

DEPARTMENT OF ECONOMICS

EXTRA- CREDIT COURSE

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ECONOMIC DEVELOPMENT AND POLICY IN INDIA - I

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Module No 1

1.1 Issues in Growth, Development and Sustainability

Economics is all about making smart choices to cope with scarcity. The most fundamental measurement used to evaluate the success in allocating the scarce resources is economic growth. Individuals monitor their income and the changing value of their assets. Businesses track their profits and their market share. Nations monitor a variety of statistics to measure economic growth such as national income, productivity etc. Moving beyond growth and productivity, some economists argue that any assessment of the nation's economy must also include measurements of distribution, equity, per-capita income etc.

Economic Growth and Economic Development

Even though the terms economic development and economic growth sound similar, there is a significant difference between the two. While both economic growth and economic development are important indicators of a country's economic health, there are important distinctions between the two.

Economic growth is a relatively **narrow concept**. It entails a **quantitative increase** in output, whereas economic development includes qualitative changes such as social attitudes and customs, in addition to **quantitative growth in output or national income**. Economic development is nearly impossible to imagine without growth.

What is Economic Growth?

- **Economic growth** is defined as an **increase in the production** of economic goods and services from one period of time to another.
- **Economic growth denotes an increase in both national income and per capita income.**
 - The increase in per capita income is a better measure of Economic Growth because it reflects an improvement in the living standards of the masses.
- Let's consider that a unique berry only grows naturally in the land of Utopia. This berry has been utilised by natives of Utopia for many years, but a wealthy German traveller recently found it and took samples back to Germany. Because his German acquaintances like the berry, the tourist invested in a major berry exporting company in Utopia.

Hundreds of Utopians were engaged by the new berry exporting company to farm, harvest, wash, box, and ship the berries to German supermarkets.

- Because the total value of the goods and services generated by the new berry exporting business exceeded one million dollars in a calendar year, the berry exporting business added over one million dollars to Utopia's GDP. Utopia's GDP increased, indicating that the country achieved economic growth.
- Economic growth is defined as an increase in **real national income** rather than an increase in money income or **nominal national income**.
- In other words, the increase should be based on an increase in the output of goods and services rather than a simple increase in the market prices of existing goods.
- **Real income** should rise gradually over time: The rise in real national income and per capita income should be sustained over time.
- Seasonal or temporary income increases should not be confused with economic growth.
- Income growth should be based on increased productive capacity.
 - Increases in income can only be sustained if they are the result of a long-term increase in the economy's productive capacity, such as:
 - modernization or the use of new technology in manufacturing, infrastructure strengthening such as transportation networks, improved electricity generation, and so on.
- **Capital goods, labour force, technology, and human capital** all have the potential to contribute to economic growth.

What is Economic Development?

- **Economic development** is defined as a sustained improvement in society's material well-being.
- Few indicators of economic development are qualitative indicators such as the HDI (Human Development Index), gender-related indexes, Human Poverty Index (HPI), infant mortality, literacy rate and so on.
- From the above example of Utopia, before the berry exporting business, most Utopians lived in small settlements spread out over many miles. Only a small percentage of Utopians had access to schools, clean water, or healthcare. To feed their immediate families, utopian men worked long hours attempting to harvest land that was naturally unsuited for most crops.

- After the export of berries and an increase in the government's revenue, Utopians will get better access to schools, clean water and affordable healthcare. The export industry provides better wages and fixed working hours. Utopia's development indicators such as literacy rate, per capita income and access to healthcare, improve indicating economic development.
- Economic development encompasses a broader range of concepts than economic growth.
- Aside from national income growth, it includes **social, cultural, political, and economic changes** that contribute to material progress.
- It includes changes in resource supplies, capital formation rates, population size and composition, technology, skills, and efficiency, as well as institutional and organisational structure.
- These changes contribute to the larger goals of ensuring more equitable income distribution, increased employment, and poverty alleviation.
- It is a long chain of interconnected changes in fundamental supply factors and demand structure that leads to an increase in a country's net national product in the long run.

Why Economic Growth and Economic Development are important?

- Economic growth is a widely used term in economics that is useful not only for national-level economic analyses and policymaking but also for comparative economics.
- International financial and commercial institutions base policymaking and future financial planning on the available growth rate data for the world's economies.
- The most important aspect of growth is its **quantifiability**, or the ability to quantify it in absolute terms.
- Just as we need to make conscious efforts to increase our income and growth, we also need to make conscious efforts to increase our economic development and higher economic development.
- Development has not been possible anywhere in the world without a **conscious public policy**.
- Similarly, we can say that there can be no development without growth.
- If economic growth is used properly for development, it will re-accelerate growth and eventually bring a larger population into the development arena.
- Similarly, high growth with low development leads to a decline in growth.

Conclusion

- Economic development is a subset of economic growth. Economic development encompasses a broader scope than economic growth.
- Economic development employs a variety of indicators to assess the state of an economy as a whole; however, economic growth employs only a few indicators for calculation, such as gross domestic product, individual income, and so on.
- Economic Growth is frequently contrasted with Economic Development, which can be defined as an increase in an economy's or nation's economic wealth for the benefit of its residents.

It should be noted that economic growth is necessary but not the only condition for economic development. Types of Economic Indicators

- **Leading indicators** predict economic changes in the future. They are extremely useful for forecasting short-term economic developments because they typically change before the economy.
- **Lagging indicators** typically appear after the economy has changed. They're most useful when used to confirm specific patterns. Economic predictions can be made based on patterns, but lagging indicators cannot be used to predict economic change directly.
- **Coincident indicators** provide useful information about the current state of the economy in a specific area because they occur at the same time as the changes they indicate.

Important Indicators of Economic Development

1. Gross Domestic Product (GDP)

- **Gross Domestic Product (GDP) is a lagging indicator.**
- GDP is a measure of a **country's economic activity**. It is calculated by totaling a country's annual output of goods and services.
- This metric more accurately reflects the income paid to production factors.

- It excludes aspects of the good life, such as some recreational activities. It also excludes economically valuable but unpaid activities such as parents teaching their children to read.
- However, it does include some activities that degrade the quality of life, such as those that harm the environment.

2. Gross National Product (GNP)

- GNP is calculated by adding to GDP the income earned by residents from **foreign investments**, less the income sent home by foreigners living in the country.

3. National Debt

- The **total outstanding borrowing** of a country's government is referred to as its **national debt** (usually including national and local government).
- Although public debt may have economic benefits, it is frequently described as a burden.
- Debt incurred by one generation can certainly become a heavy burden for subsequent generations, especially if the money borrowed is not wisely invested.

4. Balance of Trade

- Balance of Trade is a **lagging indicator**.
- The **balance of trade** (or net exports, sometimes abbreviated as NX) is the difference in the monetary value of an economy's exports and imports of output over a given time period.
- It refers to the relationship between a country's imports and exports.
- If a country's trade balance is positive or favorable, it is referred to as a **trade surplus**; if the balance is negative or unfavorable, it is referred to as a **trade deficit** or, a **trade gap**.
- A trade surplus is generally desirable because it indicates that more money is coming into the country than is leaving.
- A trade deficit indicates that more money is leaving the country than is coming in. **Trade deficits can result in substantial domestic debt.**

- In the long run, a trade deficit can lead to a depreciation of the local currency because it causes significant debt. The local currency's credibility will suffer as debt levels rise.
- However, if a country's trade surplus is too large, it may not be taking advantage of the opportunity to buy products from other countries.
- In a global economy, nations specialize in manufacturing specific products while purchasing goods produced more efficiently by other nations at a lower cost.

5. Credit Rating

- A credit rating assesses an individual's, corporations', or even a country's creditworthiness.
- It is a credit bureau's assessment of a borrower's overall credit history.
- A credit rating is an evaluation of a potential borrower's **ability to repay the debt** that is prepared by a credit bureau at the request of the lender.
- Credit ratings are **based on financial history as well as current assets and liabilities**.
- A credit rating typically informs a lender or investor about the likelihood of a subject's ability to repay a loan.
- Credit ratings, nowadays, are also used to adjust insurance premiums, determine employment eligibility, and determine the amount of a utility or leasing deposit.
- A poor credit rating indicates a high risk of loan default, which leads to high-interest rates or the creditor's refusal to give loan.

6. Distribution of Wealth

- A comparison of the wealth of various members or groups in a society is referred to as the **distribution of wealth**.
- It differs from income distribution in that it considers the distribution of ownership of assets in society rather than the current income of its members.
- Wealth is defined as a person's net worth, which is expressed as:
 - **Wealth = Assets - Liabilities**
- The terms '**wealth**' and '**income**' are often confused and used interchangeably. These two terms refer to two distinct but related concepts.
- An individual's wealth consists of the items of economic value that he or she owns, whereas income is an inflow of items of economic value.

7. Inflation

- Inflation is defined as the annual increase in the prices of goods, services, and wages.
- High inflation is a bad sign, indicating that the government has lost control of the economy.

8. Demographics

- Demographics is the study of population growth and structure. It compares birth and death rates, as well as life expectancy and urban-rural ratios.
- Many LEDCs have a younger, faster-growing population than MEDCs, with more people living in rural areas than in cities.

9. Stock Market

- The stock market is a **leading indicator**. It's also the indicator that most people look to first, despite the fact that it's not the most important.
- Stock prices are influenced in part by what companies are expected to earn. If the earnings estimate for companies is correct, the stock market can forecast the direction of the economy.
- A **down market**, for example, may indicate that overall company earnings are expected to fall and that the economy is on the verge of a recession.
- On the other hand, an **upmarket** could imply that earnings estimates are rising and, as a result, the economy as a whole is doing well.

10. Unemployment

- **Unemployment is a lagging indicator.**
- The number of jobs created or lost in a given month is an indicator of economic health that can have a significant impact on the securities market.
- When more businesses hire, it indicates that the businesses are doing well. More hiring may also lead to predictions that more people will have more money to spend because more people are employed.
- Unemployment rates that arise unexpectedly or fall less than expected can sometimes be associated with a drop in stock prices because it may imply that employers cannot afford to hire as many people.

11. Consumer Price Index (CPI)

- The Consumer Price Index (CPI) is a **lagging indicator**.
- The CPI measures changes in the prices paid by urban consumers for goods and services over a given month. It is essentially a measure of changes in the cost of living.
- It provides a measure of inflation in terms of purchasing those goods and services.

12. Interest Rates

- Interest rates are a **lagging indicator**.
- Borrowers are more hesitant to take out loans when interest rates rise. This discourages consumers from taking on debt and businesses from expanding, potentially slowing GDP growth.
- If interest rates are too low, this can increase demand for money and increase the likelihood of inflation.
- Inflationary pressures can distort the economy and the value of its currency.
- **Current interest rates reflect the current state of the economy** and can also predict where the economy will go in the future.

13. Currency Strength

- The strength of the currency is a **lagging indicator**.
- When a country's currency is strong, its purchasing and selling power with other countries increases.
- A country with a strong currency can import goods at lower prices and sell them at higher foreign exchange rates.
- When a **country's currency is weaker, it can attract more tourists** and encourage other countries to buy its goods because they are cheaper.

14. Manufacturing Activity

- Manufacturing is a **leading indicator** of the economy.
- Orders for **durable goods** are a leading indicator of manufacturing activity.
- Durable goods are consumer products that are typically not replaced for at least a few years, such as refrigerators and automobiles.

- An increase in durable goods orders is generally regarded as a sign of economic health, whereas a decrease may indicate economic trouble.

15. Income and Wages

- Income and wages are **lagging indicators**.
- Earnings should rise to keep up with the average cost of living when the economy is performing well.
- **When incomes fall in relation to the average cost of living, it indicates that employers are either laying off workers, lowering pay rates, or reducing employee hours.**
- Income declines can also indicate an environment in which investments are underperforming.

