



BPSC

Prelims & Mains

Bihar Public Service Commission

General Studies

Paper 2 – Volume 6

Indian Economy Part - 2



G.S. PAPER – 2 VOLUME – 6

INDIAN ECONOMY PART - 2

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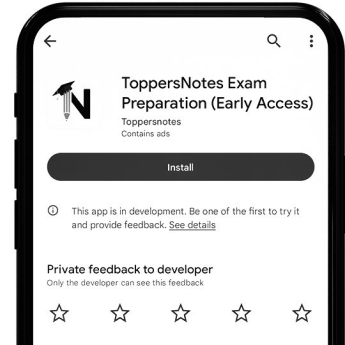
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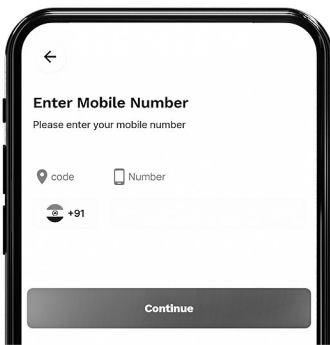
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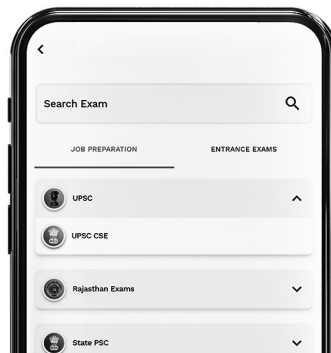
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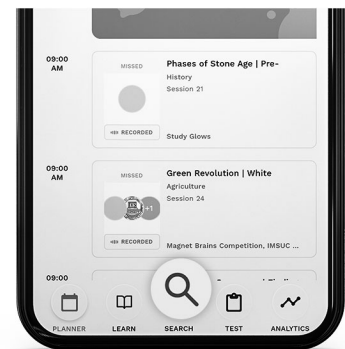
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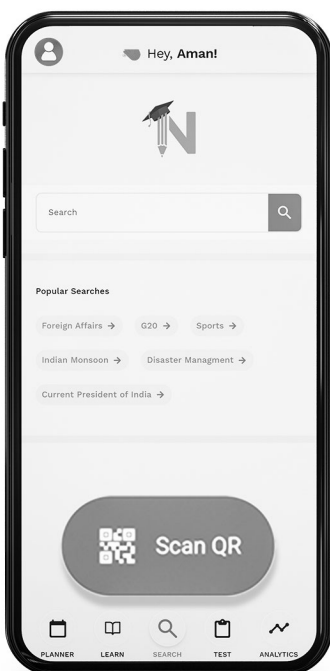
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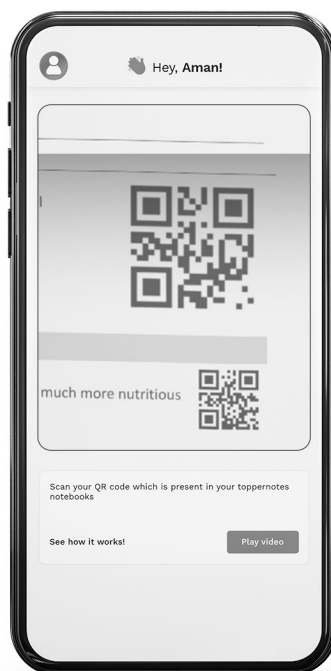
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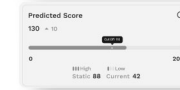
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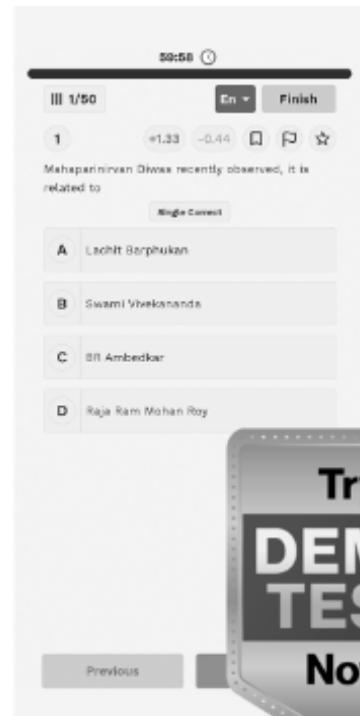
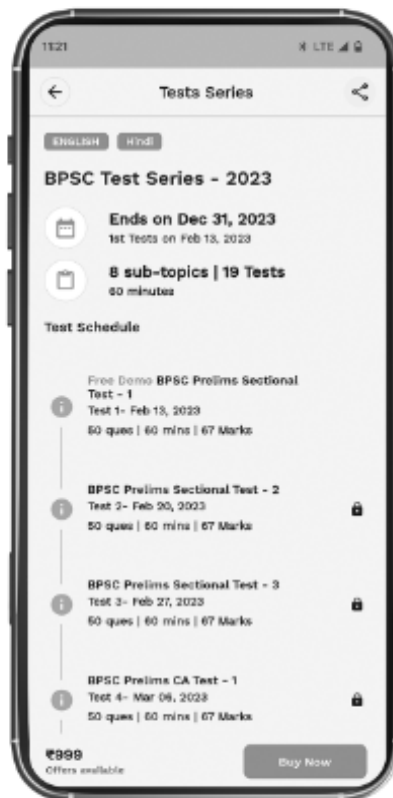
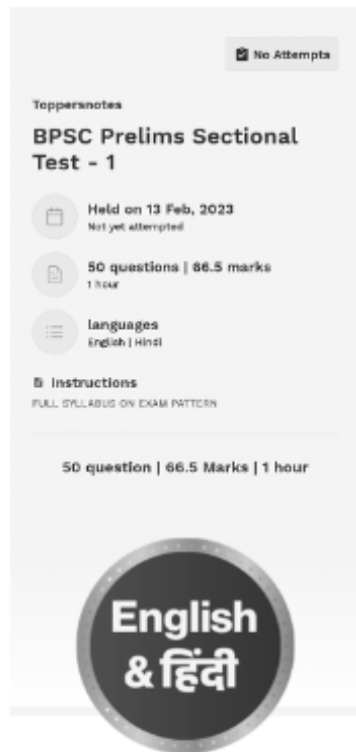
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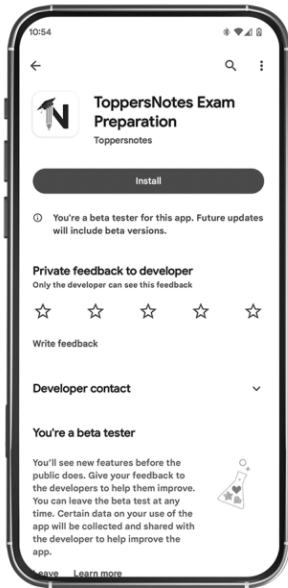


