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Distance Learning Programme

UPPCS Mains

Indian Economy – II





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INDIAN ECONOMY – II


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- **Corruption:** Corruption in general and bribery in particular are the natural outcomes of red tapism. India's ranking in the annual Corruption Index, released by Berlin-based non-government organization Transparency International (TI) is 78 among a group of 180 countries.

Government Initiatives to Curb Red Tapism

- The department of Industrial Policy and Promotion has opted for National Industrial Classification (NIC), 2008, replacing the NIC 1987 as part of the initiative to make doing business easy.
- The government has taken several initiatives to strengthen e-governance and digitization of the system for online registration, online environmental clearances, online tax return filing, etc. Digital India campaign of the government is oriented toward curbing the red tapism in India.
- The fresh applications for environmental clearances have been put on an online platform; and more powers have been assigned to state-level impact assessment authorities.
- In a move to reduce red tapism in government and facilitate ease of doing business, the government abolished the Foreign Investment Promotion Board (FIPB) that vets foreign investment proposals.
- The government has also introduced GST to curb red tapism. It focuses on unification of various indirect taxes like sales tax, VAT, service tax and octroi. It also focuses on bringing different state tax laws and central tax laws under one roof. The main benefit would be that it will bring uniformity in taxation.

Sustainability Issues

Industrial growth is one of the key aspects of a country's development. The risks associated with industrial development include higher pollution levels, overuse of natural resources and increased amounts of waste and waste water posing a threat to ecosystems. The major threats to sustainability of industrial sector are:

Water shortage; Energy shortage; GHG Emissions/Climate change; Waste generated by consumers; Shortage of waste handling & management capacities; Increase in e-waste; Disparity: North-South/Rich-Poor; Child Labour and Exploitation of unskilled women labour.

The Indian Government has made a clear commitment to achieving industrial growth while also protecting the environment. The adoption of Sustainable Development Goals and ratification of Paris Climate Deal with an ambitious Intended Nationally Determined Contribution are some of the steps to ensure sustainability of industrial sectors in particular and sustainable development in general.

Status of Industries in Uttar Pradesh

Uttar Pradesh has a well-developed agro-based and food processing industry. It is one of the leading producers of dairy and horticulture. The state, better known as the sugar bowl of the country, is the largest producer of sugar cane. The state ranks second in total number of sugar factories in the country. The availability of good natural resources and abundant manpower spurred the growth of the industry in the state.

The state has more than 389,000 Small Scale Industries like hand-knitted woollen carpets, woodcarving, brass metal industries, terracotta, etc., which provide large employment opportunities.

Uttar Pradesh emerged as a hub for IT companies. Several MNCs have established their facilities in Noida industrial area, which is in close proximity to the national capital. Tourism is one of the promising sectors in the state. With a range of pilgrimages, the state is the favourite destination for the domestic tourists.

Three most important industries in the state are sugar, cotton fabrics and diversified food preparations. The electronics, leather, textiles and mineral-based industries have shown a promising growth over the years.

One of the major sources of income in U.P is handlooms and handicrafts. Its major centers are located in eastern U.P including Azamgarh, Bhadohi, Banaras. Meerut and Etawah which are some of the popular handloom centers in U.P.

Uttar Pradesh is also a leading manufacturer of export oriented items like brass works, cotton yarn, computer hardware, hand printing, black pottery, jewellery, betel leaves, chemicals, etc.

Major Industries of Uttar Pradesh

Kanpur and Agra are major production centers for leather and leather products. Varanasi is famous for its embroidered textiles, handloom woven. It also manufactures diesel electric locomotive at diesel locomotive works. Lucknow is center of Chikan embroidery. The major industries in Lucknow are furniture, automotive, machine tools, distillery chemicals.

Mirzapur cement plants are popular due to its production quality. Bulandshahr is popular for its Khurja Pottery. It is exported to many foreign countries such as Australia, USA, United Kingdom, UAE, etc.

Moradabad is popular for its brass work. Its handicraft items are exported all over the world. Besides brass, it is producing many other products such as wood works, iron sheet metalwares, aluminium artworks, and glasswares.

Noida has become a hub for software and mobile app development companies like Barclay's, HCL, Samsung, etc.

Ghaziabad is hub of industries like automobile, construction, IT and engineering. Cities like Bareilly, Allahabad, Agra, Aligarh, Ghaziabad, Noida, Lucknow etc., are also centres of many institutes.

Initiatives to Improve Status of Industries in Uttar Pradesh

Small Scale Industries and Export Promotion

In order to bring about optimum utilization of both the extensive natural resources and the human resources of the state and at the same time generation of employment opportunities for the large population of the state, the Micro, Small and Medium Enterprises and Export Promotion Department was established. In the context of globalization and liberalization and for the purpose of achieving all round inclusive growth, the importance of micro, small and medium enterprises cannot be discounted. Such enterprises not only help in the creation of large scale employment, but also are friendly from the environmental point of view.

