D.K.M. COLLEGE FOR WOMEN

(AUTONOMOUS), VELLORE

eRESOURCES

Digital Learning

E CONTENT TITLE : INDIAN ECONOMICS-II

DEPARTMENT : ECONOMICS

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UNIT 1. INDIAN ECONOMY-II

1.1 INTRODUCTION

1.2 Role of Technology:

- **Information Gathering:**

  Effective early warning may require access to large quantities of information. Modern tools such as social media and mobile technology have a lot of potential for gathering information directly members of threatened communities. Websites such as twitter and facebook have already demonstrated their potential for getting information out of countries with repressive governments since the post-election violence in Iran in 2009 right up to te 2011 protests throughout North Africa. Information can also be "crowdsourced" through mobile phones, as done by sites such as Usahidi, which mapped the consequences of disasters like the 2010 Haiti earthquake bsed on information submitted by average citizens through text messaging. Such tools will be equally powerful when to monitoring potential genocides.

- **Information Management:**

  Our technology team is currently developing a database which will help to organize and analyze the information reported to us from all sources. This will be a great tool for our research analysts, especially as the quantities of information we work with increasing quantities of information.

- **Visualization and Dissemination:**

  Many of the processes we will be monitoring and reporting on are complex and challenging to fully understand. By devising a system to visualize the trends and patterns at work in a given situation of concern (SOC), we will be able to present this information to the public, other organizations, and policy makers in a clear format.

- **Prevention:**

  One of the most exciting areas where technology can play a role is in the actual prevention of genocide. Examples include the possibility of identifying and countering websites that incite hatred, using mobile phones networks to document abuses and warn threatened communities, and employing GPS technology to guide targeted people to safe areas.

1.3 Information Technology in India

Information Technology in India is an industry consisting of two major components: IT services and business process outsourcing (BPO). The sector has increased its contribution to India's GDP from 1.2% in 1998 to 7.7% in 2017. According to NASSCOM, the sector aggregated revenues of US$160 billion in 2017, with export revenue standing at US$99 billion and domestic revenue at US$48 billion, growing by over 13%. The United States accounts for two-thirds of India's IT services exports.

India's IT Services industry was born in Mumbai in 1967 with the establishment of the Tata Group in partnership with Burroughs. The first software export zone, SEEPZ -the precursor to the modern-day IT park - was established in Mumbai in 1973. More than 80 percent of the country's software exports were from SEEPZ in the 1980s.

The Indian economy underwent major economic reforms in 1991, leading to a new era of globalization and international economic integration, and annual economic growth of over 6% from 1993–2002. The new administration under Sri Atal Bihari Vajpayee (Posthumus) (who was Prime Minister from 1998–2004) placed the development of Information Technology among its top five priorities and formed the Indian National Task Force on Information Technology and Software Development.

Wolcott & Goodman (2003) report on the role of the Indian National Task Force on Information Technology and Software Development:

Within 90 days of its establishment, the Task Force produced an extensive background report on the state of technology in India and an IT Action Plan with 108 recommendations. The Task Force could act quickly because it built upon the experience and frustrations of state governments, central government agencies, universities, and the software industry. Much of what it proposed was also consistent with the thinking and recommendanotions of international bodies like the World Trade Organization (WTO), International Telecommunications Union (ITU), and World Bank. In addition, the Task Force incorporated the experiences ofSingapore and other nations, which implemented similar programs. It was less a task of invention than of sparking action on a consensus that had already evolved within the networking community and government. Regulated VSAT links became visible in 1994. Desai (2006) describes the steps taken to relax regulations on linking in 1991:

In 1991 the Department of Electronics broke this impasse, creating a corporation called Software Technology Parks of India (STPI) that, being owned by the government, could provide VSAT communications without breaching its monopoly. STPI set up software technology parks in different cities, each of which provided satellite links to be used by firms; the local link was a wireless radio link. In 1993 the government began to allow individual companies their own dedicated links, which allowed work done in India to be transmitted abroad directly. Indian firms soon convinced their American customers that a satellite link was as reliable as a team of programmers working in the client's office.

Videsh Sanchar Nigam Limited (VSNL) introduced Gateway Electronic Mail Service in 1991, the 64 kbit/s leased line service in 1992, and commercial Internet access on a visible scale in 1992. Election results were displayed via National Informatics Centre's NICNET.

"The New Telecommunications Policy, 1999" (NTP 1999) helped further liberalise India's telecommunications sector. TheInformation Technology Act, 2000 created legal procedures for electronic transactions and e-commerce.

A joint EU-India group of scholars was formed on 23 November 2001 to further promote joint research and development. On 25 June 2002, India and the European Union agreed to bilateral cooperation in the field of science and technology. India holds observer status at CERN, while a joint India-EU Software Education and Development Center will be located inBangalore.

1.4 BPO in India

The time period Business Process Outsourcing or refers to outsourcing in all fields. A BPO carrier issuer usually administers and manages a particular commercial enterprise process for every other employer. BPOs both use new generation or practice an current era in a new manner to improve a specific business method. India is currently the primary vacation spot for business technique outsourcing, as most organizations in the US and UK outsource IT-related business techniques to Indian service providers.

1.5 Services provided through Indian BPO Companies

Indian BPO corporations provide numerous services, including, customer service, technical support, telemarketing, coverage processing, records processing, forms processing, bookkeeping and internet/ on-line/ web research.

- Customer asist services: 24/7 inbound/ outbound name middle services that deal with purchaser queries and worries thru phone, e mail and stay cat.
- Technical help service: Installation, product assist, jogging guide, troubleshooting, usage guide and hassle resolution for laptop software, hardware, peripherals and internet infrastructure.
- Telemarketing services: Interacting with potential customers and growing

hobby for the patron's offerings/ merchandise. Up-promoting, selling and go selling to present customers and completing on-line income techniques.

- IT help table services: Level 1 and 2 multi-channel help, machine problem resolutions, technical problem decision, workplace productiveness equipment aid, answering product utilization queries and acting faraway diagnostics.
- Insurance processing: New business acquisition and promoting, claims processing, policy protection and policy control.
- Data entry and facts processing: Data access from paper, books, e-books, telephone book, web websites, business playing cards, printe documents, software programs, receipts, bills, catalogs and mailing lists.
- Data conversion offerings: Data conversion for databased, phhrase processors, spreadsheets and software packages. Data conversion of uncooked statistics into PDF, HTML, Word or Acrobat formats.
- Bookkeeping and accounting offerings: Maintenance of the client's preferred ledger, money owed receivables, accounts payables, economic statements, bank reconciliations and property/ device ledgers.
- Form processing offerings: Online form processing, payroll processing, medical billing, insurance declare forms processing and clinical forms processing.
- Online research: Internet seek, product research, market researach, surveys, analysis, web research and mailing list research.

1.5 Business process outsourcing and government support to BPO In India.

- Government's Support to the BPO Sector in India Recognizing the growing importance of the business process outsourcing, the Government of India has introduced various policy concessions and initiatives to accelerate the growth of the IT-enabled outsourcing market. Spearheaded by associations such as National Association of Software and Service Companies (NASSCOM), the Indian software and services industry has also taken various steps to ensure that India becomes the global hub for IT-enabled outsourcing in the future. Some of the steps take by the Government and industry for the ITES/BPO sectors are as follows: # In May 2002, the Government of India has accepted the recommendations of NASSCOM and removed certain procedural bottlenecks that were hampering the growth of the Indian call center industry. # The Government of India (Central Board of Direct Taxes -CBDT) has allowed total income tax exemption on the export of IT enabled outsourcing services under Sections 10A/10B of the Income Tax Act, 1961. These IT enabled products or services are: i. Back-office Operations ii. Call Centres iii. Content Development or Animation iv. Data Processing v. Engineering & Design services vi. Geographic Information System Services

- Human Resource Services viii. Insurance Claim Processing ix. Legal Database x. Medical Transcription xi. Payroll xii. Remote Maintenance xiii. Revenue Accounting xiv. Support Centres; and xv. Web-site services # Foreign Direct Investment (FDI) for 100 percent of the equity has been permitted in BPO companies. # Permission of duty-free imports of capital goods (under the Export Promotion of Capital Goods scheme) for BPO companies. # The Government has promoted several Software Technology Parks (STPs) which provide ready-to-plug IT and telecom infrastructure. STPs also allow single-window clearance for all regulatory compliance issues. Currently, several STPs have been established across India covering most of the major towns/cities #The NarendraModi government is contemplating to introduce a new policy that will help BPO (Business Process Outsourcing) units set up base in smaller towns, especially in the North-Eastern India #Govt. to offer subsidy of up to 50% of capital expenditure or Rs 1 lakh/seat, whichever is lower

1.6 BPO Role in India's Economic Growth

BPO Role in India's Economic Growth has been tremendous, especially in the last few years, when the demand for outsourcing work to India has been significant among western companies.

The role played by BPOs in boosting India's economy shows that the IT and ITeS sector have been contributing largely to the economic growth of India. The growth in the contribution of BPOs to Gross Domestic Product has shown a steady rise from 1.2% to 5.4%. It is hence evident that the BPO industry is making an impact on the Indian economy.

BPOs are aiming at contributing towards bringing in more earnings to the country and IP creation. Currently, BPOs in India are focused on the domestic segments and offshoring. The benefit to the local economy is subject to judicious exploitation of resources existing in these areas.

BPO Role in India's economic growth is set towards making a significant impact in the time to come as well. The driving forces that account for the increase in foreign investments through the BPOs in India are:

- Emphasis on quality services
- Skilled sets and workers
- Cost effectiveness
- Quality products
- English speaking manpower

These features of the Indian BPO industry attract long-term contracts and as a result, there are high earnings which in turn result in major contribution to economic growth. As a matter of fact, the Indian BPO industry is leading in the market and is improving in the area of training professionals in learning foreign languages and increasing the number of skilled workers. This will give India the ability to sustain its global leadership and probably generate export revenues.

The setting up of more BPOs is also bringing in more job opportunities for the Indian youth. BPO role in India's economic growth will even facilitate great maneuvering in the country's balance of payments.

BPO role in India's economic growth is definitely at the growth stage but is all set for a major contribution to the Indian economy, especially if the government supports the sector in terms of financial growth, openness to trade, rural-urban migration, and education.

1.7 Advantages of the BPO Industry

The purpose for organizations to outsource their commercial enterprise tactics is pretty easy. Business Process Outsourcing allows commercial enterprise proprietors to lessen the weight of work and concentrate on other center aspects in their operation. Outsourcing to a third-birthday celebration organization, that's already properly-set up and has the applicable experience in supplying services, is a miles greater convenient option. Outsourcing your enterprise strategies comes with a sequence of advantages. Some of these include:

- **Cost Reduction:** Outsourcing helps agencies reduce expenses and save money, and is one of the maximum critical motives for people opting to outsource their commercial enterprise system. BPO has given upward push to a talented pool of employees to be had at low wages results in massive value reductions, which in flip outcomes in better sales for the organization.
- **Availability of Experienced Professionals:** Recruiting new employees and schooling them includes quite a few problem and is a big cost to the enterprise. When the responsibilities are outsourced to an already hooked up enterprise with all the resources, the problems of hiring and education is without problems prevented.

- **Ability to Focus on Core Business:** Since a large chew of the business is outsourced to a service issuer, the pinnacle management of the employer can recognition their attention on core operational areas. This also ends in better employee productivity and allows them make better and greater informed business decisions.
- **Excellent Source of Customer Feedback:** Most BPO employees are in direct contact with the customers, as a result of which they may be able to acquire a primary-hand comments approximately services and products. This valuable comments, in flip, enables the employer to improve upon the offerings provided.
- **Access to the Latest Updated Technologies:** Buying an authorized version of the latest software and other technologies may be very costly. This proposition is also risky, in particular for small to medium-sized groups who can't come up with the money for to commit a regular price range to shopping for the today's technologies. Therefore, it will become difficult for a organization to live updated with the modern-day trends. Outsourcing to groups that already have get entry to to the generation and feature the applicable understanding therefore proves to be extra wonderful for international organizations.
- **Excellent Employment Opportunity:** The BPO enterprise is one of the highest activity vendors in most nations. In truth, it's miles the ranked 2nd in phrases of the quantity of jobs created in some of the Asian international locations. The remuneration furnished to the personnel is also one of the first-rate inside the industry, which is one of the main motives for kids to works in BPO. The BPO industry has provided employment to loads of proficient kids and has unmarried-handedly modified the GDP of diverse small international locations.

