Chapter III

Syllabus: *Sectoral Trends and Issues (a) Agricultural Sector: Problem of low productivity; Green Revolution and its impact; Land Reforms; Problems of rural credit and marketing. (b) Industry and Service Sector: An overview of industrial growth during pre-reform and post-reform period; Role of Public Sector: its performance and the issue of disinvestment; Role of MSME sector, problems faced by the MSME Sector; Role of the Service Sector: growth of banking and insurance sector during the post-reform period. (c) External Sector: Problem of unfavourable balance of payments and policy measures.*

Introduction: In this chapter, we shall discuss in detail about the sectors we have briefly described in Chapters I and II. To be specific, we have already noted:

(i) The decline in the relative importance of the agricultural sector in respect of its contribution to national income. On the other hand, we have also mentioned that agriculture still provides livelihood to nearly 50% of India's total workforce.
(ii) Similarly, the failure of the industrial sector to contribute a larger share in the national output was noted with some concern.
(iii) The growing importance of the service sector – both in terms of contribution to GDP and employment generation – was mentioned in some detail.
(iv) Finally, it was noted that India has opened up on the external front in the last two-and-a-half decades and her Trade-GDP ratio has increased sharply in the post-reform era.

In this chapter, we shall discuss in detail the four different sectors mentioned above, namely, (i) agriculture, (ii) industry, (iii) services, and (iv) external sector. We start with agriculture.

The Agriculture Sector

Agriculture constitutes a very important sector in Indian economy. It provides the livelihood for nearly half of the Indian workforce, and in that sense alone, is the backbone of our society. It also provides food security to the nation – the most basic of human needs. In terms of sheer size and expanse, it is one of the world leaders. In terms of productivity, however, it ranks quite low. Let us now provide some basic details about our agricultural sector.

Parameter	Size/Quantity/Other relevant details	Remarks
Total arable land	159.7 million hectare	Second largest in the world
Arable land per capita	0.123 hectares	Occupies a low position in world ranking
- Net irrigated crop area out of total cropped area - Net irrigated area out of net sown area	35% 48%	Percentage wise low but total area wise among the largest in the world
Major agricultural products (according to value of production)	Rice, wheat, buffalo milk, cow milk, sugarcane, cotton, pulses, potatoes, fruits & vegetables	In many of these, India is among the largest producers in the world
Production of food grains	252 million tonnes in 2015-16	• Increased from 51 million tonnes in 1950-51 • Wheat and rice accounted for 78% of the food grains

		production in the country
Agricultural growth	Low and volatile, especially in the recent years	Above 5.5% in 2005-06, but 0.4 in 2009-10 and – 0.2 in 2014-15.
Agricultural productivity	Low	Discussed below in detail
Importance	- Providing livelihood to 50% of Indian workforce - Provides food security for the nation.	National Food Security Act was enacted in 2013. The Act aims to provide food and nutritional security to people by ensuring access to adequate amount of quality food at affordable prices

The problem of low productivity: We have seen above that the agricultural sector in India is a huge one in terms of size and expanse, but the agricultural productivity is low. We shall now discuss the problems and causes of low productivity, and also briefly touch upon the measures recommended/adopted in India to overcome the problem.

What is productivity in agriculture? As in any production process, productivity measures the input-to-output relationship. In simple terms, if **more input** is needed in one country or region to produce **the same quantity of output** compared to another country/region, we shall say that productivity is lower in the former and higher in the latter.

Now three basic inputs are needed to produce an agricultural output – land, labour and capital. Of course, the three work together and calculating the productivity of a single input is an extremely complex exercise. Moreover, simply the measurement of total quantity of inputs used may be very difficult in respect of labour and capital.

