct investment (FDI) after becoming office.

Neither of these two was the outcome of the 1991 reform. India has opened its doors to a wide range of international investors during the last two decades, so they are not too reliant on one trade partner. Consequently, India was unable to become a "economic prisoner in the international world of open exchange," as Sen puts it. Thus, as long as there are many foreign trade partners, domestic sovereignty will continue to be strong. Furthermore, these trade partners will stay in place since India has a sizable middle class, which creates a massive market for all products and services. Therefore, there has been a significant inflow of As opposed to the assertions made by proponents of the Swadeshi philosophy, liberalization has not impacted India and in fact makes it the greatest alternative for the state. The federal government's new international and domestic economic policies, which permit foreign investment in the Indian market, are steadily bolstering the country's economy. This has enhanced the nation's standing internationally and its significance on a global scale. As a result, there is now greater peace on the international scene as India's connections with the US, Europe, and the Far East have improved due to growing interdependence, ideational commonalities, and shared interests in the state.

An economic system where the state controls the economy is known as a planned economy. In this economic system, the production and distribution of products and services are primarily decided by the central government, which exercises control over industry. Central, or centralized planning and suggestive planning are the two main categories of planning. Following the dissolution of the British Raj, Independent India chose to build its economy via centralized planning. The Planning Commission was established in this purpose.

With a decree from the Government of India in March 1950, Jawaharlal Nehru, the country's first prime minister, established the Planning Commission. The Planning Commission was established in accordance with the government's stated goals, which included boosting production, providing chances for employment in the community for all, and encouraging a rapid increase in the nation's standard of living through the effective use of its resources. The position of Planning Commission chairman has been held by every prime minister since Nehru took it over.

The Planning Commission was tasked with evaluating all of the nation's resources, boosting those that were lacking, creating plans for the most efficient and equitable use of those resources, and setting priorities. You may get an overview of the several five-year plans that the Planning Commission of India has created and implemented since its founding in Table 5.1. This section will concentrate on the 'Nehru-Mahalanobis' paradigm found in the five-year plans, which embodied the Nehruvian perspective on development guided by the state. India mostly adhered to the state-led development model until 1991, when the country was forced to liberalize its economy and give up on the centralized planning method due to a balance of payments problem and pressure from monetary organizations like the World Bank and the International Monetary Fund (IMF).

Under Nehru's direction, Prof. P. C. Mahalanobis developed the "Nehru-Mahalanobis" model. The "Nehru-Mahalanobis Model" served as the foundation for the second five-year plan and, with only minor modifications, served as the basis for all succeeding plans until 1977, when the Janata Party came to power and developed the Gandhian model. The model placed great focus on the fast growth of heavy industries in order to establish an indigenous industrial base and increase India's level of self-sufficiency in the heavy industries and commodities sector. The second five-year plan's framework provided justification for the heavy industries strategies, stating that "in the long run, the national economy's growth and the rate of industrialization would depend upon the increasing production of coal, electricity, iron and steel, heavy machinery, heavy chemicals, and heavy industries generally - which would increase the capacity for capital formation." A primary objective is to achieve rapid independence of India from foreign imports of producer goods. This would prevent capital accumulation from being impeded by challenges in obtaining necessary supply of producer products from other nations. Therefore, the heavy industry has to grow as quickly as possible. The 'Nehru-Mahalanobis Model' emphasized that the primary weight of development would have to be carried by local savings, even while there was no disputing that foreign assistance contributed in the development of capital goods and the infrastructure sector.

The strategy placed focus on export growth in order to cover the majority of imports via the rise in exports, while foreign help would mostly take the form of loans. The model also took into account the reality that, despite their importance, massive expenditures in heavy industries would not result in a discernible rise in employment due to their capital-intensive nature. Therefore, investments in small-scale enterprises were required to support the production of consumer products and create jobs.

