The economy of India is the 11th largest economy in the world by nominal GDP and the fourth largest by purchasing power parity (PPP). Economists predict that by 2020, India will be among the leading economies of the world.

Since 1991, continuing economic liberalisation has moved the economy towards a market-based system. By 2008, India had established itself as the world's second fastest growing major economy. However, the year 2009 saw a significant slowdown in India's official GDP growth rate to 6.1% as well as the return of a large projected fiscal deficit of 10.3% of GDP which would be among the highest in the world.

India's large service industry accounts for 62.6% of the country's GDP while the industrial and agricultural sector contributes 20% and 17.5% respectively. Agriculture is the predominant occupation in India, accounting for about 52% of employment. The service sector makes up a further 34%, and industrial sector around 14%.

## Basic Features of Indian Economy

i. Low per capita income.
ii. Inequalities in income distribution.
iii. Predominance of agriculture
(More than 2/3rd of India's working population is engaged in agriculture. But in USA, only 2% of the working population is engaged in agriculture).
iv. Rapidly growing population.
v. Chronic unemployment
(A person is considered employed if he / she works for 273 days of a year for eight hours every day).
vi. Low rate of capital formation.
vii. Dualistic Nature of
Economy (features of a modern economy, as well as traditional).
viii. Mixed Economy
ix. Follows Labour Intensive

The national income is the sum total of the value of all the final goods produced and services of the residents of the country in an accounting year.

Dadabhai Naoroji was the first to calculate the national income of India. Dadabhai Naoroji is known as the Father of Indian Politics and Economics. He is also called the 'Grand Old Man of India'.In his book Poverty and Un British Rule in India he describes his economic theory, i.e. the economic exploitation of India by the British. His theory is popularly called the Economic Drain Theory. First scientific attempt to calculate National Income was done by Dr. VKRV. Rao in 1931-32.

GDP: It in the money value of all the final goods and services produced within the geographical boundaries of the country during a given period of time.

GNP: It refers to the money value of total output or production of find goods and service produced by the nationals of a country during a given period of time. In India Gross Domestic Product (GDP) is larger than national income because net factor income from abroad is negative, i.e. foreign payment is larger than the foreign receipt.

GDP Deflator: The ratio of nominal to real GDP.

GDP Deflator = Nominal GDP/Real GDP.

Producers Price Index: it is the cost incurred by the producer in producing single unit in terms of GDP. It does not include any indirect taxes. It is used as early warming. It is having effect on the consumer price.

Blue Book: An annual digest published by the UK office of National Statistics containing the national income and expenditure statistics of the UK.

# *POVERTY ALLEVIATION IN INDIA*

Poverty is widespread in India. **India has about 33% of the world's poor.42% of India's population falls below the poverty line (BPL) of $1.25 per day,** having reduced from 60% in 1980.Over the past decades the Government has initiated multiple poverty alleviation programmes that have helped substantially reduce poverty, prevent famines and increase literacy in the country

Father of Indian Planning: **M. Visweswarayya M. Visweswarayya**, in his book, *Planned Economy of India*, advocated the need of economic planning in India.

Poverty Line: The per capital expenditure on certain minimum needs of a person including food intake of a daily average of 2400 calories in rural areas and 2100 calories in urban areas.

Poverty Gap: It is calculated as the total shortfall of consumption below the poverty line, divided by the total population. This per capital shortfall in consumption below the poverty line is then expressed on a percentage of the poverty line.

Poverty Gap Index: Poverty ratio × (Poverty line = per capita conception of the poor) / poverty link × 100.

Relative Poverty: It indicates inequality in the income of the people. May not be absolutely poor in terms of calories but income wise.

Lorenz Curve: Cumulative frequency curve showing the distribution of a variable such as population against an independent variable such as income. In cumulative % of income less than a given value are plotted against the cumulative % of persons.

Gini-coefficient: It represents the measurement of inequality derived from the "Lorenz curve". With every increase in the degree of inequality, the curvature of the Lorenz curve also increase and the area between the curve and 450 line becomes larger. The Gini – coefficient is measured as:

G = Area between Lorenz-curve & 450 line / Area above the 450 line.

Frictional Employment: Temporary unemployment caused by incessant changes in the economy. It takes time, for example for new workers to search among different job possibilities, even experienced workers often spend a minimum period of unemployment time moving from one job to another.

Unemployment trap: The existence of social security benefits for the out of work that erode an incentive for the unemployed to take a job.

Demographic Divided: It is being enjoyed by India and if it is not managed properly it become demographic nightmare. It occurs when the countries working population (16-64year of age) is very large when compared to rest of the population.

Misery Index: Index combining unemployment rate and inflation rate: It is measured for practical significance of condition of economy, as well as consumer confidence.

**National Rural Employment Guarantee Scheme (NREGS)**

Launched 2006. The NREGA aims at two objectives: employment and rural development **Provides a legal guarantee for employment of 100 days every year to adult members of rural households**, who are willing to do unskilled manual labour for public works **provides statutory minimum wage of Rs 60 per day.** Applies to all rural households, whether or not they are BPL. The NREGA stipulates that works must be targeted towards a specific set of rural development activates like water conservation, afforestation, flood control, etc

**Integrated Rural Development Programme (IRDP)**

Launched in 1978. **Aims to provide self employment in various activities in primary, secondary and tertiary sectors of the economy.** Supported activities include sericulture, animal husbandry, weaving, handicrafts, services, businesses etc
Merged with the Swarna Jayanti Gram Swarozgar Yojana in 1999

**Prime Minister's Rozgar Yojana**

Introduced 1993.**Aims to provide self employment for educated unemployed youth** by setting up microenterprises Under the scheme, every selected educated unemployed youth 18-35 years old and having family income below Rs 24,000 is given loan up to Rs 1 lakh for opening his own enterprises

**Swarnajayanti Gram Swarjgar Yojana (SGSY)**

Launched 1991.**The SGSY is a self employment programme that focuses on poverty alleviation.** Promotes self help groups, development of micro enterprises by providing bank credit and government subsidy Includes 50% benefit to SC/ST, 40% for women and 3% for disabled

**Sampoorna Grameen Rozgar Yojana (SGRY)**

Launched 2001.**Provides wage employment in rural areas,** thereby ensuring food security, creation of durable community, social and economic infrastructure Implementation through Panchayati Raj system

**Swarna Jayanti Shahri Rozgar Yojana (SJSRY)**

Launched 1997.**Aims to provide gainful employment to the urban unemployed poor through encouraging the setting up self employment ventures or provision of wage employment.** Contains two special schemes

The Urban Self Employment Programme
Urban Wage Employment Programme

SJSRY is a merged programme consisting of erstwhile schemes like Urban Basic Services, Nehru Rozgar Yojana, and PM's Integrated Urban Poverty Eradication Programme Provides reservations for women (30%), disabled (3%) and SC/ST on the strength of local population

**Indira Awaas Yojana (IAY)**

Launched 1996.The IAY is a scheme that provides for construction of houses and money to be given to poor

# FINANCIAL MARKETS IN INDIA

India's financial market is one of the oldest in the world. It is considered the fastest growing and strongest among emerging economies. Financial markets in India are under the purview of the **Capital Markets Division of the Department of Economic Affairs of the Ministry of Finance.**

The markets in India are regulated by the Securities and Exchange Board of India (SEBI).

**The PAN is the sole identification number for all transactions in securities markets. Although there are more than 25 stock exchanges in the country, the Bombay Stock Exchange and the National Stock Exchange account for a large majority of securities exchanges**

# *GOVERNMENTAL REGULATORY BODIES*

## ***Securities and Exchange Board of India (SEBI)***

Established 1992, headquarters Mumbai. **Functions under the Department of Economic Affairs, Ministry of Finance.** SEBI is the regulator for financial markets in India. SEBI has regional offices in New Delhi, Kolkata, Chennai and Ahmadabad.

The main responsibilities of SEBI include protection of interests of investor, and the development and regulation of securities markets. SEBI has three main functions.

**Legislative functions:** it drafts regulations and policies for financial markets **Executive functions:** conducts investigations and enforces action
**Judicial functions:** passes rulings and orders and arbitrates disputes

**Forward Markets Commission (FMC)**

Established 1953, headquarters Mumbai. **Functions under the Ministry of Consumer Affairs, Food and Public Distribution. The FMC is the chief regulator of forwards and futures markets in India. The main functions of the FMC include** Advice the Union Government on matters relating to forward markets. To monitor and regulate forward markets Collect and publish information relating to forward markets. The FMC currently allows futures trading in specific spices, edible oils, pulses, energy products and metal

**These forwards and futures exchanges in commodities are performed at specialised commodity exchanges in the country**

# *IMPORTANT STOCK EXCHANGES IN INDIA*

### Bombay Stock Exchange (BSE)

Established 1875, location Mumbai. **The BSE is the oldest stock exchange in Asia**
**The BSE is the largest stock exchange in India** (in terms of market capitalization)
**In terms of the number of listed companies, the BSE is the largest stock exchange in the world** (with over 4500 listed companies)

**The key index of the BSE is the SENSEX** (BSE Sensitive Index). It is a composite measure of the performance of 30 key listed companies

### National Stock Exchange (NSE)

Established 1992, location Mumbai. The NSE is the second largest stock exchange in India (after BSE).**In terms of number of trades in equity, it is the largest stock exchange in India and the third largest in the world.**

The NSE is also the second fastest growing stock exchange in the world. The NSE is owned by a set of financial institutions, banks and insurance companies. **There are at least two foreign investors in NSE: NYSE Euronext and Goldman Sachs. The NSE's key index is the Nifty**

# *INSURANCE IN INDIA*

The first insurance company in India was the Oriental Life Insurance Company, founded in Calcutta 1818. However, it is now defunct. The first Indian insurance company was the Bombay Mutual Life Assurance Society, founded 1870. **The oldest existing insurance company is the National Insurance Company, founded 1906.**

Insurance was nationalised in 1956 and then opened up to private sector in 1999.Currently the government allows 26% FDI in the insurance sector

The largest life insurance company in India is the Life Insurance Corporation. **Insurance falls under the purview of the Department of Financial Services, Ministry of Finance**

### Nationalisation of insurance

Life insurance in India was nationalised by the Life Insurance Corporation Act 1956
All 245 life-insurance companies in India at the time were merged to form the Life Insurance Corporation (LIC).

