D.N.R.COLLEGE (A), BHIMAVARAM

DEPARTMENT OF ECONOMICS (UG)

B.A. 2nd YEAR, IV SEMESTER

ECONOMIC DEVELOPMENT IN INDIA AND ANDHRA PRADESH

E-CONTENT

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IIB.A – ECONOMICS YEAR – II, SEMESTER – IV – ECONOMIC DEVELOPMENT- INDIA AND ANDHRA PRADESH SYLLABUS

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Basic Features Basic characteristics of Indian Economy as a developing economy – Economic development since independence - Objectives and achievements of planning – Planning Commission/NITIAyog and their approaches to economic development - India's Rank in Global Human Development Index .

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Indian Public Finance Indian Tax System and Recent changes – GST and its impact on Commerce and Industry – Centre, States financial relations- Recommendations of Recent Finance Commission – Public Expenditure and Public Debt - Fiscal Policy and Budgetary Trends

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UNIT-I BASIC FEATURES:

LESSON – 1 INDIAN ECONOMY – A DEVELOPING ECONOMY: Aims and Objectives: To understand what are developed countries and developing countries.¬ To understand the main features of Indian economy.¬ To know as why Indian economy is still a developing economy.¬ To understand Indian economy in the present scenario.¬ Structure

1.1 Introduction 1.2 Developed and Developing Economy 1.2.1 Developed Economy 1.2.2 Developing Economy 1.3 Difference between Developed and Developing countries 1.4 Indian economy 1.5 Basic characteristics of Indian economy 1.6 Is India a Developing Economy? 1.7 Summary 1.8 Key words 1.9 Self-Assessment Questions 1.10 Suggested ReadingsLESSON – 1 INDIAN ECONOMY – A DEVELOPING ECONOMY Aims and Objectives: To understand what are developed countries and developing countries.¬ To understand the main features of Indian economy.¬ To know as why Indian economy is still a developing economy.¬ To understand Indian economy in the present scenario.¬ Structure 1.1 Introduction 1.2 Developed and Developing Economy 1.2.1 Developed Economy 1.2.2 Developing Economy 1.3 Difference between Developed and Developing countries 1.4 Indian economy 1.5 Basic characteristics of Indian economy 1.6 Is India a Developing Economy? 1.7 Summary 1.8 Key words 1.9 Self-Assessment Questions 1.10 Suggested Readings

1.1 INTRODUCTION:

India is a developing country. It is a mixed economy where we find both public and private sectors together. The Indian economy is growing very fast in the recent past. India is currently the world's fourth largest in terms of real GDP after the USA, China and Japan and the second fastest growing major economy in the world after China and it is the sixth-largest economy in the world. India is one of the fastest growing economies of the world and is poised to continue on this path, with aspirations to reach high middle-income status by 2047. In the past two decades India has made remarkable progress in reducing poverty. Between 2011 and 2019, the country is estimated to have halved the share of the population living in extreme poverty - below $2.15 per person per day (2017 PPP). In recent years, however, the pace of poverty reduction has slowed especially during the COVID-19 pandemic, but has since moderated in 2021-22. Inequality in consumption continues, with a Gini index of around 35 over the past two decades. Child malnutrition has remained high, with 35.5 percent of children under the age of 5 years. Employment opportunities have improved since 2020 but concerns remain about the quality of jobs created and the real growth in wages, as well as around the low participation of women in the labour force .

1.2 DEVELOPED AND DEVELOPING ECONOMY :

Various organizations have defined the concept of developed and developing economies in different ways. According to United Nations Development Programme's (UNDP) the economies of the world are divided into developed countries and developing countries. In its classification system, developed countries are countries in the top quartile of the HDI distribution. Developing countries consists of countries in the high group (HDI percentiles 51-75), medium group (HDI percentiles 26-50), and the low group with bottom quartile HDI. According to International Monetary Fund (IMF) developed and developing countries are classified as advanced countries and emerging & developing countries. Advanced Economies are sub-categorized into Euro area, Major Advanced Economies (G7), Newly Industrialized Asian Economies, Other Advanced Economies, and the European Union. The Emerging and Developing Economies are sub categorized into Central and Eastern Europe, Commonwealth of Independent States, Developing Asia, ASEAN-5, Latin America and the Caribbean, Middle East and North Africa, Sub-Saharan Africa. The main criteria used by the IMF in country classification are

i) per capita income level
ii) export diversification
iii) Degree of integration into the global financial system.

The IMF uses either sums or weighted averages of data for individual countries. According to World Bank developed and developing countries are classified as high-income countries and low- and middle-income countries. The World Bank's classification of the world's economies is based on estimates of gross national income (GNI) per capita. World Bank Income classifications by GNI per capita are as follows: Low income: $1,025 or less

- Lower middle income: $1,026 to $4,035

- Upper middle income: $4,036 to $12,475
- High income: $12,476 or more

Low- and middle-income economies are usually referred to as developing economies, and the Upper Middle Income and the High Income are referred to as 1.2.1 Developed Economy Generally, developed economies refer to those economies with a high per capita income. They are also known as first world countries, industrialized advanced countries or self-sufficient countries. They are economies which are highly industrialized, have high- Economic Development – India and A.P 1.3 Indian economy – A developing economy income, and advanced economies.A developed economy is typically characteristic with a relatively high level of per capita income or per capita gross domestic product, good economic growth and security. The general standard of living and high technological infrastructure is observed in developed countries. Apart from the above-mentioned features noneconomic factors, such as the human development index (HDI) can also be taken into consideration to understand the level of development of an economy. Human development index quantifies a country's levels of education, literacy, and health which can be used to evaluate an economy's degree of development.According to HDI, the country which is having a high standard of living, high GDP, high child welfare, health care, excellent medical, transportation, communication and educational facilities, better housing and living conditions, industrial, infrastructural and technological advancement, higher per capita income, increase in life expectancy etc. are known as Developed Country. These countries generate more revenue from the industrial sector as compared to service sector as they are having a post-industrial economy. Examples of countries with developed economies include the United States, Canada, Australia, France, Germany, Italy, Japan, Sweden, Switzerland, Western Europe, the United Kingdom and France. The main features of developed countries are Developed Countries

1.2.1 Developed Economy :

Generally, developed economies refer to those economies with a high per capita income. They are also known as first world countries, industrialized advanced countries or self-sufficient countries. They are economies which are highly industrialized, have high- Economic Development – India and A.P

1.3 Indian economy

A developing economy income, and advanced economies..A developed economy is typically characteristic with a relatively high level of per capita income or per capita gross domestic product, good economic growth and security. The general standard of living and high technological infrastructure is observed in developed countries. Apart from the above-mentioned features noneconomic factors, such as the human development index (HDI) can also be taken into consideration to understand the level of development of an economy. Human development index quantifies a country's levels of education, literacy, and health which can be used to evaluate an economy's degree of development

1.4 DIFFERENCE BETWEEN DEVELOPED AND DEVELOPING COUNTRIES:

The main differences between developed and developing countries are as follows: Developed Countries:

1 They have high GDP per capita and their national income is also high. They have comparatively low GDP per capita and national income.

2 All the sectors of the society are well developed. They are mainly agrarian economies and have slow pace of development.

3 Their educational system is well developed and advanced. The illiteracy rate is high

4 The standard of living and skills in the working population are high. They have low standard of living and skill in the working population is also observed to be comparatively low.

5 They have advanced infrastructure in the country. They have poor infrastructure in the country

6 The life expectancy and quality of life is high The life expectancy as well as quality of life is low.

7 The population growth rate is low in these countries. The population growth rate is high in these countries.

8 They have a strong and stable political structure

9 They have advanced technology and innovation. They have poor technology and innovation systems.

10 They emphasis more on tertiary sector. They emphasis more on primary and secondary sector.

11 They have a diversified economy .Economy depends more on few sectors of the society.

12 They have a high human development index. They have comparatively low human development index.

13 Their main problem is to maintain the level of development they achieved and maintain their growth rate. Chronic problems like poverty, unemployment, inequalities, over population etc., are the major problems faced by the country.

14 A developed financial system is in the economy. These countries are on low or no foreign reserves.

15 Switzerland, Norway, US, Australia, New Zealand, Korea, Japan, Denmark, UK etc., come under developed countries Most of the African and Asian countries are in the list of under developed countries.

1.4 INDIAN ECONOMY:

India is a developing economy, including a blended economy. India has most of the characteristic features that are in developing nations. India economy has overpopulation poverty, poor infrastructure, agro-based economy, slower pace of capital development, and low per capita income etc. Since independence, India has been creating numerous viewpoints according to the monetary perspective and has been changing from time to time. Indian economy has transitioned from a mixed planned economy to a mixed middle-income developing economy. India has also turned out to be the largest south Asian economy with large public sector in strategic sectors. It is the world's fifth largest economy in nominal GDP and the third largest in purchasing power parity (PPP). According to International Monetary fund (IMF), on basis of per capita income, India ranked 139th place by GDP (nominal and 127th place by GDP (PPP). Although the Indian economy is in the developing stage, it will gradually move to become a developed nation. Significant changes in the Indian economy were made in the year 1991. Since independence all the governments followed Soviet model and promoted protectionist economic policies. But things change after 1991. Indian government has adopted broad economic liberalisation, indicative planning, privitisation and globalization. In 21st century, the annual average GDP has been 6 to 7%. The economy of Indian subcontinent was the largest in the world for most recorded history up until the onset of colonialism in the early 19th century. India accounts for 7.2% of the global economy in 2022 in PPP terms and around 3.4% in nominal terms in 2022.Indian economy underwent many ups and downs. Due to COVID – 19 the economic system was reversed to a great extent. Economic growth has slowed down. Due to demonetization in 2016 and introduction of GST in 2017, more changes took place in the nation. The process of economic growth has not been balanced, at least across the major sectors of the economy— agriculture, manufacturing and services. The average annual rate of economic growth increased from 2.9 per cent in 1965–79 to 5.8 per cent in 1980–90. This was due to an increase in the rates of growth of the service sector, and the manufacturing sector. In 2000, the annual average rate of economic growth was 6.9 per cent in 2000–01 to 2010–11 and 5.4 per cent in 2011–12 to 2021-22. The annual average rate of growth of the agricultural sector has been around 3 per cent over 1991–2021. Since the early 1980s agriculture has been the laggard in economic growth in India. There has been significant change in the structure of the Indian economy in the six decades since independence. In 1955, agriculture comprised 57 per cent of output, in 2021, it comprised 2 a mere 15 per cent. While in 1955, manufacturing comprised 9.9 per cent of output, in 2021, it was 18 per cent. This was mostly due to the growth in the output of the organised or formal manufacturing sector, from 4.9 per cent in 1955 to 11.2 per cent in 2012. The most remarkable feature of the Indian economy's structural change has been the increase in the share of the service sector—from 19 per cent of GDP in 1955 to 54 per cent in 2021

1.5 BASIC CHARACTERISTICS OF INDIAN ECONOMY: India, as a developing country, features a mixed economy in the world. The major characteristics of developing economy are low percapitincome, overpopulation, maximum population below the poverty line, poor infrastructure, agro-based economy and a lower rate of capital formation. Since, the independence of the country, India has been developing in many perspectives from the economic point of view. Although the Indian economy is developing in nature, it tends to move towards a developed economy. The major reforms in the Indian economy were done in the year 1991. Basic characteristic features of Indian economy are:

1. Low per Capita Income: Per capita income is a measure of the amount of money earned per person in a nation. Per capita income is used to determine the average perperson income for an area and to evaluate the standard of living and quality of life of the population. It is calculated by dividing the country's national income by its population. The per capita income of India is much less than that of the developed countries. As per latest provisional estimate published on 31st May, 2023, India's per capita Net National Income (NNI) at constant (2011-12) prices increased by 35.12 percent from Rs. 72,805 in 2014-15 to Rs. 98,374 in 2022-23.

2. Agro-Based Economy: Indian economy is totally agro-based economy. Near about 14.2 % of Indian GDP is contributed by agriculture and allied sectors while 53% of the total population of the country depends upon the agriculture sector. Most of India’s working population depends on agriculture for their livelihood. In 2011, about 58% of India’s labour force was engaged in agriculture. Nevertheless, agriculture accounts for just over 17% of India’s gross domestic product. A major concern for Indian agriculture is the very low productivity of this sector. The land has strong population pressure to feed a large number. Due to rural population pressure, the available land area per capita is very small and there is no benefit to obtaining higher yields. Second, less land is available per person, forcing the majority of people to become low-paid agricultural labourers. Third, Indian agriculture suffers from a lack of better technology and irrigation facilities. Fourth, Indian people, who have no education or training, work in agriculture. Therefore, it is one of the reasons for the decline in agricultural productivity.

3. Overpopulation: Overpopulation is one of the major concerns of the Indian economy. The population of India gets increased by about 20% in every decade. Around 17.5% of the world population is possessed by India.India is the most populous country in the world with one-sixth of the world's population. According to the UN estimates, India has overtaken China in having the largest population in the world with population of 1,425,775,850 at the end of April 2023

4. Disparities in Income: The most alarming thing in the Indian economy is the concentration of wealth. According to the latest report, 1% of Indians own 53% of the wealth of the country. Among this, the top 10% owns a share of 76.30%. The report states that 90% of the country owns less than a quarter of the country's wealth. India's per capita net national income or NNI was around 170 thousand rupees in the financial year 2023 as against the annual growth rate of 13.7 percent in the previous year. The most disturbing thing in the Indian economy is the convergence of abundance. Few people in India own physical assets, but the majority has little or no assets in the form of land, houses, fixed deposits, company shares, savings, etc. As per the most recent report, 1% of Indians own 53% of the abundance of the country's wealth. Among these, the top 10% claim a portion of 76.30%. The report expresses 90% of the nation claims under a fourth of the nation's wealth. This shows that economic power is concentrated in very few hands.

5. Downfall in Capital Formation: Rate of capital formation is positively correlated with lower level of income. There is huge downfall in Gross Domestic Capital compared to the previous years. The rate of capital development is emphatically associated with lower levels of pay or income. There is a tremendous decrease in Gross Domestic Capital contrasted with the earlier years. Gross Capital Formation (GCF) at current prices is estimated at ₹73.62 lakh crore for the year 2021-22 as compared to ₹55.27 lakh crore during 2020-21. The rate of GCF to GDP is 31.4 per cent during 2021-22 as against 27.9 per cent in the 2020-21.

6. Poor Infrastructural Development: According to a recent study, around 25% of Indian families cannot have access to electricity and 97 million people cannot have access to safe drinking water. Sanitation services cannot be accessed by 840 million people. India requires 100 million dollar to get rid of this infrastructural backwardness.

7. Imperfect Market: Indian markets are imperfect as there is lack of mobility from one place to another which contracts the optimum utilization of resources. As a result, price fluctuation occurs.

8. Vicious Circle of Poverty: India is a perfect example of the term 'a country is poor because it is poor.' The vicious circle of poverty traps these countries. The endless loop of neediness and poverty deals with both the supply side just as the demand side. The endless loop of neediness and poverty deals with both the supply side just as the demand side. On the supply side, there is an insufficiency of capital advancing or lending to low rates on investments, In demand side, the endless loop of poverty alludes to when the buying power based on the real income of the nation is low, prompting the exorbitance of products and services. This is the way the endless loop of neediness works, and it is somewhat normal to find in developing economies. About 269.3 million people lived in poverty in India from 2011-2012, according

to the Indian government. This was about 22% of India's population. A person is said to be poor if he cannot consume the amount of food required to reach the minimum calorie count of 2400 in rural areas and 2100 in urban areas.

9. Outdated technology: Indian production is labour-intensive in nature. There is a lack of modern machinery and technologies. India is a country of eclectic mixes. On one side, a company uses one of the most modern technologies while another company from the same industry uses the most primitive one. Majority of products are made with the help of inferior technologies. If you take a simple look at the productivity of a developed and underdeveloped nation, then the developed nation has better productivity since it uses superior technologies.

10. Backward Society: Indian societies are trapped in the curse of caste system, communalism, male-dominated society, superstitions etc. The above factors are the major constraints of growth of Indian economy.

11. Agro-Based Economy: Indian economy is absolutely agro-based economy. As per the Economic Survey 2022-23, 65% of India's population lives in the rural areas and 47% of the population is dependent on agriculture for livelihood. The contribution of agriculture to GDP rose to 19.9% in 2020-21, up from 17.8% in 2019- 20. As per the latest statistical records, 2020-21 the GVA contribution of Agriculture and allied activities is 20.19.

12. Unemployment: The workforce includes adults willing to work. If not enough jobs are created each year, the problem of unemployment will increase. In India, large numbers of people are joining the workforce each year due to population growth, a few more educated people, and the lack of expansion of the industrial and service sectors at the required rate. Due to the deficiency of capital in India, it is difficult to engage the entire population in gainful employment. Therefore, a cheap labour force is available in abundance. As a result, there is chronic unemployment and under-employment in our country.

13. Planned economy: India is a planned economy. The development process continued throughout five-year plan from 1951 to first planning period in 1956. Through planning, the country first establishes priorities and provides financial estimates for achieving the same. Therefore, efforts are being made to mobilize resources from various sources at a minimal cost. India has already completed 12 five-year planning periods. After each plan, a review is conducted to analyze successes and shortfalls. But even after 12 five year plans we are still a developing nation.

15.1 IS INDIA A DEVELOPING ECONOMY? India is one of the fastest developing countries in the world. The speed of development in our country is less and low compared to other countries. Even after 76 years of Indian independence the economy has not achieved several qualities, for which India is still considered as a developing nation. There are some important reasons because of which India is known as developing countries. Following are some of the important reasons behind this terminology: 1. No Control over population: India was in the Second rank in the population, but in terms of population quality, it is less because there is a lack of skilled people. But now India stands in the top position in population but the quality and skill of population is not up to the marked that it can be called as developed country. India’s 2021 Population is estimated At 1.4 billion based on the most recent UN Data; the country has doubled in size in just 40 years.According to the UN estimates, India has overtaken China in having the largest population in the world with population of 1,425,775,850 at the end of April 2023. The India Skill Report 2023 reveals improvement in overall employability among young people, increasing from 46.2 percent to 50.3 percent this year. Additionally, the employable women workforce has risen significantly to 52.8 percent, surpassing the employability rate of men at 47.2 percent. In countries like Sweden, Switzerland, Singapore, Denmark, Australiahave better skilled workers than in India. Both quality and skill life of India workers is less than these countries. 2. Corruption: India is in the 85thposition in terms of corruption. In India, Most government departments are affected by corruption. Corruption is the biggest reason for poverty, which is another reason for poor lifestyles. It is one of the hindrances for growth of the country. Poverty and corruption are linked to each other. 3. Inequality in Income: In India, more than 25 percent of people live under the poverty line. In India, this Income inequality has negatively impacted poor citizens’ access to education and healthcare. People who work in unorganized sectors are the biggest and the worst sufferers of economic inequality.In many places, people work for their daily wages is quite low. The government has developed many programswhere a child are given free education till tenth but still, many the problem remains unsolved. 4. Crimes, Political Influence: Crimes and political influence have a significant impact on the development of India. They can create a culture of corruption and undermine the rule of law, which can hinder economic growth and social progress. They resist the development of the country. This can also contribute to a lack of accountability and transparency in government, which can further erode trust in public institutions and hinder investment and economic growth.Unethical practices like corruption, bribery, and extortion can give some businesses and investors an unfair advantage over others. This can discourage honest investors from putting their money into businesses or projects.

