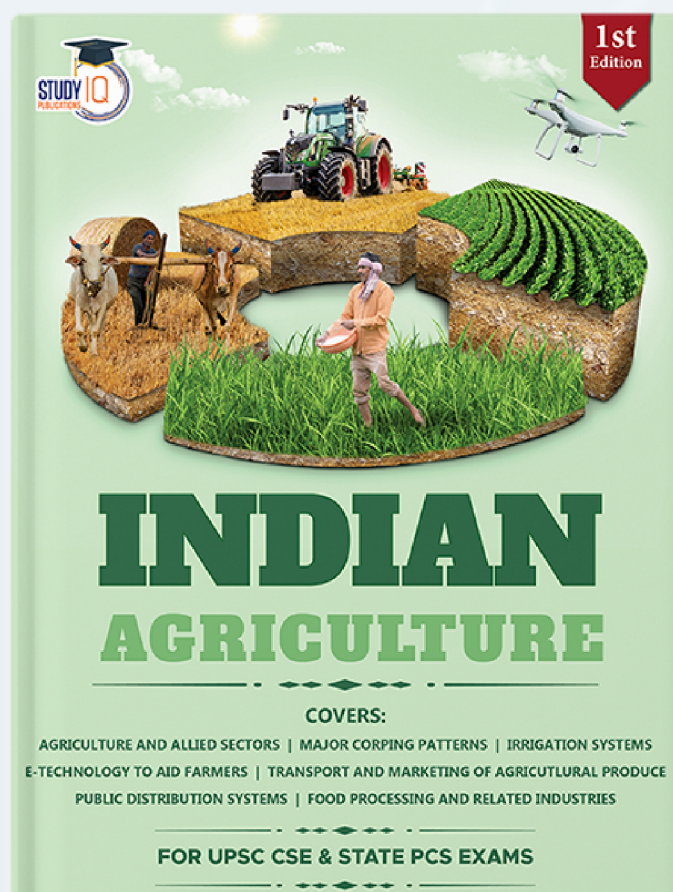
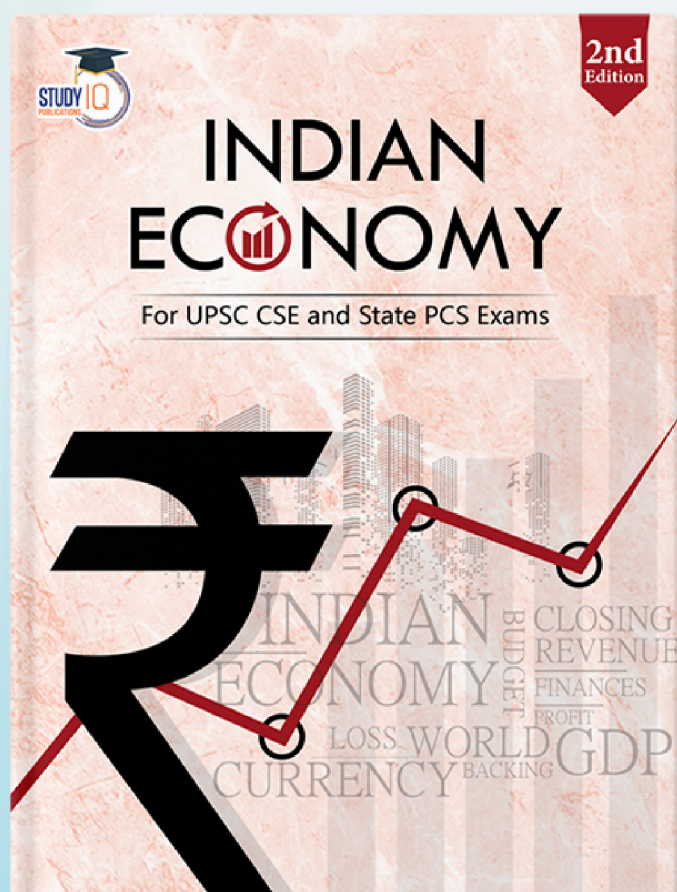