The General Insurance Business Act 1972 nationalised general insurance companies
The existing 100 general insurance companies were amalgamated into the General Insurance Corporation of India (GIC).

## *GOVERNMENT BODIES IN INSURANCE*

All government bodies in insurance function under the Ministry of Finance unless otherwise noted

### Life Insurance Corporation (LIC)

Established 1956, headquarters Mumbai. **The LIC is the largest life insurance company in India and also the nation's largest investor.** It funds close to 25% of the government's expenses. The LIC owns the following subsidiaries. Life Insurance Corporation of India International: provides USD denominated policies to NRIs

### General Insurance Corporation (GIC)

Established 1972, headquarters Mumbai. **The GIC is a holding company for four subsidiary companies.** Oriental Insurance Company Ltd (New Delhi).

New India Assurance Company Ltd (Mumbai)
National Insurance Corporation Ltd (Kolkata)
United India Insurance Company Ltd (Chennai)

**The GIC is the sole re-insurance company in India**

The GIC covers insurance for the entire spectrum of the economy from shoes to aircraft, from agricultural wells to oil wells, from chemical manufactures to satellite launches etc

### Insurance Regulatory and Development Authority (IRDA)

Established 2000, headquarters Hyderabad. The IRDA was set up to protect the interests of policy holders, and to regulate the growth of the insurance industry. Some of the functions of the Authority include. Regulate investment of funds by insurance companies. Regulate maintenance of margin of solvency. Adjudicate disputes between insurers and intermediaries

### Agriculture Insurance Company (AIC)

Established 2003, headquarters New Delhi. The AIC is promoted by the GIC and NABARD. The AIC is under administrative control of Ministry of Finance, but under operative control of Ministry of Agriculture. **The AIC offers area based and weather crop insurance schemes to farmers.** It is one of the largest agriculture insurance companies in the world

## *POLICIES AND PROGRAMMES*

### Social Security Scheme

A Social Security Fund (SSF) was set up in 1988-89 for providing social security through group insurance schemes to the weaker sections of society.**The SSF is administered by the LIC.**The SSF provides up to Rs 5000 on death from natural causes and Rs 25,000 upon death/disability due to accident

### Janashree Bima Yojana (JBY)

The Janashree Bima Yojana was launched in 2000.**The JBY is a group insurance scheme.** The minimum membership of the group should be 25 persons. **The JBY is administered by the LIC.** The JBY provides for insurance protection to rural and urban poor. The scheme covers BPL people and above poverty line people who belong to certain identified occupational groups.The scheme provides for cover of Rs 20,000 on natural death. The scheme also provides pension of Rs 200

### Aam Aadmi Bima Yojana (AABY)

Launched in 2007.**Provides insurance to the head of the family of rural landless households.** Covers natural death and accidental death/disability. The scheme also provides additional benefit of scholarships for max two children between 9$^{th}$ and 12$^{th}$ standards. **Administered by the LIC**

## Universal Health Insurance Scheme (UHIS)

The UHIS is meant to improve access of health care to poor families. Scheme provides for reimbursement of medical expenses, death and compensation due to loss of earning capacity. **The UHIS targets only BPL families**

## National Agriculture Insurance Scheme (NAIS)

Launched in 1999.**Protects farmers against losses due to natural calamities such as flood, drought, pestilence etc.Scheme is implemented by the Agriculture Insurance Company (AIC).The Scheme is available to all farmers irrespective of the size of their land holdings. The Scheme covers all food crops and oil seeds.** It also covers some commercial and horticultural crops. The scheme has until now covered more than 1.3 million farmers and 211 million hectares of land

## Pilot Weather Based Crop Insurance Scheme (WBCIS)

Launched in 2007, on a pilot basis. **The WBCIS aims to cover farmers against anticipated crop failure due to adverse weather conditions.** The scheme is based on the fact that weather parameters can affect crop yield even when the farmer has taken all care to ensure a good harvest. The payouts are based on historical data that determine whether thresholds/triggers beyond which crop losses are expected .**The WBCIS is implemented by the AIC.** The scheme is currently being implemented on 30 major crops including horticultural crops. Currently the scheme covers more than 110,000 farmers and 1.4 million hectares of land

## *BANKING IN INDIA*

Organized banking in India originated in the late 18th century. **The State Bank of India, headquartered in Mumbai, is the largest bank in India.** Currently, India has 88 Scheduled Banks – 27 public sector banks, 31 private banks and 38 foreign banks. The public sector banks hold over 75% of banking assets in the country, followed by private banks (18.2%) and foreign banks (6.5%). Central banking in India is the responsibility of the Reserve Bank of India. **Banking in India is the responsibility of the Department of Financial Services, Ministry of Finance.** Currently there are 170 scheduled commercial banks, which includes 91 regional rural banks, 19 nationalised banks, 8 banks in the SBI group and the IDBI.There are 4 non-scheduled commercial banks in the country

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## History of banking in India

**The oldest banks in India were the General Bank of India and the Bank of Hindustan**, **both founded in 1786**. However both banks are now defunct. **The oldest existing bank in India is the State Bank of India.** The origins of the SBI go back to the Bank of Calcutta (founded 1806, renamed Bank of Bengal in 1809).The Bank of Madras was established in 1843 and the Bank of Bombay in 1868.**The Bank of Bengal, Bank of Bombay and Bank of Madras merged to form the Imperial Bank of India in 1921. The Imperial Bank of India was renamed the State Bank of India in 1955.** Although a normal commercial bank, the Imperial Bank of India also functioned as a central governmental until 1935

**The Reserve Bank of India was established in 1935**

The oldest joint stock bank is the Allahabad Bank, established in 1865.

The first entirely Indian joint stock bank was the Oudh Commercial Bank (Faizabad, 1881). However, it failed in 1958. The next oldest is the Punjab National Bank (Lahore, 1895)

**The Dakshina Kannada and Udipi districts of Karnataka (called South Canara), is known as the *Cradle of Indian Banking***

## Nationalisation of banks

**The Government of India nationalised 14 of the largest banks in 1969.**This achieved by an ordinance to the effect in July 1969. This was formalized by the Banking Companies (Acquisition and Transfer of Undertaking) Bill 1969.The banks that were nationalized in 1969 were: Allahabad Bank, Bank of Baroda, Bank of India, Bank of Maharastra, Canara Bank, Central Bank of India, Dena Bank, Indian Bank, Indian Overseas Bank, Punjab National Bank, Syndicate Bank, UCO Bank, Union Bank of India and United Bank of India.**In 1980, six more banks were nationalized.** The banks that were nationalized in 1980 were: Andhra Bank, Corporation Bank, Oriental Bank of Commerce, Punjab and Sind Bank, New Bank of India and Vijaya Bank.

In 1993, the New Bank of India was merged with Punjab National Bank. **There are 19 nationalized banks in operation today.** Following this, the GoI controlled about 91% of the banking business in India

## *RESERVE BANK OF INDIA*

The Reserve Bank of India is the central bank of India. **It was established in 1935 and nationalised in 1949**. Its headquarters was initially Calcutta, but moved to Bombay in 1937. It is currently headquartered in Mumbai. **The first Governor of the RBI was Sir Osborne Smith.** The current Governor of the RBI is Dr. Duvvuri Subbarao. The RBI functions under the provisions of the Reserve Bank of India Act 1934

### Objectives

Maintain price stability
**Ensure adequate flow of credit**
Protect depositor's interests
Provide cost-effective banking services to the public
Facilitate external trade and payment
**Promote development of foreign exchange market in India**
**Provide supplies of currency notes and coins in the country**

### Functions

Formulates, implements and monitors monetary policies
Regulates operations of banking and financial services sector in the country
**Manages the Foreign Exchange Management Act 1999**
Issues, exchanges and destroys currency notes and coins
Perform promotional functions to support national objectives
**Acts as banker to banks by maintaining accounts of all scheduled banks**
**Acts as banker to the Central and state governments**

Credit Control: By credit control we mean to regulate the volume of credit created by banks in India. It is the principal function of Reserve Bank of India. The basic objective of credit control mechanism is to realize both price stability and exchange stability in the economy. RBI uses two types of methods to control credit: (i) Quantitative Methods, and (ii) Qualitative Methods.

Quantitative Measures are used to control the volume of credit or indirectly to control inflationary and deflationary pressures caused by expansion and contraction of credit. These are also known as general credit measures. These consist of Bank Rate, Cash Reserve Ratio, Statutory Liquidity Ratio and Open Market Operations.

Qualitative Measures are used to control the quantum as well as purpose for which credits are given by banks. RBI uses measures like Publicity, Rationing of Credit, Regulation of consumer credit, Moral suasion and Variation in margin requirement for qualitative credit control.

