



# INDIAN ECONOMY

**FIRST STEP**

NCERT Based Course for CSE  
after class 12



**MADE EASY Publications Pvt. Ltd.**

**Corporate Office:** 44-A/4, Kalu Sarai (Near Hauz Khas Metro Station),

New Delhi-110016 **Ph. :** 9021300500

**E-mail:** [infomep@madeeasy.in](mailto:infomep@madeeasy.in) | **Web :** [www.madeeasypublications.org](http://www.madeeasypublications.org)

---

## INDIAN ECONOMY

© Copyright, by MADE EASY Publications Pvt. Ltd.

All rights are reserved. No part of this publication may be reproduced, stored in or introduced into a retrieval system, or transmitted in any form or by any means (electronic, mechanical, photo-copying, recording or otherwise), without the prior written permission of the above mentioned publisher of this book.

First Edition : 2022

Reprint : 2023

Reprint : 2024

Reprint : 2025

**Edition : June 2025** (Revised and Updated)

© All rights reserved by MADE EASY Publications Pvt. Ltd. No part of this book may be reproduced or utilized in any form without the written permission from the publisher.

---

# INDIAN ECONOMY

## Contents

### CHAPTER~1

#### Economy: An Introduction 2

1.1	Introduction .....	2
1.2	Types of Economic System.....	5
1.3	Factors of Production.....	7
1.4	Types of Goods.....	8
1.5	Types of Countries in terms of Economy .....	10

### CHAPTER~2

#### National Income 12

2.1	Introduction .....	12
2.2	National Income Accounting (NIA) .....	13
2.3	Methods of National Income Calculation.....	13
2.4	Development in India .....	19

### CHAPTER~3

#### Economic Planning in India 21

3.1	Introduction .....	21
3.2	Types of Planning .....	21
3.3	An Overview of History of Economic Planning in India .....	23
3.4	Five Year Plans of India : A quick Review .....	24
3.5	Economic Reforms .....	27
3.6	National Institution for Transforming India (NITI Aayog).....	28

### CHAPTER~4

#### Unemployment, Poverty & Inequality 31

4.1	Unemployment.....	31
4.2	Causes of Unemployment in India.....	33
4.3	Poverty .....	34
4.4	Types of Poverty.....	34
4.5	Causes of Poverty in India .....	36
4.6	Poverty Estimation in India.....	37
4.7	Niti Aayog Task Force on Poverty Elimination.....	39
4.8	Inclusive Growth.....	41
4.9	Microfinance .....	41

### CHAPTER~5

#### Monetary Policy 43

5.1	Money.....	43
5.2	Types of Money .....	44
5.3	Money Supply.....	45
5.4	Monetary Policy .....	46
5.5	Tools of Monetary Policy.....	46
5.6	Monetary Policy Committee (MPC) .....	49
5.7	Financial Stability and Development Council (FSDC) .....	50

## CHAPTER~6

### Banking System in India 51

6.1	Introduction .....	51
6.2	Reserve Bank of India.....	52
6.3	Nationalisation of Banks in India .....	54
6.4	Types of Banks in India .....	55
6.5	Reforms in Banking Sector.....	58
6.6	Small Finance Banks and Payment Banks.....	61
6.7	Problems in Banking Sector.....	62

## CHAPTER~7

### Government Budget and the Economy 63

7.1	Introduction .....	63
7.2	Budgeting in India.....	63
7.3	Structure of Government Budget.....	64
7.4	Balanced Budget v/s Deficit Budget or Surplus Budget .....	67
7.5	Budgetary Deficit.....	67
7.6	Budgetary Policy (Fiscal Policy) .....	69
7.7	Fiscal Consolidation.....	69
7.8	Budgetary Reforms .....	71

## CHAPTER~8

### Inflation and Taxation in India 72

8.1	Inflation.....	72
8.2	Types of Inflation .....	72
8.3	Inflation Targeting.....	74
8.4	Measures of Inflation.....	75
8.5	Business Cycles .....	76
8.6	Taxation in India.....	77
8.7	Types of Taxes .....	78
8.8	Basic Concepts.....	82
8.9	Double Taxation Avoidance Agreement (DTAA) .....	83

## CHAPTER~9

### Balance of Payments 84

9.1	Introduction .....	84
9.2	Balance of Payments (BOP) Crisis in 1991.....	85
9.3	Balance of Invisibles .....	86
9.4	Current Account Deficit.....	86
9.5	Currency Convertibility .....	87
9.6	Capital Account Convertibility.....	88
9.7	Tarapore Committee on Capital Account Convertibility.....	88