The model did not downplay the significance of agriculture in growing the Indian economy, despite its focus on massive investment in heavy industries. Nehru said, "We shall find that this industrial progress cannot be achieved without agricultural advances and progress," recognizing the importance of agriculture to the Indian economy. Everyone is aware that we cannot have the resources to progress in industries until we are self-sufficient in agriculture. In terms of advancement, we are doomed if we have to import food. We are unable to import both food and equipment.

CONCLUSION

The diversified cultural legacy, economic history, and institutional environment of the Indian economy are reflected in the vast tapestry of organizational structures that the economy displays. In a variety of sectors and industries, contemporary corporate firms, cooperatives, partnerships, and hybrid models coexist with traditional family-owned businesses. Despite the distinct advantages and disadvantages of each organizational structure, they all work together to support the resilience and vitality of the Indian economy. While major corporate entities drive investment, technology adoption, and worldwide competitiveness, small and medium-sized firms (SMEs) are critical to employment creation, innovation, and regional development. Nonetheless, obstacles including infrastructural limitations, talent shortages, regulatory complexity, and financial accessibility continue to hinder the development and effectiveness of various organizational structures. As a result, legislators must take a nuanced stance that acknowledges the diversity of organizational structures and takes into account their unique requirements and limitations. An inclusive, dynamic, and long-lasting business ecosystem in India may be developed via encouraging entrepreneurship, expanding formal financing availability, simplifying regulatory processes, and promoting cooperation amongst various company kinds.

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CHAPTER 12

IMPACT OF POVERTY AND UNEMPLOYMENT ON INDIAN ECONOMY

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ABSTRACT:

In order to better understand the origins, effects, and policy implications of poverty and unemployment on the Indian economy, this research examines these issues. The study looks at the socioeconomic factors influencing changes in unemployment and poverty in India using a mix of qualitative and quantitative data analysis techniques. It looks at the intricate interactions between cyclical and structural variables, such as labor market dynamics, sectoral transitions, and economic growth variations. Structural issues include population expansion, income disparity, insufficient education, and skills mismatch. Additionally, the research evaluates the complex impacts of unemployment and poverty on a range of economic factors, such as social cohesion, political stability, productivity, consumption trends, and the development of human capital. Additionally, it assesses the efficacy of current policy initiatives and suggests evidence-based tactics to tackle India's problems with unemployment and poverty.

KEYWORDS:

Economic Development, Income Inequality, Poverty Alleviation, Unemployment, Welfare Policies.

INTRODUCTION

India's government has made many efforts since gaining independence to establish a system for calculating the number of impoverished people living in the nation. To define poverty, people are split into two groups: the impoverished and the non-poor. The poverty line further divides these two groups. The completely impoverished, the very poor, and the poor are among the several categories of poverty [1], [2]. In a similar vein, there are several classifications of non-poor people as well, such as the wealthy, the very rich, the utterly affluent, and the middle class and upper middle class.

Poverty is linked to a number of variables besides wealth and income, such as access to basic healthcare, sanitation, drinking water, and education. However, the method used to calculate the poverty line ignores socioeconomic elements including prejudice, illiteracy, poor health, lack of access to resources, and lack of civil and political liberties that both cause and begin poverty. The government should ensure that the goal of programs aimed at reducing poverty is to enhance people's lives by broadening their possibilities for being healthy and well-fed, informed, and involved in communal life, among other things. According to this perspective, development entails reducing barriers to a person's ability to pursue their goals in life, such as illiteracy, illness, restricted access to resources, and a lack of civil and political liberties [3], [4].

Consequently, a major contributing factor to the very low rise in per capita income is population growth. The gap between the affluent and the poor continues to increase as a consequence of this. Regional and big-small farmer disparities were made worse by the Green Revolution. This was made worse by the lack of land reforms and the reluctance and incapacity to redistribute land.