Table 3.1: Yield of Rice and Pulses (Kg/hectare)
in Select Countries (2014)

Country/Region	**Crop**	
	Rice	**Pulses**
World	*4546*	*909*
India	*3576*	*659*
China	*6832*	*1724*
Indonesia	*5130*	*Not a major pulse producing country*
Bangladesh	*4628*	*-do-*
Vietnam	*5737*	*-do-*
Brazil	*5212*	*1030*
Myanmar	*3888*	*1422*

Source: Agricultural Statistics at a Glance (2016), **Ministry of Agriculture & Farmers' Welfare, Government of India**

It is seen from the above table that in respect of rice – of which India is a leading producer – the average yield per hectare of land is lower than not only that of China and Brazil, but also than of Indonesia, Myanmar, Vietnam and even Bangladesh. Moreover, our yield per hectare is significantly lower than the world average.

Similarly, our pulse yield per hectare is lower is lower than countries like China, Brazil and Myanmar. More important, India's productivity is lower than even world productivity. So, the problem of low productivity of agricultural output is clearly shown in all types of data.

Now the question is: what are the causes of low productivity in the agricultural sector in India? We shall briefly discuss the main reasons below.

Causes of low productivity

Excessive Pressure of Population on Land:

Uneconomic land-holdings: As per Agriculture Census 2010-11, small and marginal holdings of less than 2 hectare account for 85 percent of the total operational holdings and 44 percent of the total operated area in India. Now, small farm sizes inhibit mechanization. This creates difficulties in

(i) Application of modern inputs,
(ii) Adoption of scientific land improvement,
(iii) Water conservation and
(iv) Plant protection measures.

Inadequate access to irrigation and dependence on monsoon: We have earlier presented data on currently available irrigation facilities in India. According to Economic survey 2018, only 48% of net sown area has some irrigation facility. If calculated as a percentage of gross cropped area, the percentage is even lower at 34.8%. [**Note**: *In **gross cropped area**, the same land may be counted more than once if multiple cropping is practised, while under the **net sown area** data, a land is counted only once, no matter how many times it is cropped*].

Unscientific use of soil nutrients resulting in loss of fertility of soil: Modern methods of farming involve use of chemical fertilizer – the use of the so-called NPK package (application of Nitrogen, Phosphorous and Potassium nutrients).

Land degradation:
Low rates of investment and capital formation:
Lack of access to formal agricultural credit:

Agricultural marketing – Overview and Problems

Agricultural marketing can be defined as the commercial functions involved in transferring agricultural products from producer to consumer. Agricultural marketing includes all activities involved in moving agricultural produce from producer to consumers:

(i) Through time (that involves storage),
(ii) From place to place (that involves transport),
(iii) In different forms (that involves processing) and
(iv) Through the smooth transfer of ownership at various levels of the marketing process without either the buyer or the seller turning into a **price-maker** (when the other becomes a mere price taker).

The National Commission on Agriculture (Part XII of its report, 1976) defined agricultural marketing as

a process which starts with a decision to produce a saleable farm commodity and it involves all aspects of market structure of system, both functional and institutional, based on technical and economic considerations and includes pre and post- harvest operations, assembling, grading, storage, transportation and distribution.

The Indian Council of Agricultural Research defines agricultural marketing as involving three important functions, namely (a) assembling (concentration) (b) preparation for consumption (processing) and (c) distribution.

The objectives of an **efficient marketing system** are:

1. To enable the farmers (producers) to get the best possible returns to their labour and investment,
2. To provide facilities for buying all produce the farmers plan to sell at a price that provides them a positive incentive to produce again.
3. To reduce the price difference between the primary producer and ultimate consumer.
4. To make available all agricultural products to consumers at reasonable prices.

Problems of agricultural marketing:

Poor storage facility: A major deficiency of the Indian agricultural marketing is lack of store houses.

Inefficient and inadequate transport facility:

Lack of perfect knowledge: Without such knowledge, farmers cannot take advantage of higher and lower prices in different markets.