## CHAPTER~10

### Foreign Investment and Foreign Trade 89

10.1	Exchange Rate .....	89
10.2	Forex Reserve of India.....	91
10.3	Purchasing Power Parity .....	91
10.4	External Commercial Borrowings (ECB) .....	92
10.5	Foreign Investments: FDI and FII/FPI.....	92
10.6	Foreign Trade Policy in India .....	94
10.7	International Collaborations: India and WTO.....	96

## CHAPTER~11

### Financial Market of India 97

11.1	Introduction .....	97
11.2	Classification of Financial Market .....	98
11.3	Money Market.....	98
11.4	Capital Market .....	99
11.5	Instruments of Capital Market .....	102
11.6	Stock Exchange in India .....	105
11.7	History of the Stock Market in India .....	106
11.8	Securities and Exchange Board of India (SEBI).....	107

**CHAPTER~12**

**Agriculture in India 110**

12.1 Introduction .....	110	12.7 Irrigation .....	115
12.2 Revolution of Agriculture in India .....	110	12.8 Genetically Modified (GM) Crops.....	116
12.3 Evolution of Agriculture in India.....	111	12.9 Fertilisers.....	117
12.4 Trends of Indian Agriculture.....	112	12.10 Agricultural Credit.....	118
12.5 Land Reforms since Independence .....	113	12.11 Marketing of Agricultural Produce.....	119
12.6 Co-operative Farming .....	115	12.12 Food Processing Industries in India.....	120
		12.13 Regulatory Authorities .....	121
		12.14 Organic Farming .....	122





**Skill India**  
कौशल भारत - कुशल भारत



100 YEARS  
**विकसित भारत**  
**अभियान**  
1947 TO 2047



Ministry of Micro, Small and Medium Enterprises,  
Government of India



**MSME**  
MICRO, SMALL & MEDIUM ENTERPRISES  
सूक्ष्म, लघु एवं मध्यम उद्यम

**Pradhan Mantri**  
**Kisan Samman Nidhi**



# INDIAN ECONOMY



# Unemployment, Poverty & Inequality

## 4.1 Structural unemployment:

Unemployment refers to a situation where the persons who are able and willing to work are unable to find one, which would have provided them income.

Here, it is important to note that all the people who are not working cannot be categorized as unemployed. Only those can be categorized as unemployed who are actively seeking work.

### Types of Unemployment

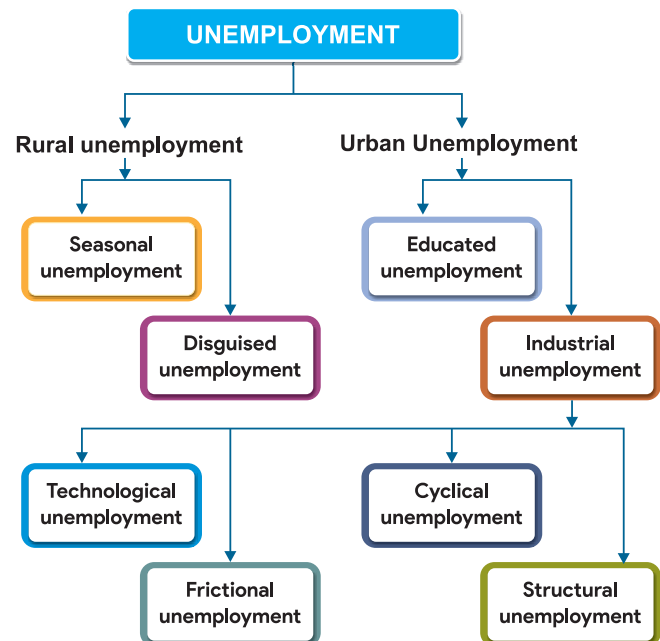
Broadly there are two types of unemployment, i.e., voluntary and involuntary. But when we talk about unemployment in the economy, we consider only those people who are involuntarily unemployed.

### Cyclical Unemployment

- This type of unemployment is associated with the business cycle in the economy.

- The labor force participation rate indicates the percentage of working-age people who are employed or are actively seeking work.
- The participation rate measures the percentage of people who are in the labor force.
- The unemployment rate measures the percentage of the labor force that is currently without a job.
- A high participation rate combined with a low unemployment rate is a sure sign of a robust job market.

