



GS-3 Notes for IAS and PCS

Mains –Economics Section

Chapter no1: Structure of Indian Economic

1. Position of Indian Economy:

In world, India is 3rd economy by PPP, 5TH economy by GDP and India is developing market economy, India targeted 5 trillion economy.

Stages changes of economy of India

1951	1991	2023
53% based on agriculture with traditional and unproductive techniques	Decline to 29% with green revolution	Decline to 18.5% of GDP
17% Industries dominated on agro based life like cotton ,jute etc.	Increased to 28% with manufacturing in heavy industries in PSU	Increased to 28% of GDP
30% services, dominated by end service like small scale trades	Increased to 53% by established banking, Insurance, Public administration	Increased to 53% of GDP

2. Position of India in Agriculture:

18.5% OF GDP, 70% Population dependent, Modi Govt. target double income of farmer in 2022-2023

Services: food production, food processing, food supply, Dairies, Animal husbandry, food security

Challenges and solutions in Agriculture sector:

S.No	Challenges	Solutions
1	Lack of access of credit	Scheme: kisan credit card, support by NABAD, interest subvention scheme
2	Lack of irrigation support	Providing harvesting water through series of making more canals, more wells ,more ways of rivers, proper irrigation by Parthan mantari sichani yojana (PMSY)
3	Lack of R and D	Testing lab for seeding, test quality labs
4	Lack of access of Insurance service	Implement MSP, APMC, fasal bima yojana (FBY), insurance card to farmers
5	Low productivity	Educated about high variety seeds
6	Lack of knowledge	Educated about what type of farming at right time.



7	Lack of agriculture marketing related infrastructure	Easy sell, purchasing mechanism by establishing Mandies , e-NAM (National agriculture market) , supply to dairies milk easy way
8	Disguised employment	No of labors more than required so industries is one of option for providing jobs
9	Small land holding	Consolidation of land holding, implement chakbandi by allotment of one big same land beside of different small land, promotion of co-operative culture
10	Lack of process infrastructure-cold storage , transportation service	Reform in essential commodities act, SAMPADA for food processing , establish cold storage to prevent destroying food
11.	Direct effect of inflation , purchasing of seeds	Controlling of inflation, which not more effect purchasing power of farmers.

3. Infrastructure and manufacturing sector: Important sector in terms of generation jobs, national income, 28% of GDP, Industrial sector rose by 3.75% on data available for 1st half of FY-23

National Infrastructure Pipeline has projected total infrastructure invested of 102 lakh crore during FY 2020-25 in India

Challenges and solutions Infrastructure and manufacturing in sector:

S.No	Challenges	Solutions
1	Technology deficient	Need upgrade with latest technology and need support from other country for technology transfer
2	Research and development is low	R and D need in electronics sector , Automobile and other sector with strength of MSME
3	Lack of skilled labor	Increased and focused on skill development like <ul style="list-style-type: none"> • Skill India Mission • Vocational education and manufacturing part • National skill development corporation • Productive linked incentive scheme • Sector skill council
4	Highly dependency on other country and sector like in defense and pharma	Import dependency should be reduced by <ul style="list-style-type: none"> • Smart India • Startup India • Stand up India
5	Low budget allocation for this sector	More participation and connect people with Easy provide loan for start manufacturing field by <ul style="list-style-type: none"> • Mudra loan • Loan @59 minute • ASEM portal Special loan facility for SC, ST and Minority
6	Less promoting SHG and cooperative culture	Promoting SHG and Cooperative culture



7	Less focused on domestic production	Focused on domestic production
8	Lack of separate area dedicated to manufacturing sector	Dedicated sector should be developed in district level
9	Lack of effective policy regarding manufacturing sector	Effective and beneficial policy should be implemented <ul style="list-style-type: none"> • National electronics policy • National pharmaceutical policy
10	Lack of knowledge and awareness	Grants to students like PM fellowship Scheme
11	Lack of silicon valley which dedicated to manufacturing sector	Collaboration with foreign university
12	Promoting individual sector	<ul style="list-style-type: none"> • Promoting textile and cotton and jute industry which create huge amount of employments • Pharma sector also required domestic production which import from China
13	Lack of ease of doing	<ul style="list-style-type: none"> • Single window system • Geographical information • Preapproved loan

4. Position of India in Service sector:

53 % of GDP and India switching agriculture to service with 3/4th total FDI inflows and about 38% of total exports

Sectors included: Financial, Transport, Public administration, real sector, defense, communication, education, banking agriculture, Entertainment and mining others

Challenges and solutions in service sector:

S.No	Challenges	Solutions
1.	Import dependency (raw material)	Less dependency on import and permute export
2.	HIB Visa Issued for IT sector	Collaboration with international for solving problem of IT Sector
3.	Lack of vocational education among youths	Providing education Training
4.	Outdated policy and lack of clarity	Upgrade services policy
5.	Infrastructure deficiency <ul style="list-style-type: none"> • Inadequate facility • Transport • Logistics • Digital connectivity 	Infrastructure investment: <ul style="list-style-type: none"> • Expansion of telecommunication , mobile networks , broadband and optical fiber • Ensure rural , remote area good connectivity • Road with safety • PPP-data sharing and ensure data reliability
6.	Skill gap like IT Sector, R and D , Hospitability etc.	Skill certification-increase employability of workforce, enhance service reliability



