

1A Green Accounting - also known as Environmental Accounting is now a branch of accounting that aims at accounting for environment and its well being.

It deals with People, Profitability, Planet

• It assess environmental costs and benefits in business accounts.

• Corporate Social Responsibility (CSR) by Companies under Company Act, 2013 is an example of Green Accounting.

1B The process of ensuring ^{universal} access to financial services and timely and adequate credit where needed by vulnerable groups such as weaker section of an affordable cost. PMJDY - Pradhan Mantri Jan Dhan Yojana ⁽²⁰¹⁴⁾ opens zero balance account ~~for~~ is step towards it.

1C It is method or technique used to measure the economic activity in national economy as whole, such as GDP, NDP, GNP, VDP, Green GDP

1D JNNURM - massive city modernisation scheme launched on 3 December, 2005, closed on 2014, replaced by AMRUT (Atal Mission for Rejuvenation and Urban Transformation).

- nodal agency is MOHUA (Ministry of Housing and Urban Affairs)

1E It is ^{geometric mean} composite index measuring of average achievement in key dimension of human development: a long and healthy life, being knowledgeable (education) and decent standard of living, launched by UNDP (United National Development Program)

HDI Index 2019 1st Rank is Norway, India is at 129

- 1F HRIDAY acronym for Heritage City Development and Augmentation Yojna, launched on 21 January, 2015
- Aimed to bring urban planning, economic growth and heritage conservation together. Corpus of ₹ 500 crore.
- model agency is Ministry of housing and Urban Affairs.
 - It is central sector scheme.

- 1G The rate at which central bank (RBI) of country borrow money from commercial banks within country.
- It is monetary policy instrument used to control money supply in country.
 - Current rate is 4.4%
 - decided by MPC (Monetary Policy Committee) headed by RBI Governor.

- 1H World Trade Organisation (WTO) gives subsidies in general, identified in Boxes. Blue box is related to agriculture Agreement tied to programmes that limit production.
- ~~There are~~ It is also called "Amber Box with conditions" - conditions designed to reduce distortion.
 - At present, no limit on spending on blue box subsidies.

- 1I Special Drawing Right is International reserve asset, created by International Monetary Fund (IMF) in 1969 to supplement its member countries' official reserve. Value of SDR is based on basket of five currencies - U.S. Dollar, euro, Chinese renminbi, Japanese yen, British Pound sterling.

- 1J Twin Deficit = Fiscal Deficit + Current Account Deficit
- It is condition when country's economy is importing more than its exporting (CAD) and country's government is spending more than it is generating (FD)

- 1K It is trade remedial measure to counteract trade distortion caused by dumping and consequential injury to domestic industry. It is levied and collected by custom Authorities. It is permitted by WTO (World Trade Organisation). It ensures fair international trade.
- 1L Term to describe rapid, excessive and out-of-control general price increase in an economy. It is rapidly rising inflation, typically 50% per month.
• Caused by printing money to pay for government spending. due to surge in money supply in market.
- 1M Refers to stock of skill, ability, expertise, education and knowledge involved in people, that contributes to creation of goods and services.
Source of investment in education and health of human capital is investment in education and human capital
Direct link between economic growth and human capital
- 1N Type of unemployment related to cyclical trends in industry or business cycle. If economy is doing good, it will be lower and vice-versa. This kind of unemployment is negligible in India. now Automobile sector suffers from recession, many workers lost jobs.
also known as negative balance of trade or trade deficit occurs when country's import exceeds its export.
- 1O Trade imbalance may be Trade surplus or Trade deficit with respect to foreign country.
Trade surplus when export exceeds import. Trade deficit is opposite of Trade surplus.
India have Trade deficit with China. Trade surplus with USA (United States of America)

2A

Madhya Pradesh has predominantly been an agrarian state economy. Despite seven decades of planned economic development, MP continues to be in BIMARU state group.

Madhya Pradesh contributed to 19.8% in state GDP at current prices only which reflects as low per capita income of Madhya Pradesh. i.e. 90998 rupees, which is very less than national average.

