Unit - 2

Agriculture Sector

- India is an agrarian economy.
- Agriculture sector plays a crucial role in Indian economy.
- Agriculture sector is considered to be the backbone of the Indian economy.
- Nearly 75% of the peoples were depended on agriculture during 1950-51. It was reduced 56.7% in 2001 and present it was reduced to 52%.
- Majority of the population in our country depends on this sector for livelihood. Around 52% of the peoples are depending on agriculture sector because of the fallowing causes.
    1. Since there is no encouragement of handicrafts during the British period. So rural artisans started depending on agriculture.
    2. The small and cottage industries could not compete with the products of large scale industries. So these industries lost their existence.
    3. The growth rate of secondary and tertiary sectors failed in providing employment opportunities to the growing population.
    4. The regional and sect oral mobility of Labour in our country is very low due to illiteracy and social barriers.
    5. Employment creations are not increasing as population grows.
- The above causes are lead to increasing of the dependence on agriculture sector.
- At the time of 1950-51 Agriculture sector share in National Income was 55.4%, late it was reduced to 30.9% in 1990-91, 24.7% in 2000-2001 and 18.5% in 2006-07, 17.8% in 2007-08 and it is 17.1% in 2008-09 (according provisional estimate). But primary sector contribution is 21.2% in 2008-09. (17.1% agriculture sector + 4.1% from mining and quarrying)

- Agriculture goods contributing 10.6% of our exports. And total 14.5% foreign reserves are coming through Agricultural products.
- In 2007-08 agricultural sector growth rate was 4.86% and it is only 2.61% in 2008-09.
- Food grain production 51 MT in 1950-51, and is in 2008-09 is 229.85 MT as against 233 MT targets.

	Year	food grain production
1.	1950-51	51 MT
2.	2000-01	209 MT
3.	2001-02	212.9 MT
4.	2002-03	174.8 MT
5.	2003-04	213.2 MT
6.	2004-05	198.4 MT
7.	2005-06	208.6 MT
8.	2006-07	217.3 MT
9.	2007-08	230.78 MT
10.	2008-09	229.85 MT (target was 233 MT)

- Total 19.2 million tones food grains are buffer stocks in India.
- In 2007-08 the fallowing crops have the yield per hector in India and having world's highest yielding countries as fallows.

Crops	Yield per hector in India	World's Highest yield	Country
Paddy	22.02 Quintals	88.80 quintals	Egypt
Wheat	28.02 quintals	80.50 quintals	Briton
Maize	23.35 quintals	96.50 quintals	Italy
Sugar cane	690.0 quintals	1190.00 quintals	Egypt

Causes for low productivity in Agriculture in India:

- Utilizing of Older or traditional Equipments.
- Lack of irrigation facilities, it was 18% of total cultivated land in 1950-51 and 39% in 2002.
- Scarcity of Modern inputs like fertilizers, seeds and pesticides.
- Inequalities in the distribution of land.
- Small size land holdings.
- Defects in land tenure systems.
- Impact of the British regime.
- Pressure of population on agriculture.
- Discouraging rural atmosphere like poverty, land hunger.
- Lack of infrastructure facilities like market, credit, transport etc.

The fallowing Measures are taking by the government to increase the agriculture productivity.

1. Land reforms
2. Development of infrastructure.
3. Agricultural extension services.
4. Irrigation facilities
5. Farm mechanism
6. Controlling population growth rate
7. Literacy programmes.
8. Increases of Agriculture holdings

Land Reforms

- According UNO land reforms means "the re distribution of land with a view to safe guard the interests of small, marginal farmers and farm Labour is called land reforms".

- According Indian planning commission "Any reforms of land, under taken by the government for agricultural development are called Land reforms".

Objectives of Land reforms:

- 1948 all India congress agricultural reforms committee constituted under the chairmanship of Komarappa. This committee and In 1951 Planning Commission announced the fallowing objectives of Land Reforms
    1. The removal of all restrictions for agriculture development.
    2. The elimination of all forms of land exploitation
    3. To provide social justice with agrarian system to provide security for the tiller of soil.
    4. To increases agricultural production by implementing land development activities

Need for Land Reforms:

- For the development of Agriculture sector.
- For the economic development through agriculture sector.
- To increase agriculture productivity.
- To achieve social justice

Salient Features of Land Reforms:

- Government has introducing the Land Reforms after independence for the welfare of backward people and agriculture development through Abolition of intermediaries and Tenancy reforms.

Abolition of Intermediaries:

- In 1793 Caraon vallies introduced the Zamindari system
- This is also called permanent settlement
- This system introduced in Bengal, Bihar, Orissa.

Tenancy Reforms:

- Tenants are 3 types
    1. Occupancy tenants: Permanent tenants (zirayiti rights vunna tenants)
    2. Sub-tenants: (upa kauludarulu): they will take land for rent from occupancy tenants.
    3. Tenants at will: tenants which are without any rights.
- Rent was fixed by various states like the fallowing
    1. Assam, Karnataka, Manipur and Tripura states fixed rent between 1/5 to ¼ share in total production.
    2. Gujarat, Maharashtra and Rajasthan states fixed rent between 1/6 to ¼ share total productions.
    3. Orissa, Bihar states fixed rent ¼ share total productions.
    4. Punjab, Haryana and Jammu and Kashmir state fixed rent with 1/3 share in the total production.
    5. Tamilnadu state fixed rent between 33.3% - 40%.
    6. Andhra Pradesh state fixed rent 25% to 30% in delta region land and 20% to 25% in upland region.
- **Ceiling on Land Holdings:** In 1972 July in Chief Ministers meetings takes some decision regarding ceilings
    1. The ceiling on highly fertile land with assured irrigation facilities, producing two crops in a year varies from 10 to 18 acres.
    2. It should not exceed 27 acres in case of single crop in a year.
    3. Other lands the ceiling should not be more than 54 acres.
- The unit of application shall be a family of 5 members. If the number of members in the family exceeds 5, additional land may be allowed for each member. How ever it should not exceed twice the normal ceiling limit.

- D.T.Dantwala said that "the land reforms introduced in our country are in proper direction but the implementation part is not proper".

Land Utilization in India:

1. Total India Geographical area - 328.72 Million Hectors or 3.287 millions Sqkm - (32, 87, 263 Sqkm).
2. Total reported area -306.00 Million Hectors.
3. Net cultivated land -166.04 Million Hectors.
4. Land under forests -68.97 Million hectors.
5. Barren and un- cultivable land -19.55 Million hectors.
6. Land not available for cultivation -42.34 Million hectors.
7. Land put to non-agriculture uses -22.80 Million hectors.
8. Land under pastures and trees -9.02 Million hectors.
9. Area sown more than once -30.66 Million hectors.

- Average size of Holding was in India like in the fallowing.
    1. In 1970-71 2.28 hectors
    2. 1985-86 1.69 hectors
    3. 1990-91 1.55 hectors
    4. 2000-01 1.35 hectors
- In USA in 2000-01 average land holding size was 122.5 hectors.
- According 1985-86 calculation Rajasthan was having the highest average holding size with 4.34 hectors, after Rajasthan Punjab having the second highest with 3.77 hectors and lowest land holding size was in Kerala with 0.36 hectors.
- In 1990-91 land holding size have like in the fallowing
    1. Marginal holdings are called with less than 1 hectors and total marginal land holdings have 59% in I990-91.
    2. Small holdings are called land holding between 1 hectors to 4 hectors and total small land holdings have 32.2% in 1990-91.

3. Medium holding are called land holding between 4 hectors to 10 hectors and total medium land holdings have 7.2%.
4. Large holdings are called land holdings between more than 10 hectors and total large holdings have 1.6%.

Cropping Pattern in India in percentage

Crops	1950-51	1980-81	2000-2001	2004-05
1.Food crops	74%	80%	75%	76%
2.Non Food crops	26%	20%	25%	24%
Total (1 + 2)	100%	100%	100%	100%

Different crops largest producers in India

- Paddy: 1. West Bengal, Andhra Pradesh and Uttar Pradesh.
- Wheat: Uttar Pradesh, Punjab and Haryana
- Maize: Andhra Pradesh, Karnataka and Bihar
- Ground Nut: Gujarat, Madhya Pradesh and Tamilnadu.
- Sun Flower: Karnataka, Andhra Pradesh and Maharashtra.
- Sugar Cane: Uttar Pradesh, Maharashtra and Punjab.
- Cotton: Gujarat, Maharashtra and Punjab.

Green Revolution:

- William .S. Gand is the first economist who used the term Green Revolution in 1968 in German Conference.
- Father of Green Revolution is called Norman Borlaug from Mexico.
- Father of Indian Green Revolution is called M.S. Swaminathan.
- Green revolution means "Achieving revolutionary changes in the agriculture sector by introducing new techniques of production is called green revolution".
- The main objective of the green revolution is to increase the food grain production.

- According to Cowrie and John Green Revolution is also called in India as Seed Fertilizer Revolution.