Bank Rate: Bank rate is the rate at which the RBI is prepared to buy or rediscount eligible bills of exchange or other commercial papers. In simple words, bank rate is the rate at which RBI extends advices (Credit) to commercial banks. A change in the bank rate will result in a change in the prime lending rate of banks and thus act as an independent instrument of monetary control. At present it is 6.0%.

Cash Reserve Ratio (CRR): Cash reserve ratio is the cash parked by the banks in their specified current account maintained with RBI. In other words, it is the percentage of deposit (both demand and time deposit) which a bank has to keep with the RBI. RBI is empowered to vary the CRR between 3% to 15%. The purpose of reducing CRR is to leave large cash reserve with banks so as to enable them to expand bank credit. Similarly increasing of CRR means squeezing the cash reserve of the banks and limits their credit providing capacity. At present CRR is 6.0%.

Statutory liquidity Ratio (SLR): Statutory liquidity ratio is the liquid assets commercial banks maintain with the RBI in the form of cash (book value), gold (current market value) and balances in unencumbered approved securities. At present SLR is 25% of the total demand and time deposit liabilities of the bank. However, RBI can change SLR from time to time. Both CRR and SLR reduce or increase the capacity to expand credit to business and industry. Thus both of these are anti-inflationary.

Open Market Operations (OMO): The buying and selling of eligible securities in the money market by RBI for the purpose of curtailing or expanding the volume of credit. By selling securities the RBI can absorb funds, and buying the securities can release funds also into the market. The purpose of OMO is to influence the volume of cash reserves with the commercial banks and thus influence the volume of loans and advances they can make to the industrial and commercial sector.

Selective Credit Controls: Under the Banking Regulation Act 1949, section 21 empowers RBI to issue directives to the banking companies regarding their advance in order to check speculation and rising prices. The controls are selective as they are used to control and check the rising tendency of price and hording of certain individual commodities of common use. However, while imposing selective control, RBI takes care that bank credit for production and transportation of commodities and exports is not affected. These are mainly focused on credit to traders who use such credit for financing hoarding and speculation. Since 1956-57 RBI is employing this method.

Prime Lending Rate (PLR): It is rate of interest of which commercial banks lend to their prime high profile blue chip corporate borrowers. (From 1990's banks are free to determine PLR).

Repo Rate: Repurchasing option is traded in this market for a short time periods. Repo is Repurchasing by RBI.

Market Stabilization Scheme: It is a scheme under which RBI buys and sells Government of India securities in order to control liquidity.

Money in Circulation: Money in use to finance current transactions as distinct from idle money.

Regional Rural Bank: It was established in 1975 under the provision of RRB Act 1976, with a view to develop rural economy.

Lead Banking Scheme: Under this scheme all the nationalized banks and few private sector banks were allowed specially and were asked to play the "Lead Role". The lead banks act as a leader to bring about co-ordination of cooperative banks, commercial banks and other financial institutions in their respective demises to bring about rapid economic development.

Call Money: It is a loan that is made for a very short period i.e. for a few days only or for duration of a week. It carries a low rate of interest. In case of a stock exchange market, the duration of call money may be for a fortnight.

BASEL II: This norms assess the need for risk capital and replaces the minimum 9% capital adequacy norm under BASEL-I. BASEL II enables greater transparency and banks will evaluate themselves.

Capital Adequate Ratio: It is the ratio of total capital fund of a bank to its risk weighted assets. It is an indicator of banks financial health.

Universal Banking: It is a banking scheme given by Khan Committee according to which conduction of all financial activities under one roof by a bank or financial institution. In other words, this means integration of roles of bank and other development banks.

## INFLATION

Over Heating of Economy: When the supply is not able to keep phase with demand, it is as called over heating of economy. It leads to inflation and shortage goods.

Cost-push Inflation: General prices of goods and services in the economy rises due to an increase in production cost. Such types of Inflation are caused by three factors (i) an increase in wages, (ii) an increase in profit and (iii) imposition of heavy tax.

Demand- pull inflation: The most common cause of inflation is the pressure of ever-rising demand on a less rapidly increasing supply of goods and services. The expansion in aggregate demand may be the result of rapidly increasing private investment and/or spending government money for war or for economic development.

Stagflation: Stagflation occurs when inflation rises while output is either falling or at least not rising.

Structural Inflation: When there is a short supply the commodity, prices rise rapidly. It is temporary structure shortage in economy. It is also called bottleneck inflation.

Headline Inflation: It is an inflation which appears in headlines. It does not reflect the core inflation.

Under Lying Inflation: Measure of headline inflation after the removal of volatile items.
Core inflation: This nomenclature is based on the inclusion or exclusion of the goods and services while calculating inflation.

Hyperinflation (or) Galloping Inflation: The main feature of Hyper-Inflation is that money looses almost all of its value. Prices rise to fantastic levels, and the velocity of circulation becomes enormous. Money looses value so rapidly that people are unwilling to hold it for more a few moments.

Phillips Curve: The relationship between the percentage change of money wage and the level of unemployed is called as Phillips curve. The lower the unemployment, the higher will be the rate of change of wages.

Taylor Rule: A simple rule for setting interest rates with a view to keeping inflation stable.

## *STATE BANK OF INDIA*

**The State Bank of India is derived from the Imperial Bank of India (1921), which was nationalised in 1955.The State Bank of India is the oldest bank in India.** It traces its ancestry to the Bank of Calcutta, founded in 1806.It is headquartered in Mumbai. **The State Bank of India is also the largest bank in India.** It has a market share of about 20% in deposits and advances. The State Bank Group consists of the SBI and its subsidiary banks viz. State Bank of Indore, State Bank of Bikaner & Jaipur, State Bank of Hyderabad, State Bank of Mysore, State Bank of Patiala, State Bank of Travancore. The SBI is one of the Big Four Banks in India, along with ICICI Bank, Axis Bank and HDFC Bank

**The SBI was ranked as the 29$^{th}$ most reputable company in the world by Forbes in 2009**

## *CATEGORIES OF BANKS IN INDIA*

### Commercial Banks

Commercial banks are those that cater to the regular banking and financial needs of the public. **Commercial banks include public sector banks and private sector banks.** Public sector banks include the State Bank Group and other nationalised banks, while private sector banks include Indian banks and foreign banks.

### Cooperative Banks

Cooperative banking is retail and commercial banking organised on a cooperative basis. Cooperative banks include credit unions, savings and loans associations and building societies and cooperatives. Cooperative banks operate on the principles of cooperation – mutual help, democratic decision making and open membership.

**They are governed by controls of the RBI as well as state governments.** Cooperative banks in general operate under the Cooperative Credit Societies Act 1904, but large Urban Cooperative Banks operate under the Banking Regulation Act 1949.Cooperative banks in India are the primary financiers of agricultural activities, small scale industries and self-employed workers. Cooperative banks in India were first established in the late 19$^{th}$ century, following the success of such banks in Britain and Germany.

**The Anyonya Cooperative Bank Ltd. (ABCL) was the first cooperative bank in India.** It was established Vithal Laxman (aka Bhausaheb Kavthekar) in 1889 under the name Anyonya Sahayakari Mandali Cooperative Bank Ltd. The bank closed functioning in March 2008 following an order by the RBI. Re-opening is under consideration.

### Regional Rural Banks

Regional Rural Banks (RRBs) were first established in 1975.Initially five RRBs were established at Moradabad (UP), Gorapkhpur (UP), Bhiwani (Haryana), Jaipur (Rajasthan), Malda (WB). Currently there are 91 RRBs.

**RRBs exist in all states except Goa and Sikkim.**The share of RRBs in agricultural credit is around 5%

**Scheduled Banks**

Scheduled Banks are those banks that have been included in Second Schedule of the RBI Act 1934.Scheduled Banks must fulfil two conditions. The paid up capital and collected funds of the bank must not be less than Rs 5 lakhs. Any activity of the bank should not adversely affect the interest of deposition. Scheduled Banks enjoy the following benefits. They are eligible for obtaining loans on Bank Rate from the RBI. They acquire membership of the clearing house. Scheduled Banks include commercial banks, cooperative banks and regional rural banks. There are around 302 Scheduled Banks in operation

**Non-Scheduled Banks**

Non-Scheduled Banks are those that are not included in the list of Scheduled Banks
They have to follow the Cash Reserve Ratio (CRR) condition. However, they are not compelled to deposit these funds with the RBI. **They can avail loans from the RBI only under emergencies, and not for daily activities.** There are only 4 Non-Scheduled Banks in operation.

