

Economic environment in india



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ECONOMIC ENVIRONMENT OF INDIA Section - A I. Economic Environment : Meaning, Factors affecting Economic Environment, Basic Features of Indian Economy, India in World Economy. Economic Policies : Agriculture Policy, Industrial Policy, Commercial Policy & Fiscal Policy. Economic Planning : Meaning, Importance, Objectives & Techniques of Planning. II. III. Section - B I. Significance of Agriculture in Indian Economy and New Agriculture Strategy. Agriculture Finance (specially Kisan Credit Card), Nature of Risk and Uncertainty in Agriculture, Measures to Control Risk and Uncertainty, Agriculture & W. T. O.

Industrial growth in India and Prospects. Role of Small Scale Industries and Problems faced by them. Globalisation V/s Small Sector. Role of Public Sector in India and its Problems, Concept of Privatisation & Disinvestment. Impact of Liberalisation on Agricultural, Development, Globalisation & Swadeshi. Industrial and Trade II. III. IV. Fore more detail:- <http://www.gurukpo.com> Section - C I. II. III. Foreign Trade - Volume, Composition and Direction, Export Promotion. Main Features of 2001 Census and Population Policy in India. Indian Economic Problems : Poverty, Disparities and Population Explosion. Unemployment, Economic

Fore more detail:- <http://www.gurukpo.com> Content S. No. Name of Topic Examination Paper 2008 Page No. 9-10 11 - 15 Section - A 1. Economic Environment in India 1. 1 Meaning 1. 2 Factors Affecting Economic Environment 1. 3 Basic Features of Economic Environment Basic Features of Indian Economy 2. 1 Indian Economy in World Economy Economic Policies 3. 1 Agriculture Policy 3. 2 Industrial Policy (we have mentioned it in Section-B) 3. 3 Commercial Policy 3. 4 Fiscal Policy Economic Planning 4. 1 Meaning 4. 2

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Importance 4. 3 Objectives 4. 4 Techniques of Planning 4. 5 Salient Features of India's Five Year Plan 4. Ninth Plan 4. 7 Tenth Plan 2. 16-24 3. 25-36 4. 37-50 Section – B 5. Agriculture 5. 1 Significance of Agriculture in Indian Economy 5. 2 New Agriculture Strategy 5. 3 Agriculture Finance (Kisan Credit Card Scheme) (NABARD) 5. 4 Nature of Risk and Uncertainty in Agricultures 5. 5 Measures to Control Risk and Uncertainty 5. 6 WTO and Agriculture Industry 6. 1 Industrial Growth in India and Prospects Fore more detail:- <http://www.gurukpo.com> 51-65 6. 66-74 6. 2 6. 3 7. Role of Small Scale Industries and Problems faced by them Globalization V/s Small Scale Industry 75-84 Public Sector Vs Private Sector 7. Role of Public Sector in India 7. 2 Its Problems 7. 3 Concept of Privatisation 7. 4 Impact of Liberalisation on Agriculture Industry & Trade Development 7. 5 Globalisation Vs Swadeshi Section – C 8. Foreign Trade 8. 1 Volume 8. 2 Composition 8. 3 Direction 8. 4 Export Promotion Indian Economic Problems 9. 1 Poverty 9. 2 Unemployment 9. 3 Population Explosion Main Features of 2001 Census 10. 1 Population Policy in India 10. 2 Demographic Transition 85-92 9. 93-99 10. 100-102 Fore more detail:- <http://www.gurukpo.com> B. Com. (Part-II) Examination, 2008 Economic Administration and Financial Management

First Paper (Economic Environment in India) Time : 3 Hours MM. : 100

Objective Part-I Time : 1 Hour 1. MM. : 40 Attempt all the questions. Each question carries 2 marks. Answer should not exceed 20 words. (i) (ii) (iii) (iv) (v) (vi) (vii) (ix) (x) 2. What is meant by Economic Policy? Define free trade policy. Which sector accorded top priority in the eleventh Plan? What is 'Dry Farming'? Name four institutions providing Agriculture finance. Explain '

TRIPIS'. What is economic liberalisation? What is 'relative poverty'? Explain 'fiscal deficit'. (viii) Explain Replenishment licensing system.

Attempt all the questions. Each question carries 4 marks. Answer should not exceed 50 words. (i) (ii) (iii) (iv) (v) Explain four factors affecting economic environment. Planned Economy is 'an economy with open eyes'. How? Write four advantages of liberalisation. Write any four reasons of slow growth in India's export. Highlight four main features of 2001 census of Indian population. For more detail:- <http://www.gurukpo.com> DescriptivePart-II
Time : 2 Hour MM. : 60 Attempt three questions in all, selecting at least one question from each Section. All questions carry equal marks.. Section-A 3.

Explain the causes of underdevelopment of Indian economy and give suggestions for its improvement. Or Write a critical note on 55 years of planned economic development of India. Section-B 4. Explain the concept of liberalisation. What has been the impact of liberalisation on Indian economy? Or Write short notes on the following : (i) (ii) 5. Indian Agriculture and W. T. O. Problems of Public Sector Section-C What is 'poverty'? What are its main causes in India? What steps do you suggest to reduce poverty in India? Or Write notes on the following : (i) (ii) Recent trends of India's Foreign Trade Population Explosion.

For more detail:- <http://www.gurukpo.com> CHAPTER-1 Economic Environment in India Q. 1 Define Environment? Ans. : Man is a 'Social Animal' man in his life time works hard to satisfy his unlimited wants by utilizing the limited resources. For all this he is affected by economic environment. The term environment is concerned with the social cultural,

political physical and their influence on related economic life. According to Webster's Dictionary - " Environment refers to the conditions effects and forces which influence individual and group behavior of human life with natural, social, political and cultural surroundings. Q. 2 Define Economic Environment? Ans. : Economic Environment is made up to two words Economic + Environment Economic activity In ordinary sense, a person to satisfy his wants is called economic activity. Economic is all about in economy, about its limited or scarce resources and limited human wants environment we have already defied it above. Environment can be divided into two categories Internal External Economic Non-Economic Fore more detail:- <http://www.gurukpo.com> Economic conditions economic policies and the economic system are important external factors that constitute economic environment.

E-E The economic conditions of a country for example. The nature of the economy the stage of development of the economy, economic resources the level of Y its distribution etc. Q. 3 Write objectives of the study of Economic Environment. Ans. : Following are the main objectives of economic environment study : (i) (ii) (iii) (iv) (v) (vi) Power functioning of an economy Knowledge of new opportunities and resources Study of environmental factors Removal of obstacles and challenges Optimum use of environment Minimizing ill -effects. Fore more detail:- <http://www.gurukpo.com> Q. Ans. : Write various factors affecting Economic Environment. Factors affecting Economic Environment Internal Economic External Non-economic Physical Social Social and cultural system Political system Mktg. Conditions Economic Laws Transport and communication Education System Technology Dev. Govt.

