7.1.7 : THE INSTITUTION HAS DISABLED-FRIENDLY, BARRIER FREE ENVIRONMENT

INDEX

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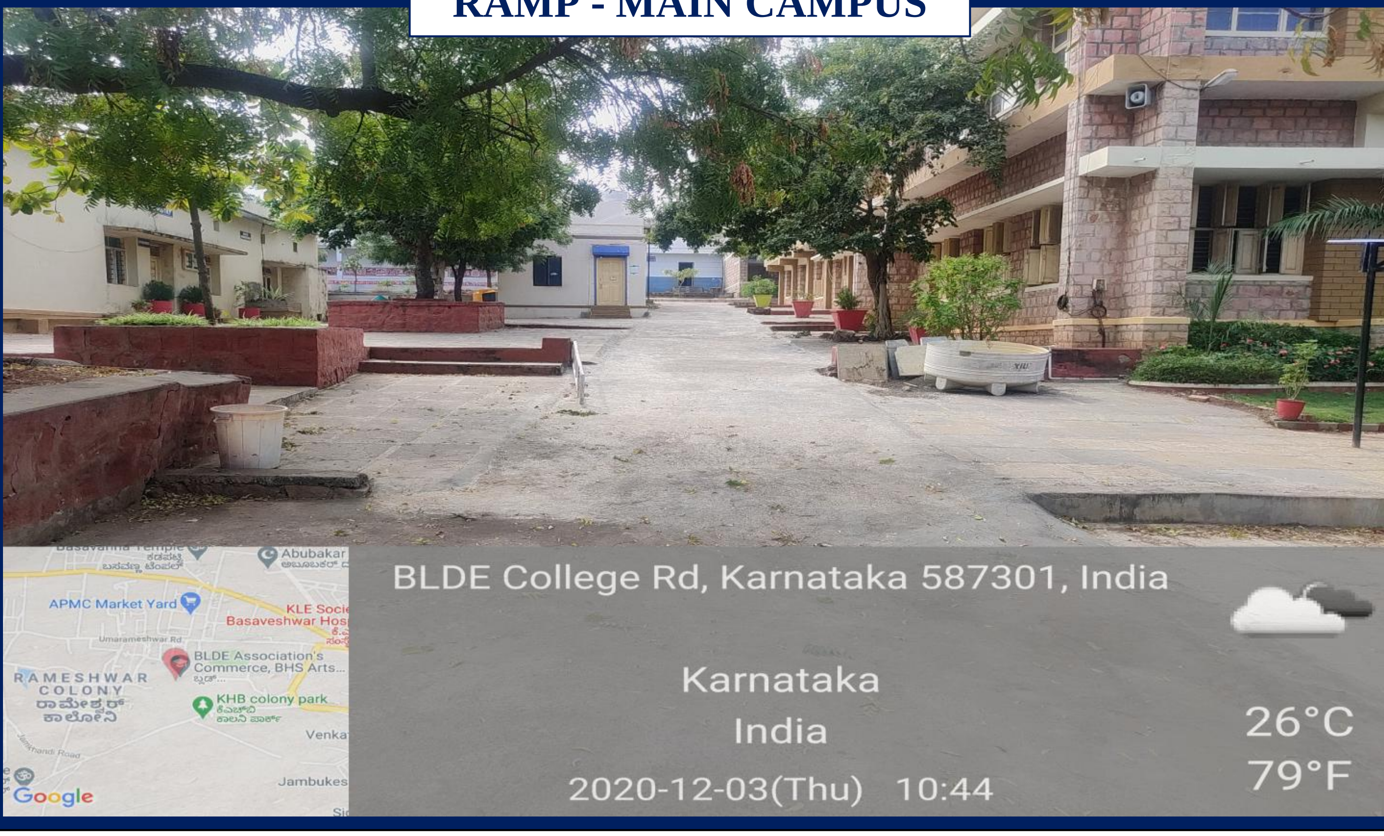

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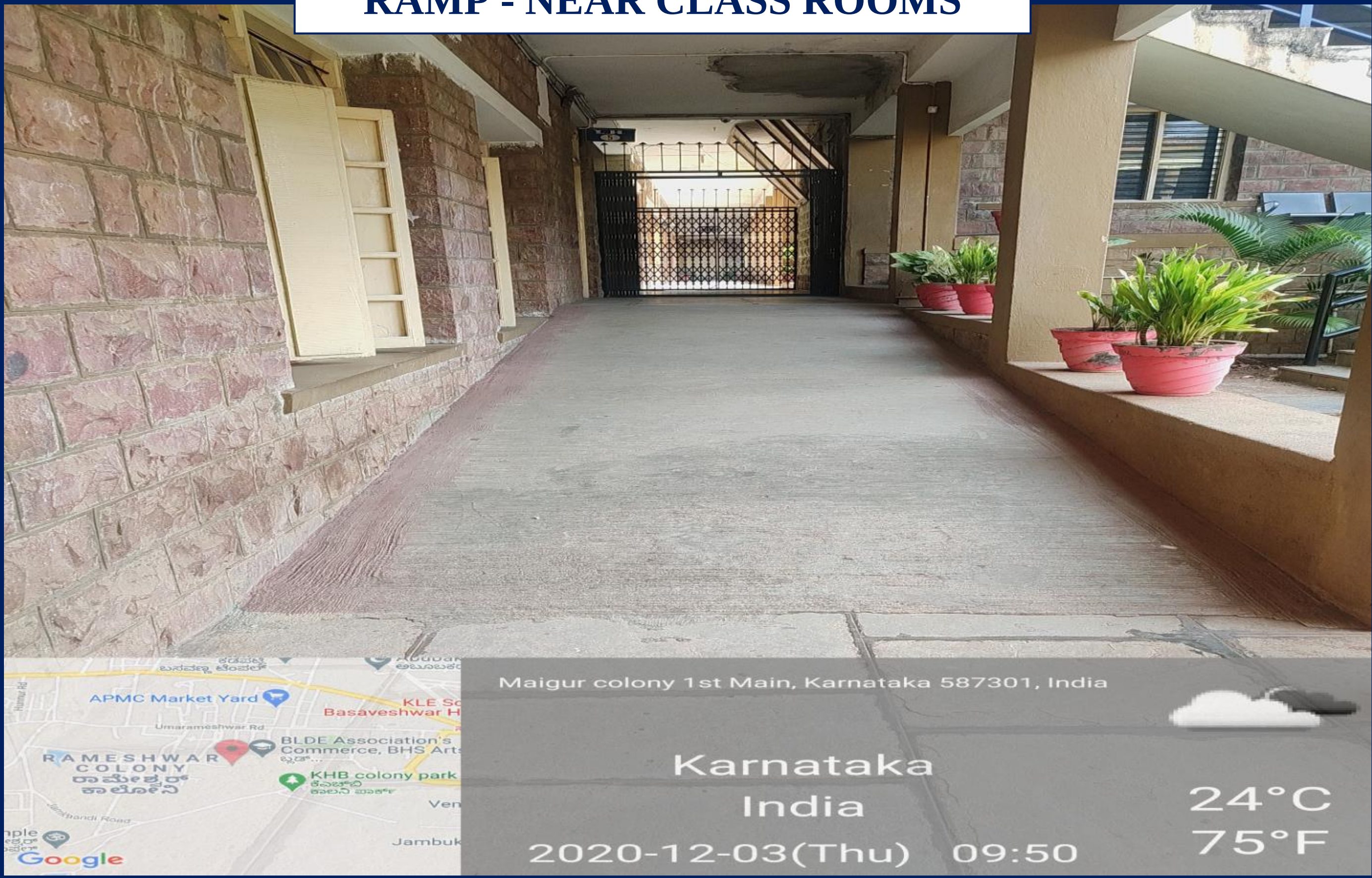

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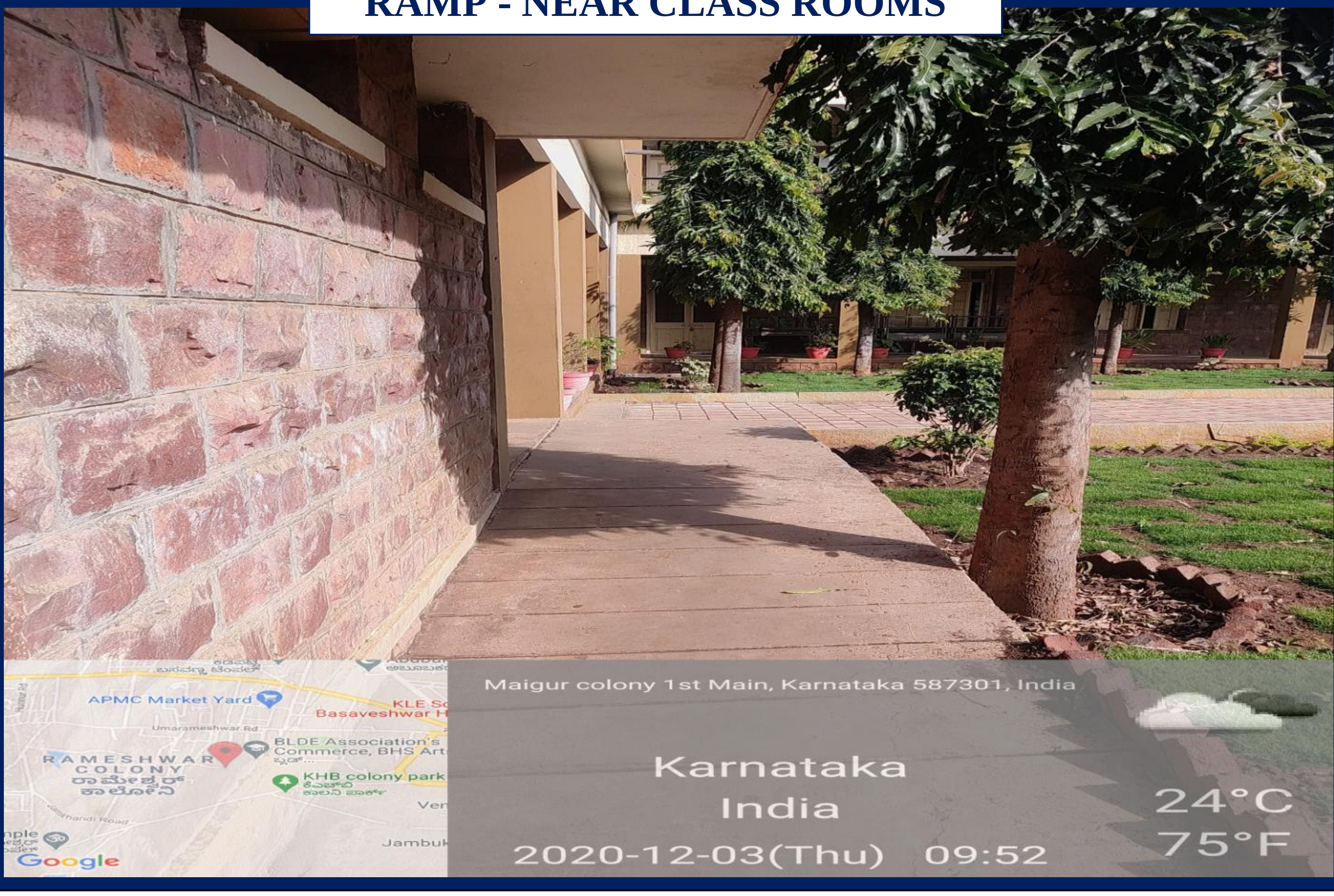