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*GOVERNMENT ENTITIES IN BANKING*

1. **Small Industries Development Bank of India (SIDBI)**

1. Established in 1990, headquarters Lucknow
2. The main objective of the SIDBI is to aid the growth and development of micro, small and medium scale industries in India
3. It provides direct credit to micro, small and medium enterprises, supports microfinance institutions and refinancing to state level finance bodie

2. **Industrial Development Bank of India (IDBI)**

1. Established in 1964, headquarters Mumbai
2. The IDBI is the tenth largest development bank in the world. It is one of India's largest public sector bank
3. Its main objective is to provide credit and other banking facilities to industries in India
4. However, in 2004 the IDBI was re-designated as a commercial bank, following the Industrial Development Bank (Transfer of Undertaking and Repeal) Act 2003, and renamed IDBI Ltd
5. Following this, the commercial banking division, IDBI Bank was merged into IDBI

3. **Industrial Finance Corporation of India (IFCI)**

1. The IFCI is the first development finance institution in the country to cater to the needs of Indian industry
2. Established 1948, headquarters New Delhi
3. The IFCI was established to provide long term low interest credit to corporate borrowers
4. In 1993, the IFCI was re-registered as a commercial company under the Indian Companies Act 1956, and renamed IFCI Ltd

4. **National Bank for Agricultural and Rural Development (NABARD)**

1. Partly owned by the RBI
2. Established 1982, headquarters Mumbai

3. **NABARD serves as the apex development bank in India for economic activities in rural areas**
4. **The main objective of NABARD is to facilitate credit flow for agriculture and small scale industries**
5. NABARD provides refinance to State Cooperative Agriculture and Rural Development Banks (SCARDBs), State Cooperative Banks (SCBs), Regional Rural Banks (RRBs), Commercial Banks and other financial institutions approved by the RBI
6. NABARD coordinates the rural financing activities of all institutions engaged in developmental work
7. NABARD has 28 regional offices (state capitals), one Sub Office (in Port Blair) and one Special Cell (in Srinagar)
8. **NABARD is famous for its Self Help Group (SHG) Bank Linkage Programme, which serves as an important tool for microfinance**

5. **National Housing Bank (NHB)**

1. Wholly owned subsidiary of the RBI
2. Established in 1987, headquarters New Delhi
3. Established mainly to provide long term finance to individual households

6. **Export-Import Bank of India (EXIM Bank)**
1. Established 1981, headquarters Mumbai
2. The main objective of the EXIM Bank is to provide financial assistance to exporters and importers with a view to promoting the country's international trade
3. It acts as the apex financial institution for financing foreign trade in India

7. **Bharatiya Reserve Bank Note Mudran Private Ltd (BRBNMPL)**

1. Wholly owned subsidiary of the RBI
2. Established in 1995, headquarters Bangalore
3. Main function is to augment the product of bank notes to meet demand
4. The company manages two presses: Mysore and Salboni (West Bengal)

8. **Deposit Insurance and Credit Guarantee Corporation (DICGC)**

1. Wholly owned subsidiary of the RBI
2. Established in 1962, headquarters Mumbai
3. India was one of the first countries to provide deposit insurance
4. Main objective is to provide insurance to depositors against collapse and bankruptcy of banks
5. Provides deposit insurance coverage up to Rs 100,000

### *HOUSING IN INDIA*

Majority of Indian have per capita housing space less than 10 x 10 square feet. Average rural per capita space is 103 sq ft and urban per capita space is 117 sq ft
Dharavi (in Mumbai) is the largest slum in India. It comprises around 600,000-1 million people in a 0.67 sq mile area. **Dharavi is one of the most densely populated areas of the world.**

**Housing is a state subject.** However, the Union Government is responsible for formulation of policies and programmes.Central-level policies are implemented by the Ministry of Housing and Urban Poverty Alleviation

### Urbanization in India

**Urban settlements in India are those settlements.** That have a minimum population of 5000 and Have 75% of the male population engaged in non-agricultural activities and Have a population density of at least 400 persons per sq km. **Further, all towns having a Municipal Corporation, Municipal Council or Cantonment Board are classified as urban.**As per Census 2001, India's urban population was 286 million (28% of total population).The number of cities with population more than 1 million is 35.**With 49.76% of population living in urban areas, Goa is the most urbanized state in India**. Himachal Pradesh is the least urbanized (9.30%)

## POLICIES AND PROGRAMMES

All policies/programmes under the purview of the Ministry of Housing and Urban Poverty Alleviation unless otherwise noted

### National Urban Housing and Habitat Policy 2007

The main aim of the policy is **Affordable Housing for All.**Objectives of the Policy include **Urban planning including urban local bodies, rural-urban balance and Mass Rapid Transit Systems (MRTS).**

Affordable housing including development of housing infrastructure, technological modernization and subsidies for economically weaker sections. Increased flow of funds from government and private financial sources. **Spatial incentives including relaxation of Floor Area Ratio and more efficient use of space by construction of high-rise buildings.**Special provisions for minorities and women

### Jawaharlal Nehru National Urban Renewal Mission (JNNURM)

Launched in 2005.It is a massive city modernization programme. Applies to 63 cities in India.Provides City Development Plans (CDP) for addressing infrastructure gaps relating to water, sanitation, housing and roads. Includes the following sub-missions.

**Basic Services for the Urban Poor (BSUP)**: provides seven services to low income settlements i.e. security of tenure, affordable housing, water, sanitation, health, education, social security.**Integrated Housing and Slum Development Programme (IHSDP)**: provides the seven services to cities other Mission cities

### Interest Subsidy Scheme for Housing the Urban Poor (ISSHUP)

Launched in 2009.Applies to Economically Weaker Sections (EWS) and Low Income Group (LIG).**The scheme aims to encourage the poor to avail loan facilities through commercial banks/HUDCO for construction of housing. Provides a 5% subsidy in interest payment.** Envisages construction of 310,000 dwelling units in the country

### Swarna Jayanti Shahari Rozgar Yojana (SJSRY)

Launched in 1991.**Aims to provide gainful employment to urban unemployed.** Promotes setting up self-employment ventures and wage employment prospects.Sponsored jointly by Central and state governments (75:25 ratio)

### Integrated Low Cost Sanitation Scheme (ILCS)

Launched in 1980, revised in 2003.ILCS scheme launched to eliminate dry latrines in India, which involve carrying of sewage on the heads of scavengers.**The Employment of Manual Scavengers and Construction of Dry Latrines (Prohibition) Act 1993** seeks to remove this unsanitary and restore human dignity of scavengers.

Aims include

**Construct/convert low-cost sanitation units through sanitary two-pit pour flush latrines. Construct news latrines for EWS households having no latrines.** The scheme covers all towns, but only EWS households. Funded by the Centre (75%), state (15%) and beneficiary (10%).**The main target of the scheme is to convert 600,000 dry latrines by March 2010**

## *PUBLIC FINANCE IN INDIA*

Public finance in India comes under the purview of the Ministry of Finance.The Ministry of Finance has four departments
Department of Economic Affairs
Department of Expenditure
Department of Revenue
Department of Company Affairs
The Ministry of Finance prepares the budget for the following governments
Union Governmen, Union Territories, Various states, when under President's rule

### Repositories of public finance

1. **Consolidated Fund of India**

1. Consists of all revenue received, loans raised and money received in repayment of loans by the Union Government
2. All expenditure incurred by Government is incurred from the Consolidate Fund
3. **No money can be withdrawn from this fund except under the authority of Parliament**

2. **Public Account India**

1. Consists of all other receipts such as deposits , service funds and remittances
2. Usually consists of funds that don't belong to the government, and need to be paid back
3. **Disbursements from the Public Account do not need authorization of Parliament**

3. **Contingency Fund of India**

1. Contains funds for meeting unforeseen needs including supplementary Demand for Grants
2. The Contingency Fund is placed at the disposal of the President to enable Government to meet urgent unforeseen expenditure
3. **Funds released from the Contingency Fund are released pending authorization from Parliament**

### Sources of Revenue

Main sources of revenue are customs duties, excise duties, service tax, corporate and income taxes. Non-tax revenues consist of interest receipts (including interest paid by Railways), dividend and profits. For states, revenue is mainly from taxes and duties levied by the state governments, share of taxes levied by Union, and grants received from the Union.For local body finance, the primary sources are property taxes, octroi and terminal taxes

### Sources of expenditure

1. **Non-plan expenditure**

1. Revenue expenditure: it consists of interest payments, defence revenue expenditure, subsidies, debt relief to farmers etc, and grants to states and Union Territories

2. Capital expenditure: include defence capital expenditure, loans to public sector enterprises, loans to state governments and UTs, and loans to foreign governments

2. **Plan expenditure**

1. Includes agriculture, rural development, irrigation and flood control, energy, industry, minerals, transport, communications etc

Zero Coupon Bonds: Zero Coupon Bonds (also called as pure discount bonds) are bonds that pay no periodic interest payments or so called 'Coupens'. Zero coupon bonds are purchased at a discount from their value at maturity. The holder of a Zero Coupon bond is entitled to receive a single payment, usually of a specified sum of money at a specified time in future. Investors earn interest via difference between the discounted price of the bond and its par (or redemption) value.

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Buy Back of Shares: Various individuals, financial institutions, directors of the company, hold company shares. This indicates the ownership of the company, when a company is allowed to buy-back its shares. It means it is increasing its ownership.

Penny Stocks: Penny stocks are securities or stocks which are sold by smaller new companies. They are generally sold because companies are seeking money for expansion, basic operations, and even for the commencement of business.

GDR/ADR: Global Deposit Receipts (GDR) are popularly known as Euro issues i.e. shares of Indian companies sold in the European market. When these shares of Indian companies are sold in the US capital market they are called as American Deposit Receipts (ADR).

Mutual Funds: Funds set up on the principal of pooled risk and pooled resources with the purpose of giving them the benefits of share market without exposing individually to the volatility of share market.

Venture Capital: Risk capital is called venture capital.

Futures: Contracts made in a future market for the purchased or sale of commodities on a specified future data. Futures provide a convenient mechanism for holding market risk. Future market forms an important part of many organized commodity exchange or market.

NCDEX: National Commodity Derivatives Exchange. It is the largest commodity futures exchange.

Forward Market Commission: It is a regulatory body for commodity futures, and forward trade in India. It was set up under Forward Contract (Regulation) Act 1952. It's headquarter is in Mumbai.

ICRA: Investment Information and Credit Rating Agents of India Limited. It was established in 1991. It primarily rates short, medium and long debt instruments. But, since 1995 it has been doing equity rating also.

NSDL: It is the first registered depository in India set up in November 1996 and has been promoted by IDBI, UTI and NSE.

CDSL: Central Depository Services Limited.

Derivative Trading: It is trading on claims, on claims on real producers.