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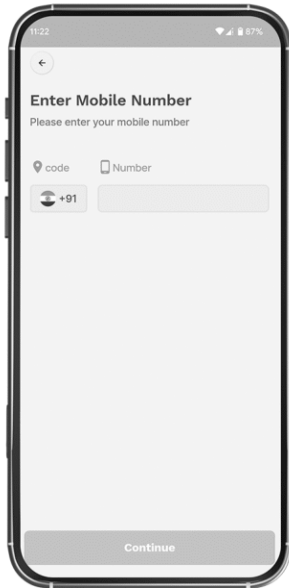
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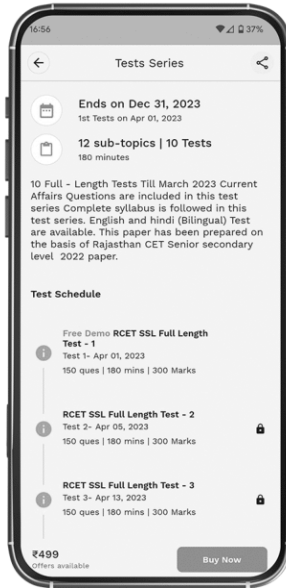
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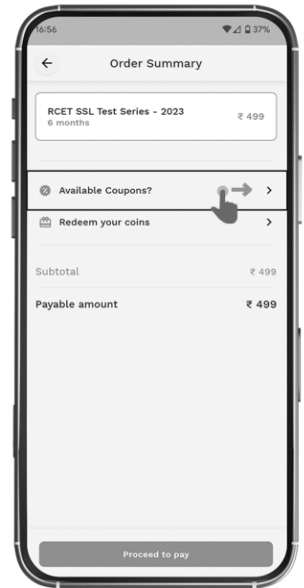
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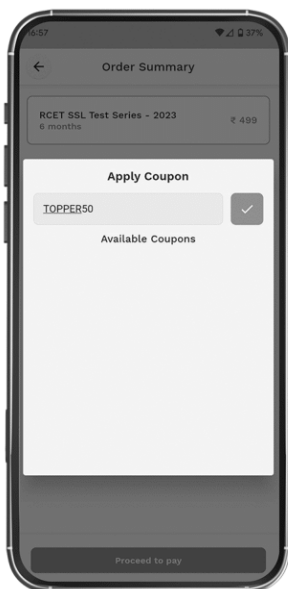
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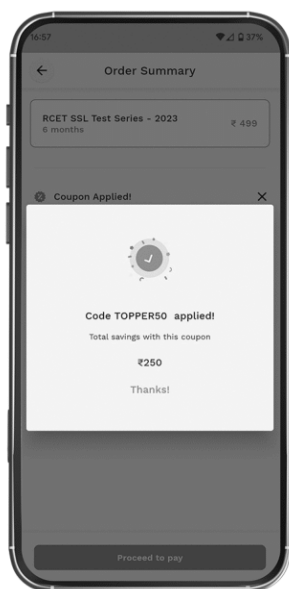
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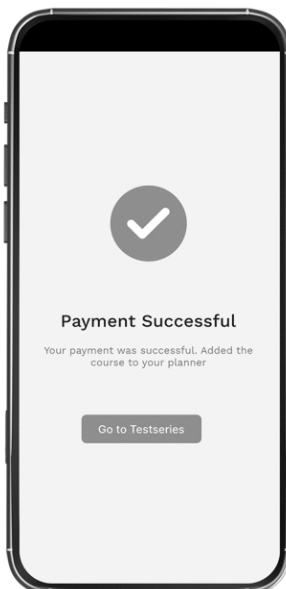
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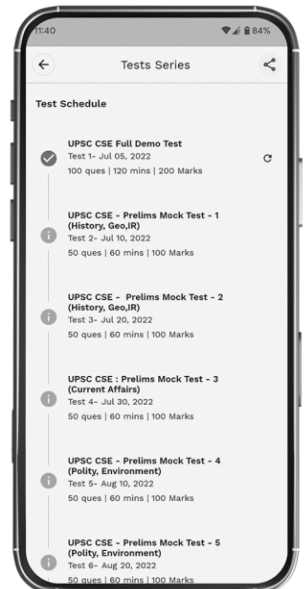
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1 CHAPTER