Causes for the Green Revolution:

1) **Intensive Agriculture District Programme (IADP)**: This is started by the central government in 1960-61. Mainly three districts were selected under this programme as a pilot study. These are one is Ludhiana district in Punjab, West Godavari district Andhra Pradesh and Tanjavore in Tamilnadu. Later it was extended to 7 districts. These are

   I. West Godavari district in Andhra Pradesh
   II. Shabaad district in Bihar
   III. Raipur district in Chhattisgarh
   IV. Tanjavore district in Tamilnadu

   The above 4 districts concentrated for Paddy

   V. Ludhiana district in Punjab
   VI. Aligarh district in Uttar Pradesh

   The above 2 districts concentrated for Wheat

   VII.Paali district in Rajasthan, **this district concentrated for Jowar.**

2) **Intensive Agriculture Area Programme (IAAP):** this programme started in 1964-65. Intensive Agriculture District Programme extended to 114 districts in this part of programme.

3) **High Yielding Variety Programme (HYVP):** It was started by central government in 1966-67 to increase food grain production. With Joint Efforts Of Indian Council of Agriculture Research (ICAR) and Agricultural universities in the Punjab, various types of hybrid seeds have been innovated.

4) **Introduction of Crops with Short Gestation Period:** ICAR and ICRISAT are trying to produce short gestation period seeds of paddy, wheat and maize

5) In 1965-66 multi crop system started.

- Most benefited crops of Green Revolutions are Wheat, Paddy, Jowar, Maize Ground nut, Oilseeds, Cotton and Sugar cane.
- The benefits of green revolution are limited only to some regions like Punjab, Haryana and Andhra Pradesh.
- In 1963 National Seed Corporation started by government to produce qualitative seeds.
- In 1969 started State Farm Corporation of India to produce qualitative seeds.

Irrigation

- Out of total Water resources 83% of water consuming agriculture sector, 4.5% of water consuming for house hold sector, 2.7% of water consuming for electricity and 8% of water for other purposes.
- In 1995-96 Rural Infrastructure Development Fund (RIDF) established by NABARD to increase the irrigation facilities
- In 1996-97 government started Accelerated Irrigation Benefits Programme (AIBP). The main objective of AIBP is to complete projects in the states with cooperation of central government.
- In India total 141.23 million hectors having irrigation capacity. This is 43% in total India's geographical area.
- In 1951 total 22.6 million hectors irrigation is providing and 81.1 MH provided at the time of 1991-92.
- Irrigation capacity is 102.8 million hectors at the end of 10^{th} five year plan but actual consumption only 87.2.MH.
- Central government is targeted to provide irrigation to 114 mh by the end of 2010.

Irrigation projects:

- Before 1978-79 irrigation projects were divided into three types based on the investment to construct the projects.
  1. Large scale irrigation project: more than Rs.5 crores
  2. Medium scale irrigation projects: between Rs.25 lacks to Rs. 5 crores.
  3. Small scale irrigation projects: less than Rs.25 lacks.
- Since 1978-79 irrigation projects were divided into three types based on the irrigation capacity of the projects.
  1. Large irrigation projects: more than 10, 000 hectares irrigation facility projects are called heavy irrigation projects.
  2. Middle irrigation projects: if irrigation facility is between 2000 hectares to 10,000 hectares.
  3. Small scale irrigation projects: less than 2000 hectares.
- Irrigation sources are like in the fallowing in India.

S.NO	Irrigation Sources	1950-51 irrigated area	2005-06 irrigated area	2007-08 Irrigated area
1	Canals	40%	31.5%	29%
2	Wells (open & bore wells)	29%	58.7%	60%
3	Tanks	17%	4.7%	5.81%
4	Others	14%	5.1%	5.19%

- Canals: UP, Punjab, Haryana, AP and Tamilnadu
- Wells: UP, Punjab, Haryana and Bihar.
- Tanks: AP, Tamilnadu, Orissa and Karnataka.

Agriculture Marketing

- Agricultural marketing can be classified into different stages in India.

1. Assembling: the out put of various farmers should be brought to one place is called Assembling.
2. Transportation: the farm products should be transported from the actual farms to the markets to make them available. This is termed as transportation.
3. Grading: All the assembled products should be graded according to the quality and durability. This process is called grading.
4. Sampling: Sample should be collected from the graded products for standardization. This process of taking samples is called sampling.
5. Processing: All the farm products should be made use full for direct consumption. This is called processing.
6. Packing: The processed farm products should be packed properly to ensure better quality. This process is called packing.
7. Storing: All he farm products cannot be sold in the market immediately. Some of these products should be stored until appropriate prices are obtained.

- **Defects in Indian Agricultural Marketing**:
    1. Lack of Transport facilities
    2. Lack of Storage facilities
    3. Existence of Middle man in the markets
    4. Malpractices in the markets.
    5. Lack of Grading facilities
    6. Lack of organization among the farmers.

- **Remedial Measures**:
    1. Regulate Markets: Regulated markets were started in 1951 with 200 markets and these were increase to 90, 200 in December

2000. Present 70% agricultural products selling in the regulated markets.

2. Co-operative Farming: Co-operative farming is supporting by Government and Reserve Bank of India through National Co-operative Development Corporation.
3. Contract Farming is encouraging to get benefits small and marginal farmers
4. Rythu Bazaars are started by Andhra Pradesh government to sell products farmers directly.
5. Other facilities like AGMARK is providing by increasing grading facilities. Grading facilities centers are started by central government in India some places like Jaipur, Bhopal, Chandigarh, Bhubaneswar and Shillong.
6. Warehousing facilities constructed by central government to store the agricultural product up to beneficial prices available to farmers.
7. Transport and communication facilities are providing by the government to increase the market facilities.

Agricultural Credit:

- All India credit survey committee divided the credit based on time into three times.
- According this committee farmers need credit for three necessaries one is Short term credit necessaries, second is Medium credit Necessaries and Long- Term Credit necessaries.
    1. **Short –Term credit:** this credit is necessary to purchase seeds, fertilizers, pesticides and to hire the Labour and to bear the Transportation cost. This credit period is between 6 months to one year.
    2. **Medium Term Credit:** this is necessary to purchase cattle and farm tools. This credit period is between 1 to 5 years.

3. **Long-Term Credit:** this to purchase new farm land, Machinery like pump sets, tractors, to take up soil conservation and land development activities.

- In 1951 Reserve Bank of India established All India Rural Agricultural Credit Survey to give suggestions and to increase institutional credit. And this committee recommended 3 tier co-operative system in the country. According this committee recommendation imperial bank of India changed as State Bank of India and agricultural credit.
- In 1963 RBI established Agricultural Refinance society to increase institutional credit for agricultural sector.
- in 1964 government established National Agriculture Credit Council under chairmanship of Dr. D.R.Gadgil and this committee recommended area approach in credit.
- In 1969 total 14 banks nationalized to increase institutional credit for agriculture.
- In 1969 Lead Bank scheme started based on the recommendation of Nariman committee.
- In 1972 government started dual interest rate.
- **Sources of Agricultural Credit:**
    - Agricultural credits are two types one is Institutional credit and second is non-institutional credit.
        1. **Institutional Credit:** commercial banks, Co-operative banks, Regional Rural banks and Government etc are come under institutional credit.
        2. **Non- Institutional Credit:** Money lenders, Land lords, traders and Commission agents, friends and relatives are come under non-institutional credit.

Institutional Credit	2002-03 cores	2004-05 cores	2005-06 cores	2006-07 cores	2007-08 cores	2008-09 cores

	(%)	(%)	(%)	(%)	(%)	(%)
Commercial Banks	39,774 (57.00%)	81,481 (65.00%)	1,25,477 (69.80%)	1, 66,485 (69.00%)	1,81,087 (71.11)	2, 02, 856 (71.72%)
Regional Rural Banks	6,070 (9.00%)	12,404 (9.90%)	15,223 (8.40%)	20,435 (10.10%)	25,312 (10.0%)	25, 852 (9.77%)
Co-operative Banks	23,716 (34.00%)	31,424 (25.10%)	39,786 (21.80%)	42,480 (20.90%)	48258 (18.95%)	35,747 (13.51%)
Total	69, 560	1, 25, 309	1, 80, 486	2, 29, 400	2, 54, 657	2, 64, 455

NABARD: (National Agricultural Bank and Rural Development)

- Agricultural Refinance Corporation established by RBI and this was merged with NABARD.
- This was merged with NABARD, which is started in 1982, July 12th.
- NABARD started in 1982 with Rs. 500 crores capital. And it is increased to Rs. 2000 crores in 1999-2000 and it increased to Rs. 5000 crores later and private investment allowed up to 49%.
- Central government announced Farm credit package in June 2004 to increase institutional credit.

Kisan Credit Card system (KCC)

- Kisan Credit Card (KCC) system started in 1998-99.
- It is preparing by NABARD

- KCC main objective is to provide short term loans to farmers.
- KCC are issuing by RRB, Commercial Banks and Co-operative Banks.
- Minimum Rs.5000 credit get through KCC system
- In 2007-08 total 84.7 lacks credit cards is issued.
- Total 808 lacks KCC issued by the end of February 2009.
- This should be repaying within one year. If natural calamities occur in the country it extended
- First KCC introduced in Rajasthan state.
- Highest KCC are there in Andhra Pradesh.

