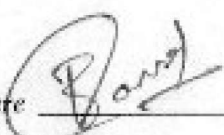


CORE ECONOMIC DEVELOPMENTS IN INDIA

Time Allowed: 3 hrs.

Max. Marks: 250

Q.	Marks	Instructions to Candidate
1.		<ul style="list-style-type: none">• There are 20 questions; all questions are compulsory.• The number of marks carried by a question is indicated against it.• The paper contains 3 Sections; First Section has direct questions for NCERT text books, while Second Section has questions from wide range of books and study material and the Third Section has inter-disciplinary and application based questions that require knowledge and information of other subjects as well.• Answers to questions no. 1 to 5 should be in <u>150</u> words, answers to questions no. 6 to 15 should be in <u>200</u> words, whereas answers to questions no. 16 to 20 should be in <u>250</u> words.• Keep the word limit indicated in the questions in mind.• Answers must be written within the space provided.• Any page or portion of the page left blank in the Question-cum-Answer Booklet must be clearly struck off.
2.		
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20.		

1. Invigilator Signature 

2. Invigilator Signature _____

Name Madhumita

Roll No. _____

Mobile No. _____

Date _____

Signature Madhumita

- Use more suitable factors to write the answers
- Explanation should be appropriate way forward or conclusion should be the part of answer.

Section - A (NCERT)

Q1. The causes of poverty lie in the institutional and social factors that mark the life of the poor in India. Elaborate. (10 Marks)

Ans! Poverty is being hungry and not having food. Poverty is not knowing how to read. It is being sick and not having access to hospitals. It is losing a child to disease caused by contaminated water. Poverty is fear of isolation. It is the lack of voice in society & representation.

INSTITUTIONAL CAUSE OF POVERTY

The mechanism to identify poor is inadequate. According to TENDULKAR COMMITTEE, A person spending ^{above} ₹ 26 and ₹ 32 per day in rural and urban areas respectively is not poor. As per this benchmark, an overwhelming 22% of Indian population is still poor.

Those declared Below poverty line on this benchmark get - foodgrains unolegally

Remarks

Fragmentation & land holding
unequal distribution of income
and assets
low capital formation

Public distribution system while others are simply excluded. Recent death of three girls in Delhi out of starvation is a reminder of this. This starts a cycle - Hunger → illness → Unemployment → Poverty and the cycle never breaks till institutional fault-lines like the BPL criteria is periodically adjusted to inflation and checked for exclusion and inclusion of beneficiaries.

SOCIAL FACTORS - As cause of poverty :-

- ① Looked upon as unwanted by society
- ② Gates everywhere to block their presence.
- ③ Hopes of assistance from well-off section are shattered everyday

The Net result is feeling of being left out which results in tendency to steal when hungry, kill when need money, rape when rejected, and indulge in other anti-social activities which again forces them in to the vicious cycle of Poverty → Crime → Jail → Poverty for the family (no error)

Remarks

Social
exclusion
Population

4

Q2. What do you mean by tax expenditure? From macroeconomic perspective, what are the costs and benefits of tax expenditure? (10 Marks)

Ans Tax expenditure means the expenditure incurred by the government to collect taxes from citizens. ??

costs of tax expenditure

opportunity cost of taxing at concessional rate

① Cost incurred in establishing the institutional set up to collect taxes → Central board of direct taxes, Central board of indirect taxes.

② paying salaries and pensions of staff employed in tax departments

③ Goods and services tax alone required setting up of Goods & service tax Network - a private enterprise initially which now became government dominated.

④ GST related infrastructure - rising of new

Remarks

revenue foregone
consumption exp. can increase
boost demand

Staff with greatest skill sets.

⑤ Expenses incurred in running operations like 'Project Insights' - aftermath of demonetisation to trace black money etc.

When tax expenditure exceeds the proceeds, that tax is suspended. For Eg. WEALTH TAX was abolished in Budget of 2016-17, as cost incurred in sending notices to payees was greater than tax revenue.

BENEFITS OF TAX EXPENDITURE

Greatest tax receipts → more funds with govt

- ① Education
- ② Health
- ③ Skill development
- ④ Forestry production
- ⑤ Renewable energy

Infrastructure Creation
 ↳ Roads
 ↳ Railways
 ↳ Electricity

More FDI

Industrialisation → Employment generation

Economic growth

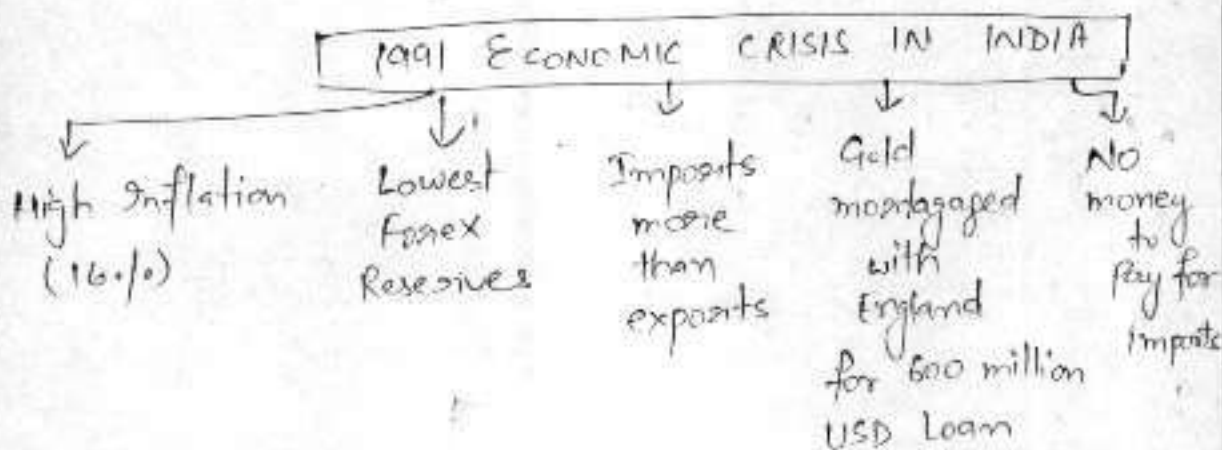


The tax raising capacity of government is at the core of national development in India.

Remarks

Q3. In 1991, a crisis in the balance of payments (BOP) in India led to the introduction of economic reforms in the country. Elaborate. (10 Marks)

Ans: The Indian economy faced a crisis like situation in 1991.



Introduction of Economic reforms. (NEP)

New Economic policy was adopted by the government of India. It comprised the following :-



- ① Liberalisation : Put an end to restriction on the industry.
- ② Deregulation for industrial expansion
- ③ No need to seek govt. permission for deciding manufacturing capacity.

Remarks

- (c) No need to seek license except for hazardous goods like alcohol, cigarette.
- (d) Industry reserved for public sector reduced to 6 from 17.
- (e) Foreign technology was allowed to be imported.

② **Privatisation**: Inefficient public sector units were privatised. This led to increase in competition and greater quality of output in Indian economy.

③ **Globalisation**: Free flow of Capital, goods & services was allowed from & to Indian economy with the rest of the world.

- (a) International exports - high returns
- (b) IT sector - major revenue generator
- (c) BPO sector boom
- (d) Highest Forex Reserves.
- (e) Skilled service personnel - nurses, doctors in foreign.

Adoption of the New Economic Policy led to rapid growth of Indian Economy after 1991. Open economy model of India has now made it the **6th LARGEST ECONOMY** ahead of France in 2019.

Remarks

Q4. What is the difference between depreciation and devaluation of a currency? Analyze how it benefits a country's trade balance? (10 Marks)

Ans: * Depreciation of currency implies the

fall in value of domestic currency vis-à-vis other currencies in the international market. It is the result of the

demand & supply forces operating in market, under flexible exchange rate
 Eg: Rupee fell to 70 against dollar in August 2018.

* Devaluation of a currency : It means the

deliberate action of the government of a nation to lower the value of its currency vis-à-vis other nation's currency. under fixed exchange rate

2015 - china deliberately devalued Yuan/Renminbi to boost exports

benefits of devaluation and depreciation in

Country's Trade balance.

