

Special Issue



# Kurukshetra

A JOURNAL ON RURAL DEVELOPMENT

Vol. 67

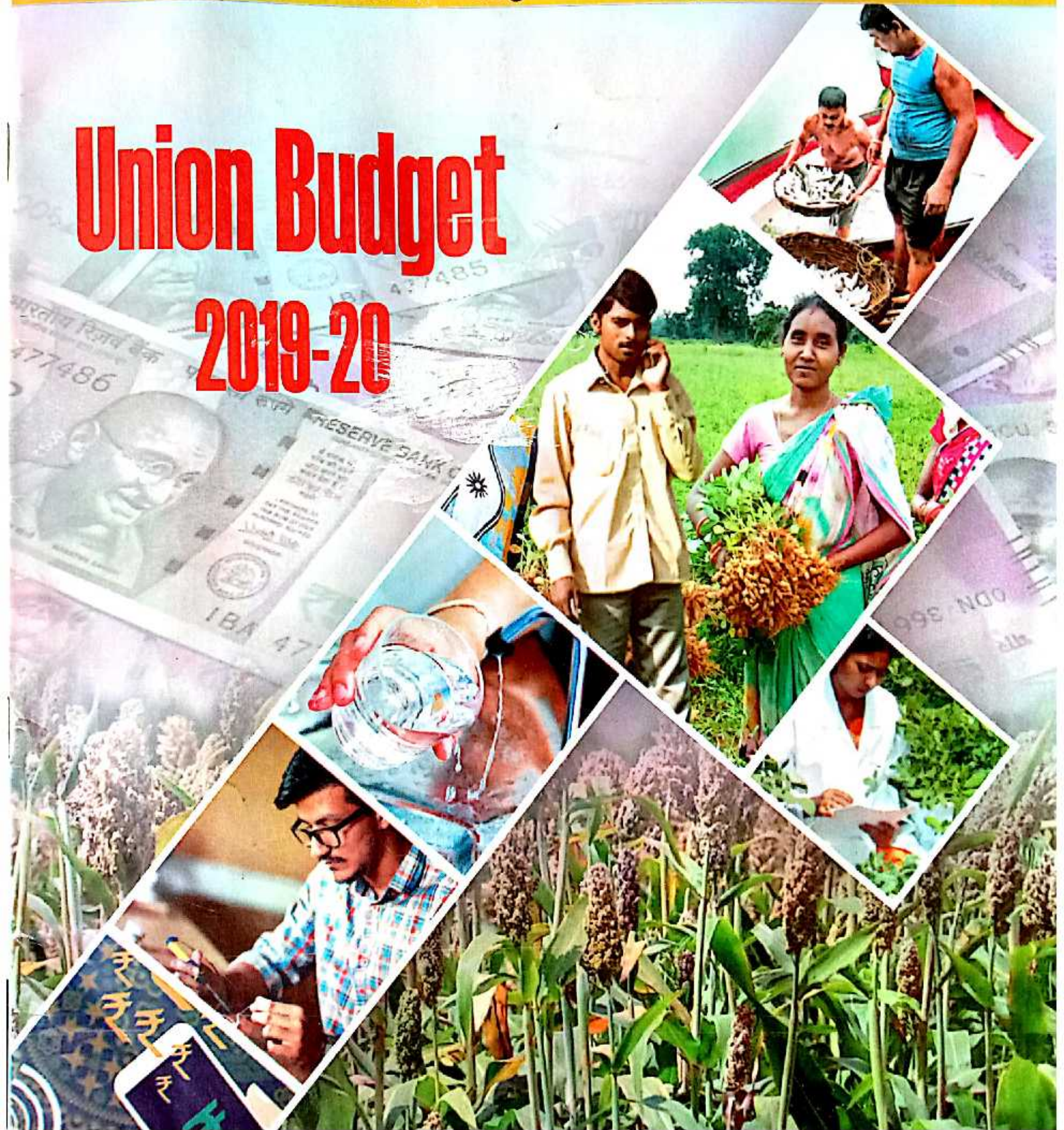
No. 10

Pages 76

August 2019

₹ 30

## Union Budget 2019-20



## PM ON UNION BUDGET 2019-20 FOR RURAL INDIA



- ❖ "This is a Budget that will enrich the country and make its people more empowered. The poor will get strength and the youth a better tomorrow from this Budget."
- ❖ "This Budget has reform for the financial world, ease of living for the ordinary citizens as also welfare for the villages and the poor."
- ❖ "In the last five years our government has taken several steps to empower the poor, farmers, Scheduled Castes, oppressed and the down-trodden. In the next five years this empowerment will make them the powerhouse of development."
- ❖ "New schemes for structural reform in agricultural sector have been announced in this Budget. Transferring about 87 thousand crore rupees to the farmers through PMKISAN, the decision of opening more than 10 thousand Farmer Producer Organizations, Pradhan Mantri Matsya Sampada Yojana for the fishermen or establishing National Warehousing Grid – all these will play an important role in doubling the income of the farmers by 2022."
- ❖ "Water conservation is not possible without manpower. Water conservation is possible through people's movement. This Budget has taken care of not only the present generation, but also the future generations. Like Swachh Bharat Mission, Har Ghar Jal Abhiyan will enable the country in addressing the water crisis."



## The Monthly Journal **Kurukshetra**

MINISTRY OF RURAL DEVELOPMENT

Vol. 67 No. 10 Pages 76

August 2019

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ISSUE ONWARDS



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# Editorial

The Union Budget 2019-20 was the maiden budget presented by Union Finance Minister, Smt. Nirmala Sitharaman in the Parliament on July 5, 2019 with its focus on strengthening 'Gaon, Garib aur Kisan'. The Budget has given a major boost to the development of the rural economy.

Being an agrarian economy, agriculture is the mainstay of the Indian economy. Needless to say, agriculture along with the rural non-farm sector has a tremendous potential for leading the overall economic growth in the country. The Budget has aimed to re-orient Government policy interventions in rural and agriculture sector to facilitate an enabling environment not only to achieve the objective of doubling farmers' income by 2022, but also for job creation, skill upgradation and economic growth with social justice and poverty. The Union Budget 2019-20 has also emphasized on promotion of zero-budget farming to promote it as a low-cost, natural alternative to the existing practices of heavy and unbalanced use of chemical fertilizers and pesticides.

The Government is committed to investing in agriculture infrastructure and it has been emphasised that the Government will provide support to private entrepreneurs so as to provide value addition to farmers' produce from field and other allied activities.

Infrastructure development focusing on connectivity has been touched upon through initiatives like Bharatmala and Sagarmala which will boost infrastructure and the concept of "One Nation One Grid", along with incentives to boost sales of e-vehicles. There is special focus on better connectivity of roads for Backward Areas, Religious and Tourist Places Connectivity Programme. Mainly highways, renewable energy, housing, digital infrastructure and urban transport, have been given priority.

Health is yet another integral component for leveraging the country's demographic dividend to our advantage. Key programmes such as Ayushman Bharat require that the Centre and States should work in tandem if the National Health Policy 2017 goals of increased health spending as well as improved outcomes are to be achieved in a timely manner.