- In the time of 'Boom', i.e., when business is in good condition with higher demand, higher output, higher profit and good financial position, then there is large-scale employment and less level of unemployment.
- Under the condition of 'Depression', the company's financial position weakens with the less demand, less amount of profit and in some cases loss.



### Structural Unemployment

- Structural unemployment occurs when there is a mismatch between the skills of the available workforce and the jobs that are available. It is a longer-lasting form of unemployment caused by fundamental shifts in an economy, such as Technological advances, Economic changes, Lack of education or training, Relocation, and Industrial decline etc.

### Frictional Unemployment

- Under this unemployment, workers leave their jobs to find better ones. It is usually a voluntary exit, but it can also occur from a layoff or termination with cause.
- The time, effort, and expense it takes the worker to find a new job is called friction.

### Seasonal Unemployment

- This type of unemployment is co-terminus with different seasons in different sectors of the economy. For example, there will be demand for agricultural labour in the sowing and harvesting period but the same labour will get unemployed once these seasons get over.

### Disguised Unemployment

- This type of unemployment is a peculiar feature of developing countries with high populations. Also this type of unemployment is more true for the agricultural sector in India.
- Under this, a person might seem to be working but his contribution to the actual output is zero. For example, on a piece of land, five workers are working whereas the requirement is only for two.

### Underemployment

- Underemployment refers to a situation where a person is employed, but the job and activity is not able to utilize his full skills and capacities because either it is not a full time activity or the job is below his capacity and utilization. For example, a PHD scholar doing the job of a peon.

### Chronic Unemployment

- Prolonged unemployment in the economy caused due to the long-term unemployment persisting in the economy.
- Often, the underdeveloped economies suffer from chronic unemployment because of Slower Economic Growth, Rapid Population Growth, etc.

### Technological Unemployment

- It is caused when the individuals lose their jobs due to technological advancement. Simply, the substitution of manpower with technology results in technological unemployment.

### Casual Unemployment

- When the worker is employed on a day-to-day basis for a contractual job and has to leave it once the contract terminates.
- Simply put, the inevitable time delay when a worker transits from one job to another due to the expiration of a previous job contract is casual unemployment.

### Methods of measuring unemployment in India

The National Sample Survey Organization (NSSO) measures unemployment in India using three concepts:

#### 1. Usual Status or Chronic Status:

- Estimates the number of persons unemployed for a major part of the year.
- Provides the lowest estimates of unemployment.

#### 2. Current Weekly Status:

- Measures unemployment with respect to one week.
- Considers a person unemployed if they cannot work even for an hour during the survey week.
- A person is considered employed for the week if they work even for a day.

#### 3. Current Daily Status:

- Considers the activity status of a person for each day of the preceding seven days.
- A person is unemployed if they did not find work on any day during the survey week.
- A person is considered employed for the whole day if they work for four hours or more.
- It is considered as a comprehensive measure of unemployment.

## 4.2 Causes of Unemployment in India

### Slow Economic Growth

- During the planning period the trend rate of growth was considerably lower than the targeted rate. Therefore, jobs in adequate numbers were not created. Further, economic growth by itself does not solve the problem of unemployment.
- In the recent past there has been a deceleration in the growth of employment in spite of the accelerated economic growth. This can be explained in terms of steady decline in the degree of response of employment to change in output in all the major sectors of economic activity except in construction.
- According to T.S. Papola, over a period of time, the output growth in the agriculture and manufacturing sector has become more input and technology-intensive and less labor-intensive.
- Besides, the sectoral composition of growth is also an important determinant of unemployment. Excessive dependence on agriculture and slow growth of non-farm activities limit employment generation.

### Increase in Labor force

There are two important factors that have caused an increase in the labor force which are as follows:

- **Rapid Population Growth:** Rising population has led to the growth in the labor supply and without corresponding increase in the employment opportunities for the increasing labor force has aggravated the unemployment problem.
- **Social Factors:** Since Independence, education among women has changed their attitude toward employment. Many of them now compete with men for jobs in the labor

market. The economy has however failed to respond to these challenges and the net result is a continuous increase in unemployment backlogs.

### Rural-Urban Migration

- The unemployment in urban areas is mainly the result of substantial rural migration to urban areas.
- Rural areas have failed to provide subsistence living in agriculture and allied activities and so large scale migration is taking place to cities. However, economic development in cities has failed to create enough additional jobs for the new urban entrants to the labor market.