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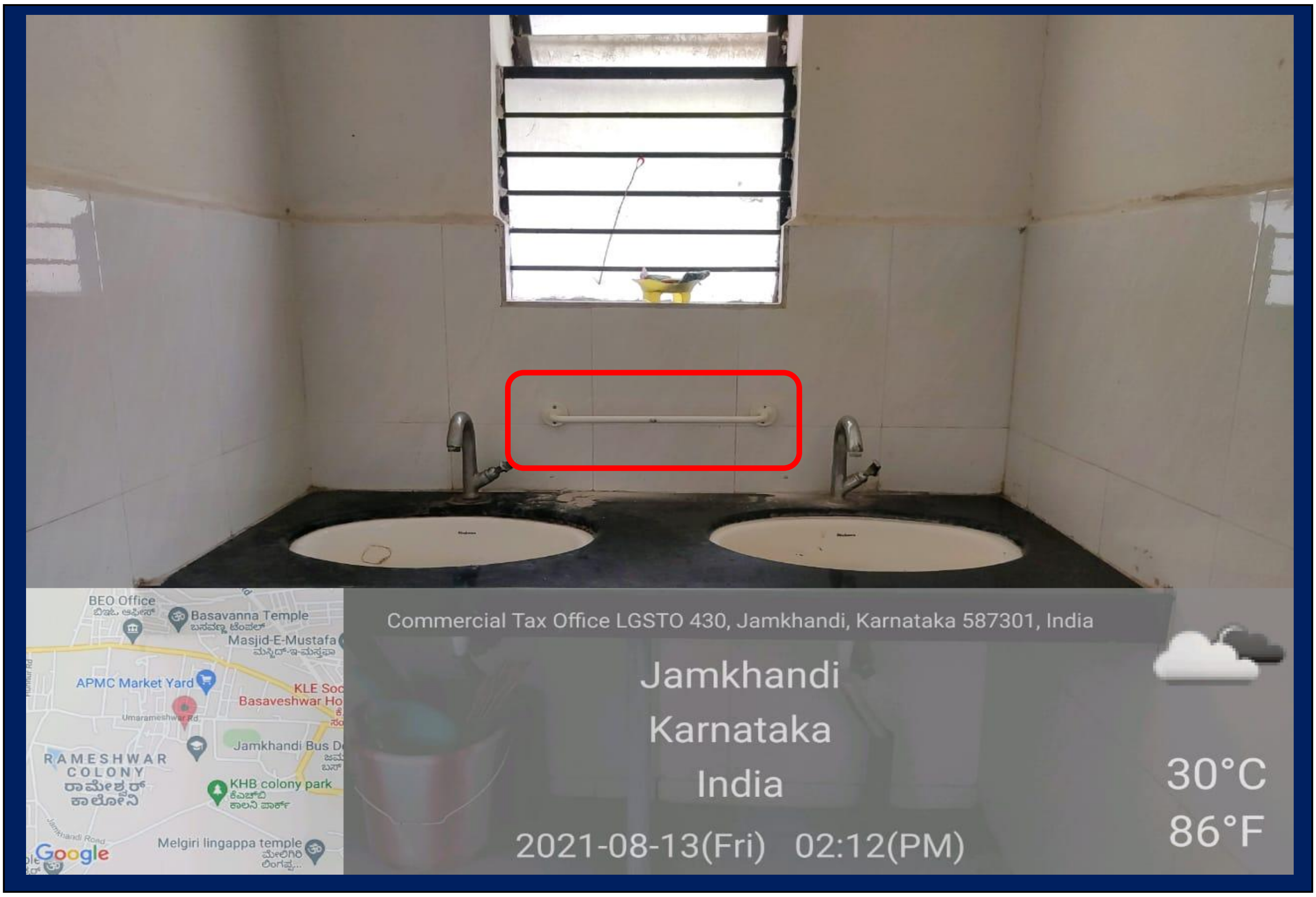
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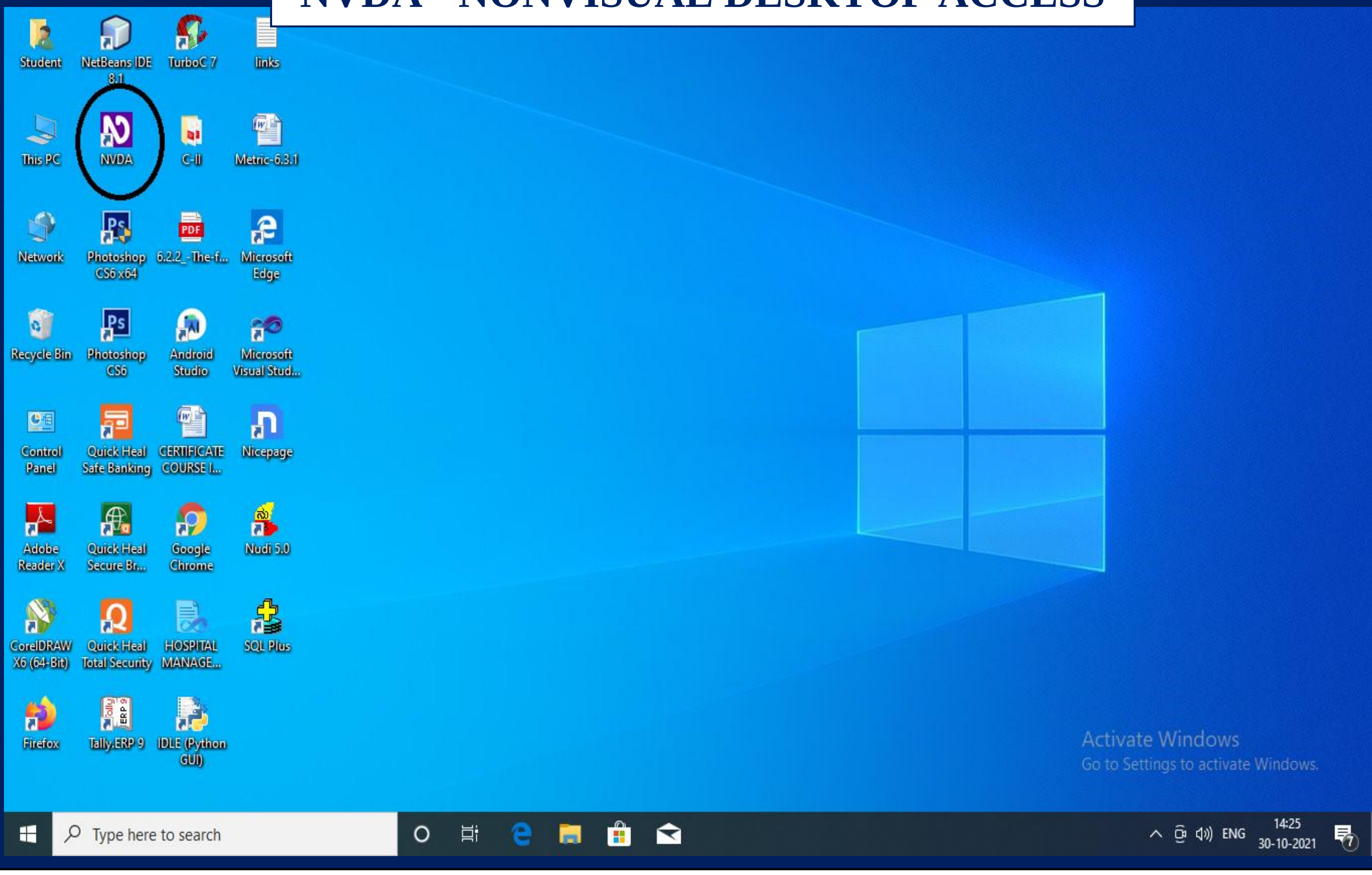

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WHEEL CHAIR

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M. Abdul Raheem
Vice President, IAB

Head Office : Sundarajanpatty, Alagar Koil Main Road, Arumbanoor Post, Madurai, Tamilnadu 625 104. India
Branch Office : Chennai
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Sundarajanpatty, Alagar Koil Main Road, Arumbanoor Post, Madurai. Tamil Nadu 625 104. India

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METRIC - 7.1.7

FACILITIES PROVIDED FOR DISABLED FRIENDLY AND BARRIER FREE ENVIRONMENT

SCRIBE FORM

BLDE ASSOCIATIONS

COMMERCE BHS ARTS AND TGP SCIENCE COLLEGE JAMKAHNDI

DIST BAGALKOT – 587301

SCRIBE REQUEST/PERMISSION FORM

Date:

Place:

From

Respected Sir,

Sub: Request for availing of Scribe- Regarding.

I am a physically challenged candidate, and cannot write examination on my own. I request you to kindly permit me to appear for the examination with a Scribe for the ensuing May/December, _________ examination. My details are furnished below.

Candidate Name: ____________________ Phone Number: ____________________ Course: ____________________ Enrolment No: ____________________ Centre Code: ____________________ Centre: ____________________	Self attested recent photo of candidate

Yours faithfully

(Candidate's Signature/Thumb Impression)

Encl:

1. Xerox copy Certificate regarding disability with attestation by Government Doctor.

For office use only:

Forwarded to the chief superintendent, ____________________

With a request to arrange for a scribe for the above mentioned candidate. The biodata of the scribe may be sent back to me along with the attendance particulars.

