

RESOURCE MOBILIZATION

1. Meaning

- Resource mobilization = **identification, unlocking, and optimal use of resources for development.**
- Focus: **Right resource, right time, right price, right use.**
- Essential for **economic growth, welfare state functions & planning.**

2. Types of Resources

(A) Natural Resources

- **Biotic:** Living (forests, fisheries); coal & petroleum = biotic but non-renewable
- **Abiotic:** Land, water, air, minerals
- **By stage:** Potential, Actual, Reserves, Stock
- **By renewability:** Renewable / Non-renewable
- **By distribution:** Ubiquitous / Localized

(B) Man-made Resources

- Roads, machines, buildings, technology

(C) Human Resources

- Skills, education, health → **Human Capital**

(D) Financial Resources

- **Debt (loans), Equity, Grants/Subsidies**

(E) Intangible Resources

- Goodwill, brand, IP, reputation

3. Importance of Resource Mobilization

- Reduces **import dependence & CAD**
- Supports **welfare state functions**
- Enables **infrastructure & capital formation**
- More stable than **FDI or foreign aid**
- Critical for **poverty reduction & SDGs**

4. Sources of Resource Mobilization in India

Public Sector

- *Taxation (Direct + Indirect → GST major source)*
- *Non-tax revenue (PSUs, natural resources)*

Private Sector

- *Household savings via banks & financial markets*

5. Role of Fiscal Policy

- *Mobilizes resources via:*
 - **Taxation**
 - **Public savings**
 - **Bonds & securities**
- *Supports growth, equity & employment*
- *Key instrument in developing economies*

6. Financial Institutions in Resource Mobilization

- **Banks** (Commercial, RRBs, Cooperative)
- **Capital Markets** (shares, bonds)
- **NBFCs**
- **Insurance, Pension & Mutual Funds**
- **Venture Capital & Angel Investors**

7. Key Constitutional Bodies

- **Finance Commission (Art. 280):** Tax devolution & grants
- **State Finance Commission:** Local bodies
- **National Development Council:** Planning coordination (non-constitutional)

8. Major Government Initiatives

- **JAM Trinity** (Jan Dhan–Aadhaar–Mobile)
- **UPI, RuPay**
- **PMKVY, MGNREGA**
- **MUDRA, Payment Banks**
- **National Clean Energy Fund**
- **National Green Corridor**

9. Challenges

- *Narrow tax base*
- *Illicit financial flows*
- *Low financial inclusion (rural)*
- *Dependence on external resources*
- *Weak resource efficiency*

10. Key Indicator

- **Resource Efficiency = GDP / Domestic Material Consumption**

MCQs

Q1. Resource mobilization primarily refers to:

- A. Importing foreign capital for development
- B. Efficient utilization of already available domestic resources
- C. Reduction of government expenditure
- D. Privatization of public sector enterprises

Answer: B

Q2. Which of the following is considered the most stable source of development finance for a country?

- A. Foreign Direct Investment
- B. External Commercial Borrowings
- C. Domestic Resource Mobilization
- D. Foreign Aid

Answer: C

Q3. Which one of the following correctly measures Resource Efficiency?

- A. $GDP \div \text{Total Population}$
- B. $GDP \div \text{Domestic Material Consumption}$
- C. $\text{National Income} \div \text{Fiscal Deficit}$
- D. $GDP \div \text{Total Exports}$

Answer: B

Q4. Which of the following institutions plays a direct role in long-term resource mobilization by channelizing household savings?

- A. Money Market
- B. Capital Market
- C. Foreign Exchange Market
- D. Commodity Market

Answer: B

Q5. Consider the following statements regarding taxation and resource mobilization:

1. Progressive income tax helps reduce income inequality.
2. GST has become an important source of indirect tax revenue in India.

Which of the above statements is/are correct?

- A. 1 only
- B. 2 only
- C. Both 1 and 2
- D. Neither 1 nor 2

Answer: C

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