Education is one of the most important investments a country can make in its people and its future. Investing in education yields significant development benefits for any country. The Budget 2019-20, therefore, has significant components this year such as 'Study in India' Campaign that aims to launch India onto the international student scene to promote the country as a higher education destination. The New Education Policy aims for reforms in schools and higher education institutions. The National Research Foundation would step-up research in thrust areas, and the National Sports Education Board would be set up for development of sportspersons under Khelo India.

The focus of the Budget is on inclusive growth. Be it agriculture, industry or trade, various sectors are dependent on the banking system. Keeping this in mind, this Budget has announced to infuse capital of Rs. 70,000 crore into the Public Sector Banks. Secondly, the Budget has pitched for additional power with the Reserve Bank of India, for strengthening its regulatory authority over the Non-Banking Financial Companies.

To promote skill development under the 'Make in India' initiative and to address the traditional village industries, the Scheme of Fund for Regeneration of Traditional Industries (SFURTI) aims to set up more Common Facility Centres (CFCs) to facilitate cluster based development for making traditional industries more productive, profitable and capable of generating sustained employment opportunities. The Scheme for Promoting Innovation, Rural Industry and Entrepreneurship (ASPIRE) has also been consolidated to set up 80 Livelihood Business Incubators (LBIs) and 20 Technology Business Incubators (TBIs) during 2019-20.

To reach the ambitious target of making India a US\$ 5 trillion economy, the MSMEs will have to play a crucial role in employment generation, exports, skilling people and in making the sector more formalised so that they start reaping the benefits of reforms. Huge opportunities are expected in the MSME sector in the coming years. Moreover, with the Government's focus on enhancing credit flow to MSMEs for technological upgradation and digitising, they can not only compete effectively with global counterparts, but also play a bigger role in the 'Make in India' campaign.

The Union Minister for Finance, Smt. Nirmala Sitharaman tabled the Economic Survey 2018-19 in the Parliament on July 4, 2019. The 'blue sky thinking' laid the foundation of the Economic Survey 2018-19 to achieve the set goal that can be sustained by a 'virtuous cycle' of savings, investment and exports. Investment, especially private investment, has been hailed as the 'key driver' that drives demand, creates capacity, increases labour productivity, introduces new technology and generates jobs.

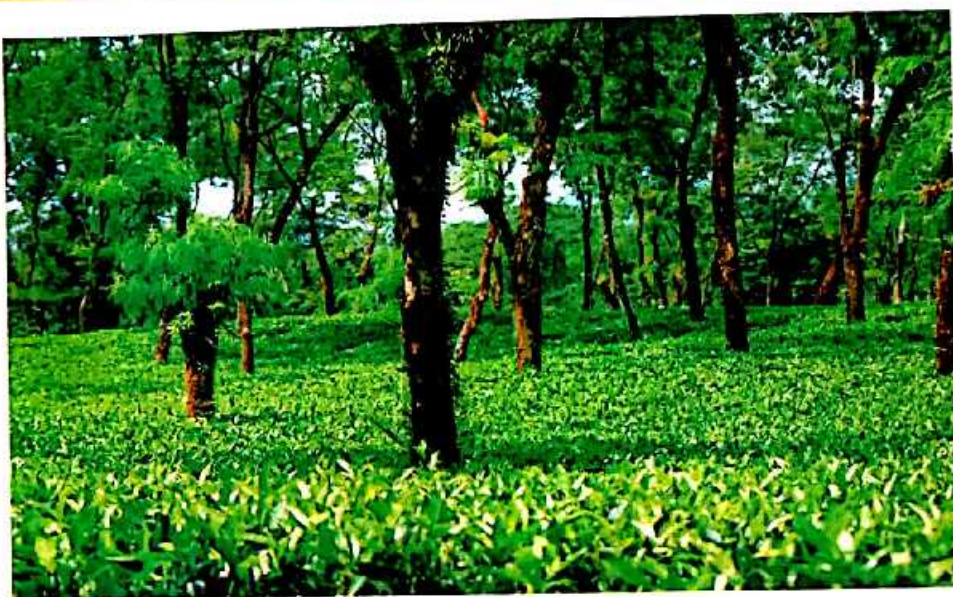
The development of Rural India is not complete without acknowledging the unprecedented success of Swachh Bharat Mission which has been a revolutionary initiative for embedding a sense of sanitation, hygiene and health since 2014 and shown a remarkable progress. To sum up, the Budget has tried to pay attention to every sector in a balanced manner as to make all sectors work in tandem towards building a better and New India.

# BUDGET 2019-20: AGRICULTURE AND RURAL PROSPERITY

Dr K K Tripathy

The Budget intends to re-orient government policy interventions in rural and agriculture sector and aims at re-establishing an enabling atmosphere for not only to achieve the objective of doubling farmers' income by 2022, but also to expedite poverty reduction, job creation, skill up-gradation drives and to guarantee a long-term double-digit economic growth with social justice. This article tries to reflect on a few pronouncements made in the Budget 2019-20 and discusses a few related focus areas on agriculture and rural development, in-built policy directions and economic intent of the Government.

The Union Budget 2019-20 was announced amidst wide expectations on removal of distress in rural areas and to step up Government's focus on agriculture and rural economic reform measures. The annual average growth rate registered at 2.88 per cent during 2014-2018 in agriculture and allied sectors and was well below the prescribed target of 4 per cent per annum. The Gross Value Added (GVA) of agriculture and allied sector during 2018-19 was recorded at 2.9 per cent against 6.3 per cent in 2016-17.



Agriculture remains the mainstay of the Indian economy despite its shrinking share in the country's Gross Domestic Product [55.4 per cent in 1950-51 to 17.4 per cent in 2018-19]. Similarly, rural non-farm sector coupled with farm sector have tremendous potential in ushering an overall positive economic scenario in the country. The Budget intends to re-orient government policy interventions in rural and agriculture sector and aims at re-establishing an enabling atmosphere for not only to achieve the objective of doubling farmers' income by 2022, but also to expedite poverty reduction, job creation, skill up-gradation drives and to guarantee a long-term double-digit economic growth with social justice. This article tries to reflect on a few pronouncements made in the Budget 2019-20 and discusses a few related focus areas on agriculture and rural development, in-built policy directions and economic intent of the Government.

## Allocation to Centrally Sponsored Schemes

As per the recommendations of the Sub-Group on Centrally Sponsored Schemes (CSS), the number of CSSs was restricted to 30 for ensuring optimum utilisation of resources with better project outcomes through location-specific interventions. Such CSSs were categorised as 'Core Schemes', 'Core of the Core Schemes' and 'Others'. While the focus under core schemes was to jointly implement schemes of national development by the Union Government and the State, the core of the core schemes are dedicated towards social protection and social inclusion. A glance at the Budget 2019-20 allocation on CSSs indicates that out of a total budget allocation of Rs. 3,31,609 crore for all schemes, Rs.2,49,508 crore and Rs. 81,862 crore have been allocated (Table 1) to Core Schemes and Core of the Core schemes, respectively. While Core Schemes witnessed an increase of 9.5 per cent in 2019-20 (BE) than that of 2018-19, Core of the Core Schemes registered 5.37 per cent

hike in their allocation. 2019-20 Budget allocation reduced for National Social Assistance Programme, Green Revolution and Pradhan Mantri Awas Yojana and remained constant for Pradhan Mantri Gram Sadak Yojana (PMGSY). Allocation for National Rural Drinking Water Mission, National Livelihood Mission – Aajivika and Jobs and Skill Development initiatives witnessed 42.85 per cent, 61.28 per cent and 43.16 per cent enhancements in the BE 2019-20 vis-à-vis 18-19. MGNREGA has been allocated Rs. 60,000 crore in this year's budget, which is 9 per cent more than that of 2018-19.

