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Rajasthan State and Subordinate Services Examination

ECONOMY OF RAJASTHAN, INDIA & WORLD

GS (Prelims & Mains)

(As per the Latest Syllabus)

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Economy of Rajasthan, India & World

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ECONOMY OF RAJASTHAN

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1 Macroeconomic Scenario

Rajasthan is the largest state in the country in terms of area. Its geographical area is 3.42 lakh sq. km. It is located in the north-western part of the country. Punjab, Haryana and Uttar Pradesh are located in its north-east, Madhya Pradesh in the south-east and Gujarat in the south-west. Rajasthan has a very long international border with Pakistan. The topography of the state is dominated by the world's oldest mountain ranges of Aravalli. These hills pass through the state midway from southwest to northeast. Its western and north-western part is desert or semi-desert, known as the Great Indian Desert (Thar Desert). From an administrative point of view, there are 7 Divisions, 33 Districts, 295 Panchayat Samitis, 9,891 Gram Panchayats and 44,795 Revenue Villages in the state.

Gross State Domestic Product (GSDP) and Per Capita Income (PCI) represent the overall achievement of the state's economy. Gross State Domestic Product, often referred to as 'State Income', is a major tool for assessing the state's economic performance over a given period of time and indicates changes in the level of economic development and its direction. Per capita income is obtained by dividing net state domestic product by the total population of the state. Per capita income is an indicator of people's standard of living and well-being.

Key Indicators of the State vis-a-vis India

Indicators	Year	Unit	Rajasthan	India
Geographical Area	2011	Lakh Sq. Km.	3.42	32.87
Population	2011	Crore	6.85	121.09
Decadal Growth Rate	2001-2011	Percentage	21.3	17.7
Population Density	2011	Population Per Sq. Km	200	382
Urban Population to total Population	2011	Percentage	24.9	31.1
Scheduled Caste Population	2011	Percentage	17.8	16.6
Scheduled Tribe Population	2011	Percentage	13.5	8.6
Sex Ratio	2011	Female Per 1,000 Male	928	943
Child Sex Ratio (0-6 Year)	2011	Female Children Per 1,000 Male Children	888	919
Literacy Rate	2011	Percentage	66.1	73.0
Literacy Rate (Male)	2011	Percentage	79.2	80.9
Literacy Rate (Female)	2011	Percentage	52.1	64.6
Work Participation Rate	2011	Percentage	43.6	39.8
Birth Rate	2018	Per 1,000 Population	24.0	20.0
Death Rate	2018	Per 1,000 Population	5.9	6.2
Infant Mortality Rate	2018	Per 1,000 Live Birth	37	32
Maternal Mortality Ratio	2016-18	Per Lakh Live Birth	164	113
Life Expectancy at Birth	2014-18	Year	68.7	69.4

Key Indicators of Economic Development							
S. No.	**Particular**	**Unit**	**2016-17**	**2017-18**	**2018-19**	**2019-20**	**2020-21**
1.	Gross State Domestic Product at						
	(a) Constant (2011-12) Prices	₹ Crore	596746	624831	655713	688714	643222
	(b) Current Prices		760587	828661	921789	998999	957912
2.	Growth Rate as per GSDP at						
	(a) Constant (2011-12) Prices	Per cent	5.93	4.71	4.94	5.03	– 6.61
	(b) Current Prices		11.61	8.95	11.24	8.38	– 4.11
3.	Sectoral Contribution in GSVA at Constant (2011-12) Prices of						
	(a) Agriculture	Per cent	26.42	25.33	25.61	26.73	29.45
	(b) Industry		33.17	32.70	29.49	28.57	28.15
	(c) Services		40.41	41.97	44.90	44.70	42.40
4.	Sectoral Contribution in GSVA at Current Prices of						
	(a) Agriculture	Per cent	28.02	26.26	25.69	26.80	29.77
	(b) Industry		29.46	29.37	27.27	26.03	24.80
	(c) Services		42.52	44.37	47.04	47.17	45.43
5.	Net State Domestic Product at						
	(a) Constant (2011-12) Prices	₹Crore	529650	554429	580594	610292	570143
	(b) Current Prices		682626	744622	829068	899143	862633
6.	Per Capita Income at						
	(a) Constant (2011-12) Prices	₹	71324	73109	75555	78390	72297
	(b) Current Prices		91924	98188	107890	115492	109386

STATE DOMESTIC PRODUCT (SDP)

The estimates of State Domestic Product (SDP) of Rajasthan are prepared at both current and constant prices. The estimates of SDP are prepared for all the sectors of economy both in terms of Gross and Net basis. In the gross estimates, no deduction is made for Consumption of Fixed Capital (CFC) which takes place in the process of production, whereas in the net estimates, CFC is subtracted from the gross value figures.

