

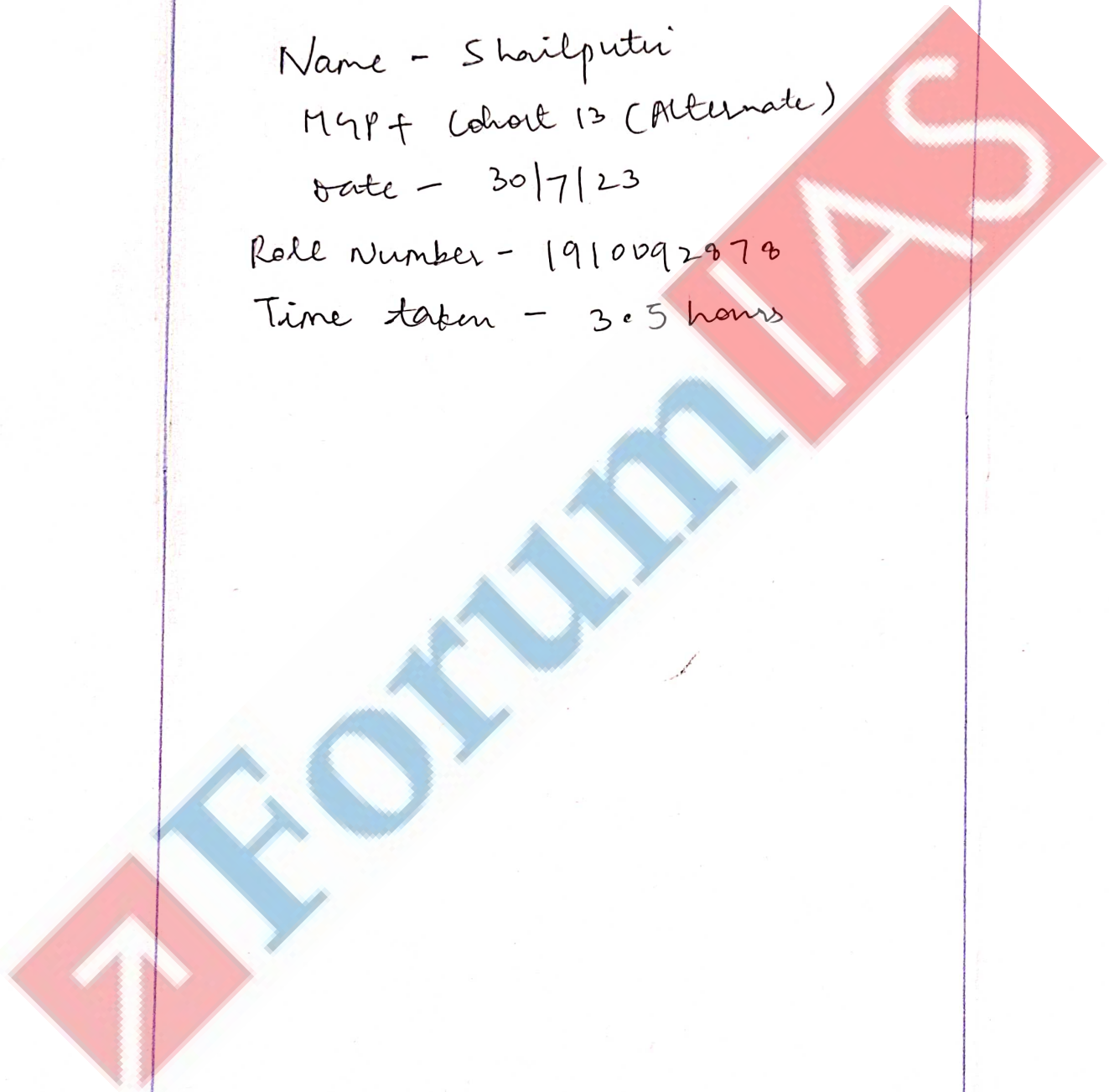
Name - Shailputri

MYP Cohort 13 (Alternate)

Date - 30/7/23

Roll Number - 1910092878

Time taken - 3.5 hours



# U.P.S.C.

Ans-1

Infrastructure is the support system on which the whole modern industrial <sup>economy</sup> ~~sector~~ depends.

Role in economic transformation

a) Multiplier effect - every 100 rupees invested in infrastructure yields returns of Rs-250.

b) Produces factors of goods that are important for other sectors' growth.

[Ex] - electricity, telecommunication

c) Job creation - construction industry  
2nd largest employer after agriculture.  
Generates lakhs of jobs.

d) For seamless transportation and communication → increases efficiency of industry.

[Ex] - Dedicated Freight Corridor  
will benefit movement of agricultural and industrial products.

e) Essential for growth of service sector. [Ex] - broadband connectivity.

[Role in social transformation]

- a) makes commutation easier. (Eg) - RRTS  
from Delhi to Meerut.
- b) women empowerment. (Eg) - Delhi  
Metro provide safe transport facility  
for women.
- c) poverty alleviation. (Eg) - by creation  
of jobs in rural areas.

Concerns of safety should be kept  
in mind -

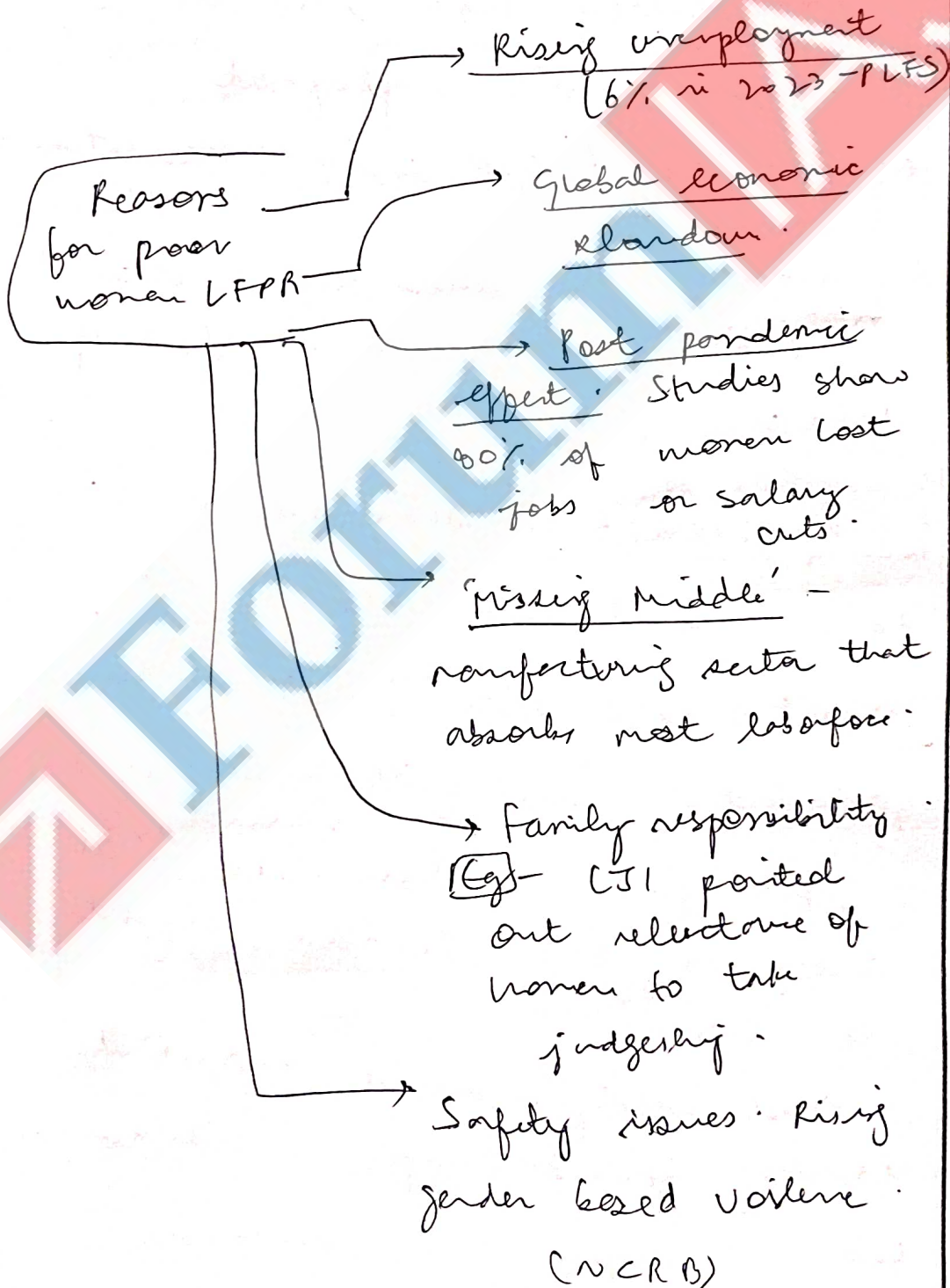
- a) Recently Meerut expressway tanked  
the day after inauguration.  
Need better accountability system.
- b) Quality should not be sacrificed  
for quantity. Better studies before  
project beginning.
- c) Quick inquiry in case of accidents.  
(Eg) - Balason train accident.
- d) Highways are prone to accidents.  
(Eg) - Gurgaon expressway.

Need infrastructure that is safe and  
secure to reduce SOG 9.

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Q.2)

labour force participation rate for women is abysmally low at 30%. (PLFS) Documented by poor rankings at gender inequality index (WEF).



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## Other side of picture

- When income of male members increase, women quit jobs (Misery Study)
- Women getting higher education, so want quality job employment opportunities (44% in higher education - 25%)
- Women in agriculture and other ~~way~~ unorganised sector → lack of data.

