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Paper-3
(Part-B)

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Ans 1(a) Green Accounting

- It is a type of accounting that attempts to factor environmental cost into the results of financial operations
- It was first coined by Professor Peter Woods in 1980
- It assesses environmental cost and benefits.

Ans 1(b) Financial inclusion

- It is the availability and equality of opportunities to access financial services
- Example - Jan Dhan Yojana, Kisan credit card, Sakshya Smardhki Yojana.

Ans 1(c) National income Accounting

- It is a bookkeeping system that govt. uses to measure the level of country's economic activity within a given period.
- Example - GDP, Tax revenues

Ans 1(d) Jawahar Lal Nehru National Urban Renewal mission

- It was a massive city modernization scheme launched by GOI on 3 dec 2005
- It was a time tested scheme served for a decade and got extension of 2 years
- It is now succeeded by AMRUT

Ans 1(e) Human development Index

→ It is a statistic composite index of:-

(a) Life expectancy

(b) Education

(c) Per Capita income

→ India got 129th rank out of 189 countries in 2019
released by UNDP

→ Norway topped the list

Ans 1(f) HRI DAX

→ Heritage City development and augmentation Yojana

→ It was launched by ministry of housing and urban affairs
on 21 Jan 2015

→ Aim:- Bringing together urban planning, economic growth,
and heritage conservation in an inclusive manner.

Ans 1(g) Reverse Repo Rate

→ It is the rate at which RBI borrows money
from the commercial banks.

→ Current RR rate - 4%

→ Recently RBI lowers the Repo rate and Reverse Repo
rate in order to fight against Coronavirus

Ans 1(h) Blue Box Subsidy

→

Ans(i)

SDR

- Special drawing Rights
- They are supplementary foreign exchange reserve assets defined and maintained by IMF
- It was launched by IMF in 1969
- Basket of 5 currencies - Renminbi, Yen, Pound, USD, Euro

Ans(ii)

Twin Deficit

- It is also called double deficit
- It occurs when a nation has both current account deficit and budget deficit

Ans(k)

Anti Dumping Duty

It is a protectionist tariff that a domestic govt. imposes on foreign import that it believes to be priced below fair market value

Ans(l) Hyper Inflation

- It is also known as accelerating inflation
- It is a situation when inflation rises at an extremely faster rate.
- Rate of inflation can increase from 50-300 times
- Example - Zimbabwe (2007-2009)

Ans (M)

Human Capital

According to OECD — The knowledge, skills, competencies and other attributes acquired during the life by an individual or group of people used to produce goods, services or ideas in market circumstances.

Ans (N)

Cyclical Unemployment

- It is a type of unemployment which is related to the cyclical trends in the business cycle.
- If economy is doing good — cyclical unemployment is low
- If economy is doing bad — cyclical unemployment is high.

Ans (O)

Trade imbalance

- It occurs when a country's imports exceed its exports during a given period of time.
- It is also referred to as a negative balance of trade.

Ans 2(a)

Industrialization

It is the process by which economy is transferred from primarily agricultural to the one which is based on the manufacturing of goods. Individual manual labour is often replaced by mechanized mass production and craftsmen are replaced by assembly lines.

Causes of low industrialization in M.P.

- 1) Lack of sufficient Capital :- Inadequate capital and low savings is not sufficient to undertake development of Industrial Corridors and manufacturing manufacturing sectors.
- 2) Industrial sickness :- Inefficient management and utilization of natural resources during early decades and power deficit situation hindered the growth of industries.
- 3) Land acquisition problem :- Presence of large forest tract along with the highest number of STs residing in them making the land acquisition difficult for setting up industries.
- 4) Lack of infrastructural facilities e.g. road connectivity, air and water connectivity for transportation. Railways line connectivity is also the problem in some areas like Jabalpur, Bhopal etc.
- 5) Lack of skilled personnel

Ans 2 (B)

Globalization

The process by which business or other organizations develop international influence or start operating on an international scale.

Types of Globalization

- Social - e.g. internally popular books, films, TV series
- Economic - Trade fairs, import and Exports
- Political - U.N. - united nations.

Adoption of Globalization by India

India adopted globalization by LPG - Reforms Liberalization, Privatization, Globalization. These reform were adopted in 1991.