Reason of low industrialisation in MP are -

- ① Inadequate capital accumulation
- ② Lack of infrastructural facilities such as roads, railway, water, electricity.
- ③ Poor agricultural productivity
- ④ Poor performance of state public sector
- ⑤ Low government (public) expenditure of MP
- ⑥ Lack of political will
- ⑦ environmental concerns like highest number of

National parks, wildlife sanctuaries raises issue of land acquisition

- ⑧ land locked state resulted in no export oriented way forward,

Increased infusion of public expenditure with working on infrastructural facilities will facilitate ease of doing business for corporates in state. "Magnificent MP" organised in Indore in 18 Oct 2019 is to use industrialists.

Globalisation is integration of international economies by undertaking trade related measures and development policies. Negative impact of globalisation -

Economic impact - ① Disguise job creation - job created mainly in service sector which is not proportional with level of economic growth in long run.

- ② ~~Star~~ Protein depletion - as disposable incomes, food habits inclined to protein diet, causing demand and supply imbalance.
- ③ Shrinkage Agricultural sector - only contribute 15% to GDP of India
- negative impact by WTO and other multilateral organisations have reduced government support to agriculture (in subsidies form)

2B

- ① constant fluctuation in ^{global} commodities prices
- ② Focuses dependency on seeds and fertilizers by MNC (Multinational companies)
- ③ government impact by food grains, sugarcane etc frequently when supply fall, instead of increasing domestic ^{outputs}.
- ④ Increasing healthcare costs due to susceptibility to global diseases like Ebola, Zika virus, COVID-19,
- ⑤ wild labour increases in industries
- ⑥ ~~Emerging~~ socio-cultural impact on Indian society
 - Nuclear families are emerging
 - Divorce rates are rising
 - Cultural changes - Hi/Hello instead of Namaste, American festivals
 - Wife valentine day, mother day, father day
 - Loss of Indigenous Indian heritage and culture
 - westernisation of education or alienation of education - advent of private education, coaching classes, paid study material created gap between rural (poor) and urban (elite) students.
 - Growth of cities (Urbanisation) - due to brown in service sector spread to urban migration
 - Loss of Indian cuisine, replaced by pizza, burger, Chinese foods (Unhealthier diet)
 - westernisation of clothing fashion
 - Loss to Indian performing arts (Classical & Hindustani music) ~~is~~, replaced by Pop, Jazz, Hip Hop, Salsa, Ballet. ~~shows~~
 - Increased old age vulnerability
 - Increased foreign media presence, cinema - influences Psychological, social and cultural minds of Indians
 - McDonaldization, westernization
- Psychological Impact on Indian Society
 - Development of Bicultural Identity / Hybrid identity Global
 - Growth of self selected culture
 - Emerging adulthood, - LGBT, gay, lesbian emergence
 - Convergence behaviour

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The Institutional structure of rural banking consists of several institutions, namely, commercial banks, regional rural banks (RRB), cooperatives and land development Bank, SGSY (DDU-AY). The aim of rural credit agencies is to dispense adequate credit at cheaper rates.

Recently, Self Help Groups (SHG) have emerged to fill gap in formal credit system.

Kisan credit card as an innovative credit delivery system to meet production credit requirements for farmer.

Financial inclusion measure such as PMJDY (Pradhan Mantri Jan Dhan Yojna), Business correspondences (BC); microfinance loans,

Direct Benefit transfer (DBT) in various government schemes (427 schemes of government) like food subsidy, fertiliser subsidy, MGNREGA wages, scholarships to student, PM KISAN scheme etc.

Rural credit system managed and implemented largely by NABARD National Bank for Agriculture and Rural Development for RRB and SHG.

PACS (primary Agriculture credit societies), grass root arm of three tier cooperative delivery system, engaged in delivering credit to poor and weaker section of societies.

- PCARDB - Primary Cooperative Rural Development Bank at district level provide long term credits.

- RBI (Reserve Bank of India) made it mandatory to meet primary lending targets to each branch of banks.

Still measure need to be taken to provide facilitating environment for development of effective microfinance in transparent and cost effective manner.

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Unemployment refers to a situation where an individual who is able and is willing to work at existing wage rate does not get work.

Unemployed have to register at employment exchange, (each district level).

Unemployment can be classified as -

(i) Rural Unemployment - Unemployed in village areas

(ii) seasonal unemployment - A situation where person not find work for certain season or period of time, can be seen in Agriculture sector.

(ii) Disguised Unemployment → A situation where there are too many people employed in an econ activity, such that removal of few does not affect productivity, common in agriculture sector.

(2) Urban Unemployment - found in towns and cities

(i) Educated Unemployment - arises because of defective education provided by education systems. quality of education is not match with actual skill requirement in industries.