Some have claimed that increased inequality has stemmed from the advantages of economic expansion rather than reaching the impoverished. In reality, during the last 20 years, India's Gini coefficient a gauge of economic disparity in the nation has increased. This indicates that while a small few may have benefited immensely from the changes, the lives of the vast majority of Indians remain unchanged from twenty years ago [5], [6]. The government has begun to discuss developing measures for "inclusive growth" in recognition of this. Every five years, the Planning Commission, the designated body responsible for determining the total and relative numbers of those living in poverty in both rural and urban regions at the national and regional levels, releases its estimates. The National Sample Survey Organization (NSSO) conducted a large sample survey on household consumption expenditures after a gap of around five years, which served as the basis for this study. Since 1997, the Commission has been computing the poverty line and poverty ratio using the technique outlined in the Expert Group on "Estimation of Number and Proportion of Poor" report (also referred to as the Lakdawala Committee Report). The poverty ratio is estimated using uniform recall period (URP) to be 27.3 percent for the whole nation in 2004–05, 25.7 percent in urban areas, and 28.3 percent in rural regions based on NSS 61st Round (July 2004 to June 2005) consumer spending data.

Consumer spending information is gathered for a 30-day recall period in URP for every purchase. The poverty ratios for the same era, based on the mixed recall period (MRP), are 21.8% in rural regions, 21.7% in urban areas, and 21.8% for the whole nation. In MRP, consumption data for the other nonfood categories is gathered for a 30-day recall period, while consumer spending data for five nonfood items clothing, footwear, durable goods, education, and institutional medical expenses are collected for a 365-day recall period. Based on URP consumption (27.5), the poverty estimates for 2004–05 is similar to that of 1993–94 (36). Based on MRP consumption, the 2004–05 poverty estimates (approximately 21.8) are generally (but not quite) equivalent to the 1999–2000 estimates (26.1).

Based on URP, the poverty ratio in rural India is much greater than that in urban regions, although it is about equal based on MRP: The high population growth rate in India, particularly among the poor, is one of the main causes of poverty. This is a consequence of their illiteracy, strong traditional beliefs, and desire for male offspring, all of which contribute to population growth. They are struggling to make ends meet since they have a large family to feed and a little income. Poverty is mostly caused by a low pace of economic progress. India's economic growth has not progressed at the necessary pace. It suggests a poor level of life due to low per capita income. Throughout the plan period, India's population has been growing at an average yearly pace of more than 2%. Opportunities for employment expand more slowly due to the economy's modest growth rate. The impoverished family' situation has persisted as a result [7], [8].

India has a staggering 2 crore jobless individuals (during 2003–2004). Both underemployment and unemployment are rampant there. When compared to the amount of job searchers, there are fewer work prospects. Despite attempts to encourage small and cottage enterprises to create jobs, even these sectors were unable to hire enough people to lower the poverty rate. Therefore, the issue of unemployment and debt is what is causing the severity of the poverty problem to increase. Population growth and low levels of education have long been linked. Due to their restricted access to education, people in poverty often work in low-paying professions. Low income is the outcome of this. Since the majority of the impoverished are uneducated, many believe that having a larger family will help them become wealthier. The impoverished's suffering has only become worse due to the ongoing price increases. The actual income of fixed and low-income people has decreased due to a sharp increase in prices. The impoverished thus had less buying power. Consequently, there is now a poor level of life. The sociocultural structure of the nation is another major factor in poverty. The impoverished are often those from lower castes and tribal communities. Poverty is sustained by illiteracy and little opportunities for upward mobility. The path of economic expansion has been hampered by elements including the joint family structure, the caste system, religious faith and beliefs, and inheritance laws. Numerous tactics outlined in government plans have not been carried out correctly. Some still need to be created. The poor have really been excluded from the development process thanks to the growth agenda. As Prof. H. Meghnad Desai notes, "India's programs creating poverty outweigh its programs eliminating it." Income disparities between the nation's rural and urban sections are another factor contributing to poverty. The wealthy have captured a significant amount of additional income over the plan era [9], [10].