① Trade balance means the net result of

Remarks

of exports and imports of goods & services in a country.

② Lower imports: devalued currency leads to lower imports as people have to pay more in rupees for things they import from other nations.

It will lead to positive impact on trade balance. Moreover, domestic sellers will also benefit for replacing imported product's choice.

③ Exports rise: Foreigners find it cheaper to buy Indian goods abroad so Indian exports rise.

It also leads to greater tourist inflow in the country.

④ Foreign Exchange reserves: They too shall increase from increased export revenue.

So, devalued currency shall positively affect the Indian Trade Balance.

Remarks

Q5. What is the impact of New Economic Policy (NEP) on poverty and inequality in India? Suggest measures to improve inclusivity in an era of liberalization and privatization. (10 Marks)

Ans: New Economic policy comprising Liberalisation, privatisation, globalisation was adopted in India after the Crisis of 1991. Then, Inflation was too high, Forex reserves were too low, imports increased more than exports. Country had to seek help of IMF and Worldbank to bail itself out.

Impact of NEP on poverty → opening of economy led to: ① New employment opportunities. ② Creation of middle class - skilled and educated who could utilise increased opportunities from the reforms. But rapid economic growth didn't translate to improved living standards for rickshaws, cycle rickshaws, pullers etc.

Impact of NEP ON Inequality

New Economic policy benefitted only those who had certain skill set - were healthy, educated and skilled who could serve the new needs in service-Health, IT sector, government jobs etc. It increased inequalities as those without the skill set remained shut out from the system of 24:1.

Remarks

Pareto
1993-94 to 2004-05 - declined by (Mendelsohn Committee)
2009-10 to 2011-12 - Rangarajan Committee

MEASURES TO IMPROVE INCLUSIVITY

No wonder that OXFAM 2017 reports 57 Billionaires in the country have wealth equal to the bottom 70% of the population. Here's how to address it,

- ① Increase spending on education, atleast 6% of GDP, and improving its quality. (SARVA SHIKSHA ABHITAN)
- ② Focus on skills in school & colleges to make the educated-employable.

③ National Famil Health Survey reports 62.5 % of expenditure on health as "OUT OF POCKET", start National Health Protection Scheme at the earliest to stop a stop to illness induced - impoverishment.

④ Entrepreneurship opportunities, to youth. (AM YUVA YOJANA)

⑤ Infrastructure creation to boost FDI → to generate more jobs like China did in 1980's. (SAGAR MALA (PORTS), BHARATMALA (ROADS))

⑥ Weeding out corruption in PDS to ensure "FOOD SECURITY" to poor.

⑦ Proper implementation of Right to Education, MUDRA - Credit to poor for entrepreneurship, SAUBHAGYA for electrification etc.

India, being a welfare state has to rescue the poor and marginalised who can't fight for existence in the liberalised & privatised atmosphere themselves. State is to be the base - i.e. education, health, skill equity on which they stand to compete.

Inequality
 inc in
 coefficient
 increasing
 from
 0.29 to
 0.31
 and
 from
 0.34 to
 0.37

Remarks
 between 1993-94 to 2011-12
 Source

15

Section - B

Q6. The need for diversification of agriculture arises from the fact that there is greater risk in depending exclusively on farming for livelihood in India. Elaborate. (12.5 Marks)

Ans: According to Agricultural Census of India, 2011, 61.5% of Indian population is rural and dependent on Agriculture for livelihood.

RISK IN DEPENDING EXCLUSIVELY ON FARMING

- (a) Climate change - (i) rising global temperature,
- (b) Erratic rainfall
- (c) Increasing pest incidence.
- (d) frequency of droughts - 68% of Indian land is drought prone
- (e) frequency of floods - 40 million hectare of land in India is flood prone.

All these have the impact of frequent crop failure. Indebted farmers take extreme step of suicides under pressure.

(NCRB 2015 - 3,00,000 farmer suicides in last 20 years)

Remarks

NEED FOR DIVERSIFICATION IN AGRICULTURE

Since there are numerous uncertainties associated with agriculture as main source of livelihood, there is need to diversify.

① Diversification within Agriculture as Livelihood

* Shift to dry land farming from paddy & wheat & pulses cultivation.

* Organic farming to command better prices

* Contract farming to get inputs from corporates like Walmart & get assured returns instead of APMC rates

② Diversification to other livelihood opportunities

* Focus on children education - one member in secure job ensures livelihood security for family.

* Poultry farming

* Small food processing plants - pickle making
flower noodles etc.

* Cottage Industry - match box making
door mat making
earthen pots making

* Dairy sector to supplement agriculture.

* Credit for Entrepreneurship under MUDRA, STAND UP INDIA scheme etc. Diversification in farmer's livelihood

activity shall ensure their survival as loss in one activity will be offset by benefit in others.

Remarks

Q7. Globalization is a process of rapid integration or interconnection between countries. In the light of this statement, discuss the factors that have enabled globalization.

(12.5 Marks)

Ans: Globalisation is the increasing integration of a nation's economy with economies of the world. It means free flow of Capital, goods, services across the world.

Factors that have enabled Globalisation

① Presence of certain resources - minerals etc in one country that are needed by the other not having natural reserves of it. For eg. Gold (insufficient) imports by India.

This necessitated free Trade and hence globalisation.

② WASHINGTON CONSENSUS at the end of World War - II declared open borders - liberalised international trade - as key to rapid International economic growth.

③ Lack of skilled population in the developed countries in adequate measure: Accountancy,

Remarks

Record keeping, health services need skilled personnel. The west had lack of people to serve in these sectors. Skilled people from Country like India filled this void through Outsourcing. For Eg. BPO in India.

(4) Growth of Information-Communication Technology

also contributed to increased people to people interaction across countries and hence greater mobility across international border.

(5) Historical Experience of Under-developed Countries

like India and China made them adopt Globalisation. Closed economy gave them trade deficits, inflation, poverty while globalisation made them Economic powerhouse. IT exports of India today are \$100 billion. It is world's leading exporter of skilled services across health, IT, software etc.

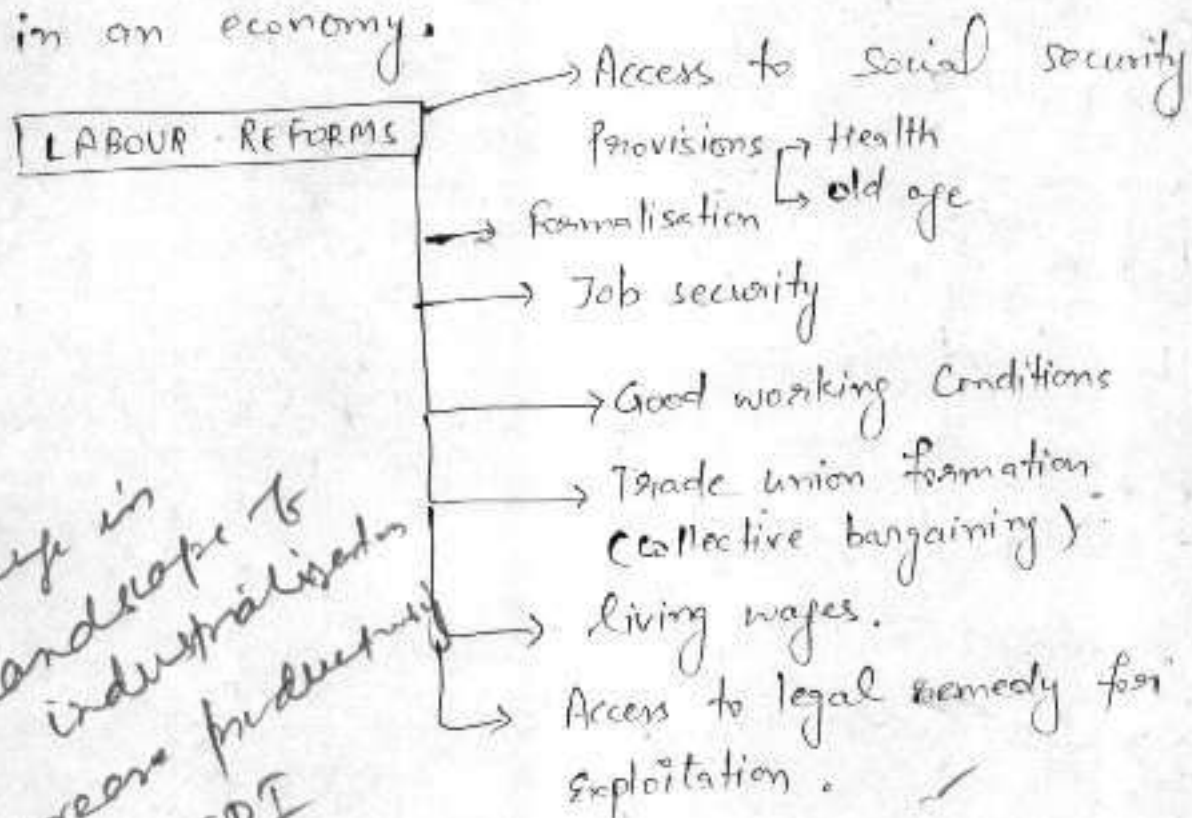
Now a days, Anti-Globalisation sentiment has developed in the western world. BREXIT, H-1B & L-1 visa norms tightening are a reminder of that. We must not forget that Globalisation is the key to shared prosperity internationally.