Currency Future: Where in a contract in made between two parties, in which a party agrees to buy or sell a fixed amount of currency at fixed foreign exchange at a later date. It reduces currency volatility rise for both the parties.

Insider Trading: When insider (managers, directors, others) have more information of the companies performance than the external share holders. And they use it to make a profit is called insider trading. It is banned in Indiaby SEBI.

Multi Commodity Exchange (MCE): The trading happening in papers instead of commodities in physical. The largest MCX is in Ahmedabad.

Arbitrage: The act of buying a currency or a commodity in one market and simultaneously selling it for a profit in another market.

Badla: A carrying forward mechanism wherein only some margin is paid for shared, by the delivery of share and settlement could be carried forward for up to two weeks.

Non Tax Receipts: It is revenue receipts of government of India from social services and taxes like dividend from PSU's, interest on loan given to states and other agencies, fees provided for services etc.

Capital Receipts: Receipts on which the government has repayment obligations: e.g. government borrowing, disinvestment proceeds etc.

Non Debt Capital Receipts: The capital receipts of Government of India agencies which are non debt in nature like selling of PSU's and foreign aids.

Primary Deficit: Primary deficit = Fiscal deficit – interest payment. Fiscal deficit is budgetary deficit + market borrowings and other liabilities of the government of India.

Zero Base Budget: A technique where the budget of each ministry is prepared assuming that there was no budget in the previous years.

Outcome Budget: As par the promise of the annual budget 2005-06 Finance Ministry has come out with an outcome Budget. This will ensure good governance. In simple words, it provides outcome for expenditure provides for in the Budges for a fiscal.

Performance Budget: It emphasizes on the purpose at expenditure rather than the expenditure itself. It presents budget in terms of functions, programmes, activities and projects.

Advalorem: In this case the duty is imposed on the basis of value of the product.

VAT: Value Added Tax is a multi-point destination based system of taxation, with tax being levied on value addition in each stage of transaction in the production chain.

Turnover Tax: A tax levied as a proportion of the price of a commodity on each sale in the production and distribution chain all so called as cascade tax. Such a tax encourages vertical integration.

Fringe Benefit: Fringe benefits are the low or no tax benefits that companies offer to attract employees in addition to the normally taxed salaries, such as free transportation, health cover etc.

Goods and Services Tax: Goods and Services Tax (GST) is a part of the proposed tax reforms that center round evolving an efficient and harmonized consumption tax system in the country. Presently there are parallel systems of indirect taxation at central and state levels. Each of the systems needs to be reformed to eventually harmonize team.

CENVAT: In Union Budget 200-01 major overhaul at the central excise system was undertaken with innovation of a uniform 16% basic Central Value Added Tax (CENVAT) at production stage.

MODVAT: Tax is levied on final goods and tax on inputs and intermediate goods was abolished. This amended system excluded the possibilities of Double Taxation. It was introduced on the recommendation of L.J. Jha Committee in 1976.

MAT (Minimum Alternative Tax): Normally a company is liable to pay tax on income computed in accordance with the provisions of the IT Act but the profit and loss account of the company is prepared as per provisions of the Company Act. It is called MAT.

Exempt-Exempt Tax: The contributors will be excluded from income for tax purpose; the accruals will also be exempted from tax; and only the terminal benefits will be at the applicable rare in year or receipt.

Wind Fall Tax/ Super Profit Tax: Tax on sudden profit or high profit i.e. petroleum industry etc.

Laffer Curve: This curve is given by American economist Prof. Arthur Laffer. It represents relationship between total tax revenue and corresponding tax rate.

Cross Subsidy: The government purchases at a lesser cost and sells at a higher cost, like petrol. In this system government is the sole purchaser of the goods.

Oil Pool Account: It is account through which Government of India issue bonds to oil making companies to cover for the losses because of Administer Price system. It was abolished few years back. Now it has been charged on Consolidated Fund of India.

Financial Inclusion: Delivering financial services (savings, insurance, credit) to the deprived section at an affordable cost. Microfinance, SHG and post office schemes are all examples for financial inclusion.

Industrial Finance Corporation of India: It was set up by Government of India in 1948 July under a special act. The scheduled banks, insurance companies, investment and cooperative banks are share holder of IFCI, to provide medium and long term credit to industry.

Appreciation: When the value of currency rises with respect to another currency is said to have appreciated. It also indicates the increase in value of an asset.

Current Account Deficit: It is the difference between exports and imports of goods and services as well as the transfer on invisibles. It signifies saving investment gap.

FEMA: Foreign Exchange Management Act was introduced in July 1998 in the Parliament to repeal FERA 1973. Under FEMA, 1999 provisions related to foreign exchange have been modified and liberalized so as to simplify foreign trend and payments.

Devaluation: In a fixed exchange rate system, when the country has decided to reduce the value of its currency in comparison with foreign currency. India devalued its currency in the past. It increase exports and reduces imports.

Hard Currency: It refers to the currency of an industrialized country which has general convertibility.

Soft Currency: A currency with limited convertibility into gold and other currencies either because it is of depreciating due to balance of payment, deficit or because cannot have been placed on it.

Exim Bank: It is established for financing, facilitating and promoting foreign trade in India.

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Agri Export Zone: It was setup in EXIM policy 2001-02 for encouraging exports of specific agriculture products from geographically identified areas.

GATS: General Agreement of Trade in Services

TRIPS: Trade Related Intellectual Property Rights

TRIMS: Trade Related Investment Measures

Asian Development Bank: Set up in 1966 under the recommendation of United Nation Economic Commission for Asia and Pacific. The bank was formed with two fold objectives:

Special Drawing Rights (SDR): The Special Drawing Rights is an international financial assets created by IMF and serves as an international unit of account. A means of payment amount certain eligible official entities.

**Union Budget**

The Union Budget is a statement of financial position of the Union Government.The objectives of the Budget include.
Coordination of resources
Economic stability
Management of public enterprises
Definition of economic policy

**The first Budget was presented in 1860.**The Railway Budget was separated from the General Budget in 1921. However, **the Railway Budget is a part of the General Budget, just prepared and presented separately. The first Union Budget of independent India was presented by R K Shanmukham Chetty in Nov 1947.**The Budget is presented on the last working day of February, and must be passed by Parliament before it can come into effect on April 1 (the start of the financial year)

**Kelkar Commission**

**The 13th Finance Commission, with Vijay Kelkar as Chairman was constituted in Nov 2007.The Finance Commission is ordained by Article 280 of the Constitution.**

The main recommendations of the Kelkar Commission include
Senior citizens and widows to have exception limit on income tax of Rs 150,000
Three types of income tax slabs: up to Rs 1 lakh (no tax), Rs 1-4 lakh (20% tax), Above Rs 4 lakh (30% tax)

Abolition of dividend tax and long term capital gain
Income tax on agriculture to be withdrawn
Higher duty of 150% for specific agro products and demerit goods
Complete exemption of custom duty for life saving drugs, equipment, and defence related goods

## Taxes

**Direct taxes are those taxes in which the burden of tax cannot be shifted from the person on whom it has been levied.** Eg: income tax, property tax. **Indirect taxes are those taxes in which the burden of tax can be shifted.** Eg: sales tax, excise duty, entertainment tax. Indirect taxes are the larger source of revenue for the government
The ratio of revenue from direct to indirect taxes is usually around 40:60.**The largest revenue of the government comes from excise duty**

## Value Added Tax

**By definition, VAT is a tax levied on the value added at each stage of production and distribution process.** It is an ideal form of consumption taxation since the value added by a firm represents the difference between its receipts and cost of purchased inputs. **Value Added Tax (VAT) is a general tax on commodities to replace sales tax, surcharge and other entry level taxes levied by the states and Union Territories.**

VAT is levied on sale of all taxable goods. VAT is not levied if sales of goods are not made in the course of furtherance of business.**VAT is collected in stages: tax paid on purchases (input tax) is rebated against tax payable on sales (output tax).** The concept of second sale or resale tax is done away with.VAT can be computed using one of three techniques.
**Subtraction method:** tax rate is applied to the difference between the value of the output and the cost of the input.

**Addition method:** the value added is computed by adding all payments that is payable to the factors of products (wages, interest payments etc)

**Tax credit method:** this entails the set off of the tax paid on inputs from tax collected on sales

**India uses the tax credit method for VAT computation**

Advantages of VAT include
Tax evasion becomes difficult. Businesses compelled to keep proper record of purchases and sales, and keep a trail of invoices
Avoids problem of undervaluing
Increase in revenue as tax net widens
Uniformity in tax regime avoids confusion
Permits easy and effective targeting of tax rates, as a result of which exports can be zero-rated
Parity with tax structures in other countries

# Agriculture in India

Agriculture is the life blood of Indian Economy. ν Agriculture sector in India employs about 64% of the work force, contributes 22% of GDP and accounts for about 18% share of the value of the country's export.

Textiles are the largest agro industry in India. The main impact of the Green Revolution has been on cereals. Punjab is the most fertile state in India. Tea is the leading export item among Indian plantation crops. India's total geographical area is 328.7 million hectares of which 140.8 million hectares is the net sown area, while 192.80million hectares is the gross cropped area.

In India, there are three main crop seasons, namely Kharif,,rabi and Zaid.

**Kharif crops:** Major Kharif crops are rice, jowar, bajra, maize, cotton, sugar cane, sesame and ground nut. These crops are also known as summer crops. They are sown before the onset of the rainy season, from May to July, and harvested after the rains in September.

**Rabi crops:** Major rabi crops are wheat, barley, gram, linseed, rapeseed and mustard. They are also called winter crops. They are sown in the beginning of winter season from October to December, and harvested before the summer season, from February to April.