Gross State Domestic Product (GSDP)

Gross State Domestic Product is defined as a measure, in monetary terms, of volume of all the final goods and services produced within the boundaries of the state during the given period of time, accounted without duplication. The estimates of GSDP are prepared on current as well as constant prices.

GSDP at Current Prices

The estimates of GSDP at current prices are obtained by evaluating the product at current prices prevailing during the year. The estimates of GSDP at current prices, over the time do not reveal actual economic growth because these contain the combined effect of (i) the changes in volume of goods and services and (ii) the changes in the prices of goods and services.

As per the advance estimates, the nominal GSDP or GSDP at current prices for the year 2020-21 is likely to attain a level of ₹9.58 lakh crore, as against ₹9.99 lakh crore in the year 2019-20 showing a decline of 4.11 per cent in 2020-21 against the growth of 8.38 per cent in the year 2019-20.

GSDP at Constant (2011-12) Prices

In order to eliminate the effect of price changes/inflation, the estimates of GSDP are also prepared by evaluating the goods and services at the prices prevailing in the fixed year known as base year and are known as the estimates of Gross State Domestic Product at constant prices. As per the advance estimates, the real GSDP or GSDP at Constant (2011-12) Prices for the year 2020-21 is likely to attain a level of ₹6.43 lakh crore, as against ₹6.89 lakh crore in the year 2019-20 showing a decline of 6.61 per cent in the year 2020-21 against the growth of 5.03 per cent in the year 2019-20.

7 Major Development Schemes/Projects of Rajasthan

Rajasthan is area wise the largest state in the country.To cater the needs of various sections of society and to promote overall development and growth in the state, Rajasthan government has started numerous schemes and projects which promote the vision of 'welfare state' enshrined in our constitution.

SCHEMES/PROJECTS RELATED TO EDUCATION SECTOR

The State Government is making concerted efforts for improving the socio-economic status of people through better development of education and providing better educational infrastructure. The state is endeavouring to achieve the objective of total literacy and quality education through various programmes/schemes.

- **E-Gyan Kendra Scheme:** The 'E-Gyan' programme, prepared by District Administration Jhalawar, was started by former Chief Minister Vasundhara Raje, so that books can be studied at home without internet.
- **Laado Rani Yojana-2016:** Started from Nagaur in July 2016, under it, poor and talented girl students will be given training to continue higher education. Women and Child Development Minister Anita Bhadel started it with the help of sonography operators. Under this initiative, such poor and talented girl students of districts will be selected who are unable to continue their education due to adverse economic conditions.
- **Mukhyamantri Jan Sahbhagita Vidyalaya Vikas Yojana:** This scheme was started for the construction and development of infrastructure in schools for secondary education. In this, the ratio of government and public participation will be 60:40.
    - Government Sanskrit Teacher Training School, Mahapura, Jaipur will be developed as a State-level Sanskrit Teacher Training and Research Institute for Sanskrit reading, curriculum and research.
    - It has been announced by the State Government that new co-ed colleges will be opened in Khajuwala-Bikaner, Karanpur-Sri Ganganagar, Chhabra-Baran, Rawatbhata-Chittorgarh, Rajakhera-Dholpur, Badapa-Jhalawar, Khinwsar-Nagaur and Chhoti Sadri-Pratapgarh. A Technical University is proposed to be opened in Bikaner.
- **Utkrist Vidhyalaya Yojana:** Under the Rajasthan's Adarsh Vidyalaya scheme, one selected Government Senior Secondary/Secondary School is being developed as "Adarsh Vidyalaya" in every Gram Panchayat. Adarsh School (Class I to X/XII) will work as a "Mentor School" and "Resource Centre" for this Utkrist Vidhyalaya Yojana. One selected Upper Primary/Primary School in each Gram Panchayat is to be transformed into as "Utkrisht Vidhyalaya". In this regard, Utkrist Vidhyalaya will be developed as a "centre of excellence" for elementary education. In the Financial Year 2020-21 upto December, 2020, total 10,175 Adarsh Vidhyalaya and 8,592 Utkrist Vidhyalaya are working.
- **Raj-eGyan Portal:** It has been started to provide digital course material for students up to 12th standard.
- **Right to Free and Compulsory Education for Children (Rajasthan Amendment) Bill, 2015:** Rajasthan was the first state in the country in which this bill was passed. According to this, students from the first grade to the eighth grade will be given admission in the next class only after attaining the level of the respective class. If the level is not attained, it will prevent them from entering the next class.