Subsidies



- **Subsidy** : "Money granted by the state, public body, or other entity to keep commodity prices low."
- It is a **grant or other form of financial assistance given for the purpose of supporting or developing them.**
- They have an **impact on the economy through the commodities** market because they lower the relative price of the subsidised commodity, resulting in an increase in demand.
- They **occur on the expenditure side of government budgets.**
- They **increase money in circulation while taxes reduce it.**
- They **argued in order to achieve redistributive goals**, particularly to ensure a basic level of food and nourishment for all members of society.

Need for farm subsidies

- **Article 48 of the Indian Constitution:** The responsibility of the state to organize agriculture on modern lines.
- As per FAO, 70% of Indian rural households are primarily dependent on agriculture for their livelihood.
- **Subsidies:** The tool for income distribution and to reduce inequalities (Oxfam report 2020- top 10% holds 72% of wealth).
- Poor income realization to farmers (farmers income is less than 1/3rd income of non-farmers)
- Farm subsidies act as a complementary income to farmers, which can be invested back in agriculture.
- Farm subsidies → Access to quality inputs such as seeds, fertilizers → Increase in productivity → Better income to farmers.
- Farm subsidies in a way motivate farmers to continue farming as an occupation.
- Insulate farmers from the issues posed by the covid-19 pandemic.



Classification of Subsidies

Direct Subsidy

- This subsidy is **paid directly to the farmers** and is usually in the form of a **direct cash subsidy.**
- As a result, direct subsidies **play a critical role in enhancing farmers' purchasing power** and raising the standard of living of the rural poor.
- Direct farm subsidies are **popular in most industrialised nations**,
 - such as the **United States and Europe**, while **India only offers them in limited forms**, such as food subsidies and MSP-based procurement.

Food Subsidy

- The **government incurs food subsidies** in order to fulfil its commitment
 - To distribute justice, and the food security system's twin objectives,
 - **To provide minimal nutritional support** to the needy through subsidised foodgrains and to ensure price stability in different states.

- The **difference b/w the economic cost of foodgrains and the issue price** is refunded to FCI,
 - which **used to distribute wheat and rice to the poor** and maintain a buffer stock.

Limitations of Direct Subsidy

- In rural areas, there is a **lack of financial inclusion and ATMs.**
- **Banking services are difficult to come by.**
- The possibility that **farmers would spend the funds for non-farm, non-productive purposes.**
- **Inflation may result from more money** in the hands of the general populace.
- It's possible that this will have an **influence on the country's food security.**
- **Market reforms and agricultural innovation** are two **major challenges** that have yet to be addressed.
- There are **issues in identifying beneficiaries.**

Indirect Farm Subsidies

- These are **not in the form of money**, but rather in the form of :
 - **Irrigation Subsidy**
 - **Power Subsidy**
 - **Fertilizer Subsidy**
 - **Seed Subsidy**
 - **Credit Subsidy**
 - **Farm loan waivers,**
 - **Investments in agricultural research, environmental assistance,**
 - **Farmer training,**
- Indirect Subsidies account for **around 2% of India's GDP.**



Examples

Power Subsidy	<ul style="list-style-type: none"> ● Subsidy equivalent to the difference b/w the price paid by the farmer for electricity usage and the real cost of generating electricity.
Fertilizer Subsidy	<ul style="list-style-type: none"> ● Subsidies provided to the farmer for sustained agricultural growth and balanced nutrient application. ● Fertilizer subsidies: Increased to around 70,000 crore (around 45,000 crore for urea) in fiscal year 2018-19, up from 65,000 crore in fiscal year 2017-18.
Credit Subsidy	<ul style="list-style-type: none"> ● Poor farmers are cash stressed and cannot access the credit market because they lack the collateral required for loans. ● To continue the production operations, they go to local money lenders. ● Credit subsidy: Difference b/w the interest charged by the farmer and the actual cost of giving credit. ● The government raised the agriculture credit target for fiscal 2020-21 to 11 lakh crores, <ul style="list-style-type: none"> ○ But 30-40% of rural credit is leaking out of the system, ○ As farmers take out loans at 3-4% interest and then make fixed deposits.