Conclusion

An economic indicator is only useful if it is correctly interpreted. Indicators provide signs from time to time, but the best investors combine multiple economic indicators to gain insight into patterns and verifications within multiple sets of data.

1.2 Factors Affecting Economic Growth

Economic growth is the change – increase or decrease in the value of goods and services produced by an economy. It needs to be measured as government and private sector decisions and policies need a base for their actions. All important aspects of the economy are linked to growth: **tax collections, interest rates; inflation and its expectations; employment; foreign trade** and so on. Without measuring growth, there is no rationality in behaviour – both public and private. Investment decisions depend on the growth and inflation rate, to give one example. That is the reason for the Central Statistics Office (CSO) (**now National Statistical Office**) of India to project growth figures weeks before the Union Budget is presented facilitating rational projection of revenues and expenditure which in turn influences the private sector decisions.

Factors Affecting the Economic Growth

Economic growth is a highly complex phenomenon that is influenced by a wide range of factors, including political, social, and cultural factors. These elements are as follows:

Economic Factors

Natural Resources

- Natural resources are the most important factor influencing an economy's development.
- Natural resources include land area and **soil quality, forest wealth, a good river system, minerals and oil resources, a favourable climate**, and so on.
- The abundance of natural resources is critical for economic growth. A country lacking in natural resources may be unable to develop rapidly.

Capital Formation

Capital formation is the process by which a community's savings are channelled into investments in capital goods such as **plants, equipment, and machinery, which increases a country's productive capacity** and worker efficiency, ensuring a greater flow of goods and services in a country.

Technological Progress

- Technological progress primarily entails **research into the use of new and improved methods of production** or the improvement of existing methods.
- Natural resources are sometimes made available as a result of technological progress. However, in general, technological progress leads to increased productivity.

Entrepreneurship

Entrepreneurship entails the ability to identify new investment opportunities, as well as the willingness to take risks and invest in new and growing business units.

Human Resources Development

- A good quality of population is critical in determining the level of economic growth.
- As a result, investment in human capital in the form of educational, medical, and other social schemes is highly desirable.

Population Growth

- The **increase in labour supply** is a result of population growth, which creates a larger market for goods and services. As a result, more labour produces more output, which a larger market absorbs.
- Output, income, and employment continue to rise as a result of this process, and economic growth improves.

Social Overheads

- The provision of social overheads such as schools, colleges, technical institutions, medical colleges, hospitals, and public health facilities is another important determinant of economic growth.
- Such facilities help the **working population to be healthier, more efficient, and responsible.**

Non-Economic Factors

Political Factors

- Political stability and strong administration are critical to modern economic growth.
- A stable, strong, and efficient government, honest administration, transparent policies, and their efficient implementation foster investor confidence and attract domestic and foreign capital, resulting in faster economic development.

Social and Psychological Factors

- Social factors include **social attitudes, social values, and social institutions**, which change as education expands and cultures shift from one society to the next.
- Modern ideology, values, and attitudes result in new discoveries and innovations, as well as the rise of new entrepreneurs.

Education

It is now widely acknowledged that education is the primary means of development. Greater progress has been made in countries where education is widely available.

The desire for Material Betterment

- The desire for material advancement is a necessary prerequisite for economic development.
- Societies that place focus on self-satisfaction, self-denial, and faith in fate, limit risk and enterprise, causing the economy to stagnate.

Measures Taken to ensure Economic Growth

- Economic growth can be achieved when the rate of increase in total output exceeds the rate of increase in a country's population.
- A country's **human resources** should be sufficient in number and equipped with the necessary skills and abilities in order to achieve economic growth.
- The efficient utilisation or exploitation of **natural resources** is dependent on human resource skills and abilities, the technology used, and the availability of funds. A country with a skilled and educated workforce and abundant natural resources propel its economy forward.
- **Capital formation** increases the availability of capital per worker, which raises the capital/labour ratio even further. As a result, labour productivity rises, leading to an increase in output and economic growth.
- **Technological advancement** aids in increasing productivity with limited resources. Countries that have worked in the field of technological development grow faster than countries that have placed less emphasis on technological development. The selection of appropriate technology is also important for an economy's growth.
- **Social and political factors** play an important role in a country's economic growth.
 - Social factors include customs, traditions, values, and beliefs, all of which contribute significantly to an economy's growth.
 - A society with traditional beliefs and superstitions, for example, is resistant to adopting modern ways of life. Achieving becomes difficult in such a situation.
 - Aside from that, political factors such as government participation in policy formulation and implementation play a significant role in economic growth.

Conclusion

- Sustained economic growth in a country has a positive impact on national income and employment levels, resulting in higher living standards.
- Aside from that, it plays an important role in stimulating government finances by increasing tax revenues.
- Economic growth in a country is possible if the economy's strengths and weaknesses are properly assessed.

1.3 Sustainable Development

Sustainable development compromising future generations' ability to meet their own. When it comes to production, using recycled materials or renewable resources is an example of sustainable development.

What is Sustainable Development?

- Development that meets current demands without compromising future generations' ability to meet their own needs.
- In its report **Our Common Future**, the **Brundtland Commission** provided the most widely accepted definition of sustainable development (1987).
- Sustainable development (SD) entails a concerted effort to create a future for people and the planet that is inclusive, sustainable, and resilient.

Core Elements of Sustainable Development

- Economic growth, social inclusion, and environmental conservation are three key components of long-term development. Harmonizing them is crucial.
- Sustainable development requires long-term economic growth, a stable livelihood, living in harmony with nature, and the use of appropriate technology.

Environmental Sustainability

- It guarantees that nature is not treated as an unending supply of resources and that it is protected and used responsibly.

- Environmental conservation, renewable energy investment, water conservation, sustainable transportation support, and sustainable construction and design innovation all contribute to achieving environmental sustainability on multiple levels.

Social Sustainability

It has the potential to promote gender equality, the development of people, communities, and cultures, as well as a fair and equitable distribution of quality of life, healthcare, and education around the world.

Economic Sustainability

- Focuses on achieving equitable economic growth that provides wealth for all while minimising environmental damage.
- Economic resources should be invested in and distributed equally.
- Poverty in all of its forms and dimensions must be eradicated.

Global issues Related to Sustainable Development

- National economies are growing inequitably (North-South Divide).
- **Biodiversity Loss:** Despite concerted efforts over the last two decades, the world's biodiversity continues to be lost.
- **Climate Change:** Because climate change is a global issue, it necessitates a worldwide response. Particular attention must be made to the special issues that developing countries face when it comes to climate change.
- Combating climate change and promoting sustainable development are two concerns that are mutually reinforcing.
- **Intellectual Property Rights (IPRs):** All people, rich and poor, should be able to afford to access the products of innovation that can lead to long-term growth.

Global Initiatives on Sustainable Development

- **The Stockholm Conference, 1972:** It was the first step towards putting environmental issues on the international agenda.
 - It resulted in the **Stockholm Declaration**, which included principles and an Action Plan with environmental policy suggestions.

- **UNEP** was established in **1972** to act as a catalyst for the development and coordination of an environmental focus in other organisations' programmes.
- The **Brundtland Commission's Report** was a direct result of the **Earth Summit in 1992**. Rio de Janeiro hosted the event. The following documents were produced as a result of the Conference:
 - The Framework Convention on Climate Change (UNFCCC)
 - The Convention on Biological Diversity
 - The Statement on Forest Principles
 - The Rio Declaration
 - Agenda 21
- Kyoto Protocol, 1997
- **Rio +10, 2002:** The World Summit on Sustainable Development (WSSD) in Johannesburg was a 10-year evaluation of the Rio outcomes (Rio +10).
- Ramsar Convention, 1971
- **The 1972 World Heritage Convention:** It is responsible for identifying and preserving the world's cultural and natural treasures. It compiles a list of "**heritage sites**," which are cultural, natural, or combined regions of "great universal importance" that must be maintained for the sake of all people.
- Convention on International Trade in Endangered Species of Wild Fauna and Flora (CITES), 1973
- Convention on the Conservation of Migratory Species of Wild Animals (CMS), 1979
- Vienna Convention for the Protection of the Ozone Layer, 1985
- Montreal Protocol on Substances that Deplete the Ozone Layer, 1987
- Basel Convention, 1989
- Convention on Biological Diversity, 1992
- United Nations Convention to Combat Desertification, 1994
- Rotterdam Convention, 1998
- Stockholm Convention on Persistent Organic Pollutants, 2001
- Global Tiger Forum, 1993
- International Whaling Commission, 1946
- Minamata Convention, 2013
- Climate change mitigation strategies: Carbon sequestration, Carbon sink, Carbon Credit, Carbon trading, Carbon offsetting, Carbon Tax, Geo-engineering.
- United Nations Environment Programme (UNEP)

- UN Commission on Sustainable Development (CSD)
- United Nations Convention on the Law of the Sea (UNCLOS)
- Climate Finance Architecture: Green Climate Fund (GCF), Adaptation Fund (AF) and Global Environment Facility (GEF)
- Reducing Emissions from Deforestation and Forest Degradation (REDD) and REDD+
- Paris Agreement 2015
- The Clean Development Mechanism is a way to reduce greenhouse gases (GHGs) emissions through efficient and sound technologies.
- Global Alliance for Climate-Smart Agriculture (GACSA)
- Partnership for Action on Green Economy (PAGE)

Sustainable Development Goals

- The **United Nations (UN)** launched the **2030 Agenda** for Sustainable Development and the **Sustainable Development Goals (SDGs)** to mainstream sustainable development.
- Over the next 15 years, this comprehensive, integrated, and revolutionary agenda intends to encourage measures that will end poverty and establish a more sustainable world.
- By 2030, 17 goals and 169 specific milestones must be accomplished. To achieve the goals, governments, corporations, civic society, and individuals from all walks of life must all work together.
- The Sustainable Development Goals (SDGs) are **not legally binding**.

Conclusion

- To make the process of sustainable development feasible and operational, it is critical to establish a common focus that can integrate the perspectives and efforts of various development participants around the world, while taking into account the diversity of geography, society, economics, science, and technology capabilities and capacities, and educational standards and levels.
- Developed countries must alter their production and consumption patterns, restricting the use of fossil fuels and plastics, and encouraging public and private investments that support the SDGs.

Module No 2

2.1 Factors in Development

Capital formation is a term used to describe a country's net capital accumulation over an accounting period. The term refers to capital goods additions such as equipment, tools, transportation assets, and electricity. Countries require capital goods to replace older ones used in the production of goods and services. **Production falls if a country is unable to replace capital goods as they reach the end of their useful lives.** In general, the higher an economy's capital formation, the faster it can grow its aggregate income.

Capital Formation as Economic Factor in Economic Growth

- **Capital formation** is the process by which a community's savings are channelled into investments in capital goods such as plant, equipment, and machinery, which **increases a country's productive capacity** and worker efficiency, ensuring a greater flow of goods and services in a country.
- The process of capital formation implies that a community does not spend its entire income on goods for current consumption, but **rather saves a portion** of it and uses it to produce or acquire capital goods that significantly increase the nation's productive capacity.
- More goods and services produced can lead to an increase in national income levels. A country must generate savings and investments from household savings or from government policy in order to accumulate additional capital.
- **Countries with high household savings rates can accumulate funds to produce capital goods more quickly**, and a government that runs a surplus can invest the surplus.
- Capital formation refers not only to the creation of physical goods, but also to the **creation of human capital** such as education, health, skill development, etc.
- The process of capital formation occurs in three stages, which are:
 1. **Creation of Savings** - It is savings that are converted into capital. Individuals generate savings by deferring their current consumption by reducing their expenditures on consumer goods.
 2. **Effective Mobilization of Savings** - It is not enough to simply have more savings. Capital formation cannot occur unless people's savings are actually used (i.e., invested) to produce capital goods. However, in order to achieve this goal, the savings of various

households and individuals must be effectively mobilised and made available for investment to businessmen and entrepreneurs.

