

## *Agriculture*

### **Main Features of Indian Agriculture**

1. Low productivity
2. Disguised unemployment.
3. Dependence on rainfall
4. Subsistence farming - objective of farmer is to secure subsistence for his family not to earn profit.
5. Traditional inputs
6. Small holdings
7. Backward technology.
8. Landlord tenant conflict.

### **Problems of Indian Agriculture**

#### **General Problems :**

1. Pressure of population on land
2. Land degradation
3. Subsistence farming
4. Social environment.
5. Crop losses- by pest, insect, flood, draught etc.

#### **Institutional Problems.**

1. Small and scattered holdings.
2. Poor implementation of land reforms.
3. Lack of credit and marketing facilities.

#### **Technical Problems.**

1. Lack of irrigation facilities.
2. Wrong cropping pattern.
3. Outdated technique of production.

### **Reforms in Indian Agriculture**

- A. Institutional Reforms also called Land reforms.
  - (i) Abolition of intermediaries.
  - (ii) Regulation of rent.
  - (iii) Consolidation of holdings.
  - (iv) Ceiling on land holdings.
  
- B. General reforms.
  - (i) Expansion of irrigation facilities
  - (ii) Provision of credit
  - (iii) Regulated markets and co-operative marketing societies.
  - (iv) Price support policy.
  
- C. Technical Reforms or Green Revolution
  - (i) Use of HYV seeds
  - (ii) Use of chemical fertilizers.
  - (iii) Use of insecticides and pesticides for crop protection
  - (iv) Scientific rotation of crops
  - (v) Modernised means of cultivation.

### **ACHIEVEMENTS OF GREEN REVOLUTION**

1. Rise in production and productivity.
2. Increase in income.
3. Rise in commercial farming.
4. Impact on social revolution - use of new technology HYV seeds, fertilizers etc.
5. Increase in employment.

### **FAILURES OF GREEN REVOLUTION**

1. Restricted to limited crops and areas such as two crops wheat & rice growing states like Punjab, Haryana, U.P and Andhra Pradesh.
2. Partial removal of poverty.
3. Neglected land reforms.
4. Rise in unemployment.
5. Ecological degradation.

## **INDUSTRY**

### **ROLE OF INDUSTRIAL SECTOR IN INDIA**

Industrialisation is important for an overall growth of a country. following points highlight the importance of Industry in an economy.

1. Provides employment.
2. Raising people income
3. Promotes regional balance.
4. Leads to modernisation.
5. Helps to modernise agriculture.
6. Leads to self-sustainable development
7. High potential for growth.
8. Key to high volume of exports.
9. Growth of civilisation.
- \* Industrialisation is a pre-condition for the final take-off of an economy.

### **INDUSTRIAL DEVELOPMENT SINCE INDEPENDENCE**

Share of industrial sector in the GDP has increased upto 8.3% in the 10th plan. It is expected to be 10.5% in the 11th plan.

The following important changes have taken place :

- (i) Development of infrastructure like power transport, communication, banking & finance, qualified and skilled human resource.
- (ii) Much progress in the field of research and development.

- (iii) Expansion of public sector
- (iv) Building up of capital goods industry
- (v) Growth of non-essential consumer goods industries.

### **PROBLEMS OF INDUSTRIAL DEVELOPMENT IN INDIA**

1. Sectoral imbalances - agriculture and infrastructure have failed to provide the support to the industrial sector.
2. Regional imbalance - restricted to few states.
3. Industrial sickness- which raised the problem of unemployment.
4. Higher cost of industrial product due to lack of healthy competition.
5. Dependence on the Government - for reduction in tax or duty to make import easier.
6. Poor performance of the public sector
7. Underutilisation of capacity.
8. Increasing capital - output ratio

### **ROLE OF PUBLIC SECTOR / GOVT. IN INDUSTRIAL DEVELOPMENT**

Direct intervention of the state was considered essential in view of the following factors.

1. Lack of capital with the private entrepreneurs.
2. Lack of incentive among the Pvt. entrepreneurs - low demand due to limited size of the market.
3. Socialistic pattern of society - main aim of Govt. is to generate employment rather than profits.
4. Development of infrastructure.
5. Development of backward areas.

6. To prevent concentration of economic power.
7. To promote import substitution.

### **INDUSTRIAL POLICY RESOLUTION (IPR) 1956**

Industrial policy is an important instrument through which the govt. regulates the industrial activities in an economy.

The 1956 resolution laid down the following objectives of industrial policy.

- (a) To accelerate the growth of industrialisation.
- (b) To develop heavy industries.
- (c) To expand public sector.
- (d) To reduce disparities in income and wealth.
- (e) To prevent monopolies and concentration of wealth and income in the hand of a small number of individuals.

### **FEATURES OF INDUSTRIAL POLICY RESOLUTION (IPR) OF 1956**

Features of Industrial policy resolution of 1956 were.

1. New classification of Industries : Industries were classified into three schedules depending upon role of state.
  - (a) Schedule-A - 17 industries listed in schedule-A whose future development would be the responsibility of state.
  - (b) Schedule-B - 12 industries were included in schedule-B, which could be established both as the private and public sector enterprises.
  - (c) Schedule-C - other residual industries were left open to private sector.
2. Stress on the role of cottage and small scale industries.
3. Industrial licensing : Industries in the pvt. sector could be established only through a licence from the government.
4. Industrial concessions - were offered of pvt.

entrepreneurs for establishing industry in the backward regions of the country. Such as tax rebate and concessional rates for power supply.

### **SMALL SCALE INDUSTRY (SSI)**

A small scale industry is presently defined as the one whose investment does not exceed Rs. 5 crore.