1.8 Impact of BPO on Economic Development

In India, BPO and software industry has significantly boosted the country's economic growth. The sector is creating jobs for millions of people across the globe. In fact, according to the latest stats, this sector provides direct employment to about 2.2 million people and creates indirect employment opportunities for about 8 million people. As per NASSCOM-

"The figures will reach 10 million by the year 2020". According to Ernst & Young-

The industry is currently pegged at about 38% of the total outsourcing market worldwide. It is further expected to grow at the rate of 16% per annum by the year 2015.

Keeping in mind all these facts, we came up with this blog. Herein, we tell you how the ITES/ BPO industry has affected India and its economy. Let's start. BPO Transformation: Narrowing Down Geographical Barriers

India's social stature improved

The domestic call center has put the country's name on the global map. The sector has significantly contributed to the nation's growth by reinventing and transforming itself in a short span of time. The thirty-year-old BPO service industry has acted as a major driving force for uplifting the country's social and economic growth. It has helped in reducing several divides, which has separated the society for many years.

Steered the growth rate of Indian economy

Call center services in India have made a sustainable, phenomenal, multifold, and long-lasting impact on the growth rate of the economy in last ten years. The sector has empowered the diverse human capital of the country by providing a distinct innovative platform. According to a study conducted by

NASSCOM, the sector is in its nascent stage. It is constantly looking out for ways to evolve itself in order to keep ahead with the competitors.

More employment opportunities

Because the ITES/ BPO industry is booming, more and more employment opportunities are being generated. This is eradicating the problem of unemployment in the country to a large extent. Even a person who has just completed his schooling can earn a decent amount. Also, those who are illiterate can work as guards, office boys in the offices.

Major outsourcing destination

The industry has positioned itself as a major sourcing destination that sells high quality, cost-effectiveness, and trust by following process-oriented best practices. There was a time when call center operations were mainly recognized for unsophisticated back-end processes, such as data entry, application development, software development, transaction processing, and technical support services. Today, the segment has gravitated to providing knowledge-based IT consultation services.

Call Center in India: Gaining Global Market Share

Business Process outsourcing units are engaged in providing end-to-end business solutions to various businesses. It plays an important role in helping companies during the product development stage by providing customer feedback generated from the customer surveys. Recently, third party service providers have been acknowledged for playing an even bigger role by creating higher-end services like creating engineering design and analytical services.

Following call center outsourcing benefits act as a major driving force for increasing foreign direct investments in the country:

- **High-quality services-** The quality is something that is never compromised. The targets are completed timely. The agents are monitored using the software. The latest technology is also used to improve and ease the working. In turn, the companies who outsource their work to India get access to latest technology without spending much.

- **Skilled manpower-** The Indian companies hire skilled agents that already have the traits like courtesy and empathy. Also, the human resource is given power training and their skills are honed. All of this is done at a cost much less than what a company would need to spend otherwise. Getting such a skilled pool of agents at such a low cost isn't possible in other countries.
- **Cost advantage-** The Indian BPOs work at almost one- fourth of the total cost that a company would invest in setting all of it in-house. That is why the operational cost cuts down significantly.
- **Manpower proficient in speaking English and other foreign languages-** Indian population is the second largest English speaking population in the world. The citizens are also showing interest in learning other foreign languages like German, French, and Spanish. This is also one of the big reason for the outsourcers to choose India as their outsourcing destination for BPO functions.

1.9 What are Cyber Crimes

Cyber crimes can be defined as the unlawful acts where the computer is used either as a tool or a target or both. The term is a general term that covers crimes like phishing, credit card frauds, bank robbery, illegal downloading, industrial espionage, child pornography, kidnapping children via chat rooms, scams, cyber terrorism, creation and/or distribution of viruses, Spam and so on.

Cyber crime is a broad term that is used to define criminal activity in which computers or computer networks are a tool, a target, or a place of criminal activity and include everything from electronic cracking to denial of service attacks. It also covers the traditional crimes in which computers or networks are used to enable the illicit activity.

DIFFERENT TYPES OF CYBER CRIMES

Cyber Crimes can be categorized in two ways:

- The crimes in which the computer is the target. Examples of such crimes are hacking, virus attacks, DOS attack etc.
- The crime sin which the computer is used as a weapon. These types of crimes include cyber terrorism, IPR violations, credit card frauds, EFT frauds, pornography etc.

1.10 Different Kinds of Cyber Crimes

The different kinds of cyber crimes are:

- **Unauthorized Access and Hacking**

Unauthorized access means any kind of access without the permission of either of the rightful or person in charge of the computer, computer system or computer network. Hacking means an illegal intrusion into a computer system and/or network. Every act committed towards breaking into a computer and/or network is hacking. Hackers write or use ready-made computer programs to attack the target computer. They possess the desire to destruct and they get the kick out of such destruction. Some hackers hack for personal monetary gains, such as to stealing the credit card information, transferring money from various bank accounts to their own account followed by withdrawal of money. Government websites are the most targeted sites for the hackers.

- **Web Hijacking**

Web hijacking means taking forceful control of another person's website. In this case the owner of the website loses control over his website and its content.

- **Pornography**

Pornography means showing sexual acts in order to cause sexual excitement. The definition of pornography also includes pornographic websites, pornographic magazines produced using computer and the internet pornography delivered over mobile phones.

- **Child Pornography**

The Internet is being highly used as a medium to sexually abuse children. The children are viable victim to the cyber crime. Computers and internet having become a necessity of every household, the children have got an easy access to the internet. There is an easy access to the pornographic contents on the internet. Pedophiles lure the children by distributing pornographic material and then they try to meet them for sex or to take their nude photographs including their engagement in sexual positions. Sometimes Pedophiles contact children in the chat rooms posing as teenagers or a child of similar age and then they start becoming friendlier with them and win their confidence. Then slowly pedophiles start sexual chat to help children shed their inhibitions about sex and then call them out for personal interaction. Then starts actual exploitation of the children by offering them some money or falsely promising them good opportunities in life. The pedophiles then sexually exploit the children either by using them as sexual objects or by taking their pornographic pictures in order to sell those over the internet.

- **Cyber Stalking**

In general terms, stalking can be termed as the repeated acts of harassment targeting the victim such as following the victim, making harassing phone calls, killing the victims pet, vandalizing victims property, leaving written messages or objects. Stalking may be followed by serious violent acts such as physical harm to the victim. Cyber Stalking means repeated acts of harassment or threatening behavior of the cyber criminal towards the victim by using internet services. Both kind of Stalkers i.e., Online & Offline – have desire to control the victims life.

- **Denial of service Attack**

This is an attack in which the criminal floods the bandwidth of the victim's network or fills his e-mail box with spam mail depriving him of the services he is entitled to access or provide. This kind of attack is designed to bring the network to crash by flooding it with useless traffic. Another variation to a typical denial of service attack is known as a Distributed Denial of Service (DDoS) attack wherein the perpetrators are many and are geographically widespread. Many DoS attacks, such as the Ping of Death and Teardrop attacks, exploit limitations in the TCp/IP protocols. For all known DoS attacks, there are software fixes that system administrators can install to limit the damage caused by the attacks. But, like Virus, new DoS attacks are constantly being dreamed up by Hacker.

- **Virus attacks**

Viruses are the programs that have the capability to infect other programs and make copies of itself and spread into other program. Programs that multiply like viruses but spread from computer to computer are called as worms. These are malicious software that attach themselves to other software. Virus, worms, Trojan Horse, Time bomb, Logic Bomb, Rabbit and Bacterium are the malicious. Viruses usually affect the data on a computer, either by altering or deleting it. On the other hand worms merely make functional copies of themselves and do this repeatedly till they eat up all the available.

Trojan Horse is a program that acts like something useful but do the things that are quiet damping. Trojans come in two parts, a Client part and a Server part. When the victim (unknowingly) runs the server on its machine, the attacker will then use the Client to connect to the Server and start using the Trojan. TCP/IP protocol is the usual protocol type used for communications, but some functions of the Trojans use the UDP protocol as well.

- **Software Piracy**

Software piracy refers to the illegal copying of genuine programs or the counterfeiting and distribution of products intended to pass for the original. These kind of crimes also include copyright infringement, trademarks violations, theft of computer source code, patent violations etc.

Domain names are also trademarks and protected by ICANN's domain dispute resolution policy and also under trademark laws. Cyber squatters register domain name identical to popular service provider's name so as to attract their users and get benefit from them.

- **Salami attacks**

These attacks are used for the commission of financial crimes. The key here is to make the alteration so insignificant that in a single case it would go completely unnoticed. E.g. a bank employee inserts a program, into the bank's servers, that deducts a small amount of money (say Rs. 5 a month) from the account of every customer. No account holder will probably notice this unauthorized debit, but the bank employee will make a sizable amount of money every month.

- **Phishing**

Phishing is the act of sending an e-mail to a user falsely claiming to be an established legitimate enterprise in an attempt to scam the user into surrendering private information that will be used for identity theft. The e-mail directs the user to visit a web site where they are asked to update personal information, such as passwords and credit card, social security, and bank account numbers that the legitimate organization already has. The Web site, however, is bogus and set up only to steal the user's information. By spamming large groups of people, the phisher counted on the e-mail being read by a percentage of people who actually had listed credit card numbers with legitimately.

- **Sale of illegal articles**

This category of cyber crimes includes sale of narcotics, weapons and wildlife etc., by posting information on websites, auction websites, and bulletin boards or simply by using email communication.

- **Online gambling**

There are millions of websites; all hosted on servers abroad, that offer online gambling. In fact, it is believed that many of these websites are actually fronts for money laundering. Cases of hawala transactions and money laundering over the Internet have been reported.

- **Email spoofing**

Email spoofing refers to email that appears to originate from one source but actually has been sent from another source. Email spoofing can also cause monetary damage.

- **Cyber Defamation**

When a person publishes defamatory matter about someone on a website or sends e-mails containing defamatory information to all of that person's friends, it is termed as cyber defamation.

- **Forgery**

Computers, printers and scanners are used to forge counterfeit currency notes, postage and revenue stamps, mark sheets etc. These are made using computers, and high quality scanners and printers.

- **Theft of information contained in electronic form**

This includes theft of information stored in computer hard disks, removable storage media etc.

- **Email bombing**

Email bombing refers to sending a large number of emails to the victim resulting in the victim's email account (in case of an individual) or mail servers (in case of a company or an email service provider) crashing.

- **Data diddling**

This kind of an attack involves altering raw data just before it is processed by a computer and then changing it back after the processing is completed.

- **Internet time theft**

Internet time refers to usage by an unauthorized person of the Internet hours paid for by another person.

- **Theft of computer system**

This type of offence involves the theft of a computer, some part(s) of a computer or a peripheral attached to the computer.

- **Physically damaging a computer system**

This crime is committed by physically damaging a computer or its peripherals.

- **Breach of Privacy and Confidentiality**

Privacy refers to the right of an individual/s to determine when, how and to what extent his or her personal data will be shared with others. Breach of privacy means unauthorized use or distribution or disclosure of personal information.

Confidentiality means non disclosure of information to unauthorized or unwanted persons. In addition to Personal information some other type of information which useful for business and leakage of such information to other persons may cause damage to business or person, such information should be protected.