(ii) Technological Unemployment - Caused due to change in technologies of production (computer, robotics, ICT, software, AI, IoT)

(iii) Frictional Unemployment - A situation where people remain temporarily unemployed due to such as search for new job, technical breakdown ~~or~~, switching of jobs, also known as transitional / temporary unemployment.

2E Madhya Pradesh is located in central India, fastest growing state in country, Agriculture is main source of livelihood for people of M.P.

• M.P. state got "Krishi Karmen Award" five times consecutively.

Importance of Agriculture in M.P. economy -

① Employment - According to census 2011, 69.6% of total working population indulge in agriculture. 1

② Backbone of rural economy - 73% Rural population of M.P. directly or indirectly depend on agriculture activities.

③ Contribution in SGDP (State Gross domestic product) - 44% ^{of SGDP} contributed by primary sector (Agriculture and Allied sector) in 2018-19 (economy survey).

④ Economic development - Growth rate of MP in agriculture is highest in country, but it is decreased to 4.85% (crop area) in 2018-19.

⑤ Feed the population - Food grain production is growing to meet demand of state population.

⑥ Agro based industries and Horticulture - food processing, agro marketing, cold storage, also provides employment and adds to GVA (Gross value addition) of state economy.

• 2 Mega food parks & Food parks, 5 Agri - Export zones

⑦ exports of Agri-products - such as pulses, oilseeds, wheat, soyabean, cotton, potato, onion are major exporting products also soyacake, soya biscuit like agro based finished products also exported.

⑧ Economic planning - vulnerability to drought, rain-fed dependencies, price fluctuations adds ^{to} importance of economic planning of M.P. in agriculture.

2F In 1991, India met with economic crisis related to external debt - the government not able to make repayment on its borrowings from abroad

- Balance of payment crisis + large fiscal deficit

- negligible foreign exchange reserves (not sufficient even for a fortnight).

- Rising prices of essential goods \pm High Inflation/Hyper Inflation.

- unemployment level rising

- Poverty

- Population explosion

To ~~meet~~ ^{overcome} this crisis, India approaches International Bank for Reconstruction and Development (IBRD) / World Bank and International Monetary Fund (IMF), received \$ 7 billion as loan with conditions of LPG reforms (Liberalisation, Privatisation, Globalisation).

2G An Subsidy is a government incentives paid to any sector of economy to supplement their income and manage cost and supply of such commodities.

Direct subsidies

① The Beneficiary purchases the good at market prices and subsidy is transferred to him in form of cash transfer (DBT)

② Mostly in Developed Countries

Indirect subsidies

① The goods are made available at lower / subsidised price, credit facilities, loan waiver, reduction in bills (~~of~~ electricity, water, taxes)

② Mostly in developing countries.

Direct Subsidies

③ Have direct impact on beneficiaries expenditure and their life.

④ More efficient system because free hand to use money

⑤ Individual targets to reach the benefits
example: Cash directly to farmers for fertilizer, seeds, crop insurance

Indirect Subsidies

③ Have implicit impacts, as some part of money paid at required end

④ Less efficient system, because of less coordination among government machinery.

⑤ Mass target of people to reach the benefits

example: provide cheap urea/fertiliser to farmer, electricity bills exemptions for farmers and BPL (Below poverty line) population

2H • Food security defined by UN Committee on world food security, means that all people, at all times, have physical, social and economic access to sufficient, safe, and nutritious food that meet their food preferences and dietary needs for an active and healthy life.

• Food security is combination of $\left\{ \begin{array}{l} \text{Food availability} \\ \text{Food access} \\ \text{Food utilization} \end{array} \right.$

• It is matched with SDG 2: zero hunger of UNO

• India ranked 72nd in Global Food security Index, released by EIU

• National Food Security Act, 2013 receives president assent on 10th September, 2013.

• It ensures food to 67% population (75% rural, 50% urban households) of India, covering 80.55 crore beneficiaries

• Government initiative to ensure food security -

① Implementation of NFSA, 2013 in all states and Union territories.

② Major reforms in automation (ICT based) of TPDS (Target Public distribution system)

③ DBT system of food security allowances to provide cash ~~ind~~ initiatives

④ Maintaining Buffer stock of pulses under Price Stabilization Fund (PSF) scheme

⑤ Procurement at MSP + bonus announcement by Food Corporation of India from ^{estate agencies} farmers. • Maintaining sufficient food grain in central pool stock of FCI.