Agricultural Insurance

- In 1999-2000 NAIS (National Agricultural Insurance Scheme) started by central government and General Insurance Corporation of India to provide insurance for food grain products, Horticultural products and Commercial Crops.
- Present NAIS is calling as Rashtya Krishi Bhima Yojana. Present 21 states and 2 unio territories are implementing this scheme.
- In 1999-2000 government started seed insurance. Since 1999-2000 Seed Bank is operating through National Seed Corporation. Government announced National Seed Policy in 2002 to provide the frame work for the growth of the seed sector
- In 2002 established AICIL (Agricultural Insurance Corporation of India) by government with General Insurance Corporation of India.
- In 2001 Krishi Shramika Suraksha Yojana started by government to provide insurance and pension benefit for age group of 18 to 50 years agricultural labours.
- In 2004 January, Farm Income Insurance Scheme implementing (it was started in 2003) by the government to providing Insurance Safe

guards and economic security to farmers when support prices are not available to farmers.

- In 2004 Varsha Bhima started by AICIL to provide rainfall insurance.
- In 2007-08 weather based crop insurance scheme (WBCIS) started by central government
- In 2007 government started National Food Security Mission to increase Paddy, Wheat and Pulses production. Under National Food Security Mission government started Village Knowledge Centre in the district levels.

Agricultural subsidies

- According WTO subsidies should not cross 10%, but in India subsidies not reached 15%.
- In 2004 Geneva conference decided that 5% developed countries and 10% subsidies for developing countries.
- Agricultural subsidies are two types
- One is Food subsidies
- Second is Fertilizer subsidies
- Food subsidies giving to farmers by giving Minimum Support Price (MSP) and purchasing the food grains through Food Corporation of India.
- Consumers are getting subsidies though Public Distribution System
- In 2008-09 budget total Rs.43, 668 cores allocated for food subsidies.
- Smart card system started as a pilot programme in Haryana and Chandigarh to distribute food grains through Public Distribution System.
- Haryana, Punjab, Western Uttar Pradesh, Andhra Pradesh and Chattisgarh states are giving Minimum Support Prices (MSP) through Food Corporation of India.

- Government is Fertilizer Subsidies are giving through Retention Price Scheme for fertilizer producers.
- Retention Price Scheme started in November 2007 for Nitrogenous fertilizers, this is extended to Complex in 1979 and to Phosphate in 1982.
- According agricultural scientists Nitrogen, Phosphorus and Potash should be use in the ratio 4:2:1, but these are consuming in India in 2005-06 is 5.6:2.2:1 ratio.
- In 2003-04 fertilizer subsidy was Rs.11,835 crores and it was Rs.99,456 crores in 2008-09, in 2009-10 it allocated around 1,11,276 crores.
- More Fertilizer consuming per hectare is in Punjab, second Tamilnadu and third is Andhra Pradesh.
- Green Box subsidies: This subsidy gives for the research on control pests and increase basic facilities and food security.
- Blue Box subsidy: developed countries are giving these types of subsidies. These countries are paying money to farmers directly to control yield.

National Agricultural Policy

- It was announced in the parliament on July 28, 2000.
- This policy has been planned under the provision of World Trade Organization to face the challenges of agricultural sector.
- This policy emphasis to promote agricultural exports after fulfilling domestic demand.
- 4% growth rate per annum for two decades.
- Land should be registered in the name of women.
- Land reforms should implement to distribute land to poor farmers
- Consolidation of land holdings should be implement in all states

- Promoting private investments in agriculture sector.
- Insurance for crops should be provide
- Biotechnology should be implement in the agriculture sector
- Promoting research for developing new varieties and ensuring protection to the developed varieties
- Institutional credit has to increase in agriculture sector
- Horticulture crops should be promote
- Markets are extended
- Contract farming and Corporate farming should be encouraged
- In the part of new agriculture policy Rainbow Revolution should be implemented
- In the part of Rainbow Revolution the fallowing revolutions are announced on July 29, 2000.
    1. Green Revolution -to increase FOOD GRAIN production
    2. Brown or Round Revolution -to increase POTATO production
    3. Yellow Revolution (Operation Gold Flow) -to increase OILSEED production (1986 started)
    4. White Revolution -to increase MILK production
    5. Pink Revolution -to increase SHRIMP(ROYYALU) production
    6. Blue Revolution -to increase FISH production
    7. Red Revolution -to increase MEAT or TOMATO production
    8. Golden Revolution -to increase FRUITS (apple) production

9. Grey Revolution -to increase FERTILIZERS production
10. Silver Revolution -to increase EGGS production
11. Black Revolution -to increase CRUDE OIL production

- White Revolution started in 1970 by Vargis Kurian to develop MILK production. Since 2001 India is the largest producer of milk in the world.
- M.S. Swami Nathan gave a call for EVER GREEN Revolution to increase double good grain production from 210 MT to 420 MT. he supported organic farming to succeed the double food grain production. And he targeted to 4% growth rate in agriculture sector and he given important to contract farming and he suggested insurance for agriculture sector.
- In 2001 government encouraged to start Agri - Clinic to research or to invent new seeds.

National Commission on Farmers

- In 2004 UPA government appointed national commission on farmers under the chairman ship of M. S. Swami Nathan and this committee submitted its report in 2006.
- This committee given 5 major recommendations
    1. Land fertility should be increase
    2. Irrigation facility should be increase
    3. Credit and insurance facility should be increase
    4. Technology in agriculture should be increase
    5. Market facility should be increase.

Agricultural Price Policy

- In 1957 Ashok Mehta Committee appointed to enquiry food grain.

- In 1959 Ford Foundation recommended that before seeding Minimum Support Price (MSP) should be announced.
- In 1964 L.K. Jha committee constituted for giving reasonable price for paddy, wheat and also recommended that ration shops should be established. Based on his recommendation Agricultural Price Commission established in 1965. And this name is changed as Commission on Agriculture Costs and Prices (CACP) in 1985.
- In 1966 Food Grain Committee also recommended that Minimum Support Price (MSP) should be announced before seeding.
- Agricultural Prices are 3 types

1) Support Prices
2) Procurement Prices
3) Issues Prices

1). Support Prices:

- Government will give guarantee to the farmers of their production by announcing support prices.
- Support prices are two type

1) Minimum Support Prices (MSP)
2) Statutorily Minimum Prices

- Government will purchase the farmers agricultural productions with guarantee prices even the during Market fluctuations this prices are called MSP. MSP are announcing by the Government based on the advice of CACP before seeding. MSP are announcing for 24 crops.
- The statutory prices are announcing by the government to buyers. Buyers should be purchase the products according the statutory prices.

2). Procurement Prices:

- For the purpose of PDS the government will procure the food grains for certain prices from the farmers; this price is called Procurement prices.

- Generally this prices more than the Minimum Support Prices (MSP) and less to Market Prices.
- FCI, State Civil Supply Corporation are procuring the food grains behalf of Government.

3). Issue Prices:

- Central government announces these prices to supply the food grains for the states for certain prices. These prices are called issue prices.

Agricultural Prices Commission (APC):

- APC Established in 1965 based on the recommendation of L.K. Jha committee.
- Based on this recommendation first time in India Agricultural Support Prices announced by Government in 1967-68.
- In 1985 government APC has changed as CACP present chairman is Prof. Mahindra Singh Dev.
- In 1990 C.H. Hanumantha Rao Committee recommended Support Prices.
- In 2002 Abhijit Sen Committee also supported the food grains procurement policy.
- In 2003 Prof. Alagh Committee also recommended the MSP
- IN 2006 M.S. Swami Nathan committee appointed to study the problems of the farmers and to decide the MSP.

MSP for 2007-08:

Kharif:

1)	Paddy	Grade-A	880+50 = 930
2)	Paddy	Normal	850+50 = 900
3)	Wheat		1080
4)	Jowar	860	
5)	Maize	840	
6)	Raagi	915	

7) Moong 2520

8) Green gram 2520

9) Arhar (tur) 2000

10) Cotton 2500 for staple length and 3000 for long length

11) Ground Nut 2100

Rabi

12) Masur (lentil) 1870

13) Rapeseed (mustard) 1830

14) barley 680

15) Gram 1730

Other crops:

16) Sun flower 2115

17) Sugar Cane 81.18 per Quintal (811.8 per Tones)

18) Tobacco Rs.32 to 34 based on the kind

Public Distribution System (PDS)

- In 1943 PDS started in India.
- After independence PDS started in 1965.
- Food grains, Sugar, Kerosene and oil etc are distributing through PDS
- Below poverty line people get monthly food grains increased from 10kgs to 20kgs in 2000-01 and it was increased to 35kgs in 2002.
- Below poverty line people will pay 50% less than normal price.

- Above poverty line people pays normal prices.
- In 1992 January RPDS (Reconstruction or Revamped Public Distribution System) started. From this programme 160 million people get benefit. According this programme essential commodities are providing in drought areas, desert areas and tribal areas.
- RPDS implemented in 1775 blocks in India and in 1995, additionally implemented in 671 blocks.
- In 1996 December TPDS (Targeted Public Distribution System) started. From this programme total 320 million people got benefit. Under this programme below poverty line family 10 kgs get from central government with less than issue prices.
- In 2001 July rice per kg rate was Rs.5.65.
- Coupons system started in Andhra Pradesh in 1998-99.

