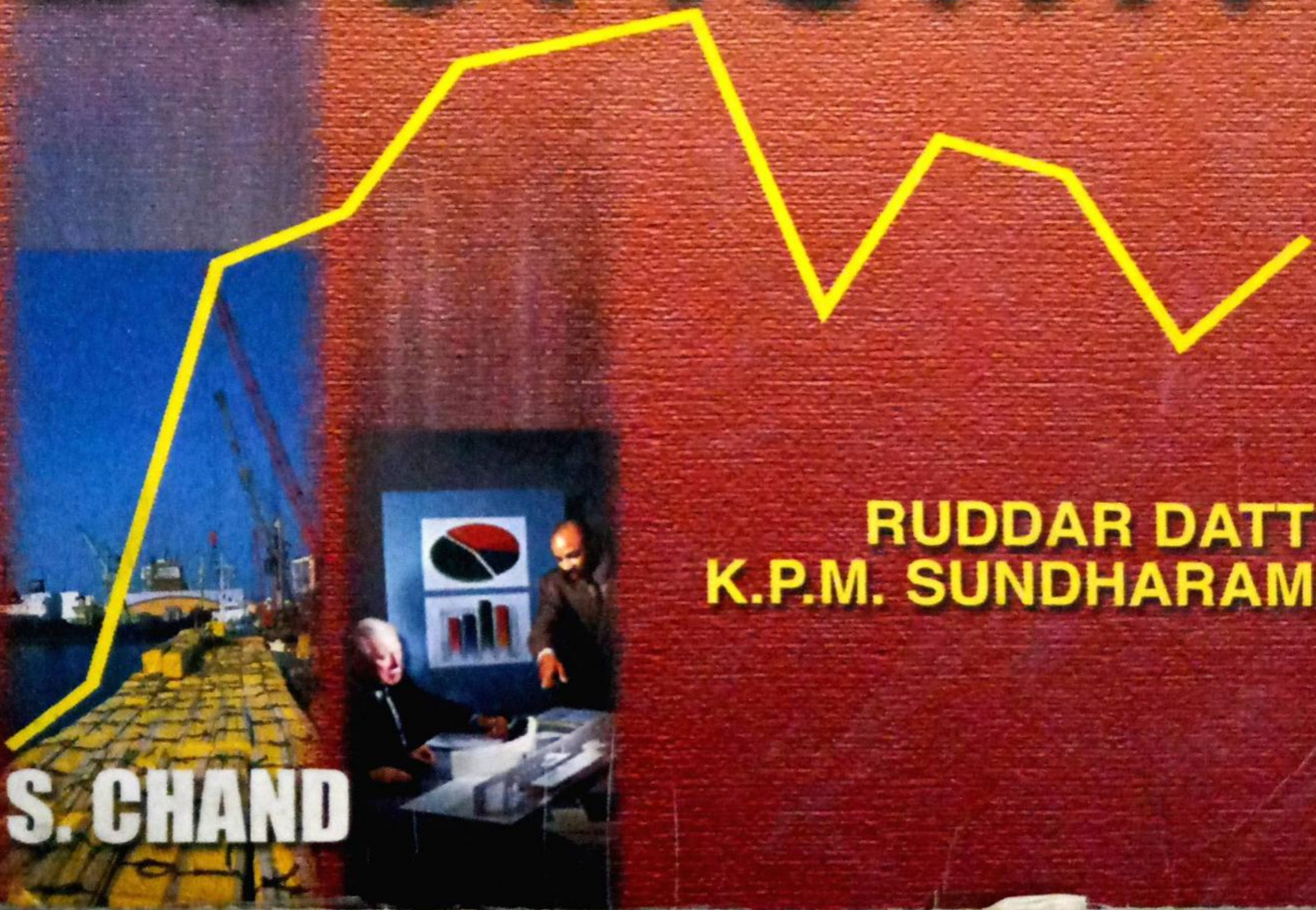


New Edition

INDIAN ECONOMY



**RUDDAR DATT
K.P.M. SUNDHARAM**

S. CHAND

CONTENTS

Chapter

Pages

PART I—STRUCTURE OF THE INDIAN ECONOMY

1. Underdevelopment and the Indian Economy	3—14
1. Meaning of an Underdeveloped Economy	3
2. Basic Characteristics of the Indian Economy as an Underdeveloped Economy	5
3. Major Issues of Development	9
4. The Determinants of Economic Development	11
2. Indian Economy on the Eve of Independence	15—29
1. Indian Economy in the Pre-British Period	15
2. Economic Consequences of British Conquest	16
3. Decline of Indian Handicrafts and Progressive Ruralisation of the Indian Economy	17
4. The Land Systems during 1793-1850	18
5. Commercialisation of Agriculture (1850-1947)	18
6. Famines and Famine Relief in India	19
7. Process of Industrial Transition in India	20
8. Colonial Exploitation : Forms and Consequences	23
9. Colonialism and Modernization	29
3. National Income of India	30—41
1. National Income Estimates in India	30
2. Revised national income series with 1993-94 as base year	32
3. Trends in National Income—Growth and Structure	34
4. Limitations of National Income Estimation in India	39
4. Human Resources and Economic Development	42—67
1. The Theory of Demographic Transition	42
2. Size and Growth Rate of Population in India	43
3. Quantitative Population Growth Differentials in Different Countries	47
4. The Sex Composition of Population	48
5. Age Composition	50
6. The Density of Population	50
7. Urbanization and Economic Growth in India	51
8. The Quality of Population	56
9. Population Growth as a Retarding Factor to Economic Development	57
10. Population Policy	59
11. Population Policy during the Ninth Plan (1997-2002)	63
12. National Population Policy (2000)	64
13. Population Projections for India (1991-2016)	65
5. Human Development In India	68—81
1. The concept and measures of human development	68
2. Human development index for various states in India	72
3. National Human Development Report (2001)	74
4. Progress of human development in India	76
5. Directions of policy	79
6. Occupational Structure and Economic Development	82—90
1. Economic Development and Occupational Distribution	82
2. Changes in Occupational Distribution in Selected Countries	83
3. Work Force Participation Rates in India	84