Generally for protecting secrecy of such information, parties while sharing information forms an agreement about he procedure of handling of information and to not to disclose such information to third parties or use it in such a way that it will be disclosed to third parties. Many times party or their employees leak such valuable information for monitory gains and causes breach of contract of confidentiality. Special techniques such as Social Engineering are commonly used to obtain confidential information.

- **Data diddling**

Data diddling involves changing data prior or during input into a computer. The information is changed from the way it should be entered by a person typing in the data, a virus that changes data, the programmer of the database or application, or anyone else involved in the process of having information stored in a computer file. It also include automatic changing the financial information for some time before processing and then restoring original information.

- **E-commerce/ Investment Frauds**

An offering that uses false or fraudulent claims to solicit investments or loans, or that provides for the purchase, use, or trade of forged or counterfeit securities. Merchandise or services that were purchased or contracted by individuals online are never delivered. The fraud attributable to the misrepresentation of a product advertised for sale through an Internet auction site or the non-delivery of products purchased through an Internet auction site. Investors are enticed to invest in this fraudulent scheme by the promises of abnormally high profits.

- **Cyber Terrorism**

Targeted attacks on military installations, power plants, air traffic control, banks, trail traffic control, telecommunication networks are the most likely targets. Others like police, medical, fire and rescue systems etc.

Cyber terrorism is an attractive option for modern terrorists for several reasons.

1.12 CYBER LAWS

Cyber crimes are anew class of crimes which are increasing day by day due to extensive use of internet these days. To combat the crimes related to internet The Information Technology Act, 2000 was enacted with prime objective to create an enabling environment for commercial use of I.T. The IT Act specifies the acts which have been made punishable. The Indian Penal Code, 1860 has also been amended to take into its purview cyber crimes.

The various offenses related to internet which have been made punishable under the IT Act and the IPC are enumerated below:

1. Cyber crimes under the IT Act :

- Tampering with Computer source documents - Sec.65
- Hacking with Computer systems, Data alteration - Sec.66
- Publishing obscene information - Sec.67
- Un-authorised access to protected system Sec.70
- Breach of Confidentiality and Privacy - Sec.72
- Publishing false digital signature certificates - Sec.73

2. Cyber Crimes under IPC and Special Laws :

- Sending threatening messages by email - Sec 503 IPC
- Sending defamatory messages by email - Sec 499 IPC
- Forgery of electronic records - Sec 463 IPC
- Bogus websites, cyber frauds - Sec 420 IPC
- Email spoofing - Sec 463 IPC
- Web-Jacking - Sec. 383 IPC
- E-Mail Abuse - Sec.500

3. Cyber Crimes under the Special Acts:

- Online sale of Drugs under Narcotic Drugs and Psychotropic Substances Act
- Online sale of Arms Arms Act

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UNIT - II

1.1 Role of Industrialization

Indian economy with large manpower and varied resources has to be industrialized. The arguments for industrialization are as follow:

- **Increasing the income substainally**

Industrialization of the country is the only means of raising the standard of living of people substrilization and also permanently. Only industrial development could offer a secure base for rapid economic growth and income. Thou7gh an economy can grow with 'agriculture' the efforts of Man are restricted by limiting factor of Nature. Only in the sphere of Industries, human efforts with improved technology would give rich dividends by means of large scale production of varied goods for consumption and export.

Meeting high income-elasticity of demand: The income-elasticity of demand for agricultural products will be low, beyond certain limits. Only in the initial stages of development, the people will demand more of agricultural goods. Once agricultural production reaches a point where the demand for food is completely met in the economy, the increased income will utilized in demanding industrial products.

- **Earning Foreign Exchange and comfortable Balance of Payments position:**

Industrialization is essential for keeping the export trade vibrant and earning foreign exchange, so as to have comfortable balance of payments. It may be argued that economy could produce more of agricultural goods for export and in turn import industrial goods without much industrialization. This argument is rather weak. Industrialization is only a 'rational consequence' of low intensity of demand for agricultural commodities, after a certain stage, be it domestic consumption or export.

- **Transferring Surplus Labour**

We have studied that backward economies suffer much due to population pressure and excess of labour force in agriculture, leading to unemployment and underemployment. Further, with the technological improvement in agriculture, the existing superfluous labour force would become still more unnecessary, leading to disguised unemployment. The unemployment and disguisedly employed agricultural labour force would becom more productive in industries. Real industrialization lies in keeping the labour force in agriculture to the barest minimum.

- **Providing strength and security to economy:**

The real strength of the economy liesin industrialization, with would help in producing capital goods for industries and also goods for export. Further, it is only through industrialization, the agricultural base could be strengthened and expande4d by ensuring farm inputs like chemical fertilizer, implements and machines, storage and transport facilities, etc. industrialization envisages industrial environment, industrial culture and urbanization, offering better economic security to the nation, when international crisis develops.

1.2 Cottage and Small Scale Industries

- **Definition and Meaning of Small – Scale and Cottage Industries**

According to definition of the Fiscal Commission in 1950 "A cottage industry is one which is carried on Wholly or primarily with the help of the members of the family, either as a whole or a part-time occupation. A small-scale industry, on the other hand, is one which is operated mainly with hired labour, usually 10 to 50 hands.

"According to this definition, the industries (Development and Regulation) Act of 1951 gave exemption to units employing less than 50 workers with power, and less the 100 workers without power, from registration. This exempted sector has come to known as Small-scale Sector.

But now, the small-scale sector is identified in terms of capital investment. All industrial units with a capital investment of not more than Rs. 60 lakhs are treated as small-scale units. Investment are considered only on plant and machinery for this purpose.

In the case of ancillary industries, i.e., units supplying components to large-scale industries and export-oriented units, the limit of capital investment is Rs. 75 lakhs. According to the notification issued by the Government in pursuance of the Industrial policy of 1990, the investment limit of small-scale industry has been raised. For those small-scale units which will export 30 per cent to their output by the third year of starting production will have an incentive that their investment limit is further raised to Rs. 75 lakhs. for ancillary units, investment limit has been raised from Rs. 45 lakhs to Rs. 75 lakhs. According to the modified definition, an ancillary unit is one which sells not less than 50 percent of its manufactures to one or more industrial units.

There is also the “Tiny Sector” units with an investment of upto Rs. 5 lakhs. As per this classification, all other industries with capital investment higher than specified for small units are large-scale industries. 95 per cent of the small-scale units are within the investment range of Rs. 5 lakhs.

Again the Government, in the year 2000 revised the investment limit and reduced the investment limit on plant and machinery from Rs. 3 crores to Rs. 1 crore, but the limit for investment in Tiny Units has been retained at Rs. 25 lakhs. Thus, the Government has been changing the criterion for indentifying the small-scale units, Tiny Sector and large Scale industries.

- **The Role of Small-Scale and Cottage Industries in Indian Economy**

The small-scale and cottage industries of India have a decisive role to play in the economic development of the country. By and large, small enterprises have certain definite advantages. let us enumerate those points:

- **Contribution to National income and larger output**

The small enterprises of India were contributing a larger share of National income when India became independent. Out of the total national income of Rs. 8,500 crores in 1948-49, the share of small industrial units was Rs. 870 crores as against the share of Rs. 610 crores by large industries. Only with the industrialisation of the country, the share of large industries has gone up. Although there has been considerable development of large scale industries during the period of planning, even now, India remains mainly a country of small-scale production. The small scale industries are very creditworthy.

The importance of the small-scale sector in the country's economy is very substantial. In the year 2002-2003, this sector has 3.572 million units with a fixed investment of Rs. 7,42,000 crores and employment of 19.96 millions. The exports from this sector have been estimated around Rs. 71,200 crores, which is about 50 per cent of exports from the industrial sector as a whole.

- **Employment potential**

The small scale industries are labour intensive labour investment ratio in their case is quite high. A given amount of capital invested in small scale industrial undertakings is likely to provide more employment, at least in the short run than same amount of capital inve4sted in large scale industries. This is a very important factor for a country. The handloom industry alone employs nearly 50 lakh people or nearly as many as employed in all organised industries.

The employment potential in small-scale had been very high in 1970s and 1980s. In 1973-74, employment stood at 39.7 lakhs, while in 1994-95, it increased to 146.56 lakhs. During seventies, the compounded Annual Rate of Growth in employment was 8.7 per cent and in nineties, it was 5.3 per cent.

The rapid growth of small-scale sector and its employment great relevance in our national economic policies. The growth of the small-sector improves the production of the non-durable consumer goods of mass consumption. as such, it acts and anti-inflationary force.

- **Capital Light**

Small industries requires only a smaller amount of capital than required by large scale industries. Where there is scarcity of capital and economising capital is essntial, small scale is the only effective solution.

- **Skill light**

The large scale industries require high degree of skill and managerial talent of engineers, technicians accountants and managers. In our country, the supply of qualified personnel is very much limited and economising the services of these people is also essential. Small scale provides the training ground for industrial experience.

  - **Import Light**

Small scale industries require mostly indigenous machines and equipment and they need not depend too much on imported materials. In the case of large industries, heavy engineering equipment, machines, technical skill and even raw material have to be imported which would create problems of foreign exchange earnings. Small industries reduce the need for foreign capital or foreign exchange earnings.

- **Quick yielding and Decentralization**

The time lag between investment and return in the case of small industries is very short and as such the project would give quick returns. In the case of large industries, the time lag will be very long leading to inflationary spiral and rising prices without material output.

- **Better Distribution of Wealth**

The decentralization of industries in the small scale sector even distribution of income and wealth. Large scale industries tend to concentrate large wealth in a few hands which is undesirable in a socialistic pattern of society.

- **Contribution to Exports**

Growth of Small-Scale industries in the post-independent era has contributed a lot towards export earnings. Bulk of export earnings come from non-traditional items produced by small enterprises. These are ready-made garments, leather goods, sports goods, woolen garments and knitwear, processed foods and marine products and also engineering good.

- **Less of Labour Unrest and Disputes**

Another specific advantage in small-scale enterprises is that unlike large-scale industries, these are not ridden with frequent industrial disputes, labour unrest, strikes and lockouts, etc. Generally in small units, production will not be hampered due to labour trouble and the labour relationship in small units will be comparatively good and amirable. this may be true to some extent. However, since the number of labourers in small-enterprises happen to be very much limited, the scope for labour trouble will be less.

- **Problem s of small-scale industries**

The small-scale and cottage industries are facing many problems and difficulties in connection with procurement of raw materials, effective techniques of manufacture, marketing facilities, finance etc. let us discuss some of the prominent problems of the small-scale industry.

- **Raw Materials**

Most of the small-scale industries are plagued with the shortage of raw materials. They could neither get the sufficient quantity nor the requisite quality and that too the raw materials were available are a very high cost. Being small purchasers, small units cannot have staff liaison with government agencies to get their applications considered on a priority basic to get adequate quota of scarce raw materials, particularly metals, chemicals through state small industries Development corporations have not been very successful.

- **Shortage of power supply**

The problem of shortage of power is widespread throughout the country and the small units are hit hard by this they cannot afford to have their own method of generating power like large-scale units. Cause lot of hindrances in adhering to the production schedules of small-scale units. This leads to poor productivity of the units.

- **Low-level of Technology**

Almost all units in small-scale sector carry on production with outdated and obsolete technology. They do not have the facilities of research and training to increase the output with modern technology. There is little scope units, as there is no proper delivery mechanism of better technology.

- **Problem of Marketing**

For small-scale and cottage industries products, marketing has become one of the biggest problems. These problems. arise due to lack of standardization of the product, Competition from efficient units, insufficient holding capacity, poor demand and absence of market intelligence. The costly handicrafts like Kashmir Shawls and Banaras silk could not find markets because of the elimination of Princes and Zamindars. Even in the available markets, the products do not get fair price. Many handicrafts have good export market in Canada, U.S.A., Australia and Middle East. Small units also face the problem of transport cost and marketing cost.