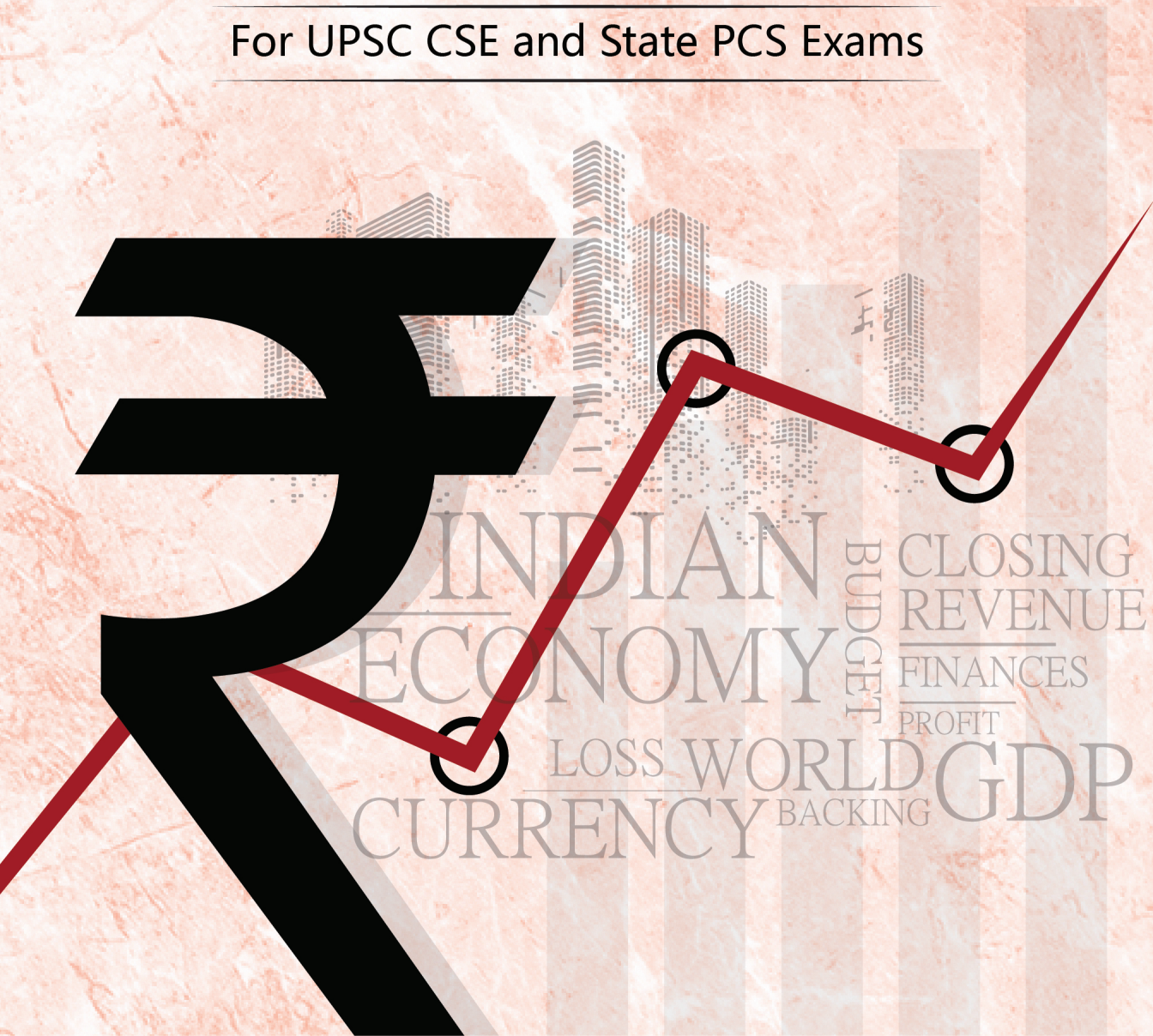
Set of 2 Books

Indian Economy & Indian Agriculture



INDIAN ECONOMY

For UPSC CSE and State PCS Exams



From the Editorial Board

Indian Economy book launched by Study IQ Publications aims to address the syllabus of Indian Economy holistically from the UPSC Civil Services Examinations perspective. The book has been updated as per the latest examination pattern. This book covers both the Prelims and Mains section of GS Paper III (Economic development). The book has been prepared by experienced faculties and subject-matter experts, keeping in mind the challenges faced by the students while preparing for competitive exams.

The book addresses all the major dimensions of the syllabus like:

Introduction to Indian Economy: The book helps in understanding the basic concepts and structure of the Indian economy, Historical background, and evolution of the Indian economy.

Economic Planning and Policy: The book covers India's Five-Year Plans and their objectives, the Role of planning in economic development, and the analysis of major economic policies and reforms in India.