7.	Labor – rigid rule for labor , Time taken solution of dispute and costly process	Work should be on labor related laws time, minimum wage
8.	Highly competition from outside or globally	Quality of products should be up to international standard which can compete with globally
9.	Quality standardization	
10.	Cyber security concern- data privacy issue	Compliance with international data protection standard and ensure trust in Indian service provider
11.	Bureaucracy- red tapism and corruption	Less red tapism and work for reduce corruption specially labour related area
12.	Taxation-high tax burden and GST	Should be given some relaxation in manufacturing sector for promotion with less special tax slab like SEZ (special economic zone)
13.	Access to financial –difficult to get loan to small and medium sector	Easy way to provide loan and pre-approved loan Special package should be given in this sector
14.	Environment issue –negative tourism	Tourism promotion with sustainable practice and disaster preparedness Improved by heritage PRASAD scheme , e-tourism visa, e-medical
15.	Lack of technology	Transfer of technology ITBPM (business process management) Startup India National policy on software Removal of angel Tax
16.	Bankrupt challenges for big firms	Support to big firms
17.	Lack of sustainable price	Stable price for good planning
15.	Safety also issue	Safety security policy
16.	Lack of international agreement	Free trade agreement with other countries Counter policy of China by south Asian and indo pacific region
17.	Lack of Ease of doing business	Ease of doing expansion



Questions

Q1: Examine impact of Globalization on Employment of formal sector of India? (UPSC MAINS -2021)

Ans: Globalization: mean integration of politically, cultural, technically, institutional among countries. It makes everyone assessable. In 1991 India, India got LPG AND India start as global village

Positive Impact:

- Technology transfer (exchange of knowledge across border in IT, defense, energy sector, education, manufacturing, service sector, space sector etc)
- Competition to get upgrade standard of domestic production
- Economic growth (access capital from WTO, WB, WHO and other international institutions)
- Tourism Increased
- Increased in flow of FDI (600 billion Dollars)
- Job creation (approx. 52% of GDP from service, bigger part from outside of India)
- Research and development (in medical , IT sector)
- Living standard high (per capital of income)
- Cultural exchange (understand different culture with emotional touch, permute tolerance, music exchange)
- Employment inn SEZ Processing zone and govt relaxed certain compulsory norms to mobilize private sector to extents jobs to local
- Improved quality of education
- Space technology improved
- Promoting infrastructure to attract foreign company

Negative Impact:

- More dependency
- Exploitation of labor
- Cultural dominance (western cultural)
- More competition
- Job displacement
- Income inequality
- Threat (to jobs and technology)
- Security (across border challenges)
- Dominance of International bodies (WTO, WHO provides its favorable norms to other countries for more profit)



Q2: In India, do you agree that growth of service sector is sustainable and will ensure equality in terms of creating employments?

Ans: share of GDP in service sector is 53% which is played important role in Indian economy still there is multiple arguments for say Growth of service sector is sustainable or not.

Positive sustainable:

- More than 600 billion dollar in Indian economy through FDI
- India is 7th largest export of commercial sector
- Service sector contribute 53% in GDP of India
- Net service surplus financial around 50% of India Trade deficit in 2017-18
- High employment generation
 - 8.3% of total employment from tourism
 - 4 million employment in IT
 - 22 million in logistics sector

Negative sustainable:

- By ILO report, 32% of Indians engaged in service sector which is lowest in top 15 countries
- Missing of highly quality skill
- Missing of vocational education and training institute
- Still highly dependency on other countries
- Quality and standardization problem still faced
- Lack of infrastructure, safety issue, strict laws are also huddle in ease of doing business
- Access to financial service
- Highly competition with others
- Dominance in term of technology
- Data privacy with red trapasium
- Skilled gap
- High taxation

Thus, there is some loops in way of sustainable of service so we need focused on it to achieve goal of sustainable in service sector



Q3: Industrial development and agriculture development are two sides of same coins what policy prescriptions would you advocate in context of Indian economy?

Ans: Industrial and Agriculture contribute 53% and 28% in GDP of Indian economy so both are very important sector for Indian economy and complementary to each other or we can say that both are two sides of one coin

1. Raw material : raw material and production of agriculture is made primary need of Industrial sector
 - sugar cane is need of sugar Industry
 - flower is need of fragrance sector
 - Jotrapha for blending ethanol
 - essential oils
 - dyes industry get raw material from agriculture
2. Food processing Industry:
 - Dairy industry
 - Horticulture
 - Animal husbandry
 - Pisciculture (Fish industry)
 - Floriculture
3. Research and development in industry is best practice in agriculture
 - Satellite agro technology
 - Remote technology
 - Seed labs
 - Green revolutions
 - Artificial intelligence
 - IOT
 - 4TH Industrial revolution
4. Workforce movement from agriculture to industrial sector
5. Growth in industrial will solve problem of disgusting employment in agriculture
6. Mechanization in industry is result in development of industries
Ex: Tector, harvesting machines etc.



Other link for study of UPSC-UPPCS

DAILY CURRENT AFFAIRS	http://raheineducation.com/daily-current-affairs/
DAILY MAINS PRACTICE QUESTION	http://raheineducation.com/daily-mains-question-practise/
TEST SERIES	http://raheineducation.com/upsc-uppcs-test-series-20-test/
PRE NOTES	http://raheineducation.com/upsc-uppcs-pre-exam/
MAINS NOTES	http://raheineducation.com/upsc-uppcs-mains-notes/

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