### Rural Wage Employment

The Budget continued to underscore the importance of MGNREGA in building quality and productive community assets considering its effective workability in a rural set up riddled with high incidence of poverty, low work participation, increased casualization of labour and heavy dependence on agriculture and non-farm sectors. The Budget allocation for the scheme has been pegged at Rs. 60,000 crore for 2019-20 against BE of Rs. 55,000 crore in 2018-19. The positive impacts of MGNREGA have prompted the government to remain committed to supporting this right-based rural wage employment programme with a view to broaden occupational choices and to assure generation of employment opportunities in the

rural areas along with creation of productive quality community assets. Transparency and accountability provisions are in-built into the rights-based MGNREGA. The real challenge is to effectively utilize the funds under MGNREGA by integrating activities of other Ministries/Departments like Ministry of Agriculture, Ministry of Jal Shakti and Ministry of Rural Development right at the worksite in consultation with the State Governments.

### Rural Roads

The Budget reposed its faith in Pradhan Mantri Gram Sadak Yojana (PMGSY) which had managed to successfully deliver on-road connectivity to underdeveloped and unconnected habitations. Rs. 19,000 crore has been allocated to PMGSY which would allow the States to lay roads and improve existing roads in villages and hamlets. The target of connecting all eligible and feasible habitations has been advanced from 2022 to 2019 under PMGSY. The next phase of PMGSY would focus on construction and up-gradation of 1,25,000 kms of road length over the next five years with an estimated cost of Rs. 80,250 crore. The rural connectivity would ensure ease in travel of rural farmers who would find it easy to market their produce at a better price in more affluent markets than the existing local area markets and would bring in overall socio-economic gain in rural areas.

**Table 1: Budget Allocation [2019-20] on Centrally Sponsored Schemes (in Rs. Cr.)**

Scheme	2017-18	2018-19		2019-20	Increase in 19-20 (BE) over 18-19 (BE) (%)
	(AE)	(BE)	(RE)	(BE)	
1	2	3	4	5	6
Core Scheme	78,016	77,690	84,361	81,862	5.37
National Social Assistance Programme	8,694	9,975	8,900	9,200	-7.76
MGNREGA	55,166	55,000	61,084	60,000	9.09
Core Scheme	2,08,180	2,27,826	2,20,487	2,49,508	9.5
Green Revolution	11,056	13,908	11,802	12,560	-9.69
White Revolution	1,573	2,219	2,430	2,240	0.94
Pradhan Mantri Krishi Sinchayee Yojana	6,612	9,429	8,251	9,681	2.67
Pradhan Mantri Gram Sadak Yojana	16,862	19,000	15,500	19,000	0.00
Pradhan Mantri Awas Yojana	31,163	27,505	26,405	25,853	-6.06
National Rural Drinking Water Mission	7,038	7,000	5,500	10,000	42.85
National Livelihood Mission - Aajivika	4,925	6,060	6,293	9,774	61.28
Jobs and Skill Development	2,722	5,071	6,830	7,260	43.16
<b>Total</b>	<b>2,85,447</b>	<b>3,65,517</b>	<b>3,64,849</b>	<b>3,31,609</b>	<b>-9.27</b>

Note: AE = Actual Expenditure; BE = Budget Estimate; RE = Revised Estimate  
(Source: [www.indiabudget.gov.in](http://www.indiabudget.gov.in))

## Zero Budget Farming

Budget 2019-20 has tried to lay intense focus on the factors impinging on the overall GDP growth with special emphasis on rural and agriculture sector. This was a challenging task given the likely persistence of global slowdown and probable sluggish growth rate in the agri-exports. Each year, the Government focuses on productivity and yield growth in Indian Agriculture. The Union Budget 2019-20 emphasized on promotion of zero-budget farming. The intention is to promote this form of farming as a low-cost, natural alternative to the existing practices of heavy and unbalanced use of chemical fertilizer and pesticides. Though zero-budget farming is believed to enable arrest of further degradation of the soil, a scientific study by the Government is the need of the hour to understand its exact impact on soil health, food production, livelihoods and sustainable agriculture before the same is replicated throughout the country.

Since budget announcements need appropriate targeting and timely implementation of the development activities, it is expected that government would devise an effective and smooth road map to cover India's 14.1 crore farmer households on the issues of organic farming and zero-budget farming. To make the Government effort of soil health management successful, farmers need to be educated intensively about mechanical, cultural and biological control measures including use of bio-pesticides against different crop pests and weeds and judicious use of chemical pesticides.

## Promotion of FPOs

The Budget has a 5-year long-term target to form 10,000 Farmer Producer Organisations (FPOs) to ensure economies of scale for farmers. Farmer Producer Organizations (FPOs) are collectivization of producers, especially small and marginal farmers, to collectively address challenges of agriculture viz. improved access to investment, technology, inputs and markets. Peasant member driven POs FPO are legal entities formed by primary producers, viz. farmers, milk producers, fishermen, weavers, rural artisans, craftsmen etc. An FPO, registered under the special provisions of the Companies Act, 1956, may take an institutional shape of a producer company, a cooperative society or any other legal formal form which could provide for sharing of profits/benefits among the members. Around 3,100 FPOs are currently promoted in the

country through schemes of Govt. of India, State Government and National Bank for Agriculture and Rural Development (NABARD).

The FPOs already in the country are facing a lot of challenges which, inter alia, include access to finance by FPOs at the initial stage, provision of basic facilities like water and power, lack of sufficient storage place, lack of knowledge about use of modern technology and practices and capacity building for managing a company. In order to promote quality collective action in the agriculture sector, Small Farmers' Agribusiness Consortium (SFAC) and NABARD should promote Indian farmers and primary producers to undergo a process of social and economic mobilization for upscaling their capacity to collectively leverage farm productivity and strengthen agri-marketing for quick and appropriate price realization for their products.

## Investment in Irrigation

Considering irrigation coverage of only 46% of net cultivated area of 141 million hectares in the country and significance of irrigation in enhancing agriculture production and ensuring food security, the Budget continued its stress on strengthening Pradhan Mantri Krishi Sinchayee Yojana (PMKSY) which targeted to irrigate the field of every farmer and to improve water use efficiency. PMKSY envisages providing end-to-end solutions in irrigation supply chain, viz. water sources, distribution network and farm level application. This programme is expected to lay focus and ensure access to water to every agriculture farm (Har Khet Ko Pani) and to increase agricultural productivity by intensifying availability and warranting efficient use of water. To achieve the objective of irrigation for all, the Budget 2019-20 increased its allocation by 2.67 per cent to PMKSY [Rs. 9,681 cr. In 2019-20 against Rs. 9,421 cr. In 18-19].