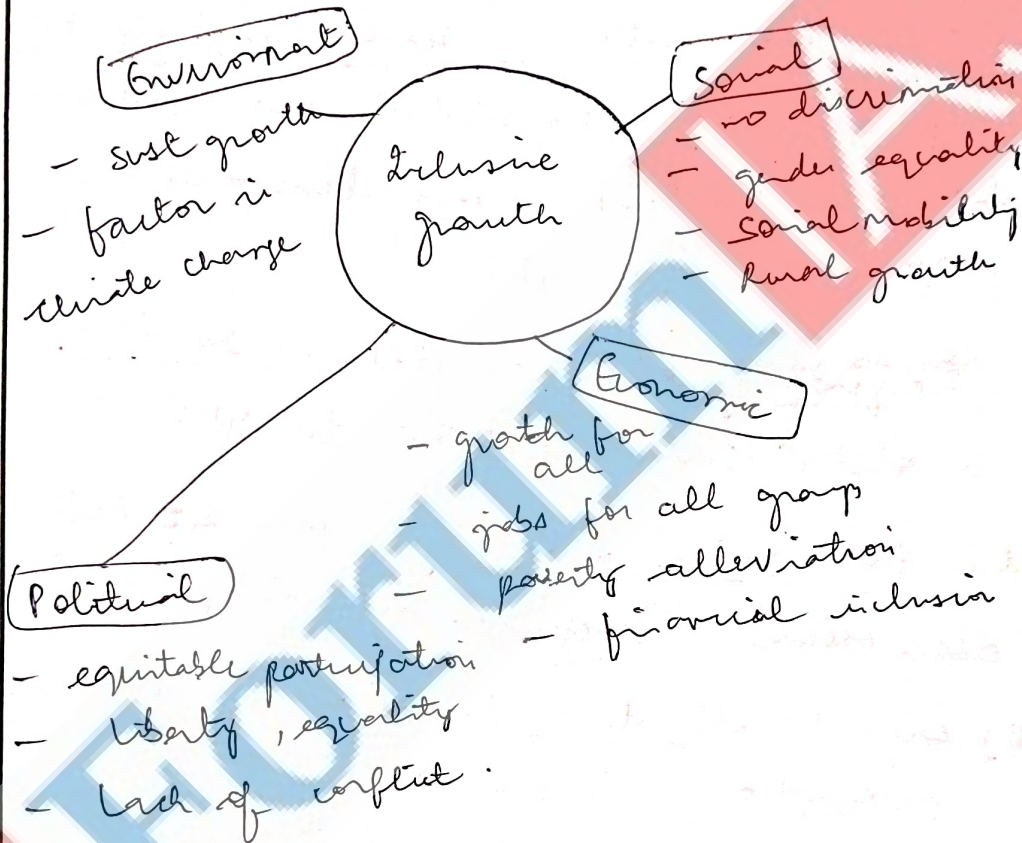
## Way Ahead

- There is a need to improve Female LEPR. IMF report said with equal female participation GDP will increase by 27%.
- FAO report - on farm yield will ↑ by 20-30%. to give support to women.
- Need safety measures, maternity leaves, focused support towards women with one wing, 2 die cannot fly, equal female LEPR for 2 die @ 2047.

# U.P.S.C.

Q. 4)

OECD defines inclusive growth as that creates prosperity for all segments of society particularly the vulnerable.



## Economic growth and inclusive growth

a) sufficient - eco growth (means increase in GDP). It will increase production in economy.

b) GDP per capita defines living standards. Increasing it means increasing inclusive growth.

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- Economic growth not sufficient for inclusive growth -

a) Rising inequality. [Eg] - Oxfam report - richest 1% own 73% wealth

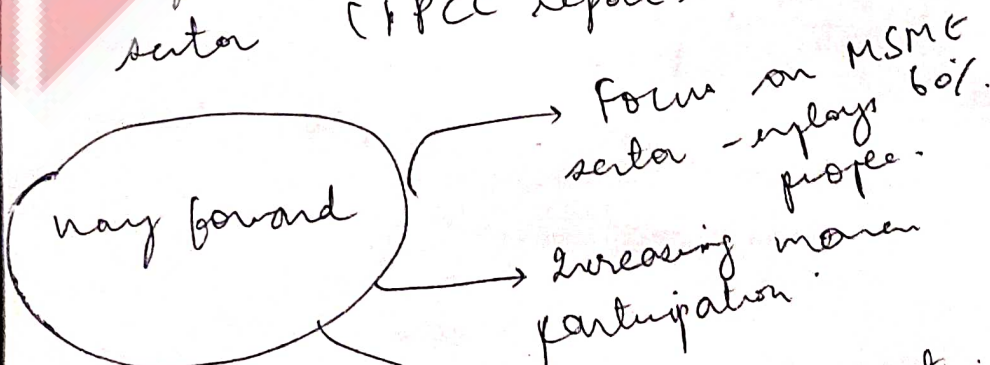
b) Inequality between sectors. [Eg] - Software employs 0.5% population but contribute to 9% in GDP. Agriculture - 47% people, 16% in GDP.

c) Inequality between states - Southern 6 states contribute 35% to GDP.

d) Low social mobility - persistent caste discrimination, gender inequality.

e) Digital divide. Rural - 15% internet penetration. Urban - 55%.

f) Climate change will adversely impact agriculture and construction sector (IPCC report).



8 of 17 SDGs are linked with inclusive growth. need to nurture it.

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Q.3)

Budget is the statement of receipts and expenditure for the current financial year. It provides outlays for different sectors and projects in an economy.

Outcome budget is the budget that focuses on the results of schemes and projects outlined in the budget.

Eg - for Swachh Bharat Mission it will focus on total number of toilet constructed and their use.

Advantages of outcome budget

- Efficient use of money.
- Concrete results can be observed.
- Improvement on ground, in lives of people.
- Promotes transparency and accountability in government.
- Good governance.

Disadvantages - a) lengthy and long drawn process to assess outcomes.



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- b) It does not factor unforeseen circumstances.
- c) Time taking and require manpower to make assessments.
- d) most schemes are implemented by state governments which makes assessment difficult.
- e) poor coordination between multiple departments.
- f) Nature of infrastructure projects, social improvement projects - show results in long time.

Way Ahead  
- Government has asked many ministries to do outcome budgeting.

- Capacity building of different departments must be done.

- States should be encouraged to do same.

Outcome budget is a good process to make efficient and accountable governance. Need adequate infrastructure and training for it.

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Q. 5)

Hybrid Annuity Model is a relatively new method for PPP in infrastructure projects.

It combines the previously tried 2 models - BOT (Build Operate Transfer) and EPC (Engineering Procurement Construction).

	Financing Risk	Revenue Risk	Operation & Maintenance Risk
BOT	Private sector	Private	Private
EPC	Government	Government	Government
HAM	Both private and govt.	Government	Depending on Contract.

### Benefits of HAM

### Challenges of PPP

a) Cost and time overruns.  
Over 1700 projects facing 20% cost overruns (MOSPI)

b) financing - banks already under NPAs (6% in 2022).

- inadequate use of corporate bond market.

c) Revenue risk - overrestriction or under estimation of traffic.

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- d) Time taken in clearances. [Eg] - land environment, forest clearance.
- e) Public protests.
- b) Problems at state level - [Eg] poor law and order, electricity, water supply.

[HAM] - (a) Benefits - Private sector need <sup>not</sup> to bring all the finance upfront. Government pays 40% of project cost in 5 installments.

- b) Revenue risk - is borne by government.
- c) Project monitoring is possible - because payment in installments.

[Issues] - i) This is a new model. more projects need to be undertaken to start feedback loop.

ii) Continuous monitoring is required. HAM can fill the lacunae facing PPP projects. Need to build the capacity of officials for continuous oversight.

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Q. 6)

Fisheries is the fastest growing sector. India is 2nd largest producer of fisheries in world.

a) Role in nutritional security

- Cheap source of protein.
- Rising anaemia, stunting, child malnutrition can be tackled.

b) Role in livelihood generation

- Over 4<sup>th</sup> million fishermen.
- Generate 4 million jobs directly and twice at value chain
- Export - marine products in huge demand across the world.

c) Role in economic growth

- Contributes 10% to agriculture GVA.
- Important for growth of coastal areas.
- Major allied sector for agriculture with high productivity.

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## Challenges in fisheries sector

### a) Marine

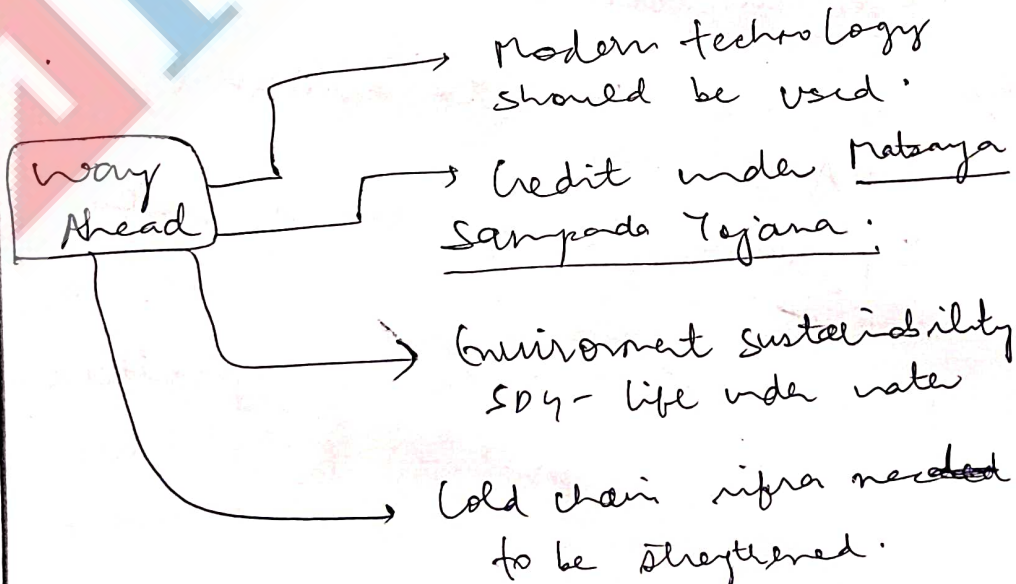
- Overfished territorial waters
- Lack of cold chain infrastructure
- Obsolete methods of fishing
- Lack of skilled manpower
- Disputes in Palk Bay