Too many intermediaries or middlemen:

Lack of a sound agricultural credit system:

Lack of infrastructure:

Lack of a National integrated market:

Government Initiatives to solve the problem of agricultural marketing

The governments over the years have tried to address the problem of agricultural marketing. The steps may be briefly outlined as follows:

1. **Building marketing institutions:** The marketing institutions can be grouped into

   - Public sector organizations, including Food Corporation of India **(FCI),** Cotton Corporation of India, Jute Corporation of India, Commodity Boards, Commission for Agricultural Costs and Prices etc; State Agricultural Marketing Boards, Central and State Warehousing Corporations, Agricultural Produce Market Committees etc.

   - Cooperatives and

   - Other formal/informal bodies

   The role and functions of each of these differ and include policy formulation, implementation, supervision and facilitation in respect of the markets.

2. **Building a strong cooperative network:** In India, there is a four-tier structure consisting of

   - Primary marketing societies,

   - District or regional cooperatives,

   - State marketing federations and

   - National level marketing cooperatives.

3. **Having a system of Minimum Support Prices (MSP):**
4. **Establishment of APMCs:** An Agricultural Produce Market Committee (APMC) is a marketing board established by a state government in India.

Establishment of e-NAM: National Agriculture Market or **e-NAM** is an online trading platform for agricultural commodities. The Portal is managed by Small Farmers' Agribusiness Consortium (SFAC). On the e-NAM platform, farmers can opt to trade directly on their own through mobile app or through registered commission agents.

Rural Credit & NABARD

National Bank for Agricultural and Rural Development (NABARD) is India's **apex Development Financial Institution**, formed by an Act of Parliament in1982. Owned by the Government of India and the RBI, NABARD aims at bringing rural prosperity through credit and non-credit initiatives in the fields of agriculture, cottage & village industries, handicrafts and small scale industries.

For analytical convenience, let us divide the functions of NABARD into the following classes:

(i) **Financial functions, (ii) Developmental functions, and (iii) Supervisory functions**

Financial Functions

Refinance: Many financial institutions provide **short-term working capital loans** or production credit to farmers. NABARD **refinances** *these institutions.*

Direct finance: The **Rural Infrastructure Development Fund (RIDF**), set up with NABARD in 1995-96 by the RBI, provides finance for rural infrastructure projects. RIDF contributes to nearly 20% of the total rural infrastructure in India.

Warehouse Infrastructure Fund

NABARD Infrastructure Development Assistance

In addition to these, there are other NABARD schemes for extending finance directly. These are:

(i) **Direct lending to co-operative banks**
(ii) **Credit facilities to marketing federations**
(iii) **Credit to producers' organisations Developmental functions**

Tribal development
Kisan credit card scheme
Micro- finance
Skill development

INDUSTRY

The industrial sector: This sector may be considered to include -

(i) Mining
(ii) Manufacturing,
(iii) Electricity, Gas and Water Supply, and
(iv) Construction.

It should be pointed out that according to RBI classification (which is in line with classification norms used by many International Organisations like World Trade Organisation), the Construction sector is included under the services. Also, mining is considered by some organisations as a primary sector activity and by some agencies as an industrial sector activity. As we often quote estimates from different sources (CSO, Planning Commission, RBI, World Bank etc), there is sometimes a possibility of some confusion when sectoral shares for the different sectors are compared.

An overview of industrial growth during pre-reform and post-reform period:

From the point of view of industrial growth, the forty year period (1951-1991) from the inception of India's Planning era to the inception of the economic reforms of 1991 can be classified into three distinct phases. They are as follows:

1. Phase I (1951-1965/66) of fairly fast industrial growth
2. Phase II (1967-1980) of industrial deceleration
3. Phase III (1981-1991) of recovery

Phase I: Building the foundation of a strong industrial base and structure

A strong industrial base was laid during the first phase covering the first three plan periods.