4. Occupational Pattern in India—an Analysis of Trend During 1901-2001	87
7. Natural Resources, Economic Development and Environmental Degradation	91—114
1. Natural Resources in the Process of Economic Development	91
2. Land Resources	92
3. Forest Resources	93

- 4. Water Resources
- 5. Fisheries
- 6. Mineral Resources and Mineral Policy
- 7. Economic Development and Environmental Degradation

8. Infrastructure in the Indian Economy

- 1. Infrastructure and Economic Development
- 2. Energy
- 3. Power
- 4. Transport System in India's economic development
- 5. Growth of Indian Railways
- 6. Road Transport System in India
- 7. Rail-Road Co-ordination
- 8. Water Transport in India
- 9. Civil Aviation in India
- 10. The Communication System in India
- 11. Urban Infrastructure
- 12. Science and Technology
- 13. Private Investment in Infrastructure : Outlook and prospects

PART II—PLANNING AND ECONOMIC DEVELOPMENT

9. Objectives and Strategy of Economic Planning

- 1. Objectives of Economic Planning in India
- 2. Democratic Socialism in India
- 3. Mixed Economy and Economic Planning
- 4. Development Strategy in India
- 5. Models of Development—Nehru vs. Gandhi
- 6. LPG Model of Development

10. Industrial Policy and Indian Planning

- 1. Industrial Policy Resolution, 1956
- 2. Industrial Policy Statement, 1977
- 3. Industrial Policy of 1980
- 4. Industrial Licensing Policy till 1997
- 5. Industrial Policy (1991)

11. Public Sector and Indian Planning

- 1. The Evolution of the Public Sector in India
- 2. Role of the public Sector in India
- 3. Causes for the Expansion of Public Enterprises
- 4. Price Policy in Public Enterprises
- 5. Performance of Public Sector Undertakings
- 6. Shortcomings of the Public Sector
- 7. New Directions of Policy on the Public Sector

12. Disinvestment of Public Enterprises

- 1. Rational of disinvestment
- 2. Emergence of the disinvestment policy
- 3. Critique of disinvestment

13. Private Sector, Joint Sector and Indian Planning

- 1. The Private Sector in India
- 2. The Government and the Private Sector
- 3. Role of the Private Sector in India
- 4. Limitations of the Private Sector
- 5. Problems and the Prospects of the Private Sector
- 6. Origin, Evolution and Rationale of the Joint Sector Enterprises
- 7. Patterns of Ownership and Management of Joint Sector