The Right to Free and Compulsory Child Education Act, 2009 has provided that children from class one to eighth were not failed even if they did not achieve the above level.

- **Adarsh Vidyalaya Scheme:** A scheme to develop a Higher Secondary/Secondary school as an Adarsh Vidyalaya was started in every Gram Panchayat of the state.
- **Laptop Distribution Scheme:** Quality laptops are being provided to selected meritorious students on the basis of board examination of class 8th, 10th and 12th.
- **Bicycle Distribution Scheme:** Bicycles are being provided to all girls taking admission in class 9th in state government schools.
- **Swami Vivekananda Government Model School:** These schools have been established for education through english medium in the educationally backward blocks of the state.
- **Meena Manch:** In this, awareness is raised among the parents on social issues such as child marriage and dowry practice and un-enrolled girls are given awareness regarding education and parents of these girls and drop-out students are motivated to send these girls to school.

- **Adhyapika Manch:** It has been formed only to increase the educational level of girls and to establish a friendly environment for the girl students in the school. 301 female teachers have been selected at the block level. Adhyapika Manch is a group of up to 100 teachers.
- **Government schools will be from 'five star to one star':** On the lines of hotels, government schools will also be five star, four star, three star, two star and one star. This step has been taken to increase the competitiveness of education and improve the quality. This will be based on the result of the board exam.

  The rating will be given in the following manner:
  - **5 star:** If the school's examination result is more than the total board result and the percentage of students passing the first class in the school is also more than the total percentage of students passing the first class at the state level.
  - **4 star:** If the percentage of students passing the first class is less than the total percentage of students passing first class in the board examination at the state level.
  - **3 star:** If the percentage of first-class students in a school is more than the percentage of first-class students at the state level, but the result of that school is less than the total percentage of the board.
  - **2 star:** If the result of the school and the percentage of students passing with first grade is less than the result of the board and the result of the students who secured first class.
  - **1 star:** If less than 95% students of the school participated in the board examination, irrespective of the result and percentage of students who secured first class.
- **Rastriya Avishkar Abhiyan (RAA):** In the year 2020-21 under Rashtriya Aavishkar Abhiyaan, for activities in the state as well as districts, ₹102.16 lakh have been transferred to districts for organizing activities like formation of Science and Mathematics Clubs, Exposure visit outside State, Science Exhibition/Book Fair, Study Trip for students to Higher Institutions within the districts. For the management and supervision of science fair in the year 2020-21, ₹66,000 has been transferred to Rajasthan State Council of Educational Research and Training (RSCERT) Udaipur. In organizing the above activities students of 19,639 Upper primary schools and 14,990 Secondary or Senior Secondary schools will be benefitted.

SCHEMES/PROJECTS RELATED TO HEALTH SECTOR

Mukhyamantri Nishulk Dava Yojana

- 'Mukhyamantri Nishulk Dava Yojana' was launched on October 2, 2011. Under this scheme, all outdoor and indoor patients visiting medical college attached hospitals, district hospitals, community health centres, primary health centres and sub centres, are provided essential medicines, free of cost. Rajasthan Medical Services Corporation (RMSC) has been constituted as a central procurement agency for purchase of medicines, surgical and sutures for Medical and Health Department and Medical Education Department. RMSC is also supplying medicines to all Government health institutions through District Drug Warehouses (DDWH) established in all 33 districts of the State.
- During the year 2020-21,04 new medicines are added in essential drug list. At present, as per essential drug list, 709 medicines increased to 713 and 181 surgical items and 77 sutures are listed. Quality of drugs being supplied is ensured by testing of drugs at empaneled drug testing laboratories.
- The list of drugs which is provided by Free Drug Distribution Centres has been displayed in Government Medical Institutions. Medicines are available for outdoor patients according to OPD timings and 24 hour for indoor and emergency patients. Under the scheme, medicines for the treatment of critical and severe disease are also available. During the financial year 2020-21, an expenditure of ₹489.82 crore was incurred upto December, 2020.

Nishulk Sanitary Napkins Distribution Scheme

- Government of Rajasthan started a scheme for free distribution of sanitary napkins to all government school going girls of class 6 to 12 of rural areas and non-school going girls of 10 to 19 years age.
- Under this scheme, there is a provision to distribute 12 sanitary napkin free of cost to each girl per month. During the financial year 2020-21 (upto December, 2020), 5.66 crore sanitary napkins of ₹10.60 crore for school going girls and 1.14 crore sanitary napkins of ₹1.94 crore for non-school going girls have been distributed under the scheme.