### Inappropriate Technology

- In India, though capital is a scarce factor, labor is available in abundant quantities; yet producers are increasingly substituting capital for labor. This policy results in larger unemployment.
- Despite the abundance of labor, capital intensive technology is adopted in India mainly because of rigid labor laws. It is quite difficult to follow easy hire and fire policy and so right sizing of manpower is difficult for the enterprises. It is difficult to reduce the number of labor-Force.
- Further, factors like labor-unrest and lack of work-culture lead to the increased inefficiency of labor and thus provide incentives to follow labor-saving technology by organizations.

### Defective Educational System

- The present educational system has theoretical bias and has limited utility for productive purposes. It lacks the emphasis on the development of aptitude and technical qualifications required for various types of work among job seekers.

- This has created a mismatch between the need and availability of relevant skills and training, which results in unemployment, especially of youth and education while shortage of technical and specialized personnel continues.

#### Lack of Infrastructure Development

- Lack of investment and infrastructure development limits the growth and productive capacity of different sectors which leads to inadequate generation of employment opportunities in the economy.

#### Lack of Employability

- India faces a poor health and nutrition situation among masses which reduces the capacity of a person to be employable and it causes unemployment.

### 4.3 Poverty

- Poverty can be defined as a social phenomenon in which a section of society is unable to fulfill even its basic necessities of life.
- Different countries have different dimensions to measure poverty but all of them have a common vision of obtaining a good life in society.
- High poverty levels are synonymous with poor quality of life, deprivation, malnutrition, illiteracy and low human resource development.

### 4.4 Types of Poverty

#### Absolute Poverty

In 1995, the United Nations defined Absolute poverty as: a condition characterised by severe deprivation of basic human needs, including food, safe drinking water, sanitation facilities, health, shelter, education and information.

Economist Amartya Sen has defined poverty as a failure to achieve certain minimum capabilities and, according to him, the lack of capabilities is absolute.

#### Methodologies to Calculate Absolute Poverty

Several methodologies are used to calculate absolute poverty. Some of them are as follows:

##### 1. Poverty Line

- Poverty line is the level of income to meet the minimum living conditions. Poverty line represents the amount of money needed for a person to meet his basic needs.
- Poverty line, its methodology and dimensions change from one country to another.

##### 2. Poverty Gap

- According to the World Bank, Poverty Gap is the mean shortfall from the poverty line (counting the non-poor as having zero shortfall), expressed as a percentage of the poverty line.
- Poverty gap measures the intensity of poverty. It shows the extent to which individuals on average fall below the poverty line.

##### 3. Poverty Gap Index

- The Poverty Gap Index estimates the depth of poverty by considering how far, on an average, the poor are from that poverty line. It enables poverty comparisons.
- It also helps provide an overall assessment of a region's progress in poverty alleviation and the evaluation of specific public policies or private initiatives. However, the Poverty Gap Index ignores the effect of inequality between the poor. It does not capture differences in the severity of poverty amongst the poor.

#### 4. Poverty Ratio

- The poverty rate is the ratio of the number of people (in a given age group) whose income falls below the poverty line; taken as half the median household income of the total population.
- It is also available by broad age group: child poverty (0-17 years old), working-age poverty and elderly poverty (66 year-olds or more). However, two countries with the same poverty rates may differ in terms of the relative income-level of the poor.

#### Relative Poverty

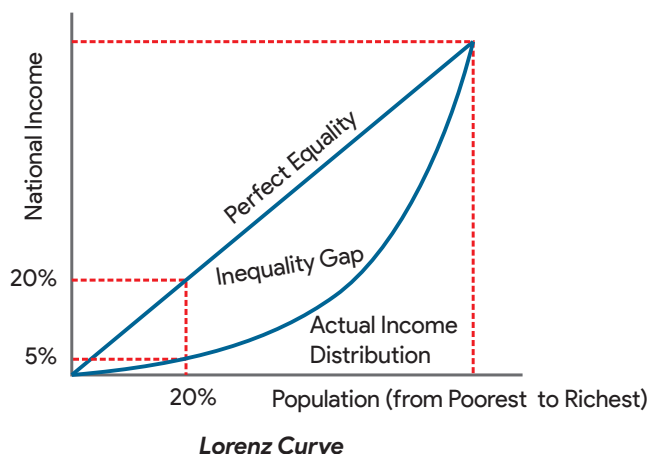
Relative poverty defines poverty in relation to the economic status of other members of the society. People are poor if they fall below prevailing standards of living in a given societal context.