Policies Capital & Money Mktg. International Condition Entrepreneurial & Innovation Population Political Legal Technology Educational Historical Ethical International Cultural Ecological National Resources Human

Resources Q. 5 Write various components of Economic Environment. Ans. At present economic environment is a complex phenomenon. It deals with government policies optical, manly marketing, household sector and foreign sector. Fore more detail:- <http://www.gurukpo.com> Economic Environment International Conditions Social & Culture Conditions Constitutional Conditions Political Conditions Population Conditions Natural Economic All these components are closely related. Although, these are different, but even then they are mutually dependent & go on charging. Hence economic environment is a wide and dynamic concept. Q. 5 Write concept / silent features of Economic Environment.

Dynamic : Factors go on changing, according to country, time period & circumstances. Effect of Various Factors : Mutually interrelated human factors are controllable, but nature is not. Related with Economic Activities : Banking, business, transport, communications, insurance, etc. Affected by Non-economic factors Also. Infrastructure : Available of communication, transport, banking etc. Role of Govt. : Govt. policies. Economic Disparities : In equal distribution leads to corruption, rubbery theft, black marketing, smuggling etc. Public Morality : Ethical values, high moral standards.

Effect of Economic System : Capitalist, socialist. • • (10) Capitalist Socialist

Ans. : (1) (2) (3) (4) (5) (6) (7) (8) (9) • Mixed Availability of Capital :

Availability of sufficient capital leads to optimum use of human and natural resources which leads to hyper level of income output and employment. Fore

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more detail:- <http://www.gurukpo.com> Sufficient Amount of Capital Again I[^] (Investment) Y[^] (Income) Y[^] (Income) AD[^] (Aggregate Demand) S[^] (Saving) P[^] (Production) CF[^] (Capital Formation) Y[^] (Income) So, all these factors are interrelated. ??? Fore more detail:- <http://www.gurukpo.com>

CHAPTER-2 Basic Features of Indian Economy Q. 1 In how many parts world has been classified on the basis of economic development? Ans. : On the basis of economic development, the world has been divided into tow parts : Developed Countries or Economics Developing Countries or Economics Nature of Indian Economy : (1) Indian Economy is an Under Developing Economy (2) Indian Economy is a Mixed Economy (3) Indian Economy is Planned Developing Economy Q. 2 Vicious Circle of Poverty? Ans. : According to Prof. Nurkse, " Under developed economics are steeped in the vicious circle of poverty.

This mean that biggest hindrance to economic development is poverty. " According to Nurkse, " A country is poor because it is poor. " Low Income (Y) > Low Savings > Low Investment > Low Productivity > Low Productivity > Low (Y) Prof. Nurkse, underdeveloped economies are steeped in the vicious circle of poverty. This means that the biggest hindrance to economic development is poverty. Nurkse says " A country is poor because it is poor. " This means that when the people of a country are very poor, savings in the country are very low. Low savings result in low investment.

Low investment causes low productivity, and thus, there is no economic development. When much economic development is not possible, people too, remain poor thus, Fore more detail:- <http://www.gurukpo.com> Note : Underdeveloped countries are not able to break the vicious circle of poverty.

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The reason being that in these countries, the means of production are generally feudalistic and capitalistic. A majority of people are poor and lack the capacity to save. Landlords and rich people have more income because of low capital formation. Supply Side Low Productivity Limited Purchasing Demand Side Low Inducement to

Lack of Capital Low Y Limited Capacity to Low Productivity Small Amount of Q.

3 How much population of India according to 2001 census? Ans. : Recently

population is 112. 70 crore. Q. 4 How much area & density of India? Ans. :

Area of India is 32. 80 Sq. Km. Density of Population = Total Population =

102. 70 = 324 Sq. Km. Total Area 32. 80 Q. 5 Calculate per capita income of

India? Ans. : In 2005 was \$530 which was lowest in the world except few

countries like Switzerzland, 75 times, Germany 47 times, more than India. Q.

6 Describe Market Imperfection. Ans. Market Imperfections : Main obstacle to

the economic development of the underdeveloped countries is the market ;

imperfection. An imperfect market is the market in which optimum

production is not possible because of the improper distribution of the

available resources. By the imperfections of the market is meant immobility

of the resources instability of prices, rigid economic structures, presence of

monopoly, and specialization, etc. As a result of these, efficiency of

production in the underdeveloped countries, remains low, and a proper Fore

more detail:- <http://www.gurukpo.com> utilization of resources is not

possible.

In the underdeveloped countries, market imperfections are of the following

types: (i) Immobile Factors : Factors affecting production are immobile in the

underdeveloped countries. Despite very low marginal productivity of a

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majority of workers in the jobs in their hands, they do not show any tendency to switch over to those industries where their productivity may be higher. In spite of the progressiveness of these economies, there is no efficient distribution of capital. There are several types of social obstacles, like existing customs and conventions, caste-system and religious notions, etc, responsible for the immobility of resources.

Scarcity of the capital required for the mobility of resources is a major obstacle among the economic factors which curb this mobility. Ignorance of Market Conditions : Second imperfection of the market is ; the lack of information regarding the employment opportunities in various markets. Workers do not know where they can get better and more employment opportunities. Similarly, the producers are ignorant about the possibilities of employment in the domestic and international market. Monopolistic Practices : Very few entrepreneurs are found in an underdeveloped country.

They have a monopolistic control over the factors of production. As such these factors cannot be used to an optimum level. Inflexible Economy : Underdeveloped economies are more rigid. In these economies, the structure of the gross production remains more static than in the developed countries. Elasticity of supply is low. Number of entrepreneurs being less, outdated modes of production continue to persist. The aforesaid market imperfections of market try to keep a poor country, poor still. As such, the resources of these countries cannot be used to the optimum level.

We can elaborate this point with the help of Figure. Y Effect of Market Imperfect Com B Com A Actual PCC Fore more detail:- <http://www.gurukpo.com>

com X Potential Production Possibility Curve (PPC) (ii) (iii) (iv) And due to market imperfections, the economy on actual PCC instead of potential PPC which is higher. Suppose a country is producing wheat and rice. In the given figure, line PC is the Production Possibility Curve of the two items. Point P of this curve indicates the maximum quantity of rice produced in the economy, with the help of available resources.

Similarly, point C shows how much quantity of rice can be produced. Other points on this curve show various maximum possibilities of wheat and rice which can be produced by available resources and given production technology. But the actual production of the underdeveloped countries is very inferior. Market imperfections put obstacles to the mobility of resources. The best possibility of resource utilization is not explored. The result is that Actual Production Possibility Curve is LM. It is much below curve PC. Through the difference between both these lines, the extent of underdevelopment can be measured.

