

ECONOMIC DEVELOPMENT

Inclusive Growth & Issues

Date

No.

HDI: 131 rank (India).

- Social Inclusion
- Industrial Inclusion
- Political Inclusion
- Economic Inclusion
- Environmental Inclusion

Defⁿ: UNDP has defined inclusive growth as - "the process and the outcome where all groups of people have participated in growth and have benefitted equitably from it".

An inclusive growth is the one that has high potential of poverty reduction. eg. reduces disparities among per capita incomes in agri. & non-agri, rural & urban, diffnt. socio economic groups, etc.

Salient features of Inclusive growths:

1. Economic growth is necessary but not sufficient for inclusive growth.
2. Includes poor and lagging socioeconomic groups as partners & beneficiaries of economic growth.
3. address the concern of ^{the} excluded & the marginalised
4. I.G. should be non-discriminatory and favourable to all and be broad-based.
5. It has to ensure access of people to basic infrastructure and basic services such as health & education.
6. Should reduce both horizontal & vertical inequalities in incomes & assets.

(intra-group)

(inter-group)

Regional balances

Dimensions of I-G:

Increase in employment

elimination of poverty

elimination of discrimination

promotion of access to a variety of public resources & infra-structure

elimination of inequalities

Two aspects of I G

- Human Devp (social infra, ...)
- Physical Devp. (amenities, etc...)

Government Initiatives:

1. Inclusion through Skill Development.

- > National Skill Development Mission
- > National Policy for Skill Development & Entrepreneurship - 2015.
- > PM Kaushal Vikas Yojana
- > National Career Service.

2. Financial Inclusion: includes access to saving accounts, credit, remittances, insurances, pensions.

- > MUDRA
- > Direct Benefit Transfer
- > PM Jan Dhan Yojana
- > Gold monetisation scheme
- > Kisan Credit Card.

• Some initiatives towards agricultural financial inclusion:

- > Nationalisation of banks
- > NABARD
- > priority sector lending norms
- > Banking Correspondent (BC) scheme.

3. Technology for inclusion:

- > Digital India
- > agriculture technology can help making agro-value chain from farmers to consumers more efficient & Competitive.
- > digitisation of land records.
- > technology in health & governance.

"SCRIP"
"CRISP"

4. Economic growth & social development:

> India not performing well on SDGs - reason: programmes and policies are implemented for redistribution of income and not for generation of income. Consequences: jobless growth with huge regional divergences

Soln:

> Financial Inclusion

> Job creation: eg. MGNREGA

> Food security. (NFSA).

5. MSMEs in inclusive growth agenda: [more employment generation potential].

> Special thrust on start up,

> Make in India,

> Knowledge based development (MSMEs can survive if they learn to adapt and innovate)

> MUDRA, Yojana.

6. Employment and Inclusive Growth:

> formal vs informal sector,

> tribal, women, SCs can be addressed through: self-employment programme,

> MUDRA Yojana

> PM Vidya Lalshmi Karyakram to encourage higher education among poor.

7. Agriculture and inclusive growth:

> marketing reforms

> Soil Health card scheme

> PM Krishi Sinchayee Yojana

> PM - Fasal Bima Yojana.

* Some current/recent initiatives:

1. Hill Area Development Programme for Northeast. ✓

2. Aajeevika Grameen Express Yojana. ✓

• India's Post-poverty challenge:

> Data from the World Bank (by researchers at Brookings) → no. of Indians living in poverty falling rapidly - from 125 million in 2016 to 75 million in 2018 and to 20 million in 2020, and then dropping to zero not long after.

> Currently: Nigeria > India > Congo
(# of poors - absolute nos.)
Soon: Nigeria > Congo > India.

> Some caution is needed:

1. Many of those who have "escaped" poverty still live in precarious & grim lives dogged by ignorance & disease. Risk of slipping back!

2. Record of poverty reduction looks less impressive when seen by fuller measures of human development. (HDI: Rank 131, value = 0.624)

3. Rising inequality: India's top 10% of earners now take 55% of national income each year, up from 32% in 1980.

It is very difficult to correct inequalities at a later stage of development.

4. Corruption, diseases (preventable! like J-E) are rampant.

5. India's fight against poverty battle is close to being won in large parts of the country. It now needs to build basic state capacity, providing decent govt. services, & inexpensive social security. [Focus on education & healthcare].

ini coeff.
33% - income
83% - wealth
2019, top
Indians
spend 58%
of total
of Nat'l
income.

Illow
Asia
et.

Government Budgeting

allocation
stabilisation
distribution

National University
of Singapore

Date

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- Objectives of budgetary policy:
 1. Providing effective administration. (police, military, courts, govt. offices, etc.)
 2. Providing infrastructural facilities (education, health, sanitation, water, roads, etc.)
 3. Providing employment opportunities (opening public enterprises, subsidising private ones, tax concessions, etc.)
 4. Ensuring stability in prices. (fair price shops, etc.)
 5. Reducing income inequalities.
 6. Promoting economic growth.
 7. Correcting the balance of payments deficit. (discouraging imports & encouraging exports).

- Fiscal Consolidation: is a process of reducing government's fiscal deficit and improving fiscal health of the government. India had continued on path of fiscal consolidation due to array of reasons including lesser fuel subsidies, targetted social sector schemes, better for generations & better aligned expenditure.

- * Fiscal Responsibility & Budget Management Act, 2003:
Objective: to ensure inter-generational equity in fiscal management, long run macroeconomic stability, better coordination between fiscal & monetary policies & transparency in fiscal operation of the government.

The main aim was to eliminate revenue deficit & bring down fiscal deficit to 3% of GDP by 2008.

- Act requires the govt. to represent:
- (1) Medium Term Fiscal Policy Statement
 - (2) Fiscal Policy Strategy Statement
 - (3) Macroeconomic Framework Policy Statement.

The Act was scrapped in 2009 following govt's rising fiscal deficit after 2007 financial crisis.

- Through Finance Act, 2012, amendment to FRBM:
> along with above 3 statements, Central Govt. is required to present - "Medium Term Expenditure Framework" Statement (MTEF)

> Concept of "Effective Revenue Deficit" introduced. [It is the diff. bet revenue deficit & grants for creation of capital asset].

> The MTEF will give 3 year rolling target for expenditure indicators.

- N.K. Singh Review Committee (2016):

Based on the report; following amendments are incorporated:

1. To achieve the fiscal deficit target of 3% of GDP by 2020-21.
2. debt-to-GDP ratio for central govt. to be reduced to 40% by 2024-25.

Way Forward:

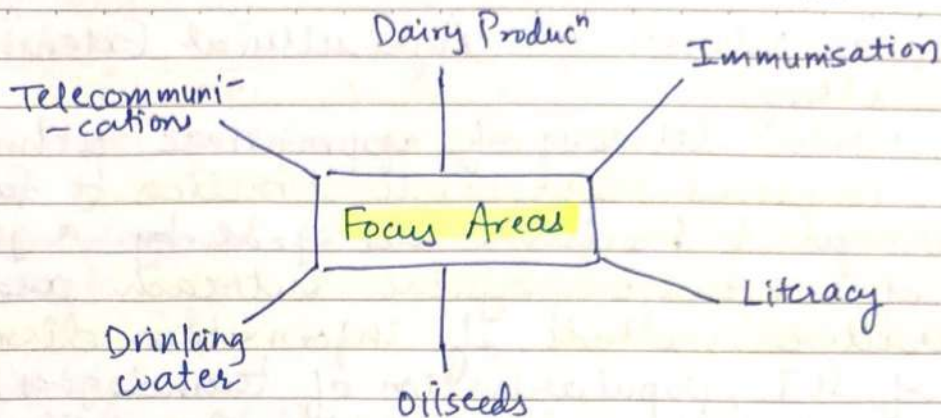
N.K. Singh Comm. had also recommended formation of institutions like an independent Fiscal Council to ensure fiscal prudence in accordance with FRBM spirit.

The "escape clause" recommended by the committee ~~should~~ provides a leeway to the government to take fiscal measures during recessions (countercyclical measures).

Technology Missions.

Date

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- Specific Goals:

1. availability of safe drinking water to all.
2. Immunise all pregnant women & children.
3. teach people to read & write in age group of 15-35.
4. to eliminate India's imports of 8lt edible oil.
5. self sufficiency in dairy production.
6. improve telecommunication services.

- Various Tech. Missions:

1. National Food Security Mission: rice, wheat, pulses, and cereals.
2. National Mission of Sustainable Agriculture: covers microirrigation, rain-fed area development, organic farming, soil management, land use survey, resource conservation & efficient use of water.
3. National Mission on oilseeds & oil palm: Almost 50% of our demand is met through imports. Government procurement focuses more on cereals and neglects oilseeds. The mission aims at correcting this situation by increasing production of oilseeds to about 10mt by 2017.

4. National Mission on Agricultural Extension & Technology:

- to enable delivery of appropriate technology and improved agronomic practices to farmers
- envisages to achieve this goal by a judicious mix of extensive physical outreach and interactive methods of information dissemination
- use of ICT, popularisation of technologies, capacity building, availability of quality seeds, plant protection, etc.
- encourage Farmers Interest Groups (FIGs) & Farmers Producer Organisations (FPOs).

5. National Horticultural Mission: (Mission for Integrated Deep- for Horticulture).

(Operation Green)
↓
Onion, Tomato, Potato.

- to promote holistic growth of the horticulture sector through an area based regionally differentiated strategies.
- Horticulture has high value-to-gross cropped area ratio. (25% value & 9% GCA)

6. National Mission for Protein Supplements:

- Focuses on dairy development, piggery, poultry, fisheries and aquaculture.

7. National Mission on Food Processing:

- aims at organising the unorganised food processors, including Self-Help Groups; to help them reap advantages of Mission initiatives, and ensuring advantages of programmes/schemes/institutions/infrastructure of NMFP reach micro and small enterprises on preferential basis.