To measure relative poverty various methods have been developed that use different parameters to calculate the relative poverty. One of such parameters is 'income inequality' which is measured by the concept of Lorenz curve and Gini coefficient.

The distribution of income in an economy is represented by a Lorenz Curve and the degree of income inequality is measured through the Gini Coefficient.

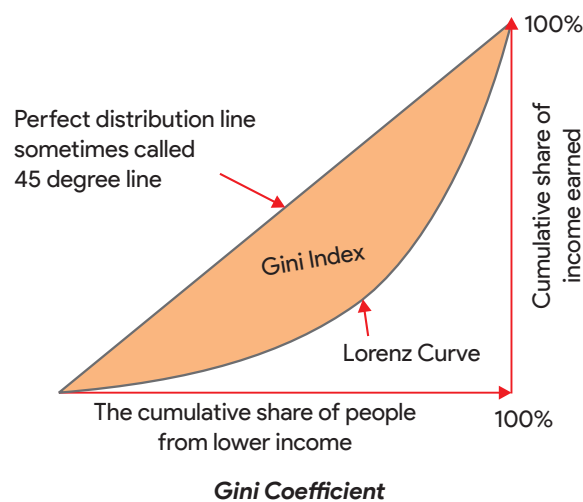
##### 1. Lorenz Curve

- The Lorenz Curve, developed by Max Lorenz in 1906, is a graphical distribution of wealth.
- It shows the proportion of income earned by any given percentage of the population.
- The line at the 45° angle shows perfectly equal income distribution, while the other line shows the actual distribution of income. This means that the 45 degree line denotes that all people of the country earn equally and the other line which deviates from this 45 degree line shows the inequality in the earning of people.



##### 2. Gini Coefficient

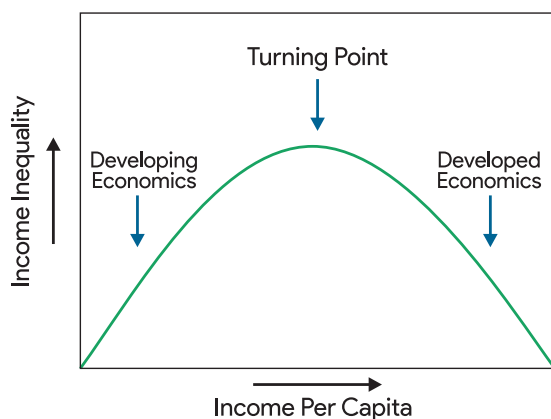
- Gini Coefficient was developed by Corrado Gini in 1912.
- The Gini Coefficient is derived from the Lorenz Curve. The Gini coefficient is the ratio of area between the Lorenz curve (Actual Distribution Line) and the line of absolute equality (Numerator) to the whole area under the line of absolute equality (Denominator).



- The Gini Coefficient measures the degree of income equality in a population.
- The Gini Coefficient can vary from 0 (perfect equality) to 1 (perfect inequality).
- In other words, the higher the value of Gini Coefficient the higher will be inequality.

### 3. Kuznets Curve

- The relationship between growth and inequality of income has been of considerable concern in the development literature. As the development process proceeds, income inequality first rises and then falls with development.



**Kuznets Curve**

- A graphical representation of increase in per capita income on the 'X' axis representing economic development and a measure of inequality on the 'Y' axis would show a curve in the shape of an inverted 'U'.
- This has come to be called the inverted-U hypothesis of the relationship between growth of income and inequality, and is associated with Simon Kuznets. It is now famously called 'Kuznets Curve'.

Difference between Relative Poverty and Absolute Poverty	
Relative Poverty	Absolute Poverty
1. It refers to poverty of people relative to other people, regions or nations.	1. It refers to total number of people living below the poverty line.
2. When we say India is relatively poor, then it is in comparison with other countries – the comparison is that of per capita income of different countries.	2. The concept has relevance for less developed countries and the concept has no relevance for developed countries.