14. Redefining the Role of the State

- 1. Expanding the role of the public sector to accelerate growth (1956 to 1990)
- 2. Reducing the role of the public sector

		227
	3. Areas of market failure and need for state intervention	227
	4. Role of the State in Socialist Society	229
	5. Redefining the role of the State	234—262
15.	Privatization and Economic Reforms	234
	1. Performance Analysis of Public Sector	235
	2. Comparison of the Public and Private Sector	238
	3. Privatisation Wave in the World	238
	4. Meaning and Scope of Privatization	240
	5. Attempts at Privatization in India	241
	6. Privatization—the Alternative Models	243
	7. Public Versus Private Sector Debate—a Non-Issue	245
	8. Economic Reforms – A Brief Review	247
	9. Assessment of Economic Reforms — A Re-appraisal	263—279
16.	Second Generation Reforms	263
	1. Need for changing growth strategy	264
	2. Rethinking on the development strategy in India	267
	3. Second generation reforms and poverty reduction	268
	4. Second generation reforms and social sector	272
	5. Strategy for second generation fiscal reforms	278
	6. Second generation reforms and new policy directions	280—297
17.	Fifty Years of Planning in India	280
	1. First Eight Five Year Plans (1950-51 to 1996-97)	286
	2. Pattern of Financing the Five-Year Plans	289
	3. Relative Merits and Demerits of different sources of Plan financing	292
	4. Review of 50 years of planning in India	298—311
18.	Ninth Five Year Plan (1997-2002)	298
	1. Objectives of the Ninth Plan	298
	2. Development strategy of the Ninth Plan	300
	3. Macro-economic dimensions and policy framework	304
	4. Public Sector Plan : Resources and Allocations	305
	5. Employment perspective	306
	6. Appraisal of the Ninth Plan	309—321
19.	Tenth Five Year Plan (2002-07)	309
	1. Tenth Plan : Objectives, Targets and Strategy	312
	2. Growth target, Saving and Investment	313
	3. Public Sector Plan : Resources and Allocation	316
	4. Regional Balance and Poverty	317
	5. External Sector Dimensions	318
	6. Employment Perspective	319
	7. An Evaluation of the Tenth Plan	322—335
20.	The Problem of Capital Formation	322
	1. Meaning and concept of Capital Formation	323
	2. Trend of Saving and Capital Formation in the Indian Economy	327
	3. Mobilisation of Domestic Savings	330
	4. Additional Measures of Mobilisation of Saving in India	332
	5. Relation between Saving Rate, Growth Rate and ICOR	333
	6. Human Capital Formation in India	336—356
21.	Foreign Capital, Foreign Aid and Economic Development	336
	1. The Need for Foreign Capital	336
	2. Forms of Foreign Capital	337
	3. Government Policy towards Foreign Capital	339
	4. Foreign Collaboration in the Post-Independence Period	346
	5. External Assistance and the Five-Year Plans	349
	6. The Impact of Foreign Aid on India's Economic Development	350
	7. Problems of Foreign Aid	352
	9. Extent of External Debt and Debt Trap	

22. ✓ **Poverty, Inequality and the Planning Process in India**

1. The Concept of Poverty
2. Studies of Poverty in India
3. International Comparisons of Poverty and Inequality of Incomes
4. The Five-Year Plans and Removal of Poverty
5. Ninth Plan and poverty projections
6. Economic Reforms and reduction of poverty
8. Causes of failure to remove poverty
9. Poverty Eradication Programmes

23. ✓ **The Parallel Economy in India**

1. Parallel Economy and Objectives of Planning
2. Estimates of Black Income in India
3. A Review of the various estimates of black income
4. Impact of Black Incomes on the Economic and Social System
5. Factors Responsible for Generation of Black Money
6. A Survey of Measures Undertaken to Unearth Black Money
7. Evolution of a Policy Package to Control Parallel Economy