Remarks

6/2

Q8. What do you mean by labour reforms? Why is it said that labour reforms hold the key of next level of industrialization in India? What steps have been taken by the government of India in post economic reform period for labour reforms? (12.5 Marks)

Ans: Labour is one of the essential factors of production. cheap, skilled, healthy labour force ensures robust manufacturing sector in an economy.



Key in
landscape to
industrialisation
increase productivity
attract FDI

Almost 90% of labour force in India is engaged in the informal sector. They lack all the facilities listed above.

Remarks

Labour reform - key to next level of Industrialisation in India

- ① Rising wage levels in China → European companies need → skilled, cheap labour → India can provide this (work on infrastructure too is required)
- ② Economic Survey 2017 remarks that textile, leather etc are the labour intensive sectors where India can become the biggest exporter. But it needs to work out labour reforms like anomalies in the minimum wages, act, let market decide wages.

Steps taken by India post Economic reforms for Labour reforms

- ① Shram Sividha Portal: mobility of labour doesn't disrupt their financial contribution.
- ② It is mandatory for every unit with more than 20 workers to register with EPFO.
- ③ Atal Pension Yojna, PM Suraksha Bima Yojna provide social security cover to workers
- ④ Rashtriya Swasthya Bima Yojna for Health security cover etc.

Remarks

Bankruptcy Code

Broader introduction of exit policy

Women friendly labour law

Q9. What is Laffer curve? Discuss its importance in tax policy and planning. Also, analyze how India has undertaken reforms to make its tax structure compatible with Laffer curve analysis? (12.5 Marks)

Ans: Laffer curve indicates the relation between tax rates and tax compliance. According to the curve lower tax rates command greater compliance while higher tax lead to tax evasion.



Indian reforms to make tax structure compatible with Laffer curve

① GST: India adopt goods and services tax to away with multiplicity of taxes. with varying amounts that encourage tax evasion.

Tax slabs of ~~0, 12~~ 0, 5, 12, 18, 28%. with hierarchy of essential to luxurious goods is reasonable (if not low). This has

Remarks

formed the basis of supply side economy

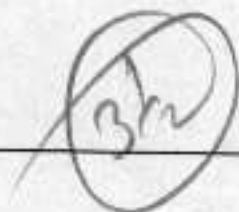
encouraged compliance. Economic Survey 2018 notes there has been almost 50% increase in registered tax payers after introduction of GST. The tax revenue since GST introduction has ranged between 80,000 crore to 96,000 crore (approximately).

② Gradual reduction of direct tax slabs

Economic Survey notes there have been 1.4 million (2018)

-on new tax payers (direct tax) after the new tax slabs got announced in 2017 Budget.

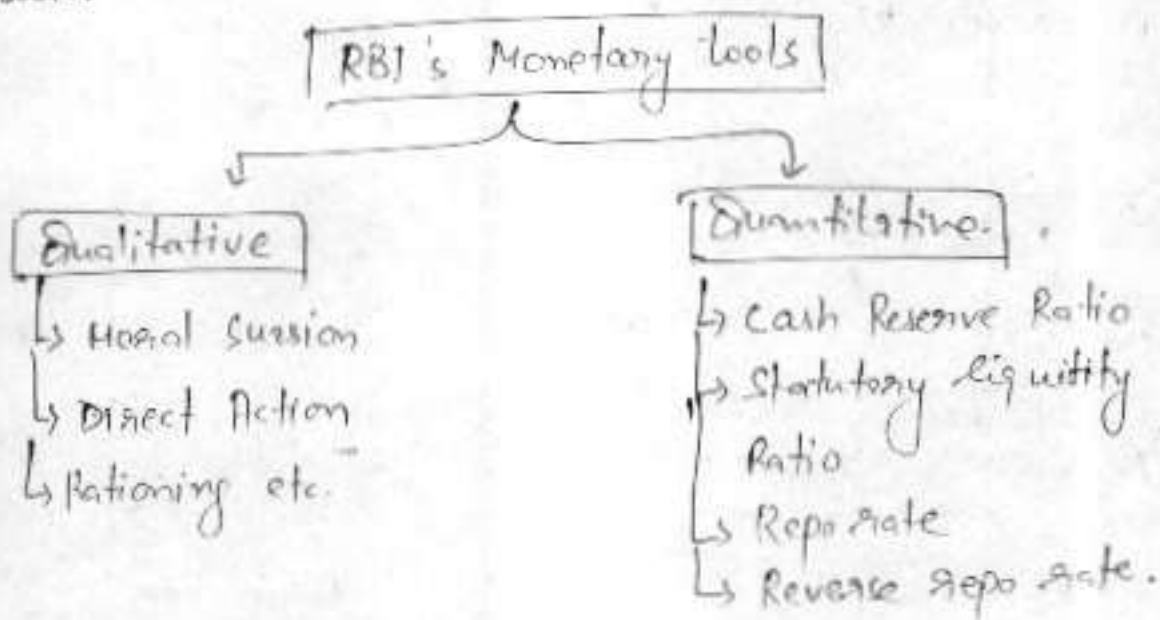
Income tax act of 2016 for declaring black money & undisclosed assets too had the impact of increasing tax compliance - i.e. more number of people are now in the tax net.



Remarks

Q10. Do you agree that reserve ratios should be removed to allow banks to deploy their funds more profitably? Give reasons. (12.5 Marks)

Ans: Reserve Bank of India is the apex bank of the country that regulates all other banks in Indian economy through various tools.



Reserve ratios fall under Quantitative method of RBI's control over the banks in India.

CRR (Cash form) :- A minimum percentage of total demand deposits has to be kept by banks with RBI so as to ensure that banks don't lend the

Remarks

entire funds available with them, and customers/depositors can withdraw their money when they need it.

Statutory Liquidity Ratio: It is the minimum percentage of total time & demand deposits that banks have to keep with themselves in the form of govt securities or gold or any other acceptable security.

REMOVAL OF RESERVE RATIOS - NO

Reserve Ratios are an essential safeguard for the depositors so that they can be assured of money availability when they need it.

Banks main source of profit is the difference between interest earned on borrowings and paid on deposits. A mere 6% of CRR and 21.5% of SLR doesn't hamper profitability & keep faith of depositor in banking system intact.