### b) Inland

- Technology issues
- Depleted stocks

### c) Aquaculture

- Farmers lack skill to understand
- Lack of quality fish feed

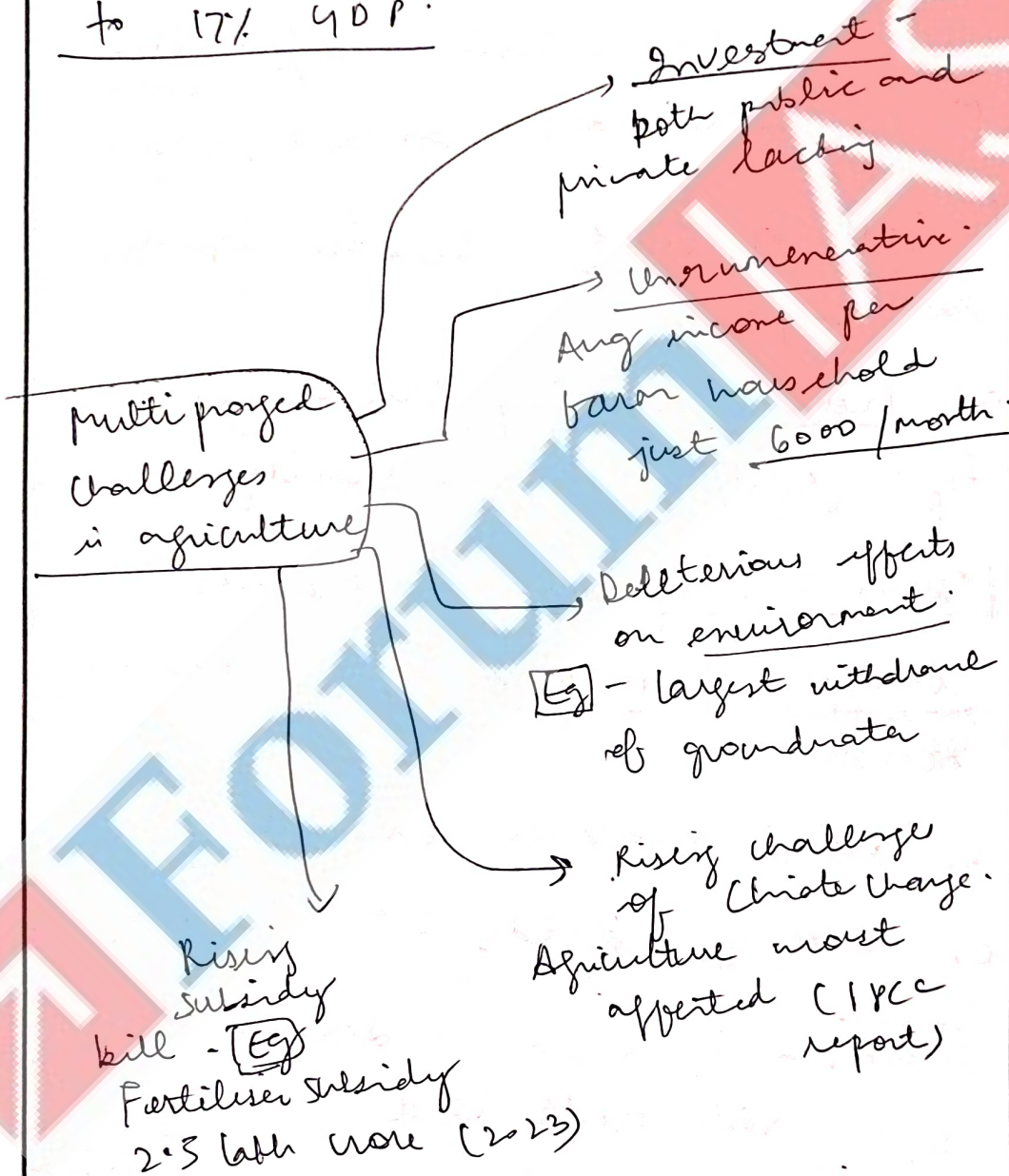


Fisheries can provide both nutrition and livelihood. need to provide support.

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Q.7)

Agriculture is the most important economic activity for India - 49% population depends on it and contributes to 17% GDP.



Precision farming is the farming which uses exact amount of water, nutrients, etc required for agriculture.

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## (Benefits of precision farming)

- Resource efficient - applies water, fertiliser etc judiciously.
- Lower GHG emission - Eg -  $CH_4$ , (methane),  $N_2O$  (nitrous oxide) from rice, sugarcane.
- Cost efficient - because requires less input.
- Reduces subsidy bill of government.  
Eg - fertiliser, power subsidy.

Issues in adoption - a) requires training of farmers. It is knowledge intensive.

- Lack of awareness about it.
- Lower ~~for~~ yields in the beginning.

Need - i) Knowledge dissemination.

Eg - Soil Health Card Schemes.

ii) Capacity building of farmers. Eg - By KVKs

iii) State agriculture universities can run courses on it.

It can be panacea for many problems.

Farmers income and environmental sustainability can be ensured.

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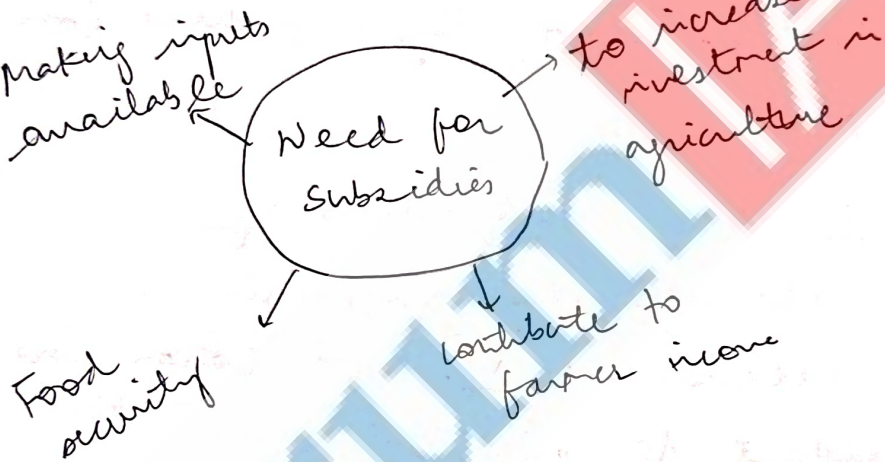
(Q. 8)

Agriculture subsidies contribute to 15% of farmer's income. They cost 2% of GDP.

[Eg] - fertiliser subsidy - 2.5 lakh crore.

power subsidy by states.

Making inputs available



Subsidies fuel economic inefficiency

- India largest user of ground water. (WB)
- Urea subsidy → diversion, smuggling abroad.
- Fisig subsidy bill of government → fiscal deficit. [Eg] - 2.5 lakh crore.
- Prevent investment in agriculture.
- Distort cropping pattern. [Eg] - wheat, rice in water scarce regions.



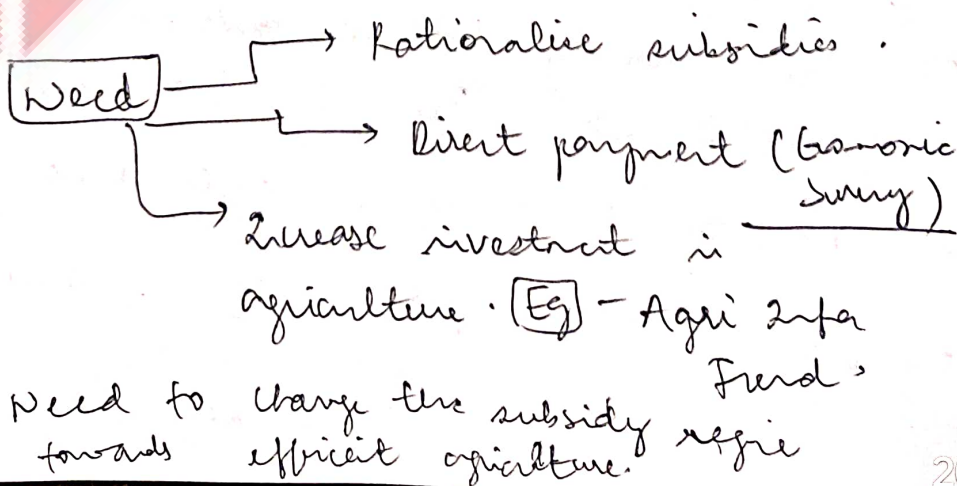
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(Subsidies full ecological imbalance)

- India virtual exporter of water.
- Ground water pollution. [Eg] - Main pollution in Punjab (BARC study).
- Depleting ecosystems like wetlands.
- GHG emissions [Eg] - methane from rice.

Other issues with subsidy

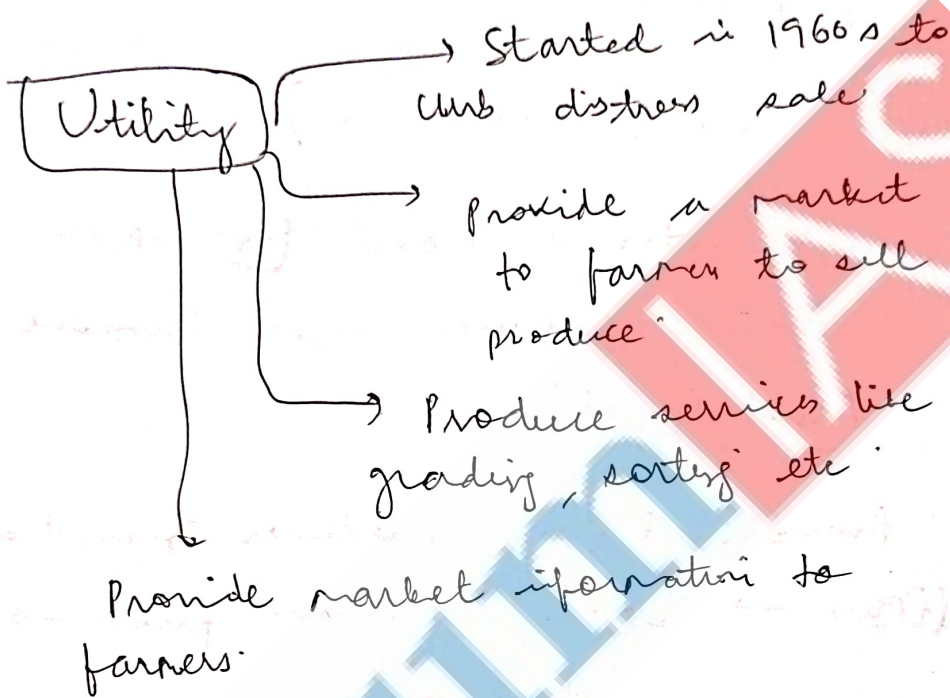
- Make agriculture expensive.
- Resistance. [Eg] - Bt Cotton now resistant to pink bollworm.
- Distort nutrition. [Eg] - wheat, rice at cost of pulses, oilseeds, fruits.
- Spices, fruits growing at 2-3 times more than rice and sugarcane. But we still export rice.