	1st Plan Period	**2nd Plan Period**	**3rd Plan Period**
Industrial Growth rate	**5.7**	**7.2**	**9.0**
Growth rate of capital Goods sector	**9.6**	**13.1**	**19.0**

Phase II: Era of industrial deceleration
The Indian industrial growth could not be sustained beyond the third Plan period (1961-66). Many economists have criticised the Nehru-Mahalanobish model (of 'growth through heavy industrialisation'), which, they said, had ignored the consumption goods sector, and was unsustainable.
Causes of Deceleration and Retrogression

a) **Exogenous factors**: (i) 1973 Oil shock when prices of crude petroleum rose threefold, as well as the 1979 Oil shock and (ii) 1971 War with Pakistan. Both caused a severe drain on the government exchequer and badly affected both public and private investment,
b) **Internal factors:** (i) The low growth of agricultural output adversely affected the industry sector as well as there was a severe shortage of raw material, (ii) All-pervasive restrictions imposed on the private sector which discouraged taking new venture. As a result, private investment also entered a period of very low growth.

Phase III: Recovery

The period of the 1980s can be considered as the period of the Industrial recovery. It witnessed an industrial growth rate of more than 6 percent during the sixth plan and 8.5 percent during the seventh plan. The period was also marked by a significant recovery in the manufacturing and capital goods sector. The most important observation from the revival of industrial sector was that the revival is closely associated with **the increase in the productivity of Indian Industries.**

Reasons for recovery

There were several reasons behind the industrial recovery. They are briefly outlined below.

1) India began to liberalise the all-pervasive control regime from the 1980s. Foreign trade was liberalised to a certain extent, providing much easier access to imported raw materials, intermediate goods and foreign technology.
2) Bureaucratic controls were also relaxed to a certain extent, thus encouraging competition.
3) Green revolution was slowing transforming parts of rural India, and though it was a very unequal growth, it at least created a market for industrial output. Thereby, demand for industrial products was generated.
4) The service sector growth also created purchasing power among the people, thereby expanding the market for industrial products.
5) Finally, the government was incurring budget deficits during this period. So, the government created a demand, which was also unsustainable and dangerous for the economy, though for the time being, it helped to accelerate industrial growth.

Phase IV: New Economic Policy and Economic reforms

This period has seen the revival of industrial growth at a fast rate. This was possible only because India adopted a comprehensive reform package to make the Indian industry more efficient, low cost and therefore, competitive globally.

However, it should be noted that the industrial growth cannot only be promoted by industrial sector reforms but reforms in the external sector, financial sector and even agricultural sector as well. As this era saw a reform package that was very comprehensive, industrial growth actually picked up soon thereafter. We provide below, in a nutshell, some of the policy measures adopted to boost up industrial growth.

Industry

• Virtual abolition of industrial licensing.
• Abolition of separate permission needed by "MRTP houses".
• Sharp reduction of industries "reserved" for the public sector.

- Freer access to foreign technology through the FDI route
- Special tax and price incentives for export-oriented units
- Easier availability of imported intermediate products and raw materials

External Sector

• Devaluation and transition to a market-determined exchange rate.
• Phased reduction of import licensing (quantitative restrictions).
• Phased reduction of peak custom duties.
• Policies to encourage direct and portfolio foreign investment.
• Monitoring and controls over external borrowing, especially short-term.

Agriculture

• More remunerative procurement prices for cereals.
• Reduction in protection to manufacturing sector.

Financial Sector

• Gradual freeing up of interest rates, that would lower the cost of production in all sectors.

Micro, Small and Medium Enterprises (MSMEs) – Role and Problems

Across the world, Micro, Small and Medium Enterprises (MSMEs) are considered one of the growth engines for a nation. The importance of this sub-sector in India is particularly significant, because of its enormous employment generation potential.

What is an MSME?

A Micro, Small or Medium Enterprise may belong to either the industry or the service sector. The eligibility norms are different for the two different sectors as outlined below.

Classification	**Services Sector**	**Manufacturing Sector**
	Investment in Plant & Machinery	**Investment in Plant & Machinery**
Micro	Up to Rs. 10 Lakh	Up to Rs. 25 Lakh
Small	More than Rs. 10 Lakh but less than Rs. 2 crore.	More than Rs. 25 Lakh but less than Rs. 5 crore
Medium	More than Rs. 2 crore but less than Rs. 5 crore	More than Rs. 5 crore but less than Rs. 10 crore

Contribution to GDP: MSMEs contribute a large part of India's GDP as outlined from the data given below.