Remarks

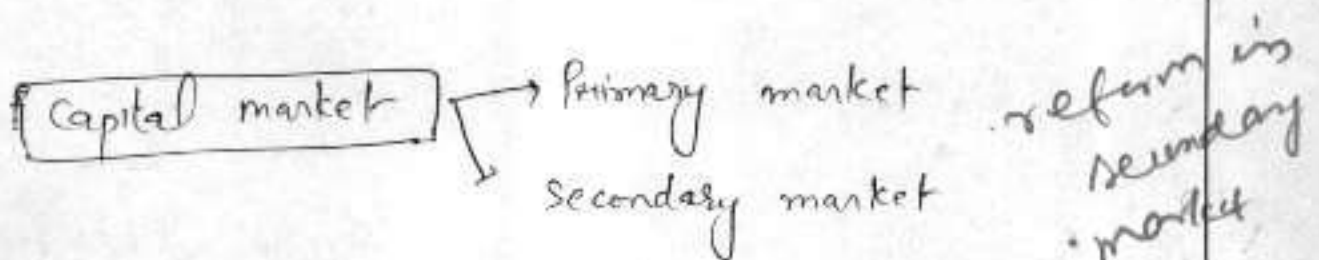
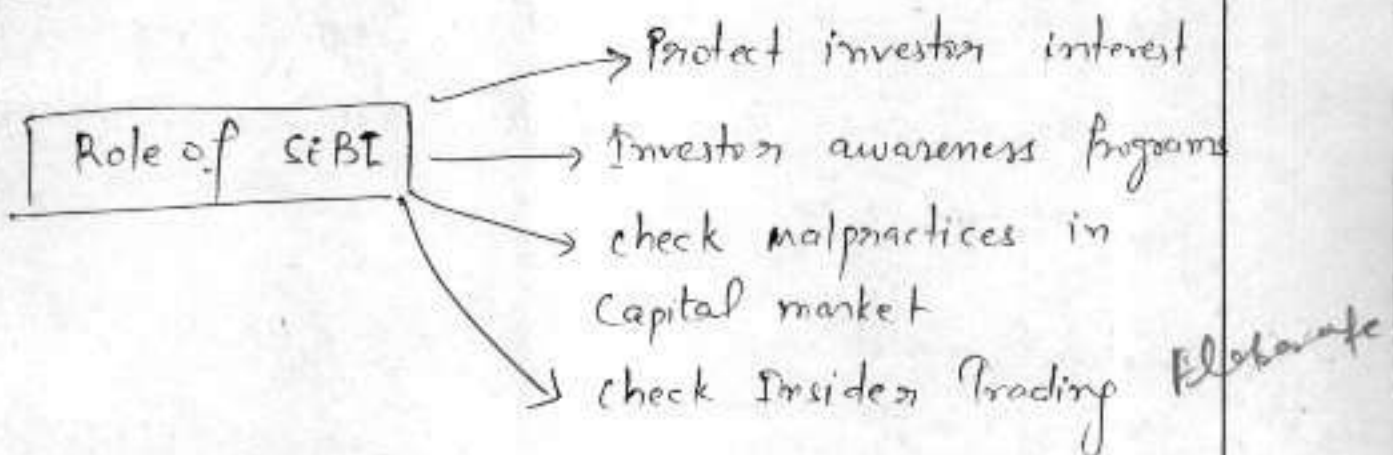
But
discriminatory
inflexible

Q22

important for monetary policy for inflation

Q11. What is the role of SEBI in regulating and managing the capital market? What are the provisions to save the interest of small investors in India? (12.5 Marks)

Ans SEBI was established in 1992 as an Independent regulator of Capital market in India.



Primary market : Here, shares, debentures etc are issued by the company itself for the first time.

improves intermediary quality

Secondary market : The original purchases of securities buy & sell securities to and from

Remarks

other traders in the market.

Provisions to protect small investors in India

① Investor awareness program are launched from time to time keep the small investors aware of the risks of associated with trading in Capital markets.

② Legal remedies are available to the small investors. These are made known by SEBI at regular intervals.

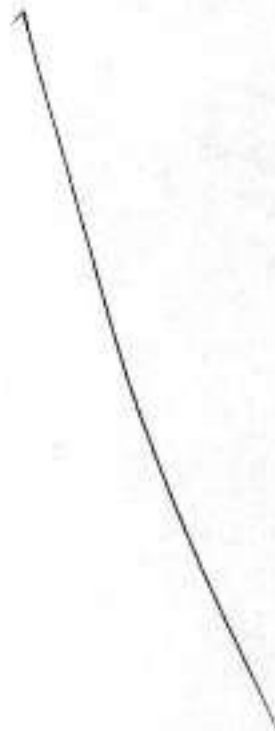
③ Penal provisions under SEBI guidelines for those cheating the investors. This acts as a deterrent for potential fraudsters in Capital markets against cheating the investors.

5/2

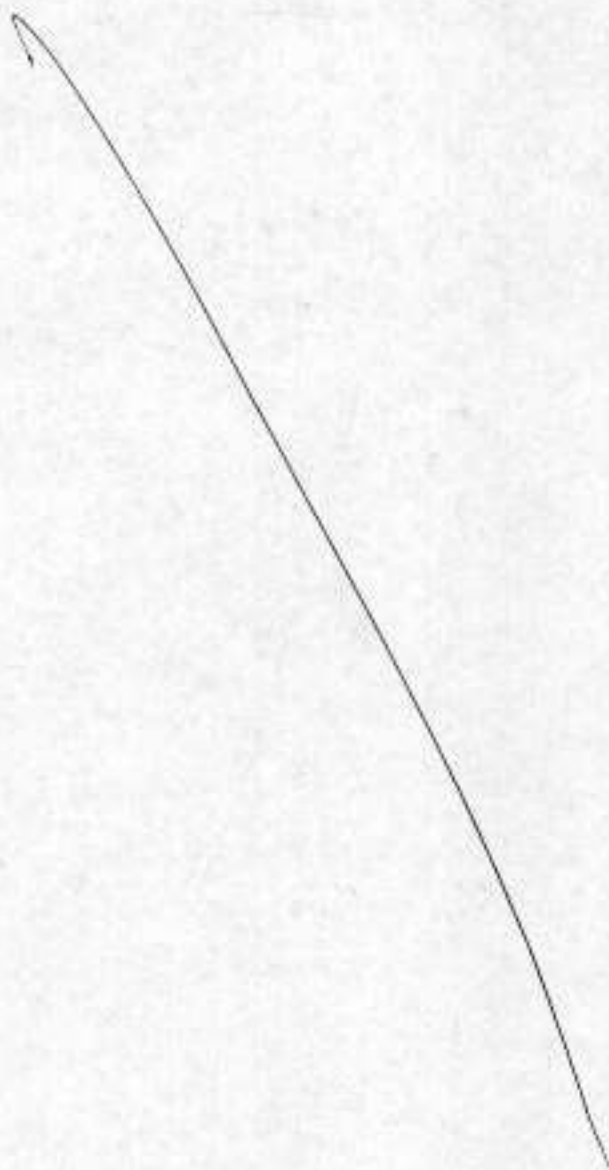
Remarks

Q12. What is zero base budget? What are its advantages and disadvantages? Has India adopted elements of zero base budgeting in its budgetary practices? (12.5 Marks)

Ans: zero based Budgeting means the Budget is prepared a fresh ~~from~~ with no base year. It is called zero budget because reference to any timeline is not kept.