Infrastructure Subsidy	<ul style="list-style-type: none"> ● Individual efforts : To construct such basic infrastructure is not viable due to long gestation periods of infrastructure projects, so the government takes care of such costs. ● Importance : To carry out production and sales operation <ul style="list-style-type: none"> ○ Transportation facilities. ○ Storage facilities. ○ Power. ○ Market information.
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Advantages and Issues of Farm Subsidies



Advantages of Farm Subsidies	<ul style="list-style-type: none"> ● Enable small and marginal farmers - to maintain a steady supply of inputs and create jobs in the agricultural sector. <ul style="list-style-type: none"> ○ Subsidies protect farmers from price fluctuations.
Issues with Farm Subsidies	<ul style="list-style-type: none"> ● Food subsidies: Rs 1.70 lakh crore were allocated in Budget 2018-19, <ul style="list-style-type: none"> ○ while farm investment was only around Rs 3,000-Rs 4,000 crore, ○ Hence food subsidies were deemed wasteful rather than aiding agriculture. ● Due to subsidised agriculture : overuse of fertilisers in the Green Revolution area (Punjab, Haryana), leading to an unbalanced NPK Ratio, increased salinity, and diminished soil fertility. ● Farmers in India : encouraged to devote more land and water to government-subsidized crops (wheat, rice, sugar, and so on). <ul style="list-style-type: none"> ○ Resulting in lower productivity and higher costs for other things (fruits, vegetables, and so on). ● Subsidies: Paid at the cost of development spending, resulting in an unsustainable fiscal deficit. ● Subsidies also skew cropping patterns. ● Subsidies for fertilisers primarily help fertiliser producers and large farms. ● Subsidies lower the incentive to improve, promoting inefficiency.

Different ways of Disbursing



Direct Benefit Transfer	<ul style="list-style-type: none"> ● Initiated: In Jan, 2013 with the goal of reforming the government's delivery system. ● Aim: To make the transfer of information and payments to beneficiaries easier and faster, to prevent fraud in the delivery system. ● Schemes : DBT has 317 different schemes. <p># Some important</p> <ul style="list-style-type: none"> ● Pradhan Mantri Fasal Bima Yojana
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	<ul style="list-style-type: none"> ● National Food Security Mission ● National Mission for Sustained Agriculture – NMSA-Rainfed Area Development ● Pradhan Mantri Krishi Sinchai Yojana ● PM KISAN ● Swachh Bharat Mission Gramin ● Atal Pension Yojana ● Pradhan Mantri Matsya Sampada Yojana ● Ayushman Bharat – Pradhan Mantri Jan Arogya Yojana (AB-PMJAY) ● Deen Dayal Upadhyay Grameen Kaushalya Yojna ● DAY-NRLM ● National AYUSH Mission – Medicines under AYUSH Services
Income Support	<p>PM - KISAN</p> <ul style="list-style-type: none"> ● The Pradhan Mantri Kisan Samman Nidhi (PM-KISAN) <ul style="list-style-type: none"> ○ A Central Sector Scheme funded entirely by the Indian government. ● Implemented by:The Ministry of Agriculture and Farmer Welfare. ● Provides for the direct deposit of Rs 6,000 per year in 3 equal installments, directly to bank accounts of all landholding farmers, regardless of the size of their holdings. ● Aim: To supplement the financial needs of Small and Marginal Farmers (SMFs) ,in obtaining various inputs to guarantee proper crop health and yields, which are proportional to the expected farm income at the end of each crop cycle. ● The state / UT governments are solely responsible for identifying and locating beneficiary farmer families. <p>Universal Basic Income</p> <ul style="list-style-type: none"> ● It is a programme that provides a set amount of money <ul style="list-style-type: none"> ○ To all people of a geographic area (a country or state), ○ Regardless of their income, resources, or job status. ● UBI's major goal: to prevent or reduce poverty while also increasing citizen equality. ● Primary notion: all citizens, regardless of their birth circumstances, are entitled to a decent income.

Food Corporation of India (FCI)

- A public sector undertaking under the **Ministry of Consumer Affairs, Food and Public Distribution's Department.**
- **Food Corporations Act of 1964: established FCI as a statutory organisation in 1965.**
 - It was founded in the midst of a severe grain crisis, particularly wheat.
- **Commission for Agricultural Costs and Prices (CACP) :** established in 1965
 - **To advise farmers on fair prices.**
- **Main responsibilities include:** purchasing, storing, moving/transporting, distributing, and selling food grains and other consumables.



FCI's main responsibilities include

- Purchasing,
- Storing,
- Transporting,
- Distributing,
- Selling food grains and other consumables.