Negative Impact of Globalization

- a) Low growth of agriculture sector
- b) Rise in rural-urban divide
- c) Adverse impact on autonomy of state
- d) Adverse impact on culture
- e) Adverse impact on environment
- f) Change in structure of trade
- g) Bankruptcy of many employment generating firms (usually local or domestic)
- h) Unemployment and human rights violation

Conclusion

Globalization is very important for individual nation, as well as for overall world economic development, social development and political development.

Aug 2011

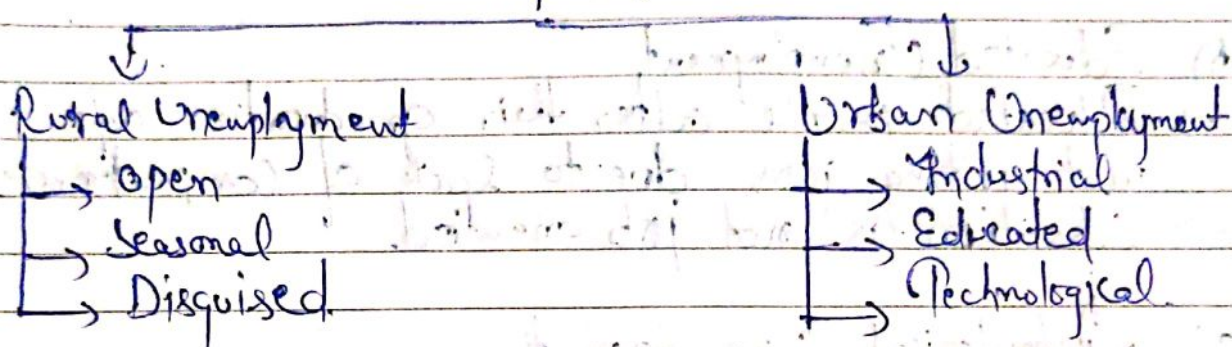
Unemployment

It is the state of not finding the work by an individual who is fit and willing to work.

Unemployment rate of a country is an indication of its socio-economic health.

Types of unemployment

Unemployment



1) Rural unemployment - Around 70% population of India living in villages and mainly do agriculture. There are following types of unemployment

a) Open Unemployment -

It is a situation where person is willing to work and able to work but can't find job

b) Seasonal unemployment -

It is found in agriculture. Agricultural labourers in India rarely have to work throughout the year. Our farmers remain unemployed 3-8 month of the year.

c) Disguised Unemployment

It is a situation where workers are apparently employed but marginal productivity is zero

Urban employment :- They are of 3 types which are as follows :-

- a) Industrial Unemployment
Due to low growth rate of employment in organised manufacturing industries and more people completed their degrees causes industrial unemployment.
- b) Educated Unemployment
→ Educated people after their graduation are not getting jobs due to lack of competencies.
→ Education is not job oriented.
- c) Technological Unemployment
People who will not update their skill according to demand of work and time will be unemployed soon.

Ans 2(e)

Economy of MP

GDP — 9.62 lakh crore (2019-20)

GDP rank — 10th

GDP per Capita — ₹ 59,052

GDP per sector —

Agriculture	45%
Industry	20%
Services	35%

 (2017-18)Labour force by occupation —

Agriculture	62%
Industry	5%
Services	33%

Importance

- M.P. is an agriculture based rural economy.
- Around 70% of its population live in villages and their main occupation is agriculture.
- MP is the largest producer of soyabean, gram, garlic and pulses in India.
- MP is the second largest producer in wheat, green peas and onions.
- MP is divided into 11 agro-climatic regions.
- Various tropical fruit and vegetables and species like coriander, chili and garlic are also widely grown.
- Areas under cultivation of safflower and sunflower are also expanding.

Conclusion

M.P. with its large area, enjoys diverse climatic and soil conditions suitable for a broad range of agricultural products. Agriculture sector in M.P. forms the backbone of the economy. Recently in order to improve the condition of farmers, our government started Jai Kisan Fasal Rin Mafi Yojana.