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Q.9)

APMLs are marketplaces formed under respective APML Act by states.



## Issues with APMLs

- Have become monopolies.
- Prevent private sector participation.
- Large no. of intermediaries.
- Poor price realisation. [Eg] - A farmer gets only 40-60% of what the end consumer pays (RBI study).
- Prevent processing - because exporters and bulk buyers cannot directly buy from farmers.

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b) Lack infrastructure. [Eg] - Lack of closed auction platforms, facility for grading, sorting produce.

## Marketing reforms required

- a) Create national market. [Eg] - eNAM
- b) Commodity futures market. Promoted by Ashok Gulati.
- c) Promote Farmer Producer Organisations (FPOs) → better bargaining power → better price realisation.
- d) Use of technology to disseminate information. [Eg] - KISAN SMS portal.
- e) Increase private sector participation to establish mandis → increase competition.

To make farmers part of growth story of India @ 2047, we need marketing reforms to make agriculture commercially viable.

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Q. 10)

Cropping pattern is the proportion  
of area under different crops at a given  
part of time.

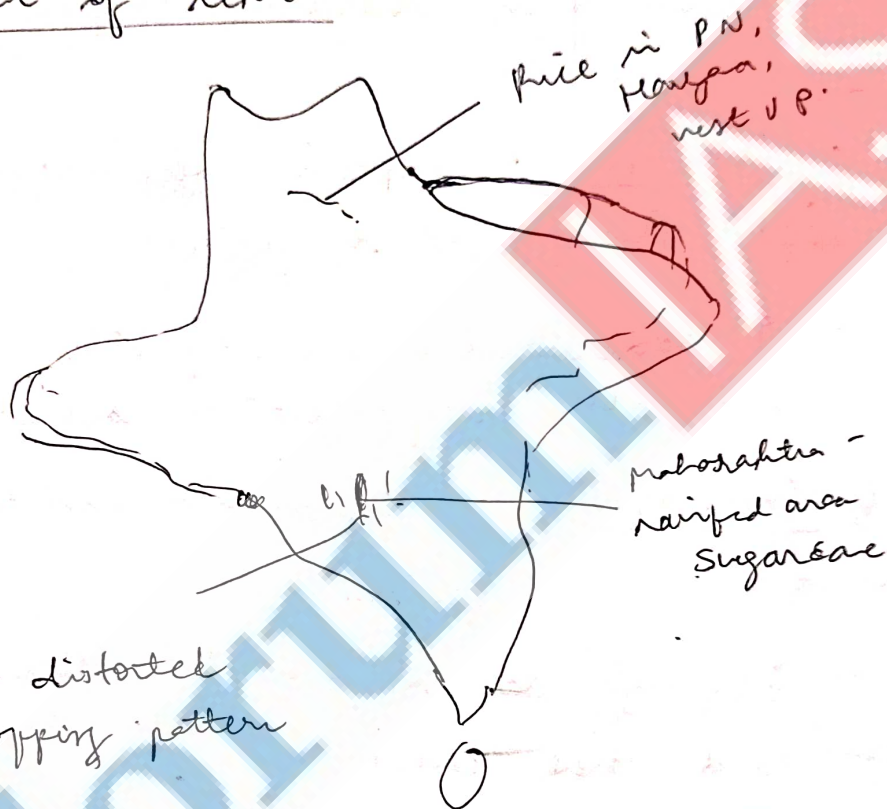


Fig - distorted  
cropping pattern

### Causes of distorted cropping pattern

- Subsidy regime - fertilisers, power etc. lead to groundwater withdrawal in Punjab, Madhya etc.
- MSP - for rice, wheat. 90% of movement from these two crops.

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c) All effects of Green Revolution → led to rice-wheat system.

## Consequences of distorted cropping pattern -

a) Economic - expensive agriculture.

[Eg] - rising cost of pesticides

- ↑ government's subsidy bill.
- 2.5 lakh crore fertilizer subsidy.

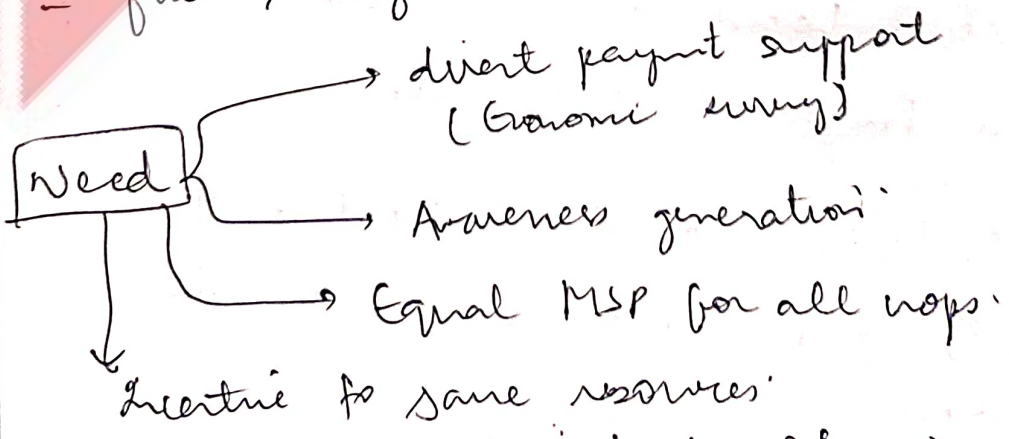
b) Environment - groundwater withdrawal.

- ↑ pesticide resistance.
- Increasing risk of zoonotic diseases.
- land use changes.

c) Health - nutritional deficiency.

### (WFHS report)

- fruits, vegetables expensive.



[Eg] - PM's Pann Bichao Scheme

Environmentally sustainable agriculture is need of hour.

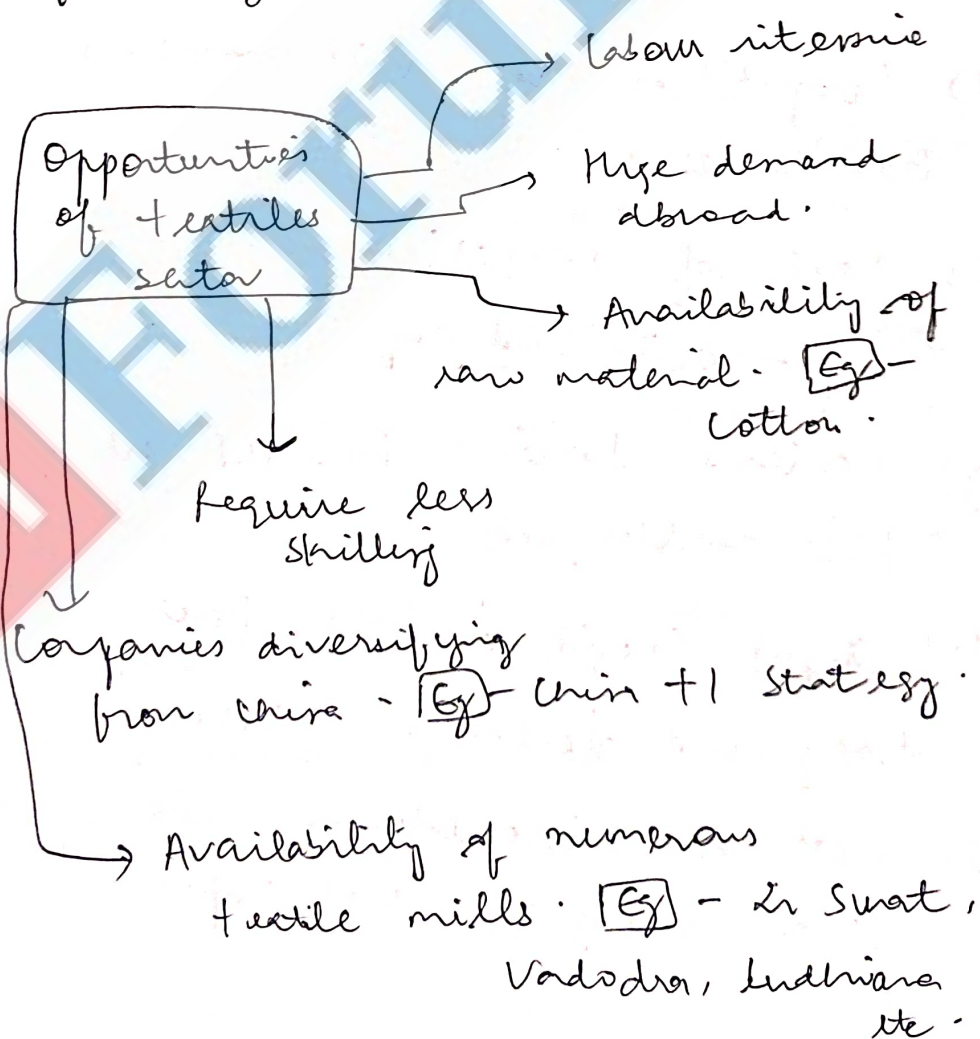
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Q.11)

Economic survey has pointed out to jobless growth. Unemployment rate is 6% (PLFS data). Also disguised unemployment. [Ex] - In agriculture

labour and export intensive industries can lead to curbing this phenomena of jobless growth.

Textile is 2nd largest employer after agriculture.



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Challenges associated

- a) Most are handlooms. Use obsolete technology.
- b) Prevalence of MSMEs. Their access to credit and market is limited.
- c) Low technology adoption.
- d) Yield of cotton crop growing down. Also Bt cotton now resistant to pink bollworm.
- e) Competition from Vietnam, Bangladesh.
- f) Lack of competitiveness in Indian textile industry.
- g) Various duties. ProD TEF sphere faces challenges.
- h) Input <sup>Tax</sup> Credit in GST faces delays and technical glitches.
- i) Most are micro enterprises with 1 person running the workshop.

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## Way forward

- a) Focus on building resilient supply chain.
- b) MITRA scheme - building textile parks is a good step.
- c) Samarth scheme - for capacity building and training manpower.
- d) Provide technology support so that handlooms can become powerlooms.
- e) Remission of duties should be expedited under ROD TTP.
- f) Integrate with e-commerce platforms.  
(Eg) - Amazon's Global Selling Program.
- h) Utilise FTAs. (Eg) - India - Australia CEPA.

Textile can solve the issue of jobless growth ~~water~~ due to 'missing middle' - i.e. absence of manufacturing sector. Need to nurture it.