Apart from this, we also have UP Small Industries Corporation, UP Handicrafts Development and Marketing Corporation, Bhadohi Industrial Development Authority and UP Export Promotion Bureau, which have also played important roles in the development of small industries and export promotion. The state government has rolled out the 'Industrial

Investments and Employment Promotion Policy 2017', under various provisions for streamlining the processes and creating an enabling environment for the entrepreneurs.

In order to ensure speedy redressal of the grievances of the SMEs, a three level machinery under the Udyog Bandhu Programme is created and a Common Application Form System is rolled out for the purposes of obtaining all the necessary approvals.

Keeping in mind the skill and expertise of the handicraft workmen of the state and to improve their economic status, schemes like 'Shilpkar Pension Scheme' and the 'Handicraft Marketing Promotion Scheme' are being launched. Under these schemes, a provision for providing monthly pensions to the handicraft workmen and for providing them with the transport allowance for visiting various events and exhibitions twice in a calendar year are made. The aforesaid schemes were scheduled to be implemented in the year 2017-18. Further to prepare skilled and trained handicraft workers, 'UP Institute of Design' (UPID), and 'Craft design Training Institute' are developed.

Micro, Small Enterprises Cluster Development Scheme

This scheme was started on 14/03/2006 with the aim of making these enterprises internationally competitive and to bring about an improvement in the capacity and quality of these enterprises. They are sought to be developed in clusters so as to bring about a participation of the private sector and the entire responsibility of management and development of these clusters is to be shouldered by the beneficiaries. The government of India shall release the funds after making a diagnostic study and preparing a detailed project report. The segmental contribution of the central, state and cluster SPV in a cluster project is 70%, 10% and 20% respectively.

UP Micro and Small Enterprises Technology Improvisation Scheme

This scheme has been created with the aim of bringing about faster development of micro and small enterprises and making them more competitive. The following facilities are being provided under the scheme:

- Availability of funds for the purchase of technology and expenditure incurred in imports to the extent of 50% subject to the maximum of 2.50 lakhs.
- Availability of funds for the improvement of the quality of machines/equipments for the improvement of production to the extent of 50% and to the maximum of 2.00 lakhs.
- The interest component incurred on the funds borrowed for the purchase of machines, to the extent of 5% and to the maximum of ₹50,000.
- The expenditure incurred on the ISO/ISI to the extent of 50% or to the maximum of ₹2.00 lakhs.
- The expenditure incurred on availing consultancy to the extent of 90% subject to the maximum of ₹50,000.

MSME Portal

With the intention of making the MSMEs more competitive and to create more opportunities for employment and marketing for the MSMEs, a new portal named as upbusinessmart.com is started. On this portal, the industries of the state can exhibit their products for the domestic, and international buyers so that industrialization and especially exports can get a fillip in the state. The platform is being utilized by around 50000

enterprises for exhibiting their products and for enlarging their marketing. With the registration of 50,000 units on the portal, the units are enabled to display their products through the cloud server technology.

Women Entrepreneur Encouragement Scheme

This scheme was launched with the objective of alleviating regional imbalances, to create more and more employment opportunities in underdeveloped areas and to ensure adequate participation of women in the industrial development of the state. Under the scheme, high school pass women entrepreneurs are provided an interest rebate upto a maximum of ₹50,000 per year, on loans taken by them from nationalized banks for a maximum of 5 years, for purchase of machines and implements used in manufacturing and service sectors. This scheme was launched in 49 districts of UP. However, the scheme was discontinued in 2016-17.

Interest Drawback facility under the Micro, Small and Medium Enterprises Scheme

The MSMEs sector is the second biggest employer after agriculture in the state. With the objective of making the MSME sector more and more competitive and to provide encouragement to the new entrepreneurs, under the micro, small and medium enterprise policy, an interest drawback facility is being provided from the year 2016-17, in the various districts of Purvanchal, Bundelkhand and Madhyanchal. This facility is available at the rate of 7% to the maximum of ₹3 lakh per unit per year for a maximum of 5 years. Since no enterprise has qualified for availing the benefits in the inception year of 2016-17, no enterprise could be benefitted from the scheme.

Schemes for the Development of Handicrafts

UP has got immense opportunities in the handicraft sector, and UP maintains its position because of the prominence of its traditional style. Particularly, in Benarsi crafts we have broccod, in Bhadohi and Mirzapur we have carpets, in Lucknow we have Chicken, in Agra we have artistic marble pieces, in Moradabad and Varanasi we have Brass work, in Ferozabad we have glassworks and in Saharanpur we have embroidered wooden artefacts. All these items have immense demand in the international markets.