Zaid crops: Zaid crops are grown in the short periods after the harvest of the Kharif and rabi crops, before the next major cropping season. Major Zaid crops are green vegetables, oil seeds and some pulses.

Food Crops: Food crops are food grains grown to meet the essential food demand of the population and include rice, wheat, coarse grains and pulses.

Cash crops: Cash crops are divided into Plantation crops and field crops.

Plantation crops: The important ones are coffee, tea, rubber, cocunut and spices. Coconut is both a plantation and a field crop.

Field crops: Important ones are cotton, jute, sugarcane, oilseeds, and tobacco.

**Types of cropping**

Mixed cropping: In mixed cropping, crops are grown mixed in such a way that soil nutrients removed by some replaced by other at least partly.

Double cropping, Double cropping involves growing of two crops in a year in sequence.

Multiple Cropping: With the introduction of short duration varieties and water management practices, the trend is even towards growing more than two crops in a year is called multiple cropping.

Relay cropping: Besides cropping done is sequence there is another type of intensive cropping called relay cropping in which one crop is undersown in a standing crop.

The largest importer country in Indian textile is USA. Wheat per hectare yield is the highest in Punjab.West Bengal is the leading producer of rice and jute in India. Karnataka leads in the production of coffee, silk and sandalwood. The agricultural prices commission was set up in 1965. The National Agricultural Income

Scheme is managed by GIC.

Indian Council of Agricultural Research (ICAR) is an autonomous body under the Ministry of Agriculture. Headquarters of the ICAR is at New Delhi. The Union Minister of Agriculture is the President of the ICAR.

Dr.K.N.Raj Committee had recommended the imposition of progressive agricultural holding tax. There has been continuous decline in the share of agriculture in the GDP from 20.2 percent in 2004-05 to 17.8 percent in 2007-08. India accounts for 10 percent of the production of fruits and stands second to Brazil and the second largest vegetable producer after China contributing 13.4% of the world vegetable production. The vegetable production has reached 90 million tonnes from an area of 6.2 million hectares due to 136 improved high yielding varieties in 17 vegetable crops evolved so far.

**National Horticulture Mission:** It is a centrally sponsored scheme launched from May 2005 for the development of horticulture linkages covering research, production, post harvest management, processing and marketing. Horticultural sector contribute significantly to GDP in agriculture (28.5% from 8.5% area).
India is the third largest producer and consumer of fertilizers in the world after China and the USA. The National Agricultural Marketing Federation (NAFED) of India Ltd, was set up in October 2, 1958.

NAFED promotes co-operative marketing of agricultural produce for the benefit of farmers through its own branches and the co-operative marketing network .

## Green Revolution

Green Revolution means sudden increase of agricultural output, especially wheat in India. The Father of Green Revolution - **Norman Borlaug.** Rockfeller foundation and US scientists under Norman Borlaug contributed to the growth of India's first Green Revolution in 1970.

Second Green Revolution seeks to minimise post - harvest waste, improve storage and help. Indian farmers to improve the phyto-sanitary conditions. Second Green Revolution is also known as Gene Revolution because of the predominance of Biotechnology.

Cowpea, millet, sorghum are known as orphan crops.
In India, the Borlaug Award is given to agricultural scientists.
**M.S. Swaminathan** is the world renowned Indian agricultural scientist.
He is known as the Father of Indian Green Revolution.
*Greening of the East* means spread of green revolution to non traditional areas of eastern India.

Second Green Revolution: It aims at efficient use of resources and conservation of soil, water and ecology on sustainable basis and in a holistic framework.
Rainbow Revolution
Over 4% annual growth rate in agriculture.

Greater private sector participation through farming
Price protection for farmers
National Agriculture Insurance Scheme to be lowered for all farmers and all crops.
Dismantling movement and agriculture commodity throughout the country.

Accelerated Irrigation Benefit Programme: It is started in 1995 by government of India to complete incomplete projects of states in which central funds flow on.

Debt Swap Scheme: It is a scheme through which farmers get loan from bank with minimum rate of interest to pay back loan from local money center, PNB launched it first.

Social Forestry: Involving the local community in preservation and rejuvenation of forest resources including wild life and etc.

Contract Forming: It is a new way of farming in which big corporates sign contract with farmers making provision for the production of farm goods and delivery at a later date at a price signed in the contract. This helps farmers get a fixed amount for the goods. It stabilizes the farmer's income.

# *SMALL SCALE INDUSTRIES IN INDIA*

The small scale industrial sector in India is divided into three categories: micro, small and medium. Together, they are known as Micro, Small and Medium Enterprises (MSME)

**Micro scale sector: industries in which in the investment in plant and machinery is under Rs. 25 lakh.** For service enterprises, this limit is Rs. 10 lakh

**Small scale sector: industries in which the investment in plant and machinery is between Rs 25 lakh and Rs. 5 crore.** For service enterprises, this limit is Rs 10 lakh – Rs 2 crore

**Medium scale sector: industries in which the investment in plant and machinery is between Rs. 5 crore and Rs 10 crore.** For services enterprise, Rs. 2 crore – Rs. 5 crore.

The MSME sector in India employs about 60 million people, it is the second largest sector in terms of employment (after agriculture).MSME sector accounts for 45% of industrial output and 40% of exports. **The MSME sector in India falls under the purview of the Ministry of Micro, Small and Medium Enterprises.** This Ministry was formed by the merger of the Ministry of Small Scale Industries and Ministry of Agro and Rural Industries in 2007.Registration of an industrial unit as a micro, small or medium scale enterprise is voluntary. However, benefits such as power and tax subsidies can only be obtained if registered. Registration is done by the Directorate or Commissioner of Industries for the respective states

Footloose Industry: These industries are mobile industry which are not based in a particular area and can be seen anywhere for performing their activities.

Sunrise Industries: Industries in the forefront of development which have immense future potential. e.g. IT, Biotechnology, Pharma.

Green Field Investment: In software engineering jargon Greenfield is a project which lacks any constraints imposed by prior work. The image is that of construction on Greenfield land. Where there is no need to remodel or demolish an existing structure.

Brown Field Investment: Those facilities which are modified/ upgraded are called Brown Field Projects.

Cortel: An association of producers in a given industry whose purpose is to restrict or bar competition in the industry.

Special Economic Zone (SEZ): Introduced in the EXIM policy of 2000-01 with a view to provide internationally competitive and haste free environment for export. They are free from taxes and duties. Such area is considered as foreign territory for the purpose of trade operations and tariffs.

Exit Policy: it is a part of liberation policy adopted by the government. It was adopted in 1991 which aimed at closing down the sick and inefficient industries and making handshakes with excess employees so as to reduce the financial burden on the economy.

## *GOVERNMENTAL ORGANISATIONS IN THE MSME SECTOR*

### 1. **Micro, Small and Medium Enterprises Development Organisation (MSME-DO)**

1. Established in 1954, headquarters New Delhi
2. Also known as the Office of the Development Commissioner MSME
3. **It is the apex body for assisting the government for formulating and implementing policies for the MSME sector**
4. The MSME-DO provides facilities for managerial consulting, technology upgradation, quality and infrastructure improvement, and human resources training and development
5. Functions under the Ministry of MSME

### 2. **National Small Industries Corporation (NSIC)**

1. Established in 1955, headquarters New Delhi
2. Helps in the fostering, aiding and promotion of growth of MSME
3. Focuses on the commercial aspects of operation
4. Provides services in the areas of material procurement, product marketing, technology acquisition, improved management practices etc
5. Functions under the Ministry of MSME

### 3. **Khadi and Village Industries Commission (KVIC)**

1. Established in 1956, headquarters New Delhi
2. Provides employment opportunities in rural areas by promotion and development of khadi and village industries
3. Functions under the Ministry of MSME

### 4. **Coir Board**

1. Established in 1953, headquarters Cochin
2. First coir industry in India was established by James Darragh in Alleppey in 1859

3. Is responsible for formulation and implementation of schemes for the promotion and development of coir industry in India
4. Primary coir exports include coir mats, coir textiles and coir pith
5. The Coir Board functions under the Ministry of MSME

5. **Small Industries Development Bank of India (SIDBI)**

Established in 1990
Objectives include the promotion, financing and development of small scale industries
**SIDBI was ranked among the top 30 development banks in the world by the The Banker, London**
SIDBI functions under the Ministry of Finance

## *PROGRAMMES FOR THE MSME SECTOR*

Some of the important programmes are highlighted in this section. For a complete list of schemes and programmes see here and here

1. **Cluster Development Initiative (CDI)**

1. Clusters are defined as sectoral and geographical concentrations of enterprises that share common opportunities and threats
2. Clusters facilitate the development of inter-firm cooperation to promote local production and collective learning
3. **Clusters account for over 60% of manufactured exports from India**
4. India has over 400 clusters of Small and Medium Enterprises (SME) and 2000 artisan clusters
5. **The CDI in India is supported by the Cluster Development Programmer of the United Nations Industrial Development Organisation (UNIDO)**
6. The CDI is a programme implemented by the Ministry of MSME

2. **National Manufacturing Competitiveness Programme (NMCP)**

1. Launched in 2005
2. Aims to increase competitiveness in the face of liberalization and moderation of tariff rates
3. Implemented by the National Manufacturing Competitiveness Council functioning under the Ministry of MSME

3. **Scheme of Fund for Regeneration of Traditional Industries (SFURTI)**

1. Launched in 2005
2. Aims to achieve comprehensive development of clusters of khadi, village and coir industries
3. Implemented by the KVIC and the Coir Board