3. Within India, relative poverty is calculated with the help of Lorenz Curve and Gini Coefficient.

3. In India, absolute poverty is calculated with the help of poverty line.

### 4.5 Causes of Poverty in India

In India, the debate on poverty issue was launched by Dadabhai Naoroji, through his famous *Drain of Wealth Theory*, enunciated in his book 'Poverty and Unbritish Rule in India' which explained the major causes of poverty in India of that time. He was accompanied by many other nationalists like M.G. Ranade, R.C.Dutt etc. However, after independence the situation has changed but many of the factors still remain prevalent like:

- High Population Growth Rate:** With limited resources and high population, most people are left with lack of availability of resources leading to poverty.
- Agrarian Form of Economy:** Agriculture offers less income which leads to poverty like situations.
- Primitive Agricultural Practices:** Elementary agricultural activities are neither remunerative nor sustainable, as a result the condition of deprivation exists.
- Illiteracy and Ignorance:** Absence or lack of ability to read, write and comprehend, reduces the ability of any person to prosper and uplift himself from poverty.
- Unemployment and Underemployment:** unavailability of avenues to earn creates a mutually reinforcing cycle of poverty causing unemployment and unemployment causing poverty.
- Urban-Rural Divide:** The availability of resources and means to possess those resources are more in urban areas than in rural areas, thus creating conditions of impoverishment in the rural areas.

- **Social Inequity and Discrimination:**

Inequalities are 'fundamentally about relational disparities, denial of fair and equivalent enjoyment of rights, and the persistence of arbitrary discrepancies in the worth, status, dignity and freedoms of different people' which led to conditions of poverty.

- **Inadequate Accessibility of Food:** Food is a basic necessity of life. Inadequate accessibility to food leads to hunger and penury.

## 4.6 Poverty Estimation in India

### Pre-Independence

One of the earliest estimates of poverty was done by Dadabhai Naoroji in his book, 'Poverty and the Un-British Rule in India'. He formulated a poverty line ranging from ₹16 to ₹35 per capita per year, based on 1867-68 prices. The poverty line proposed by him was based on the cost of a subsistence diet consisting of 'rice or flour, dal, mutton, vegetables, ghee, vegetable oil and salt'.

In 1938, the National Planning Committee (NPC) estimated a poverty line ranging from ₹15 to ₹20 per capita per month. Like the earlier method, the NPC also formulated its poverty line based on 'a minimum standard of living perspective in which nutritional requirements are implicit'.

In 1944, the authors of the 'Bombay Plan' suggested a poverty line of ₹75 per capita per year.

### Post-Independence

In 1962, the Planning Commission constituted a working group to estimate poverty nationally, and it formulated separate poverty lines for rural and urban areas – of ₹20 and ₹25 per capita per year respectively.

### VM Dandekar and N Rath's Study

- They made the first systematic assessment of poverty in India in 1971, based on National Sample Survey (NSS) data from 1960-61.
- They argued that the poverty line must be derived from the expenditure that was adequate to provide 2250 calories per day in both rural and urban areas.
- This generated debate on minimum calorie consumption norms while estimating poverty and variations in these norms based on age and sex.

### Alagh Committee (1979)

- In 1979, a task force constituted by the Planning Commission for the purpose of poverty estimation, chaired by YK Alagh, constructed a poverty line for rural and urban areas on the basis of nutritional requirements.
- Following table shows the nutritional requirements and related consumption expenditure based on 1973-74 price levels recommended by the task force. Poverty estimates for subsequent years were to be calculated by adjusting the price level for inflation.

Calorie Consumption and Consumption Expenditure		
Area	Calories	Minimum Consumption Expenditure (₹ Per Capita/ Month)
Rural	2400	49.1
Urban	2100	56.7

### Lakdawala Committee (1993)

- In 1993, an expert group constituted to review methodology for poverty estimation, chaired by DT Lakdawala, made the following suggestions:
  - Consumption expenditure should be calculated based on calorie consumption as earlier;

- State specific poverty lines should be constructed and these should be updated using the Consumer Price Index of Industrial Workers (CPI-IW) in urban areas and Consumer Price Index of Agricultural Labour (CPI-AL) in rural areas; and this assumes that the basket of goods and services used to calculate CPI-IW and CPI-AL reflects the consumption patterns of the poor.
- Discontinuation of 'scaling' of poverty estimates based on National Accounts Statistics.

### Tendulkar Committee (2009)

- In 2005, another expert group to review methodology for poverty estimation, chaired by Suresh Tendulkar, was constituted by the Planning Commission to address the following three shortcomings of the previous methods:
  - Consumption patterns were linked to the 1973-74 poverty line baskets (PLBs) of goods and services, whereas there were significant changes in the consumption patterns of the poor since that time, which were not reflected in the poverty estimates
  - There were issues with the adjustment of prices for inflation, both spatially (across regions) and temporally (across time)
  - Earlier poverty lines assumed that health and education would be provided by the State and formulated poverty lines accordingly.
- The Committee computed new poverty lines for rural and urban areas of each state.
- It concluded that the all India poverty line was ₹446.68 per capita per month in rural areas and ₹578.80 per capita per month in urban areas in

2004-05. The following table outlines the manner in which the percentage of population below the poverty line changed after the application of the Tendulkar Committee's methodology.