Macroeconomic Indicators: The book explores the Measurement and analysis of key macroeconomic indicators such as GDP, inflation, unemployment, and fiscal deficit. The book helps in understanding their significance and impact on the Indian economy.

Agriculture and Rural Economy: Agriculture, being a major part of GS-III, is widely covered in the book, like, the study of the agricultural sector- its importance and challenges, Role of agriculture in rural development and poverty alleviation, and Government policies and schemes aimed at promoting agricultural growth are thoroughly mentioned.

Industry and Infrastructure: This chapter analysis the industrial sector in India, including manufacturing and services, the Role of infrastructure development in economic growth, and study the industrial policies, foreign direct investment (FDI), and the Make in India initiative.

Monetary and Fiscal Policies: Understanding the role of monetary and fiscal policies in stabilizing the economy is an important topic as per UPSC demand. The study of the Reserve Bank of India (RBI), monetary tools, and their impact and analysis of fiscal policies, budgeting, and government expenditure are explained in easy language in the book.

Financial Sector and Banking: The book determines the Overview of the financial sector, including banking, insurance, and capital markets. It explains the role of financial institutions and regulatory bodies and analyses recent developments such as digital banking, financial inclusion, and reforms.

Important Features of the Book:

- Focused on conceptual clarity, supported with **infographics**, diagrams and **examples**.
- Thoroughly updated with **economic data and schemes** from **Budget 2023-24** and **Economic Survey 2022-23**.
- Includes static and conceptual parts as well as fully updated current developments.
- **Previous Year Questions** are added for students to apply their knowledge and know the trends.

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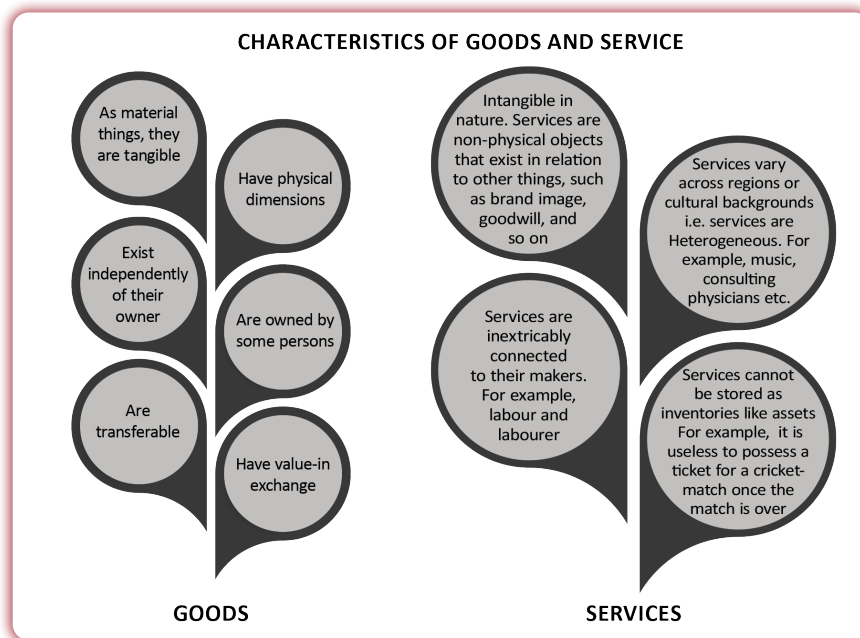
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SAMPLE PAGES



What happens if a commodity is provided free to the public by the Government?

When we have the opportunity to access public services for free, this would always come at the cost of somebody paying for it, so here the **opportunity cost** is transferred from the consumers of the product to the tax-paying public.

Types of Goods and Services

- **Free Goods:** Free goods are available in abundance. Man does not need to incur any expenditure to own or use them. **For example** air, and sunshine.
- **Economic Goods:** These are not available in plenty and are scarce in supply. Man has to spend money to own or use them. **For example**, cars, refrigerators etc.
- **Public Goods:** These are available to everyone to consume, regardless of who pays and who doesn't. **For example**, National defence, Law enforcement.
- **Private Goods:** These are consumed by a single person or a household. **For example**, food and drink.
- **Consumer Goods:** These are purchased by the household for **final consumption**. They are not used for further production processes. The common types of the consumer goods are as follows:
 - ♦ **Durable goods:** These goods do not quickly wear out, have a longer life span and can be used repeatedly for several years. **For example**, TV, Car etc.
 - ♦ **Semi durable goods:** These goods can be used for a period of one year or slightly more. **For example:** clothes.
 - ♦ **Non-durable goods:** These goods are single-use consumption goods. They have a short shelf life. **For Example:** bread, fruits etc.