3.10 NITI AYOG

The Government of India stopped the Five-Year Plans after the Twelfth Five-Year Plan (2012-2017) and replaced them with a new think tank body called the Niti Aayog, which focuses on sustainable development goals and long-term planning.

3.10.1 Role of NITI Aayog in Economic Planning :

NITI Aayog, the National Institution for Transforming India, is a policy think tank of the Government of India established on 1 January 2015. It replaced the Planning Commission, which was formed after independence. It has mainly two objectives to achieve namely: sustainable development goals and enhancing cooperative feudalism with a bottomto-top approach. Its initiatives include, (a) Action Plan – 3 Years (b) Strategy Plan – 7 Years (c) Vision Plan – 15

3.10.2 Nature of NITI Aayog NITI Aayog aims for partnership of centre and Indian states. One of its main aims is to make states as part of planning process, giving weightage to their needs. It helps to evolve, promote and strengthen co-operative federalism believing that strong states make strong nation. It helps in preparing village level plans and later integrates them at higher levels of government. It ensures that all sections of society would benefit adequately from economic processes. It will create a knowledge, innovation and entrepreneurial support through collaborations. It gives reduced and redefined role to centralized planning. The role of government as a player in the industrial and service sector is to be reduced.

3.10.3 Major Objectives of NITI Aayog The main objectives of NITI Aayog are:

1. To change the role of the government from provider of the first and last resort to an ‘enabler’.

2. To evolve a shared vision of national development priorities, sectors and strategies with the active involvement of states.

3. To develop mechanisms to formulate credible plans at the village level and aggregate these progressively at higher levels of government.

4. To ensure that the interests of national security are incorporated in economic strategy and policy.

5. To pay special attention to the sections of our society that may be at risk of not benefitting adequately from economic progress.

3.10.5 Functions of NITI Aayog :

1. It will facilitate to transform India into cooperative and competitive federalism.

2. National agenda is provided to the prime minister for development along with priorities and strategies.

3. To pay special attention to the sections of our society that may be at risk of not benefiting adequately from economic progress

4. To design strategic and long term policy and programme frameworks and initiatives, and monitor their progress and their efficacy

5. To provide advice and encourage partnerships between key stakeholders and national and international like – minded Think Tanks, as well as educational and policy research institutions

6. To offer a platform for resolution of inter – sectoral and inter departmental issues in order to accelerate the implementation of the development agenda.

7. To focus on technology up gradation and capacity building for implementation of programs and initiatives.

Thus, the NITI Aayog is in the path to frame a proper development policy for the country and will also seek to put an end to slow and delayed implementation of policy, by fostering better inter-ministering co-ordination. Moreover one of the major tasks of the NITI Aayog is to actively monitor and evaluate implementation of programmme.

4.2 HUMAN DEVELOPMENT INDEX:

The Human Development Index (HDI) is a summary measure of average achievement in key dimensions of human development: a long and healthy life, being knowledgeable and having a decent standard of living. The HDI is the geometric mean of normalized indices for each of the three dimensions. As mentioned above, HDI is a statistical measure developed by Mahbub Ul Haq, a Pakistani economist. It was later adopted by the United Nations Development Programme (UNDP) for measuring the development of countries.HDI measures development of a country based on certain parameters such as life expectancy, literacy rate or the level of education obtained and per capita income. HDI is a statistically formulated and collaborated to compute numerous countries' social and economic development levels in the United Nations. The HDI was established to focus on and emphasize that individuals and their potential ought to be the final criteria for measuring the development of a country, not economic growth alone. As a segment of the Human Development Index, each year United

Development Programme presents the Human Development Report (HDR). The HDR was initiated for the first time in 1990 and since then it has been presented every year except in 2012. In accordance with the last Human Development Report, India ranked at 132nd position, having a score of 0.633. The Human Development Report (HDR) is imprinted by the United Nations Development Programme (UNDP). The main emphasis laid by UNDP is on the approach that leads to human development. The foremost objectives behind publishing the Human Development Report are: Progress and enhancing human development.

- Augmentation of chances, and choices, and facilitating liberty to people throughout the world. Institution to the creative ideas pertaining to human development

.• Upholding the practical amendments in the policy

.• Opposing the policies coming as an obstacle to human development

CHAPTER-2

TRENDS IN NATIONAL INCOME AND DEMOGRAPHY

IN INDIA Aims and Objectives After completing the lesson the student is able to What is National income Understand the different Trends in National Income Analyze the Stages of Demographic Transition Structure

5.1 Introduction

5.2 Trends in National Income in India

5.3 Sectoral contribution of National Income

5.4 Demographic trend

s 5.5 Demographic features of Indian Population

5.6 Population Policy in India, 2000

5.7 Summary

5.8 Key words

5.9 Self Assessment Questions

5.10 Suggestive Readings

5.1 INTRODUCTION:

National income is an uncertain term which is used interchangeably with national dividend, national output and national expenditure. In the common parlance, National income means money value of all the final goods and services produced by a country during a period of one year. In other words, the total amount of income accruing to a country from economic activities in a year’s time is known as national income. It includes payments made to all resources in the form of wages, interest, rent and profits

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5.2 TRENDS IN NATIONAL INCOME IN INDIA :

A study, of the trend of the national income in India over the last 60 years, in detail, is very much essential for attaining a clear understanding about the impact of planning on the Indian economy. Both the national income and per capita income are first collected at current prices and then at constant prices for eliminating the effect of any change of price level during that period. This trend in national income also reflects on the standard of living of the people of India. Thus the national income at current prices is influenced by both the increase in production of goods and services and the rise in prices. In order to make the national income figures comparable, these figures are deflated at constant prices just for eliminating the effect of any change in the price level of the country. Let us now look into the trends in the national income figures and per capita income figures of India both at current prices and at constant prices obtained through CSO’s new series with 2004-05 as base year. The whole time-series data is given in

5.3.1 Contribution of the Primary sector to GDP (Gross Domestic Product) During the post-Independence period, the share of the primary sector (Agriculture, Forestry and fishing) in the Gross Domestic product has varied from the maximum of 55.4 percent in 51 to the minimum of 18.3 percent in 2022-23. The main cause of the decline is a rapid fall in the share of agriculture alone. There is a decline in the share of forestry to GDP. The share of fishery has remained more or less constant. In recent years, the country's economy has undergone some structural changes. Transport and trade, banking and insurance and other service sectors have grown faster than agriculture. Still, the agricultural sector remains an important sector in the Indian economy in terms of its share in the country's Gross Domestic Product.

5.3.2 Contribution of the Secondary Sector to GDP The share of industry which includes mining, quarrying, manufacturing, construction and electricity, gas and water supply has shown a steady increase from 15 per cent in 1950-51 to 26.2 in 2013-14. Its share in 1980-81 was 24 per cent. From 1980-81, there was a slight improvement in the share of industrial sector to gross domestic product. Two major components of industry are manufacturing and construction. The share of manufacturing increased from 8.9 per cent in 1950-51 to 14.9 per cent in 2013-14. Similarly, the share of construction increased from 4.4 per cent in 1950-51 to 7.4 per cent in 2013-14. However, the share of the organized industrial sector declined and was just 8.4 per cent in 2011-12. The share of manufacturing increased from 7.4 percent in 2013-14 to 7.6 percent in 2022-23.

5.3.3 Tertiary sector contribution to GDP The share of the Tertiary sector (trade, transport, financing, insurance, real-estate, banking, social and personal services and business services) indicated a sharp improvement from 29.6 per cent in 1950-51 to about 59.9 per cent in 2013-14. There was a significant increase in share of trade, transport and communications from 11.3 per cent in 1950-51 to 20.6 per cent in 2013-14. The share of finance, insurance, real estate and business services marginally declined from 7.7 per cent in 1950-51 to 7.5 per cent in 1980-81 and thereafter improved to 20.6 per cent in 2013-14. There was a significant increase in share of trade, transport and communications from 2.0.6 per cent in 2013-14 to 22.04 per cent in 2022-23. This shows a good sign which is essential for an under-developed country like India.

5.4 DEMOGRAPHIC TRENDS

Demographic transition refers to a process of change in a population's birth and death rates and patterns over time, as a society moves from a high-fertility, high-mortality regime to a low-fertility, low-mortality regime. India is at stage three of the four stage model of demographic transition from stable population with high mortality and fertility to stable population with low mortality and fertility, with some of the states/UT’s already into stage four.

Stages of Demographic Transition: Stage

1: Less developed countries, high birth rate, high death rate due to preventable causes, stable population. E.g. South Sudan, Chad, Mali etc. Stage

2: Death rates fall due to improved public health but high fertility due to limited access to health and contraceptive services, spurt in population. E.g. Afghanistan, Pakistan, Bolivia, sub-Saharan countries such as Niger, Uganda etc. Stage

3: Birth rate also falls, population continues to grow due to large no. of people in reproductive age group. E.g., Columbia, India, Jamaica, Botswana, Mexico, Kenya, South Africa, and the UAE. Stage

4: Stable population but at a level higher than the initial, low birth & death rates, high social & economic development. E.g. Argentina, Australia, Canada, China, Brazil, most of Europe, Singapore, South Korea, and the U.S

5.5 DEMOGRAPHIC FEATURES OF INDIAN POPULATION :

World Population The total population of the world was 1 billion in 1830 and it doubled by 1930. By 1960, Population of the world increased to 3 billion, total population of the world increased to 4 billion in 1975 and 5 billion in 1987. The last child of 5th billion was born on 11-07-1987in Yugoslavia. So, 11th July is known as World Population Day' According to UNFPA report world population touched to 6 billion on 12-10-1999 and UNO has declared 12th October as a Day of 6 billon'. The total population of the world stood at 780crore in March 2020.

5.5.1 Size and Growth Rate of Population in India India possesses 2.4% of the total land area of the world, and with in population of billions in 2017 it has a share of 17.6% population. India is the second largest country in terms of population size e world after China. India accounts for only 7.3% of world GDP in 2017 (World Bank: Angus Madison data). These facts indicate that the pressure of population on the land in India is very high. According to 1901 Census, India's population was 236 million and according to 2011 Census, the population was 1210 million and it was 13 billion in 2017. In a period of 116 years, the population of the country has increased by 1064 million. Table-5.1 (all tables are given in the Appendix) reveals the size and growth trends of India's population during 1891- 2011. During the first phase of 30 years (1891 to 1921), India's population grew from 236 million in 1891 to 251 million in 1921 i.e., just by 15 million. The compound annual growth rate was 0.19% per annum for the period. Birth and death rates were more or less equal during this period. Hence, the growth of population was checked by the high death rate against the high birth rate. India was in the first stage of demographic transition in this period with stagnant population. During the second phase from 1921 to 1951, India's population grew from 251 million in 1921 to 361 million in 1951 i.e., by 110 million. The compound annual growth rate of population was 1.22% which was considered as moderate. The main reason for this was a decline in death rate from 49 thousand population to 27 per thousand population and a very small decrease in birth rate from 49 per thousand population to 40 per thousand population. India had entered into the second phone of demographic transition during this period with a steady but low growth rate of population. The year 1921 is regarded as 'great dividing year of population because of decrease in population and a turning point for the increase in the growth rate of population. During the third phase from 1951 to 1981, the population of India from 361 million in 1951 to 683 million in 1981. There was a record growth of population by 322 million in this 30 years. The compound annual grew growth rate of 2.14% is nearly double the growth rate of the previous phase. Due to the planning, many measures of death control were undertaken. This resulted in a further and sharp decline of death rate to a level of 15, but the birth rate fell very slowly from 40 to 37 during this period. So, there was a population explosion during this phase. During 1981 to 2011, India's total population increased from 683 million 1210 million indicating an increase of 77% during the 30 year period. The annual average rate of growth of population during this period was 1.84% Thus, India entered the phase of high population growth with definite signs of slowing down. Though the country continues to remain in the second stage of demographic transition, this slowing of growth rate of population leads the country in to the third stage of demographic transition.

5.5.2 Birth, Death and Infant Mortality Rates Growth rate of population is a function of birth rate, death rate and the level and direction of migration. In the Indian context, migration is not a significant factor and need not be considered. Variations in birth and death rates will provide an explanation of the population growth. The growth of population was checked by the high birth and high death rates in India before 1921. Birth rate during 1901-1921 fluctuated between 46 and 49 per thousand population and the death rate between 44 and 49. So, the growth of population was little or negligible. After 1921, dear fall in death rate is noticeable. Death rate which was at 48.6 per thousand in 1911-20 came down to 7.1 per thousand in 2010-11 and it is 63 2017 (SRS) But, the birth rate showed a slight decline initially and does family planning drive birth rate also declined to 21.8 per thousand in 20 11and it is 20.21 in 2017 (SRS). There is a steady fall in the infant mortal In the second decade of the 20th century, infant mortality rate was 218 1,000 live births and it is 47 per 1,000 live births in 2010 and it is 33 2017 (SR). Over the years, maternal mortality has also declined. It was 2 per 1 lakh live births in 2007-2009 and it is 122 in 2017 (SRS). Thus, the high growth rate of population can be explained in terms of high birth rate but a relatively fast declining death rate. Kerala, Tamil Nadu Andhra Pradesh (combined), West Bengal, Karnataka, Maharashtra and Punjab have achieved a birth rate below 20 per 1,000. These states are in the 3 stage of demographic transition. But, Haryana and Gujarat which occupied a high place in India in terms of per capita income are far behind in reduction of birth rate. Uttar Pradesh, Rajasthan, Bihar and Madhya Pradesh have very high birth rate in the range of 27-28 per thousand. These states are the 2nd stage of demographic transition. It is not easy to bring down the birth rate, when the socio-economic conditions favour a larger family. Still, family planning has not become a way of life for many people.

People's attitude towards marriage, family, family planning must change to achieve substantial decline in the birth rate.

5.5.3 Sex Ratio The sex ratio is defined as the number of females per 1,000 males Table-5.3 explains the sex ratio in India. The sex ratio declined from 972 in 1901 to 946 in 1951 and to 927 in 1991. It is a disturbing feature subsequently there is a marginal improvement in the sex ratio. It is increased to 933 in 2001 and to 940 in 2011. Kerala alone shows a higher proportion of females of 1,084 per 1,000 males in 2011. In Punjab and Haryana, females account for 893 and 877 per 1,000 males in 2011 respectively which are at the bottom. Poverty, higher female infant mortality rates, high mortality rates among women in reproductive ages and sociological factors including a bias against female births are responsible for declining sex ratio. In the advanced western countries, the proportion of women in total population higher than that of males. 5.5.4 Age Composition The study of age composition is useful in determining the proportion of labour force in the total population. The working age of the population is considered as 15-60 years. Table -5.4 indicates that the proportion of child population in the 0-14 year's age group is 35.6% in 2001 and this is lower than the earlier figures. The working age pertains to 15-60 years is called as productive age group. Both the child population and old population are dependent on the productive age group for their maintenance and sustenance. There is a decline in the dependency load of the population and increase in the share of the productive age group. Demographic dividend is likely to manifest in the gradual increase in the working age group Centre for Distance Education 15- 60 years. A recent report from the UN Population Fund estimates that India's working age population will reach 65% by 2030. India will also enjoy the longest demographic dividend compared to any other country till 2055. The realization of the demographic dividend will depend on improving health care levels as well as increasing human resource development. A rise in the rate of economic growth due to a rising share of working age people in the population is called the demographic dividend. The rapid increase in labour force creates pressure for creation of employment opportunities. If economic growth does not create employment, rapid growth of unemployment cannot be ruled out and this may create social unrest and social evils in the society. 5.5.5 Life Expectancy at Birth: We noted from age profile analysis that the proportion of the aged 60 years and above increased over the years. This is in view of increase in the average life of the Indians which can be seen from Table 5. 7. While in the early 1950s, a new born baby hoped to live for about 32 years today in 2010, life expectancy at birth is 64.4 years. It is interesting to note that in t

6.0 POVERTY

6.1 INTRODUCTION :

Underdeveloped countries have made concerted attempts in recent years to develop with the objectives of narrowing down the gap that presently exists between them and the developed countries. However they have failed to achieve any marked success in this direction. The most important reason for this failure is the prevalence of high degree of poverty and unemployment along with inequalities in income and wealth distribution. Because of colonial rule and the one sided policy implementations in India, the private ownership of means of production inevitably leads to concentration of wealth in few hands. The problem of mass poverty is a natural outcome of the income inequalities. On the other hand, widespread unemployment is perhaps the most striking symptom of inadequate development in India. Hence an attempt is made in this chapter to explain the concepts of Poverty, Unemployment and Inequalities in distribution of income and wealth in detail.

6. Poverty is a state or condition in which a person or community lacks the financial resources and essentials for a minimum standard of living. Poverty means that the income level from employment is so low that basic human needs can't be met. Poverty is situation where a section of the society for no fault of their own is denied of even basic needs of life such as food, clothing and shelter. These are fundamental necessities required to be fulfilled for human beings to lead a dignified life. In a country where a large portion of population is denied of these minimum amenities of life since long period, we may say the country is in vicious circle of

6.2.1Types of Poverty

There are two main classifications of poverty

Absolute Poverty: A condition where household income is below a necessary level to maintain basic living standards (food, shelter, housing). This condition makes it possible to compare between different countries and also over time. It was first introduced in 1990, the “dollar a day” poverty line measured absolute poverty by the standards of the world's poorest countries. In October 2015, the World Bank reset it to $1.90 a day. Therefore in every country to measure the minimum standard of living the basic consumption basket is taken into consideration, which includes the food items that are consumed in that specific society necessary for attaining healthy living. Along with that, access to other important non-food items is also considered. These food and nonfood items are converted into monetary units to definite it as Poverty line. People whose consumption expenditures are found below the poverty line are the people suffering with absolute poverty which means their income is insufficient to fulfill their basic and fundamental needs to lead a dignified life.

Relative Poverty: It is defined from the social perspective that is living standard compared to the economic standards of population living in surroundings. Hence it is a measure of income inequality. Usually, relative poverty is measured as the percentage of the population with income less than some fixed proportion of median income. In the calculation of relative poverty the extent of income or consumption of top most 10% population is compared with bottom most 10 % population. Usually the measure of relative poverty is used in affluent or developed countries. But the underdeveloped countries it is the existence of absolute and mass poverty that is cause of concern.

