

## **Economic Concerns before India**

### **Why in news?**

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Union government is being ill-equipped to address the economic crisis faced by agri-sector and industry slowdown.

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### **What is the economic distress scenario in India?**

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- In the third week of October mandi prices in bajra, maize, cotton and major oilseeds and pulses were ruling below support prices.

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- Prices are not falling but the farmer is getting a rough deal, Industrial output and GDP growth is not picking up.

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- The terms of trade were doing badly for agriculture and the farmer was not doing too well.

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- Prices are simultaneously rising for the consumer, retail inflation falling from 4.85 per cent in July to 3.69 per cent in August but it was 3.28 per cent in 2017.

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- The wholesale price index is also rising year-on-year to 5.13 per cent demands a policy response.

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- The index of industrial production, that terrible mirror face of industrial output, went down to a low of 4.35 in August 2018.

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### **What are the reasons behind the economic crisis?**

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- Union government's a 50 per cent increase in MSP has been provided over cost of production is not working on.  
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- There is only token procurement in pulses and oilseeds because the prices the farmer has sown for are much higher and tariff policies are slow and don't always help him because they are announced after the imports have taken place.  
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- The government hardly ever imposes a high enough tariff because of the needs of the consumer and so the fight goes on, when prices are rising this is a tough policy bind.  
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- Balancing farmer interests and fighting inflation needs the kind of strategic thinking that is not seen much apart from by the central bank, NAFED does some procurement but it is usually short of funds.  
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**Source: Indian Express**

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