Horticulture

- Horticulture crops are occupying 10% of the land out total agricultural land.
- India is the second place in case of Fruits and vegetable production
- India is the largest producer of Sapota, Mango, and Banana.
- India is the first place in case of Grapes productivity
- India is the largest producer of Cauliflower in the world.
- India is the second largest producer of Onion in the world.
- India is the third largest producer of Cabbage in the world.
- India is the largest producer, consumer and exporter of Spices in the world.
- India is the third largest producer of Coconut and largest producer of Areca nut in the world.

- National Agricultural Mission was started in 2005 by the central Government.
- During the XI five year plan 85% center and 25% states funds contributed for National Horticulture Mission.
- Total Rs.1100 cores funds allocated for this mission in 2008-09 budget.
- Present National Horticulture Mission is working in 340 districts in India in 18 states and 2 Union territories
- Last three years total 7.6 lacks hectors land is under the horticulture crops.
- In 1986 TMOP (Technology Mission on Oilseeds, Pulses and Maize) to increase the oil seeds production and edible oil production.
- In April 2003 Price Stabilization Fund started to reduce the price fluctuation in Tea, Coffee, Rubber and Tobacco.
- National Agricultural co-operative Marketing Federation of India (NAFEED) started on October 1958. This head quarter is Delhi. This is the apex bank in co-operative marketing.
- Tribal co-operative marketing development federation of India (TRIFED) started in 1987. This will protect the tribal's from private traders.
- 2006-07 year is called Agricultural Renewal Year.

Industrial Sector

- Industrial sector comprises Mining & Quarrying, Manufacturing, electricity, gas & water supply and construction.
- But in secondary sector Mines and Quarrying not included.
- Mining and Quarrying contribute to GDP is 4.1% in 2008-09
- Manufacture sector contribute to GDP is 15.7%

- Electricity, Gas and Water supply contribute to GDP 2.4%
- Construction contribute to GDP is 1.5%
- Secondary sector contribute to GDP 19.6%
- Industrial sector is contributing 23.7% to GDP in 2008-09 (secondary sector 19.6% + mining and quarrying 4.1%)
- Secondary sector contribution to National Income increased from 13.3% in 1950-51 to 26.4% in 2006-07.
- Industrial sector growth rate is 8.5% in 2007-08, but its growth rate is 2.4% in 2008-09.
- During 1951 around 11% employment provided industrial sector, but it was increased to 19% in 2007-08.
- Industrial sector contribution in total exports is around 65%.
- During the British period traditional industries destroyed and modern industries did not developed
- In 1944 government established palling and development department under the chairman ship of Adarsh Dalal.
- Before independence government announced one industrial resolution policy in 1945 April 21. This policy was base to announce 1948 industrial resolution policy.
- The 1945 industrial resolution policy identified the importance of government role to industrial development or industrialization.
- Industrialization is the process of building up country's capacity to utilize raw materials and manufacture goods for consumption or further production.
- A country's economic development is determined by its industrialization
- According Singer "economic development means the changing 80% agrarian working population to 15% agrarian working population"

Importance of Industrialization:

1. Raising income: Industrial development alone increase income. Due to industrialization developed countries having more national income.
2. Industrial sector can generate productive employment.
3. Industrial sector can strength the Indian economy.
4. The national objective of self-reliance can be achieved only through industrial development.
5. Industrial development changes the social factors. Mobility of labour from agriculture sector to industrial sector can take place

Industrial policies in India:

1948 Industrial Resolution Policy:

- After independence, the first industrial resolution policy was declared on April 16, 1948 by union industrial minister Mr. Shyam Prasad Mukherjee.
- This industrial resolution policy announced a base for mixed and controlled economy
- 1948 industrial resolution policy gave more important to public sector.
- This industrial resolution policy clearly divided the industrial sector into public and private sector.
- This industrial resolution policy divided the industries into 4 types.
    1. State Monopoly: Arms and ammunitions, atomic energy and rail transport etc will come under this category.
    2. Mixed sector: industries which are working under control of the government are come under this category. Iron, Steel, Coal, Ship Building Manufacture of Telephone, minerals oil etc will come under this category. All the key industries are to be started in public sector. The existing private undertakings in the field were allowed to continue for ten years. The existing private undertakings in the field were allowed to continue for ten years.

3. Regulated Industries: 18 industries are included in this category. Automobiles, Tractors, Cement, Cotton, and Electrical Engineering etc will come under this category. These industries were allotted to private sector but they work under the control of government.
4. Private Industries: This category included which are not mentioned above three categories.

- According this industrial resolution policy government made industries development and regulated act in 1951.
- According 1951 industrial development and regulated act license system is not necessary less than 5 lacks.

1956 Industrial Resolution Policy:

- 1956 Industrial Resolution Policy announced by Jawaharlal Nehru on April 30th, 1956 at Avadi in Tamilnadu.
- This Industrial Resolution Policy announced based on Socialistic pattern.
- 1956 industrial resolution policy is called "**financial constitution of India"**
- 1956 Industrial Resolution Policy given more important to Public sector.
- Objectives of the 1956 Industrial Resolution Policy
    1. To speed up Industrialization
    2. To expand Public sector
    3. To develop heavy and basic industries
    4. To increase employment opportunities
    5. To prevent monopolies.
- 1956 Industrial Resolution Policy had divided all the industries into 3 categories.

1. Schedule A: This schedule consists of 17 industries which are exclusive responsibility of the state. Arms and Ammunitions, Atomic energy, iron and steel, coal, mineral oils, air craft, rail, ship building and electricity etc.
2. Schedule B: It consists of 12 industries which were working under the private sector but under the control of government. Aluminum, chemical industry, fertilizers, rubber, road transport and sea transport etc.
3. Schedule C: Those industries which are not included in the above two schedules will come under this schedule.

- 1956 Industrial Resolution Policy also encouraged small scale industries.
- 1956 Industrial Resolution Policy decided to start industrial estates and training centers for the unskilled labour.
- 1956 Industrial Resolution Policy had laid down the foundation for the industrial development in India.
- 1956 Industrial Resolution Policy given permission to import technology, capital according necessary.
- In 1964 Mahalanobis committee appointed to decentralize the economic power in the country.
- In 1964 Swami Nathan and K.C.Dasgupta committee appointed to decentralize the economic power in the country.
- In 1967 Hazari committee appointed to study the license system in India.
- Based on 1956 Industrial Resolution Policy MRTP act made in 1969 to control the concentration of economic power.
- In 1969 Monopoly Restriction Trade and Practice (MRTP) act made based on the recommendation of Dutt (1967) committee and it was implemented from 1970.

- According MRTP act any private company should not have more than 20 crores asset. But it was amended in 1980 and MRTP range increased from 20 crores to 100 crores.

1970 Industrial Resolution amendment:

1956 industrial resolution policy amended in 1970. According this amendment industries are divided into 4 categories based on the investment.

1. Core industries: More than or equal to Rs. 35 crores investment industries are called Core industries. Total 9 industries are included in this sector. This sector is also called priority sector.
2. High Investment Industries: Between Rs. 5 crores to Rs. 35 crores investment industries are called high investment industries.
3. Medium Investment Industries: Between Rs.1 crores to Rs. 5 crores investment industries are called high investment industries
4. Reserved Industries: Less than or equal to 7.5 lacks investment industries are called medium investment industries

- Less than or equal to Rs. 1 core investment industries removed from license system in 1970.

1973 Industrial Resolution Amendment:

- In 1973 core industries in public sector increased from 19.
- In 1973 amended the MRTP act. According this amendment act every bone can be participate to investment except schedule A and reserved small scale industries.
- According R C Dutt committee joint sector encouraged by government
- In 1973 FERA act made by government to control foreign reserves in private sector and to increase foreign reserves in government sector.
- In 1975 again government amended industrial resolution and 21 industries removed from license system.

1977 Industrial Resolution Policy:

- 1977 Industrial Resolution Policy announced on 23 rd December, 1977.
- 1977 Industrial Resolution Policy announced by Janata Government.
- This Industrial Resolution Policy is called Janata Industrial Resolution Policy.
- This is also Small Scale Industrial Resolution Policy.
- This policy announced based on decentralization in the country.
- This policy given more important to small scale industries.
- In this policy government introduced micro industries concept.
- 1977 Industrial Resolution Policy divided the Small Scale Industries into 3 types.
    1. Cottage industries:
    2. Micro Industries or Tiny industries: those industries established in less than 50,000 populated towns with less than one lack investment industries are called micro industries according 1977 Industrial Resolution Policy.
    3. Small Scale Industries: less than 10 lacks investment industries are called small scale industries.
- According 1977 Industrial Resolution Policy told less than 15 lacks investment industries are called auxiliary industries.
- According 1977 Industrial Resolution Policy Small scale reserved industries increased from 180 to 807. In 1990these numbers increased from 807 to 836 (present only 21 are there)
- In 1978 District industrial centre established (present total 422 district industrial centers are there)
- According this policy government departments have should be purchase small industries goods.