DISCUSSION

Even a little increase in per capita income would not have an impact on the impoverished because of disparities in the distribution of wealth and income. As a result, the poverty issue has become worse. Considering the extent of the nation's poverty issue, the government's anti-poverty initiatives fall far short of expectations. Some have been done haphazardly, and the ones that have been executed have only helped certain segments of the population. The effectiveness of policies in reducing poverty has not been entirely achieved. Due to globalization, many families now live in poverty. The reason for this is because since the start of the globalization process, more agricultural land has been utilized to produce export products, which has resulted in a fall in the production of some of the most essential food crops. Small farmers are now compelled to compete in a global market where agricultural goods are sold at cheap prices as a result of liberalization. One of the reasons for the country's persistent poverty is also its political system. In both urban and rural locations, the highest classes of society have a disproportionate amount of political influence. The goal of economic policy formulation is to advance the interests of the wealthier segments of society. In the process, those in poverty—especially peasants, laborers without land, tribe members, and slum dwellers—struggle. Unemployment is the condition of not having a job for a competent guy who is eager to work. In India, the unemployment rate is much greater in cities than in rural regions. Economists and social philosophers claim that unemployment may be either voluntary or involuntary. When someone quits their work voluntarily for whatever reason, it is known as voluntary unemployment. Even when they are fully capable, someone in involuntary unemployment is cut off from paid employment and does not get compensation.

This issue has been created by a number of issues, including the rapid population growth, aging of the workforce, physical and occupational infirmities, technology advancements, and economic concerns. Unemployment is sometimes a result of other issues. The negative impacts of unemployment lead to a number of socioeconomic issues, including drug and substance misuse, antisocial and criminal behavior, poverty, and starvation. The NSSO poll states that the total unemployment rate in India in 1999–2000 was 7.3%, with 7.7% of unemployed people living in urban regions and 7.2% of those living in rural areas. Furthermore, almost 30% of Indian workers are part-time employees who only work when they acquire employment and are jobless the rest of the time. In India, about 10% of the labor force is employed on a regular basis. Numerous employment-generating schemes and initiatives have been implemented by five-year plans throughout the years, but they have not met the necessary objectives because of improper execution and oversight. The UPA government's new and commendable National Rural work Guarantee program would provide rural residents minimum-hour work even in the event of natural disasters like floods or droughts. It is imperative that the multifaceted situation of poverty in India be given considerable attention. Reducing poverty and raising the average person's level of life has been one of planning's main goals in India.

However, throughout time, there has been a shift in the focus placed on the goal of reducing poverty and the methods used to accomplish it. T The trickle-down effect of economic progress may aid in the eradication of poverty. Because of the rise of both agricultural and non-agricultural activity, it was believed that the advantages of economic prosperity would trickle down to the poor in the form of greater employment and money. A number of probable growth drivers indicate that GDP growth in the Twelfth Plan may be accelerated over the 8.2 percent mark reached in the Eleventh Plan. These factors include the effects of economic expansion, the emergence of a vibrant private sector, competent managerial abilities, etc. One major contributing element to the ongoing issue of poverty is the high rate of population increase among society's lowest classes. The Ministry of Health and Family Welfare has recognized Jansankhya Sthirata Kosh (JSK) as an independent organization.

The Government has shown its commitment to the Kosh's operations by providing a "100 crore corpus fund." JSK must make use of the interest on the corpus in addition to soliciting donations from groups and people who promote population stabilization. The National Rural Employment Guarantee Act (MGNREGA), which aims to combine job security with land and water conservation, a significant increase in plan allocation and credit for agriculture proper, an ambitious Bharat Nirman for rural infrastructure, and the Backward Regions Grants Funds (BRGF) have made it possible for Panchayati Raj institutions in less developed areas to create their own plans. Eleventh Plan changes included expanding the reach of these programs and implementing the Rashtriya Krishi Vikas Yojana (RKVY), which was recommended by many working groups. In order to encourage states to create plans for the agricultural sector that are more comprehensive, taking into account agro-climatic conditions, issues related to natural resources, technology, and a fuller integration of livestock, poultry, and fisheries, the NDC resolved to "introduce a new scheme for Additional Central Assistance."