Mukhyamantri Nishulk Janch Yojana

- This scheme has been started for strengthening of existing laboratories and other diagnostic facilities in all the public health institutions and also to provide the essential diagnostic services free of cost to all patients visiting government hospitals. To meet the gaps and to provide quality diagnostic services, adequately equipped diagnostic facilities are available at various levels of health care.
- Under this scheme, 34.26 crore investigations and 15.54 crore beneficiaries were benefitted upto December, 2020. Every day approximately 1.25 to 1.50 lakh investigations are being done on free of cost in Rajasthan.

24 Farm Subsidies & Food Security

SUBSIDY

- A subsidy is the benefit given by the government to agricultural producers, individuals or businesses in the form of cash payment, grants or a tax reduction.
- It is generally used as a form of support for particular sections of a nation's economy. It reduces the burden of input cost incurred while procuring goods for production which in turn results in lower price of final output.
- Sometimes, subsidies are also paid at the output or final goods in order to make the goods available for the consumers at cheaper price.
- When subsidy is granted, the market price of that particular commodity falls and this results in Consumer Surplus. Consumer Surplus is a measure of the additional economic benefit that consumers receive because they are paying less for something than what they were willing to pay.
- A subsidy also functions like a negative tax. When a subsidy is in place, the total amount of money that the producer receives for selling goods is equal to the amount that the consumer pays plus the amount of the subsidy and this results in producer surplus.
- Sometimes, subsidies in India are considered as regressive in nature because they benefit the rich households more than the poor households. Therefore, to make available such benefits to the needy and poor households, the Government linked JAM trinity – Jan Dhan Yojana, Aadhaar number and Mobile numbers.

Economic Impacts of Subsidy

- **Positive Impacts**
  - Lowering Prices and Controlling Inflation: Applicable only in fuel prices, particularly when global crude oil prices are rising. Many countries subsidize fuel costs in order to keep prices from ballooning.
  - Preventing the Long-term Decline of Industries: There are many industries that should be kept alive and functional, such as fishing and farming. Many new and fast-growing industries may also benefit from being subsidized.
  - A greater supply of goods: Governments want to increase the access of their population to Goods & Services such as Water, Food, and Education. They, therefore, provide an incentive that could be in the form of a tax credit or even straight up cash. Markets that have positive externalities are usually the ones that receive such benefits.
- **Negative Impacts**
  - Shortage of supply: Supply shortages may also occur and this is because lowered prices can lead to a sudden rise in demand that many producers may find very hard to meet. Ultimately, it can lead to very high demand that causes an increase in prices.
  - High Taxes for Cost Adjustment: Subsidies could be funded either through increasing taxes or through borrowings. High taxes may disincentivize private investment, consumption expenditure and savings. Moreover, borrowings may also widen fiscal deficit if fiscal prudence is not maintained.
  - Fiscal Deficit: Subsidies have a direct impact on fiscal deficit as the cost of subsidy is borne by the government.

FARM SUBSIDIES

- Farm subsidies, also known as agricultural subsidies, are the payments and other kind of support extended by the government to farmers and agribusinesses to supplement their income, manage the supply of agricultural commodities, and influence the cost and supply of such commodities.
- Subsidies can be granted through the distribution of inputs at prices that are less than the standard market price for these inputs. Various forms of subsidies given to farmers, such as fertilizers, power, irrigation, seed, etc., form part of farm subsidies in India. Subsidies are also provided through the mechanism of minimum support prices, procurement prices, etc.

Subsidies Through Agricultural Pricing Policy (APP)

APP (Agricultural Pricing Policy)

- The prime objective of the Government's pricing policy for agricultural produce is to set remunerative prices in order to encourage higher investment and production in agriculture, which is critical to ensure food security for more than a billion population of India.
- Some of the instruments of APP in India are the Minimum Support Price (MSP), procurement prices and retail prices at fair price shops (as part of Public Distribution System). These prices are linked to each other.

Minimum Support Price (MSP)

- MSP is the price fixed by the GoI (GoI) to protect the producers or farmers against an excessive fall in the prices of crops.
- MSPs are the guarantee price for the produce of farmers from the Government. The major objectives are to support the farmers from distress sales and to procure food grains for public distribution.
- These are announced by the GoI at the beginning of the sowing season for certain crops on the basis of the recommendations of the Commission for Agricultural Costs and Prices (CACP).
- In case the market price for the commodity falls below the announced minimum price due to bumper production and a glut in the market, government agencies purchase the entire quantity offered by the farmers at the announced minimum price.
- If there is a good harvest and market prices tend to dip, the government guarantees an MSP or a floor price to farmers, which covers not only the cost of production, but also ensures a reasonable profit margin for the producers.
- Price volatility makes life difficult for farmers. Though prices of agri commodities may soar while in short supply, during the years of bumper production, the prices of the very same commodities plummet. MSPs ensure that farmers get a minimum price for their produce in adverse markets. MSPs have also been used as a tool by the Government to incentivise farmers to grow crops that are in short supply.