4. **Rajiv Gandhi Udyami Mitra Yojana (RGUMY)**

1. Launched in 2008
2. Aims to provide support and assistance to first-time entrepreneurs
3. Helps in dealing with various procedural and legal formalities required for the establishment of the enterprise
4. Implemented by the Ministry of MSME

## *INDUSTRIAL POLICIES AND PROGRAMMES IN INDIA*

Industrial policies and programmes in India fall under the purview of the Ministry of Heavy Industry and Public Enterprises, and the Ministry of Commerce and Industry.The Ministry of Heavy Industry and Public Enterprise contains two departments:
Department of Heavy Industries
Department of Public Enterprises
The Ministry of Commerce and Industry has two departments:
Department of Commerce
Department of Industrial Policy and Promotion
Most industrial policies thus fall under the Department of Heavy Industries and the Department of Industrial Policy and Promotion

### Compulsory licensing

The government requires compulsory licenses for certain specified industries
This licensing is mainly on account of environmental and strategic concerns
**Industries requiring compulsory licensing include**
Alcoholic drinks
Cigars and cigarettes made from tobacco and tobacco substitutes
Aerospace and defence equipment
All items related to use of atomic energy
Explosives
Hazardous chemicals
In addition to the above, **certain items are reserved for manufacture by small scale industries only.** Non-small scale industries are required to obtain licenses and undertake an export obligation of 50%
Drugs and pharmaceuticals were taken off the compulsory list in 2005

## *INDUSTRIAL POLICIES*

### *Automobile Policy*

1. Objectives of the policy include
   Emerge as a global source for automobile components
   Establish an international hub for manufacture of small passenger cars, and a key centre for tractors and two-wheelers
   Ensure a transition to open trade at minimal risk to the economy
   **Assist development of vehicles using alternative energy sources**
   Development of safety and environment standards at par with international standards

2. The Policy assures automatic approval for FDI up to 100%

3. Used vehicles imported into the country to meet environmental standards

4. **The Policy is implemented by the Department of Heavy Industry, Ministry of Industry and Public Enterprises**

### Industrial Policy

Launched in 1991.Implemented by Department of Industrial Policy and Promotion, Ministry of Commerce and Industry.

Objectives include
Maintain sustained growth
Enhance gainful employment
Optimal utilization of human resources
Attain international competitiveness
The Policy enshrines the liberalisation of industrial licensing policy

**The Policy enshrines the establishment of Software Technology Parks (STP) and Electronic Hardware Technology Parks (EHTP)**

**FDI Policy**

India has one of the most liberal FDI policies among developing countries
FDI up to 100% is allowed in the automatic route in all activities except the following, which require prior approval

Prohibited sectors

Industries that require a compulsory license
Proposals in which the foreign collaborator has an existing collaboration in the same field
Acquisition of shares in an Indian company in the financial services sector
In the automatic route, no governmental approval is required
FDI in activities not covered under the automatic route, approval from Government in required. **Such approvals are granted by the Foreign Investment Promotion Board**
**Sectors prohibited for FDI include**

Gambling and betting
Lottery
Atomic energy
Retail trading
Agriculture (except Horticulture, animal husbandry) and plantations (except tea plantations)

**North East Industrial and Investment Promotion Policy (NEIIP)**

Launched in 2007.Implemented by Department of Industrial Policy and Promotion, Ministry of Commerce and Industry.**Covers Arunachal Pradesh, Assam, Manipur, Mizoram, Nagaland, Meghalaya, Tripura and Sikkim**
Major initiatives include subsidy for infrastructure expansion (25%), exemption from income tax and excise duty (100%)

Industries covered by the Policy include
Services
Bio technology
Power generation
**The nodal agency for the Policy is the North East Industrial Development Finance Corporation (NEDFi)**

## *INDUSTRIAL PROGRAMMES AND SCHEMES*

**Indian Leather Development Programme (ILDP)**

Launched in 2007.Implemented by Department of Industrial Policy and Promotion, Ministry of Commerce and Industry.Objectives of the programme include
Augmentation of raw material base
Enhancement of capacity
Addressing environmental concerns
Global marketing of Indian leather
Activities covered under the scheme include
Modernisation of machinery
Hardware and IT solutions
Worker safety
Environmental and waste management

**Industrial Infrastructure Upgradation Scheme**

Launched in 2001.Implemented by Department of Industrial Policy and Promotion, Ministry of Commerce and Industry
Central government to sponsor 75% of expenditure
Activities covered under the scheme include
Physical infrastructure (such as road, water etc)
Effluent treatment, waste disposal
IT infrastructure
R&D infrastructure
Quality and benchmarking infrastructure
Marketing infrastructure

**Industrial Park Scheme**

Launched in 2002.Implemented by Department of Industrial Policy and Promotion, Ministry of Commerce and Industry
Envisages the establishment of
Industrial model towns for the development of industrial infrastructure
Industrial parks with facilities for industrial purposes
Growth Centres, to act as hubs for industrial activity in the under developed areas

## ***INDUSTRY IN INDIA***

### *AUTOMOBILE INDUSTRY*

Indian automobile industry is the ninth largest in the world
Annual production of over 2.3 million units
**India is the 4th largest exporter of automobiles in Asia, behind Japan, South Korea and Thailand**

**About Maruti India**

Established as Maruti Udyog Limited in Feb 1981
Market leader, credited for bringing an automobile revolution in India
First Managing Direct was R.C. Bhargava
**In May 2007, the GoI sold its share in the enterprise, and no longer has a stake in the company**

Two manufacturing facilities: Gurgaon and Manesar (near New Delhi)

### About REVA India

**Largest produced electric car in the world**
Introduced in India in 2001
Manufactured in Bangalore
Travels 80 km on a 8 hour charge for a running cost of Rs 0.40 per km

## *PHARMACEUTICALS INDUSTRY*

India is in position to meet 70% of drug demand internally

Important drugs produced in India include penicillin, flumeguine, pefloxacin, ramipiril etc
Public sector companies in the pharmaceutical sector include Indian Drugs and Pharmaceuticals, Hindustan Antibiotics Ltd.,Over 60% of bulk drugs exported

### History of pharmaceutical sector

**First pharmaceutical company in India was the Bengal Chemical and Pharmaceutical Works established in Calcutta in 1930.First public sector pharma company was Hindustan Antibiotics Ltd. founded in Pimpri (Maharashtra) in 1954.** It was also the first company in India to launch a recombinant DNA product, Hemax, in 1993.Patents Act 1970 made pharmaceutical sector unsuitable for foreign companies thereby encouraging Indian companies.In Jan 1995, government amended the Patent Act to reinstate product patents for the first time since 1972

This was in compliance of the WTO's Trade Related Aspects of Intellectual Property Rights (TRIPS) agreement

### Biotechnology

India's biotech industry accounted for 2% of the $41 bn global biotech market

India has the third largest biotech industry in the Asia-Pacific region and eleventh largest in the world.Biotech sector is made up primarily of small startup firm.Government established Department of Biotechnology under the Ministry of Science and Education in 1986.Ministry of Science and Technology also launched Biotechnology Parks Society of India to provide tax breaks and dedicated infrastructure.Government allows 100% FDI in biotechnology

### Important names in the pharmaceutical sector

| **Company** | **Key people** | **Headquarters** | **Notes** |
|---|---|---|---|
| Ranbaxy | Atul Sobti | Gurgaon | **Largest pharmaceutical company in India** |
| Dr. Reddy's | Anji Reddy<br>GV Prasad | Hyderabad | Second largest in India |
| Nicholas Piramal | Ajay Piramal | Bombay | |

| | | | |
|---|---|---|---|
| Cipla | YK Hamied | Bombay | Oldest in India<br>**World's largest producer of anti-retroviral (AIDS) drugs**<br>Pioneered AIDS treatment drug (now standard) |
| Biocon | Kiran Mazumdar - Shaw | Bangalore | India's leading biotechnology company |
| Serum Institute of Inida | Cyrus Poonawalla | Pune | Fifth largest vaccine maker in the World<br>World's largest maker of measles and DTP vaccines<br>Serum vaccines immunize 50% of world's children<br>**Currently manufacturing vaccine for swine flu** |

*OTHER INDUSTRIES*

1. **Steel industry**

India is the 8th largest producer of steel in the world
It is the 2nd largest producer of sponge iron
However, India continues to be a heavy importer of steel from abroad
**Tata Steel in Jamshedpur was the first steel plant in India and Asia (1907)**
First government-established steel plant in India in Rourkela (1953) in collaboration with Germany
India is the fifth largest producer of steel in the world (China is the first)
Bhilai steel plant is the only producer of steel rails in India

**Fertilizer industry**

**India is the 3rd largest producer of nitrogenous fertilizers in the world**
However, India still imports substantial amounts of fertilizers
First fertilizer plant was a Single Super Phosphate plant at Ranipat (TN) in 1906

**Textile Industry**

**It is the single largest industry in India**
Employs 17% of the workforce
Accounts for 20% of India's industrial output and 30% of exports
Indian textile industry is the second largest in the world (behind China)
**India is one of the largest producers of cotton in world**

**Special Economic Zones (SEZ)**
India was one of the first countries in Asia to recognize the effectiveness of Export Processing Zones (EPZ)

**The first Export Processing Zone (EPZ) in Asia was established in Kandla (Gujarat) in 1965**

**The Special Economic Zone (SEZ) Policy was announced in 2000**
**The main objectives of SEZs are**

Generation of additional economic activity
Promotion of goods and services
Promotion of investment from domestic and foreign sources
Creating of employment opportunities
Development of infrastructure facilities
SEZs function under the Department of Commerce (Ministry of Commerce and Industry)

| S. No. | SEZ | Location | Type |
|---|---|---|---|
| 1 | Kandla SEZ | Gujarat | Multi product |
| 2 | SEEPZ | Mumbai | Electronics, gems and jewellery |
| 3 | Noida SEZ | Uttar Pradesh | Multi product |
| 4 | MEPZ | Chennai | Multi product |
| 5 | Cochin SEZ | Kerala | Multi product |
| 6 | Falta SEZ | West Bengal | Multi product |
| 7 | Visakhapatnam SEZ | Andhra Pradesh | Multi product |

## PLANNING COMMISSION

The Planning Commission is the supreme organ of planning for social and economic development in India. It was established on March 15, 1950. The Prime Minister of India is the ex-officio Chairman of Planning Commission. The committee members also appoint a Deputy Chairman, who is the de-facto executive head of the Commission and enjoys the rank of a Cabinet Minister.