2.2 Poverty Estimation in India:

India lacks appropriate and reliable data for direct-estimation of the extent of poverty, as no attempt has been made so far in this country to collect statistical information in respect of income distribution. However, the NSSO data on consumption expenditure provide such information that can be used for determining the incidence of poverty both in urban and rural sectors. Poverty estimation in India is carried out by NITI Aayog's task force through the♣ calculation of poverty line based on the data captured by the National Sample Survey Office under the Ministry of Statistics and Programme Implementation (MOSPI). Poverty line estimation in India is based on the consumption expenditure and not on♣ the income levels. Poverty is measured based on consumer expenditure surveys of the Economic Development – India and A.P

6.3 Poverty, Inequality… National Sample Survey Organisation. A poor household is defined as one with an expenditure level below a specific poverty line. The incidence of poverty is measured by the poverty ratio, which is the ratio of the number of poor to the total population expressed as a percentage. It is also known as head-count ratio. The poverty line is the minimum amount of money required for existence♣ & survival of a

MIGRATION LABOUR

8.3 TYPES OF MIGRATION

1. On the basis of Origin and destination: In the view of the origin and destination of migrants the migration can be classified into Internal Migration and International Migration A) Internal Migration The movement of individuals within the geographical boundaries of a country or a state. Internal migration alludes to a change of residence within a state, region, city, or municipality. Internal migration is additionally classified into four types. i. Rural to Urban Migration The movement of population from rural areas to the nearby towns and cities mainly in search of better livelihood and standard of living, i.e., employment, education, and recreation facilities.

ii. Rural to Rural Migration Mostly agricultural workers, because of marriages, and sometimes looking for land for cultivation.

iii. Urban to Urban Migration The relocation from one metropolitan community to the next looking for more significant compensation and another market for business potential opens doors

. iv. Urban to Rural Migration The movement from urban areas or cities to rural areas to get freed off the urban problems like air pollution, overcrowding, noise pollution, and returning to their native place a8

.6 CAUSES OF MIGRATION. The causes of such migration have been manifold:

(1) Pressure of population on land : The main cause of this migration is the pressure of population not only on land but also upon the village and its resources. On the one hand, there has been an absolute increase in the population and, on the other, there has been a gradual and fast decline of the village thon died on the other there has been oviding employment to a large number of village people. Consequently, the number of dechi people depending on agriculture has

increased to such an extent that the holdingswan have become uneconomic so much so that there is unemployment, poverty and indebtedness in the villages

(2) The Joint Family system: The joint family system has also facilitated such migration as some members of a family could leave the village without having to break up their home or give up their land. Other members of the family who were left behind could conveniently take charge of these things

. (3) Increae in number of landless agricultural labour : There has been a gradual increase in the class of landless agricultural labourers which has long been in existence in this country. Some of the factors responsible for a rapid increase of numbers in this class are the loss of land on account of the accumulation of debt, the eviction of tenants because of the desire of the landlords to increase their own cultivation and the prevailing quarrels between the tenant heirs after the death of a permanent heir, These landless agricultural workers, lured by the high wages in factories, have migrated from the villages to the industrial cities

. (4) Social Reasons : The landless labourers belonging to the depressed classes gradually migrated to the cities to avoid various social disabilities. As the industrial employment tends to break down social and caste distinctions, these people receive far better social treatment in the industrial centres than in the villages. As the late Dr. Mukerjeets observed, in Uttar Pradesh about 60 per cent of the women workers belonged to the backward or untouchable castes and

jCHAPTER 3

AGRICULTURAL AND INDUSTRIAL DEVELOPMENT

IMPORTANCE OF AGRICULTURAL SECTOR IN INDIAN ECONOMY

Agricultural sector is the primary sector and it is back bone to Indian economy. The agricultural sector has strong backward and forward linkages in the Indian economy. When agricultural sector sneezes, the other two sectors would cough and vice versa. The importance of agriculture sector in Indian economy can be explained in the following aspects as given in Figure

- 1 i. Supplying the Food and Fodder: Agriculture sector is the only sector that supplies food grains and fodder to the whole population and animals in the country. Currently Indian agriculture produces 315.7 Million Tons of food grains with per capita availability of 187.8 KGs per year. But majority of it are rice and wheat but not the nutritional rich grains such as pulses and coarse cereals. ii.

2.Income and Employment: Agricultural sector is important in India as it provides significant shares to the income and employment. It contributes about 20 per cent share in Gross Value Added in 2022-23 at current price. It is still the largest employment provider in the country of 45.5 per cent during 2021-22. Hence development of agricultural sector is important for the growth and development of the whole economy.

v. Sustainable and Green Development: Agricultural sector is important in Indian economy to achieve the sustainable and green development. Currently, agriculture in India depends on chemical fertilisers and pesticides which pollute the natural resources and food products. Agriculture sector is also large contributor for greenhouse gases. To adopt sustainable and green development in the country, agriculture is the main source

FEATURES OF AGRICULTURAL SECTOR IN INDIA Indian agriculture, given its vast agro climatic condition, is large and diverse sector. It has been undergoing many changes since the Independence. The salient features of Indian Agriculture can be explained in Figure 2 in the following aspects i.

Diverse and Rich Natural Resource based Sector: India has second largest arable land in the world next to USA with 145 million hectors of net sown area under agriculture which is 42.5 per cent of total geographical area. India has 15 Agro-climatic zones and 73 subzones based on soil types, topography, and climate and cropping pattern characteristics. Hence India has the scope for the cultivation of largest number of crops and livestock in the agriculture. It is a vast and diverse sector based on rich natural resources. As a result India is considered as a global agricultural powerhouse. India is the world's largest producer of milk, pulses and jute, goat, buffalo and ranks as the second largest producer of rice, wheat, sugarcane, groundnut, tobacco, potato, vegetables, fruit and cotton, cattle and sheep. It is also one of the leading producers of spices, fish, poultry, livestock and plantation crops (FAO 2023).

ii. Monsoonal dependence and Low Irrigation Levels: Indian agricultural is based on performances of monsoons. Although, the irrigation levels are increasing over a period of time in India (18 per cent in 1951 to 37 per cent in 1991 to 57 per cent in 2020), they fluctuate as per the performances of the monsoons. As result, the share of assured irrigation is very low in India and its agriculture becomes gamble in the hands of monsoons. iii. Dominance of Food crops: Indian agriculture is dominated by the few food crops and the diversification is still low towards the high value added crops. Around 60 per cent are food crops. The low value food crops like rice, wheat, coarse cereals dominate the majority of crop production in India while the high value crops like fruits, vegetables, sugar cane, cotton etc are still at lower levels. iv. Dominance of Small Farmers and Inequalities in Land Ownership: The land based inequalities are very high in Indian agriculture. As per latest Agricultural Census 2015-16, out of total land holdings of 146.5 million with the area of 157.8 million hectors in India,the small size farmers (below two hectors) comprises of 88 per cent. But they own only 47 per cent of total land. On the other hand medium and big farmer farmers whose share is 12 per cent in total landholding but controls 53 per cent of the total land. There are social and gender in inequalities in land ownership in India. The farmers belong to schedule caste are around 12 per cent in total farmers but possess 8.5 per cent of land ownership. The female ownership of land stands at about 14 per cent in India which is far behind their population. v. Increasing Tenancy: Tenancy has been increasing at faster rate in Indian agriculture. The official reported tenancy is very low than the actual tenancy because of problems in tenancy acts. As the tenant will have rights over land with the registration of tenancy, most of the tenancy is unreported in India. As per un official figures, the tenancy may have up to 50 per cent of total area. Majority of the tenancy in India is practiced by the farmers belong to socially marginal groups like OBCs and SCs. vi. Labour Intensive and Low level of Technology Adoption Indian agriculture still followlabour intensive practices but it is on declining path with increasing scarcity of labour and adoption of technology. The adoption of modern technology is still at lower phase mainly because of dominance of small size farmers and lack of institutional support. vii. Low growth, lower productivity and low per capita income, High indebtedness sector: Indian agriculture records relatively lower growth compare to other two sectors with wide fluctuations. As per NITI Aayog reports, during 2004-05 to 2020-21, the average annual growth of agriculture sector in India stands at 3.8 per cent while for non-agricultural sector it stands at 6.9 per cent. The fluctuations are very high in agricultural growth rates in India. The productivity of crops in India, although increasing over a period, still they are less than the world average and far behind the top countries. The FAO 2023 figures show that the productivity if rice in India is 4138 KG per hector which is less than world average 4717 KG per hector and far behind China, the top producer 7303 Kg per hector. Similar is the case with wheat, maize and pulses. The income levels for the agricultural households are still very low in India due to low yield levels and lack of non-farm jobs. The for the Situation Assessment Survey of Agricultural Households (SASAH) 2019, the average monthly income for an agricultural household stands at Rs10218 for 2018-19 which is far below the incomes of other sectors. NITI Aayog report says that the ratio of agricultural worker to non-agricultural worker stands at 0.29 during 2020-21 which indicates that an average agricultural worker gets only 29 per cent of income that that of non-agricultural worker.The indebtedness levels are also Economic Development –

INdia and A.P very high in Indian agriculture. As per SASAH 2019, total 50.2 per cent of farmers in India are indebted with average outstanding of Rs 74,121 per h viii. Dominance of Chemical based production and more scop

Organic and Natural Farming: The chemical based farming is highly prevalent in India especially since the advent Green Revolution during 1970s. Agriculture is responsible for about in India, which is almost same as its share in gross domestic product (GDP). It has led to many environmental problems in agriculture such as soil degradation, water pollution, food contamination, crop diseases which all are le has been increasing stress on shifting towards organic farming but it is still at low phase. There is an increasing preference for bio energy. ix. Increasing uncertainties and scope for Insurance: There has been increasing uncertainties in Indian agriculture mainly because of two things such as weather based fluctuations due to climate change and market based price fluctuations due to lack of support mechanism. In this context there is large scope for the crop insurance which is at very low levels. The SASAH 2019 shows that only around 10 to 20 per cent of the farmers insure their crops x. More Scope for Agribusiness and Value addition There is lot of scope for Agribusiness and value addition in Indian agriculture. Most of the farmers sell their products without processing and adding value main because of lack of storing facilities, awareness, skills, technological and financial support

LAND REFORMS

Land reforms were the first agricultural strategy adopted in Independent India for the growth and development of the sector. Land reforms were aimed at rearranging the land relations in the country for the redistribution of land to the actual tiller to increase the productivity of the land. This also was considered as an instrument of social justice. The land reforms were actually carried out by the State governments as the land is the subject of the State.

9.7.1: The Components of Land Reforms: There were five components of the land reforms such as abolition of intermediaries, tenancy reforms, ceiling on land holdings and consolidation of landholding and cooperative farming and compilation and updating of land records. The details of these are discussed below.

i. <u>Abolition of intermediary tenures</u>: The British period land revenue systems such as Zaminadari, Raitwari, Mahalwari were abolished by the respective state acts during 1950. With this act, the vast mass of the peasantry was freed from all illegal exactions in cash, kind and services; Land records were created and survey and settlement was carried out in these areas and Holdings were demarcated on the basis of the individual as a unit. By 1954 almost every state had passed Land Reform legislation on priority basis for the abolition of intermediary tenures on payment of compensation, as a result of which 20 million tenants were brought into direct contact with the state. However, in the name of land under self-cultivation, many of the old landlords were able to retain extensive areas under their control

. ii. <u>Tenancy Reforms</u>: Tenancy is the relationship between the land owner and the tenant regarding the use of the leased-in land. Tenancy reforms was carried out in all the states in three ways as (a) Security of Tenure for certain period with few exceptions (b) ceiling on land rent which should not exceed one-fifth to one-fourth of the gross produce and (c) conferment of ownership rights in case of sale of land by the owners. Although all the state have passed these reforms but their implementation on the ground was very poor because of reluctance of the owners to record the tenancy because of the fear of loosing the land. Hence now Central government is pushing for the liberalization of tenancy acts in the country

. iii. <u>Ceiling of land holdings and distribution of surplus land</u>: According to this maximum ceiling was imposed on ownership of an household and the surplus land from the ceiling, was to be redistributed among the landless poor. As per the Central government guidelines in 1972, all the state governments have passed these acts but with very poor implementation. As per this the maximum land ceiling rules, an household of five members can own maximum up to 10 to 18 acres of irrigated land and up to 54 acres of non-irrigated land which may vary across the states based on their local conditions. But there are exceptions under clauses of modern mechanized farms and plantation farms. The implementation of this aspect of land reforms was very poor because of binami land transfer of land ownership and mis-utilization of exceptions. At the end of the Eighth Plan Centre for Distance Education 9.14 (1992-97), only 2.30 million hectares were declared as ceiling surplus and out of that 2.09 million hectares were distributed among 5.5 million beneficiaries.

iv. <u>Consolidation of land holdings</u>: Consolidation of land holding means facilitating the land owner who has the land at different sides in an area into small parts, to get the same size or quality of land at on place with the adjustments of land among the similar kind of land owners.

This was pushed under cooperative farming model. Consolidation of fragmented land holdings helps in improving the agricultural production as well as in providing common services to small holders. Although this measure of land reforms is ideal one, but it was grossly failed in its implementation on the ground because lack of cooperation among the land owners, problems in nature and quality of lands, lack of support from the governments etc. Hence, as on 31 March 2003, the total area consolidated was only 66.10 million hectares, against a total cultivable area of 142 million hectares.

v. Compilation and updating of land records: Proper land records are important for the effective implementation of land reforms and support to the farmers. However, land record system is very poor in India. In 1987-88, a Centrally-sponsored scheme for Strengthening of Revenue Administration and Updating of Land Records (SRA&ULR) was introduced in Orissa and Bihar. The scheme was extended to other states in 1989-90. The Ministry of Rural Development (MoRD) brought out a Vision Document for Computerisation of Land Records in 1999 to bring uniformity in land administration. The National Land Record Modernisation Program (NLRMP) was launched in 2008 as central sponsored scheme. Later it was revamped as the Digital India Land Record Modernisation Program as 100 per cent centrally funded program. Andhra Pradesh and Telangana governments are in the forefront in implementing this schemes under their flagship programs YSR Jagananna Saswatha Bhu Hakku and Bhu Raksha programme and Telangana Comprehensive Land Survey program respectively.

.9.7.2: Assessment of Land Reforms in India:

The above discussion shows that, the land reforms were partially successful in India. It was successful only in the first measure of abolition of intermediaries but not up to the mark in case of rest of the measures. As a result, we could witness large scale socio-economic inequalities in land ownership, lack of recognition and support for tenant farmers and land disputes in the country which dent the productivity of land. It is said that the states of West Bengal, Kerala and the old Jammu & Kashmir were the relatively better implementation of land reforms in the country. The economic reforms since 1991 have sidelined the agenda of land reforms in India and it is no more political –economic agenda in the country. Only the aspect of land records is given emphasis than others to facilitate the private property rights and access to benefits related to land ownership.

FOOD SECURITY AND MALNUTRITION IN INDIA

10.2 FOOD SECURITY

Food security means making food available at affordable prices at all times, to all sections of people, without interruptions. Food security is not only a question of the ability to produce food but also of the ability to access food. Lack of food security hampers the nutritional profile of the vulnerable section of the population. Food security in a country can be seen from many dimensions and hence there are many concepts this regard. 10.2.1 Concepts of Food Security a. Concepts based on production of food products: There are two types of food security concepts based on the production of food grains with in the country such as Food SelfSufficiency and Food Self-Reliance

Food Self-Sufficiency: Food Self-sufficiency of country refers to situation where a country is in a position to feed its people from its own domestic production without having to depend on import of food grains from other countries. India has achieved food selfsufficiency by 1970s after Green Revolution period

1. Food Self-Reliance: Food Self-reliance of country refers to situation where a country need to have its domestic food grain production to feed its people, but is has the ability and purchasing power to import the required food grain from other countries. The countries like Singapore which has scarcity of land follow this concept of food self-reliance. However, it is risky to follow this concept of food security during war situations. b. Concepts based on availability, accessibility, affordability and nutritional levels of food: Food security can be studies in fours concepts such as food availability of total food grains, food accessibility, food affordability and nutritional food. i. Food Availability refers to availability of physical quantity of food grain production with in a country as a whole, imports and buffer stocks with FCI which are sufficient to feed its entire population.

Food Accessibility refers to the food shall be made available with in the reach of the people either through market or public distribution system or any other mechanism iii. Food Affordability refers to ability to buy the food grains by all the sections of the population in the country at affordable prices. iv. Nutritional food security refers to availability and access of food products in the country not in few varieties but in all the varieties of food products with high nutritional values. The food products of coarse cereals, pulses, fruits, vegetables and meat have higher nutritional values than rice and wheat. Hence nutritional food security requires the availability and accesses of those all food products in sufficient combinations. The effective food security system in a country should have all the concepts such as availability, access and minimum errors or universal food security scheme

Status of Food Security in India

The status of food security has improved in India only in terms of physical availability, thanks to initiatives during Green Revolution during 1960s. The total food grains which Economic Development – India and A.P 10.3 Food Security and Malnutrition… consists of rice, wheat, coarse cereals and pulses in India has increased by more than six folds in India from 50.8 Million Tonnes in 1951 to 330.5 Million Tonnes in 2023 (Figure 1). The composition of food grains as shown in Figure 2 indicates that the food grains are majorly dominated by Rice (41 per cent) and Wheat (34 per cent). The share of nutritional grains like coarse cereals (16 per cent) and pulses (9 per cent) is very low which needs to be improved. Source: Agricultural Statistics at Glance 2022. The per capita availability of food grains in India has marginally increased from 144 Kg/person in 1951 to 188.5 Kg/person in 2023 with some ups and down as shown in Figure 3. This improvement is lead by rice and wheat but not by nutritional coarse cereals and pulses as shown in Figure 4. In fact the per capital availability of pulses has declined during this period. The latest government data shows during 2021-22, that the share of fruits and vegetables in the food basket has increased to 19.4 per cent

11.2 IMPORTANCE OF THE INDUSTRIAL SECTOR IN THE INDIAN ECONOMY

The industrial sector in the Indian economy is so important in the following aspects, as discussed below:. i. Structural Transformation of the Economy: The development of the industrial sector is key to bringing structural transformation in the Indian economy from an agriculturally dependent economy to an industry- and service-dependent economy in terms of shares in both employment and GDP. ii. Potential employment provider: The industrial sector in India currently provides employment at 25 percent. As the service sector has limitations in absorbing the surplus labor generated from the agricultural sector, the industrial sector has the potential to absorb the surplus labor and create more employment in the economy. iii. Higher growth rates: As the industry is the key input supplier to both the agriculture and service sectors in the economy, its growth has the potential to bring higher growth to the whole economy. iv. Increase the productivity and income of the worker: Generally, the productivity and income of a worker are relatively higher in the industrial and service sectors than in agriculture. The NITI Ayog report 2022 reveals that workers in the industrial sector would earn three times more than workers in the agricultural sector. Hence, the growth of the industrial sector is essential in the Indian economy to increase the productivity and income levels of workers. v. Promoting Urbanization: Urbanization is an indication of the level of development in an economy. Urbanization comes with the growth of industry and service sectors. In India, the urbanization rate is still less than 30%. Hence, to increase urbanization in India, there is a need for the development of the industrial sector in the economy. vi. Tapping advanced technological innovations: The industrial sector is largely based on the use of technology. This sector uses advanced and innovative technologies. Industry 4.0 depends solely on computer and artificial intelligence technologies. vii. To tap foreign direct investment: foreign direct investment plays an important role in the development of the industrial sector in developing countries like India .

bringing new technology and organizational managerial skills. The Indian industrial sector during the post-reform period has been at the forefront and has continued to tap into foreign direct investment for its fast growth. viii. Promoting international trade:

The industrial sector is the key to raising international trade in an economy. India's share in global merchandise trade is still at a lower level of 1.8 percent in 2022. To raise this level, the growth of the industrial sector is essential. ix. To promote green and sustainable development, green and sustainable development involves environmentally friendly development. The industrial sector is the largest polluting sector in India that impacts the environment. The industrial sector in India shall be at the forefront of bringing environmentally friendly, green, and sustainable development by using no-polluting green technology and energy.

