Anusha Learning
We Upgrade You!

ECONOMICS DEVELOPMENT
- Part 2

Food Security

- Food security means availability, accessibility and affordability of food to all people at all times.
- Availability of food means food production within the country, food imports and the previous years stock stored in government granaries
- Accessibility means food is within reach of every person Affordability implies that an individual has enough money to buy sufficient, safe and nutritious food to meet one's dietary needs.

Food Grain Production in India

Year	Food Grain Production in Million Tonnes
1960	80
1970	108
1980	130
2000	196
2010	245
2011	259
2013	265
2014	252
2018	277

Minimum Support Price

- The farmers are paid a pre-announced price for their crops. This price is called Minimum Support Price.
- The MSP is declared by the government every year before the sowing season to provide incentives to the farmers for raising the production of these crops.
- The purchased food grains are stored in granaries. The buffer stock is used to distribute food grains in the deficit areas and among the poor at a lower price than the market price which is known as Issue Price.
- The buffer stock is also used during the periods of calamity and years of low productivity.

The National Food Security Act 2013

- This Act provides for food and nutritional security life at affordable prices and enable people to live a life with dignity.
- Under this act 75% of rural population and 50% of urban population have been categorized as eligible households for food security.
- Under the Food Security Act Priority Households get 5Kg of food grain per person per month at a highly subsidized price.

Organised Sector

- Organised sector covers those enterprises or places of work where terms of employment are regular and therefore, people have assured work and income thereof.
- They are registered by the government and have to follow its rules and regulations for employment. Various laws such as the Factories Act, Minimum Wages Act, Payment of Gratuity Act, Shops and Establishments Act.
- It is called organised because it has some formal processes and procedures.
- Workers in organised sector enjoys security of employment. They get many facilities from the employer.

Unorganised sector

- The Unorganised sector is characterized by small and scattered units which are largely outside the control of the government.
- There are rules and regulation but these are hardly followed. Jobs are low paid generally not regular. The facilities are not available like those of organised sector.
- Workers are at the mercy and whims of employer. Ex. Small and marginal agricultural labour, artisans, blacksmith, carpenters, rural households are in small and marginal farmer family. In urban areas workers in small scale industry, casual labour, construction workers, head-load workers, garment makers etc.

Formal Sector Loans

- Formal sector loans are loans from banks and cooperatives.
- The RBI supervises the functioning of formal sources of loans. The banks need to maintain a minimum cash balance out of the deposits they receive.
- The RBI monitors the banks in actually maintaining cash balance. The RBI also monitors the bank give loans to small cultivators, small industries, to small borrowers.
- The RBI gets information from banks on how much they are lending to whom, at what interest rate, etc.
- Formal sector loans need to expand in rural areas.

Informal Sector Loans

- The informal lenders include moneylenders, traders, employers, relatives and friends etc.
- There is no Organisation which supervises the credit activities of lenders in the informal sector. They can lend at whatever interest rate they choose.
- There is no one to stop them from using unfair means to get their money back.
- Compared to the formal lenders, most of the informal lenders charge a much higher interest on loans. The cost to the borrower of informal loans is much higher.
- Generally poor farmers get into a debt trap while availing loans from informal sector.

Self Help Groups

- Poor households are still dependent on informal sources of credit. Banks are not present everywhere in rural India. Even when they are present, getting a loan from a bank is much more difficult than taking a loan from informal sources.

- Banks ask for collaterals and poor farmer is having none. Informal sector give loan at high rate of interest in the absence of collateral.

- The concept of Self-Help Groups emerged. SHGs collect their savings.

- The typical group consists of 15-20 members. Savings per member varies from ` 25 to `100 or more. Members can take small loans from the group itself to meet their needs. The group charges interest on the loans but this is still less than what the moneylender charges.

Self Help Groups

- The Group regular in savings becomes eligible for availing loan from the bank.
- Loan is sanctioned in the name of the group and is meant to create self-employment opportunities for the members. Loans can be used for buying seeds, fertilizers, raw materials like bamboo and cloth for acquiring assets like sewing machine, handlooms, cattle etc.
- It is the group which is responsible for the repayment of the loan.

SHG24

- Thus, the SHGs help borrowers overcome the problem of lack of collateral.
- SHGs are the building blocks of organisation of rural poor.
- Not only does it hep women to become financially self-reliant, the regular meetings of the group provide a platform to discuss and act on a variety of social issues such as health, nutrition, domestic violence, etc.

Grameen Bank of Bangladesh

- Professor Muhammad Yunus was the founder of Grameen Bank. He was awarded Nobel Prize for Peace in 2006 for his efforts for the bank.
- Started in 1970s as a small project, Grameen Bank in October 2014 has over 8.63 million members in about 81,390 villages spread across Bangladesh. Almost all of the borrowers are women and belong to poorest sections of the society. These borrowers have proved that not only are poor women reliable borrowers, but that they can start and run a variety of small income-generating activities successfully.
- Grameen Bank of Bangladesh is one of the biggest success stories in reaching the poor to meet their credit needs at reasonable rates.