FCI was tasked with three primary goals

- Maintaining enough amounts of food grain buffer reserves
 - To ensure the nation's food security.
- Food grain distribution for the Public Distribution System across the country.
- Effective Price Support Operations to Protect Farmers' Interests.

Commission for Agricultural Costs & Prices (CACP)

- A body of the **Ministry of Agriculture and Farmers Welfare**.
- In **January 1965**: the Commission for Agricultural Costs and Prices established. (CACP, formerly k/a the Agricultural Prices Commission)
- To recommend **minimum support prices (MSPs)**
 - to encourage farmers to embrace contemporary technologies,
 - **Increase productivity and overall grain production** in accordance with the country's changing demand patterns.
- **Each year**: the government sets the **MSP for main agricultural goods** after considering the Commission's recommendations.

National Food Security Act, 2013



Objective	<ul style="list-style-type: none"> ● To ensure availability to enough quantities of high-quality food at affordable rates, <ul style="list-style-type: none"> ○ For individuals to live a dignified existence in the human life cycle.
Coverage	<ul style="list-style-type: none"> ● Under the Targeted Public Distribution System, <ul style="list-style-type: none"> ○ Up to 50% of the rural population and ○ Up to 75% of the urban population can get subsidised foodgrains (TPDS). ● NFA serves a total of 67% of the population.
Eligibility	<ul style="list-style-type: none"> ● Priority Households to be covered under TPDS, <ul style="list-style-type: none"> ○ Consistent with guidelines by the government. ● Households covered: which are under existing Antyodaya Anna Yojana.
Provisions	<ul style="list-style-type: none"> ● 5 kg of rice, wheat, or coarse grains per person each month at Rs. 3/2/1 per kg. ● Existing AAY households: continue to receive 35 kilogrammes of food grains per household/ month.

	<ul style="list-style-type: none"> ● During pregnancy and for 6 months after childbirth : <ul style="list-style-type: none"> ○ Pregnant women and lactating mothers receive a meal and maternity benefit of not less than Rs. 6,000. ● Children upto the age of 14 are served meals. ● Beneficiaries receive a food security allowance <ul style="list-style-type: none"> ○ If they are unable to obtain required foodgrains or meals. ● The establishment of grievance redress procedures at the district and state levels.
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World Trade Organisation and Agricultural Subsidies

- **In 1995: WTO Agriculture Agreement (AoA) - allowed industrialised nations to continue to pay farm subsidies,** but only under particular conditions.
- Agricultural subsidies have been **divided into several 'boxes'.**



WTO terminology

Green Box subsidies	<ul style="list-style-type: none"> ● It includes money spent on things like research, disease management, infrastructure, and food security, ● Direct payments to farmers like income support that don't increase output. ● These aren't regarded as trade-distorting, and they're really encouraged.
Blue Box subsidies	<ul style="list-style-type: none"> ● Direct incentives to farmers to limit production, as well as specific government support are included, <ul style="list-style-type: none"> ○ to promote agricultural and rural development in underdeveloped nations, ● Subsidies in the Blue Box are seen to be trade-distorting.
Amber Box subsidies	<ul style="list-style-type: none"> ● It includes all agricultural subsidies that do not fall into either the blue or green boxes, ● such as : <ul style="list-style-type: none"> ○ Government policies of Minimum Support Prices (MSP) for agricultural products or ○ Any assistance directly related to production quantities (e.g. power, fertilizer, seeds, pesticides, irrigation, etc.). ● These are subject to a commitment to reduce agricultural outputs to the minimum level,

2 CHAPTER

Infrastructure



- **Infrastructure:** A Range of support systems from industrial to agricultural production and foreign to domestic businesses.
- A basic organisational and physical structure required to run a business efficiently.

It Includes

- Communication and transportation,
- Sewage,
- Water,
- Education system,
- Health system,
- Clean drinking water,
- The monetary system.

Infrastructure Development

- **Current status:** Infrastructure development is facing its own challenges.
- If the Indian economy wants to **utilize intended benefits** and minimize risks regarding fiscal stimulus it **Needs to bring reforms** to boost the development of Infrastructure.
- **Initiatives : Development Finance Institution (DFI)**
 - **Initial capital:** ₹20,000 crores.
 - To serve as a **helping hand for facilitating infrastructure** investment.
- **Capital outlay:** To provide Government's share to National Infrastructure Pipeline (NIP).
- **NIP**
 - **The first practical step towards asset monetization.**
 - To manage the NPA of public sector banks, there's a proposal **to set up a Bad Bank.**



Issues Related To Infrastructure Development

<p>Revenue Shortfall</p>	<ul style="list-style-type: none"> ● Slippage in revenue estimates : Not ruled out on account of the realization of lower than expected increases in : <ul style="list-style-type: none"> ○ Nominal GDP growth, ○ Direct tax buoyancy, ○ Disinvestment targets.
<p>Lesser Funds With States</p>	<ul style="list-style-type: none"> ● 15th Finance Commission report : <ul style="list-style-type: none"> ○ Vertical share of tax dispersion from center to states. ○ Reduced from 42% to 41%. ● Central government: resort to the imposition of almost permanent cusses. <ul style="list-style-type: none"> ○ To reduce the shareable pool.