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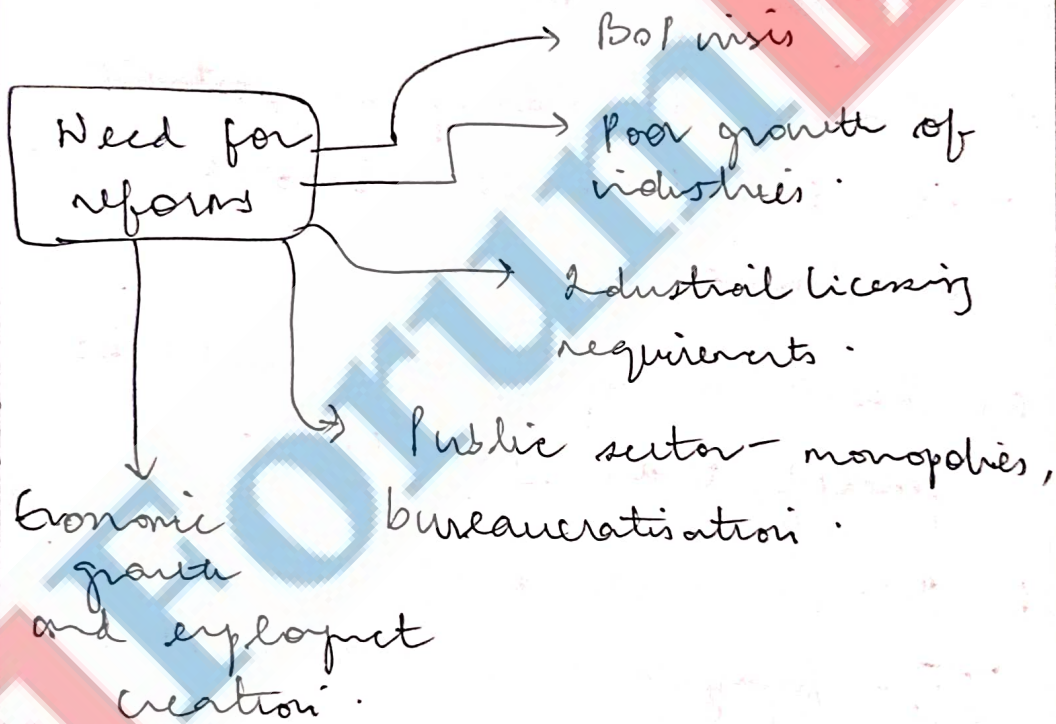
Q.12)

LPG reforms were ushered in by India on 23 July 1991 in response to BoP crisis. (Balance of Payment)

Liberalisation → direction of reforms.

Privatisation → path of reforms.

Globalisation → Goal of reforms.



Effect of reforms on various sectors of economy.

a) Agriculture

In 1990, 42% people were employed in agriculture.

Now 49%.

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- Growth rate of agri GDP came down . . .
- Its contribution to GDP also decreased. Now 16%. (Then approx 30%)
- Net exports of agri products.

## b) Industry

### i) - MSMEs

- Faced competition with better technology, capital, skills of foreign companies.
- Adversely affected.

### ii) Big industries

- Led to technology adoption.
- Improved governance.
- Joint ventures.

- Faced competition and emerged better. [Eg] - McDonald gave competition to Kaldions, Kaldias improved.

Share of industry stagnated at 25% to GDP.

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- Phenomena of jobless growth due to missing middle 'manufacturing sector' - Economic Survey.

## c) Service sector

- Phenomenal growth
- Giants like Infosys, TCS etc.
- Provide social and economic mobility.
- Increasing share of middle class.
- Share in GDP - approx 50%.
- But least employment elastic.
- Inequality.

## d) Social sector

- Health, education - entry of private sector led to mushrooming of private colleges, hospitals.
- Increasing inequality in access.
- High OOP - 65% in Health.
- 45% in higher education - 25%.

UPG reforms gave mixed results. Need to provide adequate support to industry and agriculture.

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(Q-13)

India's merchandise exports have crossed \$ 400 billion mark.

India has also emerged as 2nd largest sugar exporter.

In this time period, India has also exported huge amount of petro products.

Reasons for spectacular performance of exports.

→ Depreciation of rupee (close to Rs. 82 per dollar) → lead to increase competitiveness of India exports.

→ Harsh China's lockdown → disrupted supply chain there. Also

Government's consistent support

[Ex] - RoDTEF Scheme, GST composition scheme, PLI Scheme.

China + I strategy of US and European countries.

→ Exporting petroleum products. India imported oil from Russia and exported to Europe.

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## Reforms to boost exports

According to draft foreign trade policy, we need to take various steps -

### a) Financing

- Set up Development Finance Institutions (DFIs) to lend at competitive rates.
- Expand use of corporate bond market by MSMEs.
- Use Intellectual Property Rights (IPRs) as collateral.
- Use commodities with Farmer Producer Organisation (FPOs) as collateral to lend them.

### b) Digitisation

- digitise for MSMEs.
- Connect MSMEs to e-commerce platforms.

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न लिखें  
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c) Favorable FTA - [Eg] India - Australia  
CEPA.

d) Attract companies trying to diversify  
from China (China + 1 strategy).

e) Bring labor intensive industries under  
PLI Scheme.

b) Increase export competitiveness of  
industry by enhancing technology  
adoption.

Exports are a key source of GDP  
growth. Need to nurture them  
with adequate policy intervention  
and focused support. Need

3L Reforms → Law  
→ Labor  
→ Liquidity.

Q.14)

GDP is the value of total goods and services produced in the economy.

It is a marker of growth in an economy.

New computational methodology for calculation of GDP

a) Change of base year to 2015 - 2012.

b) Calculation on market price rather than factor cost.

c) Addition of new ~~new~~ accounts - data from ministry of corporate affairs MCA 21 database.

- From stock brokers, investment banks, local bodies.

- To make it more comprehensive.

Benefits - as New methodology is in line with best practices of world.

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- b) Will make cross country comparisons easier.
- c) Will give correct picture of economy.
- d) Aid in better targeting of policy interventions because use of GVA which gives sector wise data.

Limitations of using GDP as measure of development -

- i) It does not give full picture of economy.
- ii) No mention of inequality. [Eg] - Gini coefficient for India is 36.
- iii) Does not take into account unorganised sector - huge presence in Indian economy.
- iv) No record of care economy. [Eg] - domestic workers, house wives do a lot of work.
- v) It does not take into account health, education, social sector indicators.



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- vi) Environment sustainability is not taken into account.
- vii) Political indicators like political participation, freedom of speech are not included.

Better way to measure development

- a) Indices like Multidimensional Poverty Index.
- b) For pol participation - Democracy Index, Corruption Perception Index.
- c) Green GDP for calculating environment sustainability.
- d) Gross National Happiness.

GDP or any other indicator solely cannot give true picture of economy. We need to take into account multiple indicators to make comprehensive policies as recommended by Analya Sen. As done in Sweden, Belgium.

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Q.15)

Globalisation has led to intercorrelated economies. This brings benefits but also its issues with it.

Emerging global crises that threaten macroeconomic stability of Indian economy are -

a) Global economic slowdown - post pandemic recovery is still incomplete.

- High inflation in USA - Fed increase interest rate by 425 basis points in 2022.

↓  
Flight of dollars from emerging economies like India. FPI

pulled close to \$10 billion from India.

- China's harsh lockdown and 0 tolerance policy → supply chain disruption. India - India dependent

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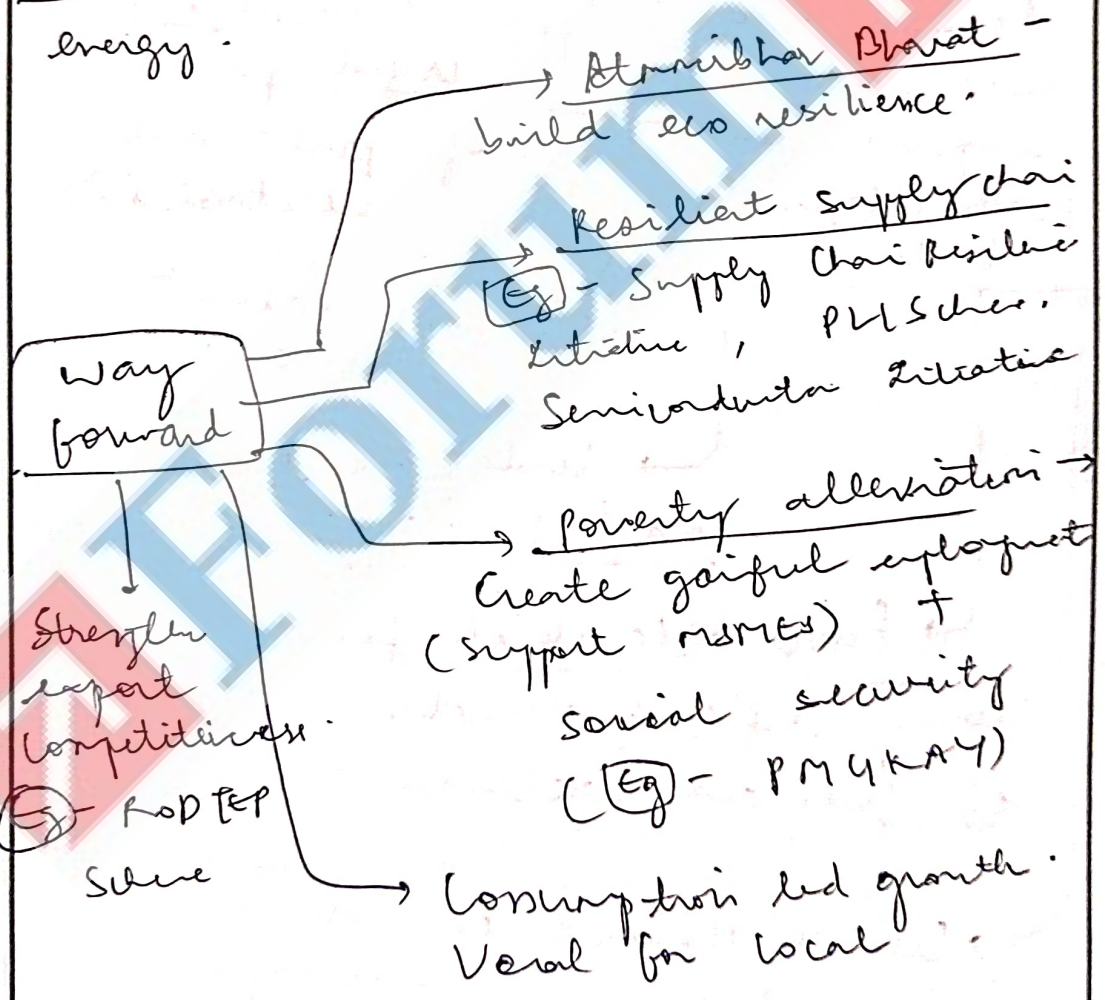
- on Chinese imports in APIs, electronic goods etc.
- European debt crisis and slowdown.
  - [Eg] - Protests in France against increasing retirement age.
- b) Russia - Ukraine war - threatened global supply chains.
- Increase price of oil
  - ↓
  - Inflation in India - consistently above maximum limit of 6%.
  - ↓
  - RBI increasing <sup>repo</sup> interest rate
  - ↓
  - Hurts growth.
- c) US - China tariff war - now full blown cold war.
- Sanctions diplomacy
  - US trying to curb dependence on China (China +1 strategy)
  - Supply chain disruption.