11.3 FEATURES OF THE INDIAN INDUSTRIAL SECTOR

Indian industrial sector has distinct features that comprises both modern and traditional of all types. It has problems of backward ness and prospects for advancement.

The following are the details of important features:

. i. Dominance of the manufacturing sector:

the industrial sector comprises four subsectors: mining and quarrying, manufacturing, electricity and gas, and construction. Out of the total 30 per GDP share by the industrial sector in the Indian economy during 2022–23, the manufacturing sector dominates with a higher share in GDP (17.3 percent), followed by construction (8.1 percent), mining and quarrying (2.3 percent), and electricity, water, and gas (2.3 percent). The construction industry has been a fast-growing sub-sector over the last decade.

ii. Significant role of MSMEs:

Micro, small, and medium enterprises (MSMEs) play a significant role in the Indian industrial sector by playing a subsidiary role to the industry in terms of supplying the raw materials, key parts, marketing, etc. MSMEs contribute about 36 percent of the total manufacturing sector in India. It will continue to be so in the future as the government promotes MSMEs for their higher employment potential.

iii. Significant role of the public sector

The public sector plays an important role in the development of the industrial sector since independence, especially in creating the base for industrial development. The public sector is prominent in mining and minerals, iron, steel, and other metals, oil and gas, heavy electrical, heavy and medium engineering, fertilizer, power generation, ports, highways, etc. Currently, in 2021–22, there are 389 central-sector public enterprises whose turnover ranges from below Rs 1,000 crore to Rs 1,00,000 crore and generates a gross turnover of Rs 32 lakh crore with a share above 10 percent of GDP.

iv. Leading role of the private sector:

the Indian industrial sector, although it has a significant share of the public sector, is led by the private sector, whose role has become dominant since economic reforms in 1991. Indian private industries also earned the reputation of multinational companies by establishing their operations across the world.

VI Duality in Product and Technology:

The Indian industrial sector comprises dualities in many aspects in terms of its operation, products, technology, etc. India has industries producing traditional and basic goods as well as modern, heavy engineering goods. Some adopt advanced technology, while others still use old technology.

i. vi. Regional imbalances in industrial development: I
ndustrial development in India is not even distributed across the states in India.

11.5 NEW INDUSTRIAL POLICY 1991:

India adopted a new industrial policy (NIP) on July 24, 1991, as a sharp departure from the old Industrial Policy Resolution 1956 and to overcome the economic crisis in 1991 which was majorly contributed by the inefficiency in the industrial sector. The basic philosophy of the new policy has been summed up as: ‘continuity with change’. NIP 1991 is a path-breaking in the history of industrial development in India. It has bid farewell to the government control or license raj to the private sector and unleashed the private sector through the strategy of LPG (liberalization, privatization, and globalization).

a. Objective of NIP 1991:

To consolidate the strengths built up during the first four decades of economc

- planning and correct the weaknesses in this period To raise efficiency

- & productivity, accelerate economic growth, and ensure gainful employment To attain international competitiveness in the industrial sector

- Centre for Distance Education

b. Features of New Industrial Policy To realize the above objectives the NIP 1991 followed i.

De-reservation of the Public Sector:

The number of sectors that were earlier exclusively reserved for the public sector was reduced to five core areas arms and ammunition, atomic energy, mineral oils, rail transport, and mining. Except for these five sectors, all other sectors were opened to the private sector. Presently, this list is further reduced only to two sectors- Atomic Energy and Railway operations.

ii. De-licensing: Abolition of Industrial Licensing for all projects except for a short list of industries related to security, strategic, and environmental concerns. This list is presently confined to four sectors Electronic aerospace and defence equipment; Specified hazardous chemicals; Industrial explosives and Cigars and cigarettes of tobacco and manufactured tobacco substitutes

iii. Privatisation and Disinvestment of Public Sector:

The public sector enterprises were privatized by offering IPOs to the general public, and selling to strategic partners or foreign companies. As part of disinvestment, the government's share in Public Sector Enterprises has been reduced to enhance their efficiency and competitiveness by providing market discipline.

iv. Sick industries

: Public enterprises that are chronically sick and which are unlikely to be turned around will, for the formulation of revival/rehabilitation schemes, be referred to the Board of Industrial and Financial Reconstruction.

v. Dispersing Industries:

This policy had provisions for decentralization of the industrial activities geographically

. vi. Liberalization of Foreign Investment

: NIP 1991 allowed foreign companies to buy a majority stake in India through Foreign Direct Investment (FDI). FDI, up to 51 percent was allowed in high-priority industries, and up to 74 per cent was in export trading houses. Currently, upto 100 per cent FDI is allowed in many sectors of the economy. FERA (Foreign Exchange Regulatory Act) was committed to being diluted and gradually replaced by the liberal one FEMA (Foreign Exchange Management Act) which was done in 1999

. vii. Foreign Technology Agreement:

Automatic permission will be given for foreign technology agreements in identified high priority industries viii. MRTP Act: Monopolies Restrictive Trade Practices Act 1969 was amended to remove the threshold limits of assets in respect of MRTP companies and dominant undertakings. Later MRTP Act was replaced by the Competition Act 2002.

ix. Introduced provision of location of industries

: NIP 1991 had classified the industries into 'polluting' and 'non-polluting' for deciding their location. Nonpolluting industries might be set up anywhere and polluting industries to be set up at least 25 km away from the million-plus cities. c. Impact of NIP 1991 The following are the important points while looking at the impact of NIP 1991 i.

It had attempted to liberalize the economy by removing bureaucratic hurdles, unleashed the energy of the private sector, and paved the way for higher industrial sector growth rates. ii. It had a limited role in the Public sector and reduced the burden of the Government. The public sector enterprises were mandated to follow competitive market discipline which had resulted in their performance in the later periods. Economic Development – India and A.P 11.7

Indian Industrial Scenario iii. The policy provided for easier entry of multinational companies and increased the level of competition in the Indian economy. This led increase in foreign investment in many sectors in the economy.

iv. The increased competition as the result of NIP 1991 led to lower prices of many goods such as electronics prices. v. The exports got boosted under this policy through many special efforts like Export

Oriented Units, Special Economic Zones and the recent initiative of National Investment and Manufacturing Zones.

11.6 PROGRAMS/SCHEMES FOR INDUSTRIAL DEVELOPMENT IN INDIA

Central and state governments implement many programs for the promotion of industrial development in the country. This section discusses the important programs of the government of India for industrial development, such as Make in India, Start-Up, and StandUp.

11.6.1. Make in India

The '"Make in India' program was launched in September 2014 by the Government of India to give impetus to manufacturing in India and make India a global manufacturing hub by encouraging multinational as well as domestic companies to manufacture their products in India. This program was launched in a campaign mode to facilitate investment, foster innovation, enhance skill development, protect intellectual property, and build best-in-class manufacturing infrastructure. a. Vision of Make in India: Attracting both capital and technological investment in India, enabling it to become the top global FDI. b. Objective of Make in India: To focus on job creation and skill enhancement in 25 key sectors of the economy, including automobiles, aviation, biotechnology, defense manufacturing, electrical machinery, food processing, oil and gas, and pharmaceuticals, among others. It aimed to raise the contribution of the manufacturing sector to 25% of the GDP and create 100 million jobs by 2022. c. Four Pillars of Making in India: The "Make in India" initiative is based on four pillars that have been identified to give a boost to entrepreneurship in India, not only in manufacturing but also in other sectors. These four pillars are: new processes; new infrastructure; new sectors; and a new mindset. Centre for Distance Education

11.8 i. New Processes: A new way of processing in terms of licensing and regulation has been started under this program. It aimed to de-license and de-regulate the industry during the entire life cycle of business. The initiative of 'ease of doing business' is important in this direction. ii. New Infrastructure:

Under this aspect, state-of-the-art technology with modern highspeed communication and integrated logistic arrangements will be given high priority by the government. Accordingly, existing infrastructure is to be strengthened through the upgrading of infrastructure in industrial clusters. Industrial corridors and smart cities will be developed. Innovation and research activities are supported by fastpaced iii. New Sectors: ‘Make in India’ has identified 25 sectors in manufacturing, infrastructure, and service activities. FDI has been opened up in defense production, construction, and railway infrastructure in a big way. iv. New Mindset: Industry is accustomed to seeing ‘Make in India’ intends to change the earlier mindset by bringing a paradigm shift in how government interacts with industry. The approach of the government will be that of a facilitator, not a regulator. The government will partner industry in the economic development of the country.The Make in India program has been built on layers of collaborative effort. There have been Union Ministers, Secretaries to the Government of India, state governments, industry leaders, and

12.3 ECONOMIC INITIATIVES DURING COVID-19 CRISIS AND ATMANIRBAHAR BHARAT PACKAGE COVID-19 pandemic had paralyzed the economies across the world including India during 2020-21 and 2021-22. It is a great economic shock to the entire Indian economy. The mobility of people got disrupted due to contagious corona virus. As a result, all the production activities especially in urban centers were stopped and the people who depend on them faced the loss of employment and income. There is no single sector in Indian economy that has not been effected by COVID-19 pandemic.

Although rural economy was relatively less disrupted, but crisis had severely affected as it has strong linkages with industry and service sector which got severe effect. The migrant workers were worst affected of all the sections. As a result, there were negative growth rates and loss of employment and income by the people.

The effect of COVID19 on the Indian economy continues till present too. India, being a democratic country, the government has to play bigger role to help the people and the economy to overcome COVID-19 kind of economic shocks. Accordingly, Government of India had initiated several economic measures to face the COVID-19 crisis. It has also used this crisis to usher many structural reforms in the economy to make it more selfreliant. For this government announced Atmanirbhar Bharat Abhiyan or Self-Reliant India Movement. Economic Development – India and A.P 12.9 Economic Reforms in India 12.3.1 Economic Initiatives during COVID-19 Crisis Immediately after the COVID effect on second and third week of March 2020, Finance Minister Smt. Nirma Sitaraman had announced a relief package of Rs 1.7 trillion on 26th May 2023 to help the people and economy to tide over this crisis. These measures are as follows. I. Livelihood and Employment Related Measures i. Pradhan Mantri Garib Kalyan Anna Yojana was launched under which about two-thirds of population in the country will get 5 kg of wheat and rice, 1 kg of pluses for free in addition to the current 5 kg allocation for the next 3 months. ii. The farmers were given first installment of Rs 2000 under PM-KISAN scheme in April 2020 itself. About 86.9 million farmers are expected to benefit from this immediately. iii. Under MNRGEA, wage rate was increased from Rs 182 to Rs 202 that was expected to benefit about benefit 50 million families of an additional income of Rs 2,000 per worker. iv. The senior citizens, widows, disabled to get one-time ex-gratia amount of Rs 1,000 in two installments over the next 3 months. About 30 million people to get benefit under this. v. Woman Jan Dhan account holders to be given ex-gratia amount of Rs 500 per month for the next 3 months, to run the affairs of their household. Around 200 million women to get benefit under this. and clear laws, Rational taxation system, Supply chain reforms in agriculture, Capable human resources and Robust financial system The details of the Atmanirbhar Bharat Abhiyan was announced under Five phases by Finance Minister Smt. NirmalaSeetaraman from 13th to 17thMay 2020. These five phase cover the following things. Businesses including MSMEs• Poor, including migrants and farmers• Agriculture• New Horizons of Growth• Government Reforms and Enablers• The economic initiatives announced in five phases as the part of Atmnirbhar Bharat ABhiyan can be discussed under broad sectors as given below. I. Food, Employment and Livelihoods i. Pradhan Mantri Garib Kalyan Package (1): This includes Rs. 1.70 Lakh Crore relief package for the poor to help them fight the battle against Corona Virus. This is to benefit 80 crore poor people given benefit of 5 kg wheat or rice and 1 kg pulses per person for next 3 Economic Development – India and A.P 12.11 Economic Reforms in India months. This provided Insurance cover of Rs 50 Lakh per health worker. About 20 crore women Jan Dhan account holders get Rs 500 per month for next 3 months. Gas cylinders to be provided at free of cost to 8 crore poor families for the next 3 months.Increase in MNREGA wage to Rs 202 a day from Rs 182 to benefit 13.62 crore families. An ex-gratia of Rs 1,000 to 3 crore poor senior citizen, poor widows and poor Divyang ii. Pradhan Mantri Garib Kalyan Package (2): Under this, front-loaded Rs 2,000 paid to farmers under existing PM-KISAN to benefit 8.7 crore farmers. Building and Construction Workers Welfare Fund allowed to be used to provide relief to workers. 24% of monthly wages to be credited into PF accounts for next three months for wage-earners below Rs 15,000 p.m. in businesses having less than 100 workers. Five crore workers registered under Employee Provident Fund EPF to get non-refundable advance of 75% of the amount or three months of the wages, whichever is lower, from their accounts. Limit of collateral free lending to be increased from Rs 10 to Rs 20 lakhs for Women Self Help Groups supporting 6.85 crore rental households. District Mineral Fund (DMF) to be used for supplementing and augmenting facilities of medical testing, screening etc. Government to provide EPF Support for Business & Workers for 3 more months payment of 12% of employer and 12% employee contributions which is worth of Rs. 2500 crore. Government to allocate an additional Rs 40,000 crore under MGNREGS to generate nearly

300 crore person days during monsoon season. iii. Measures for Migrant Labour, Unorganised Workers Government of India has permitted State Governments to utilise State Disaster Response

• Fund (SDRF) for setting up shelter for migrants and providing them food and water etc and released Rs 11002 crore of its contribution in advance to all States to augment funds in their SDRF. The residents of Shelters for Urban Homeless (SUH)Hygienically to get prepared three

• meals a day during the lockdown The return migrant workers in the rural areas would get additional employment under

• MGNREGS with enhanced wages and continuation of this even during monsoon as well. New labour codes were brought by merging all the previous laws into four simplified

• laws to streamline the benefits related to minimum wages, social security, industrial relations and safety and improvement of health services and working conditions for workers in industries. Social Security Scheme was introduced for Gig workers and Platform workers

.• Re-skilling fund introduced for retrenched employees.

• All occupations opened for women and permitted to work at night with safeguards

.• Unorganized workers to get Social Security Fund for their welfare.• One Nation One Ration Card scheme was introduced for enabling the Migrants to access

• Public Distribution System (Ration) from any Fair Price Shop in India. Under PMAY for migrant labour/urban poor, Affordable Rental Housing Complexes

• (ARHC) to be opened by converting or constructing the building to provide ease of living at affordable rent. For this, central government would incentivize State Government Agencies / Central Government Organizations, industries, institutions to develop and operate ARHCs for the migrant workers in urban areas. iv. Measures for Small business and Street Venders: MUDRA-Shishu units to get interest subvention of about Rs. 1500 crore

s• Street venders to get initial working capital up to Rs 10,000 each to run their business

.• Total Rs 5,000 crore to be sanctioned to benefit 50 lakh street vender

12.3 ECONOMIC INITIATIVES DURING COVID-19 CRISIS AND ATMANIRBAHAR BHARAT PACKAGE COVID-19 pandemic had paralyzed the economies across the world including India during

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. The effect of COVID19 on the Indian economy continues till present too. India, being a democratic country, the government has to play bigger role to help the people and the economy to overcome COVID-19 kind of economic shocks. Accordingly, Government of India had initiated several economic measures to face the COVID-19 crisis. It has also used this crisis to usher many structural reforms in the economy to make it more selfreliant. For this government announced Atmanirbhar Bharat Abhiyan or Self-Reliant India Movement.

Economic Development – India and A.P 12.9 Economic Reforms in India

12.3.1 Economic Initiatives during COVID-19 Crisis Immediately after the COVID effect on second and third week of March 2020, Finance Minister Smt. Nirma Sitaraman had announced a relief package of Rs 1.7 trillion on 26th May 2023 to help the people and economy to tide over this crisis. These measures are as follows. I. Livelihood and Employment Related Measures i. Pradhan Mantri Garib Kalyan Anna Yojana was launched under which about two-thirds of population in the country will get 5 kg of wheat and rice, 1 kg of pluses for free in addition to the current 5 kg allocation for the next 3 months. ii. The farmers were given first installment of Rs 2000 under PM-KISAN scheme in April 2020 itself. About 86.9 million farmers are expected to benefit from this immediately. iii. Under MNRGEA, wage rate was increased from Rs 182 to Rs 202 that was expected to benefit about benefit 50 million families of an additional income of Rs 2,000 per worker. iv. The senior citizens, widows, disabled to get one-time ex-gratia amount of Rs 1,000 in two installments over the next 3 months. About 30 million people to get benefit under this. v. Woman Jan Dhan account holders to be given ex-gratia amount of Rs 500 per month for the next 3 months, to run the affairs of their household. Around 200 million women to get benefit under this. vi. The poor Women who are covered under Ujwala scheme to get free LPG cylinders for 3 months. Around 83 million families to get benefit under this. vii. The collateral-free loans to Self-help Groups (SHGs), to be doubled from Rs 1 lakh to Rs 2 lakh. This is to benefit about 630,000 SHGs. viii. State governments have been directed to use the welfare fund for the purpose of welfare of building and construction workers. The District Mineral Fund, worth about INR 310 billion, will be used help those who are facing economic disruption because of the lockdown. II. Economic Stimulus Measures a. The Repo rate had been reduced by 75 basis points (from current 5.15% to 4.40%). b. RBI to provide long terms loans up to Rs2 lakh crore under TLTRO (Targeted Long Term Repo Operations) corporates, NBFCs, MFI development institutions for lending to agri, housing and medium / small enterprises c. Cash Reserve Ratio (CRR) of all banks to be reduced by 100 basis points to 3% beginning March 28, for 1 year. This will release liquidity of INR 1,37,000 crore across the banking system. d. Liquidity coverage ratio for banks reduced from 100% to 80%.These liquidity measures will inject liquidity of INR 4.74 lakh crore to the system. e. MSMEs to be provided Rs 3 Lakh crore collateral free loan with 100% credit guarantee. The stressed MSMEs would get subordinate debt of Rs 20k crore. f. The Fund of Funds with outlay of Rs 50k crore to be created for equity infusion for MSMEs with growth potential and viability g. New definition of MSMEs by raising the investment limit with additional criteria of turnover introduced. h. No global tenders for government contracts up to Rs 200 crore to benefit the MSMEs. MSME dues to be cleared within 45 days. i. NBFCs/ HFCs/MFIs to be provided the relief of Rs 30,000crore through liquidity infusion. The partial credit guarantee scheme for NBFCs worth of Rs 45k crore was announced. Centre for Distance Education j. Relief package of Rs 90,000 crore was announced for the for Power utilities 1.70 Lakh Crore relief package for the poor to help them fight the battle against Corona Virus. This is to Measures for Small business and Street Venders: MUDRA-Shishu units to get interest subvention of about Rs. 1500 crores• Street venders to get initial working capital up to Rs 10,000 each to run their business.• Total Rs 5,000 crore to be sanctioned to benefit 50 lakh street vender

CHAPTER-.4

INDIAN PUBLIC FINANCE

14. 1 INTRODUCTION TO PUBLIC EXPENDITURE

Public expenditure is expenditure by the government on various government activities and social sector services. Public expenditure is necessary for supporting the economy and economic activities. The purpose of public expenditure is not limited to providing essential goods and services but also it provides employment and liberal rights to use to its population. In almost every type of economy, whether it is socialist, capitalist or mixed, government participates in various economic activities directly and indirectly. Also, the government is responsible for establishing the welfare state in a country. This results in huge expenditure or investment by the government. Developing countries are generally characterized by lower socio-economic indicators, and widespread poverty and inequality. Thus, developing countries require a higher level of public expenditure to accelerate its economic growth social indicator.