Population Below Poverty Line (2004-05)			
Committee	Rural	Urban	Total
Lakdawala Committee	28.3%	25.7%	27.5%
Tendulkar Committee	41.8%	27.5%	37.2%

- The Committee also recommended a new method of updating poverty lines, adjusting for changes in prices and patterns of consumption, using the consumption basket of people close to the poverty line. Thus, the estimates released in 2009-10 and 2011-12 use this method instead of using indices derived from the CPI-AL for rural areas and CPI-IW for urban areas as was done earlier.
- Following Table outlines the poverty lines computed using the Tendulkar Committee methodology for the years 2004-05, 2009-10 and 2011-12.

National Poverty Lines (in ₹ Per capita/month)		
Year	Rural	Urban
2004-05	446.7	578.8
2009-10	672.8	859.6
2011-12	816.0	1000.0

### Rangarajan Committee

- In 2012, the Planning Commission constituted a new expert panel on poverty estimation, chaired by C Rangarajan to review the methodology for measurement of poverty. It made the following changes:

- The Tendulkar committee had used the all-India urban poverty line basket as the reference to derive state-level rural and urban poverty. The Rangarajan committee reverts to the practice of having separate rural and urban poverty basket lines.
- The poverty line should be based on certain normative levels of adequate nourishment, clothing, house rent, conveyance and education, and a behaviourally determined level of other non-food expenses.
- It reversed the decision of the Tendulkar Committee and anchored the poverty lines on nutritional intake of calorie, protein and fat.
- The energy requirement as calculated by Rangarajan is 2,155 kcal per person per day in rural areas and 2,090 kcal per person per day in urban areas. This is significantly lower than the 2,400 kcal in rural areas and slightly less than 2,100 kcal in urban areas used by the earlier Lakdawala panel. The reason given is that the age profile and working conditions have changed with time.
- Rangarajan says the best way is to take it on a monthly household consumption basis rather than monthly per capita expenditure.

## 4.7

### NITI Aayog Task Force on Poverty Elimination

Constituted in 2015 under the Chairmanship of Dr. Arvind Panagariya, Vice Chairman, NITI Aayog, the report of the Task Force primarily focuses on issues of measurement of poverty and strategies to combat poverty. Regarding estimation of poverty,

the report could not reach a consensus. With respect to strategies to combat poverty, the Task Force has made recommendations on faster poverty reduction through employment intensive sustained rapid growth and effective implementation of anti-poverty programs.

### Millennium Development Goals (MDGs)

The Millennium Development Goals (MDGs) were the eight international development goals for the year 2015 that had been established following the Millennium Summit of the United Nations in 2000, following the adoption of the United Nations Millennium Declaration. Following are the MDGs:

- Eradicate extreme poverty and hunger
- Achieve universal primary education
- Promote gender equality and empower women
- Reduce child mortality
- Improve maternal health
- Combat HIV/AIDS, malaria, and other diseases
- Ensure environmental sustainability
- Develop a global partnership for development

### Sustainable Development Goals (SDGs) 2015

The 2030 Agenda for Sustainable Development, adopted by all United Nations Member States in 2015, provides a shared blueprint for peace and prosperity for people and the planet, now and into the future.

The Sustainable Development Goals (SDGs), officially known as Transforming our world: the 2030 Agenda for Sustainable Development is a set of seventeen aspirational “Global Goals” with 169 targets between them.

## SUSTAINABLE DEVELOPMENT GOALS (SDGs) 2016-2030



1

NO  
POVERTY

End poverty in all its forms everywhere



2

ZERO  
HUNGER

End hunger, achieve food security and improved nutrition and promote sustainable agriculture



3

GOOD HEALTH  
AND WELL-BEING

Ensure healthy lives and promote well-being for all at all ages



4

QUALITY  
EDUCATION

Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all



5

GENDER  
EQUALITY

Achieve gender equality and empower all women and girls



6

CLEAN WATER  
AND SANITATION

Ensure availability and sustainable management of water and sanitation for all



7

AFFORDABLE AND  
CLEAN ENERGY

Ensure access to affordable, reliable, sustainable and modern energy for all



8

DECENT WORK AND  
ECONOMIC GROWTH

Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all



9

INDUSTRY, INNOVATION  
AND INFRASTRUCTURE

Build resilient infrastructure, promote inclusive and sustainable industrialization and foster innovation