This figure makes it clear that market imperfections do not let the resources be used to an optimum level in the underdeveloped countries. Q. 7 Write salient features of Indian Economy. Ans. : (1) Low National Income (2) Low per capita Income (3) Predominance of Agriculture (4) Population Explosion (5) Underemployment and Unemployment (6) Low Income Level (= n equilibrium) Low Y Low Productivity Backwardness Under Utilized Resources (7) (8) (9) (10) Unbalanced Foreign Trade Planned and Mixed Economy Poverty in Plenty Unbalanced Industrial Growth Fore more detail:-

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Q. 8 Why there is Capital Deficit in India? Ans. : One of the basis features of Indian Economy is Capable Deficiency here because of two reasons : (1) (2) The amount of (capital) per head is low. Current rate of capital formation is low. In simple words, low National Income and low per capita income leads to low capital formation. Low National Income Low Level of per capita Income Low Capital Formation Low Income

Q. 9 Indian Economy is known as Mixed Economy, why? Ans. Indian economy is called mixed economy because here equal opportunities are provided for working in public & private sector.

Mixed Economy = Pvt. Sector + Public Sector In initial stages of plans public sector was given importance because for long gestation projects and lowly level projects private sector will not come forward. 50 public sector was promoted but because PCOs well non-profit organization they run in losses so, in 1991 liberalization, privatization and globalization was done.

Q. 10 How inflation influences Economic Development? Ans. : Inflation means rise in general price level in an economy.

When general price level in an economy raises the real income of purchasing power of the commerce will fell down which will lead to low demand low demand will affects supply and there will be low production in an economy. Moreover high prices will left low income for saving which will lead to low capital formation which will effect economic development of a country. Fore more detail:- <http://www.gurukpo.com> (Demand Side) (i) High Prices (Inflation) Low Demand Low Production or Supply (Supply Side) (ii) High Prices Low Supply Power Low Capital Formation

Q. 11 " Poverty exists within property in Indian Economy", Prove this statement.

Ans. : " India is a rich country inhabited by poor people. " The above statement demonstrates that opposing nature of Indian economy where even in presence of abundant natural resources, forest reserves a large proportion of population is living below poverty line with low living standard. The whole statement can be divided into two statements : (1) (2) India is a Rich Country. India is inhabited by poor people. " India is a Rich Country" : India is very rich and prosperous country on account of its geographical location natural make up, mineral resources, forest and water resources, human resources etc. i) (ii) (iii) (iv) (v) (vi) (vii) (ix) (x) (i) (ii) (iii) (iv) Suitable geographical location Vast area Large fertile land Vast water resources Vast forest resources Vast mineral resources Power resources Suitable Climate Vast human power Low per capital income Unemployment Low living standard Low capital formation For more detail:- <http://www.gurukpo.com> (viii) Suitable surface " India is inhabited by poor people" : (v) (vi) (vii) Old techniques of production Heavy loan burdens Vicious circle (viii) Lack of transportation

Q. 12 Write Suggestion for Rapid Economic Development of India. Ans. Agricultural Sector Land Reforms Sectors in an Economy Industrial Sector o Modernization o Arrangement for Institutional finance o Arrangement for organization inputs o Importance in agriculture marketing o Price policy o Warehouse etc. Q. 13 Explain Disguised Unemployment? Ans. : When the marginal productivity of labour is negligible zero or natural this is called disguised unemployment. $MP = TP_n - Service \text{ and Others}$

Establishment of Basic Idea $TP_n - 1$ OR ? TP_n ? N Suppose if total production of 5 labours is 100 and if by employment 8th labour TP remains at 100 then MP of 6th labour will be zero.

According to Nurkse : For more detail:- <http://www.gurukpo.com> Y TP (Total Product Curve) Total Output O N N2 No. of Labours X Upto N, TP is raising but after N to N2, TP becomes horizontal to x-axis means N N2 are disguised unemployed persons. ??? For more detail:- <http://www.gurukpo.com> CHAPTER-3 Economic Policies Q. 1 What is Agricultural Policy? Ans. : Agricultural policy is the policy relating to the increase in agricultural production & improvement in standard of living of farmers. This policy is concerned with the comprehensive development of the agricultural sector Agriculture Policy. AP includes all those fundamental principles, guidelines and programmes which form bases for organization regulation, direction and growth of agricultural activities. Prevalence of low value of agriculture Low cost- benefit ratio Weakness Inefficient use of resources Low progress of co-operatives & self help institutions Q. 2 Define objectives of Agriculture Policy. More value added hectare. Improvement in productivity of inputs. Improvement in environment. Reduction in bureaucratic control of co-operative institutions. (2) (3) (4) Ans. : (1) Q. 3 Describe main features of Agriculture Policy.

For more detail:- <http://www.gurukpo.com> Ans. : (1) (2) (3) (4) (5) (6) Q. 4 Policy for International Reforms (Land Reforms) Policy for Reforms in delivery System Policy for Agriculture Research & Development Agriculture Price Policy Agriculture Trade Policy Agriculture Credit Policy Evaluate Agriculture Development during the period of Planning. Defective Land Reforms Un-coordination Policies Neglect of Human Aspect Less Investment Low Property (2) (3) (4) (5) Ans. : (1) Q. 5 Define New Agriculture Policy. Ans. : The new agriculture policy was announced by Government of India on July 28, 2000.

Need : Due to poor growth of agriculture during nineties. 4% growth rate per annum. Which was just equal to the growth rate of population. We have therefore been able to attain self-sufficiency without ending 'hunger' in the country reasons for low growth. • • • • • • • Capital inadequacy Lack of infrastructural support Demand side constraints Difficulty in storage Difficulty in marketing The following factors are mainly responsible for the emergence of this policy : Increasing Agricultural productivity and production. Regional imbalances. Degradation of land and water resources. For more detail:- <http://www.gurukpo.com> • • • • • • • Sub-division employment and unemployment. Value addition of Agricultural production. Dynamism to co-operatives. Research and training in advanced technology. Advantage of science and technology for all sections of farming community. Efficient use of marginal lands. Essay availability of agriculture inputs. Objectives of New Agriculture Policy : In the words of Shri Nitish Kumar, then Union Minister of Agriculture : (1) (2) (3) (4) (5) (6) Q. 6 Rate of Growth - Over 4% per annum in the agriculture sector by 2005. Efficient Growth Growth with Equity Sustainable Growth Demand Driven Growth Promoting Pvt.

Investment Write any four appreciable aspects of new National Agriculture Policy (NAP) 2000. New agriculture policy is marketing oriented. Effort has been made to free agriculture. Participation of Pvt. Sector in the agriculture sector will open new assets. With the objective of 4% growth rate in the agriculture sector, its efficiency and productivity will increase. (2) (3) (4) Ans. : (1) Q. 7 Define Fiscal Policy. Ans. : It is also known as budgetary policy. The word fiscal is used to describe something that related to Govt. money or public money, especially taxes.

Fiscal policy refers to Government Policy regarding revenue and expenditure of the Government. According to G. K. Shaw, " We define to change the level composition or timing of Government expenditure or change the burden structure and frequency of the structure. " Q. 8 Write objectives of Fiscal

Policy. For more detail:- <http://www.gurukpo.com> Ans. : (1) (2) (3) (4)

Mobilization of resources for rapid economic development of country.