Scheme of Aligarh Muslim University (AMU) for Minorities

For the welfare of the craftsmen of the minority community of the society, the state government in the year 1984, under the AMU founded the Common Facilities Centre (CFC) and Training cum Production cum Enterprise Centre (TPEC) with a grant fund of 38.88 lakhs. CFC and TPEC are working towards imparting the skill improvement and training related to using modern machines and equipment to the workers working in the Lock industry of Aligarh district.

Design Workshop for the Training and Skill Upgradation of the Craftsmen

This scheme was initiated under the 11th Five Year Plan in the year 2007-08. The main objective of this scheme is to train the artisans who have been hitherto working with

traditional tools and traditional technology, in new technology and developing their skills to adapt to it. Under this scheme, people in the age group of 18-35 are eligible, however, there is a relaxation of 5 years for the members of the scheduled castes and scheduled tribes. This training is imparted by the recipients of the National handicraft awards, skills award and Development Commissioners at their homes under their own guidance and supervision.

Pension Scheme for the Extraordinary Artisans

The skills and talent of the artisans and craftsmen have earned international reputation for the state, however, because of the unhygienic and unfriendly conditions in which they work, their health start deteriorating very soon. Because of their ailing health and increasing age, they become prone to inactivity, thereby affecting their productive capacities. They therefore require economic support from the government for the rest of their lives. The scheme has been envisaged with the aforesaid objective in mind.

Entrepreneurship Development Training Programme

Keeping in mind the increasing unemployment in the state and to speed up the industrial development process in the state, various educated/uneducated youths of various age groups are encouraged to start their own enterprise, under the ambit of this scheme.

Under the programme, all kinds of training and skills are provided to the participants for the smooth functioning of the enterprise. This scheme is implemented at the district level. Under the scheme, the programmes are monitored by the Dy. Commissioner of Industry, executed by the District Industry and Enterprise Encouragement centres.

Entrepreneurship Development Institute (EDI), Lucknow

EDI Lucknow, is the apex organization for the development of the entrepreneurial environment in the state. The objective is to develop a culture of entrepreneurship through training, research, publication, workshop, seminar and conferences, etc. The institute was established in the year 1986 as an autonomous institute with the support of central financial agencies like IDBI, ICICI, IFCI, and two commercial banks viz., SBI and PNB. The institute has a separate board of directors, which is manned by the President and Chief Secretary, Micro, Small and Medium Enterprise Department, UP. The headquarters of the institute is at Lucknow and its branch offices are located in Gorakhpur, Varanasi, Dehradun and executive offices are situated at Kanpur and Moradabad. Keeping in mind the importance of the institute in the area of human resource development, the state government under its Industry and investment policy 2012, is going to build it as a premium institute for entrepreneurship and human resource development.

Sugarcane and Sugar Industry

In U.P. The Sugarcane Development Department was established in the year 1935. In order to preserve the interests of the farmers as well as to ensure the uninterrupted availability of sugarcane to the sugar mills, the Sugar Factories Control Act 1938 was implemented. This was replaced by the UP Sugarcane (Supply and Purchase Regulation) Act, 1953 and the associated rules were enacted and notified.

Main Activities and Objectives of Sugarcane and Sugar industry

- Execution of various state sponsored schemes.
- Ensuring availability of healthy and developing varieties to sugarcane farmers.
- Development of fresh sugarcane varieties, their development and approval.
- Security of the sugarcane crop and ensuring the availability of the agricultural investments.
- Training, visits and conferences are used to make the farmers aware of the latest information pertaining to agriculture.
- Efforts to reduce the input costs and to improve the productivity, so as to increase the income of the farmers.
- Conducting a survey and ascertaining the availability of sugarcane every year.
- Ascertaining the availability and provisioning of sugarcane for the sugar mills.
- Ensuring timely availability of sugarcane to the sugar mills.
- Inspection of the sugarcane weighing centers and ensuring a right weight and eliminating the discrepancies in the exercise.
- Ensuring a timely payment of the price of sugarcane.

Important schemes of Sugarcane Development Department

National Agricultural Development scheme

This is one of the very important projects jointly run by the central government and the state government. Under this scheme, the following programmes are being implemented for the sugarcane crop and sugarcane farmers:

- Production and distribution of hybrid seeds programme.
- Distribution of agricultural implements
- Distribution of micronutrients
- Productivity awards
- Training of agriculturalists
- Agriculturalists conferences
- Drip Irrigation

National Food Security Mission

This is another scheme which is run by the central government and the state government on a 60:40 sharing basis. Under this scheme, oilseeds and pulses along with sugarcane are considered as the core crops.

District Scheme

This is a scheme which is run by the state government and under this scheme, the following programmes are implemented:

- Primary nursery installation and seed distribution centre.
- Breeder seed availability programme.
- Lands and seeds treatment programme.
- Promoting the use of vermin-compost and bio-fertilizers programme.