Year	**MSME output as percent of GDP**	**Manufacturing MSME output as a percent of Manufacturing Gross Output Value**
2011-12	29.6	33.0
2015-16	28.7	33.0

Source: Ministry of MSME, Annual Report 2017-18

Contribution in respect of employment generation: The MSMEs are large employment providers in India. The employment related data is provided in the table below.

Employment generation by MSMEs-2015-16 (In Crore)

	Employment Generated	**Employment Generated (%)**
Manufacturing	3.6	32.0
Services	7.5	68.0
Total	11.1	100

Source: Ministry of MSME, Annual Report 2017-18

The Micro sector provides the major share of employment, with an estimated 10.7 crore of persons engaged there out of a total of 11.1 crore for the entire MSME sector. More significantly, MSMEs are second biggest occupation provider in India after agriculture.

Contribution in respect of social empowerment: According to the Annual Report (2017-18) of the Ministry of MSME, SC/ST and OBC category owners constitute around 68% of total owners of MSMEs (concentrated mostly in the Micro sector) while the percentage of women entrepreneurs is slightly above 20%.

Contribution in respect of export and foreign exchange earnings: 40% of total exports from India originate from MSMEs.

Problems faced by MSMEs: In spite of all the impressive data discussed above, it must also be noted that according to the fourth All India Census of MSME 2006-2007, it was found that around 30 percent of total units were suffering from sickness. Significant reasons of the sickness were discovered to be a lack of demand, deficiency of working capital and marketing problems.

Reasons for sickness	**Proportion of sick units (percent)**
Lack of demand	42.0
Shortage of working capital	20.0
Non-availability of raw material	5.0
Power shortage	6.0
Labour problems	6.0
Marketing problems	11.5
Equipment problems	3.0
Management problems	6.5

Thus, problems and challenges faced by this very important sector can be categorised as follows:

1. Lack of demand
2. Financing problem
3. Marketing problems
4. Labour problems
5. Competition from developed units
6. Failure to employ skilled manpower
7. Lack of technology
8. Management problems

The service sector

We present below a table showing the growth rates for the different sectors (and sub-sectors within the sectors):

Table: 3. Growth Rates of Different Sectors 2007-17 (%)

Sectors	**Average 11th Plan period (2007-12)**	**Average 12th Plan period (2012-17)**
Total GDP	**6.2**	**8.0**
Industry	**3.5**	**7.6**
Services	**8.2**	**9.0**

It is clear from the above table that both during the 11th Plan period (2007-12) and the 12th Plan period (2012-17), the service sector growth rates exceeded those of (i) the GDP growth rate, and (ii) the

Industry growth rate. During the 11th Plan period –when world economic recession hampered India's industrial and GDP growth – the service sector showed a robust growth rate of 8.2% as compared to only 3.5% for the industrial sector and 6.2% for the GDP. The difference was less for the 12th Plan period.

Out of the different sub sectors within the service sector, Financing and Real estate sub-sectors (clubbed together) grew at the fastest rate during the 11th Plan period (11.2% per annum), while the Transport, Storage & communication sub-sector was second in terms of growth at 8.4% per annum during the same period.

During the 12th Plan period, Transport, Storage & communication sub-sector was the fastest growing at 11.8%, while the Financing and Real estate sub-sectors (clubbed together) grew at the second fastest rate of 9.9%, which was also very impressive.

Service sector and employment: The service sector has also developed into major employer in India, with the fastest growth rate in terms of employment.