Controller of Examination

TO BE FILLED IN BY THE CHIEF SUPERINTENDENT

BLDEA's Commerce, BHS Arts & TGP Science College JAMKHANDI 587301

Biodata of Scribe

Self attested photo of scribe

Name of the Scribe :

Address :

Educational Qualifications :

i)

ii)

iii)

Xerox copy of the Qualifications :

i)

ii)

I assure that I am not belong to the discipline of the candidate.

Sl.No.	Date	Session	Sub. Code	Subject	Signature of scribe
1.					
2.					
3.					
4.					
5.					
6.					
7.					
8.					

I have verified all the documents personally and all are found to be correct. The educational backgrounds are not match between the candidates and the respective scribe allotted.

Signature of chief Superintendent

With Seal

B. L. D. E. ASSOCIATION'S

COMMERCE, B.H.S. ARTS AND T.G.P. SCIENCE COLLEGE, JAMKHANDI - 587 301.

DIST: BAGALKOT, KARNATAKA

(NAAC III CYCLE ACCREDITATION "A" GRADE (CGPA-3.32)

Phone/Fax: 08353-220183 email: bldeajkd@yahoo.in

Website: www.bldeajkd.ac.in

7.1.7

BRIEF REPORT ON FACILITIES PROVIDED FOR ENQUIRY AND INFORMATION

The Indian Constitution guarantees all citizens equality, liberty, justice, dignity, and implicitly mandates an inclusive society for all, including people with disabilities. In recent years, there have been significant and beneficial improvements in society's image of people with disabilities. It has been discovered that if people with disabilities have equal opportunities and adequate access to rehabilitation, they can live a better quality of life.

The Jamkhandi campus of BLDEA's Commerce BHS Arts and TGP Science College is well conscious of the importance of inclusive accessibility for a barrier-free environment. It is working hard to ensure that disabled students, instructors, staff, and visitors to the campus have easy access and assistance.

To create inclusive, disable and barriers free environment college provides a separate reception desk at a central library, to persons with disability.

THE FOLLOWING CATEGORIES MAKE USE OF THIS FACILITIE:

1. Wheelchair
2. People with Walking Disabilities
3. The Slightly and Partially Sighted
4. The Hearing Impaired
5. People with Physical Learning Difficulties
6. Those who are temporarily incapacitated due to accidents/illness

Other groups who may benefit to some amount from the proposed procedures include those with mental health issues who are sensitive to physical flits, people with extreme physical proportions, and people with arm or hand functional limitations.

BLDEA's Jamkhandi College has volunteers such as the NCC, NSS, and Scouts & Guides who help the above-mentioned employees move around and attend their jobs. Any disabled individual shall be provided priority access to meet with and visit any relevant college sections/departments.

BLDEA's Commerce BHS Arts & TGP Science College JAMKHANDI 587301

JAMKHANDI 587301

YOU WILL GET LIST OF SERVICES/INFORMATION AVAILABLE AT CAMPUS IN RECEIPETION DESK

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6. Provision For Human Enquiry
7. Scribe Facility
8. Soft Copies of Reading Material
9. The Banking Service In Campus
10. Reader Facility
11. Scholarships
12. College Policy Document for Disable friendly and barrier free environment

Coordinator
IQAC
BLDE Association's
Commerce BHS Arts & TGP Science College
Jamkhandi, Ph 08353-223344

PRINCIPAL
B.L.D.E. Association's
Commerce, BHS Arts & TGP Science College.
JAMKHANDI-587301.

METRIC - 7.1.7

FACILITIES PROVIDED FOR DISABLED FRIENDLY AND BARRIER FREE ENVIRONMENT

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Unit – I INDIAN ECONOMY

❖ CHARCTERISTICS/FEATURES OF INDIAN ECONOMY

(Write all the points for this question)

Or

❖ EXPLAIN THE REASONS FOR INDIAS UNDERDELOPMENT

❖ (Don't Write Point No. 8 for This Question)

OR

❖ OSTACLE TO ECONOMIC DEVELOPMENT

(Don't Write Point No. 8 for This Question)

1. **Low per capita Income:**
   According to **World Development Report 2016, (IBRD)**
- India's Per Capita GDP is $ 1750.6 (in 2015)
- United States Per Capita GDP is $ 55980
2. **Disparities in Income Distribution:**
- Thomas Pickety: India is the second most Unequal country in the world. Because Richest 1 % of Indian population owns 58 % of Countries total wealth.
3. **Dominance of Agriculture and heavy population pressure on agriculture:**
- In 1950 70% of the workforce depends on agriculture and its allied activities & that time it holds 52 % share in GDP
- In 2011 still 56.6 % of workforce depends on it, for their bread & Butter
4. **Over population**
- Total population 1.2 Billion (2011)
- 2nd most populist country in the world after China
- Decadal growth rate of Indian population: 17.6%
- India's Share in world Population 17.5 %
5. **Unbalanced economic development**

Table 1.1 Sector Wise Contribution to GDP & Work Force participation

Sectors	Share or Contribution to GDP	Share In Work Force
Primary (Agriculture)	**17.32 %**	**56.6 %**
Secondary (Industry)	29.02%	21. 5 %
Tertiary (Service)	53.66%	28.7 %

6. **lack of capital**
   - Capital generally refers to financial wealth, especially which used to start or maintain a business.
   - Gross fixed capital formation (GFCF) refers to the net increase in physical assets (investment minus disposals) within the measurement period.
   - Gross Fixed Capital Formation Rate: Ireland 60.8 % (2016)
   - Gross Fixed Capital Formation Rate: India 28. 92 % (2016)

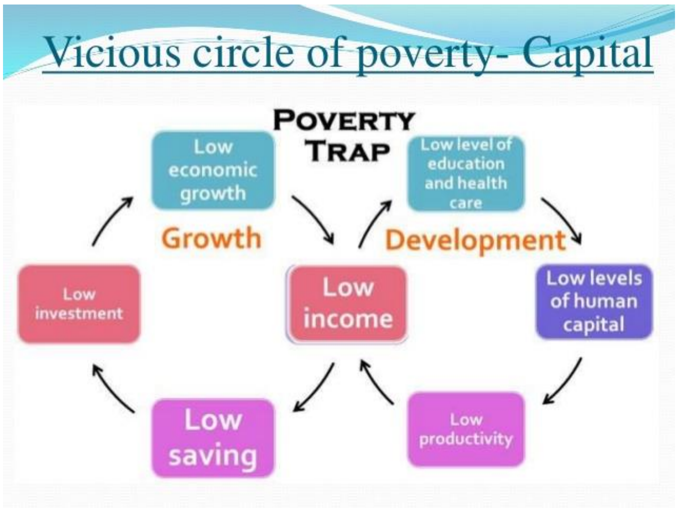
7. **Backwardness of industrialization:** it is now widely recognized that, despite a long history and much promise, the pace and level of India's industrial development has been well below even

conservative expectations and far short of potential. Conventionally, this has been captured in the fact that the maximum recorded value of the share of manufacturing value added in GDP has never exceeded 19 per cent in India. In sharp contrast, that figure peaked at above 34 per cent in Brazil, 40 per cent in China, 31 per cent in Korea and 31 per cent in Malaysia.

8. **service sector**

   The services sector is not only the dominant sector in India's GDP, but has also attracted significant foreign investment flows, contributed significantly to exports as well as provided large-scale employment. The services sector is the key driver of India's economic growth. The sector contributed around 53.8 per cent of its Gross Value Added in 2016-17 and employed 28.6 per cent of the total population. Net services exports from India grew 14.6 per cent in the first half of 2017-18 and the sector attracted 60.7 per cent of India's total FDI inflows.

9. **Operation of economic vicious circles**



10. **market imperfections**
11. **limited availability of transport and communication facilities**
12. **existence of traditional society**

STRUCTURE OF INDIAN ECONOMY

Or

COMPOSITION OF NATIONAL INCOME

Introduction: The **economy of India** is a developing mixed economy It is the world's sixth-largest economy by nominal GDP and the third-largest by purchasing power parity (PPP). The country ranks 141st in per capita GDP (nominal) with $1723 and 123rd in per capita GDP (PPP) with $6,616 as of 2016.

Historically, India has classified and tracked its economy and GDP in three sectors:

1. **Agriculture** includes crops, horticulture, milk and animal husbandry, aquaculture, fishing, sericulture, aviculture, forestry and related activities.
2. **Industry** includes various manufacturing sub-sectors.
3. India's definition of **services** sector includes its construction, retail, software, IT, communications, hospitality, infrastructure operations, education, health care, banking and insurance, and many other economic activities.

Table 1.2 Sector Wise Contribution to GDP & Work Force participation

Sectors	Share or Contribution to GDP	Share In Work Force
Primary (Agriculture)	**17.32 %**	**56.6 %**
Secondary (Industry)	29.02%	21. 5 %
Tertiary (Service)	53.66%	28.7 %

AGRICULTURE

- India **Ranks second** worldwide in farm output.
- As the Indian economy has diversified and grown, agriculture's contribution to GDP has steadily declined from 1951 to 2011, yet it is still the country's largest employment source and a significant piece of its overall socio-economic development.

INDUSTRY

- Industry accounts for 29.2% of GDP and employs 21.5% of the total workforce.

SERVICE

- The services sector has the largest share of India's GDP, accounting for 53.66% in 2015 up from 15% in 1950.
- It is the seventh-largest services sector by nominal GDP, and third largest when purchasing power is taken into account.
- The services sector provides employment to 28.7% of the work force.

ECONOMIC REFORMS AND ECONOMIC DEVELOPMENT

- **Economic reform**" usually refers to deregulation, or at times to reduction in the size of government, to remove distortions caused by regulations or the presence of government, rather than new or increased regulations or government programs to reduce distortions caused by market failure.