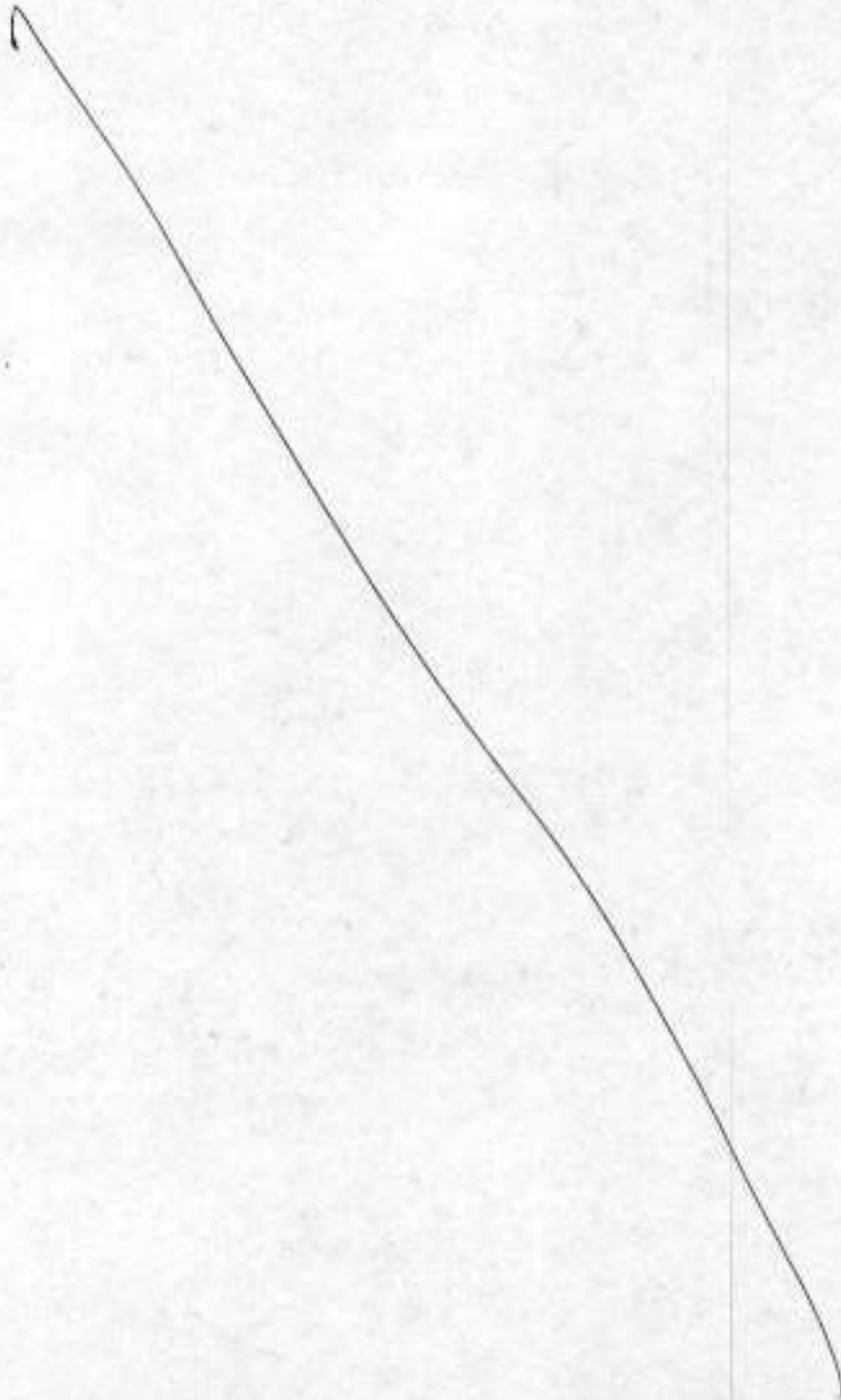
Remarks



Remarks

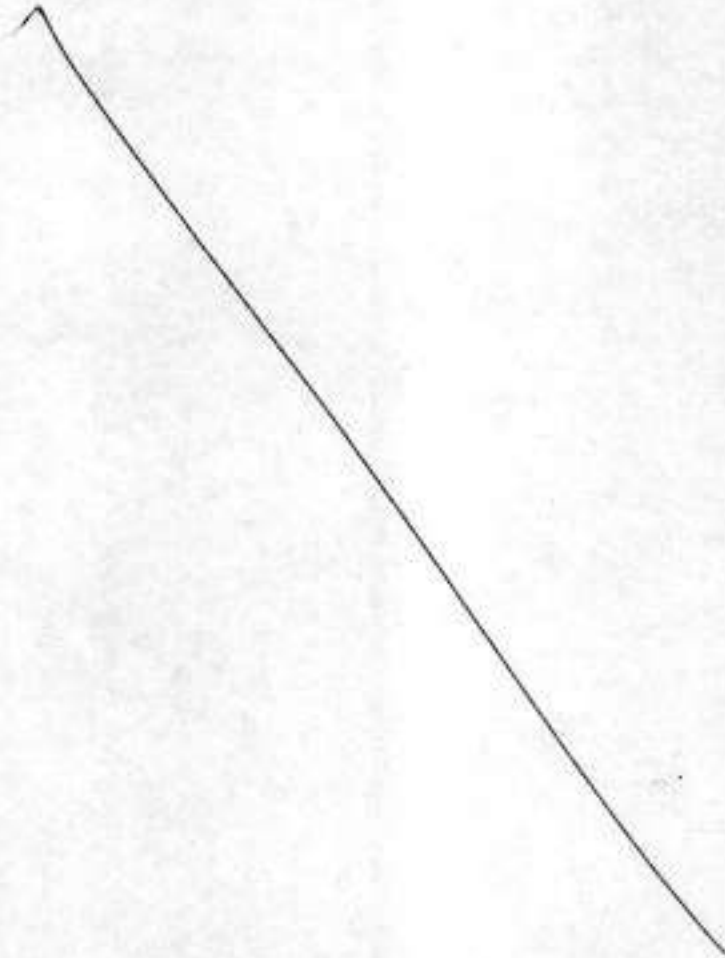
Q13. Secular stagnation is generally confused with technological stagnation as both would lead to slow growth in the long term. Identify the difference between the two and how they are interrelated? (12.5 Marks)