Table 3: Occupational pattern in India 1961- 2015 (%)

Sector	**1960-61**	**1990-91**	**2000-01**	**2014-15**
Primary	*72.0*	*67.5*	*57.0*	*47.0*
Secondary	*10.0*	*12.0*	*17.5*	*22.0*
Tertiary	*18.0*	*20.5*	*25.5*	*31.0*

Sources: Census of India, 2011 & MOSPI website

Export performance of the Service sector: According to Economic Survey (2017-18), India accounted for 3.4% of all exports of commercial services in 2016, which was double its share for all merchandise exports at 1.7%. The ratio of service exports to total exports was only 35.8% in 2000-01, which increased to 58.2% in 2016-17.

Foreign Direct Investment (FDI) in Service sector: In respect of FDI inflow, the service sector forms a major contributor to the Indian economy. The share of the top 10 service sub-sectors accounted for around 56% of all FDI inflow to India during the period 2000-2017 (October).

Banking and Insurance Sector

What is a commercial bank? According to the Banking Regulation Act of 1949, the activity 'banking' may be defined as follows:
"**Banking**" *means the accepting, for the purpose of lending or investment, of deposits of money from the public, repayable on demand or otherwise, and withdrawable by cheque, draft, order or otherwise"*. Four points need to be noted about the definition.
First, banks accept deposit of money from the public.
Second, the deposits are accepted for the purpose of lending and investment.
Third, the deposits must be repaid on demand, and
Fourth, the deposits can be **withdrawn by various means, such as drawing a cheque, asking the bank to make a draft etc.**
An institution which carries out these basic functions may be called a bank. Also, the **purpose of a commercial bank** is to **earn profit**.

Commercial Banks refer to both scheduled and non-scheduled commercial banks which are regulated under Banking Regulation Act, 1949.

(a) Scheduled Commercial Banks are grouped under following categories:
1. **State Bank of India and its Associates**
2. **Nationalised Banks**
3. Foreign Banks
4. Regional Rural Banks
5. Other Scheduled Commercial Banks.
(b) **Non-Scheduled Commercial Banks** (or, **private banks**)

Note: *Banks in the groups (1) & (2) above are known as public sector banks whereas, other scheduled commercial banks mentioned at group (5) above are known as private sector banks.*

If we try to analyse the growth angle for the banking sector, we have to mainly consider

(i) Growth of deposits
(ii) Growth of credit, as well as credit-GDP and credit-deposit ratios
(iii) Growth in the number of bank branches

Of course, there are many other parameters that can be examined but we shall confine ourselves to these basic parameters.

There has been a massive increase in bank branches experienced in India since nationalisation of banks in 1969, from a mere 8262 in 1969 to 109811 in 2015. Also important is the growth of rural branches during this period from 1833 to 47599 in 2013. However, branch expansion is taking place at a faster rate in urban areas compared to the rural areas over the last two decades, as revealed by the decline in the percentage of rural branches from 50% in 2000 to about 43% in 2013.

During 2006–17, deposits grew at a rate of 11.71 per cent (annualised) in India, while credit grew at the rate of 11.07% during the same period. However, since 1994, private banks have performed better than the public sector banks in respect of both deposit growth and growth of bank credit.

The Insurance sector

Management of risk is an extremely important function of the financial sector. The insurance sector looks after that need, both in respect of the life and the non-life segments. Insurance organisations are financial intermediaries which collect premium from the customers, with the promise of compensating them for some specified event. The premium collected is disbursed among borrowers or invested.

Reinsurance: When an insurance company itself insures a part of its risk with another insurance company, it is called reinsurance. General Insurance Corporation (GIC) is a notified reinsurer in India.

Role and Functions of LIC

- **Savings Mobilisation**
- **Investment and capital formation**
- **Lending to productive units**
- **Refinancing**
- **Increasing national welfare**
- **Housing Loan**
- **Intermediary role**

After its change in status to India's only re-insurer and complete delinking of its four subsidiaries, GIC is now known as GIC Re.