• ICT based online management of all operations of FCI

⑥ Taking various measures to ensure agricultural and allied sector outputs/productivity like PM-KISAN scheme, PMKSY, fertiliser subsidy etc.

Despite All this efforts, government needed to take more steps to curb on supply constraints, water scarcity issue, small farm holdings, low per capita GDP and scarce irrigation facilities, alongwith boost agricultural output to achieve aim to double farmer's income by 2022

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Indian economy faced with several challenges, some are explained as - ① NBFC (Non Banking Finance sector) crisis - with debt of ₹90000 crore + NPA (IL&FS insolvency)

② Real sector crisis - By June-end 2019, 10 lakh unsold units in top 8 cities of country.

③ Investment slowdown - Private businessmen lost confidence in economy

④ Low consumer confidence - demand slump especially rural demand due to reduction in disposable income coupled with unemployment rising (7.1%) ~~45~~ year highest since last 45 ~~by~~ years.

⑤ Beginning of stagflation = GDP reduction coupled with high inflation. Q1 and Q2 growth is 5% and 4.5% in 2019-20.

⑥ Shortfall of Tax revenue

• Direct tax reduction due to concession to corporate tax (30% to 25%)

• Indirect tax reduction due to shortfall of GST targets

• approximately ₹ 2 lakh crore revenue reduction in 2019-20 as GDP growth is falling

⑦ Slump in demand of automobiles

⑧ deflation in agriculture

⑨ weakening of Rupee ⑩ Growing NPA in Banks

• Current economic challenges are both structural and cyclical in nature.

• Economic survey 2017-18 noted that economy was faced a Twin Balance sheet (TBS) problem

Bank Balance sheet
Corporate sector Balance sheet

way forward

- Effective monetary policy by RBI to curb inflation
- Fiscal stimulus package by Government of India to curb on rising fiscal deficit issues of centre and states/UT

2J PMGSK: Launched in ²⁵December, 2000 with an

objective to provide single all weather road connectivity to eligible unconnected habitations of designated population size (500+ in plain areas and 250+ in North-East, hill, tribal and desert areas as per census 2001) for overall socio-economic development of areas.

• For most intensive IAP (Integrated Action Plan) blocks as identified by Ministry of Home Affairs, the unconnected habitations with population of 100+ (2001 census) are also eligible under PMGSK

- Unit for this scheme is habitation, not revenue village/Panchayat/Panchayat.

- Single road connectivity

- unconnected habitation is one which located at distance of 0.5km or more (1.5km in hills) from all weather road.

- Also permit upgradation of existing roads in those districts where all eligible habitations are connected.

Recently Government launched PMGSY-III scheme with target of 1,25,000 km road length

• Total 65 lakh km (six lakh) road constructed since inception till April 2019.

2K Urbanization is the increase in proportion of people living in towns and cities

- Cause - \rightarrow rural to urban migration
- Natural increase caused by decrease in death rate while birth rates remain high.

Adverse effect of Urbanisation -

- Unemployment, drug abuse, crime, homelessness grows
- Cost of living increases (education, health, housing)
- Congestion problems - population density is high + traffic problems increases
- Urban hotspot issues
- Diseases outbreak due to inadequate drinking water and sanitation specially in slums
- Pollution (air, water, soil, noise) and Global warming effects
- Poverty and Illiteracy rate increases due to limited resources
- Growth in slums and overcrowding

Opportunities should be created within rural areas by adopting PURA (Providing Urban Amenities to Rural Areas) model of APJ Abdul Kalam, to minimize negative effect of urbanisation.

2L Economic development is economic growth spreads over entire population of nation to ensure acceptable living standards for everyone through improvement in economic, social and cultural aspects

Factors of Economic Development -

- ① Economic factors - Capital formation
 - Natural Resources
 - Marketable surplus of Agriculture
 - Favourable foreign Trade
 - Robust Economic System
 - Macroeconomic stability

⑤ Non - Economic factors

- Human Resource
- Education (General and Technical)
- Political freedom
- Social organisation and equality
- Corruptions Free administration
- Desire of population (people) to develop
- ~~Macroeconomic stab.~~ Moral, ethical and social values

3A

The Cooperative movement in India owes its origin to agriculture and allied sector.