Economics of Animal Rearing.

Date

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• Snapshot:

- > 25-30 mn. people in India depend on livestock.
- > sector provides employment to 9% the population & contributes 4% to GDP.
- > employment to 65% of rural population
- > contributes 15% of income of small farm households

• Importance of Livestock sector:

- > Ensures food & nutritional security.
- > cattle wealth are still the backbone of Indian agriculture.
- > Dung and other animal wastes serve as good farm yard manure.
- > contributes in production of biogas, biodiesels.
- > weed & pest control.
- > provides cushion to farmers at the time of droughts.

• Challenges to livestock sector: [can write for all subsectors]

- > Climatic factors (eg. heatwave in AP & TS - affected poultry badly).
 - > Lack of poultry feed: Maize is the single most important
 - > Diseases (Bird flu, Foot & mouth, etc.) Poultry feed, but its availability is an issue
 - > Lack of trained human resources, awareness
 - > low productivity and dearth of physical capital.
 - > Poor hygiene & upkeep
 - > Absence of standardisation & branding of products. (exports)
- lack of fiscal support & institutional mechanisms (only 12% of total agri. support goes to livestock)

Schemes/ Policies for Livestock Sector:

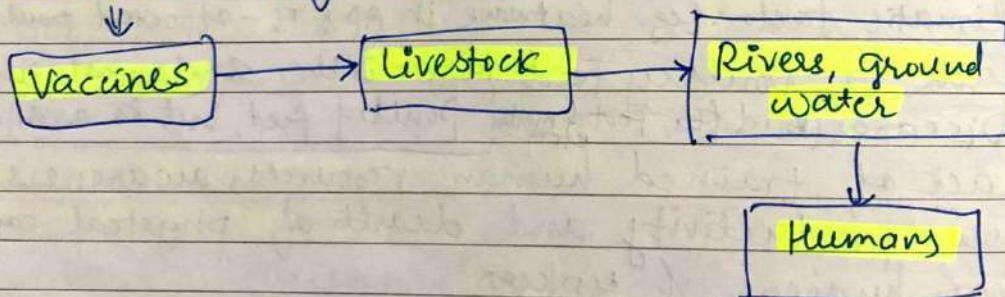
1. National Livestock Mission: to ensure qualitative & quantitative improvement in livestock production systems and capacity building of all stakeholders.
4 submissions:
 - (i) On Fodder & Feed Devp.
 - (ii) On Livestock Development.
 - (iii) On Pig-Devp. in Northeastern Region.
 - (iv) On skill-development, Tech. transfer & extension.

2. Rashtriya Gokul Mission:
> to conserve and develop indigenous breeds in scientific manner by providing breeding facilities with high genetic pedigree.
> Give a push to local breeding programme on the line of local breeds like Gir, Sahiwal, Rathi to enhance milk production.
3. Operation Flood/White Revolution. (1970)
- "Amul" model.

4. Blue Revolution:
> to improve fish production & productivity from aquaculture & fisheries development.

Recent threats:

- Anti-microbial resistance (AMR) due to unmitigated vaccination of animals.



- Carcinogens in fisheries (in Tamil Nadu).
- Excessive use of Oxytocin: barren animals & shortens lifespan of animals. (Govt. has banned imports of oxytocin)

5. E-pashuhat portal:-

> for connectivity-breeders & farmers regarding availability of bovine germplasm.

6. Pashu-sanjivani:-

> includes identification of animals in milk using UID issuing health cards and uploading data on INAPH data base.

11/11/11 (for Econ II also)

Food Processing & Related Industries.

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• What is Food Processing?

→ It is the transformation of agricultural produce into better quality edibles by physical &/or chemical processes.

• Scope & Significance: > (14% of manufacturing Value added, 10% of agri. GDP.)

> It contains rural-urban migration by providing jobs to rural labour in rural areas itself.

> labour intensive in nature.

> potential to boost exports as diverse agro-climatic regions offer diversity in basket.

> helps reduce food inflation by cutting out middlemen.

> indirectly helps crop diversification: in the absence of F.P. industries, farmers prefer to grow cereals and not horticultural products.

> enhances food & nutritional security.

• Potential:

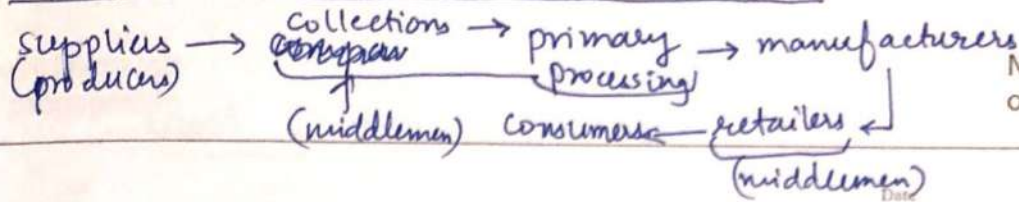
> sunrise industry with double-digit growth rate globally.

> with changing food habits, demand for horticultural & processed foods is rising; household consumption is expected to double by 2020 vs. avgs 2015.

> India has abundant manpower & raw-material; shortages in investment can be made up by FDI.

> opening up of the sector to large industries as against reservation for SMEs previously.

Supply Chain management of F.P. industry:



National University of Singapore

No.

Challenges:

Supply-side bottlenecks.

- High speed packaging cost and post-harvest losses.
- Lack of organised retail reduces commercial viability.

Infrastructural bottlenecks

- Absence of comprehensive National policy on food processing for a long time.
- India's labour laws, high indirect taxes, lack of credible food testing facilities like FDA in USA.
- High freight charges, high turnaround times, and development.

Lack of research and development.

- Location: Majority of food processing industry is in Gujarat, West Bengal, and A.P., MH, KN, Kerala, Punjab. ^{concentration}

Government initiatives:

> Budget 2018-19: has given impetus to 'specialised agroprocessing financial institutions'. Operation Greens would be funded through this.

> Pradhan Mantri Kisan Sampada Yojana: scheme for agro-marine processing & dev. of agro-processing clusters. This scheme has subsumed the scheme for 'Megafood park'.

> Nivesh Bandhu scheme: investor facilitation portal for catering to both domestic & foreign investors.

> Negotiable Warehousing receipts: NWR that farmers can use to avail bank credit.

~~XXXXXXXXXX~~

Way forward:

We need to replace our current perception of 'Farm-to-Fork' by 'Farm-to-Factory-to-Fork', in order to improve quality of food and hence ensure nutritional security.

For this, we need to ~~redesign~~ have a robust 'National Food Processing Policy' and invest in capacity building of 'FSSAI'.

Innovative solⁿ: DNA barcoding. (adulteration can be curbed, exports competitiveness).

Land Reforms.

Date

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- At the time of independence, there were serious imbalances in man-land relationships among three groups - proprietors, working cultivators, and labourers. The need for land reforms was the most urgent and hence found itself at the top of the list of the post-independence reforms.

- Phases of Land Reforms:

1. 1947-91:
 - 1947-66 - abolition of zamindars, land ceilings, land consolidation, tenancy reforms.
 - 1966-1991 - technology focus. eg. Green Revolution

2. Post-1991: for both agricultural and industries to cater to the food and infrastructural requirements of the economy. This has led to land-market emergence in the economy.

- Successes of initial phase of Land Reforms and some challenges.

1. Successfully abolished zamindars & intermediaries \Rightarrow rackrenting the peasantry as well as extracting illegal cesses in the form of cash, kind or begari labour became a thing of the past.
2. Burden of land revenue became near zero, as the government stopped taxing agricultural income.
3. Massive efforts towards improving agricultural productivity.
4. Agriculture grew at 3% p.a. during first 3FYs as against near-zero growth from 1891-1947.

5. • Guaranteed security of tenure to tenants, reduction of rents, ownership rights. ~~That did not~~
- Tenancy legislation sought to strike a balance between the rights of landowners & tenants.
 - Tenancy reforms succeeded in West Bengal (Operation Barga) and Kerala.
 - Challenges in Tenancy Reforms:
 - > In many places tenancy was cleverly hidden, tenants were now called 'farm servants'.
 - > tenants were converted into sharecroppers.
 - > most tenancies were oral & unrecorded. (reason for left-wing extremism).
6. Tenants & sharecroppers who got occupancy rights, ownership rights, and landless who got the 'surplus' land, and absentee landlords who became private cultivators, all had the motivation to becoming progressive farmers who could access credit, and improve land productivity. based on judicious investments.

- Land ceilings: To solve the issue of inequality in land ownership, and welfare of subtenants.

Most of the states enacted the land ceiling acts by 1961. but they suffered from following weaknesses:

1. Ceilings fixed were very high.
 2. ceilings, initially, were imposed on individuals & not on families.
 3. A large number of exceptions were permitted. This led to landlords creating bogus farming cooperatives in order to shield themselves from the ceilings.
 4. long delay in introducing ceiling legislations ~~to~~ gave landlords time to sell their excess lands and make malafide benami transfers.
- * Overall the result of the land ceiling legislations was, at best, minimal. 1960s witnessed agrarian crisis, inflation, wars with China & Pakistan, and agrarian radicalism (Naxalism).

This gave a further impetus to pro-land ceiling activists, and a second wave of reforms was introduced in 1972 by Indira Gandhi government.

- Guidelines in new land ceiling policy:
 - ceilings to be brought down.
 - ceilings were made applicable to a family of five people, rather than individual.
 - in redistribution, priority to be given to landless agricultural labourers.

• Current situation and way forward:

> Any further reduction in land ceilings to provide lands to landless labourers would vastly increase the number of uneconomic and unviable holdings.

> Thus, other answers are to be found in off-farm employment, increase in animal husbandry, and other activities that do not require land.

• Bhoodan-Gramdan movement:

1950s: - Vinoba Bhave initiated

- Urged large landowners to donate at least $\frac{1}{6}$ th of their lands as 'bhoodan' for distribution among landless and the poor.
- Target was to reach 50 mn. acres.