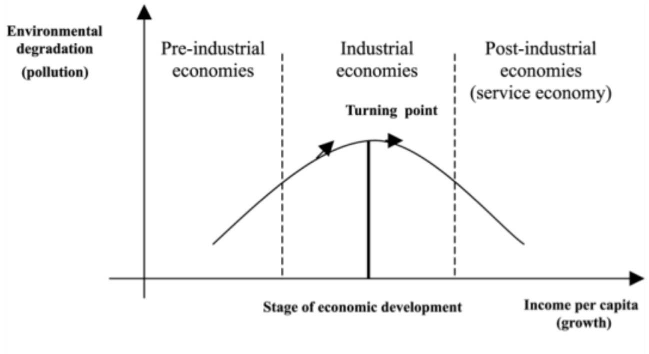
Objectives/Aims of Economic Reforms in India / Economic Reforms in India

1. De-reservation of the Industrial Sector
2. Industrial Delicensing Policy
3. Opening Up of the Economy to For Foreign Competition
4. Liberalization of trade & investment
5. Financial Sector Reforms
6. Reforms related to the public sector enterprises
7. Abolition of MRTP act

ENVIRONMENT AND ECONOMIC DEVELOPMENT

- Our natural environment includes all living and non-living things like land, forests, minerals, water bodies, the atmosphere, etc.
- While some of these resources may be renewable others get depleted and ultimately exhausted with their continuous use.
- Even the renewable resources may get degraded or polluted.
- Economic development seeks increase, in the rate of national income and achieving an equitable distribution of income.
- Increase in national income would result only from increased production of goods and services.
- The process of increase in output would involve greater consumption of resources such as land, forest, fuels etc., whose supply is essentially limited.
- The productivity of an economy thus depends considerably on the supply, quality and consumption of such natural resources.
- Thus reckless and thoughtless use of these resources would cause their exhaustion and degradation, thereby reduce productivity and impede economic growth.
- Also due to such depletion and degradation our future generations will not get enough of these resources for their use thus adversely affecting their output, income and living standards. So environmental degradation not only affects us but will also have repercussions on our future generations.

ENVIRONMENTAL KUZNET CURVE



Source: Panayotou (1993)

"INDIA AS A DEVELOPING ECONOMY" Discuss

1. Growth of National Income
    - 2011-12: 8736,329 Crore
    - 2015-16: 11381,002 Crore
2. Growth of Per capita Income

- In 1960 $ 70
- In 2015 $ 1750.6

3. Change in Occupational Structure

OCCUPATIONAL STRUCTURE				
Occupation	**1951**	**2000**	**2010**	**2015**
Primary	72.1	59.8	51.1	**56.6 %**
Secondary	10.6	16.1	22.4	21. 5 %
Tertiary	17.3	24.1	26.5	28.7 %
	100.0	100.0	100.0	100.0

4. Sectoral Distribution

Distribution of GDP at 1980-81, 1993-94, 2011-12 Prices

Sectors	**1950-51**	**1990-91**	**2016**
Primary	56.4	33.4	17.32 %
Secondary	15.0	27.0	29.02%
Tertiary	28.5	31.8	53.66%
	100.0	100.0	100.0

5. Growing Industrial Base

- **Industrial base -** the part of the economy of a country or region that is involved in producing goods in large quantities in factories.
- 222120 factories

6. **Improvements in Social Sectors**
   Social sector is an important sector for India's economy and includes several important component such as education, health and medical care, water supply and sanitation, poverty alleviation, housing conditions etc. that play a vital contribution in human development.
    - 47 Central Universities
    - 367 State Universities
    - 123 Deemed Universities
    - 282 Private Universities
7. **Baking and Financial Sector**
    - 27 Public Sector Banks
    - 18 Private Sector Banks
    - 25 Foreign Banks
    - ATM's 1,04,500

Unit – 2 “NATIONAL INCOME”

Meaning: Total market value of all final goods & services produced in the economy in a year.

COMPONENTS OF NATIONAL INCOME

1. **Gross Domestic Product:** GDP is the total value of goods and services produced within the country during a year.

- It includes money value of all goods & services produced by normal (Indian) residents as well as Non-residents (foreigner) in the domestic territory.
- It Includes only **final goods** (goods which are purchased for final use & nor for Resale or further processing)
- It excludes **Intermediate Goods** (Goods which are purchased for further processing or for resale)
- It doesn’t incudes net factor income from abroad (Net foreign factor income (NFFI) is the difference between the aggregate amount that a country's citizens and companies earn abroad, and the aggregate amount that foreign citizens and overseas companies earn in that country. In mathematical terms, NFFI = GNP – GDP)
- GDP = C+I+G+Xn
- GDP=NDP+DEPRECIATION

Or

- GDP AT MARKET PRICES (GDP $_{MP}$) =GNP-NET FACTOR INCOME FROM ABROAD

Or

- GNP AT MARKET PRICES (GNP $_{MP}$) = GDPMP + NET FACTOR INCOME FROM ABROAD

2. **Net Domestic Product (NDP)** The net domestic product (**NDP**) is an annual measure of the economic output of a nation that is adjusted to account for depreciation, calculated by subtracting depreciation from the gross domestic product (GDP).

NDP: GDP - DEPRICIATION

3. **Net Domestic Product at Market Price: GDP-D**
4. **Net Domestic Product at Factor Cost (NDP $_{FC}$): Net domestic product at factor cost** is also called net domestic income. This is so because what is cost for the firms is income for the factors. **NDP at factor cost** is equal to the value added at **factor cost**

NDP $_{FC}$: NDP (NDP$_{MP}$) –INDIRECT TAXES+SUBSIDIES

5. **Gross National Product (GNP):** Gross national product (**GNP**) is an estimate of total value of all the final products and services produced in a given period by the means of production owned by a country's residents.

- It Includes only **final goods** (goods which are purchased for final use & nor for Resale or further processing)
- It excludes **Intermediate Goods** (Goods which are purchased for further processing or for resale)
- It includes net factor income from abroad (Net foreign factor income (NFFI) is the difference between the aggregate amount that a country's citizens and companies earn abroad, and the aggregate amount that foreign citizens and overseas companies earn in that country. In mathematical terms, (NFFI = GNP – GDP)
- ❖ **Components of GNP**

- Value of final consumer goods & services produced in a year & consumed by two households which is denoted by to consumption (C) by households.
- Value of new capital goods produced & addition to the inventories of goods such as raw materials, unfinished goods & consumer goods produced but not sold during a year. This is called Gross Private Investment. (I)
- The value of purchases of goods & services by the Govt which we denote by (G)
- Net exports (NX) which is equal to value of goods exported minus the value of goods imported
- Net Factor income from abroad
- GNP= C + I + G + Xn + Net Factor Income from Abroad.

a. **Net National Income (NNP):** refers to the total market value of all final goods and services produced by the **factors** of production of a country or other polity during a given time period, **minus depreciation.**

6. **Net National Product at Market Price/NNP/National Income at Market Prices: GNP-D**
7. **Net National Product at Factor Cost:** Refers to sum of all incomes earned by resources supplies for their contribution of land, labour, capital & entrepreneurial ability which go into the year's net production.

- It shows how much it costs society in terms of economic resources to produce net output.

National Income/NNP at FC=NNP (National Income at Market Prices) – Indirect Taxes + Subsidies.

8. **Personal Income:** Is the sum of all incomes actually received by all individuals or Households during a given a year.

❖ **It includes following items**

- **Transfer Payments:** means of income redistribution by giving out money under social welfare programs such as social security, old age or disability pensions, student grants, unemployment compensation, etc.

❖ **It excludes following items**

i. Undistributed Corporate Profits
ii. Corporate Taxes
iii. Social Security Contributions: **Social security contributions** are compulsory payments paid to general governments that confer entitlement to receive a (contingent) future social benefit. They include: unemployment insurance benefits and supplements, accident, injury and sickness benefits, old-age, disability and survivors' pensions, family allowances.

Personal Income = National Income – Social Security Contributions – Corporate Income Taxes – Undistributed Corporate Profits **+ Transfer Payments**

9. **Disposable Income:** The total amount of money available for an individual or population to spend or save after taxes has been paid.

Disposable Income = Personal Income – Personal Taxes

❖ METHODS OF COMPUTING or CALCULATING NATIONAL INCOME

1. Value-added Method:

- This is also called output method or production method
- In this method the contribution of each enterprise to the generation of flow of goods and services is measured.
- Under this method, the economy is divided into different industrial sectors such as agriculture, fishing, mining, construction, manufacturing, trade & commerce, transport, communication and other services.
- Then NET VALUE ADDED AT $_{\text{FACTOR COST}}$ (NVA $_{\text{FC}}$) by each industry requires first to find out the value of output.

PRECAUTIONS

- Imputed rent values of self-occupied houses should be included in the value of output.
- Sale & purchase of second hand goods should not be included in measuring value of output of a year because their values were counted in the year of output of the year of their production.
- Values of production for self-consumption are being counted while measuring national income.
- Values of service of housewives are not included because it is not easy to find out correctly the value of their services.
- Value of intermediate goods must not be counted.

2. Income Method:

- This method approaches national income from distribution side.
- This method measures national income at the phase of distribution & appears as an income paid or received by individuals of the country.
- Under this method, national income is obtained by summing up of the incomes of all individuals of a country
- Rent + Wages + Interest + Profit + Mixed Income
- **It Includes**
  1. Compensation to Employees
  a. Wages in Salaries
     - Wages & Salaries Payable In Cash
     - Wages & Salaries in Kind
  b. Employers Contribution to Social Security Schemes
  2. Rent & Royalty
  3. Interest
  4. profits: are divided into three sub-groups
     i. Dividends
     ii. Undistributed Profits
     iii. Corporate Income tax
  5. **Mixed Income:** Refers to earnings from farming enterprises, sole proprietorships, and other professions, such as medical and legal practices. In these professions, owners themselves assume the role of an entrepreneur, financier, worker and landlords. Mixed income also takes into account the income of those individuals who earn from different sources, such as wages rents on own property, and interests on own money.

- ❖ **PRCAUTIONS**
- Transfer Payments must & should be excluded from the calculation.
- Imputed rents of self-occupied houses are included in national income estimation.
- Illegal money such as hawala money, money earned through smuggling etc., are not included as they cannot be easily estimated.
- Windfall gains such as prizes won, lotteries are also not included.
- Corporate profit tax (i.e., tax on income of the companies) should not be separately included as it has already been included as a part of profit.
- Death duties, Gift tax, Wealth Tax, tax on lotteries etc., are paid from past savings or wealth & not from current income. Therefore, they should not be treated as a part of national income of a year.
- The receipts from the sale of second hand goods should not be treated as a part of national income.

3. Expenditure Method:

Expenditure method arrives at national income by adding up all expenditures made on goods & services during a year.