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Ans 2(a) Economic reforms refers to the fundamental changes that were launched in 1991 with the plan of Liberalization, Globalization and Privatization of Indian Economy

Need for the economic reforms

a) Poor Performances of Public Sector/under-taking.
PSCs were given important role in policies implementation (1950-1990) but their performance were disappointing and they were incurring huge losses.

b) Gulf war
The war reduces the remittances coming from Gulf Countries and also the price of oil increased in India.

c) High fiscal deficit, more than 10% at that time.

d) During the later part of 1980s, India was turning into the largest borrower and was in debt of IMF, World Bank, Japan etc.

e) High inflation rate (16.7%)

Conclusion

In order to fight against the above problems economic reforms were introduced by then PM Narasimha Rao and finance minister Manmohan Singh. Liberalisation, Privatization and Globalization. They were also called LPG reforms. These reforms gave boost to the economy of India and considered to be one of the successful reform in Indian economy.

Ans 2(c)

Subsidy

Money or grants given by the government to support a project, business or industry
e.g. Gov

Difference between Direct and Indirect subsidies :-

	Direct Subsidies	Indirect subsidies
1)	The beneficiary purchases the goods at market price and the subsidy is transferred to him in the form of Cash transfer	The goods are made available at a lower/ subsidized price, loan waiver, reduction in bills etc.
2)	Mostly given in developed countries	Mostly given in developing countries
3)	Have direct impact on farmer's expenditure and their life	Have implicit impacts as some part of money paid at required end
4)	More efficient system because free hands to use money.	less efficient system, because of less Coordination
5)	Individuals target to reach the benefits	May target of the people to reach the benefits.

Ans 2 (J) Introduction

- It was begun on 25 Dec 2000, under ministry of rural development. fully funded by central government till 2015
- Now it is funded by both central government (Govt.) and states (40%).
- PMGSY provide all weathered road connectivity access to eligible rural unconnected habitant. It is a special central intervention as part of poverty reduction strategy.

Objectives

The objective was to provide roads to all villages

- With a population of 1000 persons and above by 2003
- With a population of 500 persons and above by 2007
- With a population of 500 persons and above by 2003 in hill states, tribal and desert area villages
- With a population of 250 persons and above by 2007 in hill states, tribal and desert area villages

Timeline of the scheme

March 2014 :- 55% were connected.

Dec 2017 :- 82% (80% or 1.3 lakh under PMGSY and 2% under state govt schemes) were connected

March 2019 :- Pending work will be completed

Avg speed of road construction 2004-2014 - 90.5 km/day
while from then it rose to 130 km/day in fy 2016-17

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Urbanisation

It refers to the increasing number of people that live in urban areas. It predominantly results in physical growth urban areas be it vertical or horizontal.

Urban area

For the Census of India 2011, definition of urban area:-

- Area having minimum population of 5000, of density 400 person per square km.
- 75% plus of the male working population employed in non-agricultural activities
- Places administered by a municipal Corporation, Cantonment board or notified town area Committee are automatically considered urban area.

Problems of Urban areas.

- Urban sprawl
- Traffic Congestion
- Pollution - Air, water, noise etc.
- Affordable Housing
- Education
- Slums
- Transport problem
- Trash disposal
- Sewerage problem
- Health and sanitation
- Water availability.
- Unemployment

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Introduction

On one hand, India is receiving accolades for a sustained growth rate and on the other, it is still a low-income developing economy. Even today, nearly 25% of India's population lives below the poverty line. Also there are many human and natural resources which are under utilized.

Main challenges of Indian economy are as below:

- Low level of national income and per capita income
- Existence of chronic unemployment and under-employment
- Poor educational standard
- Heavy population pressure
- Inequality in wealth distribution
- Poor tax collection rates
- Non performing assets of public sector banks are seriously choking the credit growth
- IT revolution is happening but the GDP contribution of agriculture is decreasing
- Business difficulties like ease of enforcing contracts, paying taxes, trading across border
- High inflation
- Low level of technology
- Viral Economy :- The current outbreak of COVID-19 in all over the world which started from wuhan china exposed the world's and India's preparation towards Pandemic. This Coronavirus will ~~make~~ cause severe impact on Indian economy. Also, it realized the needs of basic health facilities in our country.

Ans 3(b) Introduction

India's post independence development strategy showed all the signs of stagnation, but the economy started showing the sign of recovery in the early 90s when the government adopted the new economic model. This new model known as LPG Reforms, Liberalization, Privatization and Globalization.

This New economy Policy of India was launched in the year 1991 under the leadership of the then PM P.V. Narasimha Rao.

Liberalization

It is understood to be the situation of the political economy where the means of production will be in the hands of the market and the economic efficiency is measured in terms of market-defined objectives.

