GE-4

STUDY NOTE

SEM-IV

INDIAN ECONOMY

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COMMERCE

Q Changes in policy perspectives on the role of institutional framework after 1991

Following are the role of institutional framework after 1991 –

i) The main role is mobilization of resources tax and Non-tax resources.
ii) Rationalizing the grant of subsidy.
iii) Also at the same time reducing The government expenditure.
iv) Increased Microfinance
v) Operational Autonomy
vi) And also fixing prudential norms
vii) Improved profitability and efficiency.
viii) Many administrated prices of industrial products like natural gas and petroleum products has been abandoned.
ix) Market base pricing.
x) Rupee value to be determined by the market forces.

Q Policies for restructuring wri agrarian ~~agrarian~~ relations:-

Restructuring of agrarian relations are—

i) To change the unequal and unproductive agrarian structure.
ii) To remove exploitative agrarian relations, often known as patron-client relationship in agriculture
iii) To promote agriculture growth with social justice after independence.
iv) absentee land ownership
v) tiny and fragmented holding
vi) lack of adequate institutional finance to agriculture

Q Interaction between population change and economic development

Ans How population change effect on economic development are discuss below:-

i) Population Growth and Rate of Savings and Investment:

The rapid growth of population by causing lower rate of savings and investment tends to hold down the rate of capital formation and therefore the rate of economic growth in developing countries like India. Under conditions like those in India population growth therefore actually impedes economic development rather than facilitates it.

ii) Investible Resources and Rising per capital income:

When population is increasing at a rapid rate, comparatively larger investment is needed to maintain the current level of income. Thus, given the scarcity investible resources are not left to raise per capital income significantly. So rapid growth in population reduces investible resources for accelerating capital formation

iii) Lower Growth of per Capita Income

High rate of increase in population swallows up a large part of the increase in national income so that per capital income or living standards of the people does not rise much

iv) Population Growth and Marketed surplus of food-grains:-

Rapid growth in population is impeding economic development is its effect on marketed surplus of food-grains. In India, in several years shows that the rapid growth in population tends to reduce the growth of marketable surplus and leads to raise in food prices. This has an adverse effect on industrial development in the country. Also rapid growth in population raises the problem of food security in the country.

v) Population Growth and Unproductive Investment:-

Rapid population growth forces the country to make non-productive investment, i.e. to invest in social welfare facilities such as construction of houses, parks, social buildings, sanitation works. So the rapid population growth obstructs economic development by reducing the growth of productive capital.

vi) Population Growth and Unemployment

Economic development requires that employment should increase adequately so that unemployment should decrease.

Explosive growth in population causes serious unemployment and underemployment problem in a country.

In India since 1951 increasing population has increasing labour force. As a result labour force demographic pressure on the economy has increased resulting in increase in backlog of unemployment and underemployment at the begining of each successive five year plan.

vii) Population Growth and Poverty :

Rapid population growth leads to lower productivity which causes poverty, poverty causes high infant mortality rate which in turn causes high population growth.