Money is a medium of exchange that is widely accepted in transactions for goods, services, and debts. It is a generally recognized form of payment within a particular country. Money serves as a unit of account, a store of value, and a medium for facilitating economic transactions.

In its physical form, money can take the shape of coins or banknotes, representing a specific denomination. However, with the rise of digital technologies, money has also become increasingly digital, existing in electronic form as balances in bank accounts or digital wallets.

EVOLUTION OF MONEY



COMMODITY MONEY

Commodity money is a **physical item that is readily interchangeable** with another item of the same type. **It has intrinsic Value.** In this system, the money itself holds value because it is made of or represents a valuable commodity. **Example:** Iron Nails, Bear Pelts, Cocoa Beans, Whale Teeth, Gold Nugget.

Challenges associated with commodity money

- **Nature:** Some commodities can be bulky and heavy, making them less convenient for everyday transactions compared to lighter and more portable forms of currency. **Few commodities are perishable in nature and can result in loss of value.**
- **Standardization:** Commodity money needs to be standardized in terms of weight, purity, and quality to ensure consistent value and acceptability. This can be challenging to achieve, leading to variations and difficulties in trade.
- **Can lead to Hyperinflation:** Commodity money sees inflation is through the debasement of the currency. Debasement means that money, typically metal coins, is devalued because there is less precious metal in the coin than the value stamped on its face. Governments may debase coins by adding copper, tin, or other less valuable alloys to coins as they are minted, while still saying they are worth. Individuals may also debase gold or silver coins by clipping the edges or filing off shavings from coins, melting those small amounts down, and selling them. This results again in coins in circulation that contain less precious metal than indicated.
- **Price fluctuations:** Commodity money has intrinsic value but risks large price fluctuations based on changing commodity prices. If silver coins are used, for instance, a large discovery of silver may cause the value of the silver currency to plunge, resulting in inflation.

Open Market Operations (OMO)

Under open market operation **Central Bank buys and sells government securities in the financial market to influence the money supply in the economy.** It is conducted by the Reserve Bank of India (RBI). When there is excess liquidity in the market, RBI resorts to the sale of securities, thereby absorbing the extra rupee liquidity in the market. Similarly, when the liquidity is tight in the market, RBI buys back the securities, thereby increasing liquidity in the market.

Retail Direct scheme

It was **introduced by RBI in 2021** to allow retail investors to directly buy G-Sec from RBI's e-KUBER platform. Retail Investors need to open their **"Retail Direct Gilt (RDG)"** account on the platform after they can buy **securities issued by both Union and State governments (including T-Bills) and Sovereign Gold Bonds** directly from the RBI. Both residents and non-resident Indians can open a RDG account. There is **no application fee** to open this account. Investors will be able to buy primary issuances of G-Sec as well as trade G-Sec in the secondary market through RBI's NDS-OM trading system. Earlier, There was no facility for the retail investors to directly buy G-Sec which they could do only through investing in mutual funds.

Operation Twist

It is an unconventional monetary policy adopted by several central banks across the world **to control their interest rates, inflation and investment** in their countries. Operation Twist was **first used by the United States Federal Reserves** in 1961 to stimulate the US economy. **RBI deployed this policy in 2019 and 2020** to twist the yield of government securities to bring liquidity into the markets. This is done by **simultaneous buying and selling government securities**—both short-term and long-term—through Open Market Operations (OMOs).

Prices of securities are largely determined by the supply-demand factor. When supply is low or demand is high, bond price increases and bond yield decreases; When supply is high or demand is low, bond price decreases and bond yield increases.

So, **when RBI wants to increase the price of government securities, it buys and holds them, which lowers the supply and increases the demand, causing their price to rise.** Similarly, **when RBI wants to decrease the prices of government securities, it starts selling them, which increases the supply and lowers the demand, causing their price to decrease and yields increase.**

Prices of G-sec are also affected by the demand for corporate bonds because If demand for corporate bonds is high, then demand for G-sec will be low and investors will start selling their G-sec at low prices to buy corporate bonds which would increase the yield on the G-Sec.

Why did RBI introduce Operation Twist?