Indian Economy Under British Rule

- The sole purpose of the British colonial rule in India was to reduce the country to being a raw material supplier for Great Britain's own rapidly expanding modern industrial base.
- The economic policies pursued by the colonial government in India were concerned more with the protection and promotion of the economic interests of their home country than with the development of the Indian economy.
- India's economy under the British colonial rule remained fundamentally agrarian- 85% of the country's population lived mostly in villages and derived livelihood directly or indirectly from agriculture.

Indian Economy Under British Rule

- During the second half of the 19t century, modern industry began to take root in India but its progress remained very slow. Initially, this development was confined to the setting up of cotton and jute textile mills.
- The cotton textile mills, mainly dominated by Indians, were located in the western parts of the country, namely Maharashtra and Gujarat, while jute mills dominated by the foreigners were mainly concentrated in Bengal.
- Later the iron and steel industries began coming up in the beginning of 20th century.
- Tata Iron and Steel Company TISCO was incorporated in 1907.
- A few other industries in the fields of sugar, cement, paper etc. came up after the 2nd World War.

Indian Economy Under British Rule

- FOREIGN TRADE: INDIA has been an important trading nation since ancient times. Britain maintained a monopoly control over India's exports and imports.
- There was a huge export surplus. This surplus came at a huge cost to the country's economy. Several essential commodities food grains, clothes, kerosene etc. were scarcely available in the domestic market.
- The export surplus did not result in any flow of gold or silver into India. This was used to make payments for the expenses incurred by an office set up by the colonial government in Britain, expenses on war again fought by the British government and import of invisible items, all of which led to drain of Indian wealth.

Indian Economy Under British Rule

- Basic infrastructures such as railways, posts, water transport, posts and telegraphs were developed to serve the British interests.
- Roads were built for easy movement of army and drawing out of raw material. Railways was introduced in 1850.
- Railways helped in breaking geographical and cultural barriers besides commercialization of agriculture.
- Coastal Canal on the Orissa coast was developed but it failed to compete with the railways.

Indian Economy 1950-1990

- On 15 August 1947, India got the freedom from British Rule nearly after 200 years. Our leaders chose socialism type of economy, socialism was preferred but not of Soviet Union kind. The mixed type of economy was finally decided for India.
- The Planning Commission was set up with the Prime Minister as its Chairperson.
- The goals of the five-year plans were: growth, modernization, self-reliance and equity.
- Growth: It refers to increase in the country's capacity to produce the output of goods and services within the country. The focus was larger stock of productive capital with a larger size of supporting services like transport and banking. Aim was to have growth in GDP.

Indian Economy 1950-1990

- Growth: It refers to increase in the country's capacity to produce the output of goods and services within the country. The focus was larger stock of productive capital with a larger size of supporting services like transport and banking. Aim was to have growth in GDP.
- Modernisation: To increase the production of goods and services the producers were encouraged to adopt new technology. Adoption of new technology is called modernisation.
- Modernisation in social outlook was also considered necessary.

Indian Economy 1950-1990

- Self-reliance: The first seven five-year plans gave importance to self-reliance which means avoiding imports of goods which could be produced in India itself.
- Equity: It was considered important to ensure that the benefits of economic prosperity reach the poor sections of the society. Every Indian should be able to meet his or her basic needs such as food, a decent house, education and health care and inequality in distribution of wealth should be reduced.

Indian Economy 1950-1990

- CONTRIBUTION OF AGRICULTURE TO GDP:
  As a nation becomes more prosperous, the proportion of GDP contributed by agriculture as well as the proportion of population working in the sector declines considerably.

- In India, between 1950 and 1990, the proportion of GDP contributed by agriculture declined significantly but not the population depending on it 67.5% in 1950 to 64.5% by 1990.

- This was due to inadequate development /growth of industrial sector and the service sector as these sectors could not create enough jobs for people working in the agricultural sector.

Indian Economy 1950-1990

- INDUSTRIAL POLICY RESOLUTION 1956: This resolution formed the basis of the Second Five Year Plan. This resolution classified industries into three categories.
- I industries which would be exclusively owned by the state
- II industries both state and private sector can own
- III remaining industries to be in private sector Industries under private sector had a control by the state through a system of licenses.
- This policy was used for promoting industry in backward regions. Industries coming up in backward areas were given many facilities and concessions. The purpose of this policy was to promote regional equality.

Indian Economy 1950-1990

- INDUSTRIAL GDP:
  The proportion of GDP contributed by the industrial sector increased in the period from 11.8% in 1950-51 to 24.6% in 1990-91.

- The rise in the industry's share of GDP is an important indicator of development.

- Public sector played a major role in this industrial development.

- Now experts argue that the state should get out of areas which the private sector can manage and the government may concentrate its resources on important services which the private sector cannot provide.

- Thank You