- ❖ **PRECAUTIONS**
- Excluding the intermediate expenditure as it is already a part of final expenditure
- Including the imputed expenditure incurred for producing goods for self-consumption
- Excluding the expenditure incurred on transfer payments
- Excluding expenditure incurred on financial assets, such as shares and debentures
- Excluding the expenditure incurred on pre-owned goods

DIFFICULTIES IN THE CALCULATION OF NATIONAL INCOME

1. **Problems of Double Counting:**

Another difficulty is of double counting usually associated with the inventory method. Double counting implies the possibility of a commodity like raw material or labour being included in national income more than once, e.g., a farmer sells maize worth rupees two hundred to a mill-owner, the mill owner further sells the maize flour to a wholesale dealer, who further sells it to consumer; if we calculate it at every stage, its money value will increase to eight hundred rupees but actually the increase in national income has been to the extent of two hundred rupees only.

2. **Transfer Payments:**

Transfer payments are associated with the income method of national income calculation. A person receives income of say Rs. 1,000 per year; part of it may have been received as interest payments on government loans. This part is in the nature of transfer payments and may be taken either as the income of the individual or of the government. If it figures under both the categories, aggregate national income will be unduly inflated.

3. **Illegal Activities:**

All unlawful and illegal activities, whether economic or not, are omitted from national income accounting. Income earned through illegal activities like smuggling, black- marketing, gambling, betting, adulteration, bribery etc. are excluded on the ground that these activities are illegal and, therefore, cannot be included in the national income accounts. However it is very difficult to estimate such activities because their definitions or notions may change from generation to generation or from society to society.

4. **Second-hand Sales:**

The most obvious item for exclusion from the national income and product accounts is second-hand sales. In such sales the individual or the economic units merely exchange ownership of an already existing good, when no income is created in the process from current production. Even if a profit is made, there is no income generated in the accounting sense, for the gain is offset by the recording of the good at the transaction price by the buyer.

5. **Depreciation:**

Depreciation implies a reduction in the value of capital stock or capital goods due to wear and tear, constant use etc. During the process of production the wear and tear or capital consumption occurs, resulting in, at the same time, a decline in the relative efficiency of the plant and equipment on account of obsolescence. However, the problem of correctly estimating depreciation is equally a difficult task e.g., a machine may be used more intensively in one year than the other. But the rate of depreciation remains the same, though it should differ between two years. Again, the depreciation of similar equipment may differ between two business units.

6. **Self-Consumption:**

A special problem arises in agriculture which is the most dominant sector in less developed countries (LDCs) like India. Subsistence farmers who produce food for themselves and their family members consume a major portion of their own output every year. Since this portion is not sold through the market, it is excluded from GDP.

The reason is that it is difficult to measure the market value of this output. A lot of arbitrariness is involved in the process of measuring it.

7. **Lack of Official Records:**

Another problem arises due to lack of reliable data. The reason is that many people in LDCs like India sell their output through the market no doubt but they do not maintain any official accounts of their transactions.

For example, most roadside small traders, (retailers) as also many business enterprises in the unorganized sectors (mainly sole proprietorship organisations or single-owner firms) and self-employed persons do not keep proper records of their incomes and expenses.

8. **Cost of Environmental Damage:**

The people of a country may be able to enjoy more and better goods and services each year, but they must also put up with more congestion, dirty air, polluted water and other environmental costs that decrease the quality of their lives. Costs are associated with pollution and other aspects of industrial activity that damage the environment. The costs of environmental damage are not subtracted from the market value of final products when GDP is calculated. Some economists, therefore, believe that GDP overestimates the value of output by failing to take into account environmental costs of production.

UNIT – 3

❖ DEMOGRAPHIC FEATURES OF INDIA/INDIAN POPULATION

1. Large Size and Fast Growth:
   - Decadal Growth Rate 1991-2001: 21.5 %
   - Decadal Growth Rate 2001-2011: 17.7%
2. Rapidly Rising Density:
   - 2001: 324 per Sq. Km
   - 2011: 382 per Sq. Km
3. Sex Ratio Composition Unfavorable to Female:
   - 2001: 933 Sex Ratio
   - 2011: 943 Sex Ratio
4. Predominance of Rural Population:
   - Rural Population 2011: 83.37 Crore
   - Urban Population 2011: 37. 71 Crore
5. Migration
   - Rural Population Growth Rate: 12.3 %
   - Urban Population Growth Rate: 31.8%

❖ ECONOMIC EFFECTS OF RAPIDLY GROWING POPULATION

1. Population reduces the Rate of Capital Formation:
2. 2. Higher Rate of Population requires more Investment:
3. It reduces per Capita Availability of Capital:
4. Adverse Effect on per Capital Income:
5. Large Population creates the Problem of Unemployment:
6. Rapid Population Growth creates Food Problem:
7. Population and Farming:
8. Population and Vicious Circle in Poverty
9. Reduction in Efficiency of Labour Force:
10. Rapid Population declines Social Infrastructure:
11. Adverse Effect on Environment:
12. Obstacle to Self-Reliance:

❖ REASONS FOR RAPIDLY GROWING POPULATION

1. Widening Gap between Birth and Death Rates:
2. Child Marriage and Multi Marriage System
3. High Illiteracy:
4. Indifferent towards Family Planning: Illiterate persons and people living in rural areas are indifferent towards family planning. They feel fear even by the name of 'Operation'. They are not interested even in the use of simplest and cheapest means of family planning.

5. Hot Climate: One of the reasons of fast rising population in India is its hot climate. Due to hot climate, maturity comes at early age in boys and girls, due to which they give birth to their children at their early age. This is one of the main reasons for population explosion.

6. Poverty: Due to poverty, population is increased of the poor families of our country. People lives in slum, uses their children as a tool, to earn money, hence they always try to increase the number of children in their families.

7. Religious Superstitions: Our religious Gurus say that if a Hindu person does not has son, then who will perform the religious ritual in its absence. Due to this, person remains engage in the continuous process of giving birth, one by one, in search of male baby. In the same manner, in Muslims both male and female child is a boon (gift) sent by Allah, prevention of their birth by using any means of family planning is a sin. Due to these reasons, population is continuously increasing.

❖ MEASURES TO CONTROL POPULATION

A. Social Measure:

Population explosion is a social problem and it is deeply rooted in the society. So efforts must be done to remove the social evils in the country.

1. Minimum age of Marriage: As fertility depends on the age of marriage. So the minimum age of marriage should be raised. In India minimum age for marriage is 21 years for men and 18 years for women have been fixed by law. This law should be firmly implemented and people should also be made aware of this through publicity.

2. Raising the Status of Women: There is still discrimination to the women. They are confined to four walls of house. They are still confined to rearing and bearing of children. So women should be given opportunities to develop socially and economically. Free education should be given to them.

3. Spread of Education: The spread of education changes the outlook of people. The educated men prefer to delay marriage and adopt small family norms. Educated women are health conscious and avoid frequent pregnancies and thus help in lowering birth rate.

4. Adoption: Some parents do not have any child, despite costly medical treatment. It is advisable that they should adopt orphan children. It will be beneficial to orphan children and children couples.

5. Change in Social Outlook: Social outlook of the people should undergo a change. Marriage should no longer be considered a social binding. Issueless women should not be looked down upon.

6. Social Security: More and more people should be covered under-social security schemes. So that they do not depend upon others in the event of old age, sickness, unemployment etc. with these facilities they will have no desire for more children.

B. Economic Measures:

1. More employment opportunities: The first and foremost measure is to raise, the employment avenues in rural as well as urban areas. Generally in rural areas there is disguised unemployment. So efforts should be made to mobile unemployed persons from rural side to urban side. This step can check the population growth.

2. Development of Agriculture and Industry: If agriculture and industry are properly developed, large number of people will get employment. When their income is increased they would improve their standard of living and adopt small family norms.

3. Standard of Living: Improved standard of living acts as a deterrent to large family norm. In order to maintain their higher standard of living people prefer to have a small family. According to A.K. Das Gupta those who earn less than Rs. 100 per month have on the average a reproduction rate of 3.4 children and those who earn more than Rs. 300 per month have a reproduction rate of 2.8 children.

10. Urbanization: It is on record that people in urban areas have low birth rate than those living in rural areas. Urbanization should therefore be encouraged.

C. Other Measures:

1. Late Marriage: As far as possible, marriage should be solemnized at the age of 30 years. This will reduce the period of reproduction among the females bringing down the birth rate. The govt. has fixed the minimum marriage age at 21 yrs. for males and 18 yrs. for females.

2. Self-Control: According to some experts, self-control is one of the powerful methods to control the population. It is an ideal and healthy approach and people should be provided to follow. It helps in reducing birth rate.

3. Family Planning: This method implies family by choice and not by chance. By applying preventive measures, people can regulate birth rate. This method is being used extensively; success of this method depends on the availability of cheap contraceptive devices for birth control. According to Chander Shekher, "Hurry for the first child, Delay the second child and avoid the third."

4. Recreational Facilities: Birth rate will likely to fall if there are different recreational facilities like cinema; theatre, sports and dance etc. are available to the people.

5. Publicity: The communication media like T.V., radio and newspaper are the good means to propagate the benefits of the planned family to the uneducated and illiterate persons especially in the rural and backward areas of country.

6. Incentives: The govt. can give various types of incentives to the people to adopt birth control measures. Monetary incentives and other facilities like leave and promotion can be extended to the working class which adopts small family norms.

7. Employment to Woman: Another method to check the population is to provide employment to women. Women should be given incentive to give services in different fields. Women are taking active part in competitive examinations. As a result their number in teaching, medical and banking etc. is increasing rapidly. In brief by taking, all there measures we can control the growth of population.

DEMODRAPHIC DIVIDEND

Introduction: The growth of the population and its bearing on a nation's growth constitute a two way phenomenon. The population growth adds to the growth and development of a nation through the supply of workforce but at the same time, it also adds to the number of depended individuals in the economy. India has opportunity to reap the so called demographic dividend (an increase in the ratio of population aged 15-64 years to that aged 0-15 years and above 65 years) till 2040, after which the population start ageing. This benefit can materialize only if this huge potential of the working age population is channelized in the right direction that is if the labour force can be gainfully employed.

Meaning: demographic dividend (an increase in the ratio of population aged 15-64 years to that aged 0-15 years and above 65 years) till 2040, after which the population start ageing.

CHALLENGES OF DEMOGRAPHIC DIVIDEND

1. Educational Mismatch:
- Education attained by an employee is not in accordance with the job requirement.
- The employee may be under / over educated for the job.
2. Skill Mismatch:
- Inability of the employer to find candidates who are suitably skilled employees in the labour market.
3. Lack encouragement to female participation in work force
4. Lack opportunities
5. Surplus agricultural works are not absorbed
6. Prevalence of Unorganized sector
7. Lack of quality among industrial workers.