- During 2019 there was a slowdown in the Indian economy and banks were also reluctant to give loans to companies due to high Non Performing Assets (NPAs) and low demand.
- So, operation twist was deployed to help these companies to raise money from the market by issuing corporate bonds.
- RBI tried to reduce the yield on long term G-Sec to make these corporate bonds attractive to the investors and help these companies in raising money from the market.
- Hence, RBI started selling short-term G-Sec and buying long term G-Sec. With a maturity period of 10-years or more.
 - Simultaneous buying and selling of G-Sec did not affect liquidity in the market.

can now be **discounted** with a bank before its maturity. On Maturity, the bank gets the payment from the drawee i.e. the buyer of goods. When trade bills are accepted by commercial banks it is known as Commercial Bill. So trade bill is an instrument which enables the drawer of the bill to get funds for a short period to meet the working capital requirements.

Example of Trade Bill

Suppose that Horlics Company sells goods worth Rs. 10 lakhs to Amul Company on credit. To ensure payment, Horlics Company can draw a trade bill on Amul Company for the amount due, with a maturity period of 60 days. Amul Company can accept the bill, indicating that they agree to pay the amount due on the due date. The **trade bill can be transferred to a bank or financial institution for discounting**, which means that the seller can receive the payment earlier, at a discounted rate.

Let's say that Horlics Company discounts the trade bill with a bank at a discount rate of 8% per annum. The bank pays Rs. 9.2 lakhs to Horlics Company, which is the discounted value of the trade bill. On the due date, Amul Company is required to pay the face value of the trade bill (Rs. 10 lakhs) to the bank. The **bank earns a profit of Rs. 80,000** (i.e., the difference between the face value and the discounted value of the trade bill) as interest.

Trade bills typically have a maturity period of 30, 60, or 90 days, after which the buyer is required to pay the amount due.

Unorganized Money Market

Their activities are not regulated like organized money markets in India, but they are recognized by the government. Unorganized money markets have been present in India since ancient times. The unorganized money market in India can be further divided **into given categories**:

Traditional Money Lenders: People can go to traditional money lenders to borrow money during an emergency situation. They can borrow without using collaterals. However, the Interest rates charged are very high. Collaterals are an asset or something valuable that you agree to give to somebody if you cannot pay back money that you have borrowed.

Chit Fund: A chit fund is a **rotating saving scheme** that has been a part of India's financial system for more than a century now. In a chit fund scheme, a group of people contribute periodically towards the chit value for a duration equal to the number of investors (members or subscribers). The amount collected is given to the person, who is either selected through a lucky draw (lottery system) or an auction. In the auction allotment system, the person who bids the lowest bid (agrees to claim the lowest amount) gets the money. This type of auction system is known as a reverse auction. The amount forgone by the winning bidder is then distributed among the other members equally after deducting the foreman's commission and other charges.

For example: Five members A, B, C, D and E invest Rs 10000 in a chit fund for a year. The total pooled money becomes Rs 50000. Now, after a month, the lottery will be drawn. Now let's assume C bids the least, let's say Rs 15,000. Then Rs 15 000 will go to C, and the remaining amount, i.e. Rs 35000, will be divided between A, B, D and E. This chit fund will again continue the next month with all of them investing again. However, this time C will not be allowed to bid.

Indigenous Bankers: Indigenous bankers are individuals or private firms which receive deposits and give loans and thereby, operate as banks.

Money Lender: They constitute the most localized form of money market in India and operate in the most exploitative way with very high rates of interest.



INDIAN AGRICULTURE

COVERS:

AGRICULTURE AND ALLIED SECTORS | MAJOR CORPING PATTERNS | IRRIGATION SYSTEMS
E-TECHNOLOGY TO AID FARMERS | TRANSPORT AND MARKETING OF AGRICUTLURAL PRODUCE
PUBLIC DISTRIBUTION SYSTEMS | FOOD PROCESSING AND RELATED INDUSTRIES

FOR UPSC CSE & STATE PCS EXAMS

From the Editorial Board

Indian Agriculture book launched by Study IQ Publications aims to address the syllabus of Indian Agriculture holistically from the UPSC Civil Services Examinations perspective. The book has been updated as per the latest examination pattern. This book is especially designed for Prelims and mains appearing aspirants. The book has been prepared by experienced faculties and subject-matter experts, keeping in mind the challenges faced by the students while preparing for competitive exams.