3.2 TYPES OF TAXES:

Taxes are of two types, direct and indirect taxes. The difference comes in the way these taxes are implemented. Some are paid directly by you, such as the dreaded income tax, wealth tax, corporate tax etc. while others are indirect taxes, such as the value added tax, service tax, sales tax, etc. But, besides these two conventional taxes, there are also other taxes that have been brought into effect by the Central Government to serve a particular agenda. 'Other taxes' are levied on both direct and indirect taxes such as the recently introduced Swachh Bharat Cess tax, Krishi Kalyan Cess tax, and infrastructure Cess tax among others.

13.2.1. Direct Tax Direct tax, as stated earlier, are taxes that are paid directly by you. These taxes are levied directly on an entity or an individual and cannot be transferred onto anyone else. One of the bodies that overlooks these direct taxes is the Central Board of Direct Taxes (CBDT) which Centre for Distance Education is a part of the Department of Revenue. It has, to help it with its duties, the support of various acts that govern various aspects of direct taxes. Hence, the primary burden and final burden will be on the same person on whom the tax is imposed.

(a) Wealth Tax Act:

The Wealth Tax Act was enacted in 1951 and is responsible for the taxation related to the net wealth of an individual, a company or a Hindu Unified Family. The simplest calculation of wealth tax was that if the net wealth exceeded Rs. 30 lakhs, then 1% of the amount that exceeded Rs. 30 lakhs was payable as tax. It was abolished in the budget announced in 2015. It has since been replaced with a surcharge of 12% on individuals that earn more than Rs. 1 crore per annum. It is also applicable to companies that have a revenue of over Rs. 10 crores per annum. The new guidelines drastically increased the amount the government would collect in taxes as opposed the amount they would collect through the wealth tax.

(b) Gift Tax Act:

The Gift Tax Act came into existence in 1958 and stated that if an individual received gifts, monetary or valuables, as gifts, a tax was to be to be paid on such gifts. The tax on such gifts was maintained at 30% but it was abolished in 1998. Initially if a gift was given, and it was something like property, jewellery, shares etc. it was taxable. According to the new rules gifts given by family members like brothers, sister, parents, spouse, aunts and uncles are not taxable. Even gifts given to you by the local authorities is exempt from this tax. How the tax works now is that if someone, other than the exempt entities, gifts you anything that exceeds a value of Rs. 50,000 then the entire gift amount is taxable.

(c) Expenditure Tax Act:

This is an act that came into existence in 1987 and deals with the expenses you, as an individual, may incur while availing the services of a hotel or a restaurant. It is applicable to all of India except Jammu and Kashmir. It states that certain expenses are chargeable under this act if they exceed Rs. 3,000 in the case of a hotel and all expenses incurred in a restaurant.

(d) Interest Tax Act

: The Interest Tax Act of 1974 deals with the tax that was payable on interest earned in certain specific situations. In the last amendment to the act it was stated that the act does not apply to interest that was earned after March 2000.

(e) Income Tax:

(f) This is one of the most well-known and least understood taxes. It is the tax that is levied on your earning in a financial year. There are many facets to income tax, such as the tax slabs, taxable income, tax deducted at source (TDS), reduction of taxable income, etc. The tax is applicable to both individuals and companies. For individuals, the tax that they have to pay depends on which tax bracket they fall in. This bracket or slab determines the tax to be paid based on the annual income of the assessee and ranges from no tax to 30% tax for the high income groups.The government has fixed different taxes slabs for varied groups of individuals, namely general taxpayers, senior citizens (people aged between 60 to 80, and very senior citizens (people aged above 80). (f) Capital Gains Tax:

(g) This is a tax that is payable whenever you receive a sizable amount of money. It could be from an investment or from the sale of a property. It is usually of two types, short term capital gains from investments held for less than 36 months and long term capital gains from investments held for longer than 36 months

deducted at source (TDS), reduction of taxable income, etc. The tax is applicable to both individuals and companies. For individuals, the tax that they have to pay depends on which tax bracket they fall in. This bracket or slab determines the tax to be paid based on the annual income of the assessee and ranges from no tax to 30% tax for the high income groups.The government has fixed different taxes slabs for varied groups of individuals, namely general taxpayers, senior citizens (people aged between 60 to 80, and very senior citizens (people aged above 80). (f) Capital Gains Tax: This is a tax that is payable whenever you receive a sizable amount of money. It could be from an investment or from the sale of a property. It is usually of two types, short term capital gains from investments held for less than 36 months and long term capital gains from investments held for longer than 36 months

13.5 GOODS AND SERVICES TAX

GST is known as the Goods and Services Tax. It is an indirect tax which has replaced many indirect taxes in India such as the excise duty, VAT, services tax, etc. The Goods and Service Tax Act was passed in the Parliament on 29th March 2017 and came into effect on 1st July 2017. In other words, Goods and Service Tax (GST) is levied on the supply of goods and services. Goods and Services Tax Law in India is a comprehensive, multi-stage, Economic Development – India and A.P 13.9 Indian Tax System destination-based tax that is levied on every value addition. GST is a single domestic indirect tax law for the entire country. Advantages – The pros of GST Let us take the various benefits as introduced by GST in our indirect taxation system one by one

1. Classification has become easier One of the persistent issue in old tax practices was the classification of a product in good or service. The tax implications and liability were majorly dependant upon this classification. Resultantly, it had both, an open route for litigation and huge operational inconveniences. Gst has resorted all such issues by introducing the one and only concept of supply. The taxation under GST is based upon the concept of supply and not upon the classification into goods or services. If a transaction does not fall into the ambit of supply it will not be taxable under GST.

2. Better Compliances and tracking Since the procedures and compliances have radically concised with implementation of GST, it has bought harmony in numerous compliances previously required. Before GST there were many laws each having its own set of procedures, legal requirements and due dates. Gst has subsumed all major taxes and has resultantly reduced the compliance under on the taxpayer. Also, enabled easy monitoring and tracking of defaults or non compliances

. 3. Single window clearances (SWC) Multiple legal compliances under different legislatures required lot of efforts and time. GST being the one indirect tax has opened up a way to single window clearance. Now the taxpayer can focus more on its core business as legal norms only under one statue would be needed to be adhered

. 4. Complete set off of ITC: Before introduction of GST a complex set of procedure was being followed for set off of Input tax Credit. Goods and Services Tax being a single tax regime both at Central Level

(CGST) and State Level (SGST / UTGST) has proved to be a boon for the taxpayers by ensuring maximum input credit set offs.

5. The Dual GST Model: India being a federal country has adopted GST in its dual model. Which means the GST is levied simultaneously by both as per central government laws and as per state government laws as well. Currently tax is being imposed on inter state supply by the central government and simultaneously by state and central government on intrastate supplies. GST applies to whole of India including the state of Jammu and Kashmir

6. Easy catch on Tax Evasions GST has proved out to be a helping hand of government in keeping effective and improved catch on tax evasions. One of the prominent evidences of the same are increased numbers of tax revenue. Evasion tracking has been made simpler with reduction in procedural requirements and subsuming of various laws into GST.

7. Removal of Deficiencies in the existing VAT system Various ills of Value Added System as mentioned under have been overcome with implementation of GST,(1)The non inclusion of several local taxes in the state VAT law. Like luxury tax, entertainment tax etc; (2) Existence of cascading effect due to Non VATable CST and CENVAT was imposed over the value of VAT.

PUBLIC EXPENDITURE AND PUBLIC DEBT

14.2 CLASSIFICATION OF PUBLIC EXPENDITURE

Article 112 of the constitution of India mandates that the government has to prepare an estimate of all past and prospective expenditure in the form of a budget document and present it in front of parliament for approval. This document classifies different types of expenditure under different categories. Following are the categories of public expenditure.

(h) Development and Non-Development Expenditure Total expenditure can be divided into development and non-development expenditure. Development expenditure consists of all the productive expenditure by the government that can further lead to social welfare and accelerate economic growth and development. These expenditures are like a productive investment and used in the production of capital goods and services which provide instant benefits as well as it has some future prospective benefits. These expenditures include spending on various economic services and social services. NonDevelopment expenditures are like consumption expenditure and provide instant benefit and expand the well-being of the society, but it doesn't lead to further economic growth or development. These expenditures include expenditure on subsidies, defence expenditure, salaries, pensions etc.

However, this classification of public expenditure is not used in fiscal management in India. As per the recommendation of Sukhomoy Chakravarti Committee in the year 1987-88, development and non-development expenditure were replaced by plan and non-plan expenditure.

(i) (ii) Plan and Non-Plan Expenditure The Plan expenditure consists of all the expenditures that are part of central planning. Plan expenditure includes all products and assets creating expenditure. Non-Plan expenditure consists of all the expenditures that are incurred on completed or previous schemes interest payment on borrowings. It often includes non-asset building and consumption expenditure. In September 2011, a panel headed by Dr C Rangarajan suggested redefining the plan and nonplan expenditure as capital and revenue expenditure. (iii) Capital and Revenue Expenditure Capital expenditures are expenditure on building fixed assets and are non-recurring in nature. This expenditure focuses on improving economic and social activities and productivity of the economy. These expenditures include loans to state and foreign governments and public enterprises to finance the project and capital defence expenditure. Revenue expenditures are recurring kind of expenditure incurred year by year on current consumption. These expenditures include salaries, pension, subsidies etc. Economic Development – India and A.P 14.3 Public Expenditure and … 14.3 APPROACHES TO THEORIES OF PUBLIC EXPENDITURE

(j) The theories of public expenditure explain the various aspects of public expenditure and the factors determining public expenditure. Followings are some important theories or approaches of public expenditure

(k) . (i) Marginal Utility Approach Marginal Utility Approach is a set of theories developed in the 1920s, which generally states that the marginal benefit of different types of public expenditure on various items should meet the marginal cost or disadvantages of the various methods are used to raise the fund for this public expenditure.

(l) (ii) Public Good Approach The public good approach argues that there are some goods and services that cannot be provided by the private mechanism or, these goods and services are consumed by the large population but not everyone has the ability of pay for these goods and services. Thus, the government has to be responsible to provide these public goods and lead to huge public expenditure.

(m) (iii) Public Choice Approach The Public Choice Approach refers to the political approach to public expenditure. According to this approach, the government fulfil the choice of its major voters and makes expenditure on such goods and services that secure its vote and chance to win the election again. It refutes the view that government makes a public expenditure for the welfare to its natives

(n) . (iv) Positive Approaches The positive approaches consist of theories that seek to explain the growth of public expenditure over time. Followings are two important theories of public expenditure under this approach. a. Wagner's Law Adolph Wagner in 1876 propounded "Law of increasing state activities" which explains that the public expenditure increases over time as the economy grows. The law explains that as the economy grows and decentralization takes place in administration and governance structure, which leads to the continuous increase in expenditure on law and order, urbanization and welfare to its population. Thus, the state activities increase over time and with the further growth of the economy. b. Peacock Wiseman Hypothesis The Peacock Wiseman Hypothesis is based on the idea of a discontinuous increase in public expenditure. The hypothesis basically talks about three types of effects in the growth of public expenditure. The first effect is called displacement effect i.e. due to some desirable or undesirable reason the level of public expenditure and taxation increase to a new level with displacing the old level. The second effect is the inspection effect refers to the situation where people demand to inspect the upheaval and improve it from the government. It results in a further increase in public expenditure and the new tolerable level of taxation remains and doesn't return to the old level. The third effect is called concentration-effect refers to the higher growth of central government activities than local or state government.

(o) 14.4 TRENDS IN PUBLIC EXPENDITURE IN INDIA

(p) There has been a phenomenal growth of government spending and it has changed dramatically across industrial as well as developing countries since World War II. In recent times higher share of spending on welfare is common across many countries. Macroeconomic adjustment programmes have influenced the government expenditure and its composition in adverse manner in many developing countries in recent decades.

14.9 INTRODUCTION TO PUBLIC DEBT :

Debt can be simply understood as the amount owed by the borrower to the lender. The total financial obligations of the public sector make up a nation's gross government debt, also known as public debt or sovereign debt. Government borrowing over time is mostly due to prior shortfalls in the budget. When a government's expenses exceed its receipts, a deficit results. Both domestic and foreign people may be subject to government debt. The sum is counted against the nation's external debt if it is owed to citizens of another country. Public debt is the total amount borrowed by the government of a country when the government's revenue from taxes and other sources falls short of its spending requirements. In India, public debt includes the total liabilities of the Union government that have to be paid from the Consolidated Fund of India (Article 292). In the Indian context, public debt includes the total liabilities of the Union government that have to be paid from the Consolidated Fund of India. Sometimes, the term is also used to refer to the overall liabilities of the Central and• State Governments. However, the Union Government clearly distinguishes its debt liabilities from those of• the states. o It calls overall liabilities of both the Union Government and states as General Government Debt (GGD) or Consolidated General Government Debt. Union Government relies heavily on market borrowing to meet its operational and• developmental expenditure. The study of public debt involves the study of various factors such as debt-to-GDP ratio, and sustainability and sources of Government debt. The fact that almost a fourth of the government expenditure goes into interest• payment explains the magnitude of the liabilities of the Union government. 14.8 Acharya Nagarjuna University 14.9.1 Classification of Public Debt Public debt can be classified on the nature into various types. Some of the are listed below

: (i) Internal Debt and External debt The Internal debt is the public debt borrowed from within the country. The major sources of funds for internal debt include commercial banks and other financial institutions. Here the government obtains finance by borrowing and not by creating de novo. It is rarely spent on goods and services. External Debt is when debt is taken from individuals and organizations living outside the country. Here borrowing is from commercial banks, governments or international financial organizations. Over the years, the Union government has followed a considered strategy to reduce its dependence on foreign loans in its overall loan mix. External loans are not market loans. They have been raised from institutional creditors at concessional rates. Most of these external loans are fixed-rate loans, free from interest rate or currency volatility. Internal debt constitutes more than 93% of the overall public debt. Internal loans that make up for the bulk of public debt are further divided into two broad categories – marketable and non-marketable debt. Dated government securities (G-Secs) and treasury bills (T-bills) are issued through auctions and fall in the category of marketable debt. Intermediate treasury bills (with a maturity period of 14 days) issued to state governments and public sector banks, special securities issued to National Small Savings Fund (NSSF) are classified as non-marketable debt.

(ii) Productive Debt and Unproductive debt Productive debt sources are those debts that are used to generate income from sources such as railway, plans for electricity, plans of irrigation, etc. The income generated from such plans can be used for the payment of yearly interest and for the payment of principal. Such debts put pressure on the taxpayer and the government. On the other hand, the Unproductive debt sources are incurred on assets that do not generate income. In such debts at some point, there are losses of interest also.

(iii) Redeemable/Terminable Debt and Irredeemable debt/Perpetual Debt Redeemable are those debts in which the government promises that they would pay back the debt on a fixed date later. These debts are also called terminable debts. Irredeemable are those debts that are done without any promise to be paid back later. When debts are not paid back on time then the governments decide on specific arrangements to pay back the debt such as whether such debts need to be paid back from the taxable income, etc.

(iv) Funded Debt and Unfunded debts Funded debts are long term in nature. Payment of these debts is to be done within one year or it can be possible, not to give any promise. Where as, Unfunded debts debts are given for three or six months and their time period is not more than one year such as treasury bonds, etc

. (v) Short Term Debt and Long Term Debt Short term is when the government takes debt for a short period. These debts are paid back within a year that is to be taken to complete the tenure of debts. Long term is when the government takes debt for a long period of time. The period of giving it back is not fixed. In this type of debt, the giver got regular interest. 14.9.2 Advantages of Public Debt I. It increases the money supply that facilitates various industries in the country to increase production which in turn increases the national standard of life

METHODS OF REDEMPTION OF PUBLIC DEBT: Redemption of debt refers to the repayment of a public loan. Although public debt should be paid, debt redemption is desirable too. In order to save the government from bankruptcy and to raise the confidence of lenders, the government has to redeem its debts from time to time. Sometimes, the government may resort to an extreme step, such as repudiation of debt. This extreme step is, of course, violation of the contract. Use of repudiation of debt by the government is economically unsound. Here, instead of concentrating on the repudiation of debt, we discuss below other important methods for the retirement or redemption of public debt:

i. Refunding

: Refunding of debt implies issue of new bonds and securities for raising new loans in order to pay off the matured loans (i.e., old debts). When the government uses this method of refunding, there is no liquidation of the money burden of public debt. Instead, the debt servicing (i.e., repayment of the interest along with the principal) burden gets accumulated on account of postponement of the debt- repayment to save future debt.

ii. Conversion:

iii. By debt conversion we mean reduction of interest burden by converting old but high interest-bearing loans into new but low interest-bearing loans. This method tends to reduce the burden of interest on the taxpayers. As the government is enabled to reduce the burden of debt which falls, it is not required to raise huge revenue through taxes to service the debt. Instead, the government can cut down the tax liability and provide relief to the taxpayers in the event of a reduction in the rate of interest payable on public debt. It is assumed that since most taxpayers are poor people while lenders are rich people, such conversion of public debt results in a less unequal distribution of income.

iv. iii. Sinking Fund:

v. One of the best methods of redemption of public debt is sinking fund. It is the fund into which certain portion of revenue is put every year in such a way that it would be sufficient to pay off the debt from the fund at the time of maturity. In general, there are, in fact, two ways of crediting a portion of revenue to this fund. The usual procedure is to deposit a certain (fixed) percentage of its annual income to the fund. Another procedure is to raise a new loan and credit the proceeds to the sinking fund. However, there are some reservations against the second method. Dalton has opined that it is in the Tightness of things to accumulate sinking fund out of the current revenue of the government, not out of new loans. Although convenient, it is one of the slowest methods of redemption of debt. That is why capital levy as a form of debt repudiation is often recommended by economists

vi. . iv. Capital Levy:

vii. In times of war or emergencies, most governments follow the practice of raising money necessary for the redemption of the public debt by imposing a special tax on capital. A capital levy is just like a wealth tax in as much as it is imposed on capital assets. This method has certain decisive advantages. Firstly, it enables a government to repay its (emergency) debt by collecting additional tax revenues from the rich people (i.e., people who have huge properties). This then reduces consumption spending of these people and the severity of inflation is weakened. Secondly, progressive levy on capital helps to reduce Centre for Distance Education inequalities in income and wealth. But it has certain clear-cut disadvantages too. Firstly, it hampers capital formation. Secondly, during normal time this method is not suggested.

viii. v. Terminal Annuity:

ix. It is something similar to sinking fund. Under this method, the government pays off its debt on the basis of terminal annuity. By using this method, the government pays off the debt in equal annual installments. This method enables government to reduce the burden of debt annually and at the time of maturity it is fully paid off. It is the method of redeeming debts in instalments since the government is not required to make one huge lump sum payment. vi. Budget Surplus: By making a surplus budget, the government can pay off its debt to the people. As a general rule, the government makes use of the budgetary surplus to buy back from the market its own bonds and securities. This method is of little use since modern governments resort to deficit budget. A surplus budget is usually not made. vii. Additional Taxation: Sometimes, the government imposes additional taxes on people to pay interest on public debt. By levying new taxes—both direct and indirect— the government can collect the necessary revenue so as to be able to pay off its old debt. Although an easier means of repudiation, this method has certain advantages since taxes have large distortionary effects.

x. viii. Compulsory Reduction in the Rate of Interest:

xi. The government may pass an ordinance to reduce the rate of interest payable on its debt. This happens when the government suffers from financial crisis and when there is a huge deficit in its budget.