- **Export Problem**

Indian has an excellent potential in the export market of small-scale and ancillary industries. In spite of it, the small-scale sector faces the problem of poor support from for government. In spite of it, the small-scale sector faces the problem of poor support from the government. The list includes, bicycle components, wire-netting, fountain pens, spectacle frames, umbrella handles, leather goods, imitation jewellery, sports goods, food products, chemicals, dyes, cosmetics and toiletries, handloom goods and handicraft good.

- **Problem of Finance**

The crux of all problems is, however, the problem of finance. Small-scale units require finance for the purchase and stocking of raw materials, finance for holding finished products till they are sold out and finance for paying wages. Small-scale producers are very poor who have very little to offer as security. Hence, the small-units have to depend on money-lenders for finance or they have to make 'distress sales' of their products. Lack of finance has been the principal reason for sickness in small inits.

- **Sacrosanct of Investment Limit**

We have studied a small-scale unit is one in which the investment in plant and machinery does not exceed Rs. 1 crore. This limit has been kept sacrosanct and all concessions and protections extended by the government to small-scale unit will be completely withdrawn if the investment increases even by a very little amount. It would be better if the Government adopts a pragmatic policy of encouraging small-scale units through 'stages of their development'.

- **Underutilisation of Capacity and other problems**

Another important problem facing small-enterprises is inderutilisation of the installed capacities in most of the units. It has been pointed out that capacity utilisation, on an average, ranged about 50 per cent only during the last decade and early parts of this decade.

1.3 Large Scale Industries

The modern organized industrial sector of India is of recent origin. Though we have not experienced the kind of Industrial Revolution of Great Britain in the 18th century, a humble beginning was made in the 19th century with the help of foreign capital and enterprise. Indian capitalists started participating granted by the Government naturally helped the development of industries, though very slowly, just before independence of India. But due to shyness of Indian capital, lack of technical skill and poor enterprise, most of those industries were concentrated in certain regions only, where pioneering efforts were taken. In the absence of proper planning, the industries did not develop, and even those industr5ies which had developed, viz., cotton textiles, jute and sugar faced many problems. in the following pages, we shall study very briefly about some important large scale industries of India and their problems and development.

1.4 COTTON TEXTILE INDUSTRY

The cotton textile industry, the largest single industry in India, holds second place among the countries of the world in cloth production. With an invested capital of over Rs. 3000 Crores in 2,024 mills in India, the industry provides direct employment to nearly 20 million workers, It also provides indirect employment to many millions like the cotton growers, processors, handloom and Powerloom weavers who are estimated to be over three million and innumerable cloth dealers and shopkeepers. The industry contributes in increasing measures to the Centre and State Governments by way of taxes and duties.

The birth of this industry dates back to 1818 when the first cotton mill was established at Fort Gloster near Calcutta with English Capital. The real growth of the industry, however, started with the setting up of the Bombay Spinning and Weaving Mills in 1856 with Parsi Capital. The Swadeshi Movement and the First World War helped in the expansion of the industry to meet the growing demands of the local market. During 1920s and 1930s, the industry faced stiff competition from Japan.

The competition from Japan ceased and the industry increased its productivity enormously to cater for war demands. At the same time the industry had to face difficulties like over work and excessive wear and tear of machines, lack of technological improvement and complacency of proprietors due to boom conditions.

At the end of March 1994, there were 1,175 mills in the country (906 spinning mills and 269 composite mills) with 28 million spindles and 1.6 lakh, looms. There were 132 closed mills by the end of March 1994. Most of the mills are concentrated in four states and Gujarat alone account for 50 per cent of the total spindles installed and 70 per cent of total looms in the cotton textile industry. Reasons for the location are: (a) Availability of raw material (b) Cheap and developed transport facilities, including ports like Bombay and Kandla (c) Suitable climate (d) Availability of commercial and financial facilities; and enterprising capital.

Recent years, this industry has also spread to number of other states as well, like Madhya Pradesh, Bihar, Kerala Uttar Pradesh, Andhra Pradesh and Tamilnadu. The reasons for this decentralization (i) Cotton fibre could be shifted to long distances without increasing the cost structure too much. (ii) Availability of raw materials in all these States. (iii) Development of transport and communication facilities in these State. (iv) Government encouragement for decentralization.

Three are three sectors in cotton textile industry; (i) The Mill Sector (ii) The Powerloom sector, and (iii) The Handloom sector. The latter two are jointly considered under the heading decentralized sector. Since independence, over years, the Government has been granting several concessions and also incentives to the decentralized sector (i.e., Powerloom and handloom sector). As a result of this, the share of the decentralized sector in total production has increased considerably.

The reasons for the growth of powerloom sector are: (i) Government's favourable policies on synthetic fabric industry; (ii) Ability of the sector to introduce flexibility in the product mix in live with in line with the market situation; (iii) Low labour cost due to flexible use of labour, giving competitive strength; and (iv) Increase in exports from the powerloom sector.

On the other hand, production of yarn is almost entirely in the organised sector and it has been showing a rising trend. The production of mill yarn which stood at 1700 million Kg in 1989-90 increased to 2090 million Kg in 1994-95.

- **PROBLEMS OF COTTON TEXTILE INDUSTRY:**

The cotton textile industry in India is facing many problems. The following are some of the important problems:

- **Shortage of Cotton Supply**

Shortage in the supply of raw cotton is a serious problem of the industry. Of the land devoted to cotton production in the world, 25 per cent belongs to India but the total production of Indian cotton is not even one tenth of world production. Due to poor productivity and shortage in the supply, we have to import long-staple cotton from foreign countries. The Cotton Corporation of India, set up in September 1970, is entrusted with the work of import of cotton.

- **Hike in price**

Shortage in production of cotton has pushed up the cotton prices up the cotton prices to new peaks which in turn has contributed to the upward trend in price levels in the country. The industry is suffering from cost inflation. Raw cotton accounts for about 40 per cent of the cost of cloth and 65 per cent of the total cost of producing cloth. Since 85 per cent of textile exports are cotton based, the price policy for cotton must be such that India retains its competitive advantage.

- **Modernization problem**

Almost the entire machinery in this industry is very old, worn-out, obsolete, requiring replacement and modernization. A large number of units still remain in a state of poor technology. Consequently, the productive efficiency has gone down considerably and the cost of production has increased, placing us in a poor position in the field of competition in the foreign market. Modernization of the industry requires more than Rs. 1,000 crores which is a problem of finance. The World Bank agreed to include the textile machinery industry under the IDA credits. Further, in 1986, the Textile Modernization Fund of Rs. 750 crores was created.

- **The problem of Competition, Export and Substitution**

Our export market in cotton cloth is declining year after year in the face of stiff competition from Japan, Pakistan, Germany, Italy, Spain and Netherlands. These countries have better competitive strength, as they use up- to-date modernized automatic machinery which can produce finer varieties to suit consumer's taste. Emergence of substitutes like Nylon, Terylene and synthetic fibres has reduced the demand for pure cotton fibres.

- **Problem of Controlled cloth and competition from decentralized sector**

The conditional stipulation by the mills to produce certain quantity of coarse varieties of cloth is another formidable problem for the mills. In the production of controlled cloth, the industry is losing at a rate of 80 paise per square metre. The industry's plea for increasing the price of the controlled cloth has not been looked into. Being a small scale sector, the Government allows lot of concessions and privileges etc., to the decentralized sector.

- **Power Cut**

Another important problem faced by the industry is the frequent poer cuts which impede the progress of the industry. Adequate and unfailing supply of power has become the vital need for any industry and more so for this industry in which many units are financially very poor having lost their capital and reserve.

- **Heavy Taxation**

The industry is also largely affected by steep increase in exise duties. These financial burdens inflate the cost of production considerably.

- **The Control Problem:** The industry is subject to a variety of controls price control, production control, quality control etc., hinder the progress of the industry.
- **Labour problems**

This industry has been faced with frequent labour problems. In 1982, the mills of Bombay were rocked by a labour strike which continued for nearly 8 months. in most of the cases, the cotton textile mills have become a testing ground for personal rivalries and political bickerings.

1.5 SUGAR INDUSTRY

The Sugar Industry in India is the best agro-based industry occupying a pre-eminent position in economy of the country. Next to textiles, it is the biggest industry employing about three lakh skilled and unskilled workers and 50 thousand technicians, besides providing employment to about 25 million cultivators. In addition to this, there are many thousands of people engaged in sugar trade, transport of sugar and cane and also in its by products such as alcohol, plastics, paper, synthetic rubber, fibre board, etc. The sugar industry in recent years has begun to export sugar, thus earning valuable foreign exchange. Besides, it provides Rs. 3,000 crores, in the form of taxes to the exchequer.

With an invested capital of over Rs. 1,350 crores, sugar industry is one of the best organized industries in India which had a spectacular growth since 1930. The industry received great impetus after the grant of production in 1931. The number of factories went up from 31 in 1931-32 to 200 in 1967-68 and to 246 and 1974-75. At present there are 420 factories in india in different parts of the States. Of the 420 factories with an installed capacity of 15 million tonnes, only 400 are working, 120 in the private sector,60 in the public sector and 220 in the cooperative sector.

- **PROBLEMS OF SUGAR INDUSTRY**

Competition from gurKhandsri Units: Indian sugar is produced in three forms, namely Gur Khandsri and white sugar. The first two Gur and khandsri are prepared by indigenous methods with little capital and low overhead costs.

Mounting losses and accumulation of arrears of sugarcane dues to for farmers: Sugarcane prices have been increasing year after year and the cost of production of sugar is mounting up, since 60 per cent of the cost of production of sugar is accounted by the raw material i.e., sugarcane.

Low yield of Sugarcane: Sugarcane productivity is very low in India perhaps lowest in the world with only 17.1 tons of cane per acre whereas in Hawaii it is 80.4 tons of sugarcane per acre.

Short Crushing Season: Another problem is the short crushing season of the industry which makes the mills remain idle for more than 200 days in a year.

Low Milling Efficiency: The milling efficiency and recovery of sugar is very poor in Indian mills. The average percentage recovery of Indian mills is only 10 producing only 1.8 tons of sugar out of sugarcane produced in one acre.

Defective Structure of the Industry: In the case of the sugar industry there is a wide gap between the manufacturing unit and the production of sugarcane, so to say divorce between agriculture and manufacture.

High Cost and Price of Sugar: Inefficient and outmoded machinery low productivity poor recovery in crushing, transport cost, high taxation have put the cost of production of sugar at a very high level and Indian sugar is sold at a very high price though in the international market sugar is priced at 0.66 per kilo.

The Problems of By-Products: The important by-products of sugar industry are 'bagasse' and 'molasses', which are not properly utilized. The Bagasse is utilized as fuel and molasses creates health hazards.

1.6 IRON AND STEEL INDUSTRY

The history of iron and steel in India dates to 1000 B.C., when iron-smelting was known and non-rusting iron was made available. When Alexander the Great returned from India, he took with him a precious gift of 30pounds of high quality iron from king Porus.

India possesses some of the world's largest reserves of iron ore, mainly hematities and magnetites, with iron content ranging between 65 to 70 per cent. The iron ore reserves of India are assessed at one-fourth of the total world reserves and proven resources of iron ore grade at 22,000 million tonnes the second largest in the world.

Modern Iron and Steel Industry in India: The foundation of the modern iron and steel industry in India were laid in 1906 when rich deposits of high grade iron are were disvered in Singhbhum, though the first attempts of iron and steel manufacture by modern methods were made in Jharia in Bihar.

- **PROBLEM OF IRON AND STEEL INDUSTRY**
- **Underutilisation of capacity**

Throughout the period of planning, this industry was suffering from poor utilisation of its capacity. During Seventies, all the units were working far below the capacity.

- **Gross Inefficiency**

Almost all public sector units of this industry exhibited gross inefficiency with units losing continuously and also heavily due to heavy investment on social overheads poor labour relations, inefficient top management and also under utilisation of capacity.