1980 Industrial Resolution Policy:

- This Industrial Resolution Policy announced on 3 rd July, 1980 by congress government.
- Objectives of 1980 Industrial Resolution Policy.
    1. Optimum utilization of installed capacity.
    2. Export promotion and import substitution.
    3. Employment creation.
    4. Government industries should be stabilize.
    5. Government provided financial assistance to establish in backward areas.
    6. Government has taken initiation to establish small scale industries in every district.
- Small Scale Industries investment increased in this Industrial Resolution Policy.
- Tiny or Micro industries investment increased from Rs.1 Lack to Rs.2 lack in 1980 and it increased to 5 lacks in 1990.
- Small Scale industries investment decided Rs.10 lacks in 1980 and it was increased to 60 lacks in 1990.
- Auxiliary Industries investment increased from Rs.15 Lacks to Rs.25 Lacks.
- This Industrial Resolution Policy exempted License for 28 industries in 1980 and it was implemented in 1988.
- MRTP range increased from Rs.20 cores to Rs.100 cores based on Sachar committee (1977) and it was implemented since 1985.
- Sick Industrial Company Act (SICA) made central government in 1985 based on Tiwari committee.
- Central Government established Board of Industries and Finance Re-construction (BIFR) in 1987 to reconstruct sick industries or to merge sick industries into other industries.

1991 Industrial Resolution Policy:

- 1991Industrial Resolution Policy announced in two times.
- First time Industrial Resolution Policy announced on 24 Th July, 1991 for Large and Medium Scale Industries.
- Second time Industrial Resolution Policy announced on August 6th, 1991 for Small Scale industries.
- This policy announced based on Liberalization, Privatization and Globalization model or Rao and Manmohan model.
- 1991 Industrial Resolution Policy gave more important to Private sector.
- Objectives of 1991 Industrial Resolution Policy.
    1. To provide gain full employment in the private sector.
    2. To increase the productive capacity of industries
    3. To reduce economic inequalities and to achieve economic development
    4. To attain international competitiveness.
    5. To expand private sector.
    6. To increase economic growth.
- 1991 industrial resolution policy exempted license system to all industries except 18. Or except 18 industries remaining industries should not necessary license to establish.
- It is reduced to 15 industries in 1993
- It is reduced to 8 industries in 1998.
- It is reduced to 6 industries in 1999.
- It is educed to 5 industries in 2002. Present (2006-07) only 5 industries are necessary to get license and these are
    1. Distillation of Alcoholic Drinks.
    2. Cigarettes and Tobacco products.
    3. Electronic, Aerospace and all defense equipments.
    4. Industrial explosives

5. Hazardous Chemicals.

Note: If any body establish any industry in more than or equal to 10 lacks population cities and around 25 kms from that cities that industry should be get license system.

- 1991 Industrial Resolution Policy allotted 8 industries for Public sector.
- But it is reduced to 6 industries in 1993.
- Again it is reduced to 4 in 1999 (1. Arms and amenities, 2. Atomic energy, 3. Railways and 4. Atomic minerals.)
- Again in 2001-02 these are reduced to 3.
- Present only 3 industries are allotted for public sector these are
    1. Atomic energy
    2. Railways.
    3. Atomic minerals.
- In 1960 Prasant Chandra. Mahalanobis, 1964 Das Gupta committee recommended the MRTP act government made it in 1969 and implementing since 1 st June, 1970. To control economic concentration
- In 1991 MRTP amended MRTP range removed.
- In 2002 according Raghavan committee MRTP act banned and in the place of MRTP Competitive act came into force.
- According competitive act companies can earn asset but companies should not made any agreement with competitive and small scale industries should not be take over by large scale industries.
- In 1973 FERA act made by government
- In 1991 FERA act amended by government.
- In 1999 FERA is replaced by FEMA.
- FEMA established in 2000 April but implementing since 1 st June, 2002.

- In 1992 government established National Renewal Fund to reconstruct or to merge or to close small scale industries. But it was closed in 2000.
- In 2002 National company law tribunal established after abolishing SICA and BIFR based on Raady committee.
- 1991 industrial resolution policy increased small scale industries investment up to Rs. 5 lacks.
- In 1997 government started Voluntary Retirement Scheme (VRS) to reduce supervisory cost.

Navaratnas and Min- Ratnas:

- Central government given Navaratna status to highest profit making public sector to give autonomous status in 1997.
- Economic and administration freedom provided for Navaratnas companies.
- Navaratnas can spend Rs.1000 crores or 15% of their net worth without approval of government.
- Initially in 1997 total 9 companies are selected

1. Bharat Heavy Electricals Limited -1997
2. Bharat Petroleum Corporation Limited -1997
3. Hindustan Petroleum Corporation Limited -1997
4. Indian Oil Corporation Limited -1997
5. NTPC Limited -1997
6. Oil & Natural Gas Corporation Limited -1997
7. Steel Authority of India Limited -1997
8. Vidheshi Sanchar Nigam Limited – 1997
9. Indian Petroleum Chemical Limited – 1997.

- Later in 1997 November two companies one is Mahanagar Telephone Nigam Limited and second is GAIL (India) Limited -1997 November got Navaratna status. So Navaratna companies increased from 9 to 11. But in 2002 Indian petroleum chemical limited sold to Reliance and Vidheshi Sanchar Nigam Limited sold to TATA Company. Again Navaratnas are reduced to 9. Later in course of time some more companies are got Navaratna status.

10. Bharat Electronics Limited (Jun 2007),
11. Hindustan Aeronautics Limited -2007 June
12. Power Finance Corporation Limited -2007 June
13. National Mineral Development Corporation Limited - 2008 January
14. National Aluminum Company Limited -2008 May
15. Power Grid Corporation of India Limited -2008 May
16. Rural Electrification Corporation Limited -2008May
17. Shipping Corporation of India Limited -2008.
18. Coal India Limited -2008.

Mini Ratnas

- Net profit in past 3 years and in one year 30 cores profits getting company get the mini ratna-I.
- Net profit earned past 3 years companies gets Mini Ratnas-II.
- Rs.500 crores or equal to its worth can spend without approval of government by mini ratna-I
- Rs.300 crores or 50% of its worth which ever is lower can spend without approval of the government by mini ratnas-II
- In March 31st, 2005 total mini Ratnas are 45 (30 – Mini Ratnas-I and 15 Mini Ratnas-II).

- In 2006 may total Mini Ratnas are 51 (41 – Mini Ratnas-I and 13 Mini Ratnas-II)
- In 2008 December total 55 mini ratnas are there (43 mini ratnas-I and 12 mini ratnas -II)

Mahanavaratna

- In 2009-10 financial year central government gave Mahanavaratna status for highest profit making public sectors.
- Mahanavaratna status companies can spend up to Rs, 5000 crores without approval of government.
- The fallowing companies got Mahanavaratna status.

1. Oil companies.
2. Natural Gas companies
3. Iron and Steel industries.
4. Heavy Industries.
5. Electronic Companies.
6. Telecom Companies.
7. Power Sector.
8. Civil Aviation.

Disinvestment:

- In the part of economic reforms to encourage private participation in public sector government started Disinvestment.
- Withdrawal of investment in public sector is called Disinvestment.
- In 1992-93 disinvestment committee established under chairmanship of Dr.C.Rangarajan

- In August 1996 disinvestment commission established under the chairmanship of G.V.Ramakrishna, in 2001 disinvestment commission chairman was R.H Patil.
- This disinvestment committee divided the companies into core group and noncore group and upto 49% Disinvestment can permit in core groups.
- In December 1999 disinvestment ministry established and disinvestment minister post created.
- In 2004-05 budget BRPSE (Board of Reconstruction in Public Sector enterprises) enterprises established under the control of finance minster.
- BRPSE chairman is Ratan Tata and Deepak Parekh and Ashok Gnguly are members in this board.
- This board will look after disinvestment process.
- But UPA government banned disinvestment in profitable public sectors.
- After 2009 congress government started again dis- investment process.

Foreign Investment:

- Total 34 priority sectors are allowing foreign investment between 51% - 100%.
    1. Power Generation is allowing 100%
    2. SEZs are allowing 100%.
    3. Oil refinery is allowing 100%.
    4. E- commerce is allowing 100%
    5. Non-Banking Financial companies are allowing 100%
    6. Tourism, airports, roads and hotels are allowing 100%
    7. Courier services are allowing 100%
    8. Mines, printing, real estates are allowing 100%

9. Telecommunication is allowing 100%
10. Privates banks are allowing 74%
11. Insurance is allowing 49% (it was 26% before 2008)
12. Private media is allowing 26%
13. In Defense instruments production is allowing 26%.