Problems - most lands donated was infertile or under litigation.

1955: - movement changed tack, & initiated 'gramdan' - village donations.

- started in Orissa & most successful there.
- successful mainly in villages where tribal population lived (non-differentiated class structure).

Success of B/G movement:

- > to bring about land reform via social movement and not via legislation.
- > stimulated political activity by peasants.

• Cooperatives and an Overview of Land Reforms:

> At independence, given the socialist ideas of many of the nationalist leaders, cooperativisation was high on agenda. It was expected to serve as a major boost to agricultural producti-
-vity and growth. However, it was clarified that any move towards cooperativisation would be through persuasion and not compulsion.

> The states resisted any large-scale plans for cooperativisation and agreed only to voluntary experiments in cooperative farming.

> Service Cooperatives contributed significantly to agri-growth.

- > provided institutional credits
- > subsidised fertilisers
- > modern implements
- > farmer's education.

> Major failure of credit cooperatives was their inability to repay loans in many cases.

* Post-1991 (Modern/Market led Reforms):

- for both agriculture and industries, to cater ^{to} the food as well as infrastructural requirements of economy.

- This has led to land-market emergence in the economy.

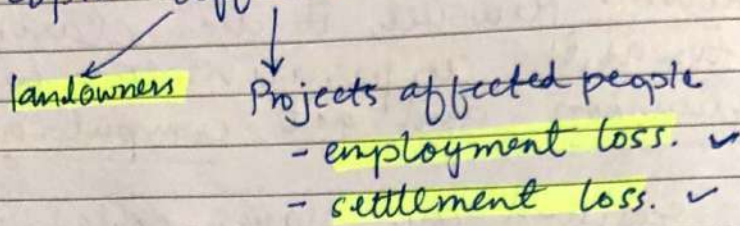
1. Modernisation of Land Records:

- digitisation of land records as a solution to the problem of "Lack of conclusive ~~growth~~ ownership Rights". But before digitisation, we need to recognise land owners.

- Hence, govt, launched "Nat'l Land Records Modernisaⁿ Prog."

2. Facilitating Land Leasing: (variance of tenancy reform)
- compulsory registration for landowners & lease holders who get rent & security resp.

3. Land Acquisition for "Public" purposes:
- People affected.



4. Land Acquisition Act, 2013:

- "Right to Fair Compensation and Transparency in Land Acquisition, Rehabilitation and Resettlement Act, 2013".

- Provisions:

> Consultation with local self government and gram sabhas during acquisition process. This ensures least disturbance is caused to the owners of the land and other affected families.

> Ensuring fair compensation to affected families.

> Making adequate provisions for rehabilitation & resettlement.

> In case of compulsory acquisition, endeavours should be made that affected persons are made partners in development so as to ensure a smooth rehabilitation process for them post acquisition.

- Controversies/Criticisms:

- > lack of specific definition of 'public' purposes.
- > Red tapism + bureaucratic hassles + improper land records + ^{mandatory} social impact assessment → all this complicates the procedure & delays the process.
- > Cost of compensation too high → investments become financially unviable.
- > 'Affected families' not defined clearly. Also, consent clause requires 20% families to be consented for private & 70% for PPP project — this is too harsh and makes acquisition virtually impossible.

- Government has introduced 'Land Acquisition Bill (Amendment) 2015':

- > to address the problems in L.A. Act, 2013.
- > this bill was vehemently opposed and hence could not be passed in the Parliament.

- Way Forward:

In light of government's ambitions to turn India into the 'factory of the world', ~~land~~ acquisition making land acquisition simpler, at the same time, justice ensuring justice for affected people, should be high on the agenda. For this, we need to have a consensus based land acquisition act.

Innovative solution: Land Banks. → EoDB.

Food Security.

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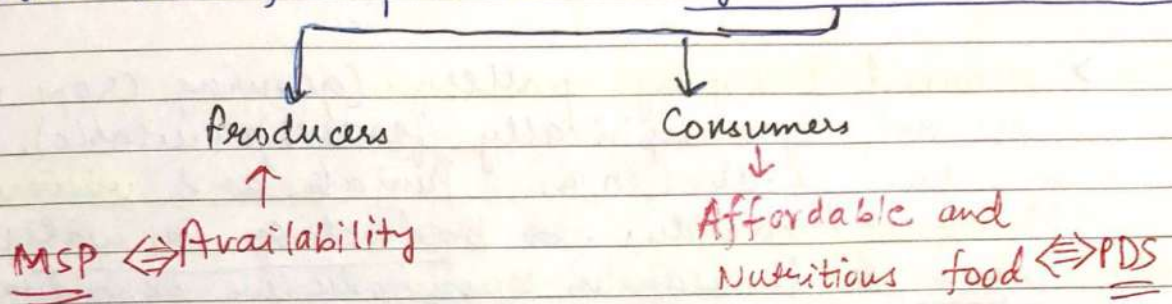
3 aspects.

Availability of foodgrains

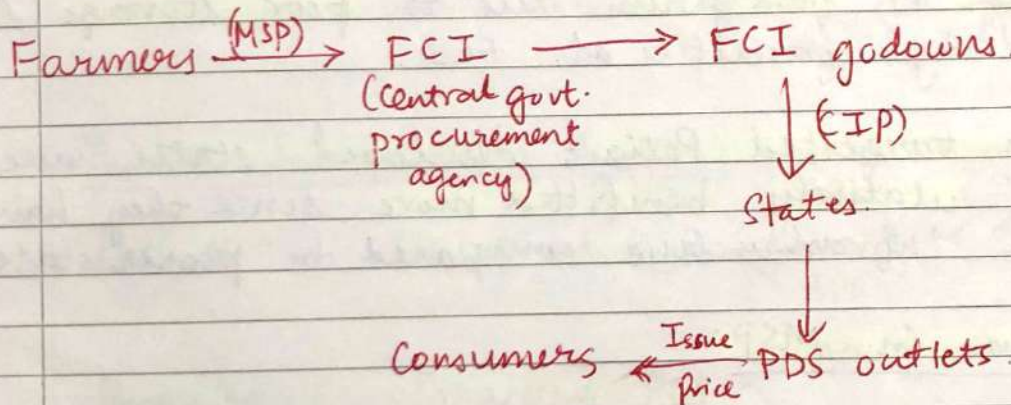
Nutrient security

Affordability.

Food security depends on the Agricultural Price Policy.



Food Security Framework:



Note: Issue Price \leq CIP.

Note: MSP - Market Price = subsidy to farmers.
Market Price - CIP = subsidy to consumers.

Impacts of MSP:

- > Increase in food subsidy $\&$ ^{hence,} expenditure.
- > Increase in market price of foodgrain (as most farmers sell foodgrain to FCI instead of market).
- > Distorted cropping pattern. (growing crops which are not geographically ~~feasible~~ suitable).
eg. rice production in Punjab, and vicious cycle of subsidies \rightarrow reduction in water tables & increase in unproductive expenditure.
- > Wastage of food grains due to poor storage & handling facilities at FCI.
- > Poorly targetted Policy: developed states have been relatively benefitted more since they have better infrastructure compared to poorer states.
- Reforms in MSP:
 - > Currently, the policy focuses on cereals only. Pulses and oilseeds should be included, which will ensure - ① Nutrient security ② Agro-climatisation ③ Reduction of imports.
 - > Hikes in MSP should be followed by adequate & efficient procurement exercises so that benefits actually reach farmers.
 - > Decentralised procurement \rightarrow by the states \rightarrow this will cut transportation costs.
 - > states should procure according to the food habits of the st

* Shantakumar Committee:

Storage-related

- ↑ capacity.
- modern technology.

Procurement related

- The future role of FCI should be diluted in the hinterland & southern India but should be increased in N.E. states / backward states.

* Way Forward:

The government can look for innovative measures like Price Deficiency Payment System. Also, Chhattisgarh procuring pulses in PDS can be a model for other states.

• Public Distribution System:

> Pre-1997: Universal PDS
 { APL
BPL } no distinction.

> Post-1997: Targetted PDS
 { APL (100% of economic cost)
BPL (50% of economic cost)

> 2001: Antyodaya Yojana. ⇒ further increased subsidy

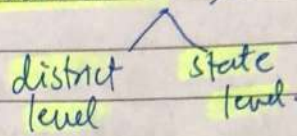
> 2013: National Food Security Act [made food security a legal right].
(Before 2013, food security was just a welfare measure.)

- Objectives of PDS:
 - ← remunerative prices to farmers
 - ← food security by strategic buffer stocks.
 - ← access to affordable food to consumers.

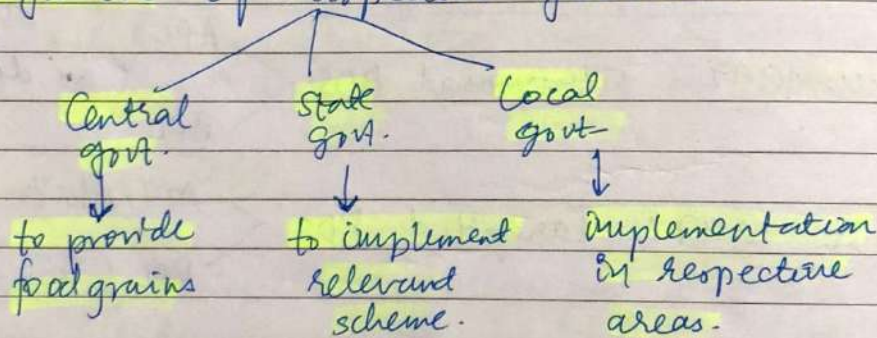
state → "cultural sensitivity".