3. **Investment of Savings** - People's savings must be properly invested in order for a large number of honest and risk-taking entrepreneurs to produce capital goods in various productive systems such as agriculture, industry, trade, public works, transportation, communication, and improved technical know-how.

Measures Taken to Ensure Economic Growth

- **Capital formation** increases the availability of capital per worker, which raises the **capital/labor ratio** even further.
 - As a result, labour productivity rises, leading to an increase in output and economic growth.
- One fundamental aspect that must be kept in mind, is that in order to accumulate capital goods (capital formation), a portion of current consumption must be sacrificed.
- Savings are created by deferring a portion of current consumption, which are then invested to increase capital goods. As a result, both **savings** and **investments** are required for capital formation.
- Individuals' ability to save is directly related to their income and the government's taxation policy. **Higher-income combined with low taxation results in a higher rate of capital formation.**
- A public sector enterprise is an essential type of business organization. Since these are owned by the government rather than individuals, all profits can be used for capital formation by the government.
- When people are given more opportunities to mobilize their savings, they save and invest more.
 - Commercial banks, mutual funds, and other financial institutions encourage people to save more. Saving more leads to more capital formation.
- The government may stimulate capital formation by assisting potential investors in a variety of ways.
 - For example, by conducting techno-economic surveys of various lines of production, providing tax benefits to newly established production units, or granting income tax benefits to people who wish to save.
- **Commodity taxation** can also be used to boost rate of savings.

- If items of consumption, particularly items of luxury consumption, are subjected to high rates of sales tax, the prices of the consumption goods will rise and as a result, the consumption in the country will be reduced.
 - Savings will naturally increase if income remains constant.
- Capital formation boosts investment, which has the following two effects on economic development:
 - It raises per capita income and purchasing power, which leads to more effective demand.
 - Investment leads to increased output. As a result of capital formation, economic activities in developing countries can be expanded, thereby assisting in the abolition of poverty and the attainment of economic development.
- Another important economic function of capital formation is the creation of **job opportunities** in the country. Employment is created in two stages:
 - First, when capital is produced, some workers must be employed to produce capital such as machinery, factories, dams, irrigation works, and so on.
 - Second, more men must be employed when capital is used to produce additional goods.

Conclusion

It should, however, be noted, that capital formation does not refer to an increase in monetary capital, but rather to an increase in physical capital, such as machinery, factories, transportation equipment, bridges, power projects, dams, irrigation systems, and so on. To summarise, capital formation entails the creation of physical assets.

2.2 Technological progress

Technological progress is one of the most important factors determining the rate of **economic growth**. It is technological progress that will enable a sustained increase in output per head of population. As a result, it is the primary driver of economic growth. The technological progress is inextricably linked to the **capital formation** process. In fact, they complement each other.

Without prior capital formation, technological progress is virtually impossible. This is due to the fact that the introduction of superior or more efficient techniques necessitates the

construction of new capital equipment that incorporates new technology. In other words, if new and superior technology is first embodied in new capital equipment, it can contribute to national product and growth.

Technological Progress as Economic Factor in Economic Growth

- Technological progress primarily entails research into the use of new and improved methods of production or the improvement of existing methods.
- **Natural resources** are sometimes made available as a result of technological progress. However, in general, technological progress leads to increased productivity.
- In other words, **technological advancement** increases the ability to make more effective and fruitful use of natural and other resources for increasing output.
- It is possible to obtain a greater output from a given set of resources by using improved technology, or a given output can be obtained by using a smaller set of resources.
- The discovery of new and improved methods of producing goods is referred to as technological change or progress.
- Occasionally, technological advancements result in an increase in the available supply of natural resources. However, more broadly, technological changes increase the productivity of labour, capital, and other resources.
- **Total factor productivity** refers to the productivity of all factors' combined inputs. As a result, technological progress implies an increase in total factor productivity.
- As technology advances, it is possible to produce more output with the same resources or the same amount of product with fewer resources.
- **Technological change**, or more precisely technological progress, is a change in the manufacturing process that results in a higher output per unit of labour.
- **Technological advancement** causes a shift in the production function, which incorporates all known techniques.
- Changes in technology must be distinguished from changes in technique.
 - While technological change refers to advances in knowledge that result in improved methods of production, technique change refers to the use of a different but previously known method of production.

Measures Taken to Ensure Economic Growth

- **Technological advancement** aids in increasing productivity with limited resources.

- Countries that have worked in the field of technological development grow faster than countries that have placed less emphasis on technological development. The selection of appropriate technology is also important for an economy's growth.
- Technological progress improves the ability to make better use of natural resources, for example, with the aid of power-driven farm equipment, agricultural production has increased significantly.
- The United States, United Kingdom, France, Japan, and other advanced industrial nations have all gained industrial strength through the application of advanced technology.
- Adoption of new production techniques, in fact, facilitates economic development.
- Increased production can be achieved by either using more resources or by realizing higher productivity by more efficiently utilizing labor, capital, and land resources.
- Technological progress can aid in the discovery of new natural resources in the country, thereby increasing the country's productive potential.
- Technological advancements also boost the productivity of available resources.
- Technological advancement increases worker productivity by providing better machines, methods, and skills.

Conclusion

- In today's technological age, the desire for developing countries to make rapid technological progress in order to catch up with today's developed countries is obsessive.
- Intensive efforts are being made to implement improved technology in agriculture, industries, health, sanitation, and education, as well as in all other aspects of human life.
- Indeed, newly emerging nations have come to regard technology as a pillar of national autonomy as well as a status symbol in the international community.

2.3 Roles Performed by Financial Institution

Financial institutions play a pivotal role in every economy. The central government organization regulates banking and non-banking financial institutions. In addition, these institutions help bridge the gap between idle savings and investment and its borrowers, i.e., from net savers to net borrowers.

The following is the list of roles performed by financial institutions: –

1. Regulation of monetary supply
2. Banking services
3. Insurance services
4. Capital formation
5. Investment advice
6. Brokerage services
7. Pension fund services
8. Trust fund services
9. Financing the small and medium-scale enterprises
10. Act as a government agent for economic growth

1 – Regulation of Monetary Supply

Financial institutions like the Central Bank help regulate the money supply in the economy to maintain stability and control inflation. For example, the Central Bank applies various measures like increasing or decreasing repo rate, cash reserve ratio, and open market operations, i.e., buying and selling government securities, to regulate liquidity in the economy.

2 – Banking Services

Financial institutions, like commercial banks, help their customers by providing savings and deposit services. In addition, they offer credit facilities like overdraft facilities to the customers to cater to the need for short-term funds. Commercial banks also extend loans like personal loans, education loans, mortgages, or home loans to their customers.

3 – Insurance Services

Financial institutions, like insurance companies, help to mobilize savings and investment in productive activities. In return, they assure investors against their life or some particular asset at the time of need. In other words, they transfer their customer's risk of loss to themselves.

4 – Capital Formation

Financial institutions help in capital formation, i.e., increase in capital stock like the plant, machinery, tools and equipment, buildings, transport, communication, etc. Moreover,

they mobilize the idle savings from individuals in the economy to the investor through various monetary services.

5 – Investment Advice

There are many investment options available at the disposal of individuals and businesses. But it is not easy to choose the best option in the current swiftly changing environment. Almost all financial institutions (banking or non-banking) have an investment advisory desk that helps customers, investors, and businesses to select the best investment option available in the market according to their risk appetite and other factors.

6 – Brokerage Services

These institutions provide their investors access to several investment options available in the market, ranging from stock bonds (common investment alternative) to hedge funds and private equity investment (lesser-known alternative).

7 – Pension Fund Services

Through their various kinds of investment plans, financial institutions help individuals plan their retirement. One such investment option is a pension fund. The individual contributes to the investment pool by employers, banks, or other organizations and gets the lump sum or monthly income after retirement.

8 – Trust Fund Services

Some financial organizations provide trust fund services to their clients. They manage the client's assets, invest them in the best option available in the market, and take care of its safekeeping.

9 – Financing the Small and Medium Scale Enterprises

Financial institutions help small and medium-scale enterprises set up themselves in their initial business days. They provide long-term as well as short-term funds to these companies. The long-term fund helps them form capital, and short-term funds fulfill their day-to-day working capital needs.

10 – Act as A Government Agent for Economic Growth

The government regulates financial institutions on a national level. They act as a government agent and help grow the nation's economy. For example, to help out an ailing sector, financial institutions, as per the guidelines from the government, issue a selective credit line with lower interest rates to help the industry overcome the issues it is facing.

Conclusion

Financial institutions are the backbone of the economy. Without the help of these institutions, the economy will go down and cannot stand up. Due to their pivotal role in the development and growth of the economy, the government regulates these institutions through the central bank, insurance regulators, pension fund regulators, etc. Over the years, their role has expanded from accepting and lending funds to larger service areas.

Module No 3

3.1 Population

The study of human resources is important from the point of view of economic welfare. It is particularly important because human beings are not only instruments of production but also ends in themselves. A study of population is necessary as it is an important determinant of economic development

Meaning of Population

The term population refers to the whole number of people or inhabitants in a country or region.

Factors determining population growth

The basic factors determining population growth are

1. Birth rate
2. Death rate
3. Migration a. Out-migration (Emigration)
b. In-migration (Immigration)

Birth Rate

Birth rate has a positive influence on growth of population. Higher the birth rate, higher will be the growth of population.

The birth rate depends on the following factors:

- i) the age of marriage
- ii) the rapidity of child birth
- iii) social customs and beliefs
- and iv) Illiteracy and ignorance of controlling births.

Early marriage, higher child birth, higher the spread of social customs and beliefs (like son preference to do the religious functions) and higher the rate of illiteracy and ignorance of birth controlling measures, higher will be the birth rate and population growth.

Social awareness and spread of education among the people can help to increase the mean age of marriage, increase the knowledge about family planning methods and family

welfare measures to control births, reduce the rapidity of child birth and thereby reduce the birth rate.

Death Rate

Lower the death rate, higher will be the population growth and vice versa. High death rates may be due to hunger, starvation, malnutrition, epidemics, lack of proper medical and sanitary facilities. On the other hand, low death rates may be the result of better diet, pure drinking water, improved hospital facilities, control of epidemics and contagious diseases and better sanitation.

Migration

Out-migration will reduce population growth while in-migration will increase the population growth. Migration is not an important factor contributing to the population growth due to the restrictions imposed by different countries. Thus, the two major causes for the variations in population are birth rate and death rate. Steps to check rapid growth of population

(1) Couple Protection Rate (CPR)

CPR should be increased, which means the percentage of couples using birth control or family planning methods should go up.

(2) Infant Mortality rate (IMR)

IMR must be reduced further because when infants die in lesser numbers, there is an incentive to adopt small family norm by the people.

(3) Industrialisation of the country

The burden of population on land must be reduced. Cottage and smallscale industries must be developed in villages to provide employment to the maximum number of people. This leads to increase in standard of living which acts as a check on population growth.

(4) Increase in Female Literacy Rate and Education

The educated people have a better and more responsible outlook towards the size of their families. They can understand the advantages of a

small family and adopt family planning methods to reduce the family size. This will help in reducing the birth rate.

(5) Late Marriages

Late marriages must be encouraged. At the same time, early marriages must be strictly checked. The minimum age of marriage for boys at 21 years and for girls at 18 years should be strictly followed in real life.

(6) Legal Steps

Strict laws must be made and enforced to check early marriages and polygamy.

(7) Family Planning

This is the most important measure to check the rapid growth of population. Family Planning means limiting the size of the family. The Family Planning Campaign should be a national movement. Education about family planning must be made common. People must be made aware of the different methods of birth control.