- Foreign investment are two types one is FDI Second is FII

FDI (Foreign Direct Investment)

- FDI is inflows in India 6.2$ billion in 2001-02
- 23.0$ billion in 2006-07
- In 2007-08 but 24, 579$ million (Rs.98, 664 crores) FDI inflow to India.
- In 2008-09 total 27, 309 $ million (Rs.1, 22, 919 crores) inflows to India.
- From 2000 to November 2007 highest FDI inflows from Maritutes 44.24%
- In 2008-09 highest FDI inflows from
    1. Mauritius 44%
    2. Singapore 8%
    3. USA 8%
    4. UK 7%
    5. Netherland 5%
    6. Japan 3%
- In 2008-09 highest FDI inflows to
    1. Services sector 23%
    2. Housing and real estate 10.23%
    3. Telecom 9.53%

- According Global Development Report (2006) India is 10th position in case of attracting FDI. First place is China, second place is Hong Kong and third position is Mexico.

FII or Port Polio Investment:

- According Global Development Report (2006) FII 70% total share in total Foreign Investment.
- In 2007-08, total 82% foreign investment inflows through FII. And remaining 18% foreign investment through FDI.
- Through ADR & GDR portfolio investment getting by foreign investment.
- In 2001-02 21.1$ billion , 2004-05 is 23.3$ billions, 2006-07 is 111.9$ billions (109622 $ million), 2007-08 235924 $ million
- In India Foreign Investment attracting states
- First place is Maharashtra
- Second place is Karnataka
- Third place is Tamilnadu
- Fourth place is Gujarat.
- Highest foreign investment attracting companies in India
- First place is electrical equipments 17.54%
- Second is transport and industry 12.69%
- Third place Soft ware sector 10.39%

  Fourth place is 9.39%

Public Sector Enterprises:

- Since 1948 central government started to establish public sector industries.

- In 1951 only 5 public sector enterprises were there in India with Rs. 29 crores investment. But these numbers increased to 242 with investment of Rs. 4, 21, 089 crores.
- Corporation: if the companies established with government act they were called corporations.
- Public Companies: If the companies established based on 1956 company act they were called public company.

Small Scale Industries

- In case of production small scale industries position is the 6th place in the country after Maharashtra (1), UP (2), Punjab (3), Haryana (4) TN (5).
- In case of number wise AP is 3rd position in the country, after UP (1). Maharashtra (2).
- Total small scale industries export value in India is around 45% to 50%
- Total small scale industrial share in industrial production is around 35%.
- Total small scale industries share in GDP is 6.7%.
- By the end of March 2006 total 123.40 lacks unregistered industries and 118 lacks registered industries are there in the country.
- By the end of March 2006 total Rs. 1, 50, 242 crores small scale production value exported.
- By the end of March 2007 total 29.49 million people are working in the small scale industries.
- In India after agriculture sector highest people are getting employment in small scale industries.

Small scale industries definitions:

- First time finance commission given definition for small scale industries in 1951. According finance commission recommendation if investment is up to Rs. 5 lacks or less than Rs. 5 lacks that type of industries are called small scale industries. If investment is up to Rs. 7.5 lacks they were called Auxiliary industries.
- According Industrial growth and regulated act 1951 small scale industries means labours should be work up to 50 is that industry consumes machines and if that industry can't machine labours should be work up to 100 to call small scale industry.

- After 1951 government changed investment for small scale industries in course of time like the fallowing table for small scale industries, micro industries and Auxiliary industries.

Year	Micro industries	Small scale industries	Auxiliary industries
1950-51	--	5 lacks	7.5 lacks
1966	--	7.5 lacks	10 lacks
1977	1 lack	10 lacks	15 lacks
1980	2 lacks	15 lacks	20 lacks
1985	2 lacks	35 lacks	45 lacks
1991	5 lacks	60 lacks	75 lacks
1997	25 lacks	3 crores	--
1999-00	25 lacks	1 crores	--
2006	25 lacks	5 crores	--

- According 2006 Small and Medium enterprises Development Act 2006 industries divided into 3categories based on the investment in production sector and services sector.

Type of industries	Production sector (investment on Machines and raw materials)	Services sector (investment on equipments)
Micro industries	Up to 25 lacks	Up to 10 lacks
Small scale industries	25 lacks to 5 cores	10 lacks to 2 cores
Medium scale industries	5 cores to 10 cores	2 cores to 5 cores
Large scale industries	Moe than 10 cores investment	More than 5 cores investment

Government measures for the development of small scale industries:

- Government taking so many measures for the development of small scale industries in different five year plans.
- In 1947 central government established small scale industrial board. But during first five year plan this board divided into different boards like Rubber board, Tea Board, Coffee board, Handloom board etc.
- Central government taken initiation to establish industrial estates in 1953.
- In 1955 government established cottage and small scale industrial development corporation to provide financial support to small scale industries.
- In 1955 Karvey committee to give some suggestion for small scale industries.
- In 1951 government made one act in parliament to establish state finance corporations.
- In 1967 Hazari committee for licensing system
- In 1967 Dutt committee for licensing system and also proposed MRTP.
- In 1977 Janata government announced small scale industrial resolution policy. And this policy increased number of reserved small scale industries from 180 to 807.
- In 1978 government established District industrial centers to provide training and financial support to small scale industries.
- In 1986 government started small industrial development fund to financial support for small scale industries.
- in 1990 central government established small industrial development bank of India (SIDBI)
- In 1985 Sick Industrial Companies Act made only private companies are come under this act but after 1991 Public sector industries also coming under this company act.
- In 1992 National Renewable Fund started.

- In 1993 Goswami committee for sick industries
- In 1997 Abid Hussain committee recommended small scale industrial investment ad this investment increased from Rs. 60 lacks to Rs. 3 crores. But again this investment range decreased fro Rs. 3 crores to Rs. 1 crores.
- In 2001 government established Khadi Rural industrial committee under the chairmanship of K.C.Panth.

Industrial Credit:

- IFCI: this institute established in 1948. IFCI (industrial Finance Corporation of India) is getting refinance from IDBI, Commercial banks, LIC etc.
- SFC (State finance corporations): Central government made act in 1951 to establish state finance corporation. in 1953 first started by Punjab state and Andhra Pradesh in 1956. Present total 18 state finance corporations are there in India.
- ICICI (Industrial credit and Investment Corporation of India): it is established in 1955. in 2002 ICICI bank limited merged with ICICI.
- UTI (Unit Trust of India): It is established in 1964. UTI mobilizing fund through various schemes like India funds, India growth fund, US-64, Rajyalakshmi, Master gain etc. but US-64 scheme made many controversy in the country. (According Deepak Parekh committee and Malegam committee suggestions Unit Trust of India divided into UTI-I and UTI-II in 2003, present UTI-I is under the control of Government of India and UTI-II is under the control of LIC, SBI, Punjab National Bank and Bank of Baroda.). Present UTI-2 is working as a mutual fund.
- IDBI (Industrial Development Bank of India): it was established in 1964. Initially it was established as a affiliated body to RBI. It is the Apex bank in industrial credit. In 1976 IDBI established as

autonomous institution. In 2005 IDBI limited merged with IDBI bank.

- IIBI (Industrial Investment Bank of India): in 1971 government started Industrial Reconstruction Corporation of India (IRCI) to provide financial support for private sick industries. IRCI changed as a Industrial Reconstruct Bank of India (IRBI) in 1984. Later in 1995 IRBI changed as Industrial Investment Bank of India (IIBI).
- SIDBI (Small Scale Industrial Development Bank of India): It was established in 1990 to provide financial support to small scale industries in the country.
- EXIM (Export and Import Bank): It was established in 1982 to provide financial support to exports and imports.
- SIDCs (State Industrial Development Corporations): First SIDCs established at Andhra Pradesh and Bihar in 1960. and present total 28 SIDCs are there in the country.

Important heavy industries in India:

Textile Industry:

- This industry was oldest industry in India.
- First textile industry established at Kolkatta (Port Gloster) in 1818.
- In 1854 Bombay Spinning and Weaving Company established and this is the first modern textile industry in India.
- At the time of 1947 total 394 textile industries are there in India.
- Due to partition of India 40% of cotton production area went to Pakistan.
- This export share is around 38% in o total industrial export.
- Present around 2 crores people are working in textile industry in India.
- Technology up gradation introduced in textile industry in 1999 to utilize modern technology in industry.

- In 2003-04 Apparel Parks established at 9 places in the country to increase ready made exports. (in Andhra Pradesh Apparel park is there at Vishakapatnam)

Iron and steel industry:

- This is the most important heavy and basic industry in India.
- Present 20 Million tones steel production capacity is there in India.
- Government target is to increase steel production capacity to 40 million tones by the end of 2020.
- In 1870 Bengal iron works started at Kuldhi near Kolkatta. This is the first iron and steel industry in India.
- In 1907 Tata iron and steel company established at Jhemshedpur and in 1919 Indian and iron and steel company at Barampur established.
- In 2nd five year plan Bhilai iron and steel company with cooperation of USSR, Durgapur Iron and steel industry with cooperation of United Rukhela iron and steel industry with cooperation of West Germany established.
- In 3rd five year plan Bokaro iron and steel industry with cooperation of USSR established.
- In 4th five year plan Salem iron and steel industry in Tamilnadu, Vijayanagar Iron and steel industry in Karnataka and Vishakha iron and steel industry in Andhra Pradesh established.
- In 1974 government established Steel Authority of India Limited (SAIL) for the development of iron and steel industry in India.