Remarks

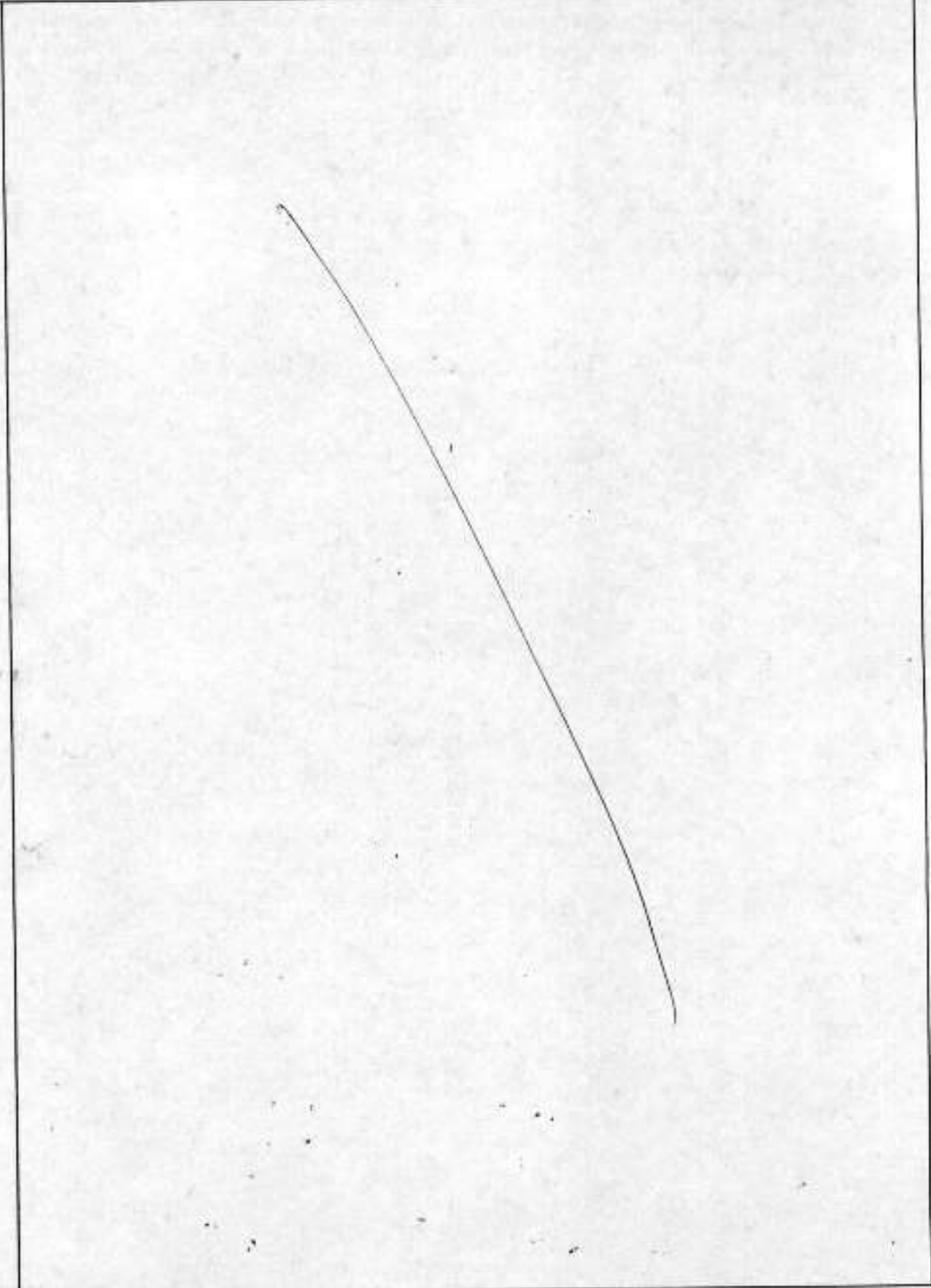


Remarks

Q14. Compare various sources of budgetary revenue including taxes, market borrowing, public debt and external debt? What are the advantages and disadvantages of cess as a source of public revenue? (12.5 Marks)



Remarks



Remarks

Q15. Food is as essential for living, as air is for breathing. But food security means something more than getting two square meals. Elaborate. Also, discuss the reasons for the existing food insecurity in India. (12.5 Marks)

Ans:- Sustainable development Goal-2 Calls for achieving Zero Hunger by 2030. Only a person with full belly can think of studying, working and contributing towards Society & Economy.

Food Security - Not Just two square meals
According to Global Hunger Index - 20 crore Indians sleep hungry every night. While Commerce ministry himself said - 800 million poor, hunger stricken, malnourished Indian need food security.

HIDDEN HUNGER - Lack of appropriate nutrition despite food availability. India is home to 25% of the world's stunted children.

* National Family Health Survey, 2017 - 37.5% of under-5 children are underweight.

Thus, through Integrated child development scheme, POSHAN ABHIYAN etc it is to be ensured that children & women don't just (Prep & lactating)

Remarks

have two square meals but also the necessary nutrition to produce a healthy & productive workforce with reduced disease burden.

REASONS FOR EXISTING FOOD INSECURITY IN

INDIA :- ① FAULTY BPL CRITERIA : only those below poverty line as per Tendulkar Committee (₹26 and 32 per day expenditure for rural & urban respectively) get foodgrains. Rest are on their own under PUBLIC

DISTRIBUTION SYSTEM.

② PDS gives only wheat & rice - there's no dietary diversity (→ poor nutrition).

③ Corruption in PDS - Contaminated grains given while good grains sold in open market.

④ ^{lack of} Efficient supply chain management & storage facilities to ensure food availability - food grains rot in open while poor die of hunger.

Suggestions :- ① Shant Kumar Committee recommendations

on DBT in PDS should be implemented. People can choose to consume milk, fruits, etc instead of meeting their nutritional requirements from wheat, rice only.

② Effective management of foodgrain supply chain by FCI

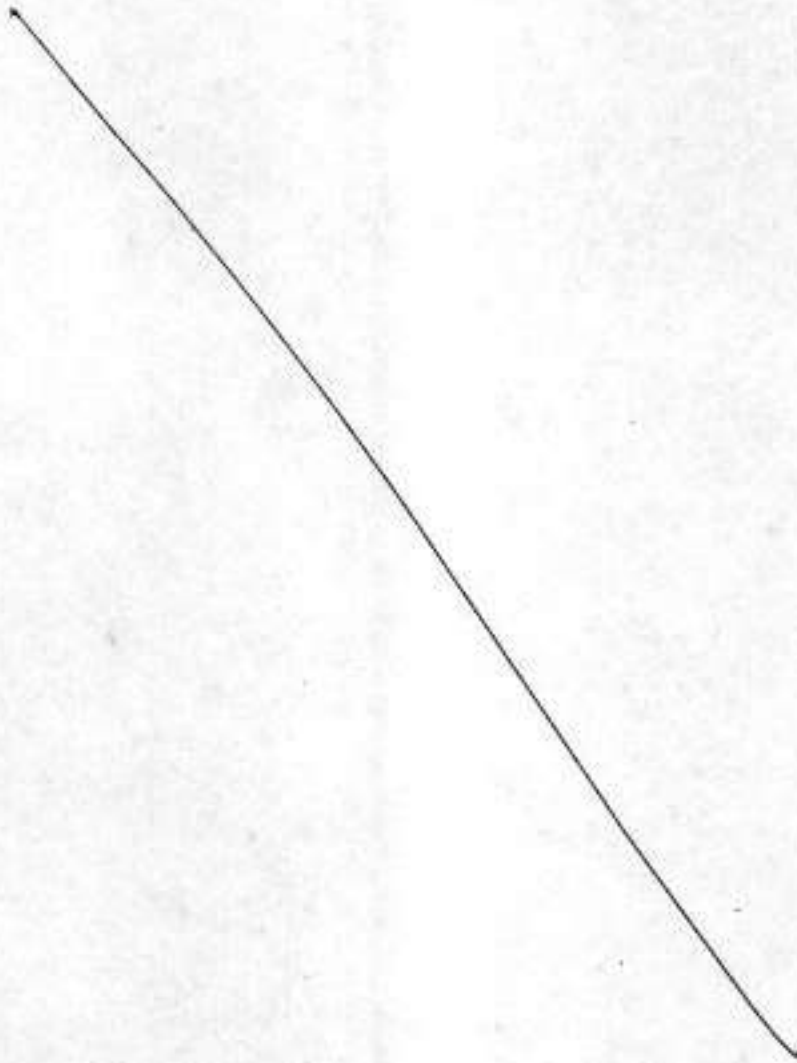
Remarks

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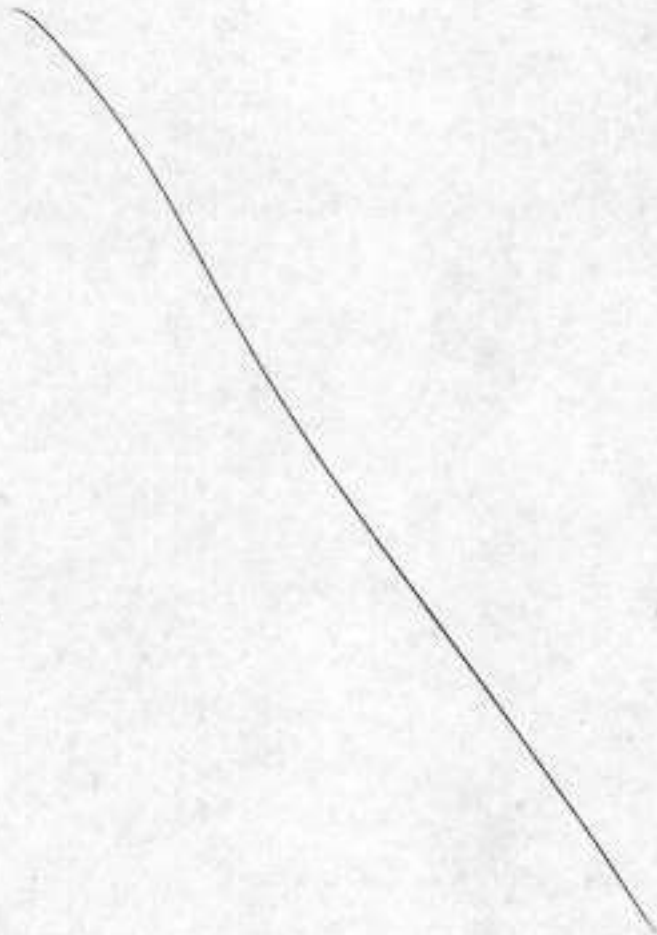
Lack of
nutrients
in
food
grains
leads
to
poor
nutrition