Promotion of saving and investment so as to increase the rate of capital formation. Encourage socially optimum investment. To increase employment opportunities.

Q. Write components of Fiscal Policy. Ans. : Components of

Fiscal Policy Taxation Policy Public Expenditure Policy Difficult Financing

Policy Public Debt Policy Q. 10 What is Fiscal Deficit? Ans. : Fiscal Deficit =

Total Revenue - (Revenue Receipt + Recoveries of Loans + Others Receipts)

Q. 11 Monetized Deficit Defect Financing. Ans. : Deficit Finance = Increase in

Net RBI Credit to the Central Government. Eminent economist Lord Keynes

treated defect financing as an important means to increase effective

demand and to remove unemployment. Defect financing in India means to

meet the budgetary defect by taking loan from RBI by Govt.

RB gives this loan by issuing new currency note. Consequently money supply increases which creates inflation in an economy. So defect financing must be

used within safe limits. Q. 12 Write characteristics of Indian Tax System?

Ans. : 1) 2) 3) Indian tax system is a multiple tax system in other words

many types of taxes are imposed in the country The share of indirect taxes is

more in total tax collection. Indian tax system is based on socialistic pattern

of society means it's burden fall more rich and less on poor. For more

detail:- <http://www.gurukpo.com> Q. 13 Explain Fiscal Policy through IS-LM Curve.

Ans. : Y r 15' 15 Crowding out effect O Q. 14 Explain Budget Deficit. Ans. : Budget Deficit Revenue Deficit Fiscal Deficit Primary Deficit Primary Deficit Primary Deficit Consumption 1. Revenue deficit 2. Fiscal Deficit 3. Primary deficit LM NY X Primary Deficit Investment = Revenue expenditure - revenue receipts = Already explained = Fiscal deficit interest payment. a) Primary deficit consumption = Revenue deficit - interest + interest receipts + Dividend & profits. b) Primary deficit investment = capital expenditure - interest receipts - dividend & profits - recovery of loans - other receipts

Q. 15 Write characteristics of Indian Tax System. Ans. : (1) (2) Indian tax system is a multiple tax system, in other words, many types of taxes are imposed in the country. The share of induct taxes is more in total tax collection. Fore more detail:- <http://www.gurukpo.com> (3) Indian tax system is based on socialistic pattern of society means it's burden fall more on rich and less on poor. Q. 16 Explain Indian Taxation System. Ans. In the words of Newman, " By tax we mean a compulsory payment for public purposes. " Taxes Direct Taxes Like Income Tax Indirect Taxes Like Sales Tax

Both direct and indirect taxes play an important role in Indian taxation system, but collection from indirect taxes is more. Indian taxation system is regressive means it's burden more on rich and less on poor which also helps in reduction of disparities in income. Q. 17 Explain objectives of Indian Taxation System. Ans. : Taxes are income on the one hand for Govt. and they reduce the disposable income of public so taxes should not be charged

heavily. The following are the objectives : (1) (2) (3) Taxation policy is formulated in a way to reduce in essential consumption.

Price level does not increase much. Increase a capital formation and savings.

Q. 18 Explain Direct Taxes. Ans. : Direct taxes are those which are paid by those on whom it is levied, in other words, these taxes can not be shifted.

For example : Income Tax. Q. 19 What defects are involved in the Fiscal

Policy of India? Ans. : (1) (2) Indian tax system lacks flexibility. Indian tax system is organize in nature, in other words, poor persons are taxed more than rich persons. Fore more detail:- <http://www.gurukpo.com> (3) Govt. has relied heavily on defect financing for meeting its expenditure efect financing must be used within save limits as this results in increase in prices or

inflation as a result of increase in money supply. Q. 20 Write meaning &

definition of Commercial Policy? Ans. : Generally Export Import Policy (EXIM) of a country is known as commercial policy of that country. According to Prof. Haberler - " Trade policy or refers to all those measures which regulate external economic relations of a country. These measures are used by such regional or principal Govt. which has power to either obstruct or assist the export, import of goods and services. " Q. 21 Write types of Commercial

Policy. Ans. Free Trade Policy Free trade is a conduction of international trade where nations do not impose customs duties or other taxes on imports of gods from other countries in simple works - Free movement of goods & service among nations (fire from theft, custom duties) Protections Trade Policy Policy of protection refers to Govt's such policy by which imports are restricted. In simple would the protect the country infant industries from under competition. In the words of H. L. Harsen, " the theory of protection

refers to imposition of duties on imports in order to 'protect' home produces of these commodities by making for sign goods dearer. Q. 22 Explain Commercial Policy of India. Ans. : Commercial Policy Pre-Independence Commercial Policy Post Independence Commercial Policy Pre-Independence Commercial Policy before Independence : Free Trade Policy was adopted in the country upto 1923. As a result, Indian industries could not Fore more detail:- <http://www.gurukpo.com> sustain themselves. In competition with developed countries Briticisms make India a " Nation of exporting raw material and importing manufacturing goods. " Demand for raw-material is elastic & of manufactured goods was inelastic which newer the BOP unfavourable to India.

In 1921, Tariff Commission recommended adoption of discriminatory protection. After 2nd world war, protection was provided to 34 communities. Post-Independence Commercial Policy after Independence : After independence major changes took place in India's trade policy. More objectives of country's commercial policy are : • • • • • • Protecting country's industries. Planned economic development. Rapid industrialization. Encouragement to the process of economic development protectionists policy was adopted. Control on imports. Tariff and custom duties.

Purchase to Indian goods in Govt. purchases etc. Which a view to protect Indian industries from under competition or rest industries. Some of the committees deserve mention here in this connection : • • • • Dr. Alexander committee of Export - Import policy. Sondhi Committee on capital goods imports. Tandon Committee on exports. Venkataraman Committee on exports promotion council. Q. 23 Explain Export-Import Policy 1992-97.

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Ans. : The Govt. of India announced its new EXIM Policy on 31st March, 1992. It was declared for a period of five year from 1 April, 1992 to 31st March, 1997.

This policy had made studies in minimizing restrictions, providing more freedom in foreign trade and reducing administrative control - Liberalization.

Objective : (1) (2) (3) To prepare a framework for world level India's foreign trade. To increase productivity. Modernization For more detail:- <http://www.gurukpo.com> (4) (5) (6) Increasing capability of competition in Indian industries so that their export potential may increase. To improve quality of goods for project To arrange import of raw-materials equipments, consumable goods, capital goods, intermediate goods require by exporters with a view of increasing exports from India.

Encourage production of goods accepted at international levels. Minimize or remove licensing completely and other decremting countries. (7) (8) Q. 24

Explain India in World Economy in brief. Ans. : Brief Discussions : • • • • • • • •

Important points about position of India in world economy. Highest production of wheat. In milk production, it is a leading country. India is among 10 top industrially developed countries of the world. GNP- National Income of American in the year 2000 was 960100cr. Dollars where as in India was 237500cr. Human development report by UNIO India is 24th among 173 nations, Pakistan is 138 & China is 96.