✓ NFSA, 2013: (provisions):

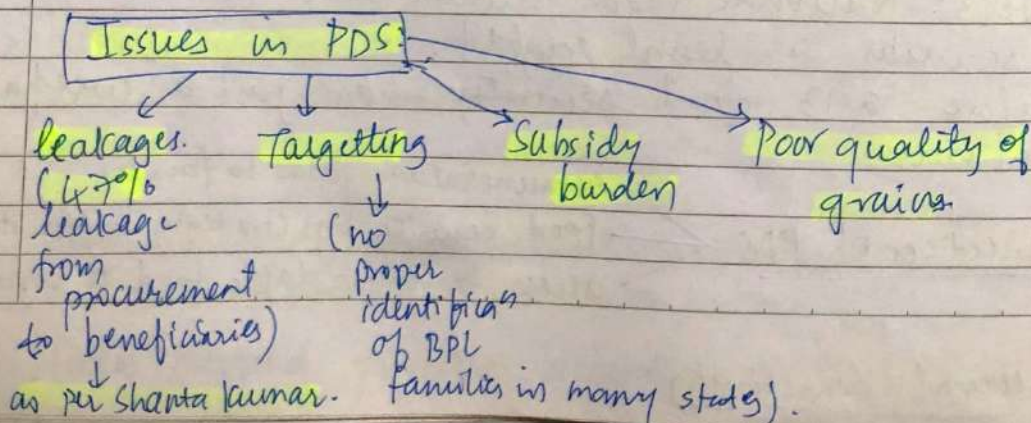
- > Beneficiaries to be identified by according to SECC, 2011.
- > State Food Commissions - in each state to monitor & evaluate the implementation of the act.
- > 2-tier grievance redressal structure.



- > Transparency provisions - all records in public domain.
- > Women empowerment - ration cards issued in the name of eldest woman of the family.
- > Obligations of respective governments



* Reforms in PDS:



Focus should be on:

Hunger ✓

Malnourishment ✓

Poverty ✓

Date

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Reforms needed:

1. Door-step delivery:

- end-to-end computerisation

- minimises PDS leakages from FCI to PDS outlets.

2. Management of PDS through community institution:

- eg. cooperatives of T.N. or gram panchayats of Chhattisgarh rather than PPP model of other states.

3. Gradual adoption of Aadhaar with robust infrastructural support.

• Way Forward:

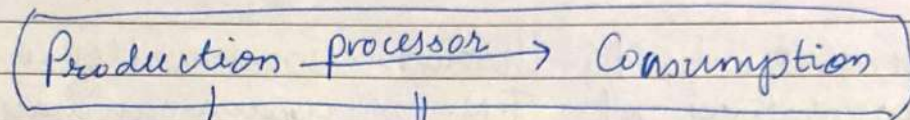
Innovative measures like 'Universal Basic Income' for those who have been excluded from the PDS due to migration or other reasons. DBT using JAM trinity, use of technology such as e-PDMS covering entire supply chain, etc. can be used to revamp PDS.

Agricultural Marketing

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- It is associated with processes like processing, grading (quality standards), transportation, storage, distribution. No subsidy is provided to producer or consumer.



↓
Agricultural marketing

(In India: 18-25% losses in this process)
(P → C)

Twin objective of agricultural marketing.

Provide remunerative prices to farmers.

Provide affordable price to consumers.

∴ removing middlemen is the pre-requisite.

• Evolution of agricultural marketing:

(1) 1950s - APMC Act → states come up with APMCs.

• Roles given to APMC:

- (i) To create the agricultural markets & regulate them.
- (ii) To issue licences to market functionaries and also renew/cancel them.
- (iii) To levy market fees.
- (iv) Price determination through auctions.
- (v) Farmers legally bound to sell produce in APMC Mandis and ^{can} not ^{sell} even in notified areas.

• Agricultural Marketing Reforms:

(Model APMC Act 2002)

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- e-Rakam portal
- Agri-Udaan - startup revolution in agriculture
- Nivesh Bandhu portal.

1. Deregulation of agricultural market, i.e. farmers to be allowed to sell their produce outside mandis.

2. Separate markets created for perishable goods.

3. PPP model in development and management of agricultural markets.

4. Contract farming shall be promoted; ~~is~~

• Electronic marketing:

(1) Rashtriya e-marketing Services Ltd. (REMS).
- a joint venture of Govt. of Karnataka & NCDEX e-mkts. Ltd.

(2) e-NAM (National Agricultural Market).

- national version of REMS

- integrates all the APMCs in the country through common platforms.

- Provisions:

> funding from central government.

> single licence valid throughout the state.

> single point levy of market fee throughout the state.

> Provision for e-auction.

- Challenges:

> As of April 2017, only 10 states have adopted e-NAM.

> higher transportation cost.

- > Lack of electronic payment system.
- > Infrastructural bottlenecks like storage, grading.
- > internet connectivity.

- Way forward:

It seems that intra^{state}-NAM likely to be the most efficient step in achieving the overall objectives. Therefore, National Agricultural Market can be gradually developed as -

intra-state level → inter-state level → Zonal level → National level.

• 7-point strategy for doubling farmers' incomes (Ashok Dalwai Committee's recos.):

1. Increase in production (irrigation, PMKSY, etc.)
2. Effective use of input cost (soil health mgmt, seeds, etc.)
3. Reduction of post harvest losses.
4. Value addition (Sampada Yojana, promoting food parks).
5. Reforms in agricultural mktg. through e-NAM.
6. Farmer's insurance for risk, security & assistance.
7. Promoting Allied activities.

Till here
-o- For Econ-II -o-

PIPVMIA
I AM VIPP

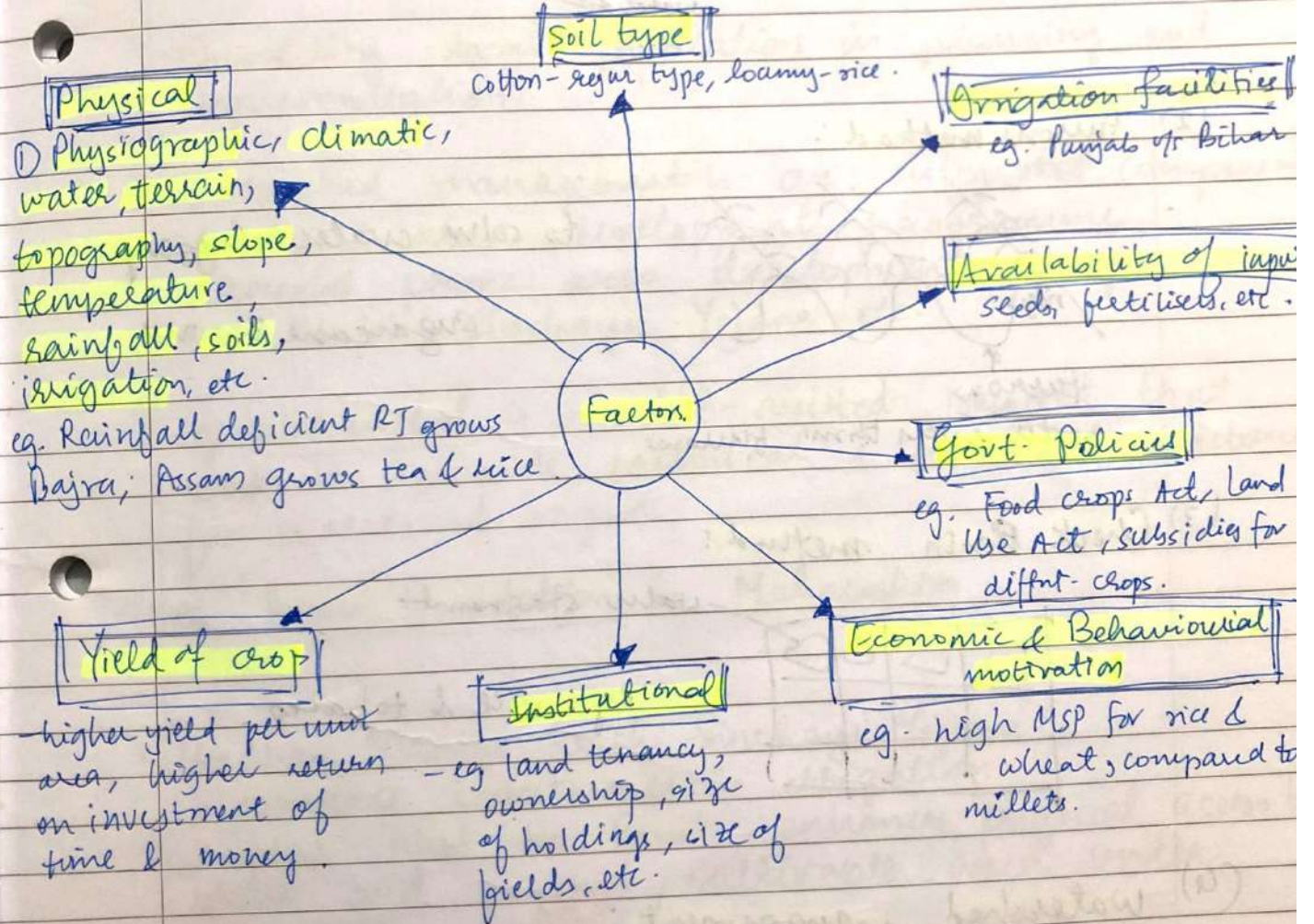
* Major crops & Cropping Patterns * Date _____ No. _____

* Cropping Pattern:

defn: It is yearly sequencing and spatial arrangement of crops or of crops and fallow on a given area.

> Cropping pattern is a dynamic concept as it changes over time & space.