- **Obsolete Technology**

Some of the public sector steel plants are working with obsolete technology. In respect to blast furnance productivity, Indian blast furnaces are not even half efficient as that of steel plants in foreign countries.

- **Rise in input Costs**

In steel industry, cost of raw material accounts nearly 35 to 40 per cent of the total costs, as it is material intensive industry. As such, even a small increase in price of raw materials of the industry will have heavy impact on the total cost of production.

- **Shortage of Raw Materials**

The modern giant blast furnace needs high grade iron ore and good metallurgical coal. The industry is unable to get good quality coke and manganese-ore which are the principal raw materials next to iron-ore.

- **Problem of Administered prices**

The Government had been following a system of administered prices, and controlled distribution of steel among consumers. In the face of heavy demand for various items of steel materials, price control and distribution had led to heavy black-marketing and acute shortage of steel.

- **Sickness of Mini-steel Plants**

According to 'Report on Currency and Finance' of the Reserve Bank of India the mini-steel plants were faced with sickness. According to the report, "The main problem faced by theses units included short supply of inputs and sharp increase in price of inputs like electrodes and scrap, inadequate power supply, constraint of working capital and poor management."

- **Problem of Metallurgical Coal**

Indian Steel Plants are frequently faced with the problems of getting adequate quantities of good quality of metallurgical coal. With the expansion of the industry, the demand for coking coal is on the increase.

1.7TEA INDUSTRY

- The **largest consumer** of tea in the world
- The **second largest producer** of tea in the world
- The **fourth largest exporter** of tea in the world

Tea serving is ubiquitous across India – from roadside tea stalls to corporate boardrooms and five star hotels. A more recent trend is the growing obsession for exquisite tea varieties and blends – which promises tremendous opportunities for both new and existing players on the market.

- **Tea Cultivation in India**

Tea cafes seem to be the new flavour of India. They are opening up at a steady pace throughout the country – enticing consumers to try different varieties of Indian tea and take their tea drinking experience to new levels.

Indian tea lovers are spoilt for choice today – with an exciting range of different-flavoured tea concoctions offered by tea cafes, ranging from upmarket tea lounges to down-to-earth chai shops around the street.

Several varieties of Indian tea have achieved **global acclaim** due to their highly sought-after characteristics – that no other tea anywhere in the world can replicate.

Interestingly, the **two most popular varieties of Indian tea** in the world originate from two very diverse regions – the dizzying heights of **Darjeeling** and the tropical plains of **Assam** – epitomising the sheer diversity of India.

Tea production in India was virtually non-existent till the late 17*th* century. A series of efforts were undertaken by the British to understand the art and science of tea cultivation. While it took much time and effort, the results of their experiments in **Darjeeling** and **Assam** – now two of the largest growing regions of Indian tea – greatly surpassed their expectations.

A number of enterprising planters took over and tea cultivation rapidly proliferated across the foothills of the Himalayas and the hills of South India (now the home for **Nilgiri tea**). Over time, knowledge and application of cultivation practices passed from generation to generation. The rich legacy that the Indian tea industry stands on today is unparalleled anywhere in the world, just like the natural conditions in tea growing areas that are particularly favourable to the tea plant.

The tea plant has very specific requirements in terms of soil and climatic conditions. Indian tea is primarily cultivated in the hills of North-eastern and Southern states. Some of the most exquisite and globally acclaimed varieties of Indian tea hail from plantations in **Darjeeling, Assam** and **Nilgiris**, although several varieties of Indian tea are also grown across other Indian states as well. Although tea drinking in India emerged in the previous century, it has really caught on rapidly.

1.7 PETROCHEMICALS INDSTRY IN INDIA

India's petrochemical industry has been one of the fastest growing industries in the Indian economy. It provides the foundation for manufacturing industries such as pharmaceuticals, construction, agriculture, packaging, textiles, automotive, etc. The major accelerator for the growth of the petrochemical industry in India is its ongoing economic development.

The Indian petrochemical industry faces a number of challenges for sustained growth, putting India at a competitive disadvantage in the competition with China. India's ethylene capacity is far smaller than China's and is unlikely to rise above its Asian rival's levels in the next 5-7 years. This will make it impossible for India to develop applications further downstream.

Other major issues faced by the Indian petrochemical industry are lack of low cost feedstock and dependence on western countries for technology. New crackers and derivatives projects announced are making slow progress and their coming onstream might be further delayed.

The petrochemical industry in India is oligopolistic with four main players dominating the market, namely Reliance Industries Ltd. (RIL) along with Indian Petrochemical Ltd. (IPCL), Gas Authority of India Ltd (GAIL), and Haldia Petrochemicals Ltd. (HPL). One of the major advantages that this industry has to itself is a competitive range of labor cost and a huge trained talent pool. Meanwhile, insufficient basic infrastructure, prevalence and use of old technology and high feedstock cost in comparison to Middle East countries are some setbacks it continues to face.

However, it is anticipated that the output growth of almost $200 billion from the current $83 billion will be made within the coming decade. The future of the Indian petrochemicals industry is bright with domestic demand driving the market for products. With Government support slowly falling into place, the future could see more investments from multinationals as well as domestic companies.

In this industry scenario, Taiyou Research analyzes the Petrochemicals Industry in India. The report covers the following:

An analysis of the global petrochemicals industry in the aftermath of the Japan earthquake and the nuclear disaster in Japan. We analyze the global petrochemicals industry in 2011 and an outlook for the industry.

An analysis of the petrochemicals industry in Asia in order to establish the importance of the Indian petrochemicals industry in the region.

An analysis of the petrochemical industry in India including market profile, market size for the period ranging from the year 2000 till 2015, the total installed capacity of petrochemicals in India, major petrochemical complexes in India segmented by state and according to performance, the installed petrochemical capacity in India by feedstock, by production process, and by technology, the consumption of petrochemicals in India by end use sectors, market share of leading players in the petrochemical industry, a look at the mergers and acquisitions profile of the industry and the latest industry developments.

We analyze the aromatics and derivatives segment of the Indian petrochemical industry through a market profile, aromatics and derivatives complexes in India, market size for the period 2000-2015, the installed capacity of aromatics and derivatives by feedstock, and the market share of the leading players in the industry.

We analyze the olefins and derivatives segment of the Indian petrochemical industry through a market profile, olefins and derivatives complexes in India, market size for the period 2000-2015, the installed capacity of olefins and derivatives by feedstock, and the market share of the leading players in the industry.

We analyze the methanol and derivatives segment of the Indian petrochemical industry through a market profile, methanol and derivatives complexes in India, market size for the period 2000-2015, the installed capacity of methanol and derivatives by feedstock, and the market share of the leading players in the industry.

We analyze the styrene and derivatives segment of the Indian petrochemical industry through a market profile, styrene and derivatives complexes in India, market size for the period 2000-2015, the installed capacity of styrene and derivatives by feedstock, and the market share of the leading players in the industry.

We analyze the vinyls segment of the Indian petrochemical industry through a market profile, vinyls complexes in India, market size for the period 2000-2015, the installed capacity of vinyls by feedstock, and the market share of the leading players in the industry.

We carry out a brief analysis of the Indian fertilizer industry as well.

A SWOT analysis of the Indian petrochemical industry is carried out, along with a look at industry trends and major projects in the industry. Projects in the industry are analyzed through company profiles as well as industry segments, namely aromatics and derivatives project profiles 2011-2015, olefins and derivatives project profiles 2011-2015, styrene and derivatives project profiles 2011-2015, and vinyls project profiles 2011-2015. Companies whose projects are analyzed include Indian Oil Corporation, Oil and Natural Gas Corporation, Reliance Industries, and Others.

Regulations impacting the Indian petrochemical industry are analyzed.

Major industry players are analyzed through a company overview, analysis of business segments, a look at their strategies, and a SWOT analysis. For Haldia Petrochemicals, Indian Oil Corporation, and Reliance Industries we also analyze their petrochemical capacities worldwide and in India, along with their overall petrochemical capacities by commodity as well as their petrochemical complexes.

Industry outlook for the Indian petrochemical industry includes an overall market outlook, and outlook for petrochemical demand and production, petrochemical price forecast, forecast for petrochemical trade. Forecasts for the various industry segments are also divided in a similar manner.

1.8 Industrial Policy 1991

With the gradual liberalisation of the 1956 Industrial policy in the mid-eighties the tempo of industrial development started picking up. But the industry was still feeling the burden of many controls and regulations.

For a faster growth of industry, it was necessary that even these impediments should be removed. The new government by Shri Narasimha Rao, which took office in June 1991, announced a package of liberalisation measures under its Industrial Policy on July 24, 1991.

Objectives: The New Industrial Policy,1991 seeks to liberate the industry from the shackles of licensing system Drastically reduce the role of public sector and encourage foreign participation in India's industrial development. The broad objectives of New Industrial Policy are as follows:

- Liberalising the industry from the regulatory devices such as licenses and controls.
- Enhancing support to the small scale sector.
- Increasing competitiveness of industries for the benefit of the common man.
- Ensuring running of public enterprises on business lines and thus cutting their losses.
- Providing more incentives for industrialisation of the backward are
- Ensuring rapid industrial development in a competitive environment.

The New Industrial Policy has made very significant changes in four main areas viz., industrial licensing role of public sector, foreign investment and technology and the MRTP act. The major provisions of this policy are discussed below.

Abolition of Industrial Licensing:

In the earlier industrial policy, industries were subjected to tight regulation through the licensing system. Though some liberalisation measures were introduced during 1980's that positively affected the growth of industry. Still industrial development remained constrained to a considerable extent.

The new industrial policy abolishes the system of industrial licensing for most of the industries under this policy no licenses are required for setting up new industrial units or for substantial expansion in the capacity of the existing units, except for a short list of industries relating to country's security and strategic concerns, hazardous industries and industries causing environmental degradation.

Evaluation of the New Industrial Policy

The New Industrial Policy 1991 aims to unshackle Indian's industrial economy from the cobwebs of unnecessary bureaucratic control. According to this policy the rate of the government should change from that of only exercising control over industries to that of helping it to grow rapidly by cutting down delays.

Removal of entry barriers and bringing about transparency in procedures. This policy therefore also at virtually ending the 'Licence-Permit Raj' which has hampered private initiative and industrial development. The new policy therefore throws almost the entire field of industry wide upon for the private sector.

The public sector's role has been confined largely to industries of defence, strategic and environmental concerns. Thus new policy is more market friendly and aims at making the best use of available entrepreneurial talent in a congenial industrial environment. The industry is thus expected to grow faster under the new industrial policy 1991.

1.9 Public Sector Enterprises

Development of Public Enterprises in India

In 1947, when India gained independence, there were few public enterprises in India (departmental). These were departmental undertakings and were pertaining to the Railways, Post and Telegraphs, and Defense Production. Over the years, the government and economists worked hard to lay the foundation for the development of public enterprises in India. In this article, we will look at the evolution of the public enterprise landscape in India.

Pre-Independence Era

The British were not keen on developing public enterprises in India. For that matter, there were very few domains that the British kept within the state. These were:

- *Defense Production* – To ensure that it remains a closely guarded secret.
- *Railways* – Since it helped in the extraction of resources on a large scale.

- *Post and Telegraph* – Since it was important for functional and strategic reasons.

The initial days of Public Enterprises in India

After independence, Prime Minister Jawahar Lal Nehru laid the foundations of strong public enterprises with a focus on the goods-producing sectors in India. The Prime Minister received support and inspiration from the renowned statesmen – Josip Broz Tito (former President of Yugoslavia) and Abdel Gamal Naseer (former President of Egypt). These three farsighted leaders were instrumental in laying down foundations of public sector enterprises in their respective countries.

In 1951, when we started building an Independent India, the total investment in public enterprises was less than half a billion euros. Today, there are around 247 public enterprises with a cumulative investment of around 130 billion euros.