### **CHARACTERISTICS OF SSI OR ROLE OF SMALL SCALE INDUSTRIES**

1. Labour intensive - employment oriented
2. Self - employment.
3. Less capital intensive.
4. Export promotion.
5. Seed beds for large scale industries.
6. Shows locational flexibility.

### **PROBLEMS OF SMALL SCALE INDUSTRIES**

1. Difficulty of finance.
2. Shortage of raw material.
3. Difficulty of marketing.
4. Outdated machines & equipments
5. Competition from large scale industries.

### **FOREIGN TRADE**

At the time of independence raw material was exported from India to Britain in abundance on the other hand finished goods from Britain were imported into India.

Notably our balance of trade was favourable (exports > imports)

After independence India's foreign trade recorded a noticeable change such as.

- (i) Decline in percentage share of agricultural exports.
- (ii) Increase in percentage share of manufactured goods in total exports.
- (iii) Change in direction of export trade and import trade.

### **TRADE POLICY**

In the first seven five year plans of India, the trade was commonly called an 'inward looking' trade strategy. This strategy is technically known as 'import substitution'.

Import substitution means substituting imports with domestic production. Imports were protected by the imposition of tariff and quotas which protect the domestic firms from foreign competition.

#### **Impact of Inward looking Trade strategy on the domestic industry.**

- 1. It helped to save foreign exchange by reducing import of goods.
- 2. Created a protected market and large demand for domestically produced goods.
- 3. Helped to build a strong industrial base in our country which directly lead to economic growth.

#### **Criticism of import substituting strategy**

- 1. It did not led to growth.
- 2. Lack of competition implied lack of modernisation.
- 3. Growth of inefficient public monopolies
- 4. It did not lead to efficiency.

## **INDUSTRIAL LICENSING**

Licensing is a tool for channelising scarce resources in predetermined priority sector of an economy.

The Industries development and resolution act (IDRA) was enacted in 1951.

### **MAIN OBJECTIVES OF IDRA act of 1951**

1. Regulation of industrial development in accordance with planned priorities.
2. Avoidance of monopoly
3. Balanced regional development.
4. Prevention of undue competition between large-scale industries and small scale industries
5. Optimum utilisation of scarce foreign exchange resources.

Under this act the following were applicable.

- A. All the scheduled industries should be registered with the govt.
- B. A licence must be obtained by all the new industries.
- C. Govt. is authorised to examine the working of any industrial undertaking.
- D. If the undertaking continued to be mismanaged, govt can take over its management.

### **CRITICISM AGAINST INDUSTRIAL LICENSING**

1. There was an adhoc system for accepting or rejecting an application for licence.
2. The quality of techno economic examination conducted by Director general of technical development was generally poor.
3. Licensing policy resulted in under utilisation of capacity In many industries.
4. In reality the policy helped large business houses in accumulating economic power.



### **PERMIT LICENCE RAJ**

The licensing authorities many a times granted licence to big business houses without proper scrutiny of their applications.

### **INDIAN ECONOMY 1950-1990**

#### **ONE MARK QUESTION**

1. Define economy.
2. Who is the chairman of the planning commission in India?
3. What was the idea behind abolition of intermediaries?
4. Write the classification of industries according to IPR-1956.
5. What do you mean by green revolution?
6. What is meant by small scale industries?
7. What is marketable surplus.
8. Who formulates five year plans in India.
9. Write the duration of current five year plan.
10. Name any two Common goals of five year plan.
11. Name the type of economy adopted in India.
12. Name three general problems of an economy.
13. What is import - substitution?

#### **3/4 MARKS QUESTIONS**

1. Explain how import substitution can protect domestic industry.
2. Why was public sector given a leading role in industrial development during the planning period?
3. How subsidies encourage farmers to use new technology? explain.
4. What were the benefits of green revolution.
5. How has India's occupational structure changed during the period from 1950 to 1990.

6. Small scale industries promote rural development. explain.
7. Write the limitation of green revolution.
8. What are the main goals of the five year plans in India?
9. Distinguish between planning objectives and plan objectives.

### **6 MARKS QUESTIONS**

1. Explain the problems of industrial development in India.
2. Explain the role of small scale industries in the socio economic development of our country.
3. How did green revolution benefit and harm the farmers?
4. Describe the objectives and main features of industrial policy resolution 1956.
5. What is import substitution policy? why was it adopted in the initial period of development in India?
6. Describe the achievements and failures of economic planning in India.
7. Evaluate inward looking trade policy of the government during 1950-90

### ANSWER OF ONE MARK QUESTIONS

1. It is organisation of economic activities which provides people with the means to work and earn a livelihood.
2. Prime minister is the chairman of planning commission in India.
3. The aim of abolition of Zamindar was to make direct link between government and real cultivators so that cultivators can get maximum profit
4. Classification of industries according to IPR 1956 was.
  - (a) Schedule 'A' includes 17 industries governed by public sector.
  - (b) Schedule 'B' includes 12 industries governed by public & pvt. sector both.
  - (c) Schedule 'C' includes other residual industries under pvt. sector.
5. Green revolution refers to the tremendous increase in agricultural production and productivity with the introduction of new technology.
6. Small scale industries are those in which the investment limit is Rs 5 crores.
7. Marketable surplus means production sold in the market after self consumption by the farmers.
8. Planning commission
9. First April 2007 to 31 March 2012.
10. Growth and equity.
11. Mixed economy
12. What to produce, how to produce and to whom to produce.
13. Import substitution means encouraging domestic production of such goods which the country is importing.