Foreign Debt. Sector wise 6 NP 24. 7 Less indebted 1999-02 Industry Services Where a moderately indebted in 1998. Highest indebted in 1991 & Now 9th in year 2002. 26. 4 48. 9 Agriculture 5. Export of Food Grains : Self

sufficient doing 2001-02 India exported 75. 62 lakh tones of food grains. Fore more detail:- <http://www.gurukpo.com>

6. 7. 8. World Population : 2nd in world population - 102. 70 crore, 16. 7% of world population. World Trade : 0. 67%. Target is to achieve = 1%. Density of Population : Means people living per sq. km. Total Population Total area = $102.70 \times 32.80 = 324. q. km.$ Compared with average density of population in the world of 46. sq. km. 9. Gross Domestic Investment & Saving : I India Highest in Japan 10. 11. 24 29 S 25 30 Standard of Living is far behind Developed Countries Area : Total area of country = 3287263 sq. km. , 0. 42% of world area (7th place). • • Largest State (Area wise) - Rajasthan Smallest State (Area wise) - Goa 12. Literacy : 65. 38% • • • Male female ratio = 924 : 1000 State with highest population = U. P. State with lowest population = Sikkim ??? Fore more detail:- <http://www.gurukpo.com> CHAPTER-4 Economic Planning

Q. 1 Ans. : Define Planning Process. Planning Body Survey of Resources Collection of Necessary Data Define Objectives of Planning Priorities Development Strategy Balancing in the Plan Resource Mobilization Administrative Efficiency Q. 2 Define Economic Planning? Ans. : Among the under developed democratic countries India was the first to follow the path of planning Economic planning refers to the process where in A central planning authority Keeping in view the resources of the country Makes in attempt to control economic factors Fore more detail:- <http://www.gurukpo.com>

With a view to achieving pro-determined objectives within a specified perused of time Q. 3 Write objectives of Economic Planning? Increase in national income or economic developed. Increase in standard of living. To <https://assignbuster.com/economic-environment-in-india/>

reduce economic inequality. Comprehensive development. (2) (3) (4) Ans.

(1) Q. 4 Ans. : Write Evaluation of Planning in India. Evaluation of Planning in India 1 4 Features of planning Features of planning 2 Objectives of planning 3 Achievement of planning 7 5 Suggestions for the success of plans Place of planning with reference to Revitalization & liberalization

Pre- requisitions for the 6 successful implementation of a plan Q. 5 When the great depression takes place in World? Ans. : In 1930, when the great depression took place in capitalist economics, the significance of economic planning was felt by these economics. The developing economics follow the path of economic planning to rebuild their war tern economics after world war record. The developing economies follow the path of economic planning to solve their problems like : Fore more detail:- <http://www.gurukpo.com>
Poverty Unemployment Higher

Problems Underutilization of Resources Low per capita Income etc. Solution through planning By Proper Utilization of Resources So Govt. has to interfere for economic development of economy through the Path planning Q. 6 Give any four characteristics of Economic Planning. Continuous process Definite periods A system of economic organization Central control and interference Pre-determined objectives Determination of targets Allocation 2nd uses of resources Public Co-operation Maximum social welfare Appraisal Plan for while economy (2) (3) (4) (5) (6) (7) (8) (9) (10) (11) Q. Ans. : (1) How many Commission has defined Planning? Ans. : After independence in 1950 planning commission was set up under the chairmanship of late, Sh. Jawaharlal Nehru. It was to formulate plans for the economic development of the country on the basis of the availability physical, capital and human

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resource. For more detail:- <http://www.gurukpo.com> According to Planning Commission - " Planning is essentially a way of organizing and utilizing resources to the maximum advantage in terms of defined social ends.

Main constituents of concept planning are System of ends to be pursued Knowledge as to available resources Their optimum allocation Q. 8 Explain Planning time periods. Ans. : Till now in India we have completed ten five year plans and with five year plan in going on. First Five Year Plan Second Five Year Plan Third Five Year Plan Three One Year Plan Fourth Five Year Plan Fifth Five Year Plan Seventh Five Year Plan Eight Five Year Plan Ninth Five Year Plan Tenth Five Year Plan Eleventh Five Year Plan (Going on) Slogans of Plans : First Plan : " Self-sufficiency in food & grains. Second Plan : " Basic and heavy industries. " Third Plan : " Social and economic justice. " In 1965 - Indo-Japan war slogan of " Jai Jawan Jai Kisan" Fifth Five Year Plan : " Self Reliance" For more detail:- <http://www.gurukpo.com> 1951 - 56 1956 - 61 1961 - 66 1966 - 69 1969 - 74 1974 - 79 1979 - 85 1985 - 90 1997 - 02 2002 - 07 2007 - 12 Sixth Five Year Plan : " Removal of Poverty" Seventh Five Year Plan : " Productive Employment" Eighth Five Year Plan : " Employment Oriented Growth" So, main objectives of planning were : a) b) c) to accelerate the economic growth rate self - reliance Modernization

All with price - stability. Q. 9 Explain need for Economic Planning and causes for its popularity. Ans. : Almost all UPCs of the world have adopted the strategy of planning for their economic development. In India, Sir M. Vishveshwarya, an eminent engineer and state man in his book. Planned economy for India 1934 had for the first time laid stress on scientific

planning for the re-construction of the country. Economic planning is not a pre-condition for economic development of an economy.

Many DCs have not followed the path of planning yet they are developed economic. But these DCs have abundant resources which UPCs are deprived of moreover to achieve economic development in short - period, SE UPCs have to follow the path of economic planning because of following reasons: (1) (2) (3) (4) (5) (6) (7) Demerits of laissez faire and market economy - Means no control of Govt. Ideology of communism Demerits of capitalism World wars Great depression of thirties Desire for rapid economic development Democratic Govt.

Prof. Robbins had rightly observed - " The planning is a grand panacea of our age. " For more detail:- <http://www.gurukpo.com> Q. 10 Write importance of Economic Planning. Ans. : (1) Promote utilization of available resources. Capital (2) (3) (4) (5) Human Physical Helps in increasing the rate of capital information in the country. Increase in national income. Improvement in standard of living . Economic stability. Q. 11 Write limitations and demerits of Economic Planning? Ans. Economic Planning is not without its adverse effects many scholars have criticized economic planning on the following basis : (1) (2) (3) (4) (5) (6) Lack of necessary incentives No personal freedom Demerits of bureaucracy and red-tapism. Dictatorial Tendency Muddled economy Corruption and inefficiency Q. 12 Write the period of Fourth Five Years Plan. Ans. : 1969 - 70 to 1973 - 74 Q. 13 Which country adopted the New Deal Policy for Economic Stability? Ans. : U. S. A. Q. 14 Write any two political objectives of Economic Policy. Ans. i) ii) Defense Offence Q. 15 What growth is predicted in Tenth Five Year Plan. Ans. : 8% economic growth rate.

