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INDIAN ECONOMY

SIERRA INNOVATIONS

TAMILNADU PUBLIC SERVICE COMMISION

INDIAN ECONOMY

1 CHAPTER

NATURE OF INDIAN ECONOMY

Definition

- **Economics** is a scientific discipline that deals with human desires and their satisfaction.
- It's mainly involved with the manner in which a society chooses to use its scarce resources that have different uses, for the assembly of products for present and future consumption.
- **Economy** - the science of **production, distribution and consumption.**

Divisions of Economy

1. Production :

- **Production** refers to the creation of **wealth.**
- It deals with all activities that are undertaken to supply products that satisfy human needs.
- **Factors of Production are:**
  1. Land
  2. Labor
  3. Capital
  4. bourgeois / organization

2. Distribution :

- Particular **goods are produced** - it gets **distributed to the market**.
- Associate in Nursing act of sharing the merchandise or consumers.

3. Consumption :

- Consumption - **satisfaction of human needs.**

4. Exchange :

- Associate in the act of giving one factor and receiving another reciprocally.

Based on Condition of Work

Organized Sector

- covers those enterprises or places of work - terms of employment are regular
- Registered by the government and have to follow its rules and regulations which are given in various laws such as the **Factories Act, Minimum Wages Act, Payment of Gratuity Act, Shops and Establishments Act** etc.

Unorganized Sector

- Characterized by **small and scattered units** - **not in control of the government**.
- There are rules and regulations but these are not followed.
- **Low-paid jobs and often not regular**.
- Employment is not secure and depends on the whims of the employer.

- not covered by any of the Acts pertaining to welfare Schemes as mentioned in Schedule-II of **Unorganized Workers Social Security Act, 2008.**
- home-based worker or a self-employed worker or a wage worker

Types of Economy (Scale)

Macroeconomics :

- **Economics studies** - **Financial system as an entire**.
- It's a study of the relations between broad economic aggregates like **total employment, saving and investment.**

Micro political economy :

- Economic activities - **small scaled household.**
- In economic science, we have a tendency to agitate on issues like the output of one firm or business, value of one trade goods and disbursement on product by one unit.

Types of economic bases on Nature

- **Open Economy** – Free from trade barriers. **(free export & import)**
- **Closed Economy** – No activity conducted outside the Economy.

Sectors of Indian Economy

- **Primary** (Raw materials/ Natural): **Agriculture, Forestry, Fishing**.
- **Secondary** (Manufacturing) : **Mining, producing, Electricity, gas and facility, construction**.
- **Tertiary** (Service): **Business, Transport, Banking, Telecommunication, realty etc..**,

Types of Economy Based on system and distribution

Economic system refers to the means within which resources are allotted within the economy.
They are classified into,

1. ancient (Traditional)economy on Self contained economy :

- This sort of economy is a unit ruled by customs and conventions.
- It's known as **village economy or closed economy.**

2. capitalism or market economy :

- It's an economy within which the assembly and distribution of commodities occur through the mechanism of free markets while not government interference.
- Thus it's known as an **economy or trade economy**.
- Eg: **us, Canada, nice UK**.

3. socialism or Command economy :

- **Production area units** - **owned and operated** by the **State**.
- All selections relating to production and distribution area units taken by the central designing authority. Thus it's known as a planned economy.
- E.g: **China, Vietnam, Laos, Cuba and D.P.R.K (North Korea).**

4. Mixed economy :

- The mixed economy - **public and personal sector co-exist**.
- within the world no economy could be a pure ancient economy, a pure capitalism or a pure socialism.
- E.g: **India**

Macro Economics

- **Macroeconomics** deals with aggregates such as **national income, employment and output.**
- Macroeconomics is also known as **'Income Theory'.**

Importance of Macro Economics

- Understanding the functioning of the economy at a holistic level.
- To **develop** appropriate **strategies and address key problems** that exist in the **economy**.
- Macroeconomics offers ample opportunity to understand reality through scientific research.
- Macroeconomics helps you **compare and analyze economic indicators** meaningfully.
- **Macroeconomics helps us to better predict the future** and make appropriate policies to avoid economic crises.
- U**nderstanding the future problems, needs, and challenges** of the economy as a whole is critical to developing safeguards.

Scope of Macro Economics

National Income:

- **Measurement of national income and sectoral structure** are key **aspects** of **macroeconomic analysis.**
- Trends in **national income** and their **composition** provide **long-term insights** into the process of economic growth.