It means removing Steps all unnecessary controls and restrictions like permits, licences, protectionist duties, quotas, etc imposed by the government.

Steps taken by govt.

- Dismantling of industrial licensing system
- Reduction in physical restrictions on imports and import duties
- Reduction in controls on foreign exchange, both current and capital account
- Reform of financial system

- Reduction in levels of personal and corporate taxation
- Reduction in restrictions on FDI's ~~law~~
- Partial privatization of PSUs
- Opening public sector domains like power, transport, banking etc
- Change in approach towards industrial sciences
- Softening of MRTP regulations

Privatization

It is the process of transferring an enterprise or industry from the public sector to the private sector

Types of Privatization

- 1) Delegation - Government keeps hold of responsibility and private enterprise handles fully or partly the delivery of product and services
e.g. Tejas Express of IRCTC backed by Indian railways
- 2) Disinvestment: Government surrenders of the responsibility e.g. Air India, B.P.C.L., CONCOR are the recent disinvestment.
- 3) Displacement: The private enterprise expands and gradually displaces government entity.
e.g. In telecom sector early there was only DOT, BSNL but now there are Jio, Airtel, Idea-Vodafone but still BSNL is necessary for logistic and strategically perspective.

Relation between Liberalization and Privatization

There is a very close relationship between liberalization and Privatization. In liberalization the government liberalise its action towards ease of doing business, control action in business, market regulation, license permit. etc. Hence it removes or try to reduce to red tapism earlier before. liberalization.

Once the liberal efforts are done by the government or in the process of completion, it will provide a better platform for private players to enter into market and perform better. Hence we can say that Liberalisation set up the stage for the private players and liberalisation promotes privatization.

Example

Government liberalise the norms in Telecom sector, aviation sector which have earlier only government intervention like in telecom - Department of telecommunication and in aviation sector - Air India, Indian airlines. But after the liberalization private players like Airtel, Idea entered into telecom sector while Jet airways, Indigo, Spice jet entered into aviation sector. Hence, the privatization of these players sectors increases the productivity and ease to customers and implicitly add profit percentage to the GDP of our country.

Ans 3(c) Introduction

- The economy of India is characterized by a developing market economy.
- It is the world's 5th largest economy by nominal GDP and 3rd largest by purchasing power parity.
- From independence in 1947, until 1991 successive governments promoted protectionist economic policies.
- But due to an acute balance of payment crisis in 1991 led the adoption of broad economic reforms under new economic policy which formulates - Liberalisation, Privatization, Globalization.
- These reforms are also known as LPG reforms.
- Since the start of 21st century, annual average GDP growth has been 6% to 7% and from 2014-2018 India was the world's fastest growing major economy.
- The economy slowed in 2017-18 due to shocks of 'demonitization' in 2016 and improper implementation of nation wide GST in 2017.
- Current status of Indian as well world is not good due to the global outbreak of Covid-19.
- The long term growth perspective of Indian economy remains positive due to its young population and corresponding low dependency ratio, health and saving and investments.

Features

1) Indian economy is dependent on agriculture.
→ 1950-51 Agricultural sector contributed to more than 50% to the GDP.
→ Agricultural sector still contributes to 50% of the employment in the country.

2) Indian Economy is mixed economy
→ There is coexistence of both public and private sectors in Indian economy
→ Mixed economy is the blend of capitalism and socialism

3) Indian Economy is underdeveloped economy
→ Indian economy is lagging behind developed countries in various indicators of parameters
→ Low Capital per income
→ Inequality
→ Poverty
→ Rapid population growth
→ Predominance of agriculture

4) Indian economy is developing economy.
Last six decades our economy has seen major

Changes:-

- Quantitative changes - This includes increase in national income and per capita income.
- Structural changes - The share of agricultural sector has declined and the share of industrial and especially service sector has increased
- There was improvement in Banking and insurance sector also, Especially after 1991 reforms

- Structural changes in social sector also
- GST implementation

- 5) Indian economy is an emerging economy.
- Emerging markets means those countries which are in a state of rapid growth in social and business activities.
 - China and India are considered to be the largest emerging economies.

Ans
3 (d)

Date .

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Introduction

The Public distribution system (PDS) is an Indian food security system established under the ministry of Consumer affairs, food and public distribution.

PDS evolved as a system of management of scarcity through distribution of food grains at affordable prices.