Procurement Prices

- Procurement price of a commodity (rabi and kharif cereals) refers to the price at which the Govt. procures the commodity from producers/manufacturers for maintaining the buffer stock or the public distribution system.
- These prices are announced by the Government of India on the recommendations of the Commission for Agricultural Costs and Prices before the harvest season of the crop.
- Procurement prices are fixed generally at a level, which is somewhat higher than the level of minimum support prices, but lower than the prevailing market prices.

Central Issue Prices (CIPs)

- Wheat and rice are issued by the Central Government at uniform central issue prices to States and Union Territories for distribution under Targeted Public Distribution System (TPDS).
- The difference between the economic cost and issue price of food grains is reimbursed to the FCI by the Central Government in the form of subsidy.

Pradhan Mantri Annadata Aay SanraksHan Abhiyan (PM-AASHA)

- PM-AASHA seeks to ensure better prices for farm produce. The three schemes that are part of AASHA are:
  - **Price Support Scheme (PSS):** Under the PSS, physical procurement of pulses, oilseeds and copra will be done by Central Nodal Agencies. Besides, NAFED and Food Corporation of India will also take up procurement of crops under PSS. The expenditure and losses due to procurement will be borne by the Centre.
  - **Price Deficiency Payment Scheme (PDPS):** Under the PDPS, the Centre proposes to cover all oilseeds. The difference between the MSP and actual selling/modal price will be directly paid into the farmer's bank account. Farmers who sell their crops in recognised mandis within the notified period can benefit from it.
  - **Pilot of Private Procurement and Stockist Scheme (PPPS):** In the case of oilseeds, States will have the option to roll out PPSSs in select districts. Under this, a private player can procure crops at MSP when market prices drop below MSP. The private player will then be compensated through a service charge up to a maximum of 15% of the MSP.
- These three components will complement the existing schemes of the Department of Food and Public Distribution. They relate to paddy, wheat and other cereals and coarse grains where procurement is at MSP now.

Rythu Bandhu

- It is an Agriculture Investment Support Scheme launched by the Telangana government in order to take care of initial investment needs of every farmer of the state.
- It aimed at relieving farmers from debt burden and cease them from falling into the debt trap again.
- The scheme provides a grant of 4,000 per acre per farmer each season for the purchase of inputs like seeds, fertilizers, pesticides, labour and other investments in the field operations of farmer's choice for the crop season.

Bhavantar Bharpai Scheme

- Bhavantar Bharpai scheme of Haryana Government seeks to assure farmers of fair prices for their produce and emphasizing on diversification of crops.
- In the first phase of the scheme, four crops are included, namely, tomato, onion, potato and cauliflower.
- Under the scheme, compensation at the rate of 400 per quintal would be given for tomato and potato, whereas 500 per quintal would be given for onion and cauliflower.
- If the farmers get less than the fixed price for these vegetables, then the government will compensate them for it.

32 Developing, Emerging & Developed Countries

The classification of countries is based on the economic status such as average wealth per person (per capita income), the wealth of the nation itself (Gross Domestic Product/GDP), industrialization, birth rates, literacy rates and reliance on foreign trade. Countries are divided into two major categories by the United Nations, viz., developed countries and developing countries. However, there is a concept of emerging countries as well.

Developed countries refer to the sovereign nation/state whose economy has highly progressed and possesses great technological infrastructure, as compared to other nations.

Developing countries refer to the countries with low industrialisation and low human development index or low per capita income. Emerging countries/markets refer to those countries which experiences considerable economic growth and have some characteristics of a developed country but do not fully meet its standards.

Emerging countries are those countries that are transitioning from the "developing" phase to the "developed" phase. Currently, some notable emerging market economies include India, Mexico, Russia, Saudi Arabia, China, and Brazil.

MAJOR CHARACTERISTICS OF DEVELOPING COUNTRIES

- Lower per capita income than the developed countries
- Low levels of human capital
- High levels of poverty and under-nutrition
- Higher population growth rates
- Predominance of agriculture and low levels of industrialization
- Low level of urbanization but rapid rural to urban migration
- Dominance of informal sector
- Underdeveloped labour, financial and other markets

MAJOR CHARACTERISTICS OF EMERGING COUNTRIES

- Small size of the economy
- GNP/per capita income much lower than the average per capita income
- Reduced opening for accepting foreign investors
- High volatility of the exchange rate which implies greater risk in trading
- **Growth and Investment Potential:** These markets are often attractive to foreign investors due to the high return on investment they can provide. Such countries focus on exporting low-cost goods to richer nations by using their competitive advantage, which boosts GDP growth, stock prices, and returns for investors.
- **High Rates of Economic Growth:** Governments of emerging markets tend to implement policies that favor industrialization and rapid economic growth. Such policies lead to lower unemployment, higher investments, and better infrastructure.