Also, in 1951 when the first five-year plan was launched, the government's investment in public enterprises was Rs.29 crore. This number rose exponentially to Rs.3,93,057 crore as on 31 March 2006.

Another reason for the evolution of public enterprises in India is the substantial contribution they make to the resources of the Central Government. During 2004-05, public enterprises contributed around Rs.10,599 crore to the central exchequer.

Importance of Public Enterprises in India

Since independence, public enterprises have been of strategic importance to the Indian economy.

- Being a country with a diverse geographical spread, public enterprises ensure that there is a balance in the regional investment. In India, there are many regions where private enterprises need incentives and concessions to induce them to operate. However, public enterprises have ensured that industries grow and flourish in different parts of the country.

- Unified controls of public enterprises ensure their economic functioning while enjoying economies of scale.
- Indian consumers have also benefitted from the development of public enterprises in India.
- Employees receive a fair deal as compared to the private sector.
- These enterprises have taken the lead to initiate development in the core sector. The core sector is comprised of strategic sectors which provide externalities to the economy as a whole. Public enterprises ventured into the core sector even when the returns were modest or insignificant.
- Further, public enterprises account for nearly 20 percent of India's Gross National Product.
- They also pay dividends to the government and enhance export earnings and import substitution.
- The public enterprise sector is a major employer. It employs around 1.9 million people whereas the private sector employs around 0.9 million people.

Initiatives to improve the performance of Public Enterprises

Despite public enterprises being important for the Indian economy, the rate of return on capital investment is very low. Hence, the Government of India took several steps to improve the overall performance of public enterprises.

- In July 1991, the Indian Government announced an Industrial Policy to help enhance the portfolio and improve the performance of public enterprises in India. Privatization, liberalization, and globalization of the

Indian economy were specifically emphasized. Also, the role of the public sector was refined.

- Further, in July 1997, identified nine central public enterprises (BHEL, BPCL, GAIL, HPCL, IOC, MTNL, NTPC, ONGC, and SAIL) as 'Navratnas' and gave them autonomy for:

  Also, in October 1997, the government identified 45 'Miniratnas' and granted an enhanced autonomy and delegation of financial power.

- Over the years, the government emphasized on reviving sick and chronically loss-making enterprises. The Board for Industrial and Financial Reconstruction (BIFR) helps these enterprises and prepares appropriate revival or rehabilitation packages.
- The Indian Government also set up a Board for Reconstruction of Public Sector Enterprises (BRPSE) which advises it on proposals of restructuring or reviving sick and loss-making units along with those for disinvestment or sale or closure. As on March 30, 2006, the BRPSE offered recommendations in 31 central public sector enterprises. Of these, the government approved revival plans of 15 cases.

Performance of the Industry

The Index of Industrial Production or IIP is the measure of the industrial performance. IIP registered a growth of 1.2% in the period April-October, 2012 against a 3.6% growth in the same period in 2011. Here is how some sectors performed. Two periods are taken for the sake of comparison – April-October, 2012 and April-October, 2011.

- The manufacturing sector recorded a growth of 1.0% in 2012 against 3.8% in 2011.

- Further, the mining and electricity sector posted growth rates of -0.7% and 4.7% in 2012 against -2.2% and 8.9% in 2011.
- The Capital Goods sectors recorded a growth of -11.4% in 2012 against -0.5% in 2011.
- Consumer durables sector posted a growth of 5.6% in 2012 against 4.5% in 2011.

1.10 Privatisation and Disinvestment Process in India

We had already studied about the liberalisation policy announced by the Government of India in the year 1991. Policy statement envisaged disinvestment of a part of government holding in the share capital of selected Public Sector Enterprises (PSEs) in order to provide market discipline and to improve the performance of public sector enterprises.

The Government of India decided to disinvest PSE shares in some selected units and to progress with the process phase-wise. For the year 1992, a target of Rs. 2,500 crore disinvestment of PSE shares was set; but the actual realisation amounted to Rs. 1,913 crores. In the year 1991-92, the first year of the process, the achievement due to disinvestment reached Rs. 3,038 crores, though the3 actual target was only Rs. 2,500 crores.

This process is going on. The Government has also finalised the disinvestment of 12 companies through strategic sales and 18 hotels of ITDC and 3 HCI through demerger/slump sale (till 15th July 2002). In 2003-o4, the government set a target for disinvestment at Rs. 14,500 crores. The Government was able to raise Rs. 1,300 crores by making public offer in Maruthi Udyog Limited and Hindustan Zinc Ltd.

The Government to achieve the target, decided to make public offer of shares of six PSUS. These are CMC (Computer Maintenance Corporation), IPCL (Indian

Petro-Chemical Corporation Ltd), IBP (Formerly Indo-Burma Petroleum) now controlled by Indian Oil Corporation; Dredging Corporation of India; the Oil and Natural Gas Corporation (ONGC) and GAIL (formerly Gas Authority of India). All these were highly profitable organisation and disinvestment in 2003-04 would have exceeded the target.

Statistics information about disinvestment of Central Government PSUs is given by Public Enterprises Survey which is considered to be authentic. As per the information provided by this, during the 12year period, i.e., 1990-2002, total proceed realised from disinvestment stands around Rs. 29,482 crores, which works out to 9.1 per cent of total investment in Central Public sector undertakings.

UNIT - V

1.1 Poverty in India

It is very difficult to define the term 'Poverty', as there is nothing 'absolute' about poverty and the concept is essentially a relative one. In the materialistic sense, a poor person is one who lacks means to procure necessities of life.

It is not the word 'money' but the word 'more money' which implies the concept of poverty. It is always relative. 'A' who is starving is not poor in isolation. He is poor when compared to 'B' who has something to eat. Going a step further 'B' is poor when compared to 'C' who is having not only plenty of food, but also good food. Thus, the concept is purely relative. Drawing a poverty line is more or less an arbitrary proposition.

However, for quantifying the extent to property, economists adopt some economic indicators or measures to indicate the number of people below the poverty line. The 'intake of food' and the 'standard of living' are also taken into consideration in measuring poverty.

Poverty line

Lord Boyd-Orr, the first Director General of FAQ, was the first person to propound the notion of starvation line in 1945. According to him a consumption of less than 2,300 calories per person per day was considered as the line of planning Commission has defined the poverty line on the basis of recommended nutritional requirement of 2,400 calories per person per day for rural areas 2,100 calories per person per day for urban areas.

The working group consisting of Prof. Gadgil, Dr.V.K.R.V. Rao, Dr. P.S. LokanathanDr.Ganguil and Ashok Mitra worked out the poverty line in India and recommended a standard of private consumption at Rs. 240/- per capita per year at 1960-61 prices as the barest minimum. This means, a person consuming less than 67 paise worth of food is considered to be living below the poverty line. Based on this criterion, 58 per cent of the population were living below the poverty line during the period 1953 to 1958 and 48 per cent of the population were living below the poverty line in 1967-68.

Causes of Poverty

The principal causes for the poverty in India are: (a) High growth rate of population, (b) Inequalities of income and low per capita income, (c) Low consumption expenditure, (d) Poor development, (e) Social and political factors.

High Growth Rate of Population

India is a land of paradoxes and contradictions. This is more so in economic development of the country. In fifty five year of planning, we find the paradox of 'Poverty with Growth'. Generally, it is attributed that the rate of growth of population in India has been larger than the rate of growth of the economy.

Inequalities of income and low per capita income

Another principal cause for massive poverty in India is gross inequalities of income and wealth due to maldistribution of national income and concentration of economic power. As we have studied already the per capita income is very low in India.

Low Consumption Expenditure

Because of the poor income, the consumption expenditure is also very low in India. Studies made by Dandekar and Rath revealed the magnitude of low consumption of the people in India. The studies among different section of the rural population revealed in 1960-61.

Poor Development

The rate of development is very poor in relation to employment generation. The poor people could come up economically either by increasing their assets or by increasing their income. But in our economy, the increase in employment opportunities is always less than the increase in labour force.

Social and Political factors

Apart from the above factors, illiteracy, ignorance, conservatism, casteism and the lack of will to elevate are the causes of poverty in rural areas. The type of democracy and the political system in our country have given scope for corruption, indifference, apathy, administrative inefficiency and incompetence in our political life, leading to dishonesty and poor morale in public life.

1.2 Poverty Eradication Programmes

Several measures have been undertaken by the Government for alleviation of poverty and misery of the people of the country. These measures can be categorised into (a) Employment Generation Programmes (b) Programme to help the poor to acquire productive assets through subsidised credit (c) Programme of the nature of human development.

Employment Generation Programmes

These aim at increasing the income of the poor by providing them productive employment. The government has adopted the following employment programmes.

Swaranjayanti Gram Swarozgar Yojana

This was launched in villages, in April 1999. Under this programme, a large number of small enterprises in rural areas will be organised, as individual enterprises, as well as on collective basis as self-Help Gropus.

Sampoorna Grameen Razgar Yojana

This was launched on September 1.2001, with aim of providing additional wage employment in rural areas and thereby food security and improved nutritional levels.

1.3 Rural Employment Generation Programme

This was launched in 1995, It aims at creating employment opportunities in the rural areas and small towns. Under REGP, entrepreneurs can set up village industries by getting margin money assistance from Khadi and village Industries commission and bank loans for projects costing about Rs. 25 lakhs at the maximum.

Recent Employment Scheme

Employment generation coupled with improving employability is the priority concern of the Government**.** Government has taken various steps for generating employment in the country like encouraging private sector of economy, fast tracking various projects involving substantial investment and increasing public expenditure on schemes like Prime Minister's Employment Generation Programme (PMEGP) run by Ministry of Micro, Small & Medium Enterprises, Mahatma Gandhi National Rural Employment Guarantee Scheme (MGNREGA), Pt. DeenDayal Upadhyaya Grameen Kaushalya Yojana (DDU-GKY) scheme run by Ministry of Rural Development and DeendayalAntyodaya Yojana- National Urban Livelihoods Mission (DAY-NULM) run by Ministry of Housing & Urban Affairs.

Pradhan Mantri Mudra Yojana (PMMY) has been initiated by Government for facilitating self-employment. Under PMMY collateral free loans upto Rs. 10 lakh, are extended to small/micro business enterprises and to individuals to enable them to setup or expand their business activities. Till 25th January, 2019, total 15.59 crore loans have been sanctioned under the scheme.

Pradhan Mantri RojgarProtsahan Yojana has been initiated by the Ministry of Labour and Employment in the year 2016-17 for incentivizing employers for employment generation. Under this scheme, Government is paying the entire employer's contribution (12% or as admissible) towards the EPS and EPF for all sectors w.e.f. 01.04.2018 to all eligible new employees for the next 3 years from the date of registration of the new employee. Till 28th January, 2019, benefits have been given to 1.29 lakh establishments covering 1.05 crore beneficiaries.

Under Skill India Mission, Ministry of Skill Development and Entrepreneurship is implementing a flagship scheme known as Pradhan Mantri Kaushal Vikas Yojana (PMKVY) 2016-20 with an objective to provide skilling to one crore people under Short Term Training (STT), Recognition of Prior Learning (RPL) and Special Project (SP) across the country for four years i.e. 2016-2020 with an outlay of Rs. 12,000 crore. Under the scheme, short duration skill development training programme is being imparted to all prospective candidates including candidates belonging to BPL in the country.

Under PMKVY 2016-20, as on 24.01.2019, 37.32 lakh (appx.) candidates have been trained under STT (25.25 lakh), RPL (11.27 lakh) and Special Project (0.8 lakh) in the country. Under PMKVY 2016-20 scheme, placement tracking is mandatory. The placement data is reported within 90 days of certification of trained candidate. As per data reported on SDMS, as on 24.01.2019, 21.03 lakh candidates are certified under STT and SPs of PMKVY 2016-20. The number of candidates certified under STT and SPs of PMKVY 90 days prior i.e. 26.10.2018 is 19.39 lakh. Out of these candidates, as on 24.01.2019, 10.64 lakh candidates have been placed in various sectors across the country.