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## d) Climate Change

Various IPCC (6th assessment reports) and UNEP reports pointing out.

- Impact productivity of agriculture.  
Down by more than 10%.
- Need invest in disaster resilient infrastructure + transition to clean energy.



India should build domestic capacity and move up the value chain while providing employment to all.

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Q.16)

Horticulture sector concerns with growing fruits and vegetables, spices and condiments and other aromatic plants. It is 10% of

total agriculture produce in India.

India has traditional advantage in it.

Reasons for increasing emphasis on Horticulture sector

India is 2nd largest producer of fruits and vegetables.

High value sector.

Undapped export market. (Eg) - USA, EU

Favourable climate for growing different varieties of fruits and vegetables.

Climate efficient, environment friendly.

Important for nutrition.

(Eg) - NFMS points out nutrient deficiency in Indians.

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Initiatives by government for export sector

- National Horticulture Mission
- Aroha Mission - by CSIR
- Kisan Sampada Yojana
- Spice Board of India, Tea Board for export support.
- APEDA for export promotion.

Challenges - i) Highly perishable - more than 90% waste before reaching consumer.

ii) Lack of cold chain infrastructure.

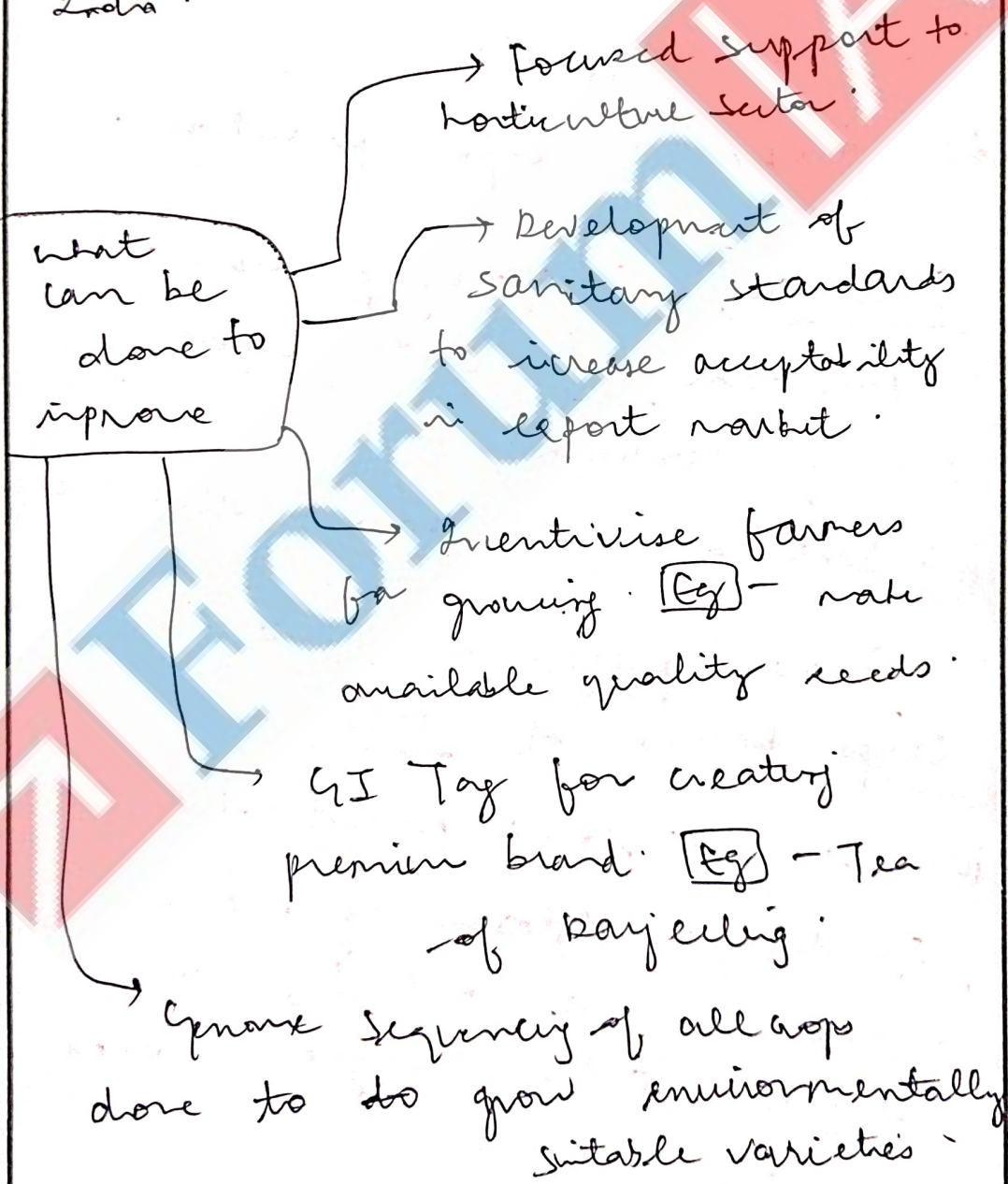
iii) Farmers' preference for cereal crops because of MSP.

iv) Untapped export market + sanitary - phytosanitary measures requirement not met by our exports. (Eg) - mangoes returned by EU.

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v) Expensive - therefore unaffordable  
for many people. Also price  
fluctuation.

vi) Lack of processing - [Eg] - only  
2% of ari produce processed in  
India.



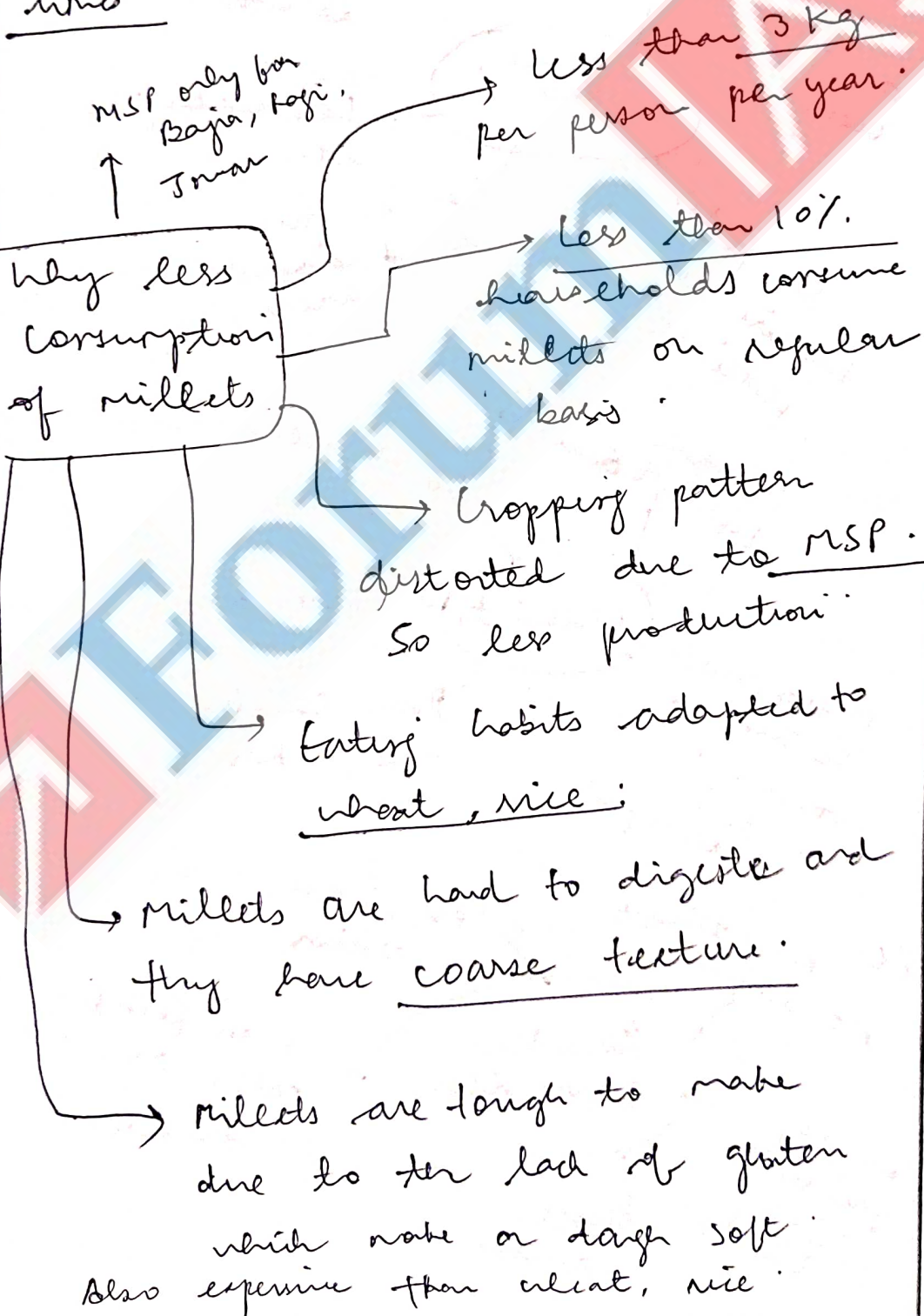
Horticulture sector can be given charge for India's agriculture and contribute to doubling farmer's income.

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Q. 17)

Milletts called shree - Arora by PM.  
are powerhouse of nutrients.

