

This absence of  
productivity growth in  
these crops.



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This dependence showed a tendency to increase for about two decades till the onset of the “ green revolution”.

Currently, we are not only self-sufficient in food grains, but also have an exportable surplus. However, our supply position regarding pulses and oilseeds remains unsatisfactory because of near absence of productivity growth in these crops. Consequently, we are still net importers of these items.

2. The process of growth (especially export-oriented growth) quite expectedly generated a demand for several types of additional goods. These included demand for capital goods, machinery and equipment, as also import of technology 3.

Associated with the process of industrialisation was a rapid increase in the demand for certain industrial inputs including that for energy-generating items like petroleum and related products. Since early 1970s, fossil fuels have come to occupy a special position in our growing demand for imports. This has been exacerbated thanks to our failure to exploit our coal reserves for uses like the production of fertilisers and fuelling of (or generating electricity for) railway transport. Though our country is richly endowed with “ non- conventional” sources of energy (like those from wind, tides and the sun), not much attention has been paid to their exploitation, and the energy gap is widening all the time. We have also increased our dependence upon use of gas and other fossil fuels for the production of electricity for a variety of end users including running of railways. Consequently, our import bill for oil and related products has become a matter of serious concern for us. 4.

Indian consumers are particularly prone to the “ demonstration effect” which, in view of our policy of progressive liberalisation and globalisation, is now exerting a strong impact on our demand for imports. 5. Growth of our economy has heightened inequalities in income and wealth distribution, and this, in turn, has added to our demand for imported goods. 6. It can be strongly argued that our policy of import substitution was misconceived and executed in a faulty manner. While the ostensible objective of this policy was to reduce our import dependence by producing whatever we could within the country, in practice, it failed to reduce our import dependence.

This failure may be ascribed to both faulty planning and faulty execution in which bureaucratic controls and procedures played an obstructive role while economic incentives were not adequately provided for. Consequently, our need for maintenance imports kept increasing because our production facilities were handicapped by obsolete technology, high cost and several other limitations. Research and Development was in its nascent stages and was of little help in alleviating the situation.