10

REDUCED  
INEQUALITIES

Reduce inequality within and among countries



11

SUSTAINABLE CITIES  
AND COMMUNITIES

Make cities and human settlements inclusive, safe, resilient and sustainable



12

RESPONSIBLE  
CONSUMPTION  
AND PRODUCTION

Ensure sustainable consumption and production patterns



13

CLIMATE  
ACTION

Take urgent action to combat climate change and its impacts



14

LIFE  
BELOW WATER

Conserve and sustainably use the oceans, seas and marine resources for sustainable development



15

LIFE  
ON LAND

Protect, restore and promote sustainable use of terrestrial ecosystems, combat desertification, and halt and reverse land degradation and halt biodiversity loss



16

PEACE, JUSTICE  
AND STRONG  
INSTITUTIONS

Promote peaceful and inclusive societies, provide access to justice for all and build effective, accountable and inclusive institutions at all levels

17

PARTNERSHIPS  
FOR THE GOALS

Strengthen the means of implementation and revitalize the Global Partnership for Sustainable Development

## Role of NITI Aayog in SDGs

NITI Aayog has been entrusted with the role to coordinate 'Transforming our world: the 2030 Agenda for Sustainable Development' (called as SDGs).

The task at hand for NITI Aayog is not merely to periodically collect data on SDGs but to proactively pursue the goals and targets not only quantitatively but also maintaining high standards of quality.

The Ministry of Statistics and Programme Implementation (MoSPI) has already undertaken a parallel exercise of interaction with the ministries to evolve indicators reflecting the SDG goals and targets.

### 4.8 Inclusive Growth

It means economic growth that creates employment opportunities and helps in reducing poverty. It includes providing equality of opportunity and empowering people through education and skill development.

#### Objective:

- Inclusive growth should result in lower incidence of poverty.
- Inclusive Growth shall lead to significant improvement in health outcomes, universal access for children to school, increased access to higher education and improved standards of education, including skill development.
- Inclusive growth shall provide better opportunities for both wage employment and livelihood, and improvement in provision of basic amenities like water, electricity, roads, sanitation and housing.

## Financial Inclusion

- Financial inclusion is the process of ensuring access to appropriate financial products and services needed by vulnerable groups such

as weaker sections and low income groups at an affordable cost in a fair and transparent manner. Financial Inclusion, broadly defined, refers to universal access to a wide range of financial services at a reasonable cost.

- The objective of financial inclusion is to ensure universal access to a wide range of financial services like savings and payment accounts, credit insurance and pensions.
- Financial inclusion also aims to provide services for business opportunities, education, savings for retirement and insurance against risks including emergency loans.
- Recent schemes like Pradhan Mantri Jan Dhan Yojana (PMJDY), Pradhan Mantri Mudra Yojana (PMMY), and Atal Pension Yojana (APY) have significantly boosted financial inclusion in India. PMJDY provided universal access to banking facilities, PMMY facilitated credit access for small businesses, and APY encouraged retirement savings for the unorganized sector.

### 4.9 Microfinance

Microfinance is the provision of financial services to low-income clients or solidarity lending groups including consumers and the self-employed, who traditionally lack access to banking and related services.

Microfinance is not just about giving micro credit to the poor; rather it is an economic development tool whose objective is to assist the poor to work their way out of poverty. It covers a wide range of services like credit, savings, insurance, remittance and also non-financial services like training, counseling etc. The reason for existence of separate institutions i.e. MFIs for offering microfinance are as follows:

- High transaction cost – generally micro credits fall below the break-even point of providing loans by banks.
- Absence of collaterals – the poor usually are not in a state to offer collaterals to secure the credit.
- Loans are generally taken for very short duration periods.
- Higher frequency of repayment of installments and higher rate of Default.
- Non-Banking Financial Companies (NBFCs), Co-operative societies, Section-25 companies, Societies and Trusts, all such institutions operating in the microfinance sector constitute MFIs and together they account for about 39.2 percent of the microfinance sector in terms of loan portfolio. The MFI channel is dominated by NBFCs which cover more than 80 percent of the total loan portfolio through the MFI channel.
- NBFC MFIs continued to dominate the market with portfolio share of 39.2 per cent, followed by Banks at 33.2 percent, Small Finance Banks at 16.9 per cent, NBFCs at 10.2.