MAJOR CHARACTERISTICS OF DEVELOPED COUNTRIES

- Average per capita income of the population is generally high
- High education level of the population
- High life expectancy
- Population growth rate per year is relatively small
- The death rate per year is relatively small
- The majority of the population lives in cities

Issues Faced by Developing & Emerging Countries

- **Financial Infrastructure:** They have underdeveloped financial infrastructure which includes an underdeveloped banking system, underdeveloped financial market, weak currency domestically and internationally, non-performing assets, etc.
- **Political Instability:** The politics of these countries is guided by religion, caste, creed, race etc., which impacts the voting pattern of the population.
- **Domestic Infrastructure Problems:** Infrastructure like roads, railways, airways, waterways etc., are underdeveloped. The connectivity of major cities and states affects the movement of goods which impacts the economy.
- **Illiteracy:** Maximum of the population is illiterate due to lack of resources available to the population. Women are often uneducated as they are seen making sacrifices for the family or compromising their education for the sake of the education of males.
- **Overpopulation:** Population growth is seen as the major factor for the poverty of these countries. These countries lack resources and the available resources are under immense pressure to fulfill the needs of the population.
- **Poverty:** Poverty is the result of illiteracy, overpopulation, political dynamics, etc.

- **Shortage of Resources:** The overexploitation of various resources by the population of the countries leads to the shortage of the resources which in turn leads to the vicious cycle of poverty, unemployment, etc.
- Lack of technological advancement, inefficient agriculture sector, weak industries, traditions and customs based society are few other issues faced by the developing and emerging countries.

Issues Faced by Developed Countries

- **High proportion of old age population:** As there is technological advancement, the life expectancy is more in developed countries in comparison to developing or emerging countries. This leads to an unbalanced proportion of young age and old age population.
- **Shortage of Labour:** Because the young population is less with respect to emerging and developing economies, there is shortage of labour or the labour is very expensive.
- **Migration to Cities:** Standard of living impacts the demographic structure. Agriculture sector is neglected as the youth migrate to towns and cities in the hope of better living standards.
- **Congestion in Cities:** With migration to towns/cities from rural areas, the cities become overpopulated. This puts pressure on civic amenities, transportation, housing, etc.
- **Lifestyle Diseases:** The hectic lifestyle leads to various diseases like breathing issues, heart problems, indigestion, obesity, etc.
- **Inequality:** Income inequality, however, can be seen all over the world but it is a major trait of the developed countries. Various international studies have shown that the developed countries have the maximum richest person in the world. The maximum wealth of the world is held by the people of developed countries. Not only income inequality, but racism is also noticed in the developed countries. We often see the killings of black people in the U.S. either by fellow citizens or sometimes, by government officials as well.

Comparison Between Developed & Developing Countries

Basis for Comparison	Developed Countries	Developing Countries
Meaning	A country having an effective rate of industrialization and high per capita income is known as Developed Country.	A developing country is a country which has a slow rate of industrialization & low per capita income.
Unemployment & Poverty	Low	High
Rates	Infant mortality rate, death rate, and birth rate are low while the life expectancy rate is high.	High infant mortality rate, death rate and birth rate along with low life expectancy rate.
Living Conditions	Good	Moderate
Growth	High Industrial growth	Low Industrial growth
Standard of Living	High	Low
Factors of Production	Effectively Utilized	Ineffectively Utilized

Regional Government Initiatives

It is observed several times that the international organisations established by developed countries are lope-sided. Favoritism is practised in these organisations as the chairman of these organisations are often seen as the people from the influential countries. The organisations are headquartered often in European countries. Influential countries have more stake and respective quotas to vote in decision-making procedures.

To evade these organisations, the developing and emerging countries have also established various organisations collectively to help each other in growing and shift the power dynamics from Euro-centric to Asia-Africa centric.