> Factors influencing cropping pattern:



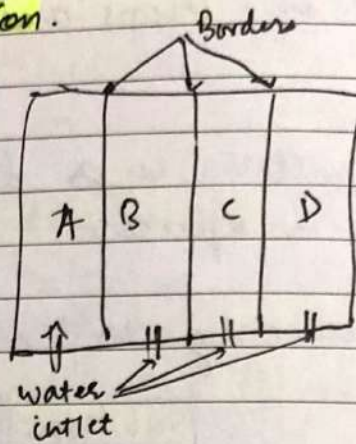
NPK \Rightarrow 4:2:1 (ideal).
 India \Rightarrow 6.7:2.4:1 ; Punjab \Rightarrow 81:8:1

Irriigation

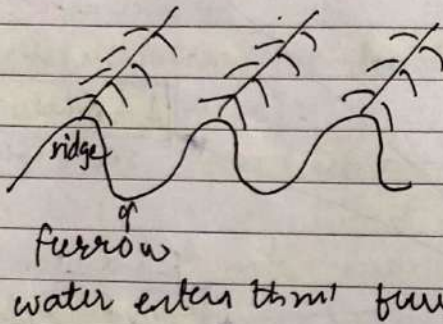
Methods of irriigation.

(1) **Border Method:**

sugarcane in up.



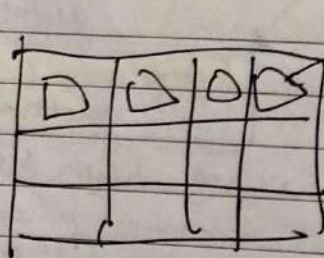
(2) **Furrow method:**



to solve water clogging

sugarcane in mst.

(3) **Check Basin method:**



eg. rice & tobacco.

(4) **Watershed management:**

> watershed management is an idea that aims for sustainable development. All the components in the system are working in such a way that it can sustain for indefinite period.

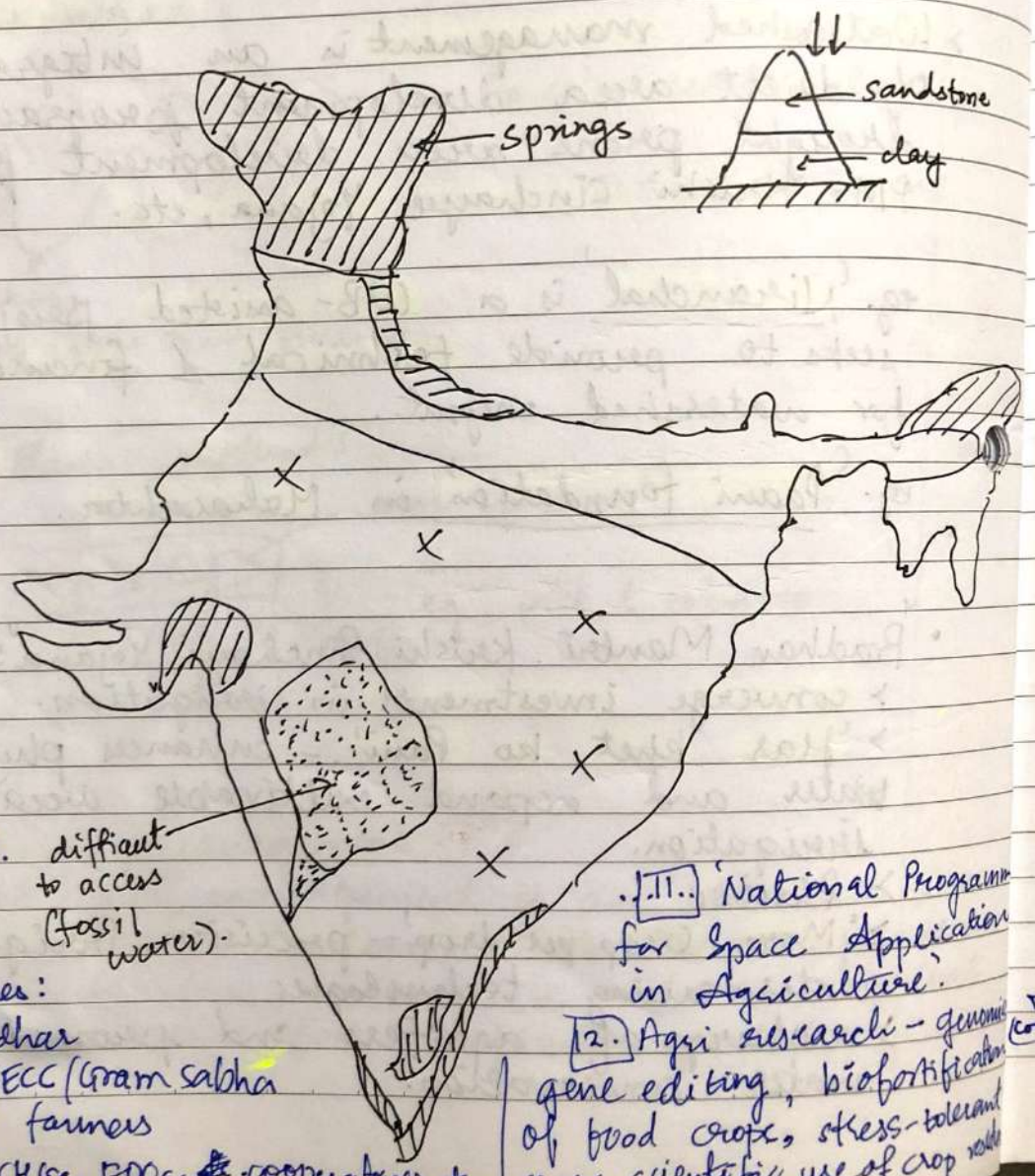
- > It can include activities like -
 - soil & soil moisture preservation techniques like treading, terracing, contour bunding.
 - planting trees, shrubs, grasses
 - fuelwood substitution technologies.
 - systems of rainwater harvesting.
 - Involving local population in planning and implementation.
- > Watershed management is an integrated component of desert area development programme, drought prone area development programme, PM-Kesiki Sinchayee Yojana, etc.
- eg. 'Niranchal' is a WB-assisted project that seeks to provide technical & financial assistance for watershed mgmt.
- eg. 'Paani Foundation' in Maharashtra.
- 'Radhan Mantri Kesiki Sinchayee Yojana':
 - > converge investments in irrigation.
 - > 'Har khet ko Pani' - enhances physical access to water and expand cultivable area under irrigation.
 - > Precision
 - > 'More crop per drop' - precision irrigation and water-saving technologies
 - > recharge of aquifers and promote sustainable water conservation.

Traditional water conservation systems/techniques

- > Zabo (Nagaland)
- > Bamboo drip irrigation (Meghalaya)
- > Nawla (Uttarakhand)
- > Zings (Ladakh)
- > Tankas & Johad (Rajasthan)
- > Surangam (Kerala)

Groundwater irrigation system:

(porous soil \equiv \uparrow groundwater).



IT, DBT, Space Tech.

Accountability

[3] For all schemes:

- Identity - Aadhar
- Eligibility - SECC (Gram Sabha)
- Focus - small farmers
- Aggregation - SHGs, PPOs, cooperatives, etc.

difficult to access (fossil water).

[1] National Programme for Space Application in Agriculture.

[2] Agri research - genomics, gene editing, biofortification of food crops, stress-tolerant crops, scientific use of crop residues.

Groundwater

Advantages

- > Decentralised system
- > ↓ cost + subsidies
- > efficiency (65-75%)
- > variation in seasons can be minimised.

Disadvantages/Problems

- > Over exploitation
- > prone to contamination
- > difficult to recharge.

(NITI Aayog report: 600 mn people face high to extreme water stress)

* Three year roadmap for agriculture : (2017-2019)

1. Seeds ← pulses
seed Bill
seed village programme.

2. Soil Health ← ⁹⁰⁰ new SH testing laboratories
hand held devices for quick health check
micro-nutrient coated fertilisers

3. increased cropping intensity by 1 mn. hectare per year, climate resilient crops (NICRA).

4. Horticulture - improved varieties, post harvest infrastructure, pack houses & ripening chambers.

5. SAPAL brand for honey & milk (initiated in Delhi).

6. Agro forestry - ("Kas Medh Par Ped").

7. Rainfed area development.

8. 350 FPOs for organic farming

9. Computerisation of Primary Agricultural Cooperative Societies.

10. Fisheries - ~500 hatcheries, promote cage culture, recirculatory aquaculture, deep sea fishing, mariculture to replace bottom trawling.

INVESTMENT MODELS.

