

1. 1 liner Questions - Answers.

- A) Green Accounting is a GDP estimation methodology that also account for economy of Trees and forest cover of Country.
- B) Financial Inclusion is extending of basic Banking services to all sections of population. e.g. Jan Dhan Account yojana
- C) National Income Accounting is a GDP estimation method that estimates from income of GDP.
- D) Jawaharlal Nehru National Urban Renewable Mission, a precursor of Smart-City Project to strengthen social infrastructure and services for citizen in cities.
- E) HDI index is developed by World Bank and ranks the country on Income, Life-Expectancy and Standard of Living.
- F) HRIDAY:- This is a urban rejuvenation project for Heritage cities of India, under Ministry of Urban Development.

G) Reverse Repo Rate is a liquidity adjustment facility where Central Bank pledge the securities to Schedule Commercial Banks (a discount rate)

H) Blue Box Subsidy :- A subsidy that is considered limited trade distorting and subject to quantitative limitations under WTO Agreement on trade.

I) SDR :- Special Drawing Rights provided by IMF, created by IMF to facilitate global currency and monetary stability.

J) Twin Deficit :- It is the fiscal deficit and current account deficit. They are not good for economy.

K) Anti-Dumping Duty :- Safeguard duty under WTO to protect domestic industry from dumping off foreign goods

L) Hyper Inflation :- Inflation is much more than economic/GDP growth.

Human Capital :- Skilled, employable, educated, trained workforce,

Cyclical Unemployment :- Seasonal Unemployment generally seen in agriculture sector. MGNREGA scheme is targeted to tackle this issue.

Trade Imbalance :- When trade between two countries lead to unreasonably high trade surplus for one country and unreasonably high trade deficit for other.

III) 100 words Answer

A) Madhya Pradesh is present at the heart of Country and is known as 'Soya State' 'Wheat State'. However the level of Industrialisation is low due to following causes :-

- i) Landlocked state, No inland water ways.
- ii) Transport, Freight corridors, Multi Modal Logistics Centre (like Varanasi) are absent.
- iii) Mineral resources like Coal, Iron, Zinc, gold are absent.

iv) Skilled workforce absent, literacy levels lower than national average of 74%.

v) M.P. ranks lower in EASE Index of NITI Aayog.

vi) Investment in Industrial Sector is low.

Thus, M.P. can be an industrialised state if it implements Business Reforms of NITI Aayog and Infrastructure and Logistics development under Setu Bharat Program, MAI-NHDP program

c) Globalisation refers to economic, social, cultural, political linkage among global countries, such that the disturbance in one country affects the other country.

Negative Impact of Globalisation:-

1) Financial Meltdown of 2008, led to global recession.

2) Curative efforts like Quantitative Easing of U.S. led to global monetary instability.

- 3) Spread of Pandemic like COVID-19.
- 4) Spread of Radicalism, Extremism, Terrorism by terrorist group like Al Qaeda, Islamic State etc...

However globalisation also provides the solution for such problems like Base Erosion & Profit Shifting framework of OECD, G20 and RATS structure of SCO organisation etc...

c) Rural Credit in India is still lower than the Urban Credit penetration. Rural Credit primarily support the agricultural and allied sector.

Steps taken by Government

- i) Lead Bank scheme to recognise a bank for an area.
- ii) Priority Sector lending which is 40% of total credit, where majority goes to rural areas.
- iii) PMJDY:- Financial Inclusion program.
- iv) KISAN Credit Card :- formal credit to farmer.
- v) Institutes & Fund like NABARD, Rural Infrastructure Development fund etc...

They spread of Rural credit (formal) has significantly improved after establishment of Regional Rural Banks and Cooperatives (RRCs) However more needs to be done.

E M.P. is an agriculture state with 4- consecutive "Kishik Karmam Awards" and being "Soya state", "Wheat state" and diverse nutri-cereals, pulses and oil-seeds production in state.

Importance of Agriculture for M.P. economy

- Reduces the Cost of Procurement for PDS.
- Handloom Sector (Mrigayani Emporium) supporting traditional sectors.
- Development of Mega-Food Parks in M.P. at Chhindwara.
- Dry-Airport of Dewas/Indore is used to promote handicrafts.
- Multi purpose projects on Narmada, Son etc. brings a lot of Greenery, that adds to sustainable Development.

8) Indian Government had to take certain economic reforms in 1991 because of Balance of Payment crisis that resulted from 1973 oil shocks, 1990 gulf-war and that lack of developed export base in Industry of India.

As a result, forex reserves with RBI was not enough to cater to Balance of Payment! Thus RBI/Indian Government moved to IMF for loan and they in-turn impose reforms - restrictions for India.

Economic Reforms of 1991 was famously termed as LPG (Liberalisation, Privatisation and globalisation reforms) that help in privatising, liberalised the Economic sector.

9) Direct subsidy are those subsidy that lead to increase in production in a sector. E.g. Subsidised electricity, fertilisers and seeds to farmers.

Indirect subsidies are those that do not directly affect production. E.g. Rural infrastructure development related subsidy.

E.g. Soil Health Card scheme
Free Extension services.

11) Food security refers to availability, accessibility and affordability of food for all.

Government ensure food security for citizens by schemes like.

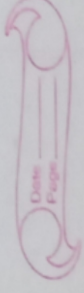
Availability of food grains by Krishna scheme that involves NFSM scheme, TSPDM scheme for food grains, oil & oil-seeds, pulses production.

Accessibility :- Through NFSA - Oct 2013 that provide subsidised food grains to 66% of Indian citizens.