NATIONAL POPULATION POLICY 2000

- **Introduction:** The NPP 2000 provides a policy framework for advancing goals and prioritizing strategies during the next decade, to meet the reproductive and child health needs of the people of India, and to achieve net replacement levels (TFR) by 2010. It is based upon the need to simultaneously address issues of child survival, maternal health, and contraception, while increasing outreach and coverage of a comprehensive package of reproductive and child health services by government, industry and the voluntary non-government sector, working in partnership.

Objectives/National Socio-Demographic Goals of Population Policy

1.Address the unmet needs for basic reproductive and child health services.
2. Make School Education up to the age of 14 free and compulsory, and reduce drop outs at primary and secondary School levels to below 20 percent for both boys and girls.
3. Reduce infant mortality rate to below 30 per 1000 live births.
4. Reduce maternal mortality rate to below 100 per 100,000 live births
5. Achieve universal immunization of children against all vaccine preventable diseases.
6. Promote delayed marriage for girls, not earlier then age 18 and preferably after 20 years of age.
7. Achieve 80 percent institutional deliveries and 100 percent deliveries by trained persons.
8. Achieve universal access to information/counselling and services for fertility regulation and contraception with a wide basket of choices.
9. Achieve 100 percent registration of births, deaths, marriage and pregnancy.
10. Contain the spread of Acquired Immunodeficiency syndrome (AIDS) and promote greater integration between the management of reproductive tract infection (RTI) and sexually transmitted infections (ST) and the National AIDS Control Organization.
10. Prevent and control communicable diseases.
11. Integrate Indian system of Medicine (ISM) in the provision of reproductive and child health services, and in reaching out to households.
12. Promote vigorously the small family norm to achieve replacement levels of TFR.
13. Transforming family welfare as a people centered programmed.

DETERMINANTS OF DENSITY OF POPULATION

1. **Terrain:** Terrain of land is a potent factor which influences the concentration and growth of population. Normally speaking, plain areas encourage higher density of population as compared to mountain regions. The steep slope in mountain areas restrict the availability of land for agriculture, development of transport, industries and other economic activities which may tend to discourage concentration of population and its proper growth.

2. **Climate:** Climate is as important as terrain in influencing population. Of all the climatic factors, twin elements of rainfall and temperature play the most important role in determining the population of an area. Man cannot go beyond the limits set by climate. Extremes of climate discourage the concentration of population. Such climates include the too cold climate of Himalayas, and the too hot and dry climate of the Thar Desert. A moderate climate, on the other hand, is favorable for population.

3. **Soil:** Soil is an important factor in determining the density of population in an overwhelmingly agricultural country like India. Fertile soil supports higher population density while infertile soil leads to low density. In the northern plain of India, the soil is regularly enriched by annual floods of the great rivers like the Indus, the Ganga and the Brahmaputra and their tributaries. Therefore, this is an area of high population density. The coastal plains also have fertile soils and are areas of high population density. The Black soil of the Deccan Plateau also supports high population density. On the other hand, desert soils, mountain soils, laterite soils are infertile soils and are not capable of supporting high population densities.

4. **Water Bodies:** Availability of water plays a significant role in determining the population of a given area. Water is the basic necessity for several purposes including irrigation, industries, transport and domestic affairs. Rivers are the greatest source of fresh potable water. Therefore, most of the population is concentrated in the river valleys.

5. **Mineral Resources:** Minerals act as great source of attraction for people from different areas, which results in higher density of population. The higher population densities in the Chhota Nagpur Plateau of Jharkhand and in the adjoining areas of Orissa are largely due to the availability of minerals.

6. **Industries:** Industrial growth offers massive employment opportunities and acts as a great magnet to attract people, particularly from the neighboring areas. This results in higher population density. Industrial areas are almost invariably associated with areas of high population densities. One hectare of industrial land is capable of supporting several thousand persons, while the most fertile area devoted to agriculture may not support more than a few hundred persons per hectare. One of the major causes of high population density in West Bengal, Bihar, Jharkhand, Orissa, Maharashtra and Gujarat is the phenomenal growth of industries in these states.

7. **Transport:** Growth of population is directly proportional to the development of transport facilities. The northern plain of India has a dense network of transport routes and is densely populated region. The peninsular plateau has moderate network of transport route and is moderately populated area. The Himalayan region badly lacks transport facilities and is scarcely populated.

8. **Urbanization:** Urbanization and population concentration go hand-in-hand and are closely related to each other. All the urban centers are marked by high density of population. The minimum density, that an area should have to be designated as urban, is 400 persons per sq. km. The highly urbanized districts of Kolkata, Chennai, Greater Mumbai, Hyderabad, Delhi and Chandigarh have population densities of over 6,000 persons per sq. km.

UNIT – 4 PLANNING

ELEVENTH FIVE-YEAR PLAN (2007-2012)

Introduction:

- The National Development Council (NDC) has approved the Eleventh Plan on 19th December 2007 to raise the average economic growth rate to 9 percent from 7.6 percent recorded during the Tenth Plan.
- The total outlay of the Eleventh Plan has been placed at Rs.3644718 crore which is more than double of the total outlay of the previous Tenth Plan.
- In this proposed outlay, the contribution of Central Government and State governments will be Rs.2156571 crore and Rs. 1488147 crore respectively. In order to make growth more inclusive, the Eleventh Plan proposes to increase the agriculture sector growth rate to 4 percent from 2.13 percent in the Tenth Plan.
- The growth targets for industry and services sectors have been pegged at 9 to 11 percent. The industrial growth rate in the Tenth Plan was 8.74 percent, which the services sector grew by 9.28 percent. The basic theme of this plan period is "Inclusive Growth".

❖ **Objectives of 11th Five Year Plan Are As Follows:**

1. GDP growth rate- 9% to 10% per annum.
2. Agricultural growth rate- 4%
3. Industrial growth rate- 10.5%
4. Reduction of poverty ratio by 10% by 2012.
5. Focus on elementary education and universal retention by 2010.
6. Reduction in decadal rate of population growth to 16.2%.
7. Increase in forest and tree cover to 33% by 2012.
8. Increase in literacy rate to 85% within plan period.

12th FIVE YEAR PLAN

- **Introduction:**

12th Five Year Plan 2012-17 as per the draft document released by the Planning Commission aims at a growth rate of **8%**. This is the revised rate when compared to the initial approach paper. Other targets of the Twelfth Five Year Plan in different sectors are listed below.

Vision of 12th Five Year Plan (2012-17)

Twelfth Five Year Plan focuses on **Growth –** Growth which is

- Faster
- Inclusive
- Sustainable

Targets of the 12th Five Year Plan (2012-17)

Economic Growth

- Real GDP growth at 8%.
- Agriculture growth at 4%.
- Manufacturing growth at 10%.
- Every state must attain higher growth rate than the rate achieved during 11th plan.

Poverty and Employment

- Poverty rate to be reduced by 10% than the rate at the end of 11th plan.
- 5 Crore new work opportunities and skill certifications in non-farm sector.

Education

- Mean years of schooling to increase to 7 years.
- 20 lakh seats for each age bracket in higher education.
- End gender gap and social gap in school enrollment.

Health

- Reduce: IMR to 25.
- Increase Child Sex Ratio to 950.
- Reduce Total Fertility Rate to 2.1
- Reduce under nutrition of children in age group 0-3 to half of NFHS-3 levels.

Infrastructure

- Investment in Infrastructure at 9% of GDP
- Gross Irrigated Area 103 million hectare (from 90 million hectare)
- Electricity to all villages; Reduce AT&C losses by 20%.
- Connect Villages with All Weather Roads
- National and State high ways to a minimum of 2 lane standard.
- Complete Eastern and Western Dedicated Freight Corridors.
- Rural Tele-Density to 70%.
- 40 Litre Per Capita per Day Drinking Water to 50% of rural population; Nirmal Gram Status to 50% of all Gram Panchayats.

INDEX NUMBER

Meaning: Index numbers are indicators which reflect the relative changes in the level of a certain phenomenon in any given period called current year with respect to its value in some fixed period, called the base period selected for comparison.

Consumer Price Index Number/Cost of Living Index Number/Retail Price Index Number

Meaning: Is a specialized kind of retail price index and enable us to study the effect of changes in the prices of a basket of goods on the cost of living of a particular class or section of the people like labour class, industrial or agricultural worker, low income or middle income class etc.,

METHODS/STEPS OF CONSTRUCTION OF INDEX NUMBER (PRICE INDEX OR CPIN):

1. Purpose of the Index Number:

Before constructing an index number, it should be decided the purpose for which it is needed. An index number constructed for one category or purpose cannot be used for others. A cost of living index of working classes cannot be used for farmers because the items entering into their consumption will be different.

2. Selection of Commodities:

Commodities to be selected depend upon the purpose or objective of the index number to be constructed. But the number of commodities should neither be too large nor too small. Moreover, commodities to be selected must be broadly representative of the group of commodities. They should also be comparable in the sense that standard or graded items should be taken.

3. Selection of Prices:

The next step is to select the prices of these commodities. For this purpose, care should be taken to select prices from representative persons, places or journals or other sources. But they must be reliable. Prices may be quoted in money terms i.e. Rs. 100 per quintal or in quantity terms, i.e. 2 kg. Per Rupee. Care should be taken not to mix these prices. Then the problem is to select wholesale or retail prices. This depends on the type of index number. For a consumer price index, wholesale prices are required, while for a cost of living index, retail prices are needed. But different prices should not be mixed up.

4. Selection of an Average:

Since index numbers are averages, the problem is how to select an appropriate average. The two important averages are the arithmetic mean and geometric mean. The arithmetic mean is the simpler of the two. But geometric mean is more accurate. However, the average prices should be reduced to price relatives (percentages) either on the basis of the fixed base method or the chain base method.

5. Selection of Weights:

While constructing an index number due weightage or importance should be given to the various commodities. Commodities which are more important in the consumption of consumers should be given higher weightage than other commodities. The weights are determined with reference to the relative amounts of income spent on commodities by consumers. Weights may be given in terms of value or quantity.

6. Selection of the Base Period:

The selection of the base period is the most important step in the construction of an index number. It is a period against which comparisons are made. The base period should be normal and free from any unusual events such as war, famine, earthquake, drought, boom, etc. It should not be either very recent or remote.