Sugar industry:

- In 1951 total 317 sugar industries are there in India. And they are 615 b the end of March 2008.
    - First sugar industry started at Bihar in 1903.

- Since 1979 government fallowing double price policy system in sugar industry.
- 60% output can sell for market price.
- 40% output government determined the price. After 2002 onwards it reduced 10% so 30% product price determined by government.
- In 1998 government exempted licensing system for sugar industry.
- India is largest consumer of sugar in the world.
- India is second largest producer of sugar with 15% of the total world product.

Jute Industry:

- First Jute industry was established in 1855 at Rishi in West Bengal
- Jute industry concentrated in Bengal area.
- Total 78 Jute industries are there in India, out of them 61 Jute industries are concentrated in the Bengal area.
- After partition of Bengal 75% of the sugar cane producing land went to Bangladesh.
- In 1987 government made the Packaging Materially Act to protect Jute industry in India.
- 60% of the food grain product should be used Jute packing.
- 40% of the sugar package should be used Jute.
- National Jute policy announced by Government in 2005.

Trade Policy

- India did not have clear cut trade policy before independence.
- But since 1923 some type of import restriction was adopted to protect domestic industries.
- After independence we have a clear trade policy.

Objective of Trade Policy:

1. Keeping to the Minimum import of non essential consumer goods.

2. Comprehensive control of various items of imports.
3. To produce import goods in India i.e. for import substitution
4. Export promotion

India's major exports:

- Manufacture goods and petroleum -63.58%
- Agriculture and allied accounts -11.36%
- Hand made goods including Jems and Jewelleries
- Tea, coffee, rice, pulses, spices, tobacco, jute, iron ore, engineering goods.

India's major imports:

- Petroleum products, capital goods, carbon chemical, medical, edible oils, fertilizers and paper.

India's Trade in world trade:

year	Export share	Import share	Total trade share
1950	1.85%	1.71%	1.78%
1990	0.52%	0.66%	0.59%
1999-2000	0.70%	0.80%	0.70%
2004-05	--	--	1.00%
2005-06	--	--	1.00%
2006-07	1.0%	--	0.6%
2007-08	--	--	1.1%
2008-	--	--	2.2%

09			

Total exports and imports in GDP_{MP}:

Items/year	1990-91	2002-03	2004-05	2006-07	2007-08	2008-09 (April to December)
Exports in GDP^{MP} in %	5.8%	10.6%	12.2%	14.1%	14.1%	15.2%
Imports in GDP_{MP} in %	8.8%	12.7%	16.9%	20.9%	21.9%	27.1%
Balance of Trade	-3.0%	-2.1%	-4.8%	-6.8%	-7.8%	-12.0%

Total exports and imports growth in BOP:

Items/Year	1990-91	2005-06	2006-07	2007-08	2008-09 (April to Dec)
Growth of export in BOP in %	9.0%	23.4%	22.6%	28.9%	17.5%
Growth of imports in BOP %	14.4%	32.1%	21.4%	35.2%	30.6%
Balance of trade	-5.4%	-8.7%	+ 1.2%	- 6.3%	- 13.1%

Trade policies:

- We can divide the trade policies into 2 types in India.
    1. Trade policy in the pre reform period.
    2. Trade policy in the post reform period.

1. Trade policy in the pre reform period:

- During this period government gave important two things in import policy.
    1. Import restrictions
    2. Import substitution
- In 1980 a large number of capital goods were placed under OGL (Open General License) category i.e. they could be imported without any import license.
- During pre economic reforms period export was encouraged by various methods like reducing tax system, providing finance and reducing taxes for export services.

2. Trade policy in the post reform period:

- It was announced on July 24, 1991.
- This trade policy was called New trade policy
- Since 1991 because of economic reforms trade was liberalized.
- 1991 trade policy was reduced customs restrictions from 300% to 85%., Based on the Raja Chelliah committee recommendations
- Later it was gradually y reduced and present there is taxes fro non-agricultural product is 12.5%

Strategy of New trade policy:

1. Export promotion
2. Export led growth
3. Import substitution
4. SEZ led growth.

Main Features of New trade policy (1991):

- Removal of Quantitative restrictions
- Exchange rate liberalization
- Establishment of Trading or star hotels to give duty free imports of exports raw materials.

- Reducing tariff rate
- Free trade Zones (FTZs) it was announced in 1999-2000. Here no customs duty. Present FTZs are called export promotion zones.
- SEZs (Special Economic Zones) started in India on March 31st, 2000. Export Promotion Zones are converted into SEZs.
- May, 2005 government introduced SEZ bill introduced in the parliament and it was paused by the parliament on June 23rd, 2005 and made as SEZ act. But SEZ act is implementing since February 10th, 2006.
- Present 195 SEZs are there with 1277 units in India.
- SEZs are providing direct employment over around 1.79 lack people. Among them 40% are women.
- During 2007-08 exports expected from SEZs is 67, 300 cores but actual amount is 66, 638 cores it was more than 92% over the previous year.
- In 2001 trade policy Agricultural exports zones introduced.
- In March 31st2002 government announced long term trade policy by Murasolimaran for 2002-2007.
- Main target of the 2002-07 trade policy is to promote the exports of agriculture products, Small Scale industries goods, textiles Gems and Jewelers and electronics goods.
- Off-shore banks established to promote the exports units of SEZs in 2002-07 trade policy.
- To expand the market this trade policy started **"focus Latin America and Focus Africa".**

2004-2009 Trade policy:

- August 31st, 2004 UPA government announced trade policy for five years (2004-09).

- The main objective of this trade policy is to increase India's trade in the world trade to 1.5% by 2009.
- To achieve this target exports has to increase from 61.8$ billion (2002-03) to 195% billion by 2009.
- To achieve the above amount 26% annual growth rate should be there.
- 2004-09 trade policy special focused on five traditional exports like agriculture, Handcrafts, handlooms, leather and footwear and Jems and jewelers.
- 2004-09 trade policy given important to increase exports along with employment creation.
- 2004-09 trade policy exempted from services tax fro absolute export sector for cutting down the export cost.
- 2004-09 trade policy introduced three new export promotion schemes
    1. Target plus scheme
    2. Vishesh Krish Upaj Yojana.
    3. Served from India.
- Vishesh Krish Upaj Yojana to be introduced for boosting exports of agriculture products.
- Served from India scheme will boost exports of services
- New service export promotion council has been constituted to increase services.
- 2004-09 trade policy has been planned Free Trade and Warehousing Zones (FTWZs) on lines of SEZs.
- Target plus Schemes started for exporters incentives.
- Liberalization of EPCG scheme (Export Promotion Capital Goods) in 2004-09 trade policy.
- Duty Free imports fro service exporters.
- Liberal Import conditions for seeds made in 2004-09 trade policy.

- Ban on old Machinery imports lifted in 2004-09 trade policy
- In the part of Long term trade policy (2004-09) complementary trade policies announced for 2005-06, 2006-07, 2007-08 and 2008-09

2005-06 Trade policy:

- It is a complementary trade policy to 2004-09 trade policy.
- Main features of 2005-06 trade policy.
    1. Employment creation in traditional areas like agriculture, Handcrafts, handlooms, leather and footwear and Jems and jewelers.
    2. Setting up inter - state trade council.
    3. No safeguards and anti-dumping duty on imports under advance.
    4. Served from India Scheme liberalized.

2006-07 Trade policy:

- This trade policy announced by Kamalnath on April 17th, 2006 with a slogan of "Export for Employment".
- Exports target was 101$ billions
- Imports target was 140% billions.
- Trade deficit is 39$ billions.
- The target rate of exports is fixed at 20% for 2006-07.
- By 2010 country exports are targeted to be 165$ billions.
- Focus product and focus market have been introduced for promoting employment opportunities in rural and urban areas.

2007-08 Trade policy:

- It was announced on April 19, 2007.
- Export target for 2007-08 is 160$ billions and Export target for 2008-09 will be 200$ billions.
- All export oriented services delivered in India made exempted from 12.24% service tax.

- SEZs benefits should be extended. And DEPB (Duty Enlightenment Pass Book) extended up to March 31st 2008.

Highlights of 2008-09 trade Policy

- DEPB scheme has been extended till May 2009.
- Refund of service tax on almost all the services.
- Income tax benefit to 100% EOUs has been extended by Government.
- Coverage of FMS has been increased and additional 10 countries have been included. These are Mongolia, Bosnia-Herzegovina, Albania, Macedonia, Croatia, Honduras, Djibouti, Sudan, Ghana and Colombia.
- Split-up facility under DFIA Scheme introduced.
- Duty free import of samples has been increased from Rs.75, 000 to Rs.1, 00,000.
- Value of jeweler parcels, through Foreign Post Office is raised to US$ 75,000. Earlier it was from US$ 50,000.
- EOUs shall be allowed to pay excise duty on monthly basis, instead of the present system of paying duty on consignment basis.
- Customs duty payable under EPCG (Export Promotion Capital Goods) Scheme has been reduced from 5% to 3%.
- Setting up a new Export Promotion Council for Telecom Sector.