The book addresses all the major dimensions of the syllabus like:

- **Crops grown in India:** The book examines the wide variety of crops grown in India, their geographic distribution, methods of cultivation, and their importance to the agricultural sector. It offers valuable insights into food crops, cash crops, horticulture, and plantation crops.
- **Role of agriculture in India's GDP:** The book explores the importance of the agricultural sector in terms of employment creation, rural development, poverty alleviation, food security, and GDP contribution.
- **Agricultural Resources:** The book determine the status, utilization pattern, problems and development of different agricultural resources viz., land, labour; water, biodiversity, livestock and fisheries;
- **Agricultural Pricing:** The book explains the influence of agricultural prices on major macroeconomic variables; identify the objectives that should be considered in fixing agricultural prices. It explains the role of the Commission for Agricultural Costs and Prices in price fixation.
- **Agri Marketing:** The book explains various types of marketing institutions prevalent in India. The book also discusses the role and initiatives of the federal and state governments in controlling the marketing of agricultural products. It also explains the concept of the cooperative marketing system and its issues.
- **Procurement, Storage, Buffer stock, and Distribution:** In order to understand the difficulties faced by farmers and the agricultural supply chain, it is crucial to comprehend the complexities of procurement, storage, marketing, and distribution. In-depth study of these factors is provided in this book, which also discusses attempts to improve farmers' access to markets as well as public distribution systems, cold storage facilities, and agricultural marketing infrastructure. Research and technology transfer in Indian agriculture development.
- **Emerging issues:** The book also recognizes the emerging issues and trends in agriculture such as diversification, agriculture industry interface, trade, quality, gender and sustainability, WTO, Information and Communication Technology (ICT).

Important Features of the Book:

- **Consolidated material on Indian Agriculture** will help students to find all in one book.
- **Info graphics** in the book will help the students to learn the topics in a simplified manner.
- **Previous Year Questions** are added for students to apply their knowledge and know the trends.
- **'Do You Know'** sections are added for making learning exciting.

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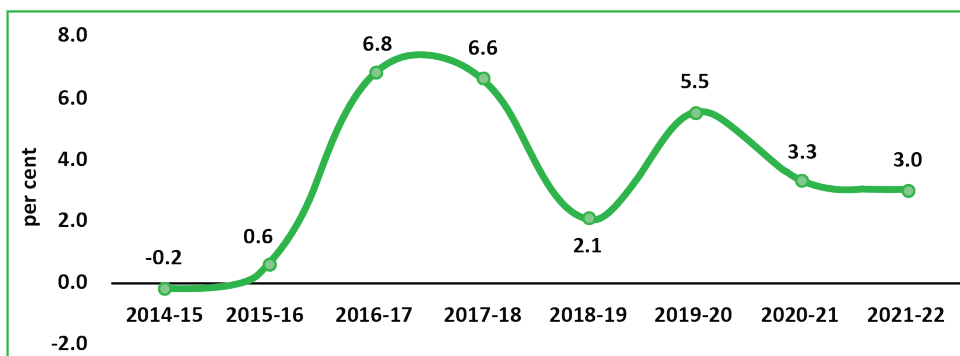
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SAMPLE PAGES

- **Seasonal pattern:** India has three major crop seasons
 - ♦ **Kharif season** starts with the onset of the monsoon season and continues till the beginning of winter. Major crops of this season are rice, maize, jowar, bajra, cotton, sesamum, groundnut and pulses such as moong, urad etc.
 - ♦ **Rabi season** starts at the beginning of the winter season and continues till the end of winter or beginning of summer season. Major crops of this season are wheat, barley, jowar, gram, pea and oilseeds like mustard, linseed and rapeseed.
 - ♦ **Zaid** is the summer cropping season between the rabi and kharif seasons and includes the cultivation of watermelon, muskmelon, vegetables, cucumber, fodder crops etc.

1.5 AGRICULTURE GROWTH AND SHARE IN GVA

- **Growth:** According to Economic Survey 2022-23, the Indian agriculture sector has been growing at an average annual growth rate of 4.6 per cent during the last six years. It grew by 3.0 per cent in 2021-22 compared to 3.3 per cent in 2020-21.



Source: MoSPI's Annual and Quarterly Estimates Of GDP at constant prices, 2011-12 series.

- **Gross Value Added (GVA) In Agriculture (At current prices):** As per second Advance Estimates of National Income, 2022-23, the share of the agriculture & allied sector in total GVA of the Indian economy has a long-term trend of around 18 per cent. Its share in total GVA improved to 20.3 per cent in the year 2020-21 and 19 per cent per cent in 2021-22. In 2022-23, its share was 18.3 per cent in total GVA.