1.4 Swaraj Bharat Mission

Swachh Bharat Mission Total Failure in Delhi

Swaraj IndiaPrime Minister Narendra Modi's ambitious Swachh Bharat Mission has failed in Delhi, says Swaraj Abhiyan leader, claiming that only a little over 2 crores of the allotted 366 crores has been spent in the city

New Delhi

Swaraj India on Friday dubbed Prime Minister Narendra Modi’s ambitious Swachh Bharat Mission a “complete failure” in Delhi, claiming that only a little over 2 crores of the allotted 366 crores has been spent in the city. "During the five years of the mission, Delhi was supposed to get 360.01 crores. But the total amount spent in Delhi in the last two years is only 2.22 crores," says the party General Secretary Ajit Jha, claiming that the North and East Delhi Municipal Corporations "did not spend a single rupee" in 2015-16 from the 92.28 crores and 83.99 crores allocated respectively.

"In last two years, the South Delhi Municipal Corporation has spent a meagre 1.86 crore out of its allocated 66.47 crores," he claimed.

Questioning the Bharatiya Janata Party's commitment towards clean Delhi and Swachh Bharat, party's Chief Spokesperson Anupam said: Hardly anything has been done under the mission in Delhi. But the BJP leaders, including the Prime Minister, never get tired of photo shoots and making speeches. Owing to these reasons, PM Modi's Swachh Bharat Mission has become a joke in the national capital. It has been a complete failure.

1.5 Role of Micro Finance

India has supported social banking for a long time. Policy directions to rapidly expand rural branches, mandate credit allocations for priority sectors (including agriculture), deliver large subsidy oriented credit programmes to serve marginal communities and poor households and control interest rates have been tried for over 35 years. For these purposes, microfinance industry is set to reach new heights. With superlative growth numbers in a period of economic downturn, the sector has come to attention of a wider range of investors.

The rapid growth of the microfinance sector in the last few years has completely changed its complexion and nature. The growth has transformed microfinance: from being a subset of the development sector it has become a subset of the financial services industry. In the last two years competition amongst microfinance institutions (MFIs) as well as with the Self Help Group (SHG) movement has emerged India. This paper discusses the role of microfinance industry in countrys economic growth in terms of its GDP.

It also discusses the changed scenario in the competitive environment and the issues in microfinance institutions. Karl Pearsons coefficient of correlation is used to determine the role of microfinance in countrys growth, which state a very high correlation between these two.

Role of Micro Finance Industry in Indian Economic Growth

INTRODUCTION

Micro-finance refers to small savings, credit and insurance services extended to socially and
economically disadvantaged segments of society. In the Indian context terms like "small and
marginal farmers", " rural artisans" and "economically weaker sections" have been used to
broadly define micro-finance customers. The recent Task Force on Micro Finance has
defined it as "provision of thrift, credit and other financial services and products of very small
amounts to the poor in rural, semi urban or urban areas, for enabling them to raise their income levels and improve living standards".

At present, a large part of micro finance activity is confined to credit only. Women constitute a vast majority of users of micro-credit and savings services. Due to its large size and population of around 1000 million, India's GDP ranks among the top 15 economies of the world. However, around 300 million people or about 60 million households, are living below the poverty line. It is further estimated that of these households, only about 20 percent have access to credit from the formal sector.

Additionally, the segment of the rural population above the poverty line but not rich enough
to be of interest to the formal financial institutions, also does not have good access to the

formal financial intermediary services, including savings services. A group of micro-finance practitioners estimated the annualised credit usage of all poor families (rural and urban) at over Rs 45,000 crores, of which some 80 percent is met by informal sources. This figure has been extrapolated using the numbers of rural and urban poor households and their average annual credit usage (Rs 6000 and Rs 9000 pa respectively) assessed through various micro studies. Credit on reasonable terms to the poor can bring about a significant reduction in poverty. It is with this hypothesis, micro credit assumes significance in the Indian context.

With about 60 million households below or just above the austerely defined poverty line and with more than 80 percent unable to access credit at reasonable rates, it is obvious that there are certain issues and problems, which have prevented the reach of micro finance to the needy.

With globalisation and liberalisation of the economy, opportunities for the unskilled and the illiterate are not increasing fast enough, as compared to the rest of the economy. This is leading to a lopsided growth in the economy thus increasing the gap between the haves and have-nots. It is in this context, the institutions involved in micro finance have a significant role to play to reduce this disparity and lead to more equitable growth.

OBJECTIVE

This paper attempt to analyze:

(a)the trend of the microfinance industry,

(b)relationship between microfinance industry and the economic growth of the country,

(c)the issues in microfinance sector,

(d)the changed scenario of microfinance institution under competitive environment &

(e)the future of microfinance industry

1.6 SHG Cottage and House Hold Sector

"The fastest way to change society is to mobilize the women of the world." -- Charles Malik Women participation plays a significant role in rural employment. They put their entrepreneurial skills in all the rural employment activities such as agricultural operations, poultry, sheep rearing, dairy, fire wood cutting and selling, sale of agricultural produce etc. Though they put maximum efforts in rural employment activities, their economic status has not improved and their livelihood is poor. Even with sufficient entrepreneurial potential, they may not be able to convert their entrepreneurial dream into a reality due to poor financial strength (Gurumoorthy, 2000).

The origin of SHG is from the brain child of Gramin Bank of Bangladesh, which was found by the economist, Prof. Mohammed Yunus of Chittagong University in the Year 1975, to provide micro-finance to rural women. In Bangladesh, micro-finance has been established as a most powerful instrument to tackle poverty. The small beginning of linking only 500 SHGs to banks in 1992, had grown to over 0.5 million SHGs by March 2002 and further to 8 million SHGs by March 2012 according to a report by NABARD.

In southern states, almost 100 per cent of the SHGs linked to banks in the pilot stage, while the total number of SHGs linked in southern states shrank to 46 per cent by March 2012. (Archana Kumari,2013). Poor families living below the poverty line were then organized into SHGs established with a mixture of government subsidy and credit from investment banks. The main aim of these SHGs is to focus on income generation and raising poor families above the poverty line.

The SHGs are supported and trained by nongovernment organizations (NGOs), community based organizations (CBOs), individuals, banks self-help promoting institutions, and microfinance institutions (MFI). The most prominent models of delivery for microfinance in India continue to be SHGs, promoted by the state governments, NGOs, a few regional rural banks, and specialized MFIs that use various models to make both group and individual loans.

The southern states of India experienced the largest concentration of SHG activities, both with state support, and promoted by private MFIs (Saha et al.,2013). 11 The 9th Five Year Plan of the government of India had given due recognition on the importance and the relevance of the Self-help group method (SHG) to implement developmental schemes at the gross root level. Thousands of the poor and the marginalized population in India are building their lives, their families and their society through Self help groups. Consisting of 10-20 members, the SHG is a method of organizing the poor people and the marginalized to come together to solve their individual problems.

It is implemented by the government, NGOs and other institutions worldwide to meet the financial needs of rural poor women and to strengthen collective self help capacities of the poor, leading to their empowerment. It is a more attractive scheme with less effort and a tool to remove poverty and improve the women entrepreneurship and financial support in India. The SHGs-Bank Linkage Programme is emerging as a cost effective mechanism for providing financial services to the “Unreached Poor”.

The SHG Programme plays a central role in the lives of the poor. There is evidence of increased household income through SHGs. At the individual level, it attracts relatively empowered people and, that empowerment occurs among some clients through programme participation. The process of empowerment manifests itself in increased self-esteem and decision-making at the family level. Since women are the sole family caretakers, proper emphasis should be given to the rural women for which finance is required. The SHGs have proved the way for economic independence of rural women (Sundaram., 2012).

Empowering women contributes to the social development of a country whether developed or underdeveloped. Women constitute an equal share with men in the total population of our country. In few regions, women outnumber men in total population. While devising various policies for rural and socio-economic development, women's empowerment cannot be ignored. Various schemes introduced by the government to combat rural unemployment have met with marginal success. Considering the need for women empowerment in the light of their changed role in the contemporary society, the government has introduced several schemes to provide financial freedom and earning opportunities to them (Rao et al., 2014). A vast literature demonstrating that public investments in women empower them to make choices, benefits not only them as individuals, but also their families and communities (Schultz 1995; Nussbaum 2000).

There is also proof that women are less risky borrowers, and more responsive to the threat of social sanctions that form the basis of recent group lending schemes (Armendariz and Morduch 2005). A positive impact on the socio-economic conditions and the reduction of poverty of SHG members and their households has also empowered women 12 members substantially and contributed to increased self-confidence and positive behavioural changes in the post-SHG period as compared to the pre-SHG period (Sushil Kumar Mehta et al., 2011). In India, before introducing this scheme for rural women, their role in financial aspects was largely negligible.

But in recent years the most significant emerging system called SHG is a major breakthrough in improving lives of womenfolk and alleviating rural poverty. However the significant success of several SHGs shows that the rural poor are indeed efficient to manage credit and finance. Women participation in Self Help Groups have obviously created tremendous impact upon the life pattern and style of poor women and have empowered them at various levels not only as individuals but also as members of the family, members of the community and the society as a whole.

They come together for the purpose of solving their common problems through self-help and mutual help. SHGs have an in-built mechanism where emphasis has been given over capacity building of women through developing their dialoguing skills. An SHG functions through its regular meetings, where members perform transactional activities and discuss over different related issues. This discussion among the group members is the means through which they give voice to their needs and it proves to be a platform for addressing their social and economic problems and enlightening their inner selves as well.

The SHGs provide economic benefits in certain areas of production process by undertaking common action Programmes, like cost-effective credit delivery system, generating a forum collectively, learning with rural people, promoting democratic culture, fostering an entrepreneurial culture, providing a firm base for dialogue and cooperation in Programmes with other institutions, possessing credibility and power to ensure participation and helping to assess an individual member's management capacity.

SHGs enhance the equality of status of women as participants, decision-makers and beneficiaries in the democratic, economic, social and cultural spheres of life. They have inculcated a great confidence in the minds of rural women to succeed in their day to day life (Ritu et al.,2003). Program had three main impacts: increases in social capital and economic empowerment, nutritional improvement (despite persistent drought at the time), and an increase in consumption for participants of new groups. The findings did not, however, find increases in income or assets, but interestingly, the effects were not limited to group members, indicating spill-over effects for communities in which SHGs were formed (Deininger and Liu ,2009).

Food security of members of households has improved after participation in SHGs. Acute malnutrition among children, infant and child mortality / premature adult deaths have 13 comparatively declined. Simultaneously it has also made a positive impact on the education of girl children (Joy Deshmukh-

Ranadive 2004). Women constitute a major part of beneficiaries of micro-finance activities in India. It helps women to gain control over the means of living and lift themselves out of poverty and vulnerability. By saving one rupee per day per head they themselves evolve as the driving force and borrow from their savings and invest in their family with the income they generate through this microfinance.

It helps women to achieve economic and political empowerment within their homes, their villages and their countries. Since many of the studies have shown the positive impacts of SHG's on aspects like women empowerment, decision making, self confidence, increased availability of assets, entrepreneurial skills, loan repayment and utilization. One needs a good nutritional status to perform their fullest potential by using best of their resources. Many of the government Programmes are targeting women of SHG due to easy Mobilisation. So, the present study was an aimed to evaluate the "Impact of Self Help Groups on the Household Nutrition in Semi-Arid Tropic (SAT) villages of Mahboobnagar district, Telangana,India " **Objectives**:

1. To assess the socio-economic conditions and nutritional status of SHG and Non SHG Households of Aurepalle and Dokur villages of Mahaboobnagar District.
2. To study the impact of SHGs on socio-economic and nutritional status of the selected Households.
3. To compare the nutritional status of SHG families with Non SHG families of selected Households.