Under the PDS, presently the commodities namely wheat, rice, sugar, kerosene are being allocated to states/UTs for distribution. Some states/UTs also distribute additional items of mass consumption through PDS outlets such as pulses, edible oils, iodized salts etc.

Evolution

→ PDS was introduced around world war II as a war time rationing measure.

→ It was expanded in 1960s, the govt. set up Agriculture Prices Commission and FCI Food Corporation of India.

→ 1970s PDS had evolved into universal scheme for the distribution of subsidised food.

→ Revamped Public distribution system (RPDS) launched in June 1992 with a view to strengthen and streamline PDS.

→ In 1997 Targeted PDS with a focus on the poor.

→ 'Antyodaya Anna Yojana' was launched in 2000 for one crore of the poorest families.

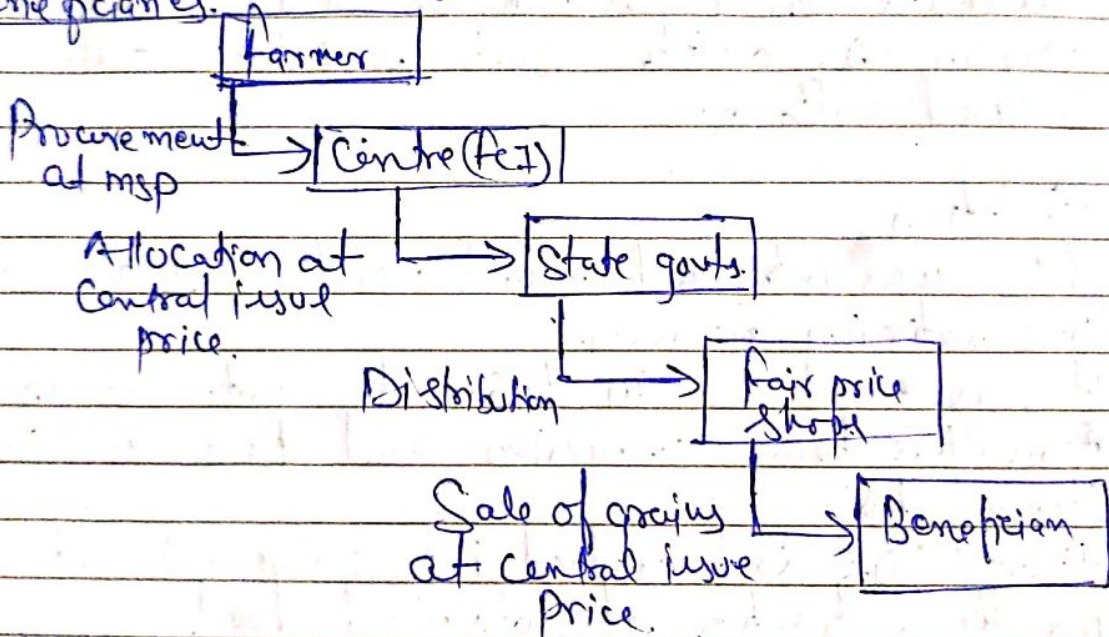
→ National food security act 2013, making the right to food as justiciable right.

Objectives

- To protect the low income groups by guaranteeing the supply of certain minimum quantities of food grains at affordable price.
- Ensuring equitable distribution
- Controlling the price rise of essential commodities in the open market.

Functions of PDS :-

- The central and state govts. share responsibilities in order to provide food grains to the identified beneficiaries.



- It helps in ensuring food and nutritional security of the nation
- It maintains the buffer stock of govt. food grains in the warehouse
- It helps in redistribution of food grains from surplus regions to deficient regions of India
- It stabilise the food prices.

Limitations of PDS

- a) Identification of beneficiaries
Studies have shown that targeting mechanism such as TPDS are prone to large inclusion and exclusion errors.
(This problem still prevails in Aadhar enabled PDS, which needs to be rectified.)
- b) leakage of food grains
(Transportation leakages + Black marketing by FPS owners).
- c) Issue with procurement :- open ended procurement i.e. all incoming grains accepted even if buffer stock is filled, creates a shortage in the open market.
- d) Issues with storage :- A performance audit by CAG has revealed a serious shortfall in the govt's storage capacity.
- e) Environmental issues :- Rapid ground water depletion, deteriorating soil and water conditions from overuse of fertilizers in intensive area farming.
- f) MSP discourages crop diversification.