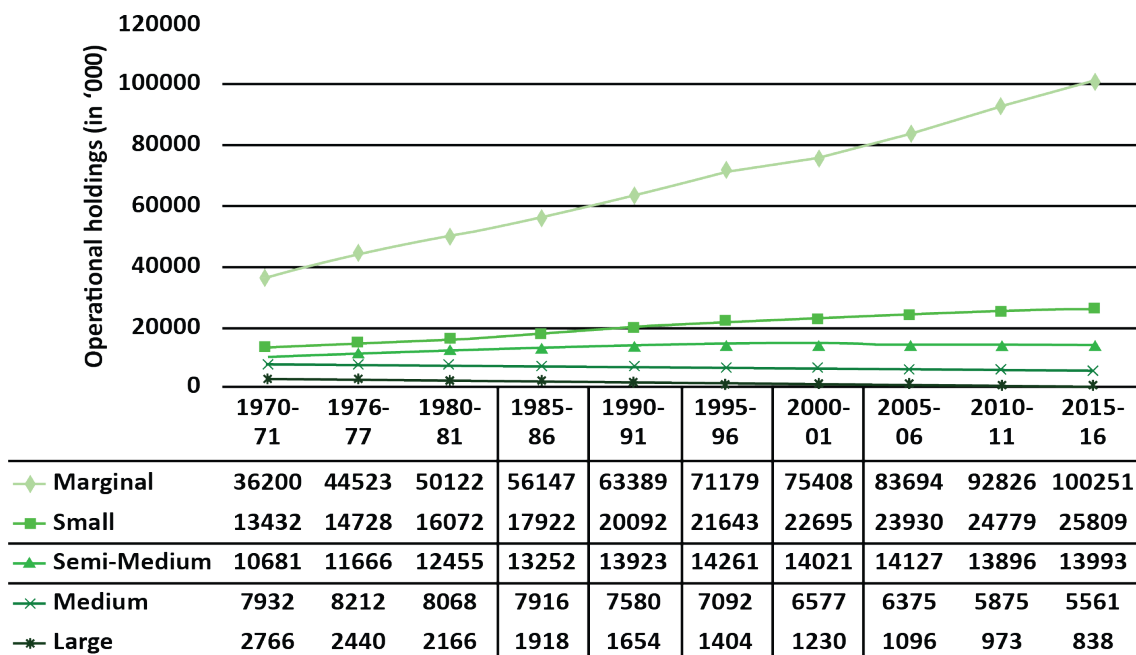
1.6 SIGNIFICANCE OF AGRICULTURE IN INDIAN ECONOMY

EMPLOYMENT GENERATION

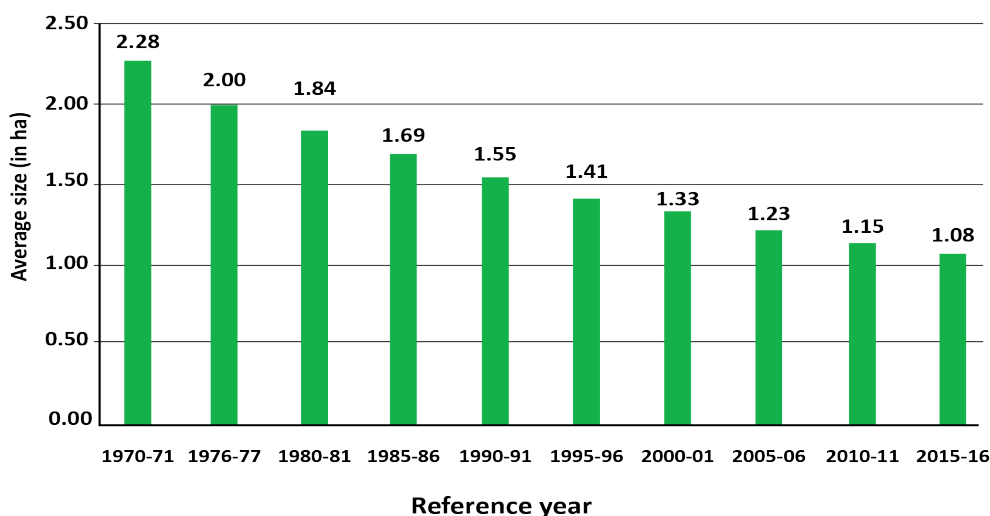
Agriculture is the **largest employer in India** but the share of the workforce engaged in agriculture has been declining over the years. As per census 2011, 54.6% of the total workforce is engaged in agriculture (including both cultivators and agricultural labourers). It was a decline from 2001 when 58.2% of the total workforce was engaged in agriculture.