All of these concerns will be taken into account in the Twelfth Plan, along with the shortcomings of the current plans as highlighted in the Mid-Term Evaluation of the Eleventh Plan. Its main goal will be to advance the RKVY and, more specifically, pay closer attention to sustainable development-related challenges. The Land Acquisition and Rehabilitation & Resettlement Bill, 2011 was a product of government labor. Resettlement and rehabilitation (R&R) and land acquisition are two sides of the same coin, which is why they have been combined into a single piece of law. The Bill aims to fairly address the concerns of farmers and those whose livelihoods depend on the land being acquired, while also striking a balance with the need to facilitate land acquisition for a variety of public purposes, such as infrastructure development, industrialization, and urbanization. In the industrialization initiative, small-scale enterprises have been given particular consideration. The government has supported these businesses by providing the appropriate incentives, infrastructure, technical help, and support since they have been crucial in creating jobs and guaranteeing a more equal distribution of income.

Additionally, the government has introduced the Public Distribution System (PDS). The goal of this program is to provide the underprivileged access to inexpensive, subsidized food grains. Through a vast network of fair pricing stores, the PDS operates. A new program known as the Targeted Public Distribution System (TPDS) was implemented in June 1997 with the goal of providing subsidized food grains 10 kg per month per family to households who fell below the legally determined poverty threshold. The 2013 National Food Security Bill is being considered by the government.

This Bill states that under the TDPS, each member of "priority households" is entitled to five kilos of food grains per person each month at discounted rates from the state government. Today, the TPDS system provides a monthly supply of subsidized food grains to nearly 40 crore Indians who live below the poverty line. 4.78 lakh Fair Price Shop Owners, their staff, and hired laborers who work at the FCI and state storage godowns are also given meaningful employment under the scheme. Article 41 of the Constitution states that the National Social Assistance Programme (NSAP), which went into operation on August 15, 1995, is a major step in the direction of achieving the Directive Principles. In addition to the benefits that the states already give or may provide in the future, the program attempted to provide minimum national standards for social assistance for the needy and developed a National Policy for Social Assistance. The NSAP program was first introduced in February 2001 and ran for five months before being expanded.

The program's objective is to increase food security by providing wage employment in eight states Gujarat, Chhattisgarh, Himachal Pradesh, Madhya Pradesh, Maharashtra, Orissa, Rajasthan, and Uttarakhand that are impacted by drought. Wages are paid under this plan in a combination of cash and food grains. On September 14, 2010, the Wholesale Price Index (WPI) series with a 2004–05 base was made public. For the new series, a typical commodities basket of 676 items has been chosen, and a weighted diagram has been created. Indicating a greater representation of the prices in the wholesale markets, the total number of price quotes has also grown from 1981 in the previous series to 5482 in the current series. Sector-specific price quotes have gone up from the previous to the current series, rising from 1391 to 4831 in the manufactured goods group and from 455 to 579 in the primary group. Flowers, lemons, crude petroleum in primary articles, ice cream, canned meat, palm oil, readymade/instant food powder, mineral water, computer stationery, leather products, scooter/motorcycle tyres, polymers, petrochemical intermediates, granite, marble, gold, and silver, construction machinery, refrigerators, computers, dish antennas, transformers, microwave ovens, communication equipment (telephone instruments), TV sets, VCDs, washing machines, and auto parts in manufactured products are some of the significant items included in the new series basket.

In India, the rural labor force in particular faces a multitude of socioeconomic challenges, including high rates of debt, poor earnings, illiteracy, and unemployment or underemployment. The government is dedicated to making cooking fuels reasonably priced and accessible to the general public. Given the significance of home fuels, namely domestic liquefied petroleum gas (LPG) and kerosene, the government has decided to keep subsidizing these goods. The Freight Subsidy (for Far-flung Areas) Scheme 2002 and the PDS Kerosene and Domestic LPG Subsidy Scheme 2002 have both been extended till March 31, 2014.