- Towards end of 19th century, the problem of rural indebtedness and the consequent conditions of farmers created an environment for the club fairs and cooperative societies.
- Cooperative movement adopts attracting mechanism for pooling their meagre resources for solving common problems like credit, supplies of inputs and marketing of agriculture produce.
- Legislative structure given by Cooperative Credit Societies Act, 1904 enactment
- Under Montague - chelmsford Reform of 1919 and Government of India, 1935, Cooperatives was treated as provincial subject.
- In Indian constitution, 'Cooperative Societies' is state Subject (State List).

AMUL (Anand Milk Union Limited), Gujrat is most successful milk product cooperative society.

- Laxman Rao Inamdar is important leader in Gujrat and Maharashtra who led cooperative movement to common people.
- Cooperative societies can be consumer's society, Farming, Federal, central, Housing, ~~Home~~ Marketing, Multipurpose, Producers, Processing, Resource, General societies

Cooperative Movement in Madhya Pradesh -

- MP Co-operative Societies Act, 1960 and MP Cooperative Societies Rules, 1962 provide legislative framework to cooperative societies in Madhya Pradesh.
- Act received President's assent on 28 April, 1961, published in 12/5/61.
- MP have Department of Cooperatives separately to register, coordinate, ^{regulation} and ^{audit} monitor all activities relating to cooperatives.
- Addition to traditional business, new technology and innovation led activities like skill development and imparting computer education in backward blocks of state, total 430 new cooperative ~~societies~~ ^{societies} are registered at ~~the~~ local and state level.
- The Main Function of Department of Cooperative in M.P. is providing short term loan for crops. In 2018-19 financial year, total 12590 crore disbursed ~~off~~ as crop short term loan.
- MP state cooperative banks, along with ^{its} 24 branches and 829 branches of 38 District ^{Central} Cooperative ~~Central~~ bank are connecting to core banking (online banking).
- MP have decided target of 18000 crore for short term crop loan in financial year 2019-20, and 30 lakh farmers are expected to cover in this scheme (6 lakh of scheduled caste and scheduled tribe farmers are included in it).
- Madhya Pradesh Government launched MP Kishuk Rin (Kisan Samadhan Yojna) for defaulter farmer for loan settlement. Under this scheme, 50% loan waived on ~~the~~ payment of remaining 50% loan.
- On 7 January 2019, M.P. Government launched "Jai ^{upt} Kisan Fasal Rin Maaf Yojna". Its aim to loan waiver of ~~2~~ 2 lakh of all farmers of state. In phase-1, 17.64 lakh farmers having credit of 4100 crore in state cooperative banks are waived off.
- Integrated Cooperative development ~~Plan~~ ^{Project (ICDP)}: Aim for development of ~~district~~ ^① PACS (Primary Agricultural Credit Societies) as multi purpose self-reliant entities.
 - ② Development of allied sector cooperatives
 - ③ Increased Godown capacity to store foodgrain.

- Scheme launched in 1985-86 in India and in 1994 in M.P.
- Project have two heads - (1) loans (2) subsidy
- Project is implemented by District central Cooperative Bank
- In M.P. - 38 Revenue districts have already completed ICDP (model agency is NCD C New delhi).
- Presently active in 10 district and in planning stage in 3 districts
- Computerisation of PACS and their transparent audit system is under progress in state.

- Department of Cooperative ; MP, HQ in Bhopal
- MP have state Cooperative Tribunal for hearing Appeals against cooperative courts' decision. It have one Chairman, one go government and one non-government member.
- On basis of recommendation of Vaidyanathan Committee a strong commercial platform has provided to Agricultural credit cooperative structure by making extensive amendment in MP cooperative act.

- Primary Agricultural credit societies aimed to undertake agricultural credit, agricultural inputs (seed, manure), PDS, procurement on support price (MSP price) etc
- Commissioner, Cooperation and Registrar Cooperative societies, M.P is model agency in state for managing cooperative societies at divisional and district level.

• Important Cooperative societies in MP are

- (1) MP State Cooperative Bank, Bhopal
- (2) MP state Cooperative Consumer union, Bhopal
- (3) M.P. state cooperative Dairy federation Ltd, Bhopal
- (4) M.P. state minor forest produce Trade and development cooperative union, Bhopal
- (5) MP state cooperative Powerloom weaver Union, Buxhampur

(6) Three-Tier cooperative societies -

- (1) PACS (Primary Agricultural credit Cooperative Societies)
 - Total 4523 PACS established in states.
 - Objective of making credit available for agriculture production and management of fair price shop under PDS system and procurement of foodgrains (wheat, Alee,

Maize and Pulses.