Section - C

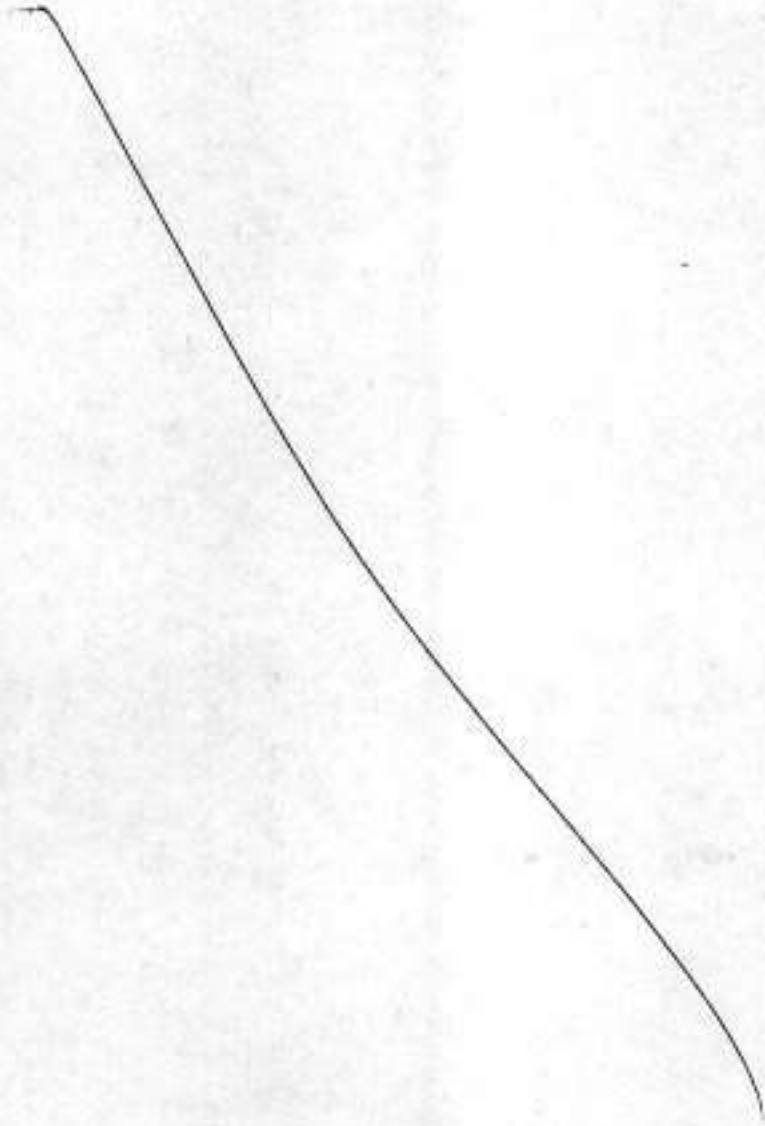
Q16. Differentiate between different generations of economic reforms in India? What are the difficulties faced in the third generation of economic reform in India? (15 Marks)



Remarks



Remarks



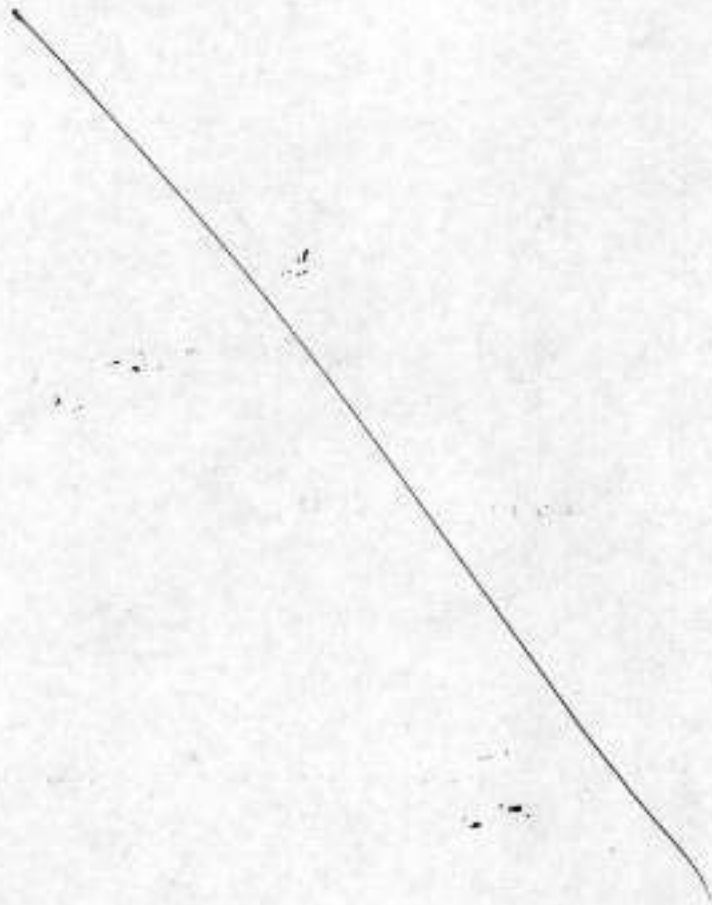
Remarks

Q17. What are the measures of fiscal health of a country? How has the policy of fiscal consolidation helped India to achieve fiscal health? What are the reasons of failure of India in realizing its fiscal consolidation objectives in the last decade? (15 Marks)

Remarks

--

Remarks



Remarks

Q18. What is the difference between merit and non-merit subsidies? How can JAM trinity help in designing and delivering subsidies effectively? (15 Marks)

Ans : Merit Subsidies : bring about positive impact on economy as lead to productive result. Subsidy on education, health etc.

Non merit Subsidy : Subsidy that encourage wasteful expⁿ. For Eg. Subsidy on electricity entos in agriculture farmlands encourage wasteful tubewell irrigation.

JAM TRINITY - EFFECTIVE SUBSIDY

World Bank's "DIGITAL DIVIDENDS REPORT"

2017 - Aadhar led Direct Benefits Transfer have potential to save about ₹ 7000 crore in subsidy transfers.

Merit subsidies
meant for welfare purposes
not leak significantly

Remarks

① Removal of middle man in ~~sub~~ PDS system.

② Dietary diversity to citizen (BPL) can choose to consume milk, fruits instead

of wheat & rice consumption only - nutrition plans is unimproval.

③ Fertilizer Subsidy : User gets diverted to non-agriculture sectors & illegal

transfer to countries like Bangladesh.

DBT can help address this issue.

④ DBT in Pahal i.e. LPG subsidy scheme

has led to saving of thousands of crore to the exchequer. Same can

be replicated across other sectors

Remarks

also.

- ⑤ DBT in PDS can also eliminate ghost beneficiary.
- ⑥ ~~Aadhaar can help~~ Aadhaar based DBT can help include people hitherto not included under subsidy beneficiary list.

Jan Dhan Aadhaar, Mobile

trinity can ensure ~~financial~~ inclusion to poor in India.