However, it has been agreed to raise the retail prices of residential LPG to 410 and public distribution system (PDS) kerosene to 14.29 in Delhi, with comparable hikes in other regions of the nation, in order to lessen the burden of under-recoveries. The market will set the cost of gasoline and diesel at the refinery gate as well as at retail stores. To reduce the overall effect on the impoverished and vulnerable, it is suggested that the rise in fuel costs be phased in over time. Additionally, it has been determined that the government would appropriately interfere in the pricing of gasoline and diesel in the event of a sharp increase or volatility in global oil prices. Main food items and manufactured food products are the two subcomponents that make up the food index. With primary food items weighing 14.34 percent and manufactured food goods weighing 9.97 percent, the composite food index in the WPI has an overall weight of 24.31 percent. The high increase in food price inflation during 2010–11 has been a key cause for worry in the domestic economy. The WPI food inflation rate peaked in February 2010 at 20.22 percent, although it has since reduced to 8.59 percent in December 2010. Of its two components, primary food price inflation reached a record high in the updated series in February 2010 at 21.9%; it then fell to 9.4% in November 2010 and then increased once more to 13.6% in December 2010. On the other hand, the inflation rate for manufactured food goods decreased from 19.3% in December 2009 to 0.4% in December 2010. Onions, fruits, eggs, meat, fish, and milk all saw significant price increases among food goods. However, due to favorable monsoons, food grain prices remained low, with a 2.6% annual inflation rate in December 2021.

Given that the present period of relatively high inflation is centered on food, pan, supari, tobacco and intoxicants, and housing, analysis at this level has taken relevance. Food and housing were two of the main causes of the high CPI-IW inflation rate.

The housing sector weighs 15.3% of the total weight in the CPI-IW commodities basket, making it the third largest contributor behind the food and miscellaneous categories. Nonetheless, compared to the same time previous year, the average inflation for the April–December 2010 period was lower. In the CPI-IW, non-food inflation grew to 11.64 percent from April to December 2010 compared to 8.78 percent over the same period the previous year. Compared to the same time previous year, when food inflation was 14.70 percent, it decreased to 10.29 percent between April and December 2010. In December 2010, the CPI-IW showed a rise in inflation to 9.47% from 8.33% in November 2010. In the CPIIW, food inflation also rose, rising from 5.35 percent in November 2010 to 7.98 percent in December 2010. In December 2010, the CPI-IW showed 15.3% and 77.6% inflation in fruits and vegetables and onions, respectively, compared to 22.77 and 45.82 percent inflation based on the WPI. The state-by-state CPI-IW and the annual inflation rate for onions in December 2010 indicate a previously unheard-of increase in inflation in the northern area, especially in Punjab.

CONCLUSION

The Indian economy has serious obstacles from poverty and unemployment, which compromise the country's ability to prosper, maintain social harmony, and achieve inclusive development goals. For millions of Indians, institutional impediments and persistent poverty traps limit their ability to move up the economic ladder, impede the development of human capital, and maintain income inequities. Similar to this, high unemployment rates increase social tensions, obstruct the expansion of consumption, and restrict the economy's potential for productivity, especially among young people and vulnerable groups. In order to reduce poverty and unemployment, the Indian government has put in place a number of welfare programs, job schemes, and skill development projects. However, because of structural inefficiencies, a lack of money, and implementation gaps, their effectiveness has been limited. Thus, in order to address the underlying causes of poverty and unemployment, a comprehensive strategy is required. This strategy should include structural reforms to encourage inclusive growth, investments in education and vocational training, focused interventions to empower marginalized communities, and actions to improve entrepreneurship and labor market flexibility. Policymakers can help India have a more fair, resilient, and sustainable economic future by giving poverty reduction and job creation top priority.

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