Theories of Population

Malthusian Theory of Population

The Malthusian theory of population is the most well-known theory on population in economics. Malthus pointed out that an accelerated increase in population would outweigh the increase in food production. This would have an adverse impact on the development of an economy. This theory is explained in the following propositions:

1. The rate of growth of population is limited by the availability of the means of subsistence i.e. food. If the means of subsistence increase, population also increases unless it is checked.
2. Population increases at a faster rate than food production. In other words, while population increases in a geometric progression, food production increases in an arithmetic progression.
3. The preventive and positive checks are the two measures to keep the population on the level with the available means of subsistence.

The first proposition states that the size of population is determined by the availability of food production. In other words, greater production can sustain a larger population. If food production does not increase to match the rate of growth of population, it will lead to poverty. The want of food would result in deaths and thereby automatically limit the population. If the food production increases, the people will tend to increase their family size. This will lead to more demand for food, so the availability of food per person will diminish. This will lead to a lower standard of living.

The second proposition states that population would increase at a geometrical progression i.e. in the ratio of 2, 4, 8, 16, 32, etc., but food production would increase at an arithmetical progression i.e. in the order of 2, 4, 6, 8, 10, etc. If population increases there will be a burden on land, which is limited; as a result there will be diminishing returns. This will lead to a decrease in the output per worker and a corresponding decrease in the availability of food per person. The imbalance between the population growth and food supply would lead to a bare subsistence of living, misery and poverty.

This imbalance is corrected by two checks namely preventive checks and positive checks.

Preventive checks are those checks applied by man to reduce the population. The preventive checks include late marriage, self-restraint and other similar measures applied by people to limit the family.

Positive checks affect population growth by increasing death rate. The positive checks on population are many and include every cause either from vice or misery which helps to shorten the life span. Common diseases, plagues, wars, famines, unwholesome occupations, excess labour, exposure to the seasons, extreme poverty, bad nursing of children are a few examples for positive checks.

Malthus thus recommended that the preventive checks can be used by mankind to avoid misery or else the positive checks would come into operation. As a result, there will be a balance between population and food production.

Optimum Population

The modern theory of optimum population brings out the relationship between changes in population and the consequent changes in per capita income. Modern economists such as Sidgwick, Cannon, Dalton and Robbins have propagated this theory.

Optimum population means the ideal population relative to the natural resources, stock of capital equipment and state of technology. There will be an ideal size of population at which per capita output (or real income per head) will be the highest.

In other words, optimum population is that level of population at which per capita output is the highest. A country is said to be underpopulated if the population is less than the optimum and overpopulated if the population is more than the optimum.

Illustration

Let us assume that the availability of natural resources, capital equipment and state of technology remain fixed in a country. The population is assumed to be small relative to these resources. When population increases, the labour force in a country also increases. As additional labour is combined with fixed amounts of these resources, the per capita output will initially rise due to greater of specialisation and more efficient use of natural and capital resources available. As population increases, a point will be reached when capital and natural resources will be fully exploited and output will be the highest.

Thus, the level of population at which the per capita output is the highest is known as optimum population. Beyond this point, if the population increases, the country will become overpopulated and the per capita output will start decreasing because there are more women/men in relation to natural resources in the economy.

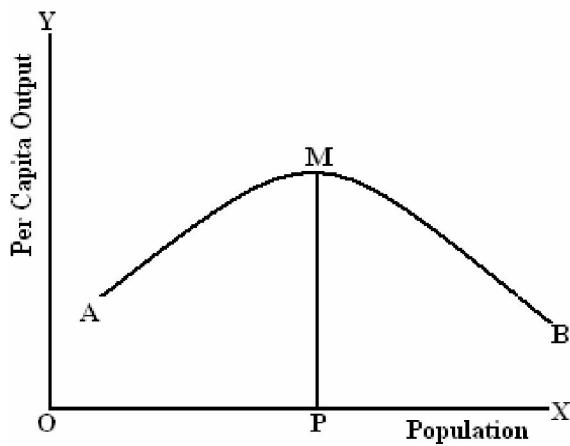
Thus, the given amount of capital and natural resources have to be shared among a larger number of workers resulting in smaller amount of equipment, materials and natural resources available per person to work with. Thus, the average productivity declines. With the fall in the output per head, per capita income and standard of living of the people also decline. Overpopulation leads to a low standard of living, disguised unemployment and food shortage.

Both underpopulation and overpopulation have shortcomings. It is optimum population with the highest per capita output which is best suited for a country. This is explained in Figure 2.1.

In the figure, size of population is measured on the X-axis and output per capita on the Y-axis. It is clear that as population increases, output per capita also increases till OM. At OP level of population, output per capita is the highest and is equal to MP. If population increases beyond the

level OP, then per capita output will fall. Therefore OP is the optimum

Theory of Optimum Population



population. If the actual population is less than OP, a country is said to be underpopulated and if it is more than OP, it is overpopulated.

The following formula measures whether population at a point of time is optimum or not

$$M = \frac{A - Q}{Q}$$

O

Where

M = Maladjustment in level of output

A = Actual population

O = Optimum population

If 'M' is zero, then the total population is equal to optimum population. If 'M' is positive, the total population is more than the optimum population. If 'M' is negative, the total population is less than the optimum population.

The Theory of Demographic Transition

The demographic transition brings out the relationship between fertility and mortality, i.e. between the birth rate and the death rate. Birth rate refers to the number of births occurring per 1000 in a year. Death rate refers to the number of deaths occurring per 1000 in a year. This theory explains the changes in these rates as a consequence of economic development. This theory points out that there are three distinct stages of population growth.

Stage I: High Birth Rate and Death Rate

In the first stage, the country is backward and less developed. Agriculture will be the main occupation of the people and primitive mode of cultivation will be used. The standard of living of the people will be low. This stage is characterised by high birth rate and high death rate. The high death rate is due to poor diets, improper sanitation and lack of proper medical facilities. Birth rate is high on account of widespread illiteracy, ignorance of family planning techniques, early marriages, social beliefs, customs and attitudes of the people. In this stage, the rate of growth of population is not high since high birth rate is offset by the high death rate and the population growth stagnates.

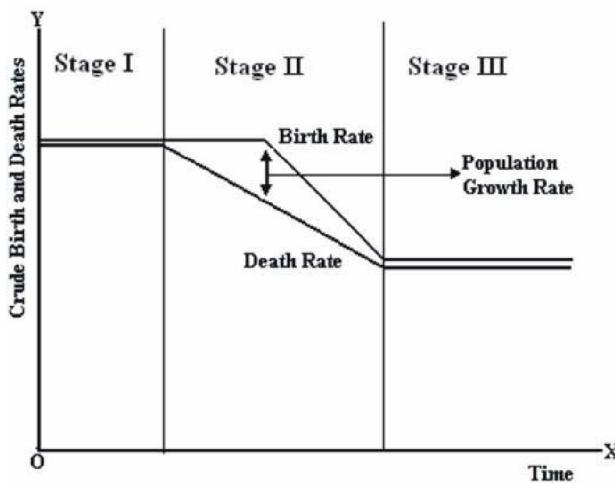
Stage II: High Birth Rate and Low Death Rate

As a country advances, it might result in increase in industrial activity, creating more employment opportunities. This will raise the national and per capita income of the people, thereby increasing their standard of living. The economy reaches the second stage of high birth rate and low death rate. The advancement in science and technology will result in the availability of better medical facilities.

The eradication of many epidemics and dangerous diseases and better sanitary conditions reduce the incidence of disease and death. The birth rate still remains high due to the resistance to change, and the long established customs and beliefs. Thus there is an imbalance between high birth rate and low death rate resulting in high population growth, and the country witnesses population explosion.

Figure 2.2

The Demographic Transition



Stage III: Low Birth Rate and Death Rate

Economic development leads to change in the structure of the economy from an agrarian to a partially industrialised one. With the increase in industrialization, people migrate from rural to urban areas, and there is a change in the attitude of the people. With the spread of education, people prefer small families in order to increase the standard of living. Thus the birth rate is reduced.

Implementation of better medical facilities, control of disease and public sanitation result in low death rate. During this third stage of low birth and death rates, the growth of population tends to be stable. Almost all countries have passed through these three stages (demographic transition) of population growth. The three stages of demographic transition are shown in Figure 2.2.

Census

The term 'Census' can be defined as the process of collecting, compiling, evaluating, analysing and publishing the demographic, economic and social data relating to all persons in a country or a well-delimited part of a country at a specified time.

Census of population in India was taken in 1872 and then in 1881. From then onwards, the census is taken once in 10 years. The latest census was taken in 2001. Census is very important to know (1) the rate of growth of population (2) the changes in the distribution of the population.

Census is useful for economic planning, and for implementing welfare schemes and measures.

The Use of Population Census

The population census provides comprehensive details of India's population characteristics. The details recorded in the population census areas follows:

1. Total Population
2. Sex Composition
3. Rural versus Urban population
4. Age Composition
5. Density of Population
6. Literacy Rate
7. Urbanisation
8. Occupational Pattern

Population Growth

The term "**Population Growth**" refers to the increase or decrease in the size of a population. **Population growth** is an important factor in overall **economic growth** and, in some cases, may even contribute to **higher per capita output growth**. Rapid population growth in low-income countries is likely to be detrimental in the short and medium-term because it results in a large number of dependent children.

The population is a **labor force resource**. The labor force will grow in proportion to the size of the population. Labour alone is incapable of producing anything. A labor force is a productive asset for a country if other resources required for production are also available in sufficient quantity. If other resources are in short supply, a large labor force may become an impediment to faster economic growth.

Population Growth as Economic Factor in Economic Growth

- The **increase in labor supply** is a result of population growth, which creates a larger market for goods and services. As a result, more labour produces more output, which a larger market absorbs.

- Output, income, and employment continue to rise as a result of this process, and economic growth improves.
- However, population growth should be expected to be normal. **A galloping rise will stifle the economic progress.**
- Only in a sparsely populated country is population growth desirable. It is, however, unjustified in a densely populated country like India.

Measures Taken to Ensure Economic Growth

- An increasing population means a greater number of working people who can participate actively in the process of economic growth and development. Population growth leads to an **increase in total output**.
- A growing population means a larger market for most goods and services, and we all know that the size of the market limits the **division of labor**.
- A potentially **expanding market may encourage entrepreneurs to invest** in capital goods and machinery at an increasing rate. As a result, business activity will increase. As a result, more income and jobs will be created.
- Furthermore, it will serve as a market for the products of efficient, **large-scale mass-production industries**. The net effect may be beneficial to the country.
- Higher population growth rates would clearly lead to higher economic growth rates if population growth and per capita GDP growth were completely independent.
- On the other hand, if population growth affects per capita output growth, then the higher population growth rates will contribute to either higher or lower overall economic growth, depending on the nature of its effects on per capita GDP.
- Although the world's population is larger than ever, a large proportion of humanity's standard of living is also much higher than at any time in recorded human history.
 - Similarly, looking ahead, the potential for economic growth appears to be far greater than the potential for population growth.
 - For example, new strains of wheat, rice, and other foods, for example, have been discovered that have the potential to increase yields by two to five times in a short period of time.
 - In comparison, the world population would only double in about 35 years.
 - Of course, utilizing this potential would necessitate significant social changes, but the potential exists and is enormous.

Conclusion

There exists a conflicting role between population growth and economic development. It has the potential to be both a stimulant and an impediment to growth and development. Such opposing roles imply that the relationship between population and economic development is intricate, complex, and fascinating.

3.2 Urbanization

Urbanization refers to the **population shift from rural to urban areas**, the corresponding decrease in the proportion of people living in rural areas, and **the ways in which societies adapt to this change**.

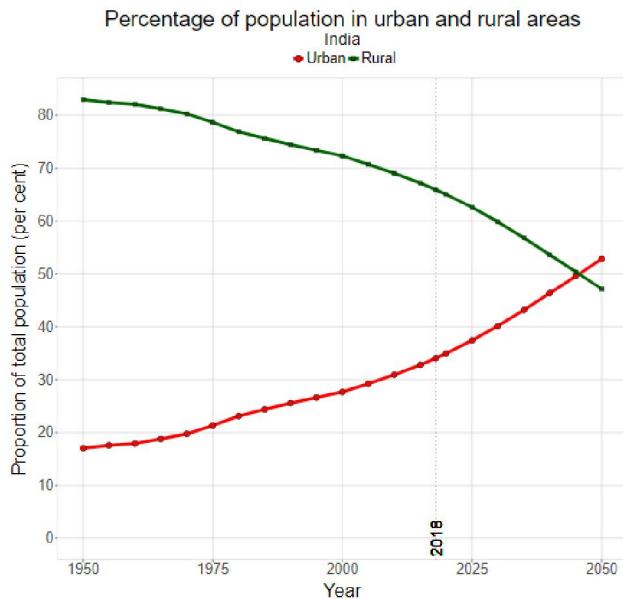
Causes of Urbanisation:

- **Natural increase of population:** It occurs when the number of births exceeds the number of deaths.
- **Rural to urban migration:** It is driven by **pull factors** (that attract people to urban areas) and **push factors** (that drive people away from the rural areas).
- Employment opportunities, educational institutions and urban lifestyle are the main **pull factors**.
- Poor living conditions, lack of educational and economic opportunities and poor health care facilities are the main **push factors**.

Global Urbanisation:

- The most urbanized regions include **Northern America** (with 82% of its population living in urban areas (as of 2018)), Latin America and the Caribbean (81%), Europe (74%) and Oceania (68%).
- The level of **urbanization in Asia is now approximately 50%**.
- Africa remains mostly rural, with 43% of its population living in urban areas.

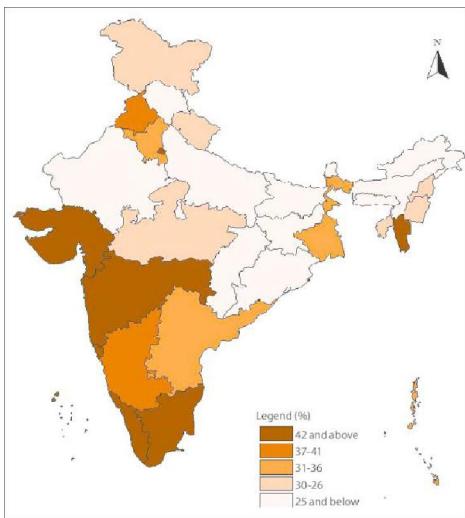
Urbanisation in India



Urbanization Prospects:

- The **World Urbanization Prospects, 2018** report produced by the **UN Department of Economic and Social Affairs (UN DESA)** notes that future increases in the size of the world's urban population are expected to be highly concentrated in just a few countries.
- Together, **India, China and Nigeria** will account for **35% of the projected growth of the world's urban population** between 2018 and 2050.
- By 2050, it is projected that **India will have added 416 million urban dwellers**.
- Currently, India's population stood at **1210 million in 2011**, with an **37arginalized level of 31.1% (Census of India 2011)**.

State-wise Scenario:



Number of Persons Living in Urban Areas:

- Over 75% of the urban population of the country is in 10 States: Maharashtra, Uttar Pradesh, Tamil Nadu, West Bengal, Andhra Pradesh, Gujarat, Karnataka, Madhya Pradesh, Rajasthan, and Kerala.
- Maharashtra leads with 50.8 million persons (13.5% of the total urban population of the country).
- Uttar Pradesh accounts for about 44.4 million, followed by Tamil Nadu at 34.9 million.
- **High-Scoring States:** **Goa is the most 38arginali State** with 62.2% urban population.
- Tamil Nadu, Kerala, Maharashtra, and Gujarat have attained over 40% 38arginalized.
- Among the North-Eastern States, Mizoram is the most 38arginali with 51.5% urban population.
- **Low-Scoring States:** **Bihar, Odisha, Assam, and Uttar Pradesh** continue to be at a lower level of 38arginalized than the national average.
- **Union Territories:** The **NCT of Delhi and the UT of Chandigarh are most urbanized** with 97.5% and 97.25% urban population respectively, **followed by Daman and Diu and Lakshadweep** (both above 75% 38arginalized).

India's Global Commitments regarding Urban Development:

- The **SDGs Goal 11** promotes urban planning as one of the recommended methods for achieving sustainable development.
- The **UN-Habitat's New Urban Agenda** was adopted at Habitat III in 2016.
- It puts forth principles for the planning, construction, development, management, and improvement of urban areas.
- The **UN-Habitat (2020)** suggests that the spatial conditions of a city can enhance its power to generate social, economic and environmental value and well-being.
- **Paris Agreement:** India's **National Determined Contributions (NDCs)** includes the goals to reduce the emission intensity of the country's GDP by 33 to 35% by 2030 from 2005 level.

India's Initiatives for Urbanisation:

Schemes / Programmes Related to Urban Development:

- **Smart Cities**
- **AMRUT Mission**
- **Swachh Bharat Mission-Urban**
- **HRIDAY**
- **Pradhan Mantri Awas Yojana-Urban**

Government Initiatives for Slum Dwellers/Urban Poor:

- **Pradhan Mantri Garib Kalyan Yojana**
- **Atmanirbhar Bharat Abhiyan (self-reliant India)**

Significance of Urban Living

- **Easier Access to Facilities:** Urban living is linked with **higher levels of literacy and education, better health, longer life expectancy, greater access to social services and enhanced opportunities for cultural and political participation.**
- Urbanisation is associated with **easier access to hospitals, clinics and health services in general.**

- Living in proximity to these services results in improved emergency care and general health.
- **Access to Information:** There are also benefits from **easier access to sources of information** such as radio and television which may be used to communicate information about health to the general public.
- For instance, **women living in towns and cities are more likely to be informed about family planning** which results in reduction in family size and less frequent childbirth.
- **Individualism:** Multiplicity of opportunities, social diversity, lack of familial and social control over decision making leads to **more self interest and facilitates decision-making by an individual** and choosing one's career and actions by oneself.

Issues Associated to Urbanisation

- **Excessive Population Pressure:** On the one hand, the rural-urban migration accelerates the pace of 40arginalized, on the other, it creates **excessive population pressure on the existing public utilities.**
- Consequently, the cities suffer from the problems of slums, crime, unemployment, urban poverty, pollution, congestion, ill-health and several deviant social activities.
- **Overflowing Slums:** There are about 13.7 million slum households in the country sheltering a population of 65.49 million people across the country.
- As much as 65% of Indian cities have adjoining slums where people live in small houses adjacent to each other.
- **Inadequate Housing:** Among the numerous social problems of 40arginalized, the problem of housing is the most distressing.
- A vast majority of urban population live under **conditions of poor shelter and in highly congested spaces.**
- In India, more than half of the urban households occupy a single room, with an **average occupancy per room of 4.4 persons.**
- **Unplanned Development:** The model of building a developed city comprises unplanned development, which only **bolsters the dichotomy prevailing in urban cities** between the rich and the poor.

- **Pandemic-Induced Problems:** The Covid-19 pandemic has exacerbated the misery of urban poor or slum dwellers.
- The sudden implementation of complete Covid lockdown **severely affected the ability of slum dwellers to earn their living.**
- **Non-Inclusive Welfare Schemes:** The benefits of welfare schemes for urban poor often reach only a small part of the intended beneficiaries.
- **Most relief funds and benefits do not reach slum dwellers**, mainly because these settlements are **not officially recognized by the government.**

Way Forward

- **Sustainable Urbanization for Successful Development:** As the world continues to urbanize, sustainable development depends increasingly on the **successful management of urban growth**, especially in **low-income and lower-middle-income countries** where the pace of urbanization is projected to be the fastest.
- **Integrated policies** to improve the lives of both urban and rural dwellers are needed, while **strengthening the linkages between urban and rural areas**, building on their existing economic, social and environmental ties.
- **Improving Access to Health Facilities & Welfare Schemes:** Accelerating efficiency of welfare and relief schemes along with **ensuring access to free vaccines, food security and adequate shelter** in the slums.
- Improving **sanitation and transportation facilities in slums** and establishing clinics and healthcare facilities.
- **Aiding nonprofits and local support bodies** who have better reach to these marginalized communities.

New Approaches for Urbanisation: New approaches to urban planning and effective governance are the need of the hour.

- Necessary actions should be taken to **build sustainable, robust and inclusive infrastructure.**
- Instead of a top-down approach, a **bottom-up approach shall be adopted** to better understand unique challenges faced by the urban poor.

Module No 4

4.1 Unemployment

Meaning of Full Employment

Full employment refers to a situation in which all the workers who are capable of working and willing to work get an employment at reasonable wages. It does not imply that all adults have jobs. Meaning of unemployment Unemployment refers to a situation in which the workers who are capable of working and willing to work do not get employment.

Unemployment Estimates

A person working 8 hours a day for 73 days of the year is regarded as employed on a standard person year basis. The following are the three estimates of unemployment generated in the 27th round of NSS (National Sample Survey).

- 1. Usual Principal Status unemployment:** It is measured as number of persons who remained unemployed for a major part of the year. This measure is more appropriate to those in search of regular employment e.g., educated and skilled persons who may not accept casual work. This is also referred to as 'open unemployment'.
- 2. Weekly Status unemployment:** It refers to the number of persons who did not find even an hour of work during the survey week.
- 3. Daily Status unemployment:** It refers to the number of persons who did not find work on a day or some days during the survey week.

Causes of Unemployment

- 1. High Population growth:** The galloping increase in population of our country during the last decade has further aggravated the unemployment problem in the country. Due to rapidly increasing population of the country, a dangerous situation has arisen in which the magnitude of unemployment goes on increasing during each plan period.
- 2. Insufficient Rate of Economic Progress:** Although India is a developing country, the rate of growth is inadequate to absorb the entire labour force in the country. The opportunities of employment are not sufficient to absorb the additions in the labour force of the country, which are taking place as a result of the rapidly increasing population in India.

3. Absence of employment opportunities in activities other than agriculture: As enough other employment opportunities are not available, agriculture is the principal area of employment in our country. Thus, pressure on land is high, as about 2/3 of the labour force is engaged in agriculture. Land is thus overcrowded and a large part of the work force is underemployed and suffer from disguised unemployment.

4. Seasonal Employment: Agriculture in India offers seasonal employment; thus agricultural labour remains idle during the off-season.

5. Joint Family System: Existence of joint family system in India promotes disguised unemployment. Usually the members of a family work on their family farms or do family business. There are more workers on a family farm than what would be needed on them.

6. Increasing turnout of students from Indian Universities: During the last decade, educated unemployment has increased due to rapid turnout of graduates by the Indian universities. Moreover, in the Indian educational system, more emphasis is placed on engineering and other Technical subjects rather than on Arts subjects. But there is unemployment amongst technical graduates as well. There is a lack of proper vocational education in the country.

7. Slow Developing of Industries: Industrialization is not rapid in our country and industrial labour finds few job opportunities. The agricultural surplus labour force is not absorbed by the industrial sector. This leads to disguised unemployment in agriculture.

Measures to Solve Unemployment Problem in India

A close reading of the Five-Year Plans reveals that in every Five- Years Plan, employment expansion has been emphasised as an objective of development. Despite all the plan pronouncements, the backlog of unemployment has increased. This is because each Plan was not even able to absorb the new entrants in the labour force.

The following measures have been suggested for solving the unemployment problem in our country:

1. A Change in the pattern of investment

The planning process in the initial stages gave importance to an investment-allocation

pattern with a high capital-labour ratio. Therefore, a shift in the emphasis to mass consumer goods industries would generate more employment to absorb the unemployed labour force. Moreover, increase in the supply of such goods may help arrest the rising price-level and increase the economic welfare of the people. This is the wage-goods model of development suggested by Vakil and Brahmanand.

2. Encouragement to small enterprises as against big enterprises

The employment objective and the output objective can be achieved, if greater investment is directed to small enterprises rather than to large enterprises. Now that the Government wants to undertake decentralised development with emphasis on small-scale enterprises, it would be desirable to reorient credit, licensing, raw material allocation and other policies in such a manner that both employment and output are enlarged simultaneously.

3. Problem of Choice of technique

It would be better to switch over to intermediate technologies till the process of industrialisation gets such a powerful momentum that the new entrants to labour force can be absorbed. During the period of rapid growth in the labour force, it would be advisable to adjust the choice of techniques consistent with the employment objective. Intermediate technology would be more suited to Indian conditions.

4. Encouragement of New Growth Centres in Small Towns and Rural Areas

Experience of planning has revealed that the overcrowded metropolitan centres have received a large share of investment. Therefore, the smaller towns should be developed as new growth centres for the future. The establishment of small industrial complexes can increase employment opportunities and provide flexibility to the economy.

5. Subsidies on the Basis of Employment

All schemes of subsidies and incentives to large and small industries have helped output maximisation and greater use of capital resources. The pattern of subsidies should be altered. Creation of more employment should be treated as the basis for the grant of subsidies and incentives. This will shift the entire structure of government support from the large-scale producer to the small-scale producer as this is more consistent with the objective of employment generation and achieving equality and social justice.

6. Reorientation of Educational Policy

One great defect of our educational system is that it leads one to take up the professional degree only. The high degree of unemployment among the educated signifies the urgent need to reorient our educational system to greater employment opportunities. Education system should be more diversified. It should have more short term vocational courses that will cater to the local employment needs. Development of quality education is a prerequisite for the development of a nation as it is the remedy for all problems including the problem of unemployment in the country. Hence, a high priority needs to be accorded for education in public expenditure.

7. Underemployment in Rural Areas

N.S.S. data have revealed the existence of a high degree of underemployment in India. The total number of underemployed persons available and willing to take up additional work is estimated to be more than two crores. It is necessary to organise the Rural Works Programme. Failure of implementation of Rural Works Programme underlines the relatively low importance given to the rural sector to provide additional employment to millions of landless labourers and small and marginal farmers. Urgent action is needed in this direction so that work opportunities grow in the rural areas. This will raise the level of income and employment in rural areas and reduction in poverty levels..

Classifications of Economy:-

In Indian economy introduction, the sectors of economy based on other basis is also required to get a clear picture of the strengths of Indian Economy.

1. **Organized Sector:** The sector which carries out all activity through a system and follows the law of the land is called organized sector. Moreover, labour rights are given due respect and wages are as per the norms of the country and those of the industry. Labour working organized sector get the benefit of social security net as framed by the Government. Certain benefits like provident fund, leave entitlement, medical benefits and insurance are provided to workers in the organized sector. These security provisions are necessary to provide source of sustenance in case of disability or death of the main breadwinner of the family without which the dependents will face a bleak future.

2. **Unorganized Sector:** The sectors which evade most of the laws and don't follow the system come under unorganized sector. Small shopkeepers, some small scale manufacturing units keep all their attention on profit making and ignore their workers basic rights. Workers don't get adequate salary and other benefits like leave, health benefits and insurance are beyond the imagination of people working in unorganized sectors.
3. **Public Sector:** Companies which are run and financed by the Government comprises the public sector. After independence India was a very poor country. India needed huge amount of money to set up manufacturing plants for basic items like iron and steel, aluminium, fertilizers and cements. Additional infrastructure like roads, railways, ports and airports also require huge investment. In those days Indian entrepreneur was not cash rich so government had to start creating big public sector enterprises like SAIL (Steel Authority of India Limited), ONGC(Oil & Natural Gas Commission).
4. **Private Sector:** Companies which are run and financed by private people comprise the private sector. Companies like Hero Honda, Tata are from private sectors.

4.2 Occupational Structure in India: An Overview

The below mentioned article provides an overview on Occupational Structure in India. After reading this article you will learn about: 1. Economic Development of Occupational Structure 2. Occupational Distribution of Population 3. Factors Responsible for Failure.

Economic Development of Occupational Structure:

Economic development creates various types of occupations in an economy. All these various occupations can be broadly classified into three categories, viz., primary, secondary and tertiary. The primary occupations include all those essential activities such as agriculture and allied activities like animal husbandry, forestry, fishery, poultry farming etc.

Secondary activities include manufacturing industries composed of both large and small scale and mining. Tertiary activities include all other activities like transport, communication, banking, insurance, trade etc. The occupational structure indicated the distribution as well as absorption of population into these various types of occupations.

In underdeveloped countries, majority of the population are still engaged in agriculture and other primary activities. Even in some developed countries like Japan, England, Norway fishing continues to be an important occupation, providing employment to a substantial number of populations.

Development experience shows that with the gradual development of a backward economy, the importance of primary occupations gradually declines with the growth of industries and tertiary activities. In the secondary sector, large scale industries, being more capital-intensive cannot provide much employment opportunities.

But it is the development of small scale and cottage industries, mining activities etc., being largely labour-intensive, can provide huge number of employment opportunities.

Again the tertiary occupations are also considered very important as these have a huge employment potential. In developed countries, the absorption capacity of this sector is very high. According to World Development Report, 1983, whereas about 45 to 66 per cent of the work force of developed countries was employed in the tertiary sector but India could absorb only 18 per cent of total force in this sector.

Changes in occupational structure are very much associated with economic development. The rate of economic development and the level of per capita income increase as more and more work force shifts from primary sector to secondary and tertiary sector.

The increase in productivity in agriculture transfers surplus work force from agriculture to other sectors. The extent and pace of inter-sectoral transfer of work force depend very much on the rate of increase in productivity in the primary sector in relation to other sectors.

Factors Responsible for Failure of Occupational Structure:

1. Indian planners failed to make any serious attempt for the development of rural economy for utilizing the vast idle labour force and also to raise the productivity of labourers. Due to poor organisation, the programmes of reducing unemployment and under-employment problem in the rural areas failed miserably.

Moreover, planners did not make any serious attempt to enlarge the scope of non-agricultural rural employment.

2. Land reforms in India failed miserably to realise its goal and to create small owner holding. These reforms could not diffuse the ownership of land among a large number of marginal cultivators.

3. Various other facilities provided by the Government such as cheaper credit, marketing, subsidy on fertilizer price etc. only benefitted rich farmers and poor and marginal farmers could not reap any benefit from these facilities leading to a failure in raising their agricultural productivity.

4. Efforts of the planners to develop industries helped the large scale capital goods sector and the plans could not create much response to the development of small scale and cottage industries. This development of large scale highly capital-intensive industries could not create much employment potential and thus created no impact on the occupational structure of the country.

5. The high rate of growth of labour force is also an important factor which has been creating serious drags on the path of changing the occupational structure in India. This fast growing labour force without getting any subsidiary occupation open to them in the rural areas stated to eke out their living from agricultural sector alone.

This led to a huge dependence as well as a high degree of disguised unemployment in the agricultural sectors.

Thus under this present situation occupational structure in India can be amended suitable only when the country will start to develop its labour-intensive sectors that include small scale and cottage industries, allied activities in the primary sector such as animal husbandry, fishing, poultry farming etc. and the service sectors as well as so to foster the growth of non-agricultural employment side by side with modern large scale industrial sector.

Development of this huge labour-intensive sector will raise the level of employment and income both in the rural and urban areas leading to an enlargement of aggregate demand for various goods and services produced by large scale industries.

Thus the development of this labour intensive sector will be able to bring changes in the occupational distribution of population from agricultural to non-agricultural occupations and will also be able to support the large scale manufacturing sector by enlarging the demand for their products and while doing so they can save these large scale industries from recession.

4.3 Open unemployment and disguised unemployment.

Unemployment is defined as the situation when a person actively searches for a job and is unable to find work. Unemployment describes the health of the economy. There are various types of unemployment. In this article about two types of unemployment that is open unemployment and disguised unemployment.

Open unemployment

Open unemployment is the situation when a person is willing to work, is educated but is unable to get a job and work. This kind of unemployment is clearly visible in the society.

We come across many educated people who express their views saying that am graduated from such a reputed college but am still in search of a job. This kind of unemployment has different criteria in rural and urban areas. Open unemployment behaves differently in cities as well as in small towns and cities.

Open unemployment in urban areas

In urban areas on taking the case of huge multinational companies have a large number of employees but the capable ones are very less in that firm. In some departments of the companies one employes an employee due to the political or social influence of a person or due to nepotism or due to many internal reasons. The person who is highly capable and qualified for the job may not get the job but the person who is not willing to work but due to some pressure or external force he is made to work.

Open unemployment in rural areas

In rural areas like in villages or towns when a person is in search of jobs, he will not find it and tries to move to the city in search of a job. In rural areas a person who is willing to work but can not work due to some traditional and regional rules laid by those villages. He may not find a job as he does not belong to that particular village and has come from some other places, these reasons creates a situation of open unemployment in rural areas.

Disguised unemployment

The situation of underemployment or disguised unemployment is a situation where people are apparently working but all of them are made to work less than their potential is called disguised unemployment. In this situation, the person considers himself employed but is actually not working and utilising his skills in the job.

Disguised unemployment in rural areas

In rural areas, we know that agriculture is the main source of income, this kind of unemployment situation is quite common here. For instance, a piece of land requires only three people to work on it and rather, five people are working on it, then the two extra people are said to be in a situation of disguised unemployment. Not in the field of agriculture we can also see this in small scale industries set up in a village. The labours in these small scale industries are in short of work as more employees are appointed and others face the situation of disguised unemployment.

Disguised unemployment in Urban areas

In urban areas, disguised unemployment is very often. For instance painters, plumbers, electricians are unable to find work on a daily basis and work way less than their potential. A person who has the energy to work in a huge firm but he cannot showcase his

skills and perform better as there are many workers and work is distributed among all so he feels that there is nothing much to do.

Unemployment has become the main cause of a decrease in the economy rate of the country. Not only these two there are few more types of unemployment like structural unemployment, seasonal unemployment, vulnerable unemployment, technological unemployment and frictional unemployment.

Module No 5

5 Employment Generation Schemes

5.1 Employment Generation Schemes/ Programmes of Government of India

Employment generation coupled with improving employability is the priority of the Government. Accordingly, the Government of India has taken various steps for generating employment in the country. The efforts comprise of various long term schemes/ programmes/ policies for making the country self-reliant and to create employment opportunities. A brief on Employment Generation Schemes/ Employment Promotion Programmes of the Government alongwith their website detail is given below:

Employment Generation Schemes/ Programmes of Government of India

Sr. No.	Name of the Scheme/ Programme	Ministry	Remarks
1	Atmanirbhar Bharat Rojgar Yojana (ABRY)	Ministry of Labour and Employment	Aatmanirbhar Bharat Rojgar Yojana (ABRY) was launched with effect from 1 st October, 2020 as part of Atmanirbhar Bharat package 3.0 to incentivize employers for creation of new employment along with social security benefits and restoration of loss of employment during Covid-19 pandemic. The website link for the scheme is https://labour.gov.in/aatmanirbhar-bharat-rojgar-yojana-abry
2	Pradhan Mantri Rojgar Protsahan Yojana (PMR PY)	Ministry of Labour and Employment	Pradhan Mantri Rojgar Protsahan Yojana (PMR PY) was launched with effect from 1.4.2016 to incentivise employers for creation of new employment. The beneficiaries registered upto 31st March, 2019 will continue to receive the benefit for 3 years from the date of registration under the scheme i.e. upto 31st March, 2022. The website link for the scheme is https://pmrpy.gov.in/
3	National	Ministry of	Project for transformation of the National

	Career Service (NCS) Project	Labour and Employment	Employment Service to provide a variety of career related services like job matching, career counselling, vocational guidance, information on skill development courses, apprenticeship, internships etc. This project consists of three important components namely - (i) NCS Portal (www.ncs.gov.in); (ii) Model Career Centres; and (iii) Interlinking of Employment Exchanges. The website is https://www.ncs.gov.in/
4	Mahatma Gandhi National Rural Employment Guarantee Act (MGNREGA)	Ministry of Rural Development	MGNREGA is to provide at least 100 days of guaranteed wage employment in a financial year to every rural household whose adult members volunteer to do unskilled manual work. The website link for the scheme is https://nrega.nic.in/Nregahome/MGNREGA_new/Nrega_home.aspx
5	Pradhan Mantri Garib Kalyan Rojgar Abhiyaan (PMGKRA)	Ministry of Rural Development	The Garib Kalyan Rojgar Abhiyaan (GKRA) is a 125-day Abhiyan launched by Hon'ble Prime Minister on 20th June, 2020 with a mission to address the issues of returnee migrant workers and similarly affected rural population by Covid-19 pandemic through a multi- pronged strategy of providing immediate employment & livelihood opportunities to the distressed, to saturate the villages with public infrastructure and creation of livelihood assets to boost the income generation activities and enhance long term livelihood opportunities by giving focus on 25 works in 116 selected districts across 6 States with a resource envelope of Rs. 50,000 crore. The website link for the scheme is https://rural.nic.in/en/press

			release/garib-kalyan-rojgar-abhiyan
6	Aajeevika - National Rural Livelihoods Mission (NRLM)	Ministry of Rural Development	Aajeevika - National Rural Livelihoods Mission (NRLM) was launched by the Ministry of Rural Development (MoRD), Government of India in June 2011. Aided in part through investment support by the World Bank, the Mission aims at creating efficient and effective institutional platforms of the rural poor, enabling them to increase household income through sustainable livelihood enhancements and improved access to financial services. The website link for the Mission is https://aajeevika.gov.in/
7	Pt. Deen Dayal Upadhyaya Grameen Kaushalya Yojana (DDU-GKY)	Ministry of Rural Development	Deen Dayal Upadhyaya Grameen Kaushalya Yojana (DDU-GKY) is a placement linked skill development program for rural poor youth under National Rural Livelihoods Mission (NRLM) since September, 2014. Rural Youth in the age group of 15-35 years are covered under this scheme. Sub component of NRLM which is a placement linked skill development scheme for rural poor. The website link for the scheme is http://ddugky.gov.in/
8	Rural Self Employment and Training Institutes (RSETIs)	Ministry of Rural Development	RSETIs are Rural Self Employment Training Institutes, an initiative of Ministry of Rural Development (MoRD) to have dedicated infrastructure in each district of the country to impart training and skill upgradation of rural youth geared towards entrepreneurship development. RSETIs are managed by banks with active co-operation from the Government of India and State Governments. The details is at website: http://nirdpr.org.in/rseti/index.aspx
9	PM-SVANidhi Scheme	M/o Housing & Urban Affairs	Prime Minister Street Vendor's Atma Nirbhar Nidhi (PM-SVANidhi) Scheme since June 01, 2020 to provide collateral free working

			capital loan to Street Vendors, vending in urban areas, to resume their businesses which were adversely affected due to COVID-19 induced lock-down. The details of the scheme is at the website: https://pmsvanidhi.mohua.gov.in/
10	Deendayal Antyodaya Yojana - National Urban Livelihoods Mission (DAY- NUML)	M/o Housing & Urban Affairs	To reduce poverty and vulnerability of the urban poor households by enabling them to access gainful self employment and skilled wage employment opportunities, resulting in an appreciable improvement in their livelihoods on a sustainable basis, through building strong grassroots level institutions of the poor. The mission would aim at providing shelters equipped with essential services to the urban homeless in a phased manner. The website for the scheme is https://nulm.gov.in/
11	Prime Minister's Employment Generation Programme (PMEGP)	Ministry of Micro, Small & Medium Enterprises	Prime Minister's Employment Generation Programme (PMEGP), which is a major credit-linked subsidy programme aimed at generating self-employment opportunities through establishment of micro-enterprises in the non-farm sector by helping traditional artisans and unemployed youth. The details can be seen from the website: https://msme.gov.in/1-prime-ministers-employment-generation-programme-pmegp
12	Pradhan Mantri MUDRA Yojana (PMMY)	Ministry of Finance	Pradhan Mantri MUDRA Yojana (PMMY) is a scheme launched by the Hon'ble Prime Minister on April 8, 2015 for providing loans up to 10 lakh to the non-corporate, non-farm small/micro enterprises. These loans are classified as MUDRA loans under PMMY. These loans are given by Commercial Banks, RRBs, Small Finance Banks, MFIs and NBFCs. The borrower can approach any of the lending institutions mentioned above or can apply

			online through this portal www.udyamimitra.in . Under the aegis of PMMY, MUDRA has created three products namely 'Shishu', 'Kishore' and 'Tarun' to signify the stage of growth / development and funding needs of the beneficiary micro unit / entrepreneur and also provide a reference point for the next phase of graduation / growth. The website for the scheme is https://www.mudra.org.in/
13	Pradhan Mantri Kaushal Vikas Yojana (PMKVY)	Ministry of Skill Development and Entrepreneurship	Pradhan Mantri Kaushal Vikas Yojana (PMKVY) is the flagship scheme of the Ministry of Skill Development and Entrepreneurship (MSDE) implemented by National Skill Development Corporation (NSDC). The objective of this Skill Certification scheme is to enable Indian youth to take up industry relevant skill training that will help them in securing a better livelihood. The details of the scheme is at the website: https://www.pmkvyofficial.org/home-page
14	National Apprentice ship Promotion Scheme (NAPS)	Ministry of Skill Development and Entrepreneurship	National Apprenticeship Promotion Scheme (NAPS) was launched in August 2016 by Government of India to promote the Apprenticeship in the country by providing financial incentives, technology and advocacy support. The scheme has the following two components, viz., (i) Sharing of 25% of prescribed stipend subject to a maximum of Rs. 1500/- per month per apprentice with the employers and (ii) Sharing of basic training cost up to a maximum of Rs. 7,500 per apprentice. The details of the scheme is at website: https://msde.gov.in/en/schemes-initiatives/apprenticeship-training/naps

			Other details of the scheme is also at website: https://www.apprenticeshipindia.gov.in/
15	Production-Linked Incentive (PLI) Scheme	13 Ministries	Hon'ble Finance Minister, Smt Nirmala Sitharaman has announced an outlay of INR 1.97 Lakh Crores for the Production Linked Incentive (PLI) Schemes across 14 key sectors, to create national manufacturing champions and to create 60 lakh new jobs, and an additional production of 30 lakh crore during next 5 years. The details of the scheme is at website: https://www.investindia.gov.in/production-linked-incentives-schemes-india
16	PM GatiShakti - National Master Plan for multi-modal connectivity	At present 21 Ministries/ Departments are involved.	PM GatiShakti National Master Plan (PMGS-NMP) was launched on 13th October 2021 for providing multimodal connectivity infrastructure to various economic zones. Cabinet Committee on Economic Affairs (CCEA) accorded approval for the implementation of PM GatiShakti National Master Plan on 21st October 2021. PM GatiShakti is a transformative approach for economic growth and sustainable development. The approach is driven by 7 engines, namely, Railways, Roads, Ports, Waterways, Airports, Mass Transport and Logistics Infrastructure. The details is at website: https://dpiit.gov.in/logistics-division

5.2 Flagship programmes of the Government that have the potential to generate productive employment opportunities.

1	Digital India	Ministry of Electronics and Information Technology	Digital India is a flagship programme of the Government of India with a vision to transform India into a digitally empowered society and knowledge economy. The details of the scheme is at website: https://www.digitalindia.gov.in/
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2	Atal Mission for Rejuvenation and Urban Transformation (AMRUT)	Ministry of Housing and Urban Affairs	The mission of AMRUT is providing basic services (e.g. water supply, sewerage, urban transport) to households and build amenities in cities which will improve the quality of life for all, especially the poor and the disadvantaged is a national priority. The details of the scheme is available at website: http://amrut.gov.in/content/
3	Make in India	DPIIT, Ministry of Commerce & Industry	‘Make in India’ initiative was launched on September 25, 2014 with the objective of facilitating investment, fostering innovation, building best in class manufacturing infrastructure, making it easy to do business and enhancing skill development. The details is at the website: https://www.makeinindia.com/
4	Smart Cities	Ministry of Housing & Urban Affairs	Smart Cities Mission was launched by the Hon’ Prime Minister on 25 June, 2015. The main objective of the Mission is to promote cities that provide core infrastructure, clean and sustainable environment and give a decent quality of life to their citizens through the application of ‘smart solutions’. The Mission aims to drive economic growth and improve quality of life through comprehensive work on social, economic, physical and institutional pillars of the city. The details is available at website: https://smartcities.gov.in/
5	Shyama Prasad Mukherji Rurban Mission	M/o Rural Development	The Shyama Prasad Mukherji Rurban Mission (SPRM) follows the vision of "Development of a cluster of villages that preserve and nurture the essence of rural community life with focus on equity and inclusiveness without compromising with the facilities perceived to be essentially urban in nature,

			thus creating a cluster of "Rurban Villages". The objective of the Shyama Prasad Mukherji Rurban Mission (SPMRM) is to stimulate local economic development, enhance basic services, and create well planned Rurban clusters. The details of the scheme is at website: https://rurban.gov.in/#gsc.tab=0
6	The National Industrial Corridor	Ministry of Commerce & Industry	To coordinate the development of the industrial corridors, with smart cities linked to transport connectivity, drive India's growth in manufacturing and urbanization. The details is at website: https://www.nicdc.in/
7	Stand up India Scheme	Department of Financial Services, Ministry of Finance):	Stand-Up India Scheme for financing SC/ST and/or Women Entrepreneurs. The objective of the Stand-Up India scheme is to facilitate bank loans between 10 lakh and 1 Crore to at least one Scheduled Caste (SC) or Scheduled Tribe (ST) borrower and at least one woman borrower per bank branch for setting up a greenfield enterprise. This enterprise may be in manufacturing, services, agri-allied activities or the trading sector In case of non-individual enterprises at least 51% of the shareholding and controlling stake should be held by either an SC/ST or Woman entrepreneur. The details of the scheme is at website: https://www.standupmitra.in/
8	Start Up India	DPIIT, Ministry of Commerce & Industry	Startup India is a flagship initiative of the Government of India, intended to catalyse startup culture and build a strong and inclusive ecosystem for innovation and entrepreneurship in India. The details is at website: https://www.startupindia.gov.in/
9	Pradhan Mantri Awas Yojana –	Ministry of Housing & Urban Affairs	Pradhan Mantri Awas Yojana – Urban is a flagship Mission of Government of India being implemented by Ministry of Housing and Urban Affairs (MoHUA), was launched on 25th June 2015. The

	Urban		Mission addresses urban housing shortage among the EWS/LIG and MIG categories including the slum dwellers by ensuring a pucca house to all eligible urban households by the year 2022, when Nation completes 75 years of its Independence. PMAY(U) adopts a demand driven approach wherein the Housing shortage is decided based on demand assessment by States/Union Territories. State Level Nodal Agencies (SLNAs), Urban Local Bodies (ULBs)/ Implementing Agencies (IAs), Central Nodal Agencies (CNAs) and Primary Lending Institutions (PLIs) are main stakeholders who play an important role in implementation and success of PMAY(U). The details of the scheme is at website: https://pmay-urban.gov.in/about
10	Swachh Bharat Mission- Grameen	Ministry of Jal Shakti	To accelerate the efforts to achieve universal sanitation coverage and to put the focus on sanitation, the Prime Minister of India had launched the Swachh Bharat Mission on 2nd October 2014. Under the mission, all villages, Gram Panchayats, Districts, States and Union Territories in India declared themselves "open-defecation free" (ODF) by 2 October 2019, the 150th birth anniversary of Mahatma Gandhi, by constructing over 100 million toilets in rural India. The details are available at website: https://swachhbharatmission.gov.in/sbmcms/index.htm
11	Swachh Bharat Mission - Urban (SBM-U),	Ministry of Housing & Urban Affairs	The Swachh Bharat Mission - Urban (SBM-U), launched on 2nd October 2014 aims at making urban India free from open defecation and achieving 100% scientific management of municipal solid waste in 4,041 statutory towns in the country. The objectives of the mission are Elimination of open defecation, Eradication of Manual Scavenging,

			Modern and Scientific Municipal Solid Waste Management, To effect behavioral change regarding healthy sanitation practices, Generate awareness about sanitation and its linkage with public health, Capacity Augmentation for ULB's, To create an enabling environment for private sector participation in Capex (capital expenditure) and Opex (operation and maintenance). The details is available at website: https://mohua.gov.in/cms/swachh-bharat-mission.php#:~:text=The%20Swachh%20Bharat%20Mission%20%2D%20Urban,Elimination%20of%20open%20defecation
12	Pradhan Mantri Garib Kalyan Yojana (PMGKY)	Ministry of Labour and Employment	Under Pradhan Mantri Garib Kalyan Yojana (PMGKY), Government of India has contributed both 12% employer's share and 12% employee's share under Employees Provident Fund (EPF), totaling 24% of the wage for the wage month from March to August, 2020 for the establishments having upto 100 employees with 90% of such employees earning less than Rs. 15000/-. Details of the scheme is at the link: https://www.epfindia.gov.in/site_docs/PDFs/Circulars/Y2020-2021/SchemeCOVID_24_10042020.pdf

5.3 From eShram Website:

Sr. N o.	Name of the Scheme/ Programme	Ministry	Remarks
1	Pradhan Mantri Shram Yogi Maan-dhan (PM-SYM):	Ministry of Labour& Employment	Government of India has introduced a pension scheme for unorganised workers namely Pradhan Mantri Shram Yogi Maan-dhan (PM-SYM) to ensure old age protection for Unorganised Workers. The unorganised workers mostly engaged as home based workers, street vendors, mid-day meal workers, head

			loaders, brick kiln workers, cobblers, rag pickers, domestic workers, washer men, rickshaw pullers, landless labourers, own account workers, agricultural workers, construction workers, beedi workers, handloom workers, leather workers, audio- visual workers and similar other occupations whose monthly income is Rs 15,000/ per month or less and belong to the entry age group of 18-40 years. They should not be covered under New Pension Scheme (NPS), Employees' State Insurance Corporation (ESIC) scheme or Employees' Provident Fund Organisation (EPFO). Further, he/she should not be an income tax payer. Details of the scheme is at website: https://labour.gov.in/pm-sym
2	National Pension Scheme for Traders, and Self-employed Persons (NPS-Traders)	Ministry of Labour & Employment	The scheme is meant for old age protection and social security of retail traders/ shopkeepers and self-employed persons whose annual turnover is not exceeding Rs. 1.5 crore. These retail traders/ shopkeepers and self-employed persons are mostly working as shop owners, retail traders, rice mill owners, oil mill owners, workshop owners, commission agents, brokers of real estate, owners of small hotels, restaurants and other LaghuVyaparis. The website for the scheme is https://labour.gov.in/nps-traders
3	Pradhan Mantri Jeevan JyotiBimaYojana (PMJJBY)	Ministry of Finance	The PMJJBY is available to people in the age group of 18 to 50 years having a bank account who give their consent to join / enable auto-debit. Aadhar would be the primary KYC for the bank account. The life cover of Rs. 2 lakhs shall be for the one year period stretching from 1st June to 31st May and will be renewable. Risk coverage under this scheme is for Rs. 2 Lakh in case of death of the insured, due to any reason. The premium is Rs. 330 per annum which is to be auto-debited in one

			instalment from the subscriber's bank account as per the option given by him on or before 31st May of each annual coverage period under the scheme. The scheme is being offered by Life Insurance Corporation and all other life insurers who are willing to offer the product on similar terms with necessary approvals and tie up with banks for this purpose. The website is https://financialservices.gov.in/insurance-divisions/Government-Sponsored-Socially-Oriented-Insurance-Schemes/Pradhan-Mantri-Jeevan-Jyoti-Bima-Yojana(PMJJBY)
4	Pradhan Mantri Suraksha Bima Yojana (PMSBY)	Ministry of Finance	The Scheme is available to people in the age group 18 to 70 years with a bank account who give their consent to join / enable auto-debit on or before 31st May for the coverage period 1st June to 31st May on an annual renewal basis. Aadhar would be the primary KYC for the bank account. The risk coverage under the scheme is Rs.2 lakh for accidental death and full disability and Rs. 1 lakh for partial disability. The premium of Rs. 12 per annum is to be deducted from the account holder's bank account through 'auto-debit' facility in one installment. The scheme is being offered by Public Sector General Insurance Companies or any other General Insurance Company who are willing to offer the product on similar terms with necessary approvals and tie up with banks for this purpose. The website is https://financialservices.gov.in/insurance-divisions/Government-Sponsored-Socially-Oriented-Insurance-Schemes/Pradhan-Mantri-Suraksha-Bima-Yojana(PMSBY)
5	Atal Pension Yojana	Ministry of Finance	The Atal Pension Yojana (APY) was launched on 09.05.2015 to create a universal social security system for all Indians, especially the poor, the under-privileged and the workers in the unorganised sector. APY is

			administered by Pension Fund Regulatory and Development Authority (PFRDA). The website is https://financialservices.gov.in/pension-reforms-divisions/Atal-Pension-Yojana
6	National Social Assistance Programme (NSAP)	Ministry of Rural Development	The National Social Assistance Programme (NSAP) is a welfare programme being administered by the Ministry of Rural Development. This programme is being implemented in rural areas as well as urban areas. NSAP represents a significant step towards the fulfilment of the Directive Principles of State Policy enshrined in the Constitution of India which enjoin upon the State to undertake within its means a number of welfare measures. The website for the programme is https://nsap.nic.in/circular.do?method=aboutus
7	Ayushman Bharat-Pradhan Mantri Jan Arogya Yojana (AB-PMJAY)	Ministry of Health & Family Welfare	Ayushman Bharat, a flagship scheme of Government of India, was launched as recommended by the National Health Policy 2017, to achieve the vision of Universal Health Coverage (UHC). This initiative has been designed to meet Sustainable Development Goals (SDGs) and its underlining commitment, which is to "leave no one behind." Ayushman Bharat is an attempt to move from sectoral and segmented approach of health service delivery to a comprehensive need-based health care service. This scheme aims to undertake path breaking interventions to holistically address the healthcare system (covering prevention, promotion and ambulatory care) at the primary, secondary and tertiary level. The website for the scheme is https://pmjay.gov.in/about/pmjay
8	Health Insurance Scheme for Weavers (HIS)	Ministry of Textiles (Office of	Health Insurance Scheme was implemented by Ministry of Textiles till 30.09.2014 to provide health care facility to handloom weavers. The healthcare facility was provided through a Health Insurance Company which

		the Development Commissioner (Handicrafts)	<p>was selected by open tender procedure. Only the annual premium was paid to the Health Insurance Company as per the actual enrolment done. The health insurance claims submitted by the weavers were paid directly by Health Insurance Company. The Government of India, Office of the Development Commissioner (Handicrafts) is implementing following Schemes for promotion and development of Handicrafts Sector:</p> <p>National Handicraft Development Programme (NHDP) Comprehensive Handicrafts Cluster Development Scheme (CHCDS)</p> <p>The information is in the website: https://pib.gov.in/Pressreleaseshare.aspx?PRID=1579532 and http://handicrafts.nic.in/schemes.aspx</p>
9	National Safai Karamcharis Finance and Development Corporation (NSKFDC)	Ministry of Social Justice & Empowerment	National Safai Karamcharis Finance & Development Corporation(NSKFDC) , A wholly owned Govt. of India Undertaking under the Ministry of Social Justice & Empowerment (M/o SJ&E) was set up on 24th January 1997 as a Company “Not for Profit” under Section 25 of the Companies Act, 1956. NSKFDC is in operation since October, 1997, as an Apex Corporation for the all round socio-economic upliftment of the Safai Karamcharis, Scavengers and their dependants throughout India, through various loan and non-loan based schemes. The website is https://nskfdc.nic.in/
10	Self Employment Scheme for Rehabilitation of Manual Scavengers (Revised)	Ministry of Social Justice & Empowerment	The Self-Employment Scheme for Rehabilitation of Manual Scavengers (SRMS) was introduced in January, 2007, with the objective to rehabilitate the remaining manual scavengers and their dependents in alternative occupations by March, 2009. However, as this could not be done by the target date, the Scheme was extended up to March, 2010, with a provision for the coverage of

			<p>spill-over of beneficiaries even thereafter, if required. As per the updated number, reported by States/UTs, after launch of the Scheme, 1.18 lakh manual scavengers and their dependents in 18 States/UTs were identified for implementation of the Scheme. After the enactment of ‘Prohibition of Employment as Manual Scavengers and their Rehabilitation Act, 2013’, SRMS was revised in synchronization with the provision of the Act.</p> <p>As per the revised Scheme, identified manual scavengers, one from each family, are provided one-time cash assistance. The identified manual scavengers and their dependents are provided project based back-ended capital subsidy up to Rs. 3,25,000 and concessional loan for undertaking self-employment ventures. Beneficiaries are also provided training for skill development for a period up to two years, during which a stipend of Rs. 3,000 per month is also provided. The website is https://socialjustice.gov.in/schemes/37</p>
11	Public Distribution System (PDS)	Ministry of Consumer Affairs, Food and Public Distribution	<p>The Public Distribution System (PDS) evolved as a system of management of scarcity through distribution of food grains at affordable prices. Over the years, PDS has become an important part of Government’s policy for management of food economy in the country. PDS is supplemental in nature and is not intended to make available the entire requirement of any of the commodities distributed under it to a household or a section of the society. PDS is operated under the joint responsibility of the Central and the State Governments. The Central Government, through Food Corporation of India (FCI), has assumed the responsibility for procurement, storage, transportation and bulk allocation of food grains to the State Governments. The operational responsibility including allocation within State,</p>

			identification of eligible families, issue of Ration Cards and supervision of the functioning of Fair Price Shops (FPSs) etc., rest with the State Governments. The website is https://dfpd.gov.in/pd-Introduction.htm
12	Pradhan Mantri Awaas Yojana- Gramin (PMAY-G)	Ministry of Rural Development	PMAY-G aims at providing a pucca house, with basic amenities, to all houseless householder and those households living in kutcha and dilapidated house, by 2022. The immediate the objective is to cover 1.00 crore household living in kutcha house/dilapidated house in three years from 2016-17 to 2018- 19. The minimum size of the house has been increased to 25 sq.mt (from 20sq.mt) with a hygienic cooking space. The unit assistance has been increased from Rs. 70,000 to Rs. 1.20 lakh in plain and from Rs. 75,000 to Rs 1.30 lakh in hilly states, difficult areas and IAP district. The website is https://pmayg.nic.in/
13	Pradhan Mantri Kisan Maandhan Yojana	Ministry of Agriculture and Farmers Welfare	Pradhan Mantri Kisan Maandhan Yojana is a government scheme meant for old age protection and social security of Small and Marginal Farmers (SMF). All Small and Marginal Farmers having cultivable landholding up to 2 hectares falling in the age group of 18 to 40 years, whose names appear in the land records of States/UTs as on 01.08.2019 are eligible to get benefit under the Scheme. Under this scheme, the farmers would receive a minimum assured pension of Rs 3000/- per month after attaining the age of 60 years and if the farmer dies, the spouse of the farmer shall be entitled to receive 50% of the pension as family pension. Family pension is applicable only to spouse. The website is https://pmkmy.gov.in/