Functions of GIC Re

1. To provide reinsurance to the direct general insurance companies in the Indian market
2. To provide reinsurance solutions to international insurers
3. To impart training and raise the level of awareness among the stakeholders in the insurance business
4. To run a Risk Rating System including Probable Maximum Loss (PML) assessment

Main Economic Reforms of 1991-93

Fiscal

• Reduction of fiscal deficit.
• Launching of reform of major taxes.

External Sector

• Devaluation and transition to a market-determined exchange rate.
• Phased reduction of import licensing (quantitative restrictions).
• Phased reduction of peak custom duties.
• Policies to encourage direct and portfolio foreign investment.
• Monitoring and controls over external borrowing, especially short-term.

Build-up of foreign exchange reserves.

• Amendment of the Foreign Exchange Regulation Act (FERA) to reduce restrictions on firms.

Industry

• Virtual abolition of industrial licensing.
• Abolition of separate permission needed by "MRTP houses".
• Sharp reduction of industries "reserved" for the public sector.
• Freer access to foreign technology.

This period has seen the revival of industrial growth at a fast rate. It should be noted that the industrial growth does not only depend on industrial sector reforms but reforms in the external sector, financial sector and even agricultural sector as well. As this era saw a reform package that was very comprehensive, industrial growth could pick up.

Agriculture

• More remunerative procurement prices for cereals.
• Reduction in protection to manufacturing sector.

Financial Sector

• Phasing in of Basle prudential norms.
• Reduction of reserve requirements for banks, notably the cash reserve ratio (CRR) and the statutory liquidity ratio (SLR).
• Gradual freeing up of interest rates.
• Legislative empowerment of the Securities and Exchange Board of India (SEBI).
• Establishment of the National Stock Exchange (NSE).
• Abolition of government control over capital issues.

Public Sector

• Disinvestment programme begun.
• Greater autonomy / accountability for public enterprises.

Points to Remember:

Agricultural Sector:

1. Agriculture is a major pillar of the Indian economy because of its high share in **employment and livelihood creation** as well as **provision of food security** to the nation.
2. Food grains consist of cereals and pulses. Rice, wheat, jowar, bajra, maize, etc. are included among the cereals whereas gram, moong, masur, arhar, etc. are included among the pulses.
3. In 2013, **National Food Security Act** was enacted under which BPL families in rural and urban areas will be entitled by law to 25 kg. of foodgrains per month at highly subsidized rates. It specially provides for giving 35 kg of foodgrains to the poorest of the poor people per household per month. This facility is given under the **Antyodaya Anna Yojana.**
4. KCC scheme was introduced in the Banks in August 1998. The aim of Kisan Credit Card Scheme (KCC) is to provide adequate and timely support from the banking system to the farmers for their short-term credit needs during their cultivation for purchase of inputs etc., as well as for post harvest needs.
5. The National Agricultural Policy, launched in 2000 aimed at a growth rate of 4% in agricultural output. It emphasizes promotion of sustainable agricultural practices. It favours private participation through contract farming and land leasing arrangements. The policy supports the development of genetically-modified food crop varieties.
6. Oilseeds, Cotton, Sugarcane and Jute are the major commercial crops in India.
7. Madhya Pradesh produces the largest quantity of pulses.
8. West Bengal is the highest rice producing states in India.
9. Uttar Pradesh is the largest producer of the wheat in India.
10. Rabi Crop: These are crops that are sown around mid-November, and harvesting begins in April/May. Some major rabi crops are Wheat, Barley and Mustard.
11. Kharif crop: Kharif crops are usually sown with the beginning of the first rains in May or June and harvested at the end of monsoon season (Oct-Nov). Major Kharif crops are: Rice, jowar, bajra, cotton, sugarcane and some varieties of pulses and oilseeds.
12. India is the second largest producer of fruits in the world.
13. Production of fruits, vegetables and spices called horticulture.
14. Food Corporation of India is responsible for procurement, distribution and storage of food grain production in India.
15. The concept of Green Revolution emphasizes the increase of food grain production by modern techniques of production (High yield seeds, irrigation, use of chemical fertilizer and pesticides etc.)
16. Indian Agriculture is characterized by labour surplus economy, disguised unemployment, small size of land holdings, traditional method of production
17. NABARD (National Bank for Agriculture and Rural Development) was established in 1982.
18. The main objective of NABARD was to provide credit facilities for agriculture and rural development so that the financial inclusion can be ensured.
19. Blue Revolution is related to fish production
20. Golden revolution is related to horticulture
21. Round Revolution is related to potato production
22. Yellow Revolution is related to Oilseed and edible oil
23. White revolution is related to milk production.
24. The Green Revolution has led to marked increase in the production of pulses and wheat.
25. The Green Revolution has been more successful in Punjab, Haryana, and West Uttar Pradesh,
26. The Green Revolution also increased regional inequalities and interpersonal inequalities.