Date

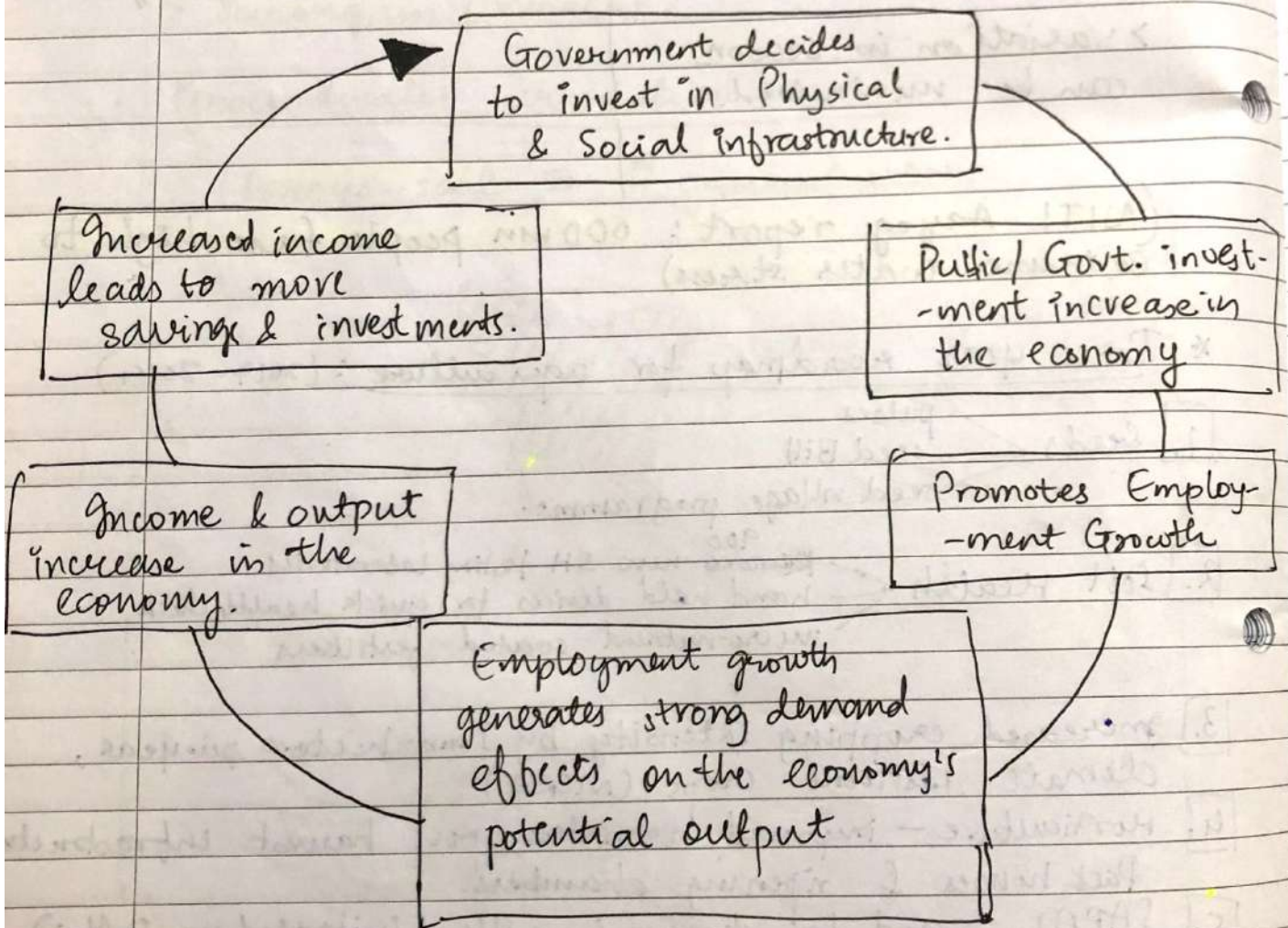
No.

* Public Sector led Invt. Model

Private sector led Invt. Model.

Public-Private Partnership model.

* Public Sector led investment model:



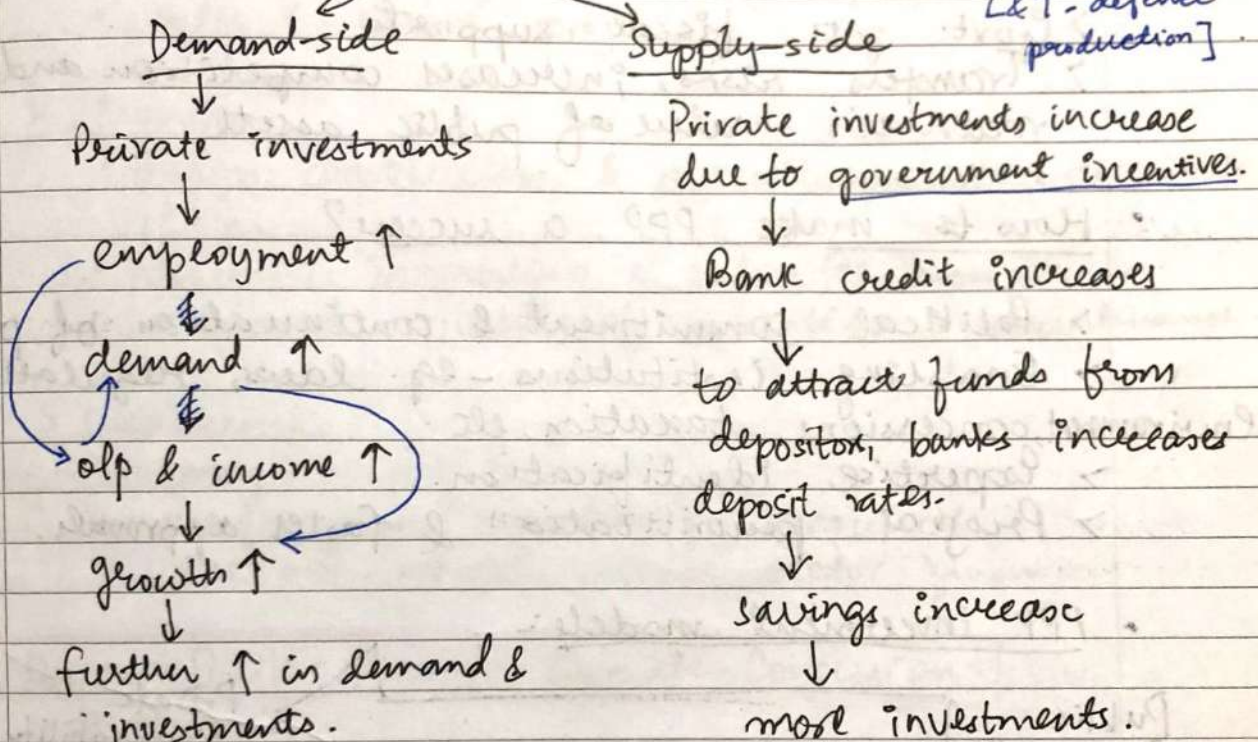
• Advantages of Public investments:

- > positive demand effects. ✓
- > increase in stock of public capital ✓
- > spillovers to multiple sectors of the economy. ✓
- > enhancement of productivity of the economy (due to long run positive effect of public capital). ✓

- Issues in Public invt:

- > long gestation periods, longer payback periods.
- > poor returns of investments.
- > most public projects lying idle, cannot take off.
eg. Damodar valley corporation project.
- > Financially not feasible. eg. UDAY scheme.

- * Private sector led investment model: [eg. Jio telecommuni-
-cation,
L&T - defence
production]



- * Public-Private Partnership: PPP is any long term to medium term relationship between the public and private sectors, involving the sharing of risks and rewards of multisector skills, expertise and finance to deliver the desired outcomes.

- Model Concession Agreements (MCA) form the core of PPP projects. They address critical issues pertaining to PPP framework, like risk allocation, costs, etc.

* Versions of MCA: BOT, DMT, HAM, etc.

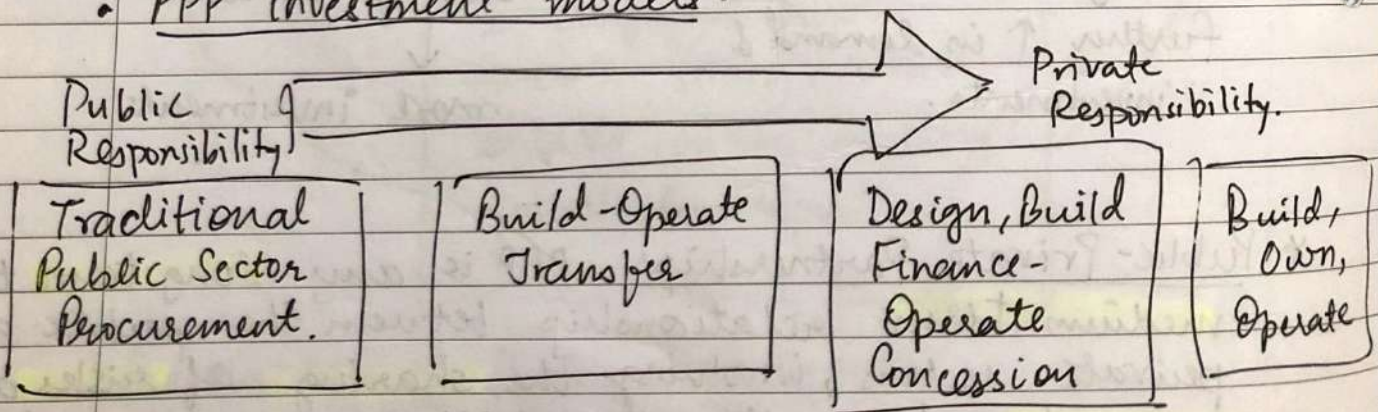
• Why govt. prefers PPP?

- > Increases efficiency.
- > Increases cooperation between public authorities & Business world.
- > Ensures delivery of quality services to people at concessional rates.
- > Govt. gets fiscal support
- > Transfers risks, increases competition and maintain value of public assets.

• How to make PPP a success?

- > Political commitment & continuation of policy.
- > Enabling institutions - eg. laws, regulations, Environment, concessions, taxation, etc.
- > Expertise identification.
- > Project prioritization & faster approvals.

• PPP investment models:



• BOT (Build Operate Transfer):

> Features:

- private player to, B-O-T the project for a defined time and then T (transfer) the project to the govt.
- financed fully by govt.
- public ownership.

> Applications:

- suitable for projects involving significant 'operating'
- water & waste projects.

> Strengths:

- design, construction & operation exist with private player
- promotes innovation & value for money.
- improved quality of operation & maintenance.

• > Weaknesses:

- complex negotiations
- performance monitoring required.
- does not attract private sector finances.

• Design-Build-Finance-Operate-Concession:

> Features:

- Govt. takes over after a definite period
- financed by private sector
- public facility is owned by private player for the contract period.

eg.
Mumbai
Metro.

> Applications:

- suitable for projects having significant 'operating'
- roads, highways, waste projects.

> Strengths:

- attracts private sector finances
- channels debt market finances, increased risk transfers.
- More incentives to private sectors to adapt

a whole life costing approach to design.

> Weaknesses:

- conflict betⁿ environment & planning
- complex contracts, time consuming tendering.