7. Selection of Formula:

A number of formulas have been devised to construct an index number. But the selection of an appropriate formula depends upon the availability of data and purpose of the index number. No single formula may be used for all types of index numbers.

DIFFICULTIES FACED IN THE CONSTRUCTION OF INDEX NUMBERS.

1. Difficulties in the Selection of the Base Period:

The first difficulty relates to the selection of the base year. The base year should be normal. But it is difficult to determine a truly normal year. Moreover, what may be the normal year today may become an abnormal year after some period. Therefore, it is not advisable to have the same year as the base period for a number of years. Rather, it should be changed after ten years or so. But there is no fixed rule for this.

2. Difficulties in the Selection of Commodities:

The selection of representative commodities for the index number is another difficulty. The choice of representative commodities is not an easy matter. They have to be selected from a wide range of commodities which the majority of people consume. Again, what were representative commodities some ten years ago may not be representative today. The consumption pattern of consumers might change and thereby make the index number useless. So the choice of representative commodities presents real difficulties.

3. Difficulties in the Collection of Prices:

Another difficulty is that of collecting adequate and accurate prices. It is often not possible to get them from the same source or place. Further, the problem of choice between wholesale and retail prices arises. There are many variations in the retail prices. Therefore, index numbers are based on wholesale prices.

4. Arbitrary Assigning of Weights:

In calculating weighted price index, a number of difficulties arise. The problem is to give different weights to commodities. The selection of higher weight for one commodity and a lower weight for another is simply arbitrary. There is no set rule and it entirely depends on the investigator. Moreover, the same commodity may have different importance for different consumers. The importance of commodities also changes with the change in the tastes and incomes of consumers and also with the passage of time. Therefore, weights are to be revised from time to time and not fixed arbitrarily.

5. Difficulty of Selecting the Method of Averaging:

Another difficulty is to select an appropriate method of calculating averages. There are a number of methods which can be used for this purpose. But all methods give different results from one another. It is, therefore, difficult to decide which method to choose.

6. Difficulties Arising from Changes Overtime:

In the present times, changes in the nature of commodities are taking place continuously overtime due to technological changes. As a result, new commodities are introduced and people start consuming them in place of the old ones. Moreover, prices of commodities might also change with technical changes. They may fall. But new commodities are not entered into the list of commodities in preparing the index numbers. This makes the index numbers based on old commodities unreal.

7. Not All Purpose:

An index number constructed for a particular purpose cannot be used for some other purpose. For instance, a cost of living index number for industrial workers cannot be used to measure the cost of living of agricultural workers. Thus there are no all-purpose index numbers.

8. International Comparisons not Possible:

International price comparisons are not possible with index numbers. The commodities consumed and included in the construction of an index number differ from country to country. For instance, meat, eggs, cars, and electrical appliance are included in the price index of advanced countries whereas they are not included in that of backward countries. Similarly, weights assigned to commodities are also different. Thus international comparisons of index numbers are not possible.

9. Comparisons of Different Places not Possible:

Even if different places within a country are taken, it is not possible to apply the same index number to them. This is because of differences in the consumption habits of people. People living in the northern region consume different commodities than those consumed by the people in the south of India. It is, therefore, not right to apply the same index number to both.

UNIT - 5

SOURCES OF REVENUE OF CENTRAL GOVERNMENT

A. Tax Revenue:

- **Union Excise Duties:** They are, presently, by far the leading source of revenue for the Central Government and are levied on commodities produced within the country, but excluding those commodities on which State excise is levied (viz., liquors and narcotic drugs). The most important commodities from the revenue point of view are sugar, cotton, mill cloth, tobacco, motor spirit, matches and cement.
- Customs: Customs duties include both import and export duties. These are the second-most important source of revenue for the Central Government.
- **Income Tax:** Income tax is at present another important source of revenue for the Central Government. It is levied on the incomes of individuals, Hindu undivided families and unregistered firms.
- **Corporation Tax:** The income-tax on the net profits of joint stock companies is called corporation tax.
- **Wealth Tax:** It is an annual tax on the net wealth of individuals and Hindu undivided families. It is a progressive tax.
- **Gift Tax:** It is a tax on gifts of property by an individual in his lifetime to future successors.
- **Capital Gains Tax:** It is applicable to capital gains resulting from the sale, exchange or transfer of capital assets.
- **Hotel Expenditure Tax:** Recently, a new tax has been levied on those who patronize high class hotels.
- **Tax on Foreign Travel:** Another new tax levied on foreign travel for conserving foreign exchange as well as to raise revenues
- **GST:**

B. Non-Tax Revenue:

1. **Interest Receipts:** This largest non-tax source of Central Government's revenue receipts is the interest it earns mainly on the loans it has advanced to State Governments, to financial and industrial enterprises in the public sector.

2. **Surplus Profits of the Reserve Bank of India (RBI):** The surplus profit of the RBI is also a part of the revenues of the Central Government. In recent years, these have been quite substantial because of the large borrowing by the Government from the RBI against Treasury Bills for financing the Five-Year Plans.

3. **Currency, Coinage and Mint:** The Government also derives income from running the Currency Note Printing Presses. Moreover, profits are made from the circulation of coins — this profit being the difference between the face value of the coins and their manufacturing cost.

4. **Railways:** The railways in India are owned and run by the Government of India. Accordingly, they pay a fixed dividend to general revenues, i.e., to the Central Government, on the capital invested in the railways. Besides, a part of the net profits made by the railways is also payable to the Central Government.

5. **Profits of Public Enterprises:** Public enterprises owned by the Central Government, e.g., the Steel Authority of India (SAIL), Hindustan Machine Tools (HMT), Bharat Heavy Electricals Ltd. (BHEL), State Trading Corporation (STC). The profits of such Public Sector Units (PSUs) are another source of revenue for the Government of India.

6. **Other Non-Tax Sources of Revenue:** The main source among them is the Departmental Receipts of the various ministries of the Central Government by way of fees, penalties, etc.

Heads of Expenditure of Central Government

- Government of India has now scrapped the plan and non-plan expenditures in budget exercise and their place has been now taken by capital and revenue spending classifications.
- The classification of plan and non-plan was a major exercise in India during planning era.
- Under this, all expenditures which were done in the name of planning were called plan expenditures while all other expenditures were placed under non-plan expenditures.
- Further, generally (not always), the plan expenditure produced some tangible assets related to economic development. This was the reason that plan expenditures were also called "development expenditures".

A. Plan Expenditure:

Any expenditure that is incurred on programmes which are detailed under the current (Five Year) Plan of the center or center's advances to state for their plans is called plan expenditure. Provision of such expenditure in the budget is called Plan Expenditure.

Items of plan expenditure are:

- expenditure on electricity generation,
- irrigation and rural developments,
- Construction of roads, bridges, canals and science, technology, environment, etc.
- It includes both revenue expenditure and capital expenditure. Again, the assistance given by the Central Government for the plans of States and Union Territories (UTs) is also a part of plan expenditure. Plan expenditure is further sub-classified into

B. Non-Plan Expenditure:

This refers to the estimated expenditure provided in the budget for spending during the year on routine functioning of the government. Non- Plan expenditure is all expenditure other than plan expenditure of the govt. Such expenditure is a must for every country, planning or no planning. Non-Plan Capital Expenditure included the following:

- Defense Equipment's and modernization
- Loans to Public sector companies
- Loans to states and union territories
- Interest payments on the loans taken by Government of India
- Subsidies
- Grants to the states and UTs, including those from calamity fund
- Pensions, Social services such as healthcare, education, social security etc.
- Police
- Economic services by the government such as Agriculture, Industry, Power, Science & Technology

BUDGET

According to Article 112 of the **Indian** Constitution:

The Union **Budget** of a year, also referred to as the annual financial statement, is a statement of the estimated receipts and expenditure of the government for that particular year.

- Union Budget keeps the account of the government's finances for the fiscal year that runs from 1st April to 31st March.

- Union Budget is classified into

1. **Revenue Budget**
2. **Capital Budget.**

   Revenue budget includes the government's revenue receipts and expenditure. There are two kinds of revenue receipts - tax and non-tax revenue. Revenue expenditure is the expenditure incurred on day to day functioning of the government and on various services offered to citizens. If revenue expenditure exceeds revenue receipts, the government incurs a revenue deficit.

   Capital Budget includes capital receipts and payments of the government. Loans from public, foreign governments and RBI form a major part of the government's capital receipts. Capital expenditure is the expenditure on development of machinery, equipment, building, health facilities, education etc. Fiscal deficit is incurred when the government's total expenditure exceeds its total revenue.

TYPES OF BUDGET

1. **Balanced Budget:** When government receipts are equal to the government expenditure, it is called a balanced budget.
2. **Deficit Budget:** When government expenditure exceeds government receipts, the budget is said to be deficit. A deficit can be of 3 types, Revenue, Fiscal and Primary deficit.
3. **Surplus:** When government receipts are more than expenditure.

MONETARY POLICY

- **Definition**: **Monetary policy** is the macroeconomic **policy** laid down by the central bank.

- It involves management of money supply and interest rate and is the demand side economic policy used by the government of a country to achieve macroeconomic objectives like **inflation, consumption, growth and liquidity.**

- The Reserve Bank of India (RBI) is vested with the responsibility of conducting monetary policy. This responsibility is explicitly mandated under the Reserve Bank of India Act, 1934.

Objectives of Monetary Policy:

According to RBI Governor Dr. D. Subba Rao, "The objectives of monetary policy in India are price stability and growth. These are pursued through ensuring credit availability with stability in the external value of rupee and overall financial stability."

1. **To Regulate Money Supply in the Economy:**
   Money supply includes both money in circulation and credit creation by banks. Monetary policy is farmed to regulate the money supply in the economy by credit expansion or credit contraction. By credit expansion (giving more loans), the money supply can be expanded. By credit contraction (giving fewer loans) money supply can be decreased. In other words monetary policy aimed at expanding and contracting money supply according to the needs of the economy.

2. **To Attain Price Stability:**
   Another major objective of monetary policy in India is to maintain price stability in the country. It implies Control over inflation. Price level, is affected by money supply. Monetary policy regulates money supply to maintain price stability.

3. **To promote Economic Growth:**
   An important objective of monetary policy is to make available necessary supply of money and credit for the economic growth of the country. Those sectors which are quite significant for the economic growth are provided with adequate availability of credit.