Issues associated With Burgeoning Fiscal Deficit	<ul style="list-style-type: none"> ● Infrastructure to be funded by fiscal stimulus. ● Can be reflected as taking the fiscal deficit to 4.5% of GDP (by 2025-26).
Issues Associated With Bad Bank	<ul style="list-style-type: none"> ● Finding buyers of bad assets during pandemic hit economy - a challenge, ● Especially when governments are facing fiscal deficit issues. ● Bad bank idea: it seems shifting loans from one government pocket (PSBs) to another (Bad banks).
Structural Problems	<ul style="list-style-type: none"> ● Due to land acquisition delays and litigation issues, ● The implementation rate of projects: very slow with global standards. ● Getting approvals : very difficult <ul style="list-style-type: none"> ○ In terms of - <ul style="list-style-type: none"> ■ land access, ■ environmental clearances, ■ impending litigation in court ○ These are all delaying factors of infrastructure projects.

UDAY (Ujwal DISCOM Assurance Yojana) Scheme

- **Launched on November, 2015 (Under Power and New and Renewable Energy)**
 - Under GoI - **for operational and financial turnaround of the Power Distribution Companies (DISCOMs) owned by any State.**
- Established with a vision: to provide affordable and accessible 24×7 Power to all.
- **Also aims: to provide a solution for revenue & cost efficiency.**



Objectives

- **Reducing - technical and commercial loss from around 22% to 15%.**
 - By eliminating the **gap b/w revenue supply & cost supply** by 2018-19.
- **Operational efficiency Improvement :** through
 - compulsory smart metering,
 - Up-gradation of transformers, meters, etc.
- **Adoption of energy efficiency measures :** like **promotion of -**
 - **efficient LED bulbs,**
 - **agricultural pumps,**
 - **fans,**
 - **Air-conditioners.**
- **Reduction of :**
 - **power cost,**
 - **interest burden,**
 - **loss of power in distribution sector,**
 - **improvement of operational efficiency of DISCOMs**
 - For the supply of required power at affordable rates.

- It is **sort of a debt restructuring plan** for the DISCOMs
 - **Optional for the states.**
- Inviting the states for their active participation
 - By providing incentives to the performing states.
- **75% debts: taken over by the joining states.**
 - By signing a MoU in a phased manner by issuing bonds.
- **Other 25% debts:** To be issued by DISCOMs(in the form of bonds).

Benefits to the Participating States

- Reduction in Cost of power through Central Support
- Increased supply of domestic coal
- Allocation of coal linkages at notified prices
- Coal price rationalization
- Coal linkage rationalization & allowing coal swaps
- Supply of washed & crushed coal
- Additional coal at notified prices
- Faster completion of Interstate Transmission lines
- Power purchase through transparent competitive bidding

Viability Gap Funding (VGF)

- Means a **onetime grant or deferred.**
 - Provided to support economically justified infrastructure projects.
 - But fall short of financial viability.
- **Lack of financial viability :**
 - Arises from **long maturation periods.**
 - The inability to increase user charges to commercial levels.
- **Infrastructure projects :**
 - Also involve **factors not properly captured** in direct financial returns to project sponsors.
- Through **catalytic grant assistance** of capital costs :
 - several projects **might be bankable** and
 - Help **mobilise private investment** in infrastructure.



VGF Funding

- **Usually provided from the government's budget allocation.**
 - Sometimes also provided by the statutory authority who owns the project asset.
- **Sponsoring Ministry/State Government/ statutory entity :**
 - When aims to provide assistance over and above the stipulated amount
 - It would be restricted to a further 20% (of total project cost).

VGF grants

- **Grants to be available:** only for infrastructure projects.
 - Where private sector sponsors - selected through a process of proper bidding.
- **Grants to be disbursed** at the construction stage.
 - But **only after a private sector developer contributes the required equity** for the project.

Roads

- **India : 2nd largest road network in the world,**
 - Spanning a **total of 50 Lakh kms.**
- This transports **64.5% of all goods** and **90% of India's total passenger traffic.**
- Road transportation : gradually increased over the years with improvements in connectivity
 - b/w -
 - Cities,
 - Towns and
 - Villages in the country.
- In India: sale of automobiles and movement of freight by roads growing at a rapid rate.
- **Current status**