1.6 Regional Development Disparities

Balances in India

The following points highlight the nine main causes of regional imbalances in India. Some of the causes are: 1. Historical Factor 2. Geographical Factors 3. Locational Advantages 4. Inadequacy of Economic Overheads 5. Failure of Planning Mechanism 6. Marginalisation of the Impact of Green Revolution to

Certain Regions 7. Lack of Growth of Ancillary Industries in Backward States and Others.

Regional Imbalances

Historical Factor

Historically, regional imbalances in India started from its British regime. The British rulers as well as industrialists started to develop only those earmarked regions of the country which as per their own interest were possessing rich potential for prosperous manufacturing and trading activities.

British industrialists mostly preferred to concentrate their activities in two states like West Bengal and Maharashtra and more particularly to three metropolitan cities like Kolkata, Mumbai and Chennai. They concentrated all their industries in and around these cities neglecting the rest of the country to remain backward.

The land policy followed by the British frustrated the farmers to the maximum extent and also led to the growth of privileged class like zamindars and money lenders for the exploitation of the poor farmers. In the absence of proper land reform measures and proper industrial policy, the country could not attain economic growth to a satisfactory level.

The uneven pattern of investment in industry as well as in economic overheads like transport and communication facilities, irrigation and power made by the British had resulted uneven growth of some areas, keeping the other areas totally neglected.

Regional Imbalances

Geographical Factors

Geographical factors play an important role in the developmental activities of a developing economy. The difficult terrain surrounded by hills, rivers and dense forests leads to increase in the cost of administration, cost of developmental projects, besides making mobilisation of resources particularly difficult.

Most of the Himalayan states of India, i.e., Himachal Pradesh, Northern Kashmir, the hill districts of Uttar Pradesh and Bihar, Arunachal Pradesh and other North-Eastern states, remained mostly backward due to its inaccessibility and other inherent difficulties.

Adverse climate and proneness to flood are also responsible factors for poor rate of economic development of different regions of the country as reflected by low agricultural productivity and lack of industrialisation. Thus these natural factors have resulted uneven growth of different regions of India.

Locational Advantages

Locational advantages are playing an important role in determining the development strategy of a region. Due to some locational advantages, some regions are getting special favour in respect of site selections of various developmental projects.

While determining the location of iron and steel projects or refineries or any heavy industrial project, some technical factors included in the locational advantage are getting special considerations. Thus regional imbalances arise due to such locational advantages attached to some regions and the locational disadvantages attached to some other backward regions.

Inadequacy of Economic Overheads

Economic overheads like transport and communication facilities, power, technology, banking and insurance etc. are considered very important for the development of a particular region.

Due to adequacy of such economic overheads, some regions are getting a special favour in respect of settlement of some developmental projects whereas due to inadequacy of such economic overheads, some regions of the country, viz., North-Eastern Region, Himachal Pradesh, Bihar etc. remained much backward as compared to other developed regions of the country.

Moreover, new investment in the private sector has a general tendency to concentrate much on those regions having basic infrastructural facilities.

Failure of Planning Mechanism

Although balanced growth has been accepted as one of the major objectives of economic planning in India, since the Second Plan onwards but it did not make much headway in achieving this object. Rather, in real sense, planning mechanisms has enlarged the disparity between the developed states and less developed states of the country.

In respect of allocating plan outlay relatively developed states get much favour than less developed states.

From First Plan to the Seventh Plan, Punjab and Haryana have received the highest per capita plan outlay, all along. The other three states like Gujarat, Maharashtra and Madhya Pradesh have also received larger allocation of plan outlays in almost all the five year plans.

On the other hand, the backward states like Bihar, Assam, Orissa, Uttar Pradesh and Rajasthan have been receiving the smallest allocation of per capita plan outlay in almost all the plans.

Due to such divergent trend, imbalance between the different states in India has been continuously widening, inspite of framing achievement of regional balance as one of the important objectives of economic planning in the country.

Marginalisation of the Impact of Green Revolution to Certain Regions

In India, the green revolution has improved the agricultural sector to a considerable extent through the adoption of new agricultural strategy. But unfortunately, the benefit of such new agricultural strategy has been marginalised to certain definite regions keeping the other regions totally untouched.

The Government has concentrated this new strategy to the heavily irrigated areas with the idea to use the scarce resources in the most productive manner and to maximise the production of food grains so as to solve the problem of food crisis.

Thus the benefit of green revolution is very much restricted to the states like Punjab, Haryana and plain districts of Uttar Pradesh leaving the other states totally in the dark about the adoption of new agricultural strategy.

This has made the well-off farmers much better off, whereas the dry land farmers and non-farming rural population remained totally untouched. Thus in this way new agricultural strategy has aggravated regional imbalances due to its lack of all-embracing approach.

1.8 India's Foreign Trade

Foreign Trade is the important factor in economic development in any nation. Foreign trade in India comprises of all imports and exports to and from India. The Ministry of Commerce and Industry at the level of Central Government has responsibility to manage such operations. The domestic production reveals on exports and imports of the country.

The production consecutively depends on endowment of factor availability. This leads to relative advantage of the financial system. Currently, International trade is a crucial part of development strategy and it can be an effective mechanism of financial growth, job opportunities and poverty reduction in an economy. According to Traditional Pattern of development, resources are transferred form the agricultural to the manufacturing sector and then into services.

Historical review

Foreign trade in India began in the period of the latter half of the 19th century. The period 1900-1914 saw development in India's foreign trade. The augment in the production of crops as oilseeds, cotton, jute and tea was mainly due to a thriving export trade. In the First World War, India's foreign trade decelerated.

After post-war period, India's exports increased because demand for raw materials was increased in all over world and there were elimination of war time restrictions. The imports also increased to satisfy the restricted demand. Records indicated that India's foreign trade was rigorously affected by the great depression of 1930s because of decrement in commodity prices, decline in consumer's purchasing power and unfair trade policies adopted by the colonial government.

During the Second World War, India accomplished huge export surplus and accumulated substantial amount of real balances. There was a huge pressure of restricted demand in India during the Second World War. The import requirements were outsized and export surpluses were lesser at the end of the war. Before independence, India's foreign trade was associated with a colonial and agricultural economy.

Exports consisted primarily of raw materials and plantation crops, while imports composed of light consumer merchandise and other manufactures. The structure of India's foreign trade reflected the organized utilization of the country by the foreign leaders. The raw materials were exported from India and finished products imported from the U.K. The production of final products were discouraged. For instance, cotton textiles, which were India's exports, accounted for the largest share of its imports during the British period. This resulted in the decline of Indian industries. Since last six decades, India's foreign trade has changed in terms of composition of commodities.

The exports included array of conventional and non-traditional products while imports mostly consist of capital goods, petroleum products, raw materials, intermediates and chemicals to meet the ever increasing industrial demands. The export trade during 1950-1960 was noticeable by two main trends. First, among commodities which were directly based on agricultural production such as tea, cotton textiles, jute manufactures, hides and skins, spices and tobacco exports did not increase on the whole, and secondly, there was a significant boost in the exports of raw manufactures such as iron ore.

In the period of 1950 to 1951, main products dominated the Indian export sector. These included cashew kernels, black pepper, tea, coal, mica, manganese ore, raw and tanned hides and skins, vegetable oils, raw cotton, and raw wool. These products comprised of 34 per cent of the total exports. In the period of 1950s there were balance of payments crunch. The export proceeds were not enough to fulfil the emerging import demand. The turn down in agriculture production and growing pace of development activity added pressure.

The external factors such as the closure of Suez Canal created tension on the domestic financial system. The critical problem at that moment was that of foreign exchange scarcity. The Second Five Year Plan with its emphasis on the development of industry, mining and transport had a large foreign exchange factor. This tension on the balance of payments required the stiffening of import strategy at a later stage.

In the age of globalisation, India is new entrant to expand international trend. In 1991, the government initiated some changes in its strategy on trade, foreign Investment, Tariffs and Taxes under the name of "New Economic Reforms". Indian government mainly concentrated on reforms on Liberalization, openness and export sponsorship activity. It is witnessed that foreign Trade of India has considerably revolutionized export in the Post reforms period. Trade Volume increased and the composition of exports has undergone several noteworthy changes. In Post - reform Period, the major provider to export's growth has been the manufacturing sector.

Though India has steadily opened up its wealth, its tariffs are high as compared with other countries, and its conjecture norms are still restricted. Foreign trade in India in legal term is the Foreign Trade (Development and Regulation) Act, 1992. The Act provide with the development and regulation of foreign trade by assisting imports into, and supplementing exports from India. To fulfil the requirements of the Act, the government may make necessities for assisting and controlling foreign trade, may forbid, confine and regulate exports and imports, in all or particular cases as well as subject them to exclusion. Government is endorsed to devise and declare an export and import policy and also amend the same from time to time, by notification in the Official Gazette, and is also authoritative to appoint a 'Director General of Foreign Trade' for the purpose of the Act, including formulation and accomplishment of the export-import policy.

Strategies was introduced in 1995 and major aim of this policy was to recognize market diversification and commodity diversification. When reviewed the success of this, it represented that the share of the total top 15 product groups exported to the top 15 market destinations declined from 71% in 1996-97 to 66% in 2000-01 in respect of the total export of these 15 product groups for all destinations taken together. It clearly showed the market diversification for these product groups. The major items of India's exports controlled in the Matrix continue to remain the same during 2000 - 01 such as Gems and Jewellery, RMG Cotton including accessories and Cotton Yarn, Fabrics and Made Ups. The top three destinations changed from US, UK and Japan to US, Hong Kong and UAE. Another strategy was Focus LAC which was introduced in 1997 in order to enhance exports of chosen products such as Textiles including

RMG, Engineering goods and Chemical products to Latin American Region. The highest growth rate of exports to this region was accomplished during period of 2000-01 when the value of exports was high of US$ 982 million.

Though the current trade between LAC and India is still low, there is possibility to increase two-way trade between India and the LAC region. It is observed from the export strategies of previous time is that the composition, competitiveness and complexion of world products trade are changing rapidly and there is a need to review the market constantly for any medium term export strategy to achieve a higher share of global exports on a sustainable basis. The main concentration of previous foreign trade strategies was on the existing export products of India.

Nonetheless, presently, the government has made policy on trade and investment policy that has established an obvious change from protecting 'producers' to benefiting 'consumers'. It is reflected in its foreign trade strategy of India for 2004/09 which indicated that "for India to become a major player in world trade we have also to make possible those imports which are required to stimulate our economy".

With numerous economic alterations, globalisation of the Indian economy has been the foremost factor to formulate the trade policies. The announcement of a new Foreign Trade Policy of India for a five year period of 2004-09, substituting until now taxonomy of EXIM Policy by Foreign Trade Policy is major step in the development of foreign trade policy. This policy made the overall development of India's foreign trade and offers guidelines for the development of this sector.

Main purpose of the Exim Policy is to hasten the economy from low level of economic activities to high level of economic activities by making it a globally oriented energetic economy and to derive maximum benefits from expanding global market opportunities, to encourage continued economic growth by providing access to essential raw materials, intermediates, components, consumables and capital goods required for augmenting production, to boost the techno local strength and efficiency of Indian agriculture, industry and services, thereby, improving their competitiveness, to generate new employment and opportunities and encourage the attainment of internationally accepted standards of quality. Finally, this policy provides quality consumer products at reasonable prices.

A vibrant export-led growth strategy of doubling India's share in global commodities trade with an attention on the sectors having prospects for export development and potential for employment generation, represent the main factor of the policy. These activities augment India's international competitiveness and assist in increasing the suitability of Indian exports. The trade policy recognizes major strategies, outlines export incentives, and also focus on issues relating to institutional support including simplification of procedures relating to export activities. India is now violently pushing for a more moderate global trade management, especially in services. It has understood a leadership role among developing nations in global trade debates, and played a decisive part in the Doha negotiations. With economic reforms, globalisation of the Indian economy has been the major factor in devising the foreign trade policy of India.

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