Trade with USA

- India is the 24th rank among the trade partners of the USA in terms of exports and 18th in terms of imports.
- Fish, Sea foods, Precious stones, textiles products and iron & steel products are the major exports from India to USA.
- Medical and surgical equipments, computers and computer parts, gas turbines, telecom, plastic are the major imports from USA to India.

Trade with UK:

- Till 2002 India is the second partner with UK, but in 2007 India is become 5th largest trading partner with UK.
- Major FDI inflows to India from UK have taken place in the power, telecom, oil and gas and services sector.
- Rice, Tea, Garments, Gems and Jewelry, leather goods, software and pharmaceutical products are the major exports from India to UK.
- Gold, Rough Diamond, Telecom Equipments, Power Generating Equipments, Transport Equipments And Industrial Machinery Are The Major Imports From UK to India.

Trade with Japan:

- Marine products, Cotton Yarn, Gems and Iron ore are the major exports from India to Japan.
- Plant related products, Machinery, Electronic, Transport equipments are the major imports from Japan to India.

Trade with China:

- Ores, iron and steel, plastics, organic chemicals and cotton are the major exports from India to China. Among them iron ore is major exports consisting of 53% of India's exports to China.
- Electrical machinery and equipments, cement, organic chemicals, Nuclear reactors, silk, oils are major imports from China to India. Machinery is major imports from China with consisting of 36% of China's imports to India.

International Organization

International Monetary Fund (IMF)

- IMF was established in December 27th, 1945 at Washington based on the recommendation of Briton woods Conference. And it was started functioning since March 1st, 1947.
- Present in IMF total 185 countries are members.
- Before 1971 all transactions and quotas made in terms US $

- In 1971 SDR (Special Drawing Rights) started and this is also called paper gold
- From 1971 to 1981 one SDR value = One US $ value (only US $ determined SDR value)
- Since 1981 5 currencies are determining SDR value
- In 1991 5 currencies are having weight like the fallowing
    1. US $ 40%
    2. German Mark 21%
    3. Japan Yen 17%
    4. British £ 11%
    5. France Franck 11%
- In 1995 one SDR = 1.585 $
- IMF financial year is MAY 1st to April 30.
- India quota in IMF is 4158.2 million SDRs.
- This is 1.961% share n total quota.
- India is 13th largest quota holding country in IMF.
- 1. USA, 2. Japan, 3. Germany, 4.France, 5. UK, 6. Italy, 7. Saudi Arabia, 8. Canada, 9. Russia, 10. Netherland, 11. China, 12. Belizium and 13. India.

IBRD (International Bank for Development and Reconstruction) or World Bank

- IBDR started in December 1945 based on the recommendation of Briton woods conference.
- IBRD started functioning since June 1946.
- IBRD is one of the World Bank group.
- IBRD, International Finance Corporation, International Development Association, Multilateral Investment Guarantee Agency (MIGA) and

International Centre for THE Statement Investment Disputes (ICSID) are the members in World Bank group.

- India having membership in all World Bank group except in ICSID.
- India was founder member of World Bank among 30 countries.
- Present total 185 countries are the World Bank.
- Each member country have 250 Votes and additional vote given for 1, 00, 000 $ share in capital stock held.
- MIGA having 173 members
- ICSID having 143 members.

International Development Association (IDA)

- IDA (International Development Association) established September 24, 1960.
- IDA is an association institution of World Bank.
- It kept membership open to all members of World Bank.
- Present 168 members are there in IDA.
- IDA provides loans to member's countries but it will not collect any interest for long-term loans.
- IDA provides loans for poor countries.
- IDA administered by the same group which manages the World Bank.
- During 1995-96 India rank is first among the nations getting assistance from IDA.

International Finance Corporation (IFC)

- It was established in July 1956 by World Bank.
- It provides loans to private industries in developing countries without any government guarantee.

- IFC memberships are total 181 countries by the end of March 2005.

GATT (General Agreement on Tariffs and Trade)

- October 30, 1947, 23 countries at Geneva signed an agreement related to tariff imposed on trade.
- This is known as GATT.
- GATT came into force on January 1st, 1948.
- December 12th, 1994 GATT was abolished and replaced by WTO, which came into existence on January 1st, 1995.
- Present there are 153 (as an 2007 July) countries are the members of the WTO.
- The highest decision making body of the WTO is the Ministerial Conference, which has to meet at least every two years once.
- Since the establishment of WTO, Six Ministerial Conferences have been held.
    1. Singapore - December 9 to 13 1996.
    2. Geneva (Switzerland) - May 18 to 20, 1998.
    3. Seattle (USA) - November 30 to December 3, 1999.
    4. Doha (Qatar) - September 9 to 14, 2001.
    5. Cancun (Mexico) - September 1- to 14, 2003.
    6. Hong Kong - December 13 to 18 2005.

Asian Development Bank (ADB)

- It was started in December 1960 on the recommendation of Economic Commission for Asia and Far East (ECAFE). This bank started functioning on January 1st, 1967.
- The main aim of this bank is to accelerate economic and social development in Asia and Pacific region.

- The head of this bank is at Manila in Philippines.
- This bank chairman is always allotted for Japanese.
- 3 deputy chairmen are there for this bank one from USA, 2nd is from Europe and 3rd is from Asia.
- Total 67 members are there at present.
- 39th ADB summit took place in Hyderabad on May 3 to 6th, 2006.

South Asian Association for Regional Co-operation (SAARC)

- It started on the recommendations of Dhaka conference on December 7-8, 1985.
- Head quarter is at Kathmandu (Nepal)
- In every year alternative countries are acting as Chairman of the SAARC.
- 29th SAARC foreign ministers meeting held in New Delhi on 7-8th December 2007.
- India, Maldives, Pakistan, Bangladesh, Sri Lanka, Bhutan, Nepal and Afghanistan.
- SAARC declared the 2005 year as Year of South Asia Tourism and 2008 as Year of Good Governance.
- SAARC 14th Summit held at New Delhi in India on January 2007.
- SAARC 15th Summit held on Maldives in 2008.

South Asia Free Trade Area (SAFTA)

- 12th SAARC summit held in January 4-6 2004 at Islamabad. In this summit SAARC members countries signed for SAFTA
- India, Pakistan, Bangladesh, Bhutan, Maldives, Nepal and Sri Lank have agreed upon to create a South Asia Free Trade Area (SAFTA).
- SAFTA has come into force since January 1st, 2006.

Association of South East Asian Nations (ASEAN)

- It started on August 8th, 1967.

- Indonesia, Philippines, Malaysia, Singapore and Thailand are the members of ASEAN.
- Brunei (1984), Vietnam (1995), Laos (1997), Myanmar (1997), Cambodia (1999) became the membership in ASEAN.
- It head quarter is at Jakarta.

Organization of the Petroleum Exporting Countries (OPEC)

- It is started at Bagdad in 1960.
- Iran, Iraq, Kuwait, Saudi Arabia and Venezuela were its founder members.
- Qatar, Libya, Indonesia, Ecuador, UAE, Algeria, Nigeria and Angola countries are joined later
- Present there 13 members in OPEC.
- OPEC head quarter is at Vienna in Austria.
- OPEC countries are producing total 75% of the petroleum.

G-8

- In 1975 November USA, UK, West Germany, France, and Japan held meting at Rambonilet in Paris.
- Later in 1976 Canada and Italy also joined this is called G-7.
- All these G-7 countries are non-socialistic and highly industrialized countries.
- After adopting free market policies in the economy Russia also became member of G-7 in 1997. So G-7 is calling as G-8.
- G-8 account for 49% of global exports, 51% of industrial outputs exports from these countries.
- G-8 countries having 49% asset in IMF.
- 33rd G-8 summit held at Helligendomm Germany in 2007.
- 34th G-8 summit held at Japan in 2008 and 35th G-8 summit will be held at Italy in 2009.

G-15:

- It is established in 1989 in NAM summit AT Belgrade, The Secretariat of G-15 is at Geneva, Head quarter is rotated to the country belonging to the Chairman of the group, Mexico, Jamaica, Venezuela, Peru, Brazil, Chile, Argentina, Senegal, Algeria, Nigeria, Zimbabwe, Egypt, Iran, India, Malaysia, Indonesia, Kenya and Sri Lanka are the members of G-15.

IORARC (Indian Ocean Rim Association for Regional Co-operation):

- it was established on March 5th, 1997 at Port Louis of Mauritius for promoting economic co-operation among the countries in coastal regions of Indian Ocean. India, Australia and South Africa had been making all efforts for this co-operation for last 2 years. In this organization total 14 countries are there.

Asian Pacific Economic Co-operation (APEC):

- it is started in November 1989; Present 21 countries are the members In APEC
- **BENELX:**
- It is a commercial union of Belgium, Netherland and Luxemburg. It is started in 1958. Its head quarter is in Brussels in Belgium.

OECD:

- it was started in 1948 in the name of Organization of European Economic Co-operation (OEEC), it head quarter is in Paris, it was renamed as Organization for Economic Co-operation and Development (OECD) in September 30th, 1961. 29 members are there in OECD.
- **G-77:** it's started in 1964 under the banner of UNO it includes 130 members which were third world countries.