Robust Demand	<ul style="list-style-type: none"> ● FY21: 13,298 kms of highway constructed across India. ● From : April 2021 - October 2021, <ul style="list-style-type: none"> ○ Passenger vehicle sales increased by 16% (reached 1,614,067 units). ○ Compared with 1,387,572 units sold b/w Apr, 2021 - Sept, 2021.
Attractive Opportunities	<ul style="list-style-type: none"> ● Government aims : <ul style="list-style-type: none"> ○ To construct 65,000 kms of national highways. ○ At a cost of Rs. 5.35 lakh crore by 2022. ● Andhra Pradesh: to spend Rs. 2200 crores. <ul style="list-style-type: none"> ○ To build 8,970 kms of roads. ● Road infrastructure in Punjab, Haryana and Rajasthan : <ul style="list-style-type: none"> ○ Government planned to construct roads extending 313 kms (Rs. 11,000 crore).
Higher Investment	<ul style="list-style-type: none"> ● Union Budget 2021-22 : Gol allocated Rs. 108,230 crore to the Ministry of Road Transport and Highways. ● National Infrastructure Pipeline(NIP) : <ul style="list-style-type: none"> ○ Government invested US\$ 1.4 trillion in infrastructure development as of July 2021.
Policy support	<ul style="list-style-type: none"> ● October 2021 : Government issued a notice related to - <ul style="list-style-type: none"> ○ concessions under the Vehicle Scrapping Policy (effective from April 2022) ○ To encourage vehicle owners to discard old vehicles.

Bharatmala Pariyojana

- Cabinet Committee on Economic Affairs : approved the umbrella programme for National Highway Road Sector - "**Bharatmala Pariyojana Phase-I**"
 - Spanning for **period of 5 years (2017-2022).**
- **Ministry of Road Transport and Highways :**
 - A detailed review of the NHs network.

- **Approval for the investment** : development of **about 34,800 km** (including 10,000 Km - residual NHDP)
- At an estimated budget of Rs **5,35,000 Crore**.
- **Focus** : It focuses on **improving the efficiency** of freight and passenger movement
 - Across the country by covering gaps in critical infrastructure.
- Also **ushered new age of technology** in highway development.
 - through the deployment of automatic :
 - **Traffic surveys,**
 - **And satellite mapping.**
 - **Imagery** to identify upgrade requirements of corridors.

Project Components

Economic Corridor	<ul style="list-style-type: none"> ● Construction of 9000kms of Economic Corridors: According to guidelines of road construction project, by the central government.
Feeder Route or Inter Corridor	<ul style="list-style-type: none"> ● Total length of Feeder Route: 6000 kms(Inter Corridor category).
National Corridor Efficiency Improvement	<ul style="list-style-type: none"> ● National Corridor category : 5000 kms, <ul style="list-style-type: none"> ○ Constructed under the scheme. ○ For the better connection b/w roads.
Border Road and International Connectivity	<ul style="list-style-type: none"> ● Connecting the cities and remote areas of border regions, <ul style="list-style-type: none"> ○ Provision for constructing 2000 kms roads. ● Falls under: Border Road or International Connectivity category.
Port Connectivity and Coastal Road	<ul style="list-style-type: none"> ● To connect areas : along the shorelines and important ports, ● Government: to construct 2000km of roads.
Green Field Expressway	<ul style="list-style-type: none"> ● Green Field Expressway: main stress to be given. ● For better management of traffic and freight.
Balance NHDP Works	<ul style="list-style-type: none"> ● Project will see construction and maintenance of about 10,000kms of new roads.

Railways

- **4th largest railway** network in the world and **2nd largest in Asia** (under single management).
 - **Route length spread over 1,23,236 km** (with 13,452 passenger trains and 9,141 freight trains)
 - Serving **2.3 crore travellers and 30 lakh MT of freight** daily from 7,349 stations.
- **Also called “Lifeline of India”**
 - which **provides both freight and passenger** means of transportation.
- **Contributes** to national growth and economic integration.



Bibek Debroy Committee on Railway Reforms

- A Committee **to mobilize resources for major railway projects**
 - and restructuring of Railway Ministry and Railway Board.
- Submitted its report in June 2015.
- **Chaired by: Bibek Debroy**
 - recommended Concessioneering of commercial operation of train
 - service like Rajdhani/Shatabdi to private parties.



Recommendations

Transition to commercial accounting	<ul style="list-style-type: none"> ● In Indian Railways process of accounting: very complicated. ● Financial statements: need to be restructured. <ul style="list-style-type: none"> ○ In a manner consistent with principles and norms nationally and internationally accepted.
The non-core function of railways must be privatized	<ul style="list-style-type: none"> ● Activities include: <ul style="list-style-type: none"> ○ running hospitals and schools, ○ catering, ○ real estate development, ● Also includes <ul style="list-style-type: none"> ● housing, ● construction and maintenance of infrastructure, ● manufacturing locomotives, ● coaches, ● wagons and their parts.
Expansion of Indian Railways Manufacturing Company	<ul style="list-style-type: none"> ● Coaches and locomotives production by private sector. <ul style="list-style-type: none"> ○ wagons are already produced by the private sector. Coaches and locomotives could follow. ● Need to free from 59 constraints: <ul style="list-style-type: none"> ○ existing production units - unable to face this competition.
Encouraging private entry	<ul style="list-style-type: none"> ● Private entry : for both freight and passenger trains.
Independent regulator	<ul style="list-style-type: none"> ● Shift regulatory responsibility: to an independent regulator ● private sector : only when fair and open access to railway infrastructure.