## Rural Drinking Water Security

The Budget has indicated Government's priority for ensuring country's water security and providing access to safe and adequate drinking water to all citizens. Not only a new Ministry, i.e., Jal Shakti Mantralaya has been carved out by integrating Ministries of Water Resources, River Development and Ganga Rejuvenation and Ministry of Drinking Water and Sanitation, the Budget has also allocated Rs. 10,000 cr. to National Rural Drinking Water Mission in 2019-20 which registered a massive 43 per cent increase vis-à-vis the BE of

2018-19. The mandate of the Mission is to achieve the objective of Har Ghar Jal [piped water supply to each household] by vigorously and expeditiously managing the country's water resources and water supply in an integrated and holistic manner in active consultation with the State Governments.

### **e-NAM & Agri-marketing**

Access to both domestic and international markets for realizing appropriate income level is critical for our farmers. The positive and improved agriculture terms of trade which was a major reason of cheer for the exporting farmers started deteriorating since 2010-11 and continued up till now. Keeping in view the criticality of the easy spread of transparent and effective agri-markets, the Government has supported in 2016-17 the rolling out of a unified agricultural marketing electronic platform [e-NAM] under which selected 585 regulated wholesale market points got integrated. Though e-NAM was a great innovative move made by the Government, the intervention could not produce desired results in the selected *Mandis* of various states due to implementation logjams. Budget 2019-20 too has reposed its faith in e-NAM and vows to actively work with the State Governments. to allow the farmers to actualise the real price discovery benefits from e-NAM in a transparent manner.

### **Value Chain Finance**

The Government has understood that appropriate agri-business culture in the country can give rise to an all-inclusive economic growth. To boost agri-business, the government has been attempting to ensure robust modern infrastructure in the food processing sector along the entire value/supply chain of food processing through its scheme Pradhan Mantri Kisan Sampada Yojana (PMKSY). Budget 2019-20 expressed its will to invest widely in agri-infrastructure by supporting private entrepreneurships in driving value-addition to farmers' produce from the field and for those in the allied activities as well. Dairying through cooperatives are proposed to be encouraged by creating infrastructure for cattle feed manufacturing, milk processing, procurement and marketing. The real challenge is to expand credit flow for meeting the agri-value chain credit demand-supply gap. Credit needs to flow to all sub-sectors of agriculture and value-chain infrastructure to realise the dream of doubling farmers' income by 2022.

### **Conclusion**

The Budget exemplifies a statement of positive economic intent and growth oriented policy directions. This is evident from the budget allocation to agriculture and irrigation and rural development and drinking water. The 2019-20 Budget announcements have attempted to match the need of the occasion for restoring the rural growth engine. Undoubtedly, the Budget has diagnosed the problem areas on the country's development sphere and the utilization of public resources on such development intervention. The Budget though has laid down the broad contours of rural and agricultural economic policies and prepared a road-map for a journey towards a positive and sustained farm and non-farm sector growth, a lot of coordination is required between the States and the Centre.

In the farming sector, high transaction costs along with risks relating to production, price or market, finance/credit, policy change, technology throughout the agri-value chain dissuades the farmers and entrepreneurs to conceive their activity as a business venture. The Budget intends to widely invest in agri-infrastructure including agri-value-chain. The real challenge in farm sector is, however, to conform to the notion of competitive advantage both within and outside the value chain, power dynamics, value creation, value addition and asymmetries in value chain relations which have contributed to the sub-optimal performance of agri-business ventures in the country.

While drought and rural distress are always on the radar of various Union Budgets, large allocation to rural and agriculture sector does not guarantee outcome-based implementation of all components of the schemes/sub-schemes meant for rural and agri-growth. Thus, it calls for timely and appropriate execution of development schemes/programmes by clearly delineating intended outcomes for the outlays prescribed for their utilization in the Financial Year 2019-20. Agriculture and rural development schemes are being implemented by the federal States and their successful implementation requires a perfect team-based and team-coordinated development strategy and a realistic road map.

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# AGRICULTURE AND FARMERS' WELFARE: AN OVERVIEW

Dr Yashbir Singh Shivay, Dr Anshu Rahal

To attain the Sustainable Development Goals (SDGs) of ending poverty and bringing in inclusive growth, activities related to agriculture need to be closely integrated with the SDG targets. With decline in the size of landholdings in agriculture, India has to focus on resource efficiency in smallholder farming to meet the SDG targets and also to attain sustainability in agriculture. A combination of resource efficient methods, dynamic cropping patterns, farming that is responsive to climate change and intensive use of ICTs should be the backbone of smallholder farming in India.

**A**griculture, which formed 3.5 per cent of the budget in Financial Years 2018–19, comprised 5.4 per cent of budgeted expenditure in Financial Years 2019–20, an increase of 1.9 percentage points (the biggest rise). In terms of allocation, agriculture and allied activities were collectively allocated Rs. 1,42,299 crore in 2019–20 Union Budget, an increase of 80 per cent over 2018–19. However, a huge chunk of this allocation was towards the 'assured income support' scheme i.e. Pradhan Mantri Kisan Samman Nidhi (PM-Kisan) scheme (Rs.75,000 crore) and also Pradhan Mantri Kisan Pension Yojana (Rs. 900 crore). Therefore, the Union Budget was presented taking into consideration the *gaon, garib aur kisan* (village, poor and farmer) for 2019–20 financial years.



Indian economy was at approximately US\$ 1.85 trillion in 2014 and within 5 years it has reached US\$ 2.7 trillion. Hence, it is well within our capacity to reach the US\$ 5 trillion in the next few years as per the Union Budget. The Central Government of India has flagged ten major theme points to target them through their Budget.

- 1) Building physical and social infrastructure;
- 2) Digital India reaching every sector of the economy;
- 3) Pollution free India with Green Mother Earth and Blue Skies;
- 4) Make in India with particular emphasis on MSMEs, Start-ups, defence manufacturing, automobiles, electronics, fabs and batteries, and medical devices;
- 5) Water, water management, clean Rivers;

- 6) Blue Economy;
- 7) Space programmes, Gaganyaan, Chandrayan and Satellite programmes;
- 8) Self-sufficiency and export of food-grains, pulses, oilseeds, fruits and vegetables;
- 9) Healthy society – Ayushman Bharat, well-nourished women & children. Safety of citizens;
- 10) Team India with Jan Bhagidari. Minimum Government Maximum Governance.

Among the above-mentioned ten theme points, self-sufficiency and export of food-grains, pulses, oilseeds, fruits and vegetables etc. is one of the important theme points which will play a crucial role to achieve US\$ 5 trillion Indian economy in the next 5 years.