Inflation:

- **Inflation** is a steady **rise in the general price level**.
- It is **necessary to estimate the general price level** by constructing various price indices such as **wholesale price index and consumer price index.**

Business cycle:

- All countries face the **problem of fluctuations in business activity and economic cycles.**
- The cyclical movements of the economy (**boom, slump, recession, recovery**) must be carefully studied based on aggregate economic variables.

Poverty and Unemployment:

- The main problems in most resource-rich countries are **poverty and unemployment**.
- **This is one of the economic paradoxes**.

Economic growth:

- The **growth and development of the economy** and the factors that determine it can only be **understood through macro analysis**.

Economic Policy:

- Macroeconomics is important for designing appropriate economic policies.
- Economic policies are needed to solve key problems, overcome obstacles and achieve growth.

Limitations

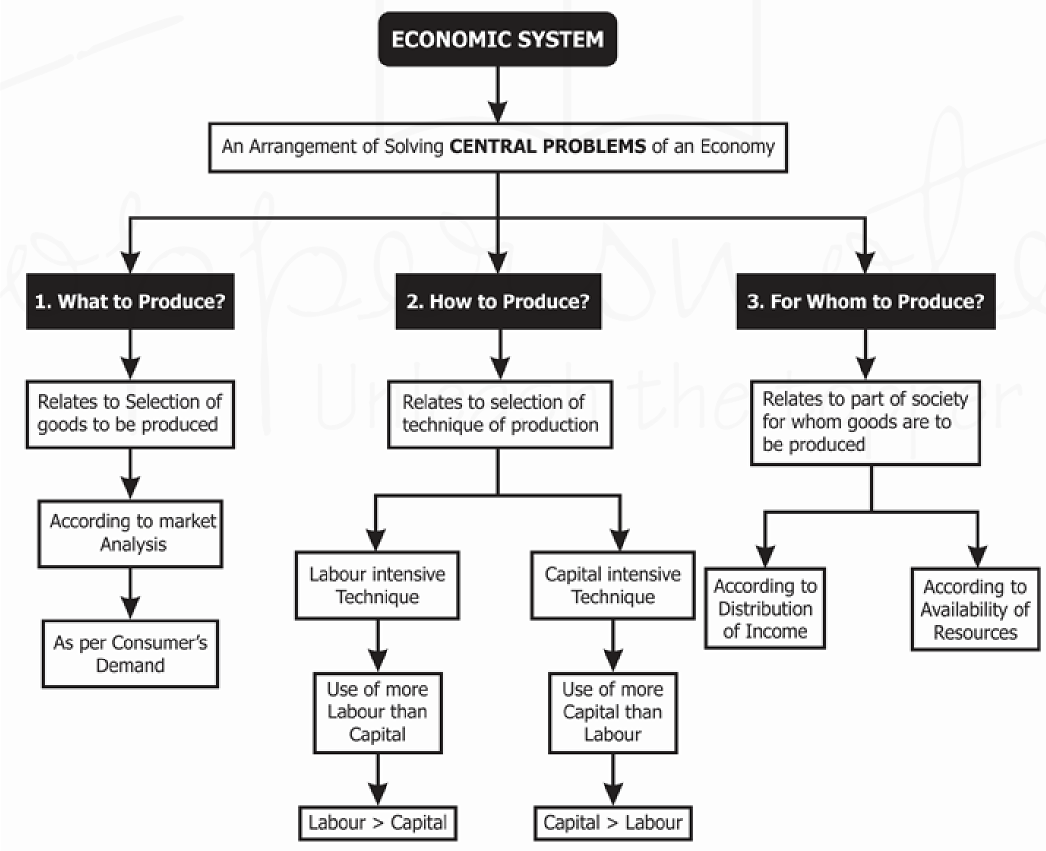
- There is a risk of **overgeneralizing the economy as a whole**.
- Assumes homogeneity between individual units.

- There is a **configuration error**.
- What is good for the individual is not necessarily good for the country and vice versa.
- And what is good for one country is bad for another country and at different times.
- Many non-economic factors determine economic activity.
- However, they do not find a place in the usual macroeconomic books.