<u>BUDGET TRENDS AND FISCAL POLICY</u>

Indian Budget process The budget is prepared by the Finance Minister with the assistance of number of advisors and bureaucrats. The Finance Minister seeks the view of the industry captains and economists prior to preparation. Various accounting and finance related organizations send in their opinions and suggestions .The budgeting exercise in India remains mainly the domain of bureaucrats to participate and influence the outcomes. Normally, the budget-making process starts in the third quarter of the financial year. The budget has four stages viz., (1) estimates of expenditures and revenues, (2) first estimate of deficit, (3) narrowing of deficit and (4) presentation and approval of budget. STAGE 1: Estimates of expenditures and revenues Part A: Estimates of expenditure• The process begins with various ministries providing initial estimates of plan and no plan expenditures. The ministries discuss the plan expenditures with the Planning Commission. T

15.1.1 he Planning Commission allocates resources for continuing plan programmes and decides on the new programmes that can be undertaken on the basis of a tentative estimate or resources available, that is provided to it by the finance ministry. The financial advisors of the ministries prepare the non-plan expenditures. The expenditure secretary consolidates them and after intensive discussion with financial advisors, budget estimates are set for the ensuing fiscal year. The majority of the no plan expenditure is accounted for by interest payments, subsidies and wage payments to employees. Part B: Estimates of revenue• Apart from estimating the expenditure, an assessment of expected revenues likely to flow into the government treasury has to done as a concurrent exercise. Revenue receipts are of two types - capital and current receipts. Capital receipts include repayment of loans given by the government, receipts from divestment of public-sector equity and borrowings from both domestic and external.

15.1.2 Current receipts include mainly, tax revenues, receipts by way of dividends from public-sector units and interest payments on loans given out by the central government. The amounts to be received by way of tax revenues is estimated on the basis of existing rates of taxation and taking into consideration the likely growth and inflation rate over the ensuing fiscal year. On the capital receipts side, targeted amounts to be realised through divestment of public sector equity and amounts to be realised by way of repayments of loans is made. All the estimates are provided to the revenue secretary. STAGE 2: First estimates of deficit After the estimates of revenue and expenditure are made, they are matched together. This provides the first estimate of expected shortfall in revenue to meet projected expenditure. T

15.1.3 he Economic Development – India and A.P 15.3 Budget Trends and fiscal Policy government then, in consultation with the Chief Economic Advisor, decides on the optimum level of borrowings to meet this deficit. The figure of external borrowings is known as much of the external borrowing by the government consists of bilateral and multilateral assistance which is known by the time budget exercises are undertaken

15.1.4 . The level of domestic borrowing depends partly on the desired level of fiscal deficit that the government targets for itself. A part of the revenue gap is left unfilled to be met through the issue of ad hoc treasury bills. STAGE 3: Narrowing of the deficit After the targets for the fiscal deficits and the overall budget deficit is decided, any remaining shortfall is filled through a revision in tax rates if feasible , keeping in mind the fiscal incentive structure the government wishes to put in place to stimulate the growth in different sectors. Following the initial plans, if any changes need to be made adjustments are made to the expenditure; usually the plan expenditure has to be modified. The non plan expenditure comprises of interest payments, subsidies and administrative expenditure.

15.1.5 Due to the political sensitivities involved in reducing subsidies, non-plan expenditure of the government is inflexible about changing it and it is the plan expenditures which get the axe after pre-emption have already been made for non-plan expenditure. STAGE 4: The Budget The Indian constitution has made the Parliament supreme in financial matters. The Union government, under Article 112 of the constitution, is required to lay an annual financial statement of estimated receipts and expenditure before both Houses of Parliament. It can levy taxes or disburse funds only on approval in both houses of Parliament.

15.1.6 However, the proposal for taxation or expenditure has to be initiated within the Council of Ministers--specifically by the Minister of Finance. The Finance Minister presents before the Parliament, a financial statement detailing the estimated receipts and expenditures of the central government for the forthcoming fiscal year and a review of the current fiscal year. Under Article 114 of the Constitution, the government can withdraw money from the Consolidated Fund of India only on approval from Parliament and so it has to get the Appropriation Bills approved by Parliament. This authorises the executive to spend money. Article 265 of the Constitution prohibits the government from collecting any taxes without the authority of law. Therefore, the government comes up with the Finance Bill. The Bill may levy new taxes, modify the existing tax structure or continue the existing tax structure beyond the period approved by Parliament earlier. The bills are forwarded to the Rajya Sabha for comment.

15.1.7 The Lok Sabha, however, is not obligated to accept the comments and the Rajya Sabha cannot delay passage of these bills. The bills become law when signed by the President. The Lok Sabha cannot increase the request for funds submitted by the executive, nor can it authorize new expenditures. The proposals in the budget come into force on April 1. Between the presentation and effective date there is a gap of 1 month during which the Lok Sabha can review and modify the government's budget proposals. This does not happen most of the time and the Parliamentary scrutiny of proposals and the passage of the budget gets completed in May, well after the commencement of the new fiscal year. Since the proposed budget has to be effective from April 1, the government usually seeks an interim approval to meet emergent expenditures that have to be incurred pending the approval of the budget. This is called the vote-on-account and the Centre for Distance Education 15.4 sanctions given by the passage of the vote-on-account get automatically overridden once the Budget is approved by Parliament. Other budgets The Indian Railways, the largest public-sector enterprise, and the Department of Posts and Telegraph have their own budgets, funds, and accounts. The appropriations and disbursements under their budgets are subject to the same form of parliamentary and audit control as other government revenues and expenditures. Dividends accrue to the central government, and deficits are subsidized by it like other government enterprises. State Budget Each state government has its own budget, prepared by the state's minister of finance in consultation with appropriate officials of the central government. Primary control over state finances rests with the state legislature.

15.2 INTRODUCTION TO FISCAL POLICY;

Fiscal policy is defined as the policy under which the government uses the instrument of taxation, public spending and public borrowing to achieve various objectives of economic policy. Simply put, it is the policy of government spending and taxation to achieve sustainable growth. Fiscal policy is often contrasted with monetary policy which is regulated by the central bank. It is largely inspired by the ideas of British economist John Maynard Keynes whose theories were developed in the response to the Great Depression.

15.2.1 Objectives of Fiscal Policy

15.2.2 The objectives of a fiscal policy may vary- from spending on public asset creation like roads, railways and other infrastructural works to public health and safety to promoting education, payment of salaries, subsidies, pensions etc. It also aims to incentivie private sectors to scale up their operations that directly or indirectly influence the economy of a country. The tools of fiscal policy also aim to stabilise the economy during various inflationary pressures. In the short term, the governments may focus on macroeconomic stabilisation by cutting taxes and increasing spending to boost a weak economy or increase taxes and reduce spending during inflation. In the long term, it may focus on sustainable growth and the reduction of poverty.

15.2.3 1. Price Stability This policy primarily controls the absolute regulation of prices for all goods or things. It regulates prices while the nation is through an economic crisis and keeps them steady during an inflationary time; as a result, it regulates prices throughout the nation. By regulating the supply of essential goods and services, the government supports price stability. As a result, it invests money in rationing and stores with reasonable prices and a sufficient supply of food grains. Additionally, it provides subsidies for utilities like transportation, water, and cooking gas, keeping their prices low enough for regular people to afford

15.2.4 . 2. Full Employment: Employment should be the top priority in every nation that needs to better its economic situation. India has the highest number of young people, which increases the likelihood of development. The younger generation is more capable than the older generation in several areas. Therefore, if our nation could offer full or almost full employment, it would elevate our economic statistics to the next level. The Fiscal policy guides all choices pertaining to employment. The government creates more job opportunities in a number of different ways.

15.2.5 3. Economic Growth Specific fiscal policy initiatives can boost the nation’s growth rate and aid in meeting its needs. The establishment of heavy industries like steel, chemicals, fertilizers, and industrial machinery is one way the government promotes economic growth. It also builds infrastructures that support economic development, including roads, bridges, railways, schools, hospitals, water and electricity supplies, telecommunications, and so forth

15.2.6 . 4. Infrastructure Development In order to achieve economic growth, the government has prioritized infrastructure construction. Taxation and other fiscal policy initiatives bring in money for the state. The development of the infrastructure is funded in part by tax money. All economic sectors benefit as a result of this. Economic Development – India and A.P 15.11 Budget Trends and fiscal Policy

15.2.7 5. Decreasing the payment deficit Fiscal measures like the exclusion of income tax on export revenues, the exclusion of central excise charges and customs, the exclusive , etc. are all attempts by fiscal policy to increase exports. The balance of payments problem is helped by the foreign exchange saved through import substitutes and earned through exports. In this method, a negative balance of payments can be fixed by taxing imports or by subsidizing exports.

6. Effective Regional Development Balanced regional development is one of the fiscal policy's other primary goals. The government offers a variety of incentives for establishing projects in underdeveloped areas, including cash subsidies, Tax holidays are a type of tax and duty concession. financing with lowered interest rates, etc

15.2.2 Types of Fiscal Policy These fiscal policies are used according to the requirements of the economic phase, sometimes for the boom and sometimes to slow down the recession. There are three types of fiscal policy majorly, which are discussed below:

1. Expansionary Fiscal Policy These entail the choices made by the governments to increase their financial contributions to the national economy. Thus, it produces a large number of goods and services. Additionally, it expands employment prospects, increasing both individual and governmental profits as a result of all the growth.

Contractionary Fiscal Policy The second kind of fiscal policy is this one. When there is an economic boom, this is employed. The rapid economic expansion can occasionally be risky, though. The government is attempting to halt the current economic boom in this instance. Both inflation and economic growth are controlled by this, which also aids in doing so.

3. Neutral Fiscal Policy When the country's economy is in balance, this fiscal policy is employed. With economic highs and lows, it suggests things are moving well. It covers expenditures made by the governments that are paid for through taxes levied against citizens, businesses, or sectors of the economy. and won't have any impact on the nation's economic situation. 15.2.3 The Components of Fiscal Policy There are three components of the Fiscal Policy of India:

1. Government Receipts

2. Government Expenditure

3. Public Debt 1.

Government Receipts These government receipts take into account the government's income, which has been achieved through the collection of taxes, interest, and the revenue produced by investments, cess, and other forms of revenue the nation has generated. This represents the total funding received by the government from all sources. There are two types for government receipts. Income Receipts Any government payment that neither increases liabilities nor decreases assets is referred to as a revenue receipt. Revenues from taxes and other sources can also be separated out from this. The interests and dividends earned on government investments, as well as cess and Centre for Distance Education some other receipts, constitute non-tax revenues. Direct tax and indirect tax make up the two categories of tax revenues

(a) Capital Receipts All government payments that increase liabilities or decrease assets are considered capital receipts. These funds are used by the governments to run smoothly. Another kind of capital receipt is the existence of an incoming cash flow. It is known as a debt receipt if the government borrows money since the money must be repaid to the government from whom it was borrowed. Non-debt receipts are those payments that do not require repayment. Non-debt receipts make up around 75% of all budgets. Loans taken by the general public, some foreign governments, and the Reserve Bank of India make up the majority of capital receipts.

(b) Revenue Receipts Non-debt receipts are those payments that do not require repayment. Non-debt receipts make up around 75% of all budgets. Loans taken by the general people, some foreign governments, and the Reserve Bank of India make up the majority of capital receipts (RBI). 2. Government Expenditure The public expenditure can broadly be classified into two major types namely revenue expenditure and capital expenditure

. (a) Revenue expenditures They are one-time costs that are incurred now or usually within a year. Revenue expenditures are essentially the same as operating expenses since they cover the charges necessary to cover the government's continuing operational costs (OPEX). regular costs for upkeep and repairs on state-owned property. Unlike most capital expenditures, which are onetime costs, they are ongoing expenses. An illustration would be paying for electricity, rent, employee salaries, and government-owned property taxes.

(b) Capital Expenditure Investments made by the government in capital to run or grow its operations and bring in more money. Purchasing long-term assets, such as equipment, and purchasing fixed assets, which are tangible assets. Therefore, compared to revenue expenditures, capital expenditures are frequently for bigger sums. An illustration would be the acquisition of manufacturing equipment, commercial purchases, other government expenditures like furniture, infrastructure investment, etc.

3. Public Accounts of India (Public Debt) When the government is only acting as a banker in a transaction, the Public Account of India records the flows for those transactions. According to Article 266(2) of the Constitution, this fund was established. It takes into consideration flows for transactions in which the government only serves as a banker. Examples include minor savings, provident funds, etc. This money doesn't belong to the government; instead, they must be returned to their original owners at some point. Consequently, the Parliament is not required to authorize spending from the public account. 15.2.4 Instruments of Fiscal Policy Some of the major instruments of fiscal policy ar

e A. Budget ,

B. Taxation,

C. Public Expenditure ,

D. Public Works and E. Public Debt. A. Budget: The budget of a nation is a useful instrument to assess the fluctuations in an economy. Different budgetary principles have been formulated by the economists, prominently known as

: (1) Annual budget, Economic Development – India and A.P 15.13

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(2) cyclical balanced budget and

(3) fully managed compensatory budget. 1. Annual Balanced Budget: The classical economists propounded the principle of annually balanced budget. They defended it with force till the deep rooted crisis of 1930's.

2. Cyclically Balanced Budget: The cyclical balanced budget is termed as the 'Swedish budget'. Such a budget implies budgetary surpluses in prosperous period and employing the surplus revenue receipts for the retirement of public debt. During the period of recession, deficit budgets are prepared in such a manner that the budget surpluses during the earlier period of inflation are balanced with deficits. The excess of public expenditure over revenues are financed through public borrowings. The cyclically balanced budget can stabilize the level of business activity. During inflation and prosperity, excessive spending activities are curbed with budgetary surpluses while budgetary deficits during recession with raising extra purchasing power.

3. Fully Managed Compensatory Budget:

This policy implies a deliberate adjustment in taxes, expenditures, revenues and public borrowings with the motto of achieving full employment without inflation. It assigns only a secondary role to the budgetary balance. It lays down the emphasis on maintenance of full employment and stability in the price level. With this principle, the growth of public debt and the problem of interest payment can be easily avoided. Thus, the principle is also called 'functional finance.'

B. Taxation: Taxation

is a powerful instrument of fiscal policy in the hands of public authorities which greatly effect the changes in disposable income, consumption and investment. An anti depression tax policy increases disposable income of the individual, promotes consumption and investment. Obviously, there will be more funds with the people for consumption and investment purposes at the time of tax reduction. This will ultimately result in the increase in spending activities i.e. it will tend to increase effective demand and reduce the deflationary gap. In this regard, sometimes, it is suggested to reduce the rates of commodity taxes like excise duties, sales tax and import duty. As a result of these tax concessions, consumption is promoted. Economists like Hansen and Musgrave, with their eye on raising private investment, have emphasized upon the reduction in corporate and personal income taxation to overcome contractionary tendencies in the economy. Now, a vital question arises about the extent to which unemployment is reduced or mitigated if a tax reduction stimulates consumption and investment expenditure. In such a case, reduction of unemployment is very small. If such a policy of tax reduction is repeated, then consumers and investors both are likely to postpone their spending in anticipation of a further fall in taxes. Furthermore, it will create other complications in the government budget C. Public Expenditure: The active participation of the government in economic activity has brought public spending to the front line among the fiscal tools. The appropriate variation in public expenditure can have more direct effect upon the level of economic activity than even taxes. The increased public spending will have a multiple effect upon income, output and employment exactly in the same way as increased investment has its effect on them.

CHAPTER 5

ANDHRAPRADESH ECONOMY

17.4 BASIC FEATURES OF ANDHRA PRADESH AFTER BIFURCATION

1. Gross State Domestic Product (GSDP):

The state's economy is expected to bounce back to pre- Covid levels, which the government is committed to providing exclusively. Focusing on all important sub- sectors has forced them to give special effort to increase economic growth. Nominal GSDP or GSDP at current prices for the year 2022-23 is 5.13.17,728 5 0 . 5. 11,33,837 5 0. for the year 2021-22 showing a growth of 16.22% in 2022-23. GSDP at constant (2011-12) prices is estimated at Rs.7,54,338 crore for the year 2022-23. As against Rs.7,04,889 crore for the year 2021-22. 2022-23 growth is estimated at 7.02%. But the growth rate for 2021-22 is 11.23% at constant prices. Sectoral growth rates of Andhra Pradesh GSDP to 2022-23 at constant (2011-12) prices Agriculture: 4.54%, Industry: 5.66% ~ 2 : 10.05%. At current prices, the per capita income of Andhra Pradesh in 2022-23 is estimated to be Rs.2,19,518. 26,931 with a growth rate of Rs.1,92,587 in 2021-22. 13.98%.

2. Agricultural Development in Andhra Pradesh: Andhra Pradesh is a state that is famous as Annapurna of India and Granary of South. Agricultural scientists and technical experts say that there is a need for diversification in the agricultural sector. But farmers have been a step ahead and have been changing crops in many different ways for the last 10, 15 years. In 1956, 73 percent of the land in our state was under food crops, but by 1998, it had reduced to 53 percent. This crop rotation was mostly done in Rayalaseema which was very backward. Cultivation of food crops here is limited to 24 percent and the remaining 76 percent of the land is cultivated for non- food crops. Farmers are trying to increase productivity and increase incomes. There has been a great change in small and small farmers who are 75 percent. As a result, traditional crops are reduced and high yielding varieties and hybrid seeds are being used. They are not only changing the crops, thinking about which crop will give more income, which technology will give more income... they are choosing the way to get more income. The Indian government is giving top priority to the agriculture sector. Government of India wants us to produce foodgrains, pulses and oilseeds according to our country's needs. Prime Minister Dr. According to the

decision of the National Development Council meeting held in Delhi on May 29, 2007 under the chairmanship of Manmohan Singh, it has been decided that the Center should cooperate in increasing the production of crops in the agriculturally dominant states. On July 31, 2007 in Hyderabad, Prime Minister Dr. In a Centre for Distance Education 17.6 Acharya Nagarjuna University review meeting in the presence of Manmohan Singh, the Prime Minister announced the launch of the National Food Security Mission under the name "Andhra Pradesh Resolution". In the Eleventh Five Year Plan (2007-12), the Central Government has decided to give top priority to the agriculture sector. In addition to setting up a National 'Food Security Mission'; Additional central assistance to increase production of rice, wheat and pulses has been focused on these two aspects. To raise the standard of living of the rural people and increase the production of food grains significantly. National Food Security Mission is the main objective. It has been proposed to include 11 districts of Andhra Pradesh in the 'National Food Security - Paridhanyam' scheme and districts in the National Food Security - Pulses scheme.