- **Association of Southeast Asian Nations (ASEAN)** was established in August 1967 in Bangkok, Thailand to accelerate the growth, social progress and cultural development in the region by ASEAN Declaration (Bangkok Declaration).
- **Asian Development Bank (ADB)** is an initiative taken in December 1966 to finance countries with Asian character to foster economic growth in the region.
- **South Asian Association for Regional Cooperation (SAARC)** was established in January 1987. Its aim is to promote the welfare of the peoples of South Asia and to improve their quality of life along with economic growth.
- **Southeast Asian Ministers of Education Organisation (SEAMEO)** was established in 1965 as a regional intergovernmental organisation of Southeast Asian countries to promote regional cooperation in education, science and culture in the region.

33 India in Global Scenario

With a population of more than 1.2 billion, India is the world's largest democracy. Over the past decade, the country's integration into the global economy has been accompanied by economic growth. India has now emerged as a global player.

The Indian economy had broken free of the low-growth trap from the early 1980s. By the mid-1990s, following the economic reforms of 1991-93, India began to appear as a player of some significance in the global economy. Then, following the East Asian crisis of the late 1990s, and from the first years of the first decade of the 21st century, there was no looking back. In 2009, the Group of 20 (G-20) was raised to the level of a forum for leaders, India was a significant member of this global policy group. Since the 2000s, India has made remarkable progress in reducing absolute poverty. Between 2011 and 2015, more than 90 million people were lifted out of extreme poverty.

India has emerged as the fastest-growing major economy in the world and is expected to be one of the top three economic powers in the world over the next 10-15 years, backed by its robust democracy and strong partnerships.

However, the COVID-19 pandemic has reversed the course of poverty reduction, at least temporarily. The economic slowdown triggered by the outbreak is believed to have had a significant impact on poor and vulnerable households.

ECONOMIC OUTLOOK

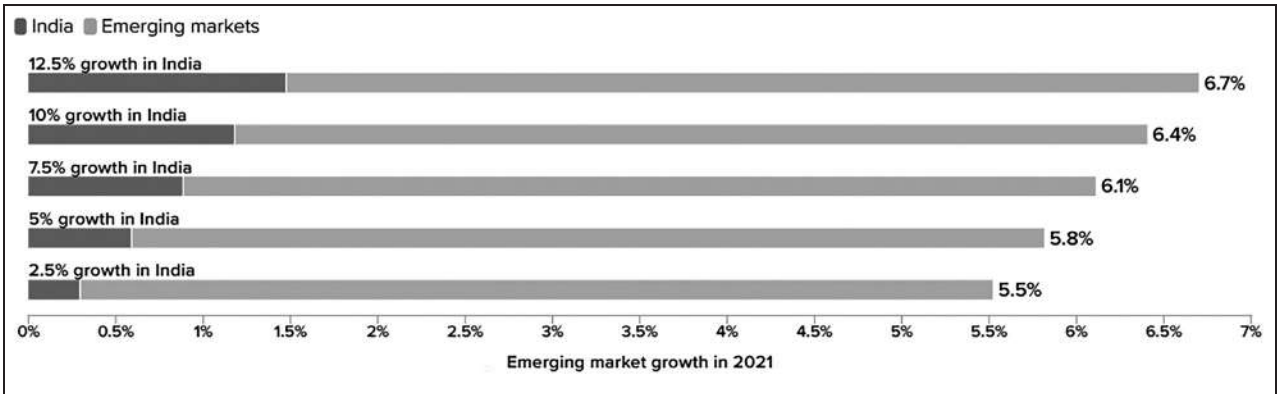
After growing at very high rates for years, India's economy had already begun to slow down before the onset of the COVID-19 pandemic. Between FY17 and FY20, growth decelerated from 8.3 percent to 4.0 percent, with weaknesses in the financial sector compounded by a decline in the growth of private consumption.

The implementation of a national lockdown on March 24, 2020 (i.e., on the eve of the new FY21 fiscal year), brought economic activity to a halt, affecting both production and consumption. As a result, growth was negative in the first half of the fiscal year (April to September 2020) and only modestly positive in the second half. Over the entire FY21, India's economy is estimated to have contracted by 8.5 percent.

COVID-19 pandemic ensued global economic downturn, the most severe one since the Global Financial Crisis. The lockdowns and social distancing norms brought the already slowing global economy to a standstill. Global economic output estimated to fall by 3.5% in 2020 (IMF January 2021 estimates).

Governments and central banks across the globe deployed various policy tools to support their economies such as lowering policy rates, quantitative easing measures, etc. India adopted a four-pillar strategy of containment, fiscal, financial, and long-term structural reforms.

Calibrated fiscal and monetary support was provided, cushioning the vulnerable during the lockdown and boosting consumption and investment while unlocking. A favourable monetary policy ensured abundant liquidity and immediate relief to debtors while unclogging monetary policy transmission. With these proactive measures, the economy is expected to rebound – with a strong base effect materializing in FY22 – and growth is expected to stabilize at around 6-6.5 percent thereafter.