② DCBS - District Central Cooperative Bank -

- loan to PAs
- loan to non agricultural credit like for housing, vehicle, businesses.
- 829 branches of 38 DCCs.
- Registered, accredited by RBI
- All are connected to core banking system.

③ M.P. State Cooperative Bank (Apex Bank) - ^{Converting short term} ^{farmers suffered from natural calamities (drought, flood etc).} ^{to medium term for}

- Short term credit provided to DCCs by its 24 branches
- Distribution of KCC (Kisan credit card) to 47 lakh farmers

other Institutions are:-

- MP State Cooperative Agriculture and Rural Development Bank - aim to provide long term loans
- MP Land development Bank
- scheme - ~~MP~~ ^{CM} Krishak Sahakari Rinu Sahayata Yojna
- ICOP
- ~~A~~ ^{CM} Rinu Samadhan Yojna

Registration of Society - online system, within 45 days registration process is completed under MP Public guarantee Act, 2010 by Registrar of cooperative Societies, Bhopal.

Electin Process: period of Board of Directors of Cooperative Societies are 5 years:

Before expiry of tenure, election held by MP State Cooperative election Authority (Autonomous body created under M.P. Cooperative Societies Act, 1960)

~~Audit~~

• Registration of 3 new federations in state

- ① MP State Cooperative Tourism Union Bhopal
- ② MP State Cooperative Warehouse Union Bhopal
- ③ MP State co-operative Jan Aushadhi Marketing Ltd.

• Under Atal Biju Mission, Registration of ~~Primary~~ multipurpose cooperative societies were done in M.P.

• MP State government have "e-cooperative" web portal/app

3B

Liberalisation means liberating the Industry and trade from all unnecessary restrictions and removing all impediments in their growth arising from licences, permits, quotas, bureaucratic delays etc.

- It implies reduction in role of government and increase in role of market forces.
- It aims to strengthening of market-oriented economy.
- The entrepreneurs have freedom to take economic decisions on the basis of market forces of demand and supply.

Features of liberalisation-

- (1) Abolishing of licensing requirement in most of industries except short list (cigarette, hazardous substance, liquor, etc)
- (2) Freedom in deciding scale of business activities (expansion or contraction)
- (3) Freedom in Fixing prices of goods and services.
- (4) ~~Freedom~~ Removal of restriction on movement of goods and services
- (5) Reduction in tax rates and lifting of unnecessary control over economy.
- (6) Simplifying procedures for imports and exports
- (7) Making easier to attract foreign capital and technology to India.
- (8) It is precondition for globalisation of Economy.

Privatisation means allowing private sector to set up more and more of industries that were previously reserved for public sector, can be achieved by leasing, contracting, franchising and disinvesting public shares

- It implies a change in ownership and management from public to private hand.