For more detail:- <http://www.gurukpo.com> Q. 16 In which period the country had continuous three One Year Annual Plan. Ans. : 1966 - 67, 1967 - 68, 1968 - 69 Q. 17 General Discussion on objectives of Planning. Ans. : The very first step in planning is to well - determine the objectives a country was to achieve through the path of planning. Because only after defining objectives a country will be able to direct its efforts towards it.

Various steps in economic planning are : Set pre-determined objectives Way to achieve them Analysis the resources Optimum utilization of resource Achieving the pre determined objectives Analysis of achievements Q. 18

Explain the objectives of Planning. Ans. : Before adopted economic planning, the country has to determine its objectives various objectives can be classified as Economic Objectives Political Objectives Social Objectives Others Q. 19 What are Economic Objectives. Ans. : Economic objectives are

as follows : 1) Optimum utilization of resources For more detail:-

<http://www.gurukpo.com> (2) (3) (4) (5) (6) (7) (8) (9) (10) (11) (12) (13)

Rapid economic development Max. production Full employment Agriculture development Industrialization Balanced growth and regional dev. Production in economic disparities Economic stability and control on trade cycles Economic security Reconstruction after war Self reliance High GDP and PCY Defense Offence Peace and international co-operation Social security Social equality End of class - conflict rich poor Moral and intellectual uplift.

Political Objectives : (1) (2) (3) (1) (2) (3) (4) Social Objectives : Other

Objectives of Economic Planning : In addition to the above, there are some other objectives of economic planning such as : (1) (2) (3) (4) Population control Decentralization of art and craft. To create public awareness. To

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check production of inessential and harmful commodities Q. 20 Explain objectives of Planning in India? Ans. Objectives of 1st Five Year Plan : Slogan was self sufficiency in food grains plan time period - 1951-56. Main Objectives : For more detail:- <http://www.urukpo.com> (i) (ii) (iii) To correct economic imbalances created due to second world war. Comprehensive balanced development increased in National Income. High standard of living. Objectives of 2nd Five Year Plan : Slogan - Heavy and Basic in directed " Social and economic justice" Time period 1956 - 57 to 1960 - 61 Main Objectives : (i) (ii) (iii) (iv) Increase NY at the rate of 25%. Rapid industrialization through emphasizing the development of key and heavy industries. To create employment opportunities. More equal distribution of economic power.

Objectives of 3rd Five Year Plan : Slogan " Take off stage" " Defence and Development" Q. 21 Explain techniques of Planning. Ans. : Formation of Planning Organization : Plan formulation Testing and Approval of the plan Executing / Implementation of the plan Plan monitoring and evaluation with follow-up action Q. 22 Explain 9th Five Year Plan. Ans. : Introduction : Ninth five year plan was launched on the 50th year of independence of our country. Slogan - " Growth with equity" Time Period - It covered the time period from 1st April 1997 to 31st March 2001 For more detail:- <http://www.gurukpo.com> Total Investment proposed was Rs. 2205000 Cr. Of it 8, 75, 000 cr. will be in public sector and rest in pvt. sector. The plan aims at achieving 7% growth rate per annum. Objectives : (i) (ii) (iii) (iv) (v) (vi) (vii) (ix) Priority to agriculture and Rural development Growth and stability in prices Food and nutritional security Minimum basic services Reduction in growth rate of

population Environmental reforms Encouragement to people's co-operation Agents of socio-economic change. viii) self - reliance In short main objectives of the ninth -five year plan is to achieve the goal of " Growth with Equity". Q. 23 Write objectives of 10th Five Year Plan. Ans. : Time period 1st April 2002 to 31st March, 2007 and this was the most ambitious plan so far the tenth plan provides an opportunity at the start of the new millennium, not only to build upon the gains of the past but also to address the weaknesses that have emerged. The tenth plan must learn from the past experience must strengthen what has worked well but also avoid repeating failures.

Tenth five year plan is being drawn up as reform plan instead of merely being a resource plan. Objectives - According to Prime Minister " Atal Bihari Vajpayee" plans aims at equitable development process and people oriented planning to make India an economic power in the foreseeable future. Main Objectives were : (i) (ii) (iii) (iv) Rate of growth of NY - 8% per annum Growth rate of per capita income Improvement in quality of life Reduction in poverty For more detail:- <http://www.gurukpo.com> (v) (vi) (vii) (ix) (x) (xi) (xii)

Provision of gainful employment Provision of universal education Reduction in gender gaps - 27 : 1000 Increase in literacy rate Reduction of infant mortality rate Reduction in material mortality ratio Environmental protection (viii) Reduction in GR of population (xiii) Growth, equity and sustainability (xiv) Balanced development in all sectors. Q. 24 Write the formula of calculating per capita Income. Ans. : $\text{Per capita Income} = \frac{\text{Total National Income}}{\text{Total Population of the country}}$ Q. 25 What was the Poverty Ratio in the Country in the year 1999 - 2000? Ans. : 26. % Q. 26 Write three new States in the Country that came into existence in the year 2000. Ans. : Uttarakhand,

Jharkhand, Chhattisgarh. Q. 27 Write any four points of success in Indian Planning? Ans. : (i) (ii) (iii) (iv) (v) (vi) (vii) (ix) Increase in NY and per capita income Increase in agriculture production Institutional reforms in agriculture and green revolution Development of industries Development of infrastructure Social services Employment Self - sufficiency Fore more detail:- <http://www.gurukpo.com> (viii) Modernization Q. 28 Write failure of Planning. Ans. Main objectives of Indian Planning are to raise std. of living of the people, to achieve self - sufficiency in agriculture and industrial production to remove inequalities of wealth and income, so tax reveals that plans have failed to attain their objectives. Population was increasing at a high rate that employment opportunities the main failures are - (i) (ii) (iii) (iv) (v) (vi) (vii) No substantial increase in the standard of living Rise in prices Increase in unemployment Inequality in distribution of Income and wealth Insufficient Administration Lack of strong foundation Less growth in production sector viii) Increase in more trade deficit (ix) (x) (xi) (xii) More ambitions Paradise of saving and investment Poverty Unemployment (xiii) Economic disparities ??? Fore more detail:- <http://www.gurukpo.com>

CHAPTER-5 Agriculture Q. 1 Write the meaning of Agriculture Policy. Ans. : In the words of M. P. Todaro " if the process of economic growth is to being and to be self - sustained it must being with the rural areas in general and agriculture in particulars. " The term agriculture is made up of two latin words -i Agriculture = Agri + Culture Implying cultivation

Implying field Accordant to website dictionary " Agriculture is the set of science of production of crops and livestock on a firm". Q. 2 What is Agriculture Policy? Ans. Agriculture policy refers to all those principles,

guidelines and programmes which form basis for organization, direction, regulation and growth of agricultural activities it includes • • • • Q. 3 Land Reforms New strategy for agriculture development like HYV seeds new techniques of production etc. Agriculture Price Policy Agriculture Marketing Policy What do you understand by Green Revolution?