Source: IMF • This data does not factor in secondary effects of India's declining growth. 12.5% growth is the current IMF forecast.

The IMF's World Economic Outlook forecast that emerging markets, including India, would grow 6.7 percent and that the global economy would grow 6 percent in 2021. The Indian economy makes up 11.8 percent of the collective GDP, based on purchasing power parity, of emerging markets and developing economies. Further evaluation of the IMF's data reveals that more than a fifth of growth in emerging markets is expected to come from India.

MARKET SIZE

India's real gross domestic product (GDP) at current prices stood at ₹135.13 lakh crore (US$ 1.82 trillion) in FY21, as per the provisional estimates of annual national income for 2020-21.

India is the fourth-largest unicorn base in the world with over 21 unicorns collectively valued at US$ 73.2 billion, as per the Hurun Global Unicorn List. By 2025, India is expected to have ~100 unicorns and will create ~1.1 million direct jobs according to the Nasscom-Zinnov report 'Indian Tech Start-up'.

India needs to increase its rate of employment growth and create 90 million non-farm jobs between 2023 and 2030, for productivity and economic growth according to McKinsey Global Institute. The net employment rate needs to grow by 1.5% per year from 2023 to 2030 to achieve 8-8.5% GDP growth between 2023 and 2030.

According to data from the RBI, as of June 04, 2021, the foreign exchange reserves in India increased by US$ 6.842 billion to reach US$ 605 billion.

India's Economic Growth

As per the report findings, the Indian economy is expected to grow by 11.5% in 2021 and 6.8% in 2022.

Overview of World Economic Outlook Projections		
Nation	Year-Over-Year (% Change)	
	Projections	
	2021	2022
The United States	5.1	2.5
Germany	3.5	3.1
The UK	4.5	5.0
China	8.1	5.6
India*	11.5	6.8
*For India, data and forecasts are presented on a fiscal year basis and GDP from 2011 onward is based on GDP at market prices with fiscal year 2011/12 as a base year, source: IMF		

Growth rate for India in 2021 is stronger than that of China.

Factors that Increased the Growth Projection: For India, a good run in the agriculture sector plus no stagnation in the railways, freight revenue, power sectors have led to an increased 1% projection.

Moreover, the GST collection for FY 2020-21 was a record high at the value of ₹1.24 lac crore (₹1.24 trillion). The exports figures have also seen a huge jump standing at 31 billion dollars.

Hindrance in Growth due to Pandemic: The economic growth rate of India (and other countries) is contingent on the rise in covid infection rate and consequent lockdown.

Undoubtedly, the growth will be there but the covid is a potential barrier in this growth; the possible challenges posed by Covid 19 cannot be undermined.

Sectors Obstructing the Growth: Sectors related to hospitality and transportation are also hit badly which roughly account for 6% of overall GDP.

In vehicle registration, around 60,000 vehicles were registered on a daily basis in the months of Feb-March 2021 which has now come down to 55,000 on a daily basis.

The growth recovery is obviously to be impacted by the rapidly increasing Covid-19 disease due to the consequent partial and complete lockdowns and curfews.

Global Economic Growth: The IMF also saw a narrower 3.5% contraction in world output in 2020 as opposed to a 4.4% decline seen earlier. The IMF predicted stronger recovery in 2021 and 2022 with growth projected to be 6% in 2021 and 4.9% in 2022.

GLOBAL TRADE VOLUMES

They are forecasted to grow about 8% in 2021.

The IMF expects oil prices to rise in 2021 by just over 20% from the low base for 2020 but they will still remain well below their average for 2019.

Non-oil commodity prices are also expected to increase with those of metals, in particular, projected to accelerate strongly in 2021.

Other Economies with High percentage of Growth

China would grow 8.1% in 2021, followed by Spain (5.9%) and France (5.5 %).

China, which was the only major country to register a growth rate of 2.3 % in 2020, will expand 5.6% in 2022.

Increased Inequality

The report highlighted the pandemic-induced acceleration in inequality by reiterating that close to 90 million people are likely to fall below the extreme poverty threshold during 2020-21 as workers with less education, women, youth, those in contact-intensive sectors, and those informally employed suffer disproportionate livelihood and income losses.

The Inequality Virus Report, released by Oxfam International, has also found that the Covid-19 pandemic deeply increased the existing inequalities in India and around the world.

Advanced Economies: The USA and Spain are the only two advanced economies that are expected to have an economic growth projected above 6% for FY 2021-22. The USA had been able to retain its economy due to its economy-centred

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