3. Poverty: According to the latest available estimates of the Planning Commission released in July 2013 for the year 2011-12, rural areas in the united Andhra Pradesh And the poverty ratios in urban areas are 10.96 % and 5.81% respectively and the combined ratio stands at 9.20%. The figures for all India during the same period are 25.70%, 13.70% in rural and urban areas and 0 21.92%. According to the baseline report on National Multidimensional Poverty Index released by NITI Aayog on 24th November, 2021, AP's Multidimensional Poverty Index (MPI) score is 0.053. APS 6 (43.23% 30 25 55 9 12.31%. MPI uses information from 12 indicators, which are divided into 3 equally weighted measures – health (3 indicators), education (2 indicators) and living standards (7 indicators). AP state performed well in some indicators like housing, electricity, maternal health, cooking fuel, school attendance and bank accounts. But indicators like drinking water and schooling need some special attention. sanitation, child- adolescent mortality and nutrition, 4. Employment and Unemployment: According to the Periodic Labor Force Survey (PLFS), 2020-21 AP state population accounted for around 48.4 % (all age groups) in the labor force out of a total of 41.6% of India. In AP, the labor force participation rate in rural areas is 51.6%. This is better compared to 41.9% in urban areas. The low labor force in the state is mainly due to the low labor force participation rate for women, which is only 36.1%. The Periodic Labor Force Survey revealed clear gender differences in the Work Participation Rates (WPR) at the Andhra Pradesh and All India level. WPR among youth (15- 29 years) is low at Andhra Pradesh and All India level. And this is generally true for both rural and urban areas but is higher for urban women (17.9% compared to 32.9% in rural areas). Relatively high work participation of women in rural areas may be due to livelihood and employment generating activities like MGNREGS. A relief in this regard for the state of AP is that the Work Force Participation (WPR) for women of all age groups (40.8%) is higher than in rural areas. country (27.1%).

Unemployment rate is slightly lower in AP (4.1%) compared to India (4.2%). Unemployment is highest among people between the ages of 15-29 and as the age increases, the problem stops.

5. Public Finance:

The revenue composition of the state in the financial year 2021-22 is Rs.71,018 crore from own tax sources, Rs.5,018 crore from own non- tax sources and Rs. 78,200 crores as central transfers. As per the revised estimates for the financial year 2022-23, the total own tax revenue is Rs.84,389 crore. According to the revised estimate for the financial year 2022-23, the state's own non- tax revenue will be Rs. 6,511 crore and the flow of resources from the Center was Rs. As per the revised estimate for the financial year 2022-23 Rs. 89,835 crores. Total State Expenditure (excluding Public Debt Repayments) from Rs.1,77,674 crore in FY 2021-22 to Rs.2,24,219 crore in FY 2022-23 as per revised estimate, revenue expenditure from Rs.1,59,163 crore in FY 2021-22 2,05,556 crores as per the revised estimate for the financial year 2022-23.

6. Public Distribution:

The Government has mandated Sartex to supply quality rice and other essential commodities at doorsteps of BPL Hau elderly through 9260 Mobile Dispensing Units to provide sustainable livelihood to Scheduled Tribes, Scheduled Castes, Backward Classes, Minorities and Economically Backward Classes youth of the society. At present 29,794 fair price shops are functioning in the state. On an average, 488 cards/ households are served by each affordable stores. There is one shop for every 1423 people in the state. At present, under the National Food Security Act, 2013, 2.32 lakh metric tonnes of rice (2.00 lakh metric tonnes for priority households, Antyodaya Metric Tons, Anthdaya 50.32 lakh metric tonnes) is allocated to the families under the Anna Yojana at subsidized prices of Rs.1/- per kg. It will meet the needs of 1.46 crore families below the poverty line.

7. Inflation:

The Consumer Price Indices for Industrial Workers increased by 7.39% at the State level and 6.30% at the All India level during April, 2022 to October, 2022. The Consumer Price Index numbers for agricultural labor increased by 6.00% in the state (Combined AP) and 6.86% in India during April, 2022 to November, 2022 as compared to the corresponding period of the previous year. The Wholesale Price Index of All Commodities (2011-12) declined to 152.1 in November, 2022 from 152.3 in April, 2022. For manufactured products, it decreased from 144.7 to 1415. But in the Fuel & Power group it increased to 159.6 from 151.2. The average daily wages of artisans and field workers (male and female) increased during April to October 2022 compared to the corresponding period last year.

8. Rainfall Conditions:

In 2022-23, the state received 583.2 mm of rainfall during the southwest monsoon as against the normal rainfall of 574.8 mm. It was recorded higher by 1.5%. Kakinada, Bapatla, Anantapur and Sri Sathyasai districts recorded heavy rainfall, while the remaining districts of the state recorded normal rainfall. 2022-23 during the Northeast Monsoon season (October to December). 8.7% higher rainfall was recorded. Normal rainfall is 285.5 mm and 310.4 mm during this period. Rainfall is recorded. 9. Agriculture: The second advance estimates of the region as well as the foodgrains production forecast for the year 2022-23 were compared with the previous year's achievements i.e. 2021- 22. The area under food grains was 39.59 lakh hectares in 2022-23 as against 41.34 lakh hectares in 2021-22, a decrease of 4.2%. The total production of food grains in 2022-23 was 169.30 lakh tonnes and 154.85 lakh tonnes in 2021-22 showing a growth of 9.3%. Productivity increases in production despite reduction in area indicates improvement. Good rainfall, adoption of eco- friendly farming methods and government's pro- farmer programs including key services provided by Rythu Bharosa Kendras (RBKs) contributed to this inc

n production. 14. Industrial Development:

Through its Industrial Policy (2020-23), the state has set up various programs to develop diverse sectors such as agro and food processing, biotechnology, bulk drugs and pharmaceuticals, IT and ITeS, textile, automotive and auto components and tourism. Creating opportunities and employment for entrepreneurs. Industrial incentives Rs.482.27 crore for 5700 MSME units under General, OBC, SC & ST categories and Rs.334.83 crore for 104 large and mega industries in FY 2022-23 (up to December 2022). 16. Industrial Corridors: To address infrastructure bottlenecks, high impact/ market driven nodes are proposed in the Chennai Bangalore Industrial Corridor (CBIC). The CBIC area covers parts of three states, Tamil Nadu, Karnataka and Andhra Pradesh, comprising about 3.7% of the country's total population of about 47.5 million. Krishnapatnam, SPSR Nellore District has been selected for development under Phase- I by DPIIT 13,919.67 acres is proposed to be developed in two blocks under this node. Hyderabad Bangalore Industrial Corridor (HBIC) Telangana, Andhra Pradesh And the area spread across the states of Karnataka, which is the central parts Adds Country with southern parts. Under HBIC, the Orvakal node in Andhra Pradesh covering an area of 9,800 acres has been identified for development in the initial phase and project development activities are being initiated. The Visakhapatnam- Chennai Industrial Corridor (VCIC) has three industrial nodes at Vizag, Chittoor and Kopparthi, with a planned area of 33,000 acres. 30% of this area is currently under 'start. Up' is being developed as an area. Various industrial infrastructure projects are envisaged in this corridor with an estimated investment of INR 5,000 crores. 17. Industrial Infrastructure: APIIC, which is the nodal agency for all industrial infrastructure projects including IT, biotech, apparel parks and SEZs in the state, has allotted 1164 acres of industrial land for 602 units with 78,866 employment opportunities and proposed an investment of Rs 26,629 crore. APIIC has a land bank of 46,532 acres for allotment In Mallavalli village of Bapulapadu mandal of Krishna district Rs. The Ministry of Food Processing Industries has sanctioned a goal for setting up a mega food park at an estimated cost. 112.97 5. The National Industrial Manufacturing Zone is envisaged to be developed into integrated industrial townships with state- of- the- art infrastructure in acres of land at an estimated project cost of INR 7500 crores. Planned under Tranche-1 in 4149 Acs startup area with estimated Centre for Distance Education investment of INR.25,000 crores and project cost of INR 3640 crores with employment of 1.44 lakhs. 18. Trade and Exports: Andhra Pradesh is one of the top five exporting states in India. It occupies a leading position among Indian states in the production and export of marine products, agricultural commodities and textiles, drugs and pharmaceuticals, organic and inorganic chemicals, petroleum products. AP issued G.O.Ms.No.24 (Industries & Commerce (Programme-1) Dept. Dt. 17.05.2022 (250 (2) Policy (APEX 2022-27). Export hub in the country by developing world class logistics and export infrastructure, promoting high quality product portfolio, enabling strong export oriented enterprises and creating integrated export ecosystems from districts to ports. 19. Mines and Geology: Minerals are one of the major sources of revenue for Andhra Pradesh and a major contributor to the state's economic growth. Andhra Pradesh is a mineral rich state having many types of mineral wealth especially industrial minerals. The State is focusing on strategies in line with mineral resource inventory, key elements of legislation, objective and national mineral policy to accelerate growth leading to comprehensive development of the mining sector. State Minerals and Mines Sector In 2021-22, mineral revenue to the state exchequer was Rs.3390.01 crore and in 2022-23 (up to December, 2022), mineral revenue was Rs.2094.13 crore, the state produced industrial minerals, dimensional stones and construction materials with Rs.16012.07 crore. A total of 94,33,054 metric tonnes of sand was supplied to consumers during this financial year. 17.5 CHALLENGES The following are the challenges plaguing the state's economy that are identified in the paper: 1. Low growth in Industrial Sector Growth in AP's industrial sector is struggling to gain momentum. From 2009 to 2014, industrial growth rates have remained at 5.6 percent, below the national average and far below the double digit growth rates of peer states like Tamil Nadu, Maharashtra, Karnataka and Gujarat. 2. Regional disparities in the level of development Disparities are witnessed in the level of development between rural and urban areas on parameters such as unemployment rate (12 for rural and 43 for urban areas), labor force participation rate (477 for rural and 368 for urban areas) and workforce participation rate (399 for rural and 355 for urban areas). 3. High levels of unemployment / casual employment The quality of employment remains a concern for the state; given the continuance of issues like low wage rates, the seasonality of employment, job insecurity, illiteracy, occupational hazards, etc. Around 94 percent of workers in the state are engaged in the unorganized sector, indicating the high prevalence of informal employment. 4. Inadequate infrastructure financing AP is presently considerably behind peer states in terms of quality infrastructure. In terms of infrastructure financing, the state must create a platform with regard to access to funds to the private sector. Innovative funding options must also be explored in this regard. 5. Gender gap in labor force participation The gap between male and female labor force participation rates must be addressed by the state. AP witnessed a female participation rate of 166 in urban areas in 2014-15, as against

18.2 ROLE OF INDUSTRIAL DEVELOPMENT IN ECONOMIC DEVELOPMENT

The economic history of developed countries speaks that industrial development is a pre-requisite of rapid economic growth of a country. The effects of industrialisation in the economy of a nation are many and varied. The main effects are as follows

: (1) Rise in the Per Capita Incomes.:

The first and the foremost effect is that it is industrial development that can provide a firm basis for a rapid increase in the incomes of the people. The economic history of most of the developed countries indicates that the progress of industrialisation was accompanied by an increase in national and per capita income. The behaviour of the small industry-oriented countries is, however, different since the share of primary production in them (as a percentage of GNP) falls more slowly and the share of industries also rises at a slow rate.

(2) Changes in the Social Environment:

Viewed from a sociological angle, another important impact of industrialization is that the social outlook of the people undergoes drastic changes. The traditional village life with its communal bonds is completely transformed as large number of villagers go away to cities to work in industries. A new entrepreneurial class is born, capital formation increases, technical innovations take place and new skills emerge. All these developments have a far reaching effect on social relationships and this change is, in fact, the precursor of a new, modern and vibrant society.

(3) Agricultural Productivity and Agricultural Reforms:

In an underdeveloped country, the agricultural productivity is low for want of capital investment and use of modern techniques. These economies are mostly overpopulated and taking a lead against several shortcomings existing in agricultural sector such as sub-division and fragmentation of land-holdings, traditional outlook of farmers, and obsolete methods of cultivation etc. It is essential for rapid economic development that the share of the industrial sector should rise and that of the agricultural sector decline. Merely a deliberate industrial policy can make it possible

. (4) Source of Employment in Agricultural Sector: In overpopulated underdeveloped countries, millions of people in rural areas are unemployed or underemployed. Moreover, they are the victims of disguised unemployment whose marginal production Economic Development – India and A.P 18.3 Challenges to Industry… is zero or negligible. This surplus labour force can be transferred from agriculture to industry with a little or no loss of agricultural overall production. Thus, such poor economies have no other alternative but to have industrialization

. (5) Better Terms of Trade:

Underdeveloped countries are fundamentally exporters of primary goods and importers of manufactured goods. The policy of protectionism as adopted by d by advanced countries has resulted in falling or remaining stable prices of their primary products and in raising prices of manufactured products. It has made unfavorable terms of trade and faster economic development, that they need industrialization, so as to stimulate particularly import substituting and export-oriented industries which is likely to control the prices of their primary products and further, to make their terms of trade favorable

. (6) Psychological Boost. In underdeveloped countries, the people in general are found to be uneducated, customary and traditional. They have obsolete outlook particularly in the context of rationalisation and modernisation in the field of production and consumption. They therefore, need industrialisation usin new technology, diverse the skills, larger enterprises and bigger cities. As such, the industrialisation is likely to provide them urbanisation, employment opportunities and additional incomes to the people of the country.

(7) Increasing Returns and Economy of Scale. The industrial development brings an underdeveloped economy on the way of increasing returns and an economy of scale. In comparison to industry, agriculture does not obtain these objectives. "These economies reside in training, stimulating communication, interaction within industry, demonstration effects in production and consumption, and so on.

(8) Structural Changes in the Economy. The most important structural change in the economy induced by industrialization is in the occupational pattern. Underdeveloped and most of the developing countries are characterised by heavy dependence of their population on the agricultural sector. Incomes in this sector being low, the economies of these countries remain stagnant and backward. Industrialization brings about

a marked change in occupational distribution by opening up substantial employment opportunities in the industrial sector. Thus industrialization brings with it strong forces and dynamism that help the countries in breaking the shackles of stagnation.

(9) Raises the Standard of Living. The rising national income and per capita income due to industrial development is associated with rising demands for larger volume of goods made made up of a variety of industrial goods. People enjoy the fruits of industrial development in the form of variety of goods and services available in urban centres for consumption. These also affect the rural sector through the demonstration effect. Thus, industrial development tends to raise the standard of living of the urban and rural masses.

(10) Strengthening the Economy. Industrial development strengthens the overall economy of a country. The reasons are not far to seek. Firstly, it imparts dynamic contents to the economy. Secondly, it enables a country to produce many goods of different varieties for building infrastructure. Thirdly, industrial development imparts elasticity to the system through the diversification of economic activities. Fourthly, the level of agriculture can be pulled up both by absorbing the excess rural labour, and by Centre for Distance Education 18.4 supplying it the modern inputs for expansion, Fifthly, through the development of heavy industries like steel, machine making etc., the capital stock of a country expands, enabling it to produce more. Finally, the diversified economic structure, which industrial development makes possible, also provides things necessary for the defence and security of a country. From the above study we conclude that industrial development brings social transformation, agricultural development, increase in national income and per capita incomes, more employment, structural changes in the economy, better terms of trade, social equality, more equitable distribution of income, strengthening of the economy, rise in standard of living, balanced regional development and above all, brings all-round prosperity in the country. 18.3 A CRITICAL APPRAISAL Despite the above contributions of industrialisation in the economic development it will be wrong to assume that it will bring an all-round prosperity in a country over-night. As a matter of fact the policy of industrialisation followed by underdeveloped countries in the early phase of their economic development has not brought the expected economic and social benefits. It has utterly failed to reduce the inequalities of income and wealth, regional imbalances and unemployment. The main pillars of criticism of industrial development are as follows

: (1) Slow Growth.

The experience of underdeveloped countries reveals that the industrial growth has been so small as to make very little impact on their overall growth rate. The result is that in the face of rapidly rising population, the growth of national income has been quite negligible. With the small industrial growth, the rate of absorption of excess labour from the rural sector has been negligible too. Thus, despite some industrial growth, the economic scene of the underdeveloped countries has not changed much for the better. (2) Costly Industrial Growth

. Another major criticism against industrial development is that the industrial growth in underdeveloped countries has been quite costly. It is more capital-intensive and import-intensive which the underdeveloped countries cannot afford. With small domestic currency to pay for foreign currency, it is cheaper for the producers to import capital goods and many inputs rather than buy them at home

. (3) Uneven and Unjust Industrial Growth

. Another criticism against industrial development is to that the growth in certain regions, sectors and groups of persons has been uneven and unjust. The regions in many of these countries have not been equally favoured by industrial development. In fact, the very logic of industrial-based growth, requiring high income markets, intrastructural facilities etc., led to the concentration of economic activities in the already developed and semi-developed regions. On the contrary, less developed sectors remained as usual. This increased inter-regional disparities.

(4) Miscellaneous Problems:

Besides the above, industrial development has created other several problems, such as, (i) Industrial sickness, (ii) Problem of slums in industrial sectors, (iii) Rural stagnation, (iv) Mushrooming growth of the urban underclasses,(

19.3 TRANSPORT SECTOR IN ANDHRA PRADESH

Transport plays an important role in the development of a state or nation by moving goods, services and people from one place to another. The transportation sector consists of several industries including air freight and logistics, airlines, marine, road and rail, and transportation infrastructure. These industries are further broken down into the sub-industries air freight and logistics, airlines, marine, railroads, trucking, airport services, highways and rail tracks, and marine ports and services. Broadly, transportation facilities can be classified under four types. They are:

1. Road ,

2. Rail

3.Water and

4. Air Road transport Road transport is the main mode of transport for all activities in the state, along with buildings Road & Buildings (R&B) Department maintains the following roads. 1) National Highways, 2) State highways, and 3) Main District Roads By December 2021, the total R&B road network (excluding national highways) in the state will be 46235.10 km. There are limits. Andhra Pradesh state has 52 national highways with a length of 8163.72 km. Of these 2884.34 km are Four lanes and above. A large sum of Rs. 35,000 crore has been spent on doubling the length of National Highways in the last seven years. National highway density in the state is 16.53 km per lakh population (2011) while the all India average is 10.89.20. The state has a total of 14,722 km of state roads and 29% of the total roads in the state are tau. SH 31 (Muddanur to Renigunta) is the longest state highway in Andhra Pradesh. As on 01.04.2021, the total length of rural roads under Panchayati Raj Engineering Department in the state is 3,962 km. m. 5486.07 km of Panchayati Raj Roads have been transferred to R&B Department, out of which about 1800 ! km are BT free roads. Recent measures to improve road transport by the Government of Andhra Pradesh:

(a) AP State Road Development Corporation It was established in 1998 to develop and manage roads and other ancillary and incidental activities in the state. Construction and maintenance of roads and bridges on Main District Roads (MDR) and Other District Roads (ODR) is undertaken by the MDRs Wing. The MDR Division maintains a total of 32735.10 km of roads comprising 26634.34 km of major district roads and 6100.76 km of district other roads. Under Tribal (ST) Sub- Plan and SC Sub- Plans – widening of roads from single lane to double lane, construction of roads & bridges in tribal areas and laying of CC pavements in SC colonies, arrangement of approach roads to SC colonies will be taken up. Under the Road Safety Engineering Scheme, works involving road safety interventions, reconstruction of culverts, improvement of black spots on roads, etc., are taken up. (

b) Andhra Pradesh Economic Voice: Since the inception of NABARD, with funding for rural infrastructure, about 9300 km of village FPST roads have been brought up to riding surface on B7 and nearby towns have Centre for Distance Education 19.8 Acharya Nagarjuna University been connected under RIDF (Rural Infrastructure Fund) and RIAD (Remote and Interior Area Development) schemes.