5/2

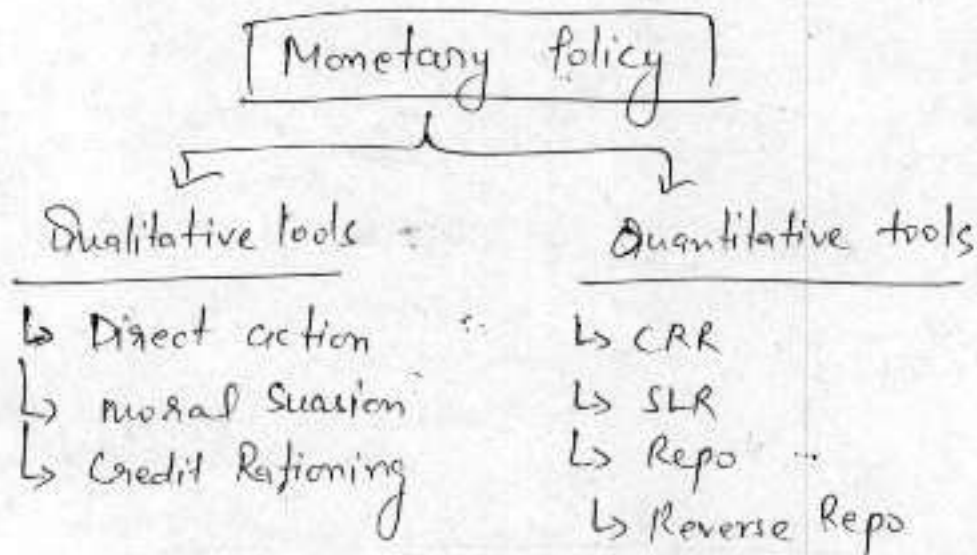
Remarks

Q19. Monetary policy's primary aim is to control inflation and the objective of growth should be left to the fiscal policy. Critically examine this statement in context of Urjit Patel Committee's recommendations. (15 Marks)

Ans: Monetary policy's primary aim is to control inflation by regulating the demand and supply of money in the economy. In India,

RBI, the central bank is the apex authority.

for monetary policy formulation and implementation.



OBJECTIVE OF GROWTH - FISCAL POLICY

fiscal policy - the policy of government concerning its taxation and expenditure.

Remarks

Growth - Coordination b/w fiscal and monetary policy.

→ Economic growth is the result of active coordination between the fiscal and monetary policy.

Increased expenditure of govt - while revenue is short of it, will lead to borrowing.

Govt. borrowing entails crowding out of private investment. Interest rate shall rise.

Monetary policy gets impacted because of fiscal policy. Now RBI needs to undertake ~~selling~~ ^{buying} of ~~govt~~ securities to infuse money supply in the market. It will ensure

private sector investment increases which is crucial to manufacturing growth, employment generation etc.

Not satisfactory

Remarks

Increased employment means higher —
 high national per capita income — greater
 economic growth.

URJIT PATEL COMMITTEE RECOMMENDATION

→ Constitution of 6 member monetary policy committee
 to decide inflation target.

→ Suggested target of inflation $4 \pm 2\%$.

RBI should focus
 on controlling inflation

Policy should be
 directed by MPC

Stable Inflation

↓

more exports
 demand

↓

greater economic
 growth

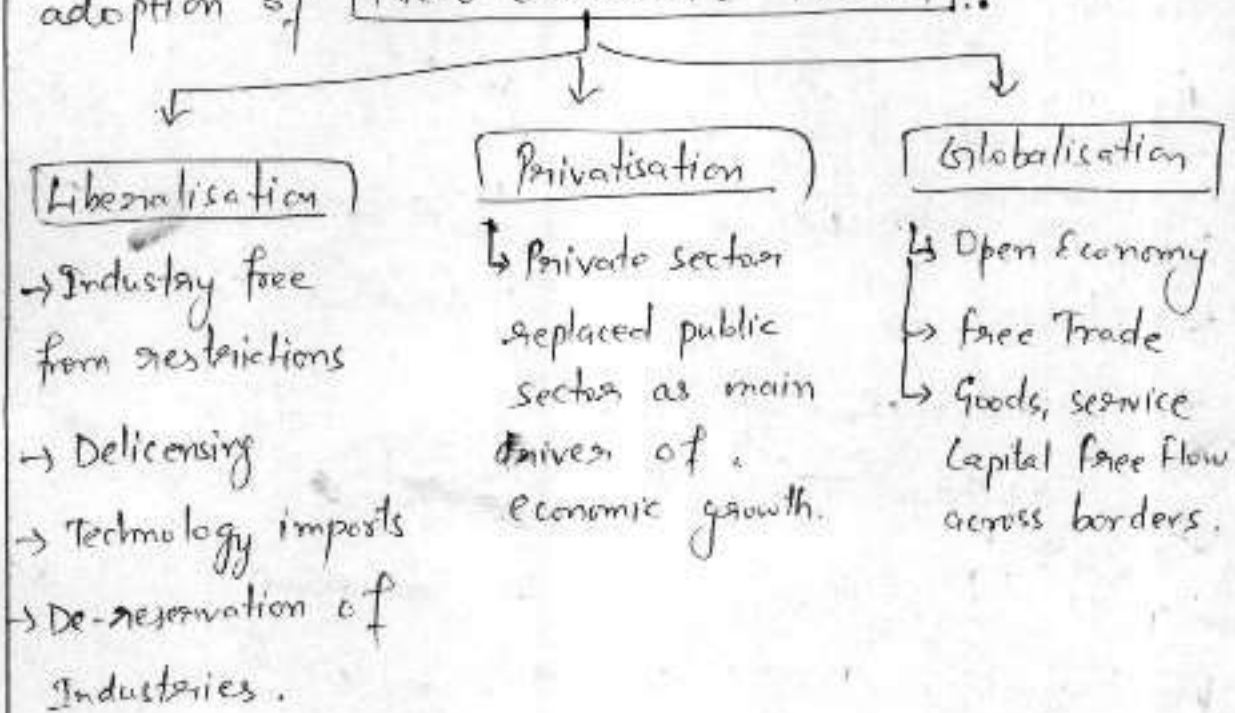
Hence, monetary & fiscal policy work in
 tandem to bring about economic growth and stability.

Remarks

Merit
 increases central bank's autonomy
 insulate the banks from political
 pressure

Q20. The economic reform process after 1991 has been widely criticized for not being able to address some of the basic problems facing our economy, especially in areas of employment, agriculture, industry, and fiscal management. Elaborate. (15 Marks)

Ans: The economic crisis of 1991 characterised by increasing inflation, low forex reserves, High imports and low exports necessitated the adoption of **NEW ECONOMIC POLICY**..



CRITICISM OF NEP FOR NOT MEETING BASIC ECONOMIC PROBLEMS

① **Employment**: World employment and social outlook report by ILO (2018) - predicts 18 million

Remarks

Jobless by 2018. Liberalisation & Globalisation didn't increase employment ~~is~~ commensurate with the huge unemployed population in India. While foreign companies sell products in India, these manufacturing centres mostly lie in China or their home country. We became the market but did n't get the privilege of making the goods.

② Agriculture: LPG adoption led to decline in investment for agriculture. Increased competition for farmers, (from imports). While developed country still denies market access to our agri-
 exports because of health grounds, impose tariffs on it, making Indian products expensive while giving subsidies to their own exporters.

③ Industry: Make-in-India to develop India as a manufacturing hub can only be successful when developed countries st transfer technologies, companies from USA like Lockheed martin

Remarks

adequate investment in infrastructure adversely affect the growth of industries

adversely affect Indian farmers due to subsidies on it, making Indian products expensive while giving subsidies to their own exporters. wipe out quantitative

Categorically denied technology transfer. They got access to Indian defence manufacturing space but don't want India to develop as Industrial exporter. To compete with their own nation.

Industrial manufacturing is still contributing 16% to GDP despite even three decades after New economic reforms.

④ Fiscal management: India is a net importer. We suffer from persistent "CURRENT ACCOUNT DEFICIT." While we are forced to reduce tariffs on developed country's imports, greater tariffs, quota restrictions are slapped on our exports by developed countries.

Hence, it can be said that New Economic reforms though led to rapid economic growth - from growth rate 6.4% in 1980-1991 to 8.2% in the 2007-12, benefits have not been even in all the sectors.

Remarks

6/2

6.4

8.

with typical agri-

- ① → organic farm
- wheel based dry land
- specialized
- contract farming

② other agri
Policy farming

Good showing small units
As Pickle
small scale industry

State supp fund
↓
KVIC support
MEACIC
starting standup
MSME organic

1971
2001
2011
2022
macro economy

↓
national income

↓
Govt
to
capital core of
development

- ① Infra → high growth
 - ② public reduction
 - ③ state
- ↓
welfare state