Benefits of privatisation

Economic Benefit - one-time cash injection to government revenues

- Competitive imperative

- Market capitalization
- efficiency enhancement

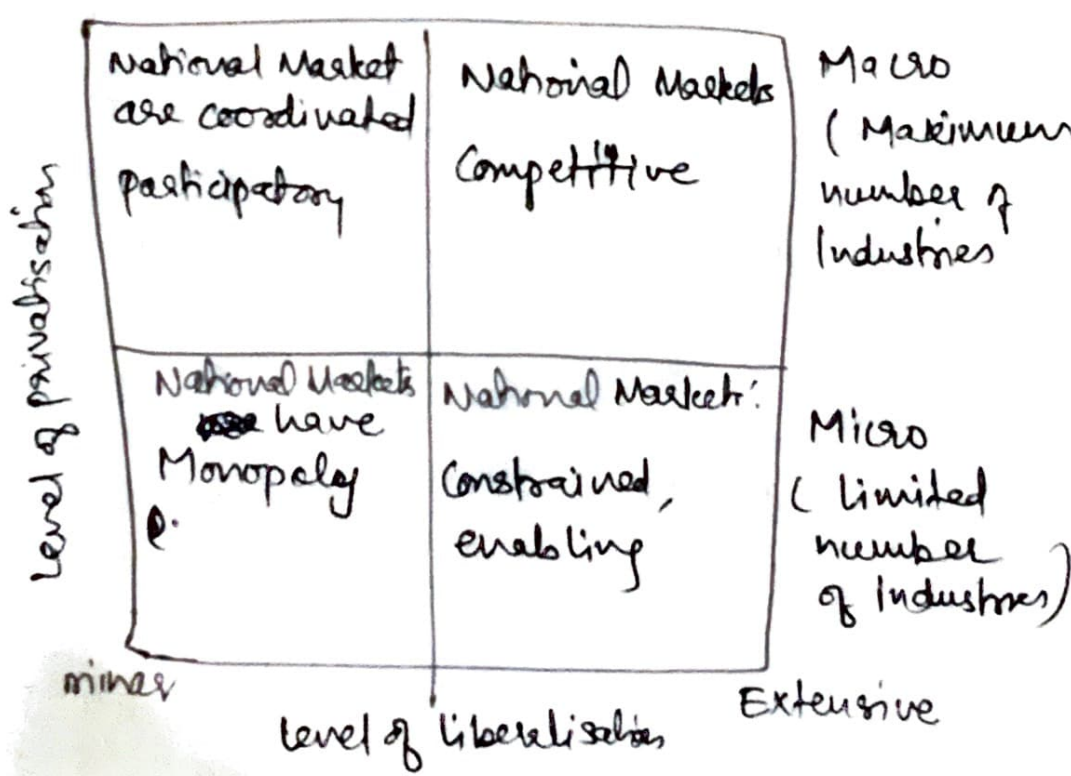
Social Benefits -

- Commercial control over enterprise
- 'Private-divident' - make public money for social programmes and services
- Reduction in Political interference
- Scientific management
- encouragement of new inventions
- ~~eff~~

Disadvantages of Privatization

- Lack of social welfare
- class struggle
- Increase in inequality & unemployment
- exploitation of weaker sections
- Only 6 industries ~~are~~ not opened to private sectors are cigarette, Atomic energy, Indian railway, chemical fertilizers, Arms and Ammunition, Hazardous chemicals.

Liberation is way of practicing privatization in one or other way.



- A Liberalised economy encourages private players to invest in industries and create inventions, innovations.
- Liberalisation provides a confidence making mechanism among entrepreneurs to play active role in policy making program implementation of government agendas and welfare scheme through CSR (Corporate Social Responsibility)
- Liberalisation is prerequisite for privatisation
- use of e-governance even makes industrial environment healthy and sustainable and boost private participation.

Government of India is facing twin effect, and hyperinflation and rising unemployment. To tackle all this menaces, more transparent reforms of liberalisation will create corporate confidence in Indian economy and attract foreign direct investment in country.

3C Indian economy is kind of mixed economy, adopted since independence of India. It become globalised after reforms of 1991.

Salient features of Indian Economy are

(1) Low per capita income - per capita income is defined as ratio of national income over population. It gives an idea about the average earning of an Indian citizen in a year, even though this may not reflect the actual earning of individual.

India's per capita income in ~~₹420~~ 2019-20 is ₹11,254. ₹1,35,050/- which is low as compared to other developing country

② Heavy population pressure - India in world is second largest populated country after China. As per 2011 census, India's population is 121 crore (17.5% of world's population). The main cause of fast rise is sharp decline in death rate while birth rate is not decreased as fast. As of 2019, India's population is 133 crore, only 5 crore less than China.

④ This heavy population put burden on public exchequer to mobilize enough resources to provide public education, health care, infrastructure etc.

③ Dependence of Agriculture - In India, 50% of population is largely depend on agriculture and only contributes to 17.5% of GDP at current prices, it was 50% of GDP in 1950.

However, agricultural yield is low in most crops as compared to other top producing countries like China, Brazil, USA.

• Agriculture growth rate is volatile as well, badly affects farmer's income.

④ Low agricultural productivity - largely due to decreasing size of agricultural land holdings, continued dependence on monsoon, inadequate access to irrigation, imbalanced use of soil nutrients resulting in loss of fertility of soil, uneven access to modern technology, lack of formal agricultural credit access, limited procurement of foodgrains by government agencies and failure to provide remunerative price to farmers, 80% of farmers are small and marginal farmers.

⑤ Poverty and inequality - 21% of population lives in poverty (below poverty line). A person is termed poor if person is not able to consume minimum 2100 calories in urban and 2400 calories in rural areas.