Under Road Connectivity Project for Left Wing Extremism Affected Areas (RCPLWEA) 46 (30 roads + 16 bridges) have been sanctioned Rs.391.03 crore with central and state funds in 60:40 ratio. Covering four districts viz., Srikakulam, Vizianagaram, Visakhapatnam & East Godavari. With financial assistance from the New Development Bank (NDB), the R & B Department has undertaken two projects at a cost of Rs. 3200 each (Total Rs.6,400 crore) 70:30 sharing (NDB share-70 & State share-30%). 1. AP Roads and Bridges Reconstruction Project (APRBRP) 2. AP Mandal Connectivity and Rural Connectivity Improvement Project (APMCRCIP) Under the Setu Bharatam scheme (launched on 4 March 2016) to make all national highways railway crossing- free - our state has been sanctioned 22 RoBs. Out of which 16 ROBs (Road V Bridges) have been constructed. 6 tasks are completed

(c) A.P. Road Sector Project:

This project has been approved by the Government of India and the World Bank to widen and strengthen and maintain some important and high traffic roads with the aim of smooth travel and reducing the cost of transport. The project cost Rs.2245.00 crore pa closed on 31.03.2019. The State Government has allotted 33.96 acres of land in Kottakota village for the establishment of Rs.185 Koba BadiTR project to Institute of Driving Training & Research (IDTR) project in Kurnool district.

This project is undertaken in collaboration with M/ s Ashok Leyland Limited, Chennai. A Driving Training Institute is being constructed near Prakasam District Darshi under the Government of India Scheme IDTR. Rs. 18.5 crore out of Rs. 16.5 crores is being funded by the Government of India and Rs.1.5 crores is being installed by M/ s Maruti Suzuki India Limited. The Andhra Pradesh Road Policy was announced in the year 2015 with a target of 15% annual reduction in road accident deaths. In the year 2021 (January to November), 7,382 people died in 19,223 accidents in Andhra Pradesh. Government of Andhra Pradesh has budgeted Rs.135 crore as revolving funds for road safety fund in 2021-22. Police, Transport and R & B Departments for using road safety fund Various activities have been undertaken for improvement. (d) APSRTC (AP State Road Transport Corporation) taken over by the Government: The Corporation initially had 609 buses (16 depots) in 1958 with a staff of 5,081. Now it has 4 zones, 12 regions and 129 depots. A total of 11303 buses and 50406 employees are operational as on December 2021. In 2021-22 till December 2021 the Corporation earned a trading income of Rs.1493 crore as compared to Rs.71.45 crore till December 2020. In 2020-21, the corporation suffered a revenue loss of Rs 2748.34 crore. 2268 in 2021-22 (upto December, 2021). 34 crores slowly improved. APSRTC has set up a 24x7 Central Complaint Cell at PNBS Vijayawada from June-2016 with boll number 0866-2570005 to receive the inquiries and complaints of its customers and engage trained personnel.

19.4 INFORMATION TECHNOLOGY AND E-GOVERNANCE:

The State Government of Andhra Pradesh has a clear vision for the comprehensive development of the State. Vision-2020 states that the government's policy is to achieve rapid development through the widespread use of information technology, making the state a knowledge society, a feature in this information age, and information technology is used as a tool to achieve leadership. To achieve this vision, the Government has been introducing IT Policies and procedures from time to time. 2002 First I.T. Procedure The state government of undivided Andhra Pradesh first announced an Information Technology Policy in 2002

. The objectives of this policy are: o Using information technology as a tool to achieve economic development: increasing investment, employment, exports o Human resource development through quality education Providing good governance o It was during this period that the construction of hi- tech city and cyber city started in Hyderabad. Another information technology policy was announced for the period 2005-10 and included broadband connectivity, hardware manufacturing, I.T. Special economic zones and poverty alleviation were given priority.

I.T. National and international seminars, workshops and exhibitions are organized to attract the attention of the industry. Towns like Warangal, Visakhapatnam and Tirupati have also been identified to be gradually developed as IT hubs. The new IT policy for the period 2010-15 was announced on July 1, 2010. in Information Technology. Based on the national goals set by Nasscom for the information and communication technology sector, the Government of Andhra Pradesh has decided the following goals to be achieved for this sector in the state by 2015. 'I.T. Exports - Rs. 70,000 (US $ 15 billion), Assumed annual growth rate of 17% ; 1.25 lakh new special jobs to be created; 5 lakh indirect jobs to be created IT in the state Incentives Various incentives have been announced for setting up companies as follows. Exemption from Andhra Pradesh Pollution Control Act and power cuts for all BATI/¬ BTI units except generating sets. From the inspections carried out under the following laws, I.T. Exception for industry.¬ Eg: Factories Act 1948, Maternity Benefit Act, 1961 Minimum Wages Act, 1948, Employment Exchanges (Prohibition of Vacancies) Act,¬ 1980 etc. ITITES companies to work in three shifts, general consent for women to work in¬ night shifts ITITES companies to identify non- hazardous hardware manufacturing industries¬ under the Andhra Pradesh Emergency Services Act 100% refund of stamp duty, transfer duty, registration fee paid on first transactions on¬ sale/ lease deeds. This exemption does not apply to allotment of Government places. Refund of 50 percent of fees paid on second transactions as above. Applicability of industrial electricity classification

¬**EMPLOYMENT, SKILL DEVELOPMENT AND WELFARE PROGRAMMES IN AP;**

20.2 EMPLOYMENT IN ANDHRA PRADESH

The survey of National Sample Survey on the employment and unemployment are the primary sources of data for various indicators of labour force. The data issued for planning, policy formulation, decision (making and act as an input for further statistical and planning exercises by various government organizations, academicians, researchers and scholars. NSS surveys on employment and un-employment with large sample size of households have been conducted since 27th round onwards. Nine such comprehensive surveys on employment and unemployment were conducted so far by NSSO, the latest being the one conducted during NSS 68th round (July 2011-June 2012). Centre for Distance Education 20. Considering the importance of availability of labour force data at more frequent intervals, the Ministry of Statistics and Programme Implementation, on the recommendations of the National Statistical Committee (NSC)constituted a Standing Committee on Labour Force Statistics (SCLFS). The SCLFS recommended Schedule of Enquiry and Sampling Design for the Periodic Labour Force Survey (PLFS) to produce annual estimates of employment and unemployment characteristics for both rural and urban areas along with quarterly estimates for urban areas. In May 2019, the First Annual Report was prepared based on the data collected and it presents the estimates pertaining to various aspects of employment and unemployment at National as well as State level. The latest report by PLFS is for the year 2020-21. 20.2.1 Labour Force Participation Rate Labour force or in other words, the "economically active population", refers to the population which supplies or seeks to supply labour for production and, therefore includes both employed and unemployed persons.

The Labour Force Participation Rate (LFPR) is defined as the number of persons in the labour force per 100 persons. LFPR= (No. of employed persons + No. of unemployed persons)/Total populationx100) The PLFS Survey reveals that nearly 48.4 % of the AP State's population (All age groups) is in labour force. The participation, however, is better in rural areas (51.6%) as compared to urban areas (41.9%). The lesser (although better than India) overall Labour Force Participation Rate (LFPR) in AP was primarily due to lower LFPR for females, which was 36.1% only. However, when compared to All India (25.1%), the LFPR for females is fairly higher in the AP state.

LFPR is substantially low for females across all age groups as compared to males. Although the job market offers relatively fewer opportunities for females as compared to males in rural areas, the situation is grim in urban areas also. The youth in the age-group 15-29 years presents an intriguing picture. The possible reasons for low labour participation of females in urban areas, especially in the age group 15-29 years could be non-availability of suitable work due to higher levels of education, lack of flexibility in work timings and proximity of workplace to their households in urban areas. Even if this significant shortfall in female labour force participation in urban areas could be construed as rising enrolment in higher education, a rise in open unemployment among educated youth shows that the job market could not accommodate the fit educated youth. 20.2.2 Work Force Participation Rate (WFPR/WPR) Persons who are engaged in any economic activity in a given period (i.e. employed) constitute the workforce. The WPR is the percentage of persons employed among the persons in the population. The WPR is based on the current daily status. As per the current daily status, a person is considered working (employed) for the entire day if he/she had worked for 4 hours or more during a day. Economic Development – India and A.P 20.3 Employment, Skill Development… WPR=No. of Employed Persons / Total Population X 100 PLFS survey revealed clear-cut gender differences in Work Participation Rates (WPR) both in Andhra Pradesh and All India level. WPR among young (15-29 years) is lowest both in Andhra Pradesh and all India level and this is generally true for rural and urban areas but more prominently in case of urban females (17.9% as compared to 32.9% in rural areas). The relatively higher work participation rates of females in rural areas could be due the livelihood and employment generating works like MGNREGS. One solace in this regard for the AP state is that the Work Force Participation (WPR)for females in all age groups(40.8%) is high in Rural areas than of the Country(27.1%). 20.2.3 Unemployment Rate:

Persons are considered unemployed, if he/she was not working, but available for work for a relatively period. Unemployment Rate is defined as the percentage of unemployed persons in the labour force. This gives the unutilized portion o f the labour-force. Unemployment Rate=No. of unemployed persons / (No. of Employed + Unemployed persons) x 100 The unemployment rate is slightly lower in AP (4.1%) as compared to India (4.2%). Unemployment is highest in people aged between 15-29 years and as age advances, the problem appears to cease. One reason that could be attributed is the inclination among the young adults towards education. It may also sound reasonable to presume that higher levels of unemployment rate in this age-group are probably spending time unemployed in wait of their desired job commensurate with the educational qualifications and pay expectations. The relatively lower levels of unemployment among females in rural areas after the young age (15-29years) could be that they have opted for employment of their choice to augment their family income, having waited till such time after completing basic education, getting married and giving birth. 20.3 Employment Generation and skill enhancement Initiatives in AP: In this light of above status, the Government of Andhra Pradesh has been taking number of initiatives to increase the level of employment in the state. Some of such initiatives have been submitted in the following pages. 1. Employment and Training The Department of Employment and Training trains the unskilled into skilled trainees so as to meet the demand of the Industry. Several schemes, both of the State and Union government are being implemented for various training programmes for students of ITIs and Polytechnics and training of apprentices in the industry by utilizing the facilities available therein. The following are some of the important schemes. (a) Craftsmen Training Scheme The Craftsmen Training Scheme aims to ensure a steady flow of skilled workers in various vocational trades to meet the manpower requirements in industries to raise the industrial production quantitatively and qualitatively by systematic training of workers. There are 84 Government and 433 private ITIs functioning in the state. The admitted trainees will be imparted Centre for Distance Education 20.4 technical training in various trades as per the Director General of Training (DGT), New Delhi norms and syllabus with 80% of practical training and 20% theory. 46,927 students were admitted in ITI of them 16,041 in government institutes and 30,886 in private institutes.

(b) Jagananna Vidya Deevena and Vasathi Deevena. ITI students are covered under State Govt. scheme "JagannaVasathi Deevena" in which students of SC, ST, BC, Minorities, Kapu, EBC and Differently-abled categories who are studying ITI (Both Govt. and Private ITIs) will be paid an amount of Rs. 10,000 per year which will be deposited in the student Mother Bank Account. An amount of Rs. crores was paid to 36,083 beneficiaries. (c) Skill Hubs Skill Hubs are established in 32 Govt. ITIs with the collaboration of industries. The objective of skill hub is to train unemployed youth and college drop outs to meet the local industry demand and to uplift livelihood and mainstreaming back to education and employment or entrepreneurship. 599 trainees have completed training and 1332 are undergoing training. (d) Establishment of new Govt. ITls for Minorities Govt. of AP has accorded administrative sanction for the establishment of two ITls for Minorities at Adoni and Rayachoti at first instance, with an estimated amount of Rs. 861.60 lakhs to meet the recurring and non-recurring expenditure. (e) Apprenticeship Training Scheme The Ministry of Skill Development and Entrepreneurship is responsible for implementation of the Apprentices Act, 1961, which was enacted with the objective of regulating the program of training of apprentices in the industry by utilizing the facilities available therein for imparting on- the job training. Under the scheme, 25% of the prescribed stipend subject to a maximum of Rs.1500/- per month per apprentice to all apprentices is shared with the employers and the cost of basic training with Basic Training Providers (BTP) is shared up to a maximum of Rs.7500 per trainee. 6553 establishments are registered in Portal and 8175 candidates are registered. 1391 students of 30 ITIs have got on the Job Training in 91 Industries in 14 different trades. (f) Dual System of Training 154 different Industry partners have made MoU with 81 Govt. ITIs in 18 trades for conducting Dual system of Training in which students studying ITI course spent half of their course duration in Industry, which enables the students on the Job training and enhances their employability. (g) Skills Strengthening for Industrial Value Enhancement (STRIVE) Scheme This is a Central Sector Scheme assisted by World Bank with the objective of improving the relevance and efficiency of skills training provided through ITIs and apprenticeship. The STRIVE is a five year project implemented by MSDE (Ministry of Skill Development and Entrepreneurship) through State. Under the scheme 15 Govt. ITIs have been selected in the state. An amount of Rs. 1550 lakhs was released by GoI under 1st phase for the up gradation of infrastructure in the selected ITIs. (h) National Career Service (NCS) Under the Centrally Sponsored Scheme of Transforming Employment Exchanges into Career Centers, the GoI aims to transform Employment Exchanges into career centers. The objective is to assess the demand of skills in labour markets, provide guidance to youth on job opportunities as per their attitude and potential, connecting youth and other job seekers with jobs through job fairs. In its endeavour to Interlink the Employment Exchanges, Government of India Economic Development – India and A.P 20.5 Employment, Skill Development… released an amount of Rs 152 lakhs as one time grant towards basic IT infrastructure to improve the accessibility of the NSC services at the employment exchanges.

2. Andhra Pradesh State Skill Development Corporation Andhra Pradesh State Skill Development Corporation (APSSDC) is constituted as a notfor-profit Public-Private Partnership (PPP) Corporation to promote Skill- Development & Entrepreneurship. The Corporation acts as a Single Umbrella for all the skill development initiatives in the State. The key activities of the APSSDC are enhancing the employability skills of students to make them job ready, offer placement linked industry relevant short term skill development courses to unemployed youth and Link up Job seekers with employers through job fairs etc. APSSDC has trained more than 8.08 lakh candidates in the last three year (since 2019) under which 6.45 Lakh are students who have been provided industry aligned certification and 1.63 lakh are unemployed youth with sustainable employment Skill Initiatives Cascading Skill Ecosystem The State has initiated a holistic strategy to improve access and quality of the skill development initiatives has been taken up through a cascading skill ecosystem model with a coordinated approach involving multiple stakeholders such as Departments of Employment & Training, Technical Education, Collegiate Education, SEEDAP, NAC etc effectively using the the existing State Govt. Infrastructure such as Govt. ITI, Polytechnic, Degree colleges, IIITs, TTDCs, YTC, and Central Govt. infrastructure such as CEMS, MSME, IITTM etc. Every institute in the cascading skill ecosystem has been mapped to an industry. The transformed skilling ecosystem comprises of the following: Skill Hubs: Skill Hubs is a legislative assembly constituency unit that shall cater to the demands of local industries to impart skill trainings of National Skill Qualification Framework (NSQF Level) 1-4 courses to the school & college dropouts and ITI & Polytechnic pass outs. 177 Skill Hubs are inaugurated and 3000+ candidates are under training. Skill Colleges: 26 Skill Colleges are high-end institutes that offer advanced courses to ensure placements with high package of salary. 13 Skill Colleges are commenced and 720 candidates are under training. Each college offer trainings in NSQF Level 5 and above courses with focus on emerging industrial trends

and technologies, Key focus will be on the recently passed out graduates looking for the employment. Skills University: A state level institution that will oversee the functioning of skill colleges and skill hubs. In addition, Skill University will accommodate the research and skilling activities. APSSDC has been instructed to work on the skill university model. Land has been identified at Kobaka, Tirupati and modalities are being explored Skill Spokes: Industry Spokes are the industries which can train job aspirants within their premises or any Private/Govt. building by using their in-situ resources and offer placements. Through these, industries can skill candidates gain the practical know-how to match theories with a holistic view of the specializations

. They also cover the aspects of building, designing course curriculum, operating, and providing placements. 33 Industries are ready to collaborate with APSSDC. Centre for Distance Education 2 Skill International: Govt. of AP is planning to undertake skills development initiatives to tap the international/ overseas placement opportunities in identified priority sectors. To create an internationally benchmarked quality skills ecosystem and provide global career opportunities, APSSDC is reaching out to major industry partners and international institutes who can partner with AP Govt. and support overall framework and also working in convergence with National Skill Development Corporation - International (GOI), OMCAP, and APNRTS to plan the training's as per the global requirement.

The specific focus has been on regions like the Middle East, the European Union, Australia, Canada, Japan and USA. Skill Training Programs for Students Employability Skill Centres (ESCs): Labs established across 525 Degree Colleges with a focus on improving the employability quotient. 18,262 candidates have been trained on "Campus Recruitment Training in FY 2022-23.

Engineering College Programs: 102 CM's Excellence centres aiming at offering skill trainings to the students pursuing technical education have been established. 14,536 candidates have been trained in various industry certification programs in FY 2022-23. Dassault Systemes: APSSDC in collaboration with Dassault Systemes, established 64 3D Experience Centres (including 1 CO Eat ANU) to train the students in courses of Aerospace, Automotive and Ship Building domains. Labs through CSR: High-end labs established in 20 ITI colleges with CSR support from industries. Companies like Hitachi, Schneider, Jaquar etc. have collaborated with APSSDC. Applied Robotic Control (ARC): An initiative taken by APSSDC-ECM convergence centres. APSSDC is the implementing partner where European Centre for Mechatronics, Germany is the knowledge partner and IES Germany/India is executing partner across the state. Skill Training Programs for Unemployed Youth Electronics System Design and Manufacturing (ESDM) is the scheme under Ministry of Electronics and Information Technology (MeitY) for offering skill trainings in electronic sector. APSSDC has been designated as state implementing agency under ESDM.

Jal Jeevan Mission is Government of India's initiative that has been designed to build capacities of the frontline workers/employees working under RWS dept. for ensuring quality services in terms of water supply and sanitation. APSSDC has been designated as implementing agency for these trainings. The job roles for training are Assistant Mason, Assistant Plumber General, Plumber General, Fitter and Electrician. SANKAP, MSDE, GOI: Skills Acquisition and Knowledge Awareness for Livelihood Promotion (SANKALP) project aims at establishing robust monitoring and evaluation system for training programs, providing access to skill training opportunities to the disadvantaged sections and most importantly supplement the Make in India initiative by catering to the skill requirements in relevant sectors. APSSDC has been designated a nodal agency for implementing SANKALP scheme in AP State. National Fisheries Development Board (NFDB): With an objective to promote up liftment of fishermen community, NFDB, GOI has issued training target APSSDC to conduct a 3-day skill development program for fish farmers/fisher/fisher women. Trainings to under privileged: Demand driven skill trainings were offered to SC youth with an objective to uplift their living standards through sustainable employment.