Economy and its Types

1. **Status of Development:** Developed, underdeveloped, undeveloped and developing economies.
2. **System of Activities:** Capitalistic,Socialistic and Mixed Economies.
3. **Scale of Activities:** Small and Large Economies.
4. **Nature of Functioning:** Static and Dynamic Economies.
5. **Nature of Operation:** Closed and Open Economies.
6. **Nature of Advancement:** Traditional and Modern Economies.
7. **Level of National Income:** Low Income, Middle Income and High Income Economies.

Economic Systems



Capitalistic Economy (Capitalism)

- In a **capitalist economy,** the means of production **are private property.**
- Producers produce goods and services for profit.
- Individuals have the right to participate in any business and develop their skills.
- The **United States, West Germany, Australia and Japan** are the best examples of **capitalist economies.**

Characteristics of a capitalist economy

- **Private Property and Inheritance Law of Property:**
  - A **key characteristic of capitalism** is that all resources, including **land, capital, machinery, and mines, are privately owned.**
  - Owners have the right to own, store, sell or use these resources as they please.
  - Property may be transferred to heirs after death.
- **Freedom of Choice and Entrepreneurship:**
  - Everyone is free to do business, trade and produce any product, anywhere.
  - Likewise, consumers are free to purchase the products they want.
- **Profit Motives:**
  - **Profit is the driving force of all economic activity in a capitalist economy.**
  - Each individual and organization produces only those goods that provide high profit margins.
  - It is followed by advanced technology, division of labor, and specialization.
  - The **golden rule** of producers in capitalism is **profit maximization.**
- **Free Contest:**
  - **Free competition** exists in **both goods and factor markets.**
  - Neither the government nor any authority can prohibit a business from buying or selling in the marketplace.
  - There is **competition** between **buyers and sellers**.
- **Pricing Mechanism:**
  - The **price mechanism underlies** all **capitalist economies.**
  - All economic activity is governed by the price mechanism, namely the market forces of supply and demand.
- **Government role:**
  - Because the price mechanism regulates economic activity, the role of government in a capitalist economy is limited.
  - The **government** provides **basic services such as defense, medical care, and education.**

Merits of Capitalism

- Automatic Working
- Efficient Use of Resources
- Incentives for Hard work
- Economic Progress
- Consumers Sovereignty
- Higher Rates of Capital Formation
- Development of New Technology

Demerits of Capitalism

- **Concentration of Wealth and Income:** Capitalism causes concentration of wealth and income in a few hands and thereby increases inequalities of income.
- **Wastage of Resources:** Large amounts of resources are wasted on competitive advertising and duplication of products.

- **Class Struggle:** Capitalism leads to class struggle as it divides the society into capitalists and workers.
- **Business Cycle:** Free market system leads to frequent violent economic fluctuations and crises.
- **Production of non essential goods:** Even harmful goods are produced if there is a possibility to make profit.

Socialistic Economy (Socialism)

- In a **socialist economy**, all resources are owned and controlled by the state.
- Public welfare is the main motive for all economic activity.
- It aims to be equal in the distribution of income and wealth and to provide equal opportunity for all.
- **Russia, China, Vietnam, Poland and Cuba** are examples of socialist economies.
- But now there is no absolute socialist economy.

Features of Socialism:

- **Public Ownership of Means of Production:**
  - All sources are owned by means of the government.
  - It is a method in which the elements of manufacturing are nationalized and controlled via means of the general public authority.
- **Central Planning:**
  - **Planning** is an **indispensable part of a socialistic economy.**
  - In this device, all choices are undertaken via way of means of the critical making plans authority.
- **Maximum Social Benefit:**
  - **Social welfare** is the guiding precept at the back of all financial activities.
  - Investments are deliberate in any such manner that the advantages are dispensed to the society at large.
- **Non-lifestyles of Competition:**
  - Under the **socialist financial device** there may be **absence of opposition withinside the market.**
  - The country has **complete manipulation** over **manufacturing and distribution of products and services.**
  - The clients could have a restricted choice.
- **Absence of Price Mechanism:** The pricing device works beneath the manipulation and law of the critical making plans authority.
- **Equality of Income:**
  - Another **critical characteristic of socialism** is the **elimination and discount of financial inequalities.**
  - Under **socialism non-public assets and the regulation of inheritance do now no longer exist.**
- **Equality of Opportunity:** Socialism gives the same possibility for unfastened health, training and expert training.
- **Classless Society:**
  - **Under socialism**, there may be a **classless society** and so **no elegance conflicts.**
  - In a **real socialist society**, everybody is the same by some distance as **financial reputation is concerned**.