Around 265 million population of India are poor people. Poverty goes with income inequalities and wealth distribution.

As per report of Oxfam International "Annual Inequality report, 2019". Some of findings of report are

→ India's top 10% hold 77.4% of total national wealth, while top 1% holds 51.33% of wealth.

→ The bottom 60% population hold only 4.8% of national wealth.

→ 13.6 crore India (10% of country's population) have continued to remain in debt for past 15 years.

→ Women wages are 34% less than men shows huge Gender wage gap.

→ 42% of agricultural labour force, women own less than 2% of its farm land.

⑥ Unemployment and Underemployment rate is huge -

India's unemployment rate is 7.78% in February, 2020 as per CMIE (Centre for Monitoring Indian Economy)

• Most prevailing unemployment type is disguised and seasonal unemployment in India.

• India's labour Participation rate is 42.7% in 2019.

• Cause of high unemployment is large population, no market skill link education, bad industrial conditions, especially small and medium enterprises, low pace of economic growth.

⑦ Mixed economy - Both public and private sectors coexisted. But after adoption of New Economic Policy (NEP) in 1991, Indian economy made a landmark shift from mixed economy model and licenced raj system and opened economy to world.

⑧ Low Capital formation and Investment -

only 30% of GDP goes to investment due to consumerism expenditure of India's population.

⑨ Planned Economy - India is a planned economy. First Five year plan in 1951-56 to 12th five year plan (2012-17) prepared by planning commission of India (established in 1950) but now replaced by NITI Aayog (established in 1 January 2015) prepared 15 year strategy.

3D Public Distribution System (PDS) is an Indian food security system.

- The PDS envisages the system of management of food economy and distribution of foodgrains at affordable prices.
- Started by GOI under Ministry of Consumer Affairs, Food and Public Distribution and managed jointly by state & centre.
- It distributes subsidized food and non-food items to India's poor.
- Major commodities distributed includes staple foodgrains, such as wheat, rice, sugar and kerosene through network of fair price shops (around 4.7 lakh shops in India)
- Food Corporation of India (FCI), Govt owned corporation, procures and maintain PDS system.

Objective of PDS →

- ① To protect low income groups by guaranteeing the supply of certain minimum quantity of food grain at affordable price
- ② Ensuring Equitable Distribution of basic essential commodities
- ③ Controlling price rise of essential commodities in open market.
- ④ Ensure food security in country
- ⑤ promoting of strong consumer protection mechanism.
- ⑥ To supplement various government programmes for poverty alleviation and reduction in malnutrition.

Functioning of PDS System

① People Involved -

- Agencies of both central and state government
- Private-sector traders who run FPS (Fair Price Shops)
- Representatives of civil society

They are appointed by - Elected ~~officials~~ ^{officials} constituted under PDS regulations

② Working -

- state ministries of food and civil supplies regulate network of FPS and allocating licenses to private traders to run FPS

- Identify beneficiaries and issue 'ration cards' on targeted basis

- Price determined by state governments

- each beneficiary under BPL category get 35 kg of rice or wheat and under APL category get 15 kg on monthly basis

- Central Government is responsible for procurement, storage, transportation and bulk allocation by FCI and state agencies under MSP (wheat, rice, kerosene, sugar, iodized salt)

storage and monitoring of warehouse by principle of First in First out (FIFO):

- Distribution of bulk items from warehouse to FPS is done by state government.

- Recently Aadhaar linked cards used ^{under TADS} ~~to target~~ system.

Limitations of PDS systems are

① Wrong classification of economic status -

- on average 61% of eligible population was excluded from BPL list while 25% of non-poor household included by wrong methodology ~~is~~ adopted by Ministry of rural development.

② Ghost cards - cards made in name of non-existent people.

③ Double counting error and missing household error

④ Problem of leakages

⑤ Bureaucratic and ~~Political~~ political corruption issues

⑥ wastages in warehouse due to insects, non-A/C conditions
Godowns, spoiling of food items.

Way Ahead - GOI should take initiatives to revamp
PDS system such as Food coupons (beneficiaries given money),
Cash transfers online (DBT), SMS based monitoring, use of
GPS, issue of smart card in place of ration card,
Computerization of PDS system, IM-PDS (Integrated Management
-PDS) for one Nation one ration card or ration card portability.