The Cabinet Ministers with certain important portfolios act as part-time members of the Commission, while the full-time members are experts from various fields like Economics, Industry, Science and General Administration.

Open economy: Capitalist or mixed/progressive capitalist economy.

Plan Holidays: It refers to a period which is not covered in any five year plan (period between 1966 to 69 i.e. between 3rd and 4th Five Year Plan).

Inclusive Grown: Faster economic growth is also transferring into more inclusive growth, both in terms of employment generations and poverty reduction.

Export Pessimism: It happens when the government in not confident of getting sufficient amount of exports to finance its imports. India followed during the earlier days of planning era.

Investment Led Growth: It is growth of which a major portion of demand comes from investment. India is facing balanced growth.

Export Led Growth: When exports are a major reason of growth. China and ASEAN tigers are facing export- led growth.

ICOR: Incremental Capital Output Ratio: It refers to the units of capital that have to be employed for raising one unit of output.

Merit Goods: A commodity, the consumption of which is regarded as socially desirable irrespective of consumer's preferences. Governments are readily prepared to suspend consumer's sovereignty by subsidizing the provision of certain goods and services.

White Goods: White goods are luxury goods. After the economic reforms consumption of white goods increased in India, it gives more tax benefit to government.

| **Five Year Plan** | **Duration** | **Focus** | **Highlights of the plan period** |
|---|---|---|---|
| I | 1951 – 1956 | Agriculture | o Rapid population growth<br>o Bhakra and Hirakud dams<br>o Five IIT's established<br>o UGC established |
| II | 1956 – 1961 | Industrialization<br>Socialism | o Bhilai, Durgapur, Rourkela steel mills<br>o Atomic Energy Commission established<br>o Tata Institute of Fundamental Research |
| III | 1961 – 1966 | Defence<br>Price stabilization | o India-China war 1962<br>o India-Pakistan war 1965<br>o Panchayat elections started<br>o State electricity and education boards formed |
| IV | 1969 – 1974 | Growth<br>Stability<br>Self-reliance | o India-Pakistan war 1971<br>o Green Revolution<br>o Bank nationalization<br>o Pokhran nuclear test |
| V | 1974 – 1978 | Poverty alleviation | o Govt. enters power generation |

| | | | |
|---|---|---|---|
| | | Self-reliance | and transmission |
| | | | |
| VI | 1980 – 1985 | Industrialization<br>Information Tech. | o National highways launched<br>o Price controls eliminated<br>o Family planning expanded |
| | | | |
| VII | 1985 – 1989 | Increasing employment<br>Growth<br>Modernisation | |
| | | | No FYP 1989-1992. Annual plans 1990-1992<br>Balance of payments crisis 1991<br>Launch of economic reforms under P.V. Narasimha Rao |
| VIII | 1992 – 1997 | Human development<br>Industrial modernisation<br>Population control | o India joins WTO Jan 1995 |
| | | | |
| IX | 1997 – 2002 | Employment<br>Food security<br>Continued liberalization | |
| | | | |
| X | 2002 – 2007 | Education<br>Health<br>Environment | o GDP growth over 8% |
| | | | |
| XI | 2007 – 2012 | Education<br>Health<br>Environment<br>Infrastructure | o Currently ongoing |

Indian Economy Current Affairs

March 2014

RBI Keeps Key Policy Rates On Hold; EMIs To Remain Unchanged

The Reserve Bank of India (RBI), as expected, left key interest rates unchanged in its first bi-monthly monetary policy review Tuesday and said near-term tightening is not expected if inflation continues to ease.

The repo rate, or the interest that banks pay when they borrow money from the RBI to meet their short-term fund requirements, has been left unchanged at 8 percent.

Indian Economy More Stable; Deficits Will Come Down: Chidambaram

Finance Minister P. Chidambaram Monday said the Indian economy is more stable than it was 20 months back and the government is hopeful of meeting major macro-economic targets, including fiscal and current account deficits.

"The economy today is far more stable and far stronger than it was 20 months ago," Chidambaram said at a media conference here.

December 2013

Indian Economy To Grow 5.3 Percent In 2014: UN

The Indian economy is likely to witness an economic growth rate of 5.3 percent in 2014, while the global economic growth is estimated at 3 percent, says the UN.

The outlook for the world represents a slight improvement compared to the expected growth of 2.1 percent.

November 2013

Indian Economy Grows 4.8 Percent In Q2

Helped by the good performance of the farm and some infrastructure sectors, India's economic growth recovered marginally to 4.8 percent in the second quarter of the current financial year from 4.4 percent recorded in the previous quarter, government data showed Friday.

According to data released by the Central Statistics Office (CSO) here, the agriculture sector registered healthy growth of 4.6 percent, while manufacturing expanded at a sluggish 1 percent in the July-September quarter.

20 FDI Proposals Worth Rs.916 Crore Cleared

The government Tuesday said it has cleared 20 proposals of foreign direct investment (FDI) worth Rs.916 crore, including Singapore Airlines plan to start a full service airline in partnership with Tata Sons.

Singapore Airlines has formed a joint venture with Tata Sons to run full service airline. In the joint venture, Singapore Airlines will control 49 percent while Tata Sons will have the majority stake of 51 percent.

India can grow at 8 percent: Ahluwalia

India can achieve eight per cent growth provided difficult policy decisions are taken, Planning Commission Deputy Chairman Montek Singh Ahluwalia said here Saturday.

He called for greater attention to linking economic policy making with external and internal security.

October 2013

Inflation to remain at elevated level this year: RBI

Wholesale price-based inflation that jumped to 6.46 percent in September, is likely to remain around the same level in the second half of the current financial year, the Reserve Bank of India (RBI) said Monday.

In a note released ahead of the second quarter review of monetary policy 2013-14, the RBI said the persistent high consumer price-based inflation remained a concern.
Government to infuse Rs.14,000 crore equity in bank

The government Wednesday said it will infuse Rs.14,000 crore equity capital in 20 public sector banks during the current financial year.

"The Government of India has approved infusion of Rs.14,000 crore in the PSBs during financial year 2013-14, through preferential allotment of equity in its favour," the finance ministry said in a statement.

The country's largest lender State Bank of India will get Rs.2,000 crore equity capital from the government. The Central Bank of India and IDBI Bank will get Rs.1,800 crore each.
India's current account deficit may fall to $45 bn: StanChart

Standard Chartered Bank Thursday sharply lowered its forecast for India's Current Account Deficit to $45 billion from its earlier projection of $72 billion, due to positive foreign trade numbers.

In a research note, the bank said it has revised downward its forecast on India's current account deficit to $45 billion, or 2.5 percent of the country's gross domestic product from $71.8 billion, four percent of the GDP, pegged in its earlier report.

September 2013

India's exports rise 13 percent in August

India's exports jumped by 13 percent to $26.14 billion in August, while imports declined marginally, helping to contain trade deficit at $10.9 billion, government data showed Tuesday.

Cabinet nod to plan to reduce urban poverty

Aiming to reduce poverty and vulnerability of urban poor, the Cabinet Committee on Economic Affairs Tuesday approved restructuring of the Swarna Jayanti Shahri Rozgar Yojana (SJSRY) as the National Urban Livelihoods Mission (NULM) in the 12th Five Year Plan at a cost of Rs.6,405 crore, an official statement said.

Government sets up 7th Central Pay Commission

An estimated eight million central government employees and pensioners can now look forward to higher emoluments with the constitution of the Seventh Central Pay Commission (CPC), which the government announced Wednesday.

Inflation, rupee may force RBI to keep rates on hold

Reserve Bank of India Governor Raghuram Rajan is likely to maintain his predecessor Duvvuri Subbarao's "hawkish" policy and keep key rates on hold due to continued inflationary pressure and the volatility in rupee, analysts say.

August 2013

Cabinet clears power projects worth over Rs.83,000 crore

The Cabinet Committee on Investment has cleared a slew of project investments, in which it has given go ahead to 18 power projects worth Rs. 83,772 crore and nine other projects worth Rs.92,500 crore, Finance Minister P. Chidambaram said here Tuesday.

Government sets up tax reform commission

The government Monday set up a commission under the chairmanship of Parthasarathy Shome, advisor to finance minister, to suggest reforms in tax administration aimed at widening the tax base and enhancing compliance.The "Tax Administration Reform Commission" has been asked to submit its report and recommendations within 18 months, the finance ministry said in a statement.

FDI inflow to India rises to 16 percent in June

Foreign Direct Investment (FDI) inflows into India rose by 16 percent year-on-year to $1.44 billion in June, government data showed Wednesday. Despite the year-on-year increase, this is the lowest monthly inflow of FDI in India so far in 2013.