Merits of Socialism

- Reduction in Inequalities
- Rational Allocation of Resources
- Absence of Class Conflicts
- End of Trade Cycles
- Promotes Social Welfare

Demerits of Socialism

- **Corruption and bureaucracy:** The Government agencies make decisions, working with many officials and moving files between spreadsheets takes time and creates bureaucracy.
- **Lack of incentives:** A major limitation of socialism is that this system provides no incentive to increase efficiency. As a result, performance is also degraded.
- **Limited freedom of choice:** Consumers do not have the freedom to choose when consuming goods and services.
- **Concentration of power:** The state makes all major decisions.
  - Individuals do not take initiative when making economic decisions.
  - As a result, the state becomes more powerful and abuses of power can occur.

Mixed Economy (Mixed)

In a **mixed economy**, the **private and public sectors coexist** and **work together for economic development.**

Characteristics of a mixed economy

- **Ownership of property and means of production:**
  - Means of production and property belong to both private and public property.
  - Public and private entities have the right to purchase, use or transfer resources.
- **Coexistence of the public and private sectors:**
  - In a mixed economy, the private and public sectors coexist.
  - Private businesses operate primarily for profit.
  - Public sector corporations are government-owned to maximize public welfare.
- **Economic Planning:**
  - The **central planning authority prepares the economic plan.**
  - National plans are created by the government and are followed by both the private and public sectors.
  - In general, all sectors of the economy are functioning according to the goals, priorities and tasks set out in the plan.
- **Solving economic problems:**
  - The fundamental problems of what to produce, how to produce, for whom, and how to distribute are resolved by the price mechanism as well as government intervention.
- **Freedom and Control:**
  - Private freedom has freedom as self-resources, only producing products and services, distributing the same and distributing the same and has overall control over the overall control of economic activity.

Merits of Mixed Economy

- Rapid Economic Growth
- Balanced Economic Growth
- Proper Utilization of Resources
- Economic Equality
- Special Advantages to the Society

Demerits of Mixed Economy

- **Lack of coordination:**
  - The main drawback of **mixedism** is the lack of coordination between the public and private sectors. 0
  - Both work with different motives, which causes a lot of tuning problems.
- **Competitiveness:**
  - Both **government and private sector** - cooperate with the addendum
  - It's a spirit for society, but in reality they are competitive in their activities.
- **Inefficiency:** Most public sector companies remain inefficient due to lethargic bureaucracy, bureaucracy, and lack of motivation.
- **Fear of nationalization:** In a mixed economy, the fear of nationalization discourages the business and innovation of private entrepreneurs.
- **Increasing inequality:**
  - Ownership of resources, inheritance rights, and the pursuit of people's interests widen the gap between the rich and the poor.
  - Ultimately, capitalist inequality and socialist inefficiencies are found in mixed economies.

Demand Supply Management

Demand Curve: The **relationship b/w the price of the good and the amount or quantity the consumer is willing and able to purchase** in a specified time period, given constant levels of the other determinants–tastes, income, prices of related goods, expectations, and the number of buyers.

Determinants of Demand

- **Good's Price**
- **Taste or level of desire** for the product by the buyer
- The **income of the buyer**
- **Prices of related products:**
  - **Substitute products** (directly competes with the good in the opinion of the buyer; e.g. tea & coffee)
  - **Complementary products** (used with the good in the opinion of the buyer; e.g. car & petrol)
- **Future expectations**
  - The **expected income of the buyer**
  - The **expected price of the good.**

Changes That Decrease Demand

The following changes decrease demands:

- The **decreased price of a substitute**
- **Increased price of a complement**

- **The decrease in income** if good is normal good
- **Increase in income** if good is inferior good

Elasticity of Demand

- A **measure of the quantity variable's (Q) sensitivity to changes in the price variable (P.**)
- Elasticity is **crucial in estimating how revenue will vary** since it answers the issue of **how much the quantity will change in percentage terms for a 1% change in price**.
- The **inelastic demand curve is high because even a substantial change in P generates little change in Q,.**
- **Eg: Food Grains**: Even if the price is greatly increased, people will not reduce their consumption; and if P drops, people will not increase their consumption.

What is Supply?

- The **amount of a commodity that a company is willing to sell at a certain price.**
- The **'supply curve' is followed**.T the higher the price, the greater the incentive for the company to sell more, .