Milletts are cereals of Poaceae family  
that are grown since Indus Valley  
times.



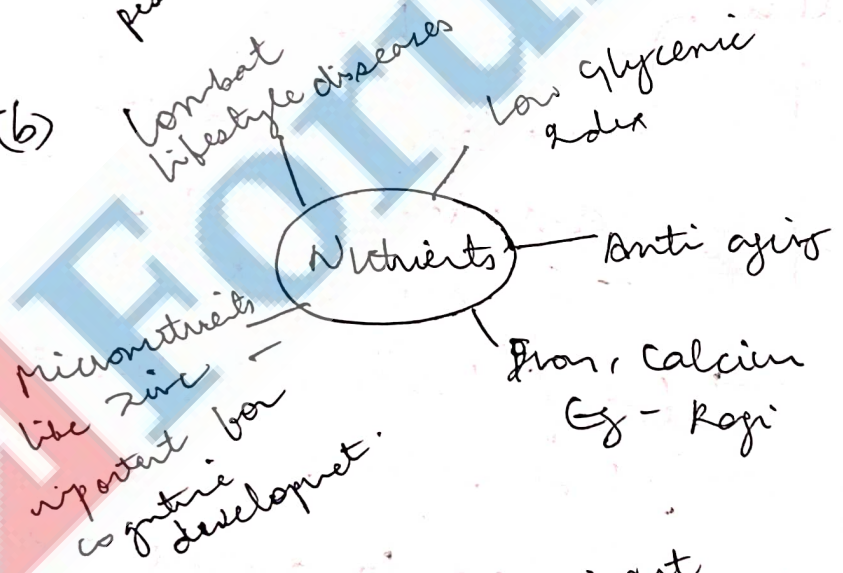


## Benefits of Millets

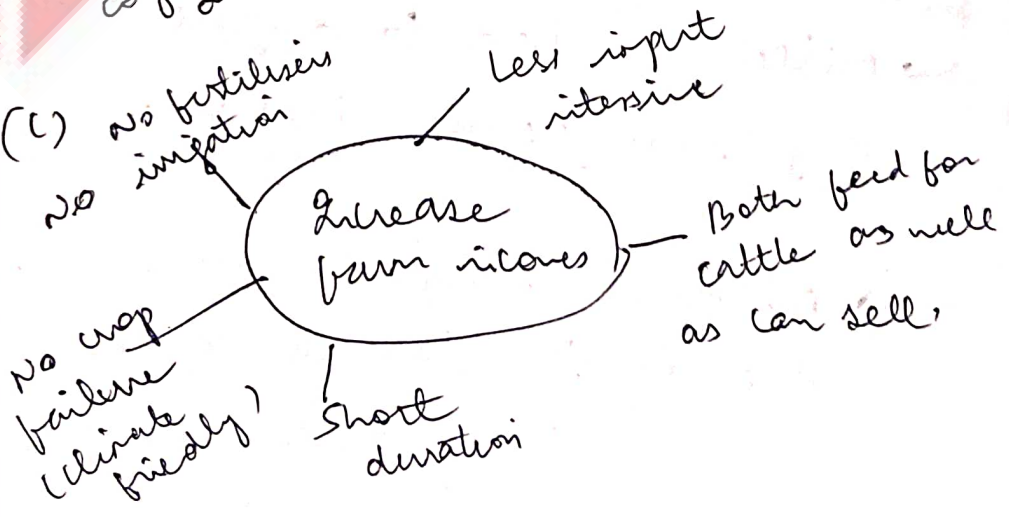
### (a) Environment



### (b) Nutrients



### (c) Increase farm incomes



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## (Government's initiatives)

- a) Increased MSP for Ragi - 117%,  
Bajra and Jowar - 70%.
- b) Area under cultivation expanded.
- c) Re branding as 'Nutri-cereals'.
- d) Value addition - Ex - millet  
pastries.
- e) Providing under PDS, Poshan.
- f) MIRA - for research in  
millets.
- g) Promoting at international fora.  
Ex - UNSC, ILO - millet festival.

This has led to increase in  
millet consumption from 3kg per person  
to 10kg per person.

Consistent efforts are required  
to make millets popular among  
masses.

प्रश्न संख्या  
(Question No.)

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Q-18)

[PUCK v/s UOI] - SC said access to food is a human right.  
To realise this right, PDS and FCI both are equally important.

PDS is a system of distribution of food grains to entitled households under NPSA, 2013.

FCI is a statutory body to carry out procurement, storage and distribution of food grains.

[Issues plaguing PDS]

a) Corruption, leakage. Only 40% food grains reach beneficiaries.

(Shanta Kumar Committee)

b) High subsidy bill. Food subsidy bill 2007 lakh crore

in 2022.

# U.P.S.C.

c) Distorts cropping pattern. PDS only for wheat, rice → so MSP → farmers grow wheat, rice.

d) Targeting of beneficiaries - both inclusion and exclusion errors.

[Ex] - Failure of Aadhar authentication

## Issues with FCI

a) Called 'food corruption of India' in late 1990s.

b) Inefficient operations + expensive.

c) Lack of storage capacity → wastage.

d) No proactive liquidation policy.

e) Centralised nature of procurement.

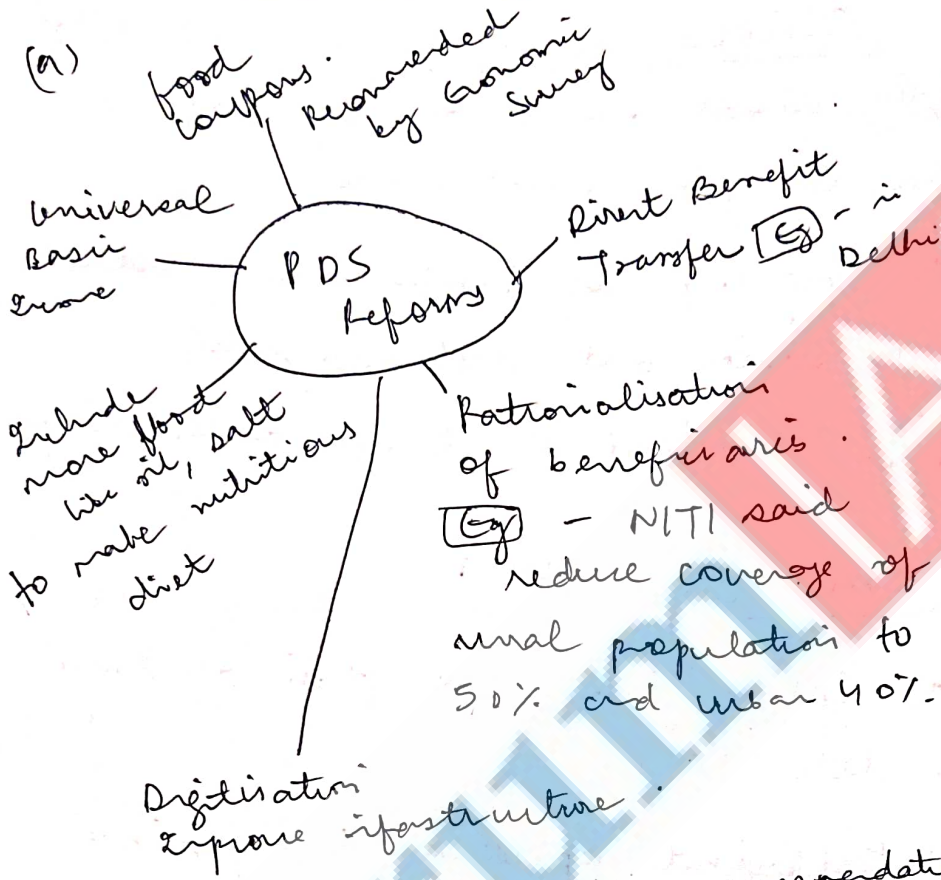
f) Buffer stock → government procure grains → shortage → increase price in market.

There is a need for reforms in both PDS and FCI as both are interlinked.

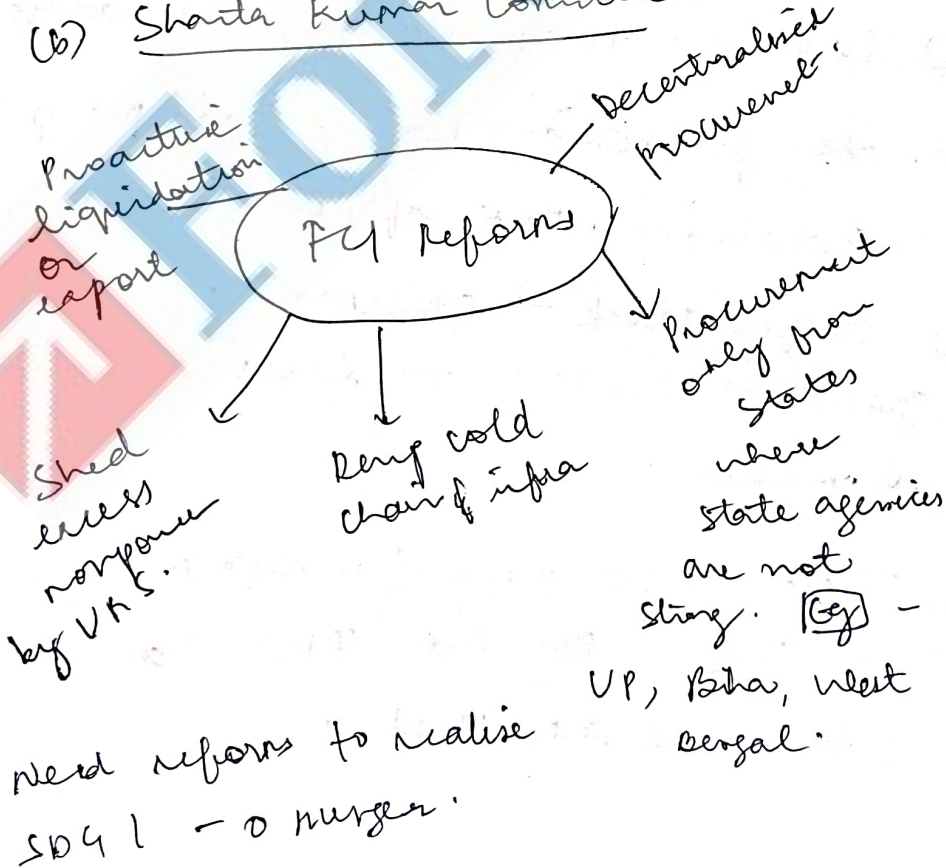
प्रश्न संख्या  
(Question No.)