Dedicated Freight Corridors

- **A high speed and high capacity railway corridor.**
 - which exclusively meant for the transportation of freight (goods and commodities).
- **DFC involves -**
 - seamless integration of better infrastructure.
 - state of the art technology.



PROJECT MAP



Consists of 2 arms

Eastern Dedicated Freight Corridor (EDFC)	<ul style="list-style-type: none"> ● From Sahnewal (Punjab) to Dankuni(West Bengal). ● EDFC route got : <ul style="list-style-type: none"> ○ coal mines, ○ thermal power plants and ○ industrial cities. ● Feeder routes : also being made for these. ● EDFC route covers : Punjab, Haryana, Uttar Pradesh, Bihar, Jharkhand and West Bengal
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	<ul style="list-style-type: none"> ● World Bank : funding majority of the EDFC. ● This is 351 km long & decrease congestion on existing Kanpur-Delhi main line, ● Double the speed of freight trains from 25 kmph to 75 kmph.
Western Dedicated Freight Corridor (WDFC)	<ul style="list-style-type: none"> ● It is about 1,500 kms from Dadri(UP) to Jawaharlal Nehru Port Trust(Mumbai). <ul style="list-style-type: none"> ○ touching all major ports along the way. ● Covers Haryana, Rajasthan, Gujarat, Maharashtra and Uttar Pradesh. ● Funding by the Japan International Cooperation Agency.

Ports

- **Key for the development of any nation.**
- **India** : blessed with a **coastline of about 7,500 km.**
- Around **90% of external trade and 70% by value** - handled by ports.
- **India uses ports for majority of imports** : such as -
 - **crude petroleum,**
 - **iron ore,**
 - **coal, and**
 - **other essential commodities.**
- There are **12 major & 205 non-major ports** on Indian coast.



Sagarmala

<ul style="list-style-type: none"> ● Seeks : to develop a string of ports around India's coast. ● Objective : to promote "Port-led development" along India's 7500 km long coastline. ● Aims : to develop access to new development regions with intermodal solutions <ul style="list-style-type: none"> ○ promotion of the optimum modal split, ○ enhanced connectivity with main economic centres and beyond ○ through expansion of rail, inland water, coastal and road services. ● Nodal ministry : The Union Ministry of Shipping - appointed as the nodal ministry for this initiative. ● Implementation: State govt. - set up State Sagarmala committees, <ul style="list-style-type: none"> ○ headed by the chief minister or the minister in charge of ports. ○ At the central level : ○ A Sagarmala Development Company (SDC) - setup to provide equity support ○ to assist various special purpose vehicles (SPVs).

Sagarmala Project Components

Port Modernization & New Port Development	<ul style="list-style-type: none"> ● extending the capacity of existing ports and developing new ports.
Port Connectivity Enhancement	<ul style="list-style-type: none"> ● Improving port-hinterland connectivity, ● Optimizing cost and time of cargo movement <ul style="list-style-type: none"> ○ through multi-modal logistics solutions including domestic waterways.

Port-linked Industrialization	<ul style="list-style-type: none"> ● Developing industrial clusters close to ports and developing Coastal Economic Zones.
Coastal Community Development	<ul style="list-style-type: none"> ● Promoting sustainable development of coastal communities <ul style="list-style-type: none"> ○ through skill development & livelihood generation activities, fisheries development, coastal tourism, etc.
Coastal Shipping & Inland Waterways Transport	<ul style="list-style-type: none"> ● To move cargo through sustainable inland and coastal waterways mode.

Coastal Economic Zones (CEZs)

- A **spatial economic region** that could **extend along 300-500 km of coastline**,
 - around 200-300 km inland from the coastline.
- **Each CEZ** : a **grouping of coastal districts** within a state.
 - provide a geographical boundary within which port led industrialization can be developed.
- **Under CEZ** : Investor and business-friendly environment
 - **including ease of doing business**, swift environmental clearances etc.



Key Facts

- CEZ for **developing 14 such industrial clusters**
 - **to spur manufacturing and generate jobs.**
- Plan envisages **total investment of Rs 15,000 crore in first phase**
 - and **creation of more than 1.5 lakh jobs.**
- To **attract large firms interested in serving export markets**,
 - **to bring with them capital, technology, good management practices and links to world markets.**
- This in turn **will help create ecosystem around** - where productive small and medium firms will **emerge and flourish.**

Airports

- Airways play a **vital role as modern means of transportation.**
 - **very important** for the **growth of trade and commerce.**
- **Rapid speed** is the most peculiar feature of Air Transport.
- **Indian holds 9th position** in the world in civil aviation market.
- Significance of aviation sector : Increases due to size of India
 - which **makes aviation sector indispensable for faster communication.**
- Capable of making their access everywhere.
- It has **no physical barriers** as of other mode of transport.



UDAN-Regional Connectivity Scheme

- **UDAN (Ude Desh Ka Aam Nagrik)** : aims to make air travel **affordable and widespread.**