The supply of goods will increase:

- **Profit =** Total Revenue – Total Cost.
- **Revenue =** Money received through the sale of output = Price (P) x Quantity (Q).
- If **all other factors stay constant**, a higher price will result in a bigger profit.
- **The Law of Demand:** As the price rises, the quantity requested (Qd) decreases.
- **The Law of Supply:** As the price rises, so does the quantity provided (Qs).

Determinants of Supply

Taxes	● As **taxes rise, supply falls**, and the **supply curve shifts to the left.** ● **Increases in manufacturing costs** and levies **will have the same effect**. ● The **government slashed taxes to enhance supply after** the global **financial crisis of 2008.** ● The **supply curve moved to the right** as a result of this.
Cost of production	● **If the cost of production rises, so does the supply.** ● **Shifts in the supply curve:** As **manufacturing costs rise**, the amount **provided decreases**, and the **supply curve shifts to the left.** ● When the **cost of manufacturing falls**, the **amount produced rises**. ● **The supply curve will slant to the right**.
Firm Goals	● **Profit isn't always the main goal** of a company. ● The **purpose might be to increase sales or to improve social welfare**. ● The **supply curve swings rightwards** in this scenario as the supply grows. ● **Good rainfall may also enhance supply**, resulting in a rise in agri supply.

Elasticity of supply

"Responsiveness of the quantity supplied to the change in price"

- **High elasticity: If the change is steep**
- **Elasticity (Es):** (% change in quantity supplied) / (% change in price)
- **If Es>1:** Supply is elastic
- **If Es<1: Supply is inelastic** Determinants of elasticity of supply
- The **overall determinant is choice:** More the choice with the firm, higher the elasticity
    - **Eg. Perishable quantities:** The firm has no option/choice to store; have to sell at any price.
    - **For agricultural commodities:** Inelastic supply.

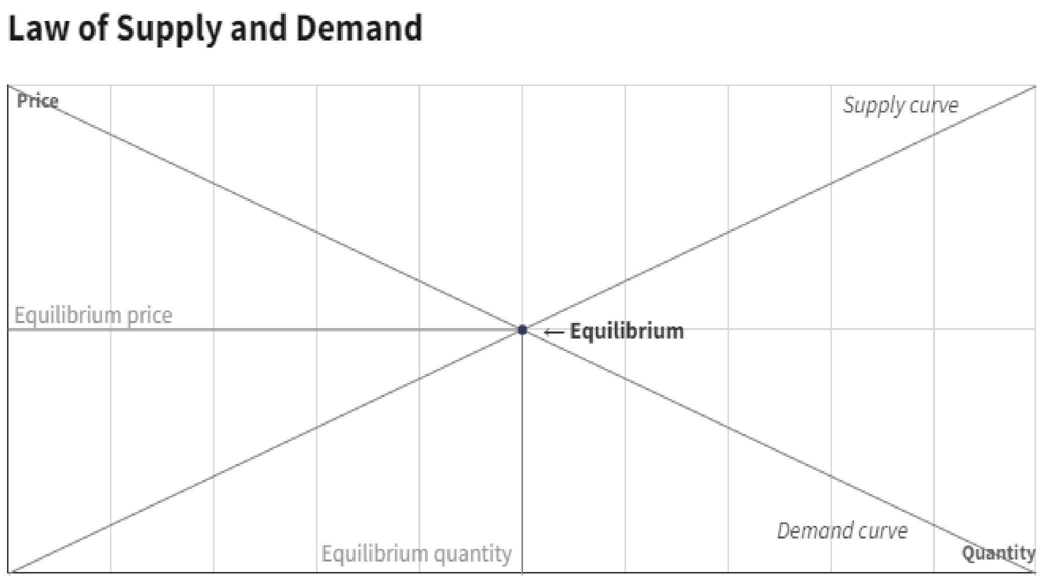
Market Equilibrium

- **Quantity required = Quantity available.**

Equilibrium: The point of intersection of the demand and supply curves.