Ans. : During the sixties, Indian agriculture experienced a spectacular increase in production, especially in that of wheat and rice crops it was mainly through an increase in productivity per hectare of these crops. The jump in the rate of producing increase was so sudden and conspicuous that some economists termed the new change as green revolution. For more detail:- <http://www.gurukpo.com> Q. 4 What strategy adopted for development of Indian Agriculture? Ans. : We know agriculture development is a precondition for over all development of an economy.

Strategy adopted can be classified in to three phases : Strategy Adoption General Phase (From 1947 - 61) > Land reforms > Zamendar solution > Tenancy reforms Intensive Phase (From 1961 - 65) > IADP > Intensive agriculture development program 1961 > IAAP Specialized phase (1965 onwards) > This phase embodies Green revolution > Ceilings on land holidays > Intensive agriculture area program Q. 5 Write a note on India's Agriculture Price Policy. Ans. : Green revolution has accelerated the growth of commercial family in India.

Farming population has become more responsive to changes in agricultural prices. Doubtless : It is said that a rational farmer keeps his one eye on the plough and the other on market. Agriculture Price Policy : The agriculture price

policy is the policy formulated by the Govt. in relation to agriculture prices with the aim of bringing stability in agricultural prices, encouraging agriculturalists to invest in order to increase production, encouraging agriculturists to employ new techniques and making agricultural product available to consumer in proper qty. and at right prices. Q. 6 Ans. From point of view of Farmers • To protect farmer from unstable prices of agriculture products by announcing minimum agriculture support prices. From the point of view Consumers • To protect the consumer from high prices of agriculture product through storage and use houses etc. Write objectives of Agriculture Price Policy. For more detail:- <http://www.gurukpo.com> • To promote him to use new techniques of production. Q. 7 Explain CACP. Ans. : CACP stands for commission for agriculture cost and prices. Following the recommendations of the committee, agricultural prices commission was set up in 1965.

Later on in 1980, it was renamed as commission on agriculture cost and prices. Q. 8 Write a note on "India's Agriculture Policy". Ans. : Agriculture is a personal occupation so no clear and specific policy has been declared for it, as had been formulated for industry trade and transport, for course, the Govt. has taken several steps from time to time for the development of agriculture. The Agriculture Policy of India can be studied as under : Pre-Independence Agriculture Policy Post-Independence upto 1992 (Technology) Agriculture Policy (1992) National Agriculture Policy 2000 Land reforms (Institutional) (i) (ii) (iii) (iv) (v) (vi) (vii) (i) (ii) > IAAP, IADP HYV seeds etc. Failures of New Agriculture Strategy : Increase in disparities Increase in regional disparities Shortage of agricultural inputs Increase in unemployment

Dependence on industrial sector Limited to some crops Lack of institutional charges Use of seeds on the basis of soil tests Use of fertilizers in appropriate qty. Fore more detail:- <http://www.gurukpo.com> Suggestion for the success of New Agriculture Strategy or Green Revolution : (iii) (iv) (v) (vi) (vii) (ix) (x) (xi)

Arrangement of agriculture finance Co-ordination between various depts.. Effective implementation of land reform programmes. Administrative efficiency Encouragement to co-operate faming. Development of small & cottage industries Plant protection scheme. Expression of programme. (viii) Extension of agriculture facilities New Agriculture Strategy : Introduction : Several revolution steps were taken to increase agricultural production. It was termed as green revolution. The base of the green revolution was the use of H. Y. V. seeds which registered 3 to 4 fold increase in agricultural production.

The increase was so sudden that some economical termed it as green revolution. New HYV seeds of wheat were developed by Prof. Normal Bollaguh. Wheat Production increased from 5000 to 6000 Kg per header in Mexico started in India in 1966 (HYVP). Elements : Agriculture mktg. HVV deeds prog. Land reforms Use of chemical fertilizers Plant Protection Crop Insurance scheme Achievement : (i) (ii) Inc in production of food grains Extension of irrigation area, 22. 6 mill 1950-57 - 76 mills 1999-2000 Fore more detail:- <http://www.gurukpo.com> Agri. Credit Minor irrigation prospects Multi crop prog.

Establishment of Agro. Soil conservation (iii) (iv) (v) (vi) (vii) Increasing use of fertilizers Increasing use of improved seeds national seed corporation Plant protection and use of pesticides Agricultural Mechanization Soil conservation. (viii) Soil conservation in production of industrial raw material (ix) (x) (xi) (xii) Guarantee of fair prices - MSP Agriculture education and research INC in productively Agriculture as a pretension (xiii) Proper utilization of resources. (xiv) Export and import of agriculture products (xv) Basis for white revolution India wins largest livestock in the world.

Q. 9 Define relation between Agriculture and Industry? Ans. : In the initial stages of development, agriculture helps in the development of industry by providing raw material to industries and later on industry helps agriculture by providing tools, machines etc. Economy Agriculture Sector G E C A Industry sector H F III II Stages D B I For more detail:- <http://www.gurukpo.com>

Q. 10 What do you know about Crop-Insurance Scheme? Ans. : It is necessary to provide the facilities of crop-insurance to Indian farmers as this field is more prone to natural risk and disasters.

Therefore NAIS National agriculture insurance scheme was introduced from Rabi 1999-2000 replacing the erstwhile comprehensive crop insurance scheme CCIS main objective is to - • Protect farmers against crop losses suffered on account of natural calamities. Q. 11 Write significance of Agriculture in Indian Economy. Ans. : Introduction : Prof. Dantawal " Success of agriculture in the programmes of economic development drives the economy on the path of progress and the failure of it would render the scale of growth as virtually nil. (i) (ii) (iii) (iv) (v) (vi) (vii) (viii) (ix) (x) (xi) Share of Agriculture in National Income Important contribution to employment

Important source of industrial trade Foreign exchange earnings through export of agriculture exports. Supply of milk and milk products. Supply of folder Gains from fisheries sector Important for internal trade Budget and Govt. policies Huge Investment of Capital Import on GDP growth rate. Q. 12 What is Agriculture Finance? Ans. : Introduction: - Highlighting the significance of agriculture credit, " Prof. Kindleberger Writes". Fore more detail:- <http://www.urukpo.com> Growing population needs Greater Population Greater Production requires Greater amount of finance Because land is fixed Agriculture production can be increased through intensive user of seeds, fertilizers, other agriculture inputs. Financial needs of farmers in India are all more pricing because of their poverty. Classification Short Term Credit Medium Term Credit Long Term Credit For seeds, fertilizers upto a period of 15 months for purchaser of tools, equipments etc. for a period upto 5 yrs. for repayment of old debts purchase of land factors etc range from 1520 yrs.