24. **Unemployment in India**

1. Nature of Unemployment in India
2. Estimates of Unemployment in India
3. Employment Policy under the Sixth Plan (1980-85)
4. Employment Perspective in the Seventh Plan
5. Employment perspective of the Eighth Plan
6. Various Schemes to Reduce Unemployment and Under-employment
7. Employment Guarantee Scheme of Maharashtra
8. National Rural Employment Programme
9. Rural Landless Employment Guarantee Programme
10. IRDP, NREP, Rural Poverty and Employment
11. Jawahar Rozgar Yojana
12. Employment Policy in the Ninth Plan
13. Changing dimension of unemployment and employment
14. Structure of employment in India
15. Quality of employment
16. Task Force on Employment Opportunities
17. S.P. Gupta special Group on Targetting 10 Million Employment Opportunities per Year
18. Alternative model of development for stimulating growth of employment

25. **Large Industrial Houses and Concentration of Economic Power in India**

1. Growth of Large Industrial Houses Since Independence
2. Growth of Monopolies and Concentration of Economic Power in India
3. Monopolies and Restrictive Trade Practices Act, 1970
4. Reversal of Policies towards MRTP
5. Competition Policy and Law Report
6. Changing scenario of the corporate sector and the dangers ahead

26. ✓ **Prices, Price Policy and Economic Growth**

1. Price Movement Since Independence
2. Causes for Rise in Prices in India
3. Control of Inflation in India
4. Price Policy in a Developing Economy with special reference to the Tenth Plan (2002-07)
5. Agricultural Price Policy

27. ✓ **Balanced Regional Development**

1. Indicators of Regional Imbalance
2. Causes of Economic Backwardness and Regional Imbalances
3. Criteria for Industrial Backwardness
4. Policy Measures to Remove Regional Disparities
5. Failure of Regional Planning

PART III—AGRICULTURE IN THE NATIONAL ECONOMY

28. Agriculture, Productivity Trends and Crop Pattern	480—490
1. The place of Agriculture in the National Economy	480
2. Agricultural Growth Since 1950-51	482
3. Causes for Low Productivity	486
4. Crop Pattern in India Since 1951	488
29. Food Security in India	491—509
1. Concept of food security	491
2. Food self-sufficiency and food security in India	492
3. State-wise area, production and yield of foodgrains	494
4. Growth of India's food production in the world context and food security	495
5. Public distribution system and its impact on poverty	495
6. Lessons from international experience	501
7. Policy options for reform of PDS	502
8. Revised PDS (2000)	503
9. Ninth Plan and food security	506
30. The Green Revolution: Indian agriculture under economic plans	510—531
1. Progress of agriculture under the Five-Year Plans	510
2. Agriculture under the Ninth Plan (1997-2002)	516
3. New Agricultural Strategy and Green Revolution	517
4. New Trust Areas in Agriculture	524
5. Green Revolution: The future prospects	526
6. National Agricultural Policy (2000)	529
31. Irrigation and Agricultural Inputs	532—550
1. Irrigation	532
2. Multipurpose River Valley Projects : A Controversy	536
3. Irrigation in the Ninth Plan	538
4. Private Sector participation in Irrigation	539
5. Fertilisers and Manures	540
6. Improved Seeds	542
7. Soil Conservation and Reclamation	543
8. Animal husbandary and dairy development	544
9. Mechanisation of Agriculture	546
32. Land Reforms	551—564
1. The Need and Scope for Land Reforms in a Developing Economy	551
2. The Abolition of Intermediaries	552
3. Tenancy Reforms	554
4. Ceiling on Land Holdings	557
5. An appraisal of Land Reforms	561
33. Size of Farms and Productive Efficiency	565—576
1. The Meaning of Economic Holding	565
2. Size Pattern of Operational Holdings in India	566
3. Farms Size, Productivity/Profitability and Farm Efficiency	569
4. The Problem of Sub-division and Fragmentation of Holdings	572
5. Co-operative Farming	574
34. Organisation of Rural Credit in India	577—606
1. Sources of Credit for Indian Farmers	577
2. Credit Delivery Mechanism in Rural Finance: Multi-agency Approach	579
3. Rural Co-operative Credit Societies	581
4. Long Term Rural Credit : Co-operative Agricultural and Rural Development Banks	583
5. Co-operative Movement in India—An Evaluation	585
6. Commercial Banks and Rural Credit	587
7. Lead Bank Scheme (LBS)	591
8. Regional Rural Banks (RRBs)	595