# U.P.S.C.

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(b) Shanta Kumar Committee recommendations

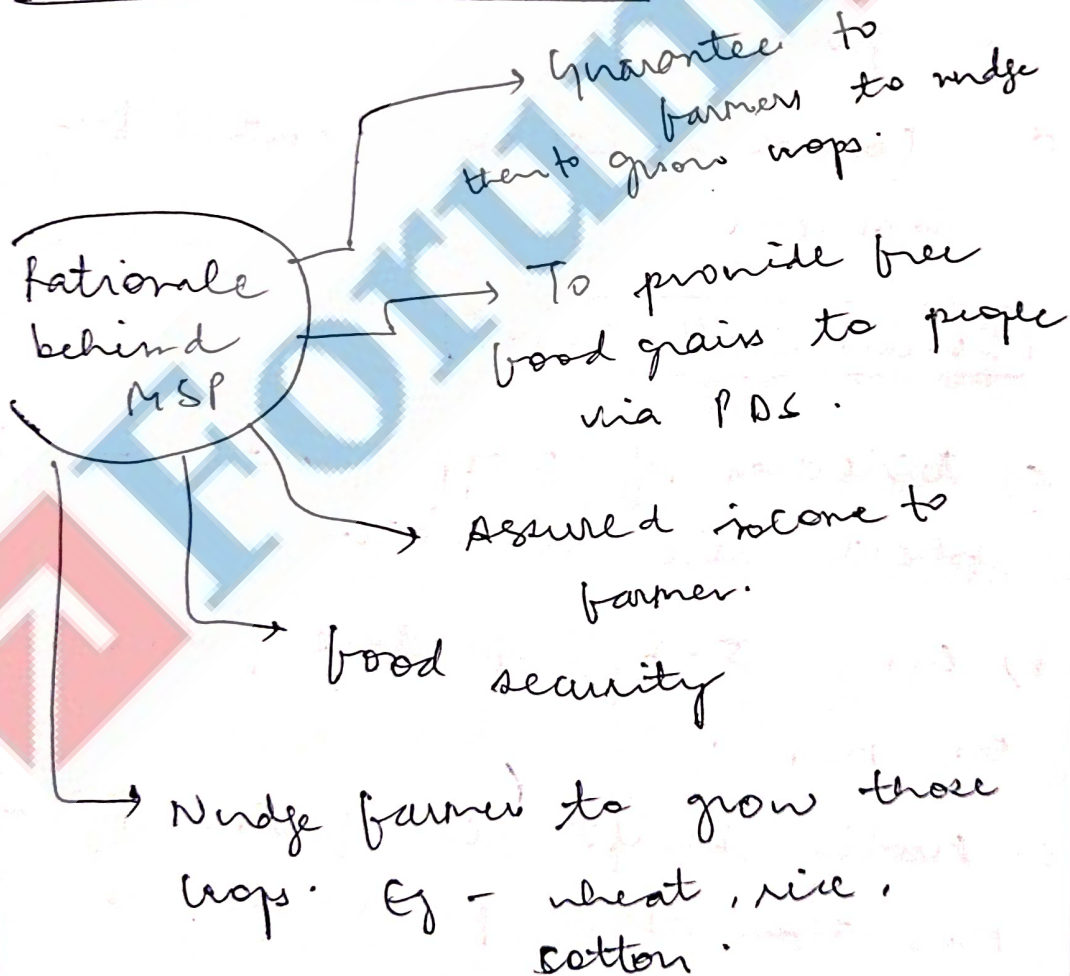


# U.P.S.C.

Q.19)

Minimum Support Price (MSP) is the price at which food grains are procured by government agencies to provide in PDS.

MSP is announced for 17 crops twice a year, on the recommendation of CACP by Cabinet Committee on Economic Affairs.



## Benefits of legal backing to MSP

- Guaranteed price to farmers.
- Make agriculture remunerative.  
Ex - Now average farm household income per month is just 6000.
- Assurance to government that adequate amount of food will be grown.
- Control inflation. Important for consumer.

## Issues with MSP

- Distortion of cropping pattern - Ex wheat rice domination
- Only 5-6% produce procured on MSP.
- Mostly benefit rich farmers. Ex - more than 90% procurement for large farmers.
- Regional skew. Ex - most

## U.P.S.C.

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procurement for Punjab - Haryana - west  
belt. UP

a) Nutritional deficiency. [E] - fruits,  
vegetables expensive → unaffordable.

b) Ground water withdrawal, 9119  
emissions for rice cultivation.

To make  
farming  
financially  
sustainable

→ Increase agriculture  
investment. [E] -  
Now only 5%.

→ Marketing reforms.  
[E] - eNAM

→ Focus on pulses,  
oilseeds. [G] - Export  
dependence in oilseeds  
60%, 10% in  
pulses

→ Access to  
credit to farmers.

→ Promote millets for climate  
resilient agriculture.

Comprehensive agriculture reforms,  
not MSP guarantee will lead  
to prosperity of agriculture.



प्रश्न संख्या  
(Question No.)

# U.P.S.C.

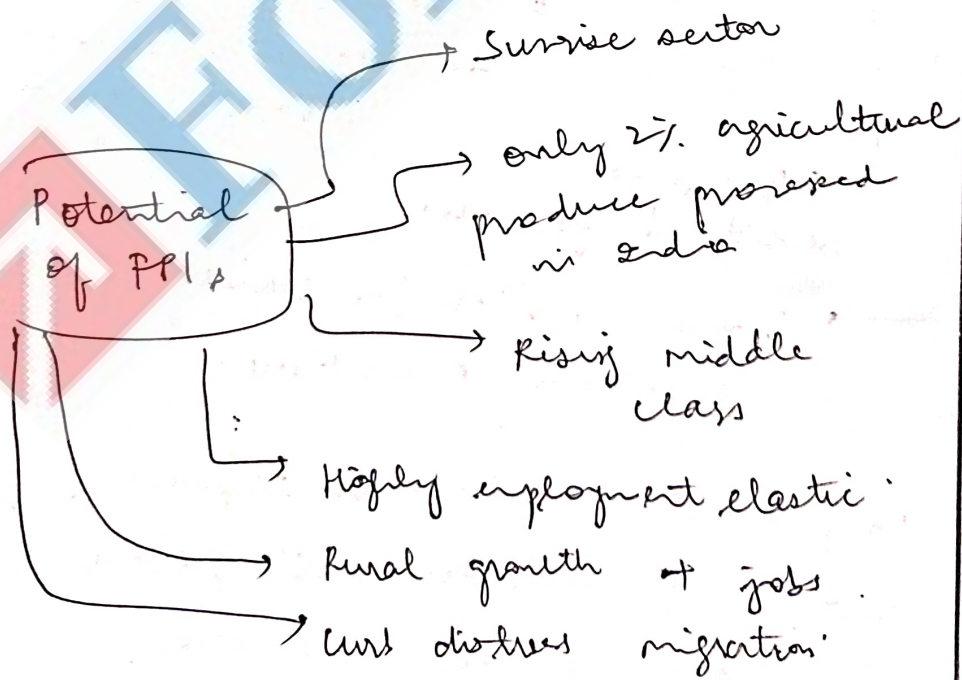
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Q.20)

Food processing industries can play a vital role in making agriculture commercially viable.

There are more than 25 lakh unorganised food processing units.

Provide employment to lakhs of households. Mostly located in coastal areas, rural areas, Delhi-NCR belt. Food processing contribute only 9% to manufacturing GVA, Indonesia - 35%.



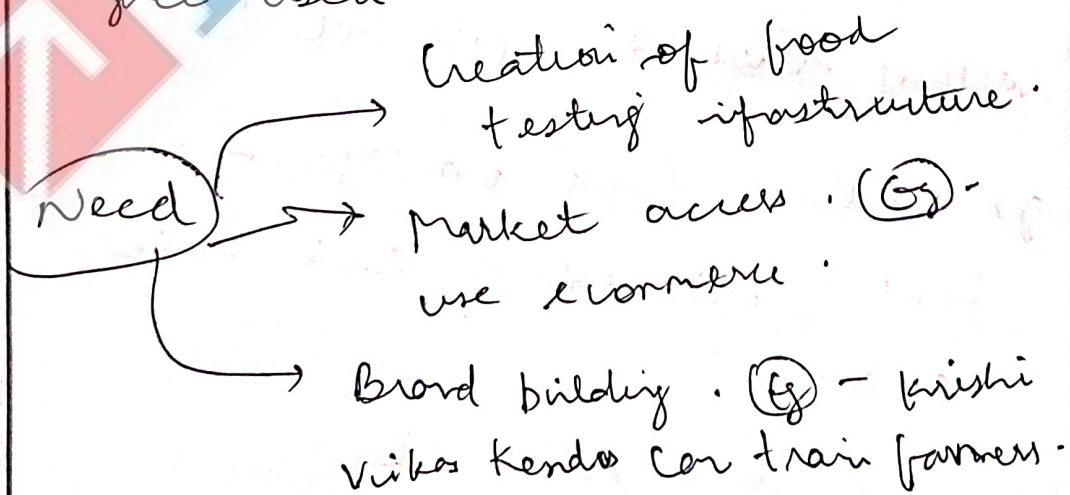
Role of FPI in growth of rural economy -

- a) 70% of unorganised FPIs are located in rural areas.
- b) Labour intensive sector - can absorb rural population.
- c) Can't displace unemployment in agriculture.
- d) Can create non-farm employment.
- e) Will curb distress migration to urban areas.
- f) Improvement in social indicators.  
[Ex] - SHG → women empowerment.  
Women SHG in Pali (Rajasthan) selling mustard apple at high price.
- g) Reduce food wastage - 40%.  
Food produced in 2000 wasted (FAO).
- h) Can't distress sale by farmer.
- i) Better price for value added produce.

# U.P.S.C.

## (Challenges in FPI sector)

- a) Unorganised → lack of access to credit.
- b) only primary value addition → does not fetch higher price.
- c) No product standardisation.
- d) Lack of market access.
- e) Lack skilled workforce.
- f) Lack of storage infrastructure.
- g) Seasonality and regional variability in agricultural production.
- h) Consumer preference for fresh produce. (Eg) - only 2% processed ghee used.



FPIs have huge potential to augment rural economy. Need support.