- **The ideal situation:** One in which both buyers and sellers derive maximum utility and satisfaction.
- **Markets are made up of two types of people:** buyers and sellers.
    - Buyers wants cheaper pricing to enhance their pleasure.
    - Sellers want higher profits.
- A **shortage will result if the price is reduced** below the equilibrium level.
- The **price will naturally increase** in the interests of both parties.
    - **Increasing the equilibrium price will result in oversupply**, causing suppliers to **lower their prices in order to sell all of their goods.**

Consumer Equilibrium: The condition in which a **consumer spends his income on numerous items** in such a way that he achieves maximum pleasure.
Producer Equilibrium: The **point at which it generates the largest amount of production** while **making the most profit.**



Impact of Change in Demand and Supply

Change in Supply/ Demand	Impact on Price	Examples
When supply Increases	**Prices decreases**	**Increased supply of agricultural produce in the Mandis**
When Demand Increases	**Prices increases**	**Price of fruits during Navratri**

2
CHAPTER

NATIONAL INCOME

National Income

National Income means the total money value of all final goods and services produced in a country during a particular period of time (one year).

National income is measured using following

- GDP
- GNP
- NNP
- NNP at factor cost
- Personal Income
- Disposable Income
- Per capita Income
- Real Income
- GDP deflator

Gross Domestic Product (GDP)

- GDP is the total market value of final goods and services produced within the country during a year.
- This is calculated at market prices and is known as GDP at market prices.
- **GDP by expenditure method at market prices = C + I + G + (X – M)**

Where C – consumption goods;
I – Investment goods;
G – Government purchases;
X – Exports; M – Imports
(X – M) is net export which can be
positive or negative.

Net Domestic Product (NDP)

- NDP is the value of net output of the economy during the year.
- **Net Domestic Product = GDP - Depreciation.**

Gross National Product (GNP)

- GNP is the total measure of the flow of final goods and services at market value resulting from current production in a country during a year, including net income from abroad.
- **GNP at Market Prices = GDP at Market Prices + Net Factor income from Abroad.**

Net National Product (NNP) (at Market price)

- It refers to the value of the net output of the economy during the year.
- **NNP = GNP – depreciation allowance.**

NNP at Factor cost

- NNP refers to the market value of output.
- **NNP at factor cost = NNP at Market prices – Indirect taxes + Subsidies**.

Personal Income

- Personal income is the total income received by the individuals of a country from all sources before payment of direct taxes in a year.
- **Personal Income = National Income – (Social Security Contribution and undistributed corporate profits) + Transfer payments**

Disposable Income

- It is the individual's income after the payment of income tax.
- **It is also called personal disposable income**.
- This is the amount available for households for consumption.
- **Disposable Income = Personal income – Direct Tax.**
- **Disposable income = consumption + saving.**

Per Capita Income

- The average income of a person of a country in a particular year is called Per Capita Income.

Real Income

- Nominal income is national income expressed in terms of a general price level of a particular year; in other words, real income is the buying power of nominal income.
- Nominal income at constant price = National Income at current price ÷ P1 / P0

P1 – Price index during current year

P0 – Price index during base year

GDP deflator

- The GDP deflator is an indicator of price fluctuations in goods and services contained in GDP.
- This is a price index calculated by dividing the nominal GDP of a year by the real GDP of the same year and multiplying by 100.
- **GDP deflator = Nominal GDP / Real GDP x 100**

3

CHAPTER

FIVE YEAR MODEL

Before and after independence

Timeline

- **May 20 1498- arrival of vasco da gama** in calicut india - india sea trade to europe
- 1510- portuguese - trade in goa
- 1601 - EIC (east india company) - trade to india
- **1614- EIC (sir thomas roe) - first successful in setting up factories under jahangir**
- 1757 - 1813 - period of merchant capital - trade monopoly of goods by EIC
- 1813-1858 - industrial capital - india became a market to british goods
- 1858- governance of india is transferred to british crown ending EIC
- **1858- 1947 - phase of financial imperialism**

Phases of colonial exploitation (British)

Three phases

1. **Merchant capital (1757- 1813)**
    - Mainly focus on profit oriented by establishing **monopoly in trade**
    - Developing **industrial capitalism in europe.**
    - This resulted in the **drain of wealth from India** with a **corrupt British nature.**
    - Mainly affected parts are Bengal and south india.
2. **Period of industrial capital (1813-1858)**
    - During this period India became an **exporter of raw material** and **importer of finished goods**
    - This is a period of exploitation as **Indian traditional handicrafts** were **replaced by mechanized and cheap clothes.**
3. **Period of financial capital (1858 - until 1947)**
    - 1858 was the change of power from EIC to the British crown.
    - This phase was the dominating form of financial imperialism.
    - **Financial imperialism** - financial imperialism refers to a country or group of countries gaining financial dominance over other countries.
    - The British began to invest in major fields like **railways , irrigation , postal system, banking** etc.
    - This resulted in India tax payers money contributing to the infrastructure needs of british.