9. NABARD and Rural Credit
10. Appendix 1 : Recommendations of the Agricultural Credit Review Committee
11. Appendix 2 : The Problem of Rural Indebtedness
12. Appendix 3: Crop and livestock insurance
13. Appendix 4: Recent Developments in the field of Rural Credit

35. Agricultural Marketing and Warehousing

1. The Present State of Agricultural Marketing in India
2. Regulated Markets
3. Co-operative Marketing
4. Government and Agricultural Marketing
5. Warehousing in India

36. Agricultural Taxation in India

1. Importance of Agricultural Taxation for a Developing Economy
2. Present Position of Agricultural Taxation
3. Burden of Agricultural Taxation in India
4. The Case for Additional Taxation on Agriculture
5. Raj Committee's Proposals for Additional Taxation on Agriculture
6. Agricultural Income Tax

37. Agricultural Labour

1. Present Position of Agricultural Labour in India
2. Agricultural Labour and Minimum Wages
3. Abolition of Bonded Labour
4. Recommendations of the National Commission on Rural Labour (NCRL)

PART IV—INDIAN INDUSTRIES

38. Industrial Pattern and the Plans

1. The Role of Industrialisation
2. The Pattern of Industrialisation
3. Industrial Pattern on the Eve of Planning
4. Industrial Pattern and the Five-Year Plans
5. Review of Industrial Growth under Planning—Structural Transformation

39. Some Large-Scale Industries

1. The Iron and Steel Industry
2. The Cotton and Synthetic Textile Industry
3. The Jute Industry
4. The Sugar Industry
5. The Cement Industry
6. The Paper Industry
7. Petrochemical Industry

40. Small-Scale Enterprises

1. Definition of Small-scale and Cottage Enterprises
2. The Role of Small-scale Industries in Indian Economy
3. The Case for Small-scale Enterprises
4. Policies and Programmes to Remove Disabilities
5. Village and Small Industries in the Plans
6. Small Sector Industrial Policy
7. Village and Small Industries in the Eighth Plan
8. Village and small Industries in the Ninth Plan
9. SP Gupta Study Group on Development of Small Enterprises
10. Policy perspective to help small and tiny enterprises

41. Sickness in Indian Industry

1. Dimensions of the Problem of Industrial Sickness
2. Factors Responsible for Industrial Sickness in Large and Medium Scale Units
3. Measures to Prevent Sickness/Revive Large and Medium Scale Sick Units
4. Industrial Sickness in Small-scale Industry
5. Prevention of Industrial Sickness and State Policy

42. Labour Problems and Labour Policy	700—714
1. Features of Industrial Labour	700
2. Trade Union Movement	700
3. Industrial Disputes in India	704
4. Industrial Relations in the Public and the Private Sectors	706
5. Causes of Industrial Disputes	708
6. Settlement of Industrial Disputes	710
7. Social Security Measures in India	711
43. National Wage Policy	715—726
1. Scope of National Wage Policy	715
2. Principal Constituents of a National Wage Policy	716
3. Impediments to the Evolution of a National Wage Policy	720
4. Fifth Pay Commission Report and National Wage Policy	723
5. The Problem of Bonus in India	723
44. Second National Commission on Labour (2002)	727—742
1. National Commission on Labour and Review of Labour Laws	727
2. Review of Labour Laws and Recommendations of NCL	730
3. Positive Features of NCL Recommendations	735
4. A Critique of National Labour Commission's Recommendations	736
5. Unorganised Sector and umbrella legislation.	738
PART V—THE TERTIARY SECTOR IN THE INDIAN ECONOMY	
45. The Foreign Trade of India	744—761
1. Importance of Foreign Trade for a Developing Economy	744
2. Foreign Trade of India during the Pre-independence Period	745
3. Foreign Trade since Independence	746
4. Composition of India's Foreign Trade	752
5. Direction of India's Foreign Trade	758
46. India's Balance of Payments	762—783
1. India's Balance of Payments on Current Account	762
2. Balance of Payments Crisis	765
3. Balance of payments and the New Economic Reforms of 1991	767
4. India's Trade Policy	769
5. India's Foreign Trade Policy (1991)	771
6. Export-Import Policy	772
7. Export Import Policy (2002-2007) and (2003-04)	777
8. An Analysis of Trends in Exports and Imports	781
47. GATT, WTO and India's Foreign Trade	784—800
1. The Uruguay Round of Negotiations — 8th Round of GATT	784
2. Uruguay Round of Final Act and its Implications for India	785
3. Social Clause in GATT	790
4. Globalisation and its impact on Indian Economy	791
5. Impact of WTO on various aspects of Indian economy	795
6. India's Role at Doha Ministerial Conference (2001)	798
48. Indian Currency System	801—819
1. Indian Currency System Today	801
2. Sources of Broad Money (M_3) : Factors Affecting Money Supply in India	804
3. The New Monetary Equations	806
4. Reserve Money and Money Multiplier	808
5. External Value of the Rupee and Foreign Exchange Reserves	810
6. Foreign Exchange Management Act (FEMA)	814
7. Prevention of Money Laundering Bill, 1998	816
8. India and International Financial Institutions	818
49. Indian Financial System : Commercial Banking System	820—842
1. Indian Financial System — an Overview	820
2. Indigenous Bankers	822
3. Progress of Banking in India since 1969	824
4. Profitability of Banks in India	830
5. Narasimham Committee (1991) on the Banking System in India	832

	6.	Reform of the Banking Sector (1992-2002)	
	7.	Banking System and the Securities Scam of 1992	
50.		Indian Financial System II : Money and Capital Markets in India	
	1.	The composition of the Indian Money Market	
	2.	Features and defects of the Indian Money Market	
	3.	The Reform of the Indian Money Market (1996-2002)	
	4.	Composition of the Indian Capital Market	
	5.	Indian Capital Market since Independence	
	6.	Non-Banking Finance Companies (NBFCs) in the Capital Market	
	7.	Merchant Banking	
	8.	Leasing and Hire-Purchase Companies	
	9.	Mutual Funds	
	10.	Venture Capital Funds	
	11.	Other financial intermediaries	
	12.	Stock Exchange in India	
	13.	SEBI and capital market reforms	
51.		Indian Financial System III: Development Financial Institutions	
	1.	Industrial Finance Corporation of India (IFCI)	
	2.	State Financial Corporations	
	3.	Industrial Credit and Investment Corporation of India (ICICI)	
	4.	Industrial Development Bank of India (IDBI)	
	5.	Small Industries Development Bank of India (SIDBI)	
	6.	Industrial Investment Bank of India (IIBI)	
	7.	Investment Institutions	
	8.	Specialized Financial Institutions	
	9.	A note on the Export-Import Bank of India (Exim Bank)	
	10.	Public Sector Term-lending Institutions: A Critical Evaluation	
52.		The Reserve Bank of India and Monetary Management	
	1.	Functions of the Reserve Bank of India	
	2.	Monetary Policy of the Reserve Bank of India	
	3.	Working of the Indian Monetary System : The Chakravarty Committee Report	
53.		Financial Relations Between the Centre and the States	
	1.	Financial Relations Under the Constitution	
	2.	The Finance Commissions	
	3.	Eleventh Finance Commission Report for 2000-05	
	4.	Centre-State Conflict on Finances	
54.		Indian Public Finance	
	1.	Central Government Budgets since 1905-51	
	2.	Revenues of the Central Government	
	3.	Expenditure of the Central Government	
	4.	Budgets of State Governments	
	5.	Revenue Expenditure of State Governments	
	6.	Trends in Taxation and Expenditure of Central and State Governments	
	7.	India's Public Debt	
	8.	Deficit Financing in India	
	9.	Kelkar Task Force on Tax Reform	
	10.	Central Government Budget (2003-2004)	
	11.	Budget 2003-2004 at a Glance	
	12.	Tax Proposals in the Budget	
	13.	Assessment of 2003-2004 Budget	
	14.	A note on zero base budgeting	
55.		Government Subsidies in India	
	1.	NIPFP paper on Subsidies	954-
	2.	Subsidies and their impact on Central Government Budget	
56.		Information Technology (IT) Industry	
	1.	Information Technology and Knowledge Economy	959-
	2.	IT in India viewed in world context	
	3.	Major issues in information technology	
	4.	Growth and present state of IT industry in India	
	5.	Future prospects of IT industry	
		Abbreviations	967-