• Engineering, Procurement & Construction Model:

- > Procurement of raw materials and construction costs are met by the govt.
- > Private sector provides only the engineering expertise.
- > How is it better than other models?
 - Govt. takes entire financial burden.
 - Govt. takes care of clearances, acquiring land, etc.
 - increased incentives to finish the project earlier \Rightarrow reduces timelines.
 - eg. develop, operate & maintain the wayside amenities alongside National Highways through EPC (in Mar 2016)

• Hybrid Annuity Model:

- > Combination of EPC & BOT-annuity models.
- > Govt. provides 40% of the project cost to the developer to start work while remaining investment is made by the developer.
- > Benefits:
 - allocations of risks betⁿ govt. & investor.
 - one need not bring 100% financing upfront as 40% is ^{made} available by the govt.
 - eg. Sewage Treatment Plants under National Mission for Clean Ganga (Oct. 2017).
 - takes into account inflation.

• Swiss Challenge Model:

> Projects may not be in the plan of the state or state owned agencies. Considering gaps in physical or social infrastructure, private players propose to fill the gaps.

> Govt. may enter into negotiations with the proposers and if they cannot fulfill the terms of the project, govt. calls for bids from other interested players.

> Is this model suitable for India?

• There is no strong legal framework at the national level, and hence, such projects may be challenged in case of lack of transparency or poor disclosures.

• Govt. has brought PPP projects under CAG scrutiny. \Rightarrow bureaucrats may be afraid to take calls that might face an investigation later.

• Small projects are better suited for this model.

* Major Issues in PPP Development:

(political, legal, environmental, commercial, technological, etc. risks!)

* Way Forward:

Government should aim at maximising citizens' as well as investors' welfare. A viable and congenial investment environment should be created so that investments from domestic as well as foreign players are attracted.

Effects of Liberalisation on the economy.

- Liberalisation is a general term for any process whereby a state lifts restrictions on some private individual activities.
- Immediate reasons:
 - > Large surge in imports in 1980s
 - > Stagnant exports (majorly due to fall of USSR)
- It was achieved through:
 - de-link delicensing; - decontrol;
 - derecognition; - deregulation.

* Effects of Liberalisation:

Dimensions: (These are 1st Generation reforms)

- > Exchange rates
- > tariffs
- > foreign investments
- > stock markets
- > interest rates
- > Banking system
- > Public enterprises.

Futuristic view:

We also need 2nd generation reforms now to:

- achieve efficiency
 - ensure macroeconomic stability
- ① Labour Law reforms
 - ② Exit law/Bankruptcy code
 - ③ Rationalisation of tax rates and subsidy methodologies
 - ④ Agricultural Market Reforms
 - ⑤ Land acquisition

- Opening up of foreign trade and investment and a competitive exchange rates boosted exports, services and inward remittances. Today they account for ~20% of GDP as compared to 10% in 1990.
- Foreign exchange reserves piled up enormously. (> 400 bn in 2018)
- Rise in productivity of the economy and more resilience to external shocks like oil prices, etc
- Rise of strong Indian firms, which can compete globally.

- Flourishing private firms also led to increase in advertisement and marketing giving rise to the boom in media (print & TV) industry.
 - It restored the growth momentum of the 1980s and ensured a nearly 6% growth rate for the last two decades \Rightarrow rising living standards of people.
 - It also led to building up of India's economic and political profile in the world.
- * Privatisation: It is a process that reduces the involvement of the state or the public sector in the economic activities.

- Problems faced by public enterprises:
 - > Insufficient growth in productivity.
 - > Poor project management
 - > Lack of continuous technological upgradation
 - > Inadequate R&D and Human Resources Dep.

- Privatisation can be of three types.

Delegation Divestment Displacement.

(gradual take over by private sector).

- Impact of Privatisation on Indian Economy:

1. Frees up resources for a more productive utilisation.
2. Increase in efficiency due to 'profit motive' of private sector.
3. becomes more transparent & corruption free.

4. Get rid of employment inconsistencies. (free loaders or overemployed departments)

5. Reduces govt's financial & administrative burden.

6. Way forward:

The reforms story is only half done. Large swathes of the economy remain stifled by old systems and corruption-breeding controls. Further reforms are needed in electricity sector, roads, water & sanitation, education and healthcare, labour laws, bureaucratic machineries, taxation and finance, and above all - in the public administration & governance.

Until reforms make headway in these areas, India's 'tryst with destiny' will remain elusive in the future.

* Issues with disinvestment:

(Why disinvestments have not succeeded as expected)

> People/stakeholders not taken into confidence before considering disinvestments \Rightarrow therefore, the decisions meet opposition from people.

> A 2006 CAG Report found that valuation of companies' assets was done "without seriousness".

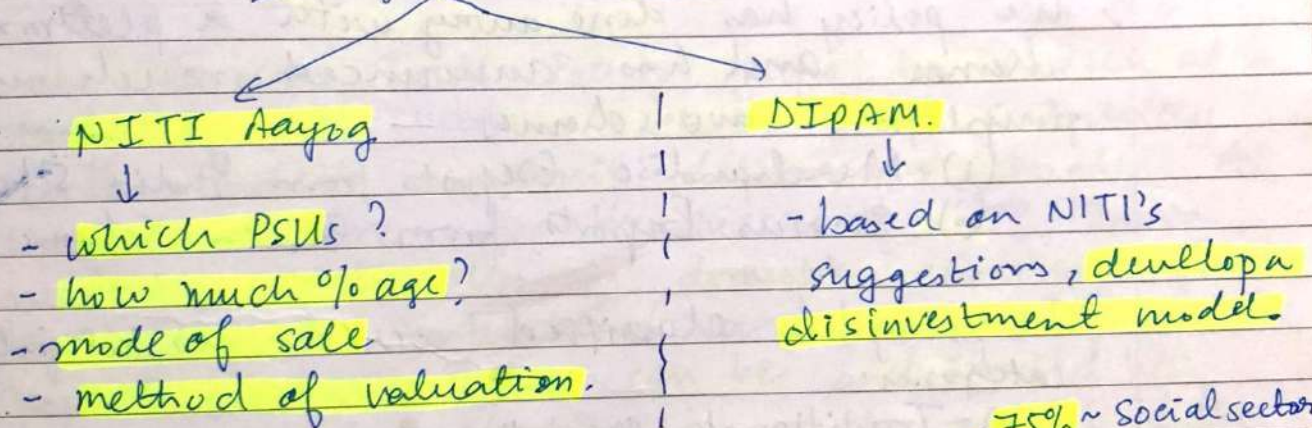
> The amount realised through disinvestment was not paid to the enterprise concerned for its expansion and improving efficiency but the govt. has been using such disinvestment proceeds to bridge the budget deficit.

• Future steps that can be taken in PSU reforms or disinvestments:

- > the govt. should disinvest in the PSUs in the sectors which are already privatised.
- > if PSUs are profit making then they can be asked to pay more dividend rather than keeping idle cash.
- > Utilising innovative instruments like 'Exchange Traded Funds' which are faster, less costlier and more flexible

* Roles of NITI Aayog & DIPAM (Dept. of Investments and Public Asset Mgmt.):

Strategic Sale in CPSEs:



* National Investment Fund: Public Account

- 75% ~ Social sector
- 25% ~ capital invt. in revival of PSUs.

Case II

* India's New Foreign Trade Policy:

- > ambitious aim to increase exports to about \$900 billion by 2019-20.
- > it to increase India's share in world trade from the current 2% to 3.5%.

• Key Highlights of the Policy:

- > the thrust is on export promotion, reducing trade transaction costs, e-commerce, service exports, EoDB.
- > the policy is in sync with other govt. initiatives like Make in India, & Digital India.
- > the policy has done away with a plethora of schemes and has announced much more simplified two schemes -
 - (1) Merchandise Exports from India Scheme
 - (2) Services Exports from India Scheme.
- > The policy has classified world market into 3 categories:
 - (A) - Traditional markets.
 - (B) - Emerging markets.
 - (C) - Other markets.

• Challenges to the FTP:

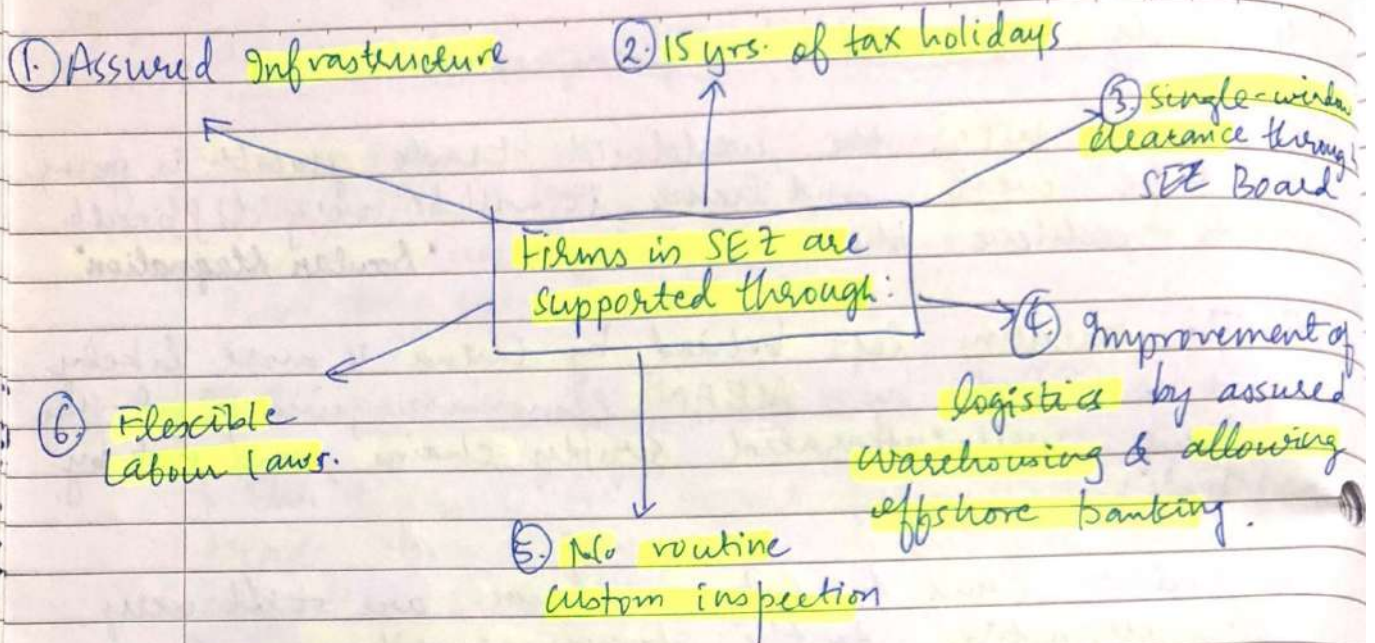
1. Lack of diversity in trade basket w.r.t. both country and commodity. (Shipping container cost)
2. High logistical costs for firms in India [\$1200 for India, \$600 for China]
3. Inverted Duty structure.