Affordability :- By Antyodaya Yojana giving rice, wheat, coarse cereals at Rs. 3, 2, 1 respectively. Besides ICDS, Mid-day Meal schemes also are affordable food security schemes.

I) ~~Current~~ Challenges of Indian Economy

- i) Declining Exports even after MEIS - scheme
- ii) Twin deficit affecting investment in economy.
- iii) Twin Balance Sheet Problem affect financial Markets.



iv) Recent COVID-19 related lockdown and recession.

v) Lack of Integration with regional supply chains like RCEP.

The Solution to these challenges is to promote World Bank's EODB related reforms, logistics performance to improved and dedicated freight corridors to be completed.

J) Pradhan Mantri Gram Sadak Yojana (PMGSY) is an all weather season rural connectivity project administered by Ministry of Road, Highways.

Objectives :-

i) All weather connectivity for rural society.
ii) Improved quality of the roads.

K) Urbanisation is a process of development of Urban infrastructure and migration of people into urban areas.
India's urbanisation levels are at 27% as per Census - 2011.

All effects of urbanisation:-

- 1) Pollution of land, water, air:- Delhi is most polluted city of India
- 2) Unplanned land-use:- No public transport infrastructure.
- 3) Lack of jobs in urban areas, therefore increase of slum-dwellers. E.g.
Mumbai's slum is world's largest slum.
- 4) Congested living, mobility leading to rapid spread of COVID-19 diseases.
- 5) Lack of recreation space like Parks leads to life-style related diseases
E.g. Diabetes.

300 words Questions.

B) Liberalisation

B) Liberalisation is the elimination of Inspector Raj, licensing and strict regulatory norms for the industrial sector. E.g. single window system.

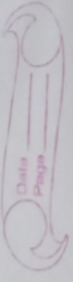
Privatisation is the involvement of Private Sector in industries E.g. TATA motors, Reliance Oil etc...

Relation between liberalisation & privatisation:-

liberalisation of space sector as in U.S. led to development of various space giants like Space-X (Hence supports privatisation).

Privatisation of Telecom sector led to lower tariffs and better implementation of e-Biz project thus supporting liberalisation.

Thus India is increasing the privatisation & liberalisation of Economy through COB - business reforms. It is today world's 3rd largest economy in PPP terms.


c) Indian economy today is the 3rd largest global economy in PPP terms. India is also among the fastest growing emerging market economy.

Features of Indian economy:-

i) Balance of Capitalism and Socialism.
E.g. India has BSNL (public organisation) and Jio (private organisation) in telecom sector.

ii) Primarily Service oriented economy.
Service sector has more than 51% of share.

iii) Workforce is majorly informal with 91% of informal workforce.

iv) Manufacture industry is not specialised
Both low end and high-end technology manufacturing takes place.

v) Not well integrated into global economy

The way-forward:-

Way-forward

The economic survey (2019-20) suggest to Integrate Indian value chain with the ~~note~~ regional & global value chain.

To increase formal employment, India need to specialise in Network product

Implement the EODB business reforms to enter into top-10 countries.

D) Public Distribution System is a subsidised food delivery infrastructure and mechanism that is supported by Fair Price shops for subsidised food security intervention.

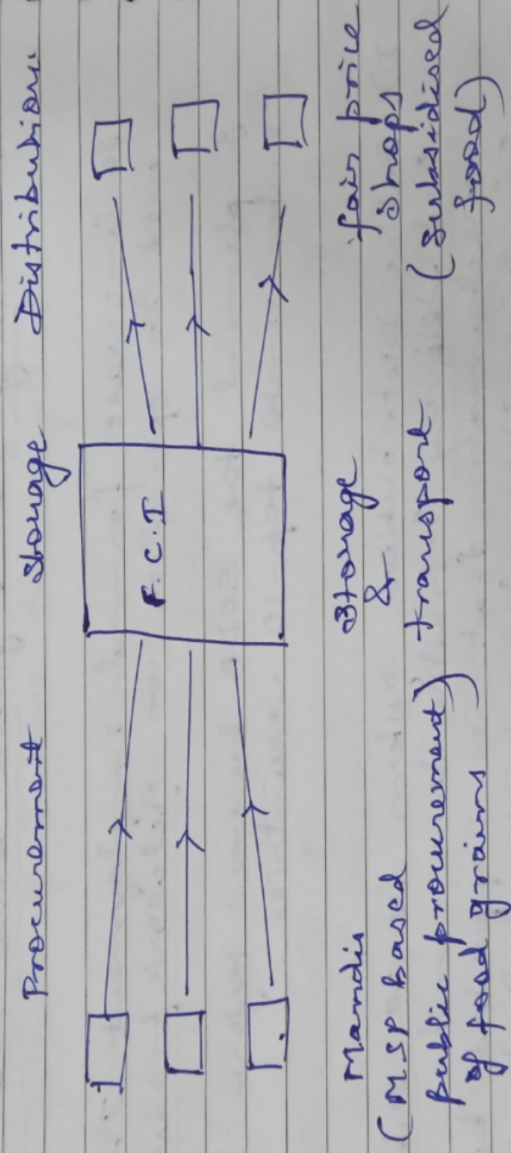
Public Distribution System (PDS) is supported by public procurement infrastructure of Food Corporation of India, NAFED etc...

Objectives:-

- ↳ Ensure food security at reliable and affordable price
- ↳ Price stability of Essential edibles

Support the POSHAN Abhiyan as well.

Functioning:-



Limitations:-

- i) Last mile connectivity absent.
- ii) Effective procurement of coarse grains absent.
- iii) Not attached to POSHAN Abhiyan.
- iv) Affects cropping decisions of farmers. (they grow labour intensive water intensive crops.)