The share of agriculture in employment has been rising since 2018. Also, After COVID many workers have moved back to the Agriculture sector. As a result, Share of agriculture in overall employment is 45.6% in 2021-22. **(Periodic Labour Force Survey).**

Number of operational holdings as per different Agriculture Censuses



Average size of operational holdings as per different Agriculture Censuses



CHAPTER

3

Cropping Seasons and Crops

3.1 CROPPING SEASONS

India has **three cropping seasons- Rabi, Kharif and Zaid**. These cropping seasons are mainly found in northern and interior parts of the country due to significant changes in climatic conditions throughout the year.

RABI SEASON

Crops of this season are **sown in winter from October to December and harvested in summer from March to April**. The low temperature conditions during rabi season facilitates the cultivation of **temperate and subtropical crops** such as **Wheat, Mustard, Barley, Gram and Rapeseed**. Though these crops are grown in large parts of India, states from north and north-western parts such as Punjab, Haryana, Himachal Pradesh, Jammu and Kashmir, Uttar Pradesh and Uttarakhand are important for the production of wheat and other rabi crops.

Availability of precipitation during winter months due to western temperate cyclones helps in the success of these crops. Also, **success of the green revolution** in the states of Punjab, Haryana, western Uttar Pradesh and parts of Rajasthan has been an important factor in the success of these crops.

KHARIF SEASON

Crops of this season are sown with the **onset of south-west monsoon** in different parts of the country i.e. June onwards and **harvested in September and October**. Important crops of this season are **tropical crops** like **paddy, maize, jowar, bajra, tur (arhar), urad, moong, cotton, jute, groundnut and soybean**.

ZAID SEASON

It is a **short duration summer season** between rabi and kharif seasons. It begins after harvesting of rabi crops in the month of April and crops are harvested before sowing of the kharif crops in the month of June. Some of the important crops of this season are **watermelon, muskmelon, cucumber, vegetables and fodder crops**. These crops are **grown on irrigated lands**, require **dry and warm weather** for growth and a **longer day length** is required for flowering.

NOTE:- This type of distinction in the cropping season **does not exist in southern parts of the country**. Here, the temperature is high enough to grow tropical crops during any period in the year provided the soil moisture is available. Therefore, in this region the same crops can be grown thrice in an agricultural year provided there is sufficient soil moisture.

Some of the important crops of the southern states include **rice, maize, ragi, groundnut, Jowar, vegetables and fodder**.

Type of Risks	Causes	Reasons for Severity	Suggested Solutions
Weather and Disaster related risks	High share of rainfed agriculture, Low irrigation coverage, drought, flooding, hailstorm and unseasonal rains	Production loss, Lower than potential production	Increase share of irrigated agriculture, Restore and expand irrigation, especially small projects, Adopt outcome measure of performance such as level of water table, water management
Price risks	Lower than remunerative price	Absence of marketing infrastructure, Presence of and excessive profiteering by middlemen	Build marketing infrastructure along the value chain, Regime based on selective timely interventions
Credit risks	Predominance of informal sources of credit, money lenders, Lack of capital for short term and long term loans	Absence of stable incomes/ profits lead to defaults/ indebtedness	Increase availability of formal credit and institutional credit to farmers
Market risks	Changes in demand/ supply domestic or international	Loses market/ market share	Allow long term contracts for purchase on pre-determined prices, Start direct purchase from farmers by exempting Government purchases by PSU, Defence, Paramilitary etc.
Policy risks	Uncertain policies, regulations	Impact of Government policies, APMC Act and other regulations	Trade or policy changes to be announced well before sowing and to stay till arrivals and procurement is over

11.2 ADVANTAGES OF CROP INSURANCE

- **Income stability :** It secures farmers against crop failure. It is a recourse that assists farmers in managing yield and price risks.
- **Technological advancement:** Insurance companies can also provide information on how to reduce losses, which can help farmers.
- **New agricultural practices:** By protecting against loss, crop insurance assures economic interest and farmers can adopt new agricultural practices in return and can try new measures to protect their crops.

11.3 CROP INSURANCE SCHEMES IN INDIA

Crop insurance has been a top most priority area of the government due to the importance of agriculture in the Indian economy as well as the government's responsibility towards development of agriculture and welfare of farmers in India. Presently, 4 crop insurance schemes are operational in the country which include-

- Pradhan Mantri Fasal Bima Yojana
- Weather Based Crop Insurance Scheme