Q. 13 Explain KCC. Ans. Kisan Credit Cared scheme was introduced in 1998-99. NABARD was mainly to fulfill the long term credit requirement to farmers. So Kisan Credit Card scheme was launched to fulfill short term credit requirement of farmers. Kisan Credit Card Scheme : Kisan Credit Card schemes was introduced in 199899 to facilitate access to credit from commercial banks and RRB. The salient features of the scheme are as given below : (a) Farmers eligible for production credit of Rs. 5000 or more are eligible for issue for Kisan Credit Card. Fore more detail:- <http://www.urukpo.com> (b) Eligible farmers to be provided with a Kisan Credit Card and pass book on Card-cum-passbook. Provision of revolving cash credit facility

involving any no. of drawls and repayments within the limit. Limit to be fined on the basis of operational land holding, cropping pattern and scale of finance. Sub-limits may be fixed at discretion of banks. Card valid for 3 yrs. Subject to annual view. Each drawal to be repaired within 12 months. With drawals through slips / cheques accompanied by card and pass book.

Security, margin, rate of interest as per RBI norms. c) (d) (e) (f) (g) (h) (i) Q.

14 Write the name of Instruction providing Loans for Agriculture? Ans. :

Financial needs of farmers are more in India because they are poor.

Moreover agriculture production is more prone to natural hazards and risk and uncertainly. For more detail:- <http://www.gurukpo.com> Sources of

Agriculture Finance Institutional Sources Non-institutional Sources Financial Institutions RBI SBI LDBs NABARD Co-operative Banks Commercial Banks Q.

15 Write a short note on NABARD. Government Money lenders Mahazans

Zamindars etc. Indigenous Bankers Ans. To fulfill the financial needs of farmers many institutions come into being of which NABARD is one. The full form of NABARD is National Bank for Agricultural Bank for Agriculture and Rural Development, which was established as an Apex institution on 24th July, 1982 by the Govt. of India NABARD do not provide credit directly to farmers and also not accept deposits directly from farmers. It fulfill the needs of farmers and also not accept deposits directly from farmers. It fulfill the needs of farmers indirectly by subscribing to the share complex of the banks main features. • • • It took over all function earlier performed by RBI in the field of rural credit. The authorized capital of bank is 100 crs. Bank is 50: 50 50 crs each. The bank has taken over the functions of ARDE - Agriculture refinance and development corporation. It provide long term, short term, medium term credit to farmers through SEBs, RRBs, LAB etc. For more

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detail:- <http://www.gurukpo.com> Q. 16 Discuss the Co-operative Credit Structure in India? Ans. : The organizational structure of co-operative banks in India, is of two fold. The first fold provides short-term and medium term loans.

Its shape is Paramedical where as state - co-operate banks work at state level, central co-operative banks at district level and primary agricultural credit societies at village level. The second fold provides long term; such loans are provided by LDBs. State Co-operative Banks (at State Level) Central Co-operative Banks (at District Level) Primary Agriculture Credit Societies (at Village Level) Q. 17 Why uncertainty is found in Agriculture?

Ans. : One of the important features that distinguish agriculture from other sectors of the economy is concerned with the roles played by nature in production in different sectors.

Difference between Risk and Uncertainty : Risk : Some events can be predicted at least in probabilistic terms. Their occurrence can be foreseen.

Uncertainty : On the other hand, refers to those events to the occurrence of which, no probability values can be attached ex. Flood, Drought. " Indian agriculture is gambling of monsoon. "

Q. 18 Why there is situation of uncertainty found in Agriculture? Ans. : In India the uncertainty is found in agriculture because of irregularity of rainfall, in adequacy and uncertainty. Q.

19 Who was the Chairman of National Commission on Agriculture which was constituted in the year 1970?

Ans. : Shri M. L. Dantawala For more detail:- <http://www.gurukpo.com> Q. 20 Write types of Uncertainty. Ans. : (1) Yield Uncertainty Price

Uncertainty Uncertainty as regard to Prices of Input / Quality. Q. 21 Write measures to deal with Uncertainty. Ans. : Measures to deal with Uncertainty Measures at Farm Level 1. Diversification 2. Flammability 3. Liquidity 4. Capital Rationing 5. Contract Faming Other Measures 1. Choice of Reliable Enterprises 2. Discount of Risk 3. Maintaining Reserves Govt. Measures 1. Guaranteed Agriculture Prices 2.

Buffer Stock Scheme 3. Crop insurance Q. 22 Explain the National Agricultural Insurance Scheme. Ans. : Comprehensive crop insurance scheme in the country is being implemented since 1985. National agricultural insurance scheme in the country is being started since 1955-2000. At present, 11 crops had been included under agriculture insurance and the scheme has been implemented in 21 states and 2 union territories. Upto 30th Nov. 2003, crops of 328. 04 lac farmers has been insured. Q. 23 Crop Insurance. Ans. : Crop Insurance can be of several type.

Insurance for Specific Crops Crop Insurance Insurance for all Crops taken together Voluntary Compulsory Crop Insurance Fore more detail:-

<http://www.gurukpo.com> Insurance Crop Q. 24 What efforts have been made by Govt. for stabilization of Agricultural Policy? Ans. : Reason for greater price fluctuation in agriculture. The supply as well as demand for most of agricultural products is relatively less price elastic. How inelastic supply and demand magnify fluctuation in their prices. Y B C A Prices S1 S2 E F D1 D3 X Quantity Demand and Supplied Q. 25 Explain WTO and Agriculture. Ans. The Uruguay Round of GATT negotiation was formally concluded in Mairakish on 15th April 1994 when the final act was signed by 125 countries including India on the basis of this agreement WTO is

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established and has become operational since January, 1995, India become a founder members of TWO. " The former GATT was not really an organization. It was merely a legal arrangement. " On other hand, " the WTO is a new international organization setup as a permanent body, it is designed to play the role of a watchdog in the spheres of trade in goods service foreign investment intellectual property right etc. Agreement on Agriculture : (i) (ii) (iii) (iv) Domestic Subsidies Export Subsidies Minimum Market Access Commitment Domestic Support - AMS For more detail:- <http://www.gurukpo.com> D2 (v) (vi) Sanitary and Phytosanitary Measures Food Stocking and Food Aid Q. 26 Explain TRIPS. Ans. : TRIPS : Trade Related Intellectual Property Rights provides norms and standards for copy rights and related rights trade on geographical indications, industrial designs, patents, layout designs of integrated circuits and protection of undisclosed information. Q. 27 Explain TRIMS. Ans. Trade Related Investment Measures :

- • • • To offer national treatment and all such facilities to all foreign investors as are available to their domestic investors. To remove all TRIMs within a period of 5 yrs. Not to force internal investors to make investment in the property areas of host country. To extend all facilities to foreign investors.

Q. 28 Explain GATS. Ans. : General Agreement on Trade in Services : • • Economic liberalization and emerging trends in Agriculture. Prior to liberalization the main aim of agricultural policy in India was achieving self-sufficiency in food.