British Administration in India

Land reforms

Land tenure: it refers to management and ownership of land resources.

They are classified on the basis of 3 parameters

(a) Who owns the land
(b) Who cultivates the land
(c) Who is responsible for paying the land revenue to the government.

Based on the above they are classified into three different system followed in british india

Zamindari system

- It was **introduced in 1793 by lord cornwallis under the " Permanent Settlement Act"**
- In this the **zamindars** are the **owners of the land** , and are responsible to **pay revenue to the government.**
- The government **share** is **10/11th** of the **rent** collected.

Mahalwari system

- The **villagers** take **collective responsibility** in **management** of the **land** .
- They distributed land to the peasants and collected rent from them and paid back to the government.
- It was **extended** to **Madhya Pradesh and punjab.**

Ryotwari system

- It is also called the **owners-cultivators system**.
- The ownership , responsibility to pay taxes lies with the tiller itself .
- This was the **least oppressive system**.
- It was **initially introduced in Tamilnadu** and **extended** to **Gujarat, Assam, Coorg.**
- **Punjab, Madhya Pradesh and Maharashtra.**

State of Handicraft industries

- **Pre British era** , the Indian handicraft industry had a worldwide market.
- **Major exports** from India are **cotton , calicoes, wood carving** etc.
- In the British era, the handicraft industry faced severe decline.
- Further the railway's introduction increased the domestic market for British goods which are machine made and cost effective.

Industrial Transformation in india

19th century -

- India in the **19th century** was merely **profit oriented industrial investors**.
- Though they started industrialisation in the 19th century it is not economically sustainable as it is profit orientated and not aimed to increase economic growth.
- This resulted in **36 jute mills, 194 cotton mills , and plantation industries**.
- They are **major cash crops**
- The production of **coal has also increased to 6 million tonnes per annum**

  20th century-
- **Industrialisation** in India started due to the **onset of Swadeshi movement.**
- Later it set a platform for **gradual industrial production** like **iron and steel industries, extending railway networks.**
- From **1924- 39** , various other industries like **paper , sugars, matched, jute, textile and pulp have led to rapid expansion of industries in India** .
- They form part of protected industries- as they capture markets without allowing foreign players.

Impacts of British rule in India

- It led to the **drain of Indian wealth** from India .
- Indian agriculture transformed from subsistence agriculture as most of the plantation are cash crops.
- Economic policies retared capital formation in india.
- It led to collapse of the traditional industry base without contribution to development of any modern industrial base.

Five Year Plan

- In India the concept of economic planning was derived from the then USSR .
- **It launched 12 five year plans so far**.
- Recently the five year plan of the government was replaced by NITI AYOG.
- **Planning commission was replaced by NITI ayog**.
- The concept of economic planning was introduced to enhance the economic scope and process with limited natural resources skillfully to achieve the desired goal.

First Five Year Plan (1951-1956)

- It was based on the **Harrod-Domar Model.**
- The main aim of the plan is to focus on the **agriculture sector and development.**
- Outcome- attained an GDP growth rate **3.6%**

Second Five Year Plan (1956-1961)

- It was based on the **P.C. Mahalanobis Model.**
- The second five year plan aims for industrial revolution by industrial development.
- Outcome- attained an GDP growth rate **4.1%**

Third Five Year Plan (1961-1966)

- This plan was called **'GadgilYojana'.**
- In this plan the government aimed to make India a **self independent economy .**
- Outcome- attained a GDP **growth rate 5.6%** against the targeted growth rate.
- The main reason was due to the outbreak of the **Indo -China war**.

Plan Holiday (1966-1969)

- The **main reason** behind the **planned holiday** was the **Indo-Pakistan war & failure of the third plan.**
- During this plan, **annual plans were made and equal priority was given to agriculture**,
- Its allied sectors and the industry sector.

Fourth Five Year Plan (1969-1974)

- The main aim of the plan is growth with stability and progressive achievement of self reliance.
- Outcome- attained an **GDP growth rate 3.3%** against the **target of 5.7%**

Fifth Five Year Plan (1974-1979)

- The plan prioritized the sector giving importance to agriculture , industry and mines.
- Outcome- it achieved a **growth rate of 4.8%** against the **target of 4.4%**.
- It was a **successful plan** which was drafted by **D.P Dhar** and was **terminated in 1978.**