4. **To Promote saving and Investment:**
   By regulating the rate of interest and checking inflation, monetary policy promotes saving and investment. Higher rates of interest promote saving and investment.

5. **To Control Business Cycles:**
   Boom and depression are the main phases of business cycle. Monetary policy puts a check on boom and depression. In period of boom, credit is contracted, so as to reduce money supply and thus check inflation. In period of depression, credit is expanded, so as to increase money supply and thus promote aggregate demand in the economy.

6. **To Promote Exports and Substitute Imports:**
   By providing concessional loans to export oriented and import substitution units, monetary policy encourages such industries and thus help to improve the position of balance of payments.

7. **To Manage Aggregate Demand:**
   Monetary authority tries to keep the aggregate demand in balance with aggregate supply of goods and services. If aggregate demand is to be increased than credit is expanded and the interest rate is lowered down. Because of low interest rate, more people take loan to buy goods and services and hence aggregate demand increases and vice-verse.

8. **To Ensure more Credit for Priority Sector:**
   Monetary policy aims at providing more funds to priority sector by lowering interest rates for these sectors. Priority sector includes agriculture, small- scale industry, weaker sections of society, etc.

9. **To Promote Employment:**
   By providing concessional loans to productive sectors, small and medium entrepreneurs, special loan schemes for unemployed youth, monetary policy promotes employment.

10. **To Develop Infrastructure:**
    Monetary policy aims at developing infrastructure. It provides concessional funds for developing infrastructure.

11. **To Regulate and Expand Banking:**
    RBI regulates the banking system of the economy. RBI has expanded banking to all parts of the country. Through monetary policy, RBI issues directives to different banks for setting up rural branches for promoting agricultural credit. Besides it, government has also set up cooperative banks and regional rural banks. All this has expanded banking in all parts of the country.

INTRUMENTS OF MONETARY POLICY

There are several direct and indirect instruments that are used for implementing monetary policy.

1. **Repo Rate:** ***Definition:*** Repo rate is the rate at which the central bank of a country (Reserve Bank of India in case of India) lends money to commercial banks in the event of any shortfall of funds. Repo rate is used by monetary authorities to control inflation. (for One Day)

   Description: In the event of inflation, central banks increase repo rate as this acts as a disincentive for banks to borrow from the central bank. This ultimately reduces the money supply in the economy and thus helps in arresting inflation. The central bank takes the contrary position in the event of a fall in inflationary pressures. Repo and reverse repo rates form a part of the liquidity adjustment facility.

2. **Reverse Repo Rate:** ***Definition:*** Reverse repo rate is the rate at which the central bank of a country (Reserve Bank of India in case of India) borrows money from commercial banks within the country. It is a monetary policy instrument which can be used to control the money supply in the country.

   Description: An increase in the reverse repo rate will decrease the money supply and vice-versa, other things remaining constant. An increase in reverse repo rate means that commercial banks will get more incentives to park their funds with the RBI, thereby decreasing the supply of money in the market.

3. **Marginal Standing Facility (MSF):**

   Marginal Standing Facility (MSF) rate refers to the rate at which the scheduled banks can borrow funds overnight from RBI against government securities. MSF is a very short term borrowing scheme for scheduled commercial banks. Banks may borrow funds through MSF during severe cash shortage or acute shortage of liquidity.

4. **Bank Rate: Definition:** Bank rate is the rate charged by the central bank for lending funds to commercial banks.

   Description: Bank rates influence lending rates of commercial banks. Higher bank rate will translate to higher lending rates by the banks. In order to curb liquidity, the central bank can resort to raising the bank rate and vice versa.

5. **Cash Reserve Ratio (CRR):**
   Is the certain minimum amount of deposit that the commercial banks have to hold as **reserves** with the central bank. It is set according to the guidelines of the central bank of a country.

6. **Statutory Liquidity Ratio (SLR):**

   Statutory liquidity ratio **(**SLR**)** is the Indian government term for the reserve requirement that the commercial banks in India are required to maintain in the form of cash, gold, government approved securities before providing credit to the customers. Statutory liquidity ratio is determined by Reserve Bank of India maintained by banks in order to control the expansion of bank credit.\

7. **Open Market Operations (OMOs):**
   These include both, outright purchase and sale of government securities, for injection and absorption of durable liquidity, respectively.

8. **Market Stabilization Scheme (MSS):**
   This instrument for monetary management was introduced in 2004. Surplus liquidity of a more enduring nature arising from large capital inflows is absorbed through sale of short-dated government securities and treasury bills. The cash so mobilized is held in a separate government account with the Reserve Bank.

Organizational Behavior

Module 1 – Introduction

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What is OB and Why it needs to be studied?

- OB is the study of individual behaviour in isolation, when in group and as a part of an organization.
- The study of individual behaviour only, would be incomplete because behaviour is affected by the people surrounding us as well as by the organization, in which we work.
- Studying only individuals or only organisations would be of no use. It is essential to study both simultaneously
- Study about individual behaviour, group behaviour and organisations give the inferences about how different people react to different situations.
- It guides regarding the motivation styles and the leadership styles to be adopted for different persons.
- Due to the individual differences, diverse leadership styles, incentive schemes, motivators, communication styles should be applied.

Definition

- K Aswathappa, “OB is the study of human behaviour in organisational setting, of the interface between human behaviour and organisation and of the organisation itself.”

- Stephen P. Robbins, “OB is a field of study that investigates the impact that individuals, groups and structures have on behaviour within organisations for the purpose of applying such knowledge towards improving an organization's effectiveness.”

- L. M. Prasad, “OB can be defined as the study and application of knowledge about human behaviour related to other elements of an organisation such as structure, technology and social systems.”

- Davis and Newstram, “OB is the study and application of knowledge about how people act within organisations.”

Characteristics

- OB is a rational thinking, not an emotional feeling about people. The major goals of OB are to explain and predict human behavioural in organisations. It is action-oriented and goal-directed.
- OB seeks to balanced human and technical values at work. It seeks to achieve productivity by building and maintaining employee's dignity, growth and satisfaction, rather than at the expense of these values.
- OB integrates behavioural sciences. Many of its core concepts are borrowed from others fields and discipline like social psychology, sociology, and anthropology, etc.
- OB is both a science and an art, the knowledge about human behaviour in organisations leans towards being science.
- OB exists at multiple like levels. Behaviour occurs at the individual, the group, and the organisational systems levels.
- OB does not exist in vacuum. Organisations are made up of both social and technical components and therefore characterized as social-technical systems.

Five models of OB

- Autocratic Model
- Custodial Model
- Supportive Model
- Collegial Model
- System Model

Autocratic

- This model has its roots in the historical past, and definitely became a most prominent model of the industrial revolution of 1800 and 1900s.
- It gives the owners and manager's power to dictate and form decisions while making employees obey their orders.
- The model asserts that employees need to be instructed and motivated to perform while managers do all the thinking.
- The whole process is formalized with the managers and authority power has the right to give command to the people, "You do this or else…", is a general dictatorship command.
- Employees receive less wages as they are less skilled and their performance is also minimum, which they do it rather reluctantly as they have to satisfy the needs of their families and themselves.
- But there are some exceptions as many employees do give higher performance because either they would like to achieve or have a close association with their boss, or either they have been promised a good reward, but overall their performance is minimum.
- Autocratic model is the model that depends upon strength, power and formal authority
- In an autocratic organisation, the people (management/owners) who manage the tasks in an organisation have formal authority for controlling the employees who work under them.

Custodial

- The basis of this model is economic resources with a managerial orientation of money.
- The employees in turn are oriented towards security and benefits and dependence on the organization. The employee need that is met is security. The performance result is passive cooperation
- The custodial model is based around the concept of providing economic security for employees – through wages and other benefits – that will create employee loyalty and motivation.
- In some countries, many professional companies provide health benefits, corporate cars, financial packaging of salary, and so on – these are incentives designed to attract and retain quality staff.
- The underlying theory for the organisation is that they will have a greater skilled workforce, more motivated employees, and have a competitive advantage through employee knowledge and expertise.

Supportive

- The supportive model has originated from the ‘Principles of Supportive Relationships.”
- Unlike the two earlier approaches, the supportive model is focused around aspiring leadership
- It is not based upon control and authority (the autocratic model) or upon incentives (the custodial model), but instead tries to motivate staff through the manager-employee relationship and how employees are treated on a day-to-day basis.
- Quite opposite to the autocratic model, this approach states that employees are self-motivated and have value and insight to contribute to the organisation, beyond just their day-to-day role.
- The intent of this model is to motivate employees through a positive workplace where their ideas are encouraged and often adapted. Therefore, the employees have some form of “buy-in” to the organisation and its direction.

Collegial

- The collegial model is based around teamwork – everybody working as colleagues (hence the name of the model).
- The overall environment and corporate culture need to be aligned to this model, where everybody is actively participating – is not about status and job titles – everybody is encouraged to work together to build a better organisation.
- The role of the manager is to foster this teamwork and create positive and energetic workplaces.
- In much regard, the manager can be considered to be the “coach” of the team. And as coach, the goal is to make the team perform well overall, rather than focus on their own performance, or the performance of key individuals.
- The collegial model is quite effective in organisations that need to find new approaches – marketing teams, research and development, technology/software – indeed anywhere the competitive landscape is constantly changing and ideas and innovation are key competitive success factors.

System

- Today's employees need more than salary and security from their job, they need the hours they are putting towards the organization is giving them some value and meaning
- In the system model, the organisation looks at the overall structure and team environment, and considers that individuals have different goals, talents and potential.
- The intent of the system model is to try and balance the goals of the individual with the goals of the organisation.
- Individuals obviously want good remuneration, job security, but also want to work in a positive work environment where the organisation adds value to the community and/or its customers.
- The system of model should be an overall partnership of managers and employees with a common goal, and where everybody feels that they have a stake in the organisation.
- This ultimately results in the long time commitment and loyalty of the employees and the success of the company.
- The models have been originated perceiving the changing employee needs with each model have been the stepping stone for the more productive and useful model.

Table	Autocratic Model	Custodial Model	Supportive Model
Based on	Power	Economic Resources	Leadership
Managerial Orientation	Authority	Money	Support
Employee Orientation	Obedience	Security and Benefits	Job Performance
Employee psychological	Dependence on Boss	Dependence on	Participation

Assignment 1

- List out Advantages and Disadvantages of various models of Organisational Behaviour

End

Thank You

METRIC - 7.1.7

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