4. Poorly negotiated trade agreements.
5. As per WTO, the worldwide trade growth is going to be weak and hence, it will be very difficult to achieve the set targets. "Secular Stagnation"
6. The vacuum left behind by China is more likely to be filled by ASEAN economies given that they have well-integrated supply chains, and not by India.
7. India's land & labour laws are still very unattractive to the foreign investors.

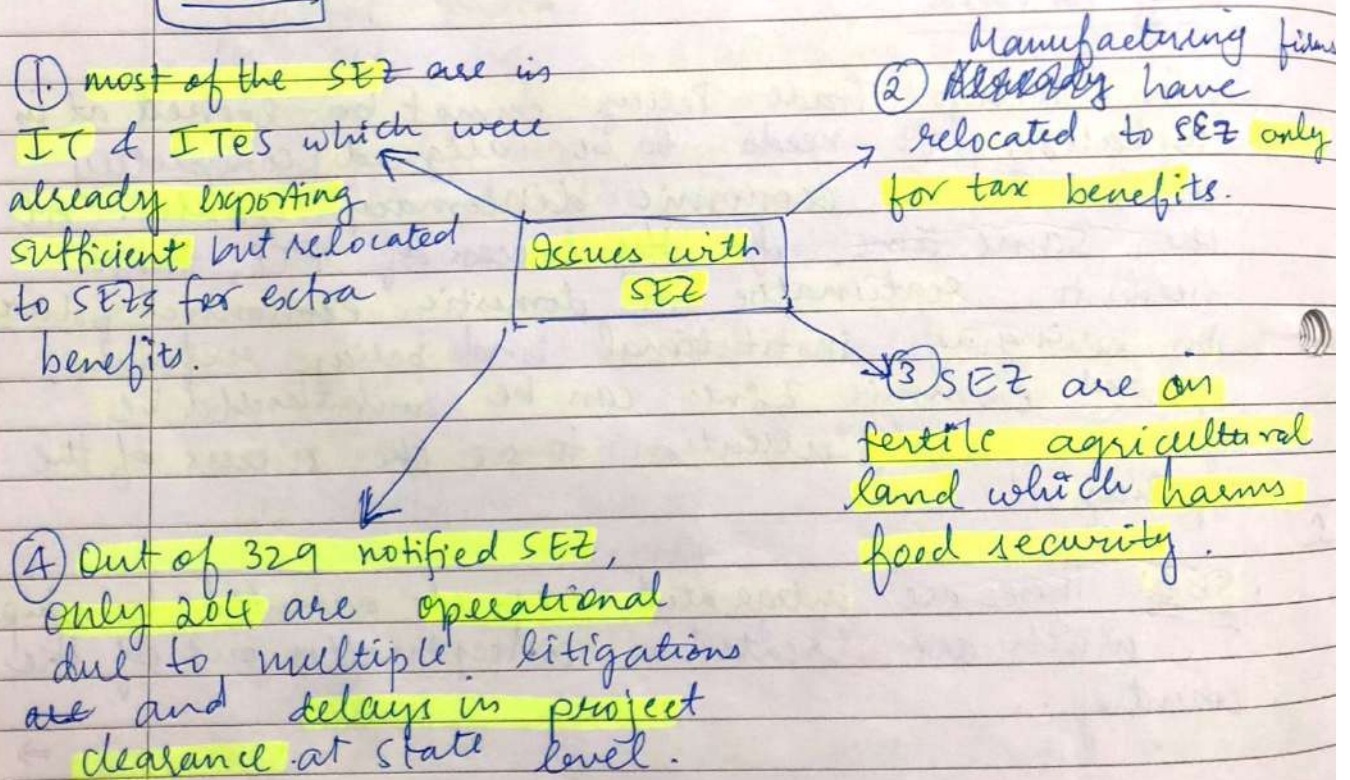
Way Forward:

The Foreign Trade Policy cannot be looked at in isolation, it needs to be aligned completely with India's economic diplomacy goals. At the same time, for the success of FTP, India needs to rationalise its domestic economic policies by bringing institutional and policy reforms. Special Economic Zones can be and should be given special attention to see the success of the policy.

1. SEZ: These are integrated export-oriented townships which are treated as conceptually out of the country. →



Issues:



* Do MSME sector from Econ-II Notes (handwritten).

	GDP share		empt.
Agriculture	15%	15%	50%
Industry out of which, manufacturing	25% (30%)	25% 24%	28%
Services	60% (55%)	60% 45%	30%

National University of Singapore

Date: _____ No. _____

• National Manufacturing Policy 2015 (NMP 2015):

- > NMP, 2015 has been introduced to achieve goals set under "Make in India" programme.
- > The policy aims to increase share of manufacturing to 25% of GDP and improve technological coefficient of manufacturing to make products more competitive for export market.
- > also aims to develop skills among rural poor and migrant workers to include them in industrial employment by creating 100 million new jobs in manufacturing by 2022.
- > Nat'l Investment and Manufacturing Zones (NIMZ) are planned -
 - assured infrastructure
 - funding through SPVs. and VGF (viability gap...).

eg. Delhi Mumbai Industrial Corridor,
Chennai-Bengaluru Industrial Corridor.

• Reasons for support for deglobalisation:

- > Unfair practices by MNCs like transfer pricing result in a skewed distribution of income & resources in favour of MNCs. \Rightarrow protests against globalisation.
- > Displacement of industrial workers in developed economies due to shifting of manufacturing activities
- > large scale fluctuations in commodity and financial markets, especially in developing countries has led to unpredictable changes for which the market structure is not prepared \Rightarrow less acceptance of globalisation in such economies.

However, the solution to the above problems is not more protection. The solution, instead, lies in retraining the workers, improving ~~informant~~ information set, better taxation laws without loopholes, and higher social security to help those who have been displaced.

⊛ NOTE: INFRASTRUCTURE - do it in current affairs.

⊛ NOTE: Read MSMEs from Optional-II.

AYUSHMAN BHARAT - FOR NEW INDIA - 2022

No.

- Aims: (1) Strengthen primary healthcare
(2) Offer financial protection from catastrophic health expenditure.

- Two major initiatives:

1. Health & Wellness Centres:

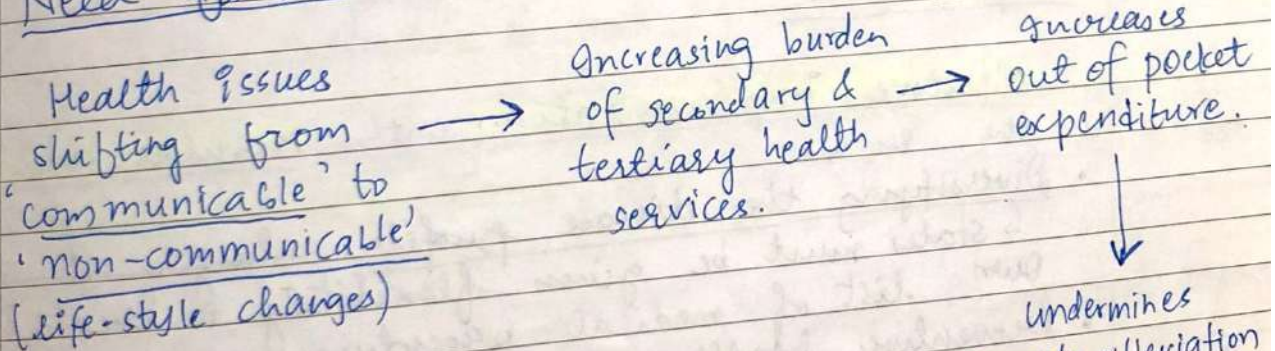
- > It will provide comprehensive healthcare, including for non-communicable diseases, and maternal and child health services.
- > will also provide free essential drugs and diagnostic services

2. National Health Protection Scheme (NHPS):

- > an insurance scheme and will cover over 10 crore poor families (nearly 50 crore people) → 5 lakh p.a. per family

- Need for the scheme:

(Only 23% of health expenditure is public & rest is OOP)



↓
Undermines poverty alleviation programmes.

To solve above issue

* Limited Govt-resources ⇒ Insurance scheme.

Key Challenges:

- > Without addressing the human resource situation, public sector healthcare will remain of poor quality and largely unacceptable. This will benefit private parties more than govt. health services.
- > Given that states are expected to agree for 40% share, state ownership and commitment will be critical for the success of the scheme.
- > Need for uniform pricing system for various health interventions. fake tests, extravagant hospitalisation only to obtain the insurance money (5 lakh is a big amount!).
- > Effective mechanism for easy and quick payments. Otherwise, private sector may opt out of the scheme.

Way forward:

- Effective implementation with regular auditing is the key.
- Diversifying the disease profile: enlarging the scope
↳ states must be given flexibility to create its own list of medical procedures
 - Preventive healthcare to be made an integral part of the NHPS
 - Blockchain Technology can be used to develop a seamless patient electronic medical records.
 - Checks and balances to tackle abuse of the scheme.
 - National Free Drug Initiative.