27. The major problems of agriculture in India are: These include lack of irrigation facilities. Low productivity of land and uncertain monsoon, single crop cultivation, and non availability of fertilizers on subsidized. It is also typically characterized by land scarcity, labour surplus economy with disguised unemployment and small size of holding.
28. Commercial crops are crops which are produced for trade purpose and not for self consumption by farmers. So sugarcane, jute, cotton, oilseeds etc, fall in the category of commercial crops.
29. Marginal land holding means holding of less than one hectare
30. Small land holding means holding of 1 to 4 hectare
31. Large land holding means holding of more than 4 hectare
32. Land reform in India was started just after independence.
33. The programmes included in the land reform were: elimination of intermediaries, tenancy reforms, determination of ceiling of holdings per family, consolidation of holdings and distribution of surplus land among landless people.

Industry and Service Sector :

1. Government owns the assets of Public Sector
2. Globalisation of Indian economy means having lower levels of restrictions on economic relations with other countries.
3. Mahalanobis model stressed upon the establishment of Capital and basic industries
4. Three steel plants in Bhillai, Rourkela and Durgapur were set up in the Second plan.
5. Small scale sector contributes to about 34% of total exports
6. India's oldest iron and steel plant is TISCO at Jamshedpur
7. The biggest Public Sector undertaking in the country is Railways
8. Chelliah Committee was formed to suggest means for tax reforms in India.
9. The service sector includes activities such as Transport, communication, retail trade and banking
10. 'industries that are well developed and have ample scope for further development' is true about "Sunrise Industries"
11. The aim of current Industrial policy of India is Accelerating the performance of mixed economy
12. India announced the new economic policies (NEP) in 1991. However, since they were a basket of policies on different sectors, they were announced from time to time.
13. **The main features of NEP were delicensing, giving a greater role to the market and the private sector, relaxation of external sector restrictions (like high import tariff, FDI barriers etc), introducing tax reforms etc. In short India tried to introduce structural reforms.**
14. In mixed economies government and the market co-exist.
15. **India followed a planned economy from the time of independence. In accordance with the goal of the state controlling the commanding heights of the economy, the industrial policy resolution of 1956 was adopted.**

External Sector:

1. BoP (Balance of Payment) refers to a Systematic record of all its economic transactions between residents and with the rest of the world in a certain period
2. Maximum share in total external debt of India is of Long-term borrowings
3. In India, the Foreign Exchange Reserves are kept in the custody of Reserve Bank of India

4. Travel & Tourism industry generates invisible exports.
5. Foreign investment can come through Foreign Direct Investment (FDI) and Foreign Portfolio Investment (FPI) from Foreign Institutional Investors. India's first operational special economic zone (SEZ) is located at Indore
6. The Special Export Zones (SEZ) have been created to promote exports by providing special incentives to the firms operating there.
7. Invisible Export refers to export of Services
8. One of the main factors that led to rapid expansion of Indian exports is Liberalisation of the economy
9. A major reason behind the problem of unfavourable balance of payment is current account deficits. This is generally caused when imports are much greater than exports.
10. Dumping in the context of international trade refers to exporting goods at prices below the actual cost of production or below the price
11. Import substitution means Replacing import items by domestic production of such items