Agriculture remains the pre-dominant occupation in India for vast sections of the population. Over the years, several new challenges have emerged before the sector, especially declining in factor productivity, increase in cost of cultivation and decrease in the net returns per unit

area. With fragmentation of agricultural holdings and depletion of water resources, the adoption of a resource-efficient, ICT-based climate-smart agriculture can enhance agricultural productivity and sustainability. Smallholder farming can be a lucrative livelihood opportunity with the application of appropriate technologies, especially adoption of integrated farming system and also adoption of natural, organic and Zero Budget Natural Farming (ZBNF). To transform the rural economy, greater emphasis should be given to allied sectors with a major focus on dairy, poultry, fisheries and rearing of small ruminants. The rationalisation of food subsidy and greater use of technology in food management will ensure food security for all in India.

Agriculture and allied sectors are critical in terms of employment and livelihoods for the small and marginal farmers, who dominate the agriculture ecosystem in India. To attain the Sustainable Development Goals (SDGs) of ending poverty and bringing in inclusive growth, activities related to agriculture need to be closely integrated with the SDG targets. With decline in the size of landholdings in agriculture, India has to focus on resource efficiency in smallholder farming to meet the SDG targets and also to attain sustainability in agriculture. A combination of resource efficient methods, dynamic cropping patterns, farming that is responsive to climate change and intensive use of ICTs should be the backbone of smallholder farming in India. For a safe and food secure future, the agriculture landscape has to undergo tremendous transformation and shift from the philosophy of 'green revolution led' productivity to 'green methods' led sustainability in Indian agriculture.

### **Gross Value Added in Agriculture**

Agriculture sector in India typically goes through cyclical movement in terms of its growth. While the crops, livestock and forestry sector showed fluctuating growth rates over the period from 2014–15 to 2017–18, the fisheries sector has shown a rapid growth from 4.9 per cent in 2012–13 to 11.9 per cent in 2017–18. Average annual growth rate in real terms in agricultural and allied sectors has remained at around 2.88 per cent during 2014–15 to 2018–19. However, the volatility of output growth as measured by the

coefficient of variation has declined from 2.7 in the period of 1961–1988 to 1.6 during 1989–2004 and further to 0.8 during 2005 to 2018.

### **Gross Capital Formation in Agriculture and Allied Sector**

The GCF in agriculture and allied sectors in absolute terms increased from Rs. 2,51,094 crore in 2012–13 to Rs. 2,73,755 crore in 2017–18 at 2011–12 prices.

A comparison of the share of public and private investment in GCF in agriculture and allied sectors shows that while the share of public investment in agriculture and allied sectors registers an increase from 2014–15 and maintains an upward trend till 2016–17, the share of private investment in GCF shows a decline during this period. In the recent Union Budget 2019–20, the following financial provisions have been made for the major schemes related to agriculture and allied sector (Table 1).

### **Increasing Irrigation Water Productivity (IWP) in Agriculture**

The cropping pattern in India is highly skewed towards crops that are water intensive. The incentive structures like MSP, heavily subsidized electricity, water and fertilizers have played a significant role in the misalignment of crop patterns in the country. The water guzzlers, paddy and sugarcane, consume more than 60 per cent of irrigation water available in the country, thereby reducing water availability for other crops.

In the recent Union Budget, the provisions have been made of Rs. 9,682 crore through the Pradhan Mantri Krishi Sinchai Yojana (Table 1), which is 17.34 per cent higher than the previous years' budget provisions. The increased budget provisions will increase the irrigated area through adoption of micro-irrigation facilities like drip irrigation and sprinkler irrigation etc. Ultimately, it will increase the irrigation water productivity in agriculture, which is the need of the hour.

### **Increasing Sustainability in Agriculture - Turning to Organic and Natural Farming**

The Government has been promoting organic farming in the country through the schemes such as Paramparagat Krishi Vikas Yojana (PKVY)

**Table 1: Outlay on Major Schemes related to Agriculture and Allied Sectors (In Rs. crore)**

S.No.	Major schemes	2017-2018 Actuals	2018-2019 Budget Estimates	2018-2019 Revised Estimates	2019-2020 Budget Estimates
<b>Core Schemes</b>					
1)	Green Revolution	11057	13909	11802	12561
2)	White Revolution	1574	2220	2431	2240
3)	Blue Revolution	321	643	501	560
4)	Pradhan Mantri Krishi Sinchai Yojana	6613	9429	8251	9682
5)	Pradhan Mantri Gram Sadak Yojana	16862	19000	15500	19000
6)	National Rural Drinking Water Mission	7038	7000	5500	10001
<b>Major Central Sector Schemes</b>					
7)	Crop Insurance Scheme	9419	13000	12976	14000
8)	Interest Subsidy for Short-Term Credit to Farmers	13046	15000	14987	18000
9)	Market Intervention Scheme and Price Support Scheme (MIS-PSS)	701	200	2000	3000
10)	Pradhan Mantri Annadata Aay Sanrakshan Yojana (PM-AASHA)	-	-	1400	1500
11)	Distribution of Pulses to State / Union Territories for Welfare Schemes	-	-	550	800
12)	Promotion of Agricultural Mechanization for in-situ Management of Crop Residue	-	-	592	600
13)	<b>Pradhan Mantri Kisan Samman Nidhi (PM-Kisan)</b>	-	-	<b>20000</b>	<b>75000</b>
14)	<b>Pradhan Mantri Kisan Pension Yojana</b>	-	-	-	<b>900</b>
15)	Crop Science	400	800	652	702
16)	Agricultural Universities and Institutions	658	685	526	566
17)	Urea Subsidy	44223	45000	44995	53629
18)	Nutrient-Based Subsidy	22244	25090	25090	26367
19)	Scheme for Assistance to Sugar Mills for 2018-19 season	-	-	-	1000
20)	Subscription to Share Capital of National Bank for Agricultural and Rural Development (NABARD)	3880	3500	2000	1500
21)	Pradhan Mantri Kisan Sampada Yojana	-	1313	870	1101
22)	Biotechnology Research and Development	1239	1350	1350	1475
23)	Central Silk Board	543	501	601	730
24)	Procurement of Cotton by Cotton Corporation under Price Support Scheme	103	924	924	2018

and Rashtriya Krishi Vikas Yojana (RKVY). In the revised guidelines of PKVY scheme during the year 2018, various organic farming models like Natural Farming, Vedic Farming, Cow Farming, Homa Farming, Zero Budget Natural Farming (ZBNF) etc. have been included wherein flexibility lies with the States to adopt any model of Organic Farming depending on the farmer's choice. Under the RKVY scheme, organic farming/natural farming project components are considered by the respective State Level Sanctioning Committee (SLSC) according to their priority/choice.

The main aim of Zero Budget Natural Farming (ZBNF) is elimination of chemical pesticides and promotion of good agronomic practices. ZBNF also aims to sustain agriculture production with eco-friendly processes in tune with nature to produce agricultural produce free of chemicals. Soil fertility and soil organic matter is restored by pursuing ZBNF. Less water is required under ZBNF and it is a climate friendly agriculture system. The programme is being implemented in 131 clusters covering 704 villages under RKVY and 1300 clusters covering 268 villages under PKVY. So far, 1,63,034 farmers are practicing ZBNF. Organic farming is also being promoted through the scheme Mission Organic Value Chain Development for North Eastern Region (MOVCDNER) under National Mission for Sustainable Agriculture (NMSA).

Six states—Karnataka, Himachal Pradesh, Kerala, Uttarakhand, Chhattisgarh and Andhra Pradesh, have already adopted the technique, which needs less water and lower input costs, yet gives higher yields. After ZBNF, Andhra Pradesh has witnessed a sharp decline in input costs and improvement in yields (Government of Telangana, 2017).

Further, The Central Government is rooting for 'Zero Budget Farming' and private enterprise in agriculture as it aims to double farmers' income by 2022. "We shall go back to the basics on one count: zero budget farming. We need to replicate the innovative model in which farmers are already being trained in a few states. This can help in doubling our farmers' income in time for our 75<sup>th</sup> year of Independence," said Finance Minister Nirmala Sitharaman while presenting her maiden Union Budget on 5<sup>th</sup> July, 2019.

## **Adopting Appropriate Technologies for Smallholder Farms**

There is need to promote use of environment-friendly automated farm machinery tools suited to small scale operations. The Custom Hiring Centers (CHCs) can be set up to promote use of high-tech machinery for the mechanization of small and marginal farm holdings, especially in difficult terrains. From 2014–15 to 2017–18, a total of 8162 CHCs were established under the Sub Mission on Agricultural Mechanization (SMAM) scheme. The provisions have been made of Rs. 600 crore for the promotion of Agricultural Mechanization for in-situ Management of Crop Residue, which is 1.35 per cent higher than previous year.

Further, to facilitate communication and reduce transaction costs, the ICT (Information and Communication Technology) applications are crucial in smallholder farming. The spread of mobile phones in rural areas has already impacted the way the small and marginal farmers get access to information about soil health, weather and prices. In the context of poor infrastructure, adoption of ICT in agriculture will promote market access, facilitate financial inclusion and contribute significantly to early warning signals that are critical for the development of smallholder community. Technology can play a critical role in bridging the information gaps that prevail in agricultural markets.

## **Animal Husbandry, Dairying and Fisheries**

Livestock farming in India is part of a composite farming system characterized by crop-livestock interactions. The by-products from several of the crops (crop residues, hay and straw) are used as input for dairy production, in addition to other inputs for which they have to directly incur costs (cattle feed, veterinary medicines and artificial insemination). Animal dung and urine are used as inputs (bio-fertilizers and bio pesticides) by farmers to improve soil fertility.

## **Animal Husbandry and Dairying**

India ranks first in milk production, accounting for 20 per cent of world production. Milk production in India has been increasing steadily over the years from 55.6 million tonnes in 1991–92 to 176.3 million tonnes in 2017–18, at an average annual growth rate of 4.5 per cent. But there exists a wide inter-

state variability in milk production. The per capita availability of milk is determined by the production of milk in the State. While the All India per capita availability of milk is 375 grams per day, it varies between 71 grams per day in Assam to 1120 grams per day in Punjab.

### **Schemes/Initiatives to Improve Productivity of Livestock and Dairy Sector**

During last 5 years various new initiatives were taken to improve productivity of livestock and dairy sector like **Rashtriya Gokul Mission (RGM), E-Pashu Haat Portal, National Livestock Mission, Livestock Health and Disease Control Scheme and Dairy Development schemes** viz. National Programme for Dairy Development, National Dairy Plan (Phase-I), Dairy Entrepreneurship Development Scheme, Dairy Processing and Infrastructure Development Fund (DIDF) etc. However, in the recent Union Budget 2019–20 the **Rashtriya Kamdhenu Aayog** has been proposed to set up to upscale sustainable genetic up-gradation of cow resources and to enhance production and productivity of cows. The committee would also look into implementing policies and schemes for welfare of cows. It aims to enhance the production and productivity of cows.

### **Fisheries Sector**

India is the second largest fish producer in the world with a total production of 13.7 million metric tonnes in 2018–19 of which 65 per cent was from inland sector. Almost 50 per cent of inland fish production is from culture fisheries, which constitutes 6.5 per cent of global fish production. The sector has been showing a steady growth in the total gross value added and accounts for 5.23 per cent share of agricultural GDP. Fish and fish product exports emerged as the largest group in agricultural exports and in value terms accounted for Rs. 47,620 crore in 2018–19.

Foreseeing the vast resource potential and possibilities in the fisheries sector, a separate Department of Fisheries was created in February 2019. The Government has merged all the schemes of fisheries Sector into an umbrella scheme of 'Blue Revolution: Integrated Development and Management of Fisheries' focusing on increasing fish production and productivity from aquaculture

and fisheries resources, both inland and marine. Towards realization of these objectives the creation of the Fisheries and Aquaculture Infrastructure Development Fund (FIDF) was approved with a total fund size of Rs. 7522.48 crore.

### **Pradhan Mantri Matsya Sampada Yojana (PMMSY)**

Fishing and fishermen communities are closely aligned with farming and are crucial to rural India. Through a focused Scheme – the Pradhan Mantri Matsya Sampada Yojana (PMMSY) – the Department of Fisheries will establish a robust fisheries management framework. This will address critical gaps in the value chain, including infrastructure, modernization, traceability, production, productivity, post-harvest management and quality control.

### **MSP and Foodgrains Procurement**

The Minimum Support Price (MSP) is announced for 22 crops before the sowing season. The objective is to give guaranteed prices and assured market to the farmers and protects them from price fluctuations. In 2018–19, the Government raised the MSP of both kharif and rabi crops to ensure a return of at least 50 per cent above the cost of production to enhance farmers' income. An increase in MSP leads to increase in production, but only about one-third of the total production of foodgrains are procured. The rest of the foodgrains are sold in the open market.

Considering the fact that majority of people still live in villages and depend on agriculture and traditional industries, the 'Scheme of Fund for Upgradation and Regeneration of Traditional Industries' (SFURTI) aims to set up more Common Facility Centres (CFCs) to facilitate cluster-based development to make the traditional industries more productive, profitable and capable for generating sustained employment opportunities. The focused sectors are Bamboo, Honey and Khadi clusters. The SFURTI envisions setting up 100 new clusters during 2019–20 which should enable 50,000 artisans to join the economic value chain. Further, to improve the technology of such industries, the Scheme for Promotion of Innovation, Rural Industry and Entrepreneurship (ASPIRE) has been consolidated for setting up of Livelihood Business Incubators (LBIs) and Technology Business Incubators (TBIs). The Scheme contemplates to set up 80 Livelihood

Business Incubators (LBIs) and 20 Technology Business Incubators (TBIs) in 2019–20 to develop 75,000 skilled entrepreneurs in agro-rural industry sectors. Government of India also hope to form 10,000 new Farmer Producer Organizations, to ensure economies of scale for farmers over the next five years.

### **Improving Infrastructure and Access to Markets**

If farmers' accesses to markets are improved through better connectivity to nearby *mandis*, it will help farmers fetch better prices for their agricultural produce. A combination of enhancing rural infrastructure to improve connectivity and Information, Communication Technology (ICT) to provide timely information about prices, aggregation and storage facilities can help small and marginal farmers in overcoming the marketing bottlenecks.

### **Agricultural Credit**

The access to timely credit or finance is a critical determinant of profitability of agriculture. If credit is not available to purchase seeds at the time of sowing, or if lack of credit delays the administering of fertilizers, it can severely impact agricultural productivity. The small and marginal holdings constitute majority (more than 85 per cent) of total operational holdings in the eastern region, north-eastern region and central region, which warrants greater distribution of agricultural credit disbursement to this region.

In order to provide short-term crop loans up to Rs. 3 lakh to farmers at an interest rate of 7 per cent per annum, during the year 2019–20 financial years, it has been decided to offer interest subvention of 2 per cent per annum to lending institutions viz. Public Sector Banks (PSBs) and Private Sector Commercial Banks (in respect of loans given by their rural and semi-urban branches only) on use of their own resources. To provide an additional interest subvention of 3 per cent per annum to such of those farmers repaying in time, i.e., from the date of disbursement of the crop loan up to the actual date of repayment by farmers or up to the due date fixed by the banks for repayment of crop loan, whichever is earlier, subject to a maximum period of one year from the date of disbursement. This also implies that the farmers paying promptly as above would get short-term crop loans @ 4 per cent per annum during the year 2019–20. This will strengthen the input purchasing power of the farmers and ultimately lead for increased

productivity of the crops and other enterprises viz. poultry, dairy and fisheries etc.

### **Doubling the Income of Farmers by 2022**

The Government has set a target of doubling of farmers' income by the year 2022. For the said purpose, the Government had constituted an Inter-Ministerial Committee to examine issues relating to Doubling of Farmers' Income (DFI) and recommend strategies. The Committee has identified seven sources of income growth viz. improvement in crop productivity; improvement in livestock productivity; resource use efficiency or savings in the cost of production; increase in the cropping intensity; diversification towards high value crops; improvement in real prices received by farmers and shift from farm to non-farm occupations.

Several initiatives have already been rolled out on the recommendations of DFI Committee which inter-alia include advocating progressive market reforms through the State Governments, Encouraging contract farming through the State Governments by promulgating of Model Contract Farming Act, Up-gradation of Gramin Haats to work as centers of aggregation and for direct purchase of agricultural commodities from the farmers, e-NAM to provide farmers an electronic online trading platform, Distribution of Soil health Cards to farmers so that the use of fertilizers can be rationalized, Increase water efficiency through Pradhan Mantri Krishi Sinchayee Yojana (PMKSY)- "Per drop more crop", Better insurance coverage to crops for risk mitigation under Pradhan Mantri Fasal Bima Yojana (PMFBY), providing total interest subvention up to 5 per cent (inclusive of 3 per cent prompt repayment incentive) on short-term crop loans up to Rs. 3 lakh, thus making loan available to farmers at a reduced rate of 4 per cent per annum and extended the facility of Kisan Credit Card (KCC) for animal husbandry and fisheries-related activities as well as Interest Subvention facilities to such categories of farmers.

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# CORPORATE INVESTMENT IN AGRICULTURE

Pravakar Sahoo, Lakshita Chadha

...the private sector is becoming increasingly active in commercial crops, such as hybrids of maize, pearl millet, sorghum and vegetables, tissue culture, transgenic, etc. To give incentives to the private corporate sector with its presence growing rapidly in pro-poor crops and regions, there is an increasing need to provide enabling policy environment with effective IPRs and bio-safety arrangements. Moreover, the private sector's role is becoming more dynamic to include a large number of services provided to the agricultural sector.

The Prime Minister has said that there is a need for more investment in food processing, building warehouses, facilitating the movement of seeds to the market by the corporates highlighting the fact that agriculture is the backbone of the rural economy.

India is the world's largest producer of pulses and spices and the second largest producer of wheat and rice following China. The current private corporate investment in agriculture as a per centage of the total annual investment in agriculture is about 2%.

Agriculture is highly reliant on the Government. The State provides minimum support prices, irrigation facilities, subsidies, loan waivers, storage, and transport services. However, further improvement and triumph of this sector are unimaginable without the vital corporate private investments. Greater investments from companies which buy farmers' produce in some states, can contribute significantly towards uplifting farmers' incomes at a steady pace.

## Significance of Private Sector in Agricultural R&D

The private corporate sector is investing not only in infrastructure and facilities, but also in R&D in the food, feed, energy and health sectors. Like other expenditures, expected payoffs from innovations largely influence private spending in agricultural R&D; these expected payoffs have



also been influenced by effective provision and enforcement of intellectual property rights.

Market size and the cost of servicing the market are other important dimensions that are attracting entry of private firms. The agricultural sector comprises 18 per cent of India's GDP. Most of the research carried out by the private sector enterprises focuses on the provision of input technologies such as machinery, chemicals, seeds and food processing. In recent years, despite the continuously growing investments in R&D by the private sector, documentation of agricultural R&D expenditure data is very cumbersome and remain inadequate. Recently, agri-biotechnology has been the fastest growing sector attracting huge resources for R&D through small and medium enterprises. Moreover, the private sector is becoming increasingly active in commercial crops, such as hybrids of maize, pearl millet, sorghum and vegetables, tissue culture, transgenic, etc. To give incentives to the private corporate sector with

its presence growing rapidly in pro-poor crops and regions, there is an increasing need to provide enabling policy environment with effective IPRs and bio-safety arrangements. Moreover, the private sector's role is becoming more dynamic to include a large number of services provided to the agricultural sector. From supplying inputs such as seeds, fertilizers, pesticides, animal feed etc. to product marketing, development of value chain, and commercialization of technologies, the private sector's significance is gradually increasing in the agricultural sector, more specifically in agricultural R&D.

### Case studies of a Few Corporates

Now, we take up the case studies of PepsiCo., Mars Wrigley Confectionery, Mahindra & Mahindra Ltd., and ITC Ltd. to better understand the private sector involvement in agriculture..

In 2006, PepsiCo. provided direct seeding, machines to farmers for paddy sowing which helped reduce water consumption by 30 per cent and also cut down greenhouse gas emissions by 75 per cent. There was a reduction in labour costs that reduced the cost of cultivation. The results have been reviewed by institutes like the Indian Agriculture Research Institute (IARI) and the International Rice Research Institute (IRRI). Punjab Agriculture University (PAU) has also included this technique in their package of practices and recommendations. This programme has helped save over 9.8 billion litres of water in Punjab alone.

Mars Wrigley Confectionery, which manufactures Orbit, M&M, and Skittles, has launched a Shubh Mint project which is working towards refinement and enhancement of mint plant science, ensuring the long-term viability of mint, an essential ingredient in gums and mint confections. In 2017, a mint grower from Uttar Pradesh was quoted as saying that instead of 11 irrigations, 8 were used that year. Also, a modified distillation unit that helped earn 30 per cent more was used. The Vice President, of the Confectionery has claimed that yields increased 68 per cent and water requirement fell by 23 per cent, saving an



average of Rs 6,222 over the course of the crop season.

Mahindra Agri Solutions Ltd. (MASL), a subsidiary of Mahindra & Mahindra Ltd., inaugurated a Grape Packhouse facility in Nashik in January 2019. It can pack 90 tonnes of grapes per day and has also been certified by international bodies. The successful 'Grape Revolution' in the lands of Nashik, Sangli, and Baramati has been credited to MASL as it has convinced farmers to switch to grape cultivation, which provides more yield and income than other crops. The company had entered the grape business to diversify from the earlier manufacture of tractors. The yields of Mahindra's grape cultivators have witnessed an increase from 3-4 tonnes per acre to 9-10 tonnes per acres in seven years.

ITC Ltd. has also made its contributions. New varieties of seeds, farm inputs, and paddy transplanters have been provided by ITC, which have been successful in reducing the crop cycle and also decreased the cost of cultivation.

### International Experience: Australia and Japan

In 2016-17, Australia's economy had grown by 1.9 per cent. Agricultural production was the single biggest contributor to this growth. The agriculture, forestry and fisheries sector grew by an astonishing 23 per cent.

Corporate farming is the involvement of mega-corporations in food production on a very large scale. Methods which lead to maximization of output are adopted. Reasons for which companies would like to invest in Australian agriculture are secure land ownership, export-orientated production, established infrastructure (storage, roads, ports, etc.), safe high-quality food products,



rapid technology adoption, and availability of skilled labour and management. Very few countries would be able to provide all such advantages to the investors.

In Japan, the most crucial issue in every aspect has been its aging population. In the agricultural sector, the farmers are aging and there is a lack of successors. There have been a number of attempts by the Japan Government to increase agricultural productivity and in turn the income. Japanese Agricultural Land Act was modified in 2009 to encourage more non-farming entities to begin with or cooperate in, farming operations by relaxing regulations on farmland sales and leasing.

Agricultural corporations are becoming more prevalent in Japanese agriculture. According to the 2010 census, there were 17,040 agricultural corporations in Japan, an increase of 22 per cent from the previous five years. These corporations can help aging farming households to continue cultivating their fields, educate next-generation farmers and new entrants to farming, convert fallow farmland to operational fields, and improve sound business decision-making.

### **Government Efforts to Encourage Corporate Investment**

The Government has introduced policy reforms which may have helped in elevating corporate sector investments in India. The reforms are as follows:

1. There have been efforts since 2012 to encourage Farmer Producer Companies (FPCs) which are a hybrid between cooperative societies and private limited companies registered under the Company's Act. Farmer producer companies may be given priority for cultivation on pooled land and for allied infrastructure development to harvest the desired economies of scale in operations.
2. In order to promote the production of oil palm in the country, the Government implemented the National Mission on Oilseeds and Oil Palm (NMOOP) from 2014-15. Government has recently relaxed the land ceiling limit for oil palm cultivation under NMOOP to attract corporate bodies to oil palm production and derive maximum benefit of 100 per cent FDI.

3. The Model Agriculture Produce & Livestock Marketing (Promotion & Facilitation) Act, 2017 provides the opportunity for the private sector to set up private markets, alternate marketing channels, online market platforms, etc. in both agriculture and livestock marketing.
4. The Model Agriculture Produce & Livestock Contract Farming & Services Act (Promotion & Facilitation) Act, 2018 enables private sector investments by way of capital, technology, and extension all along the value system.
5. Exemption to FPC under Income Tax Act has offered an IT exemption to all FPCs with a turnover of up to Rs 100 crore per annum, by considering their incomes as agricultural income. This will incentivise corporate sector to partner with farmers as FPCs.
6. There is 100 per cent foreign direct investment (FDI) in food retail – this will encourage foreign investments in establishing appropriate post-production infrastructure to strengthen the food supply chains.
7. In 2017, the Ministry of Agriculture and farmers Welfare, in collaboration with Start-Up India, launched the Agriculture Grand Challenge. The Ministry selected start-ups which received mentorship and guidance from them and an opportunity to get incubated and gain market access.
8. There is a budget proposal (2019) by the Government to form 10,000 farmer producer organisations (FPOs) in the next five years. This is believed to assist small and marginal cultivators to team up to get lower rates for inputs and sell produce at higher rates. The Finance Minister, Smt. Nirmala Sitharaman, has said that FPOs will ensure economies of scale.

With the help of our Government's Farmer Producer Organisation (FPO) initiative, numerous collective, farmer-owned companies are now providing aid to marginalised farmers to earn stable livelihoods.

A FPC set up in 2011, has expanded tremendously to become the largest FPC in the country, with a membership of 8,000 farmers and a turnover of Rs 300 crore. It has become India's largest grape exporting company, and it may well be

on course to revolutionise the fruits and vegetable business in favour of growers just as Amul did for milk producers of Gujarat.

Another FPC founded in 2015, has around 526 farmer-shareholders from across Karnataka. The organisation has also connected around 1,500 farmers via its six branches. It supplies vegetables to the Kerala Government at the lowest of prices and plans to soon have its own retail brand. It has helped connect cultivators with organisations that purchase chia seeds in bulk. Gradually, the firm hopes to appear in the Indian retail and wholesale market with its brand of chia. The FPO has also partnered with many retail brands.

### **The Road Ahead**

Agricultural growth is dependent on investments from the private sector, but first large investments in public goods — roads, power, education, research, irrigation, extension, finance, warehouses, etc. is essential to attract the private investments.

The Ministry of Agriculture and Farmers Welfare has estimated that to double farmer incomes, private investment in agriculture must increase by two times. Private investments refer to investments made by farmers themselves, therefore there is a dire need for the sector to be backed by corporate investments.

One of the reasons for low productivity is how the farmland is fragmented into very small landholdings, which is mainly because of the inheritance laws. Also, different parts of the land have different productivity but Government actions inclined towards the consolidation of these landholdings or following the method of cooperative farming would be able to contribute a great deal. The increased land productivity would make agriculture an attractive avenue for corporations to invest in.

Capital investments corresponding to agricultural growth are of two categories: i) Capital investments 'in' agriculture — land development, irrigation, markets, etc. and; ii) Capital investments 'for' agriculture — road, power, transport, etc. According to the Ministry of Agriculture and Farmer's Welfare, in order to achieve the target of 10.4 per cent income growth rate in farming over the period of 2016-17 to 2022-23 (with 2015-

2016 as the base year), the annual growth rate in investment required 'in' agriculture is 12.5 per cent and 'for' agriculture it is 16.8 per cent. In case of investment 'in' agriculture, the investments shall mainly come from private investments and that in case of investment 'for' agriculture, it shall come from public investment.

Taking up the example of the Silk industry, it can be observed that in countries like China and Japan, while silkworm rearing is a small farmer's job, the process ahead involving the seed production, reeling and weaving are executed mostly by corporates, which brings in technology, efficiency, quality and economies of scale in operations. In India, most activities from silkworm seed production to weaving are performed on an extremely micro level which leads to deviations in product quality. It is advised that the corporate sector be encouraged and incentivised to participate in the Silk industry. Also, there are a number of by-products of this industry like silk waste, sericin, etc. Research and development into medicinal and other uses of sericulture by-products need to be endorsed. Corporate investment in sericulture can be incentivised in such R&D as well.

### **Conclusion**

The corporate investment had become a huge cause of concern in the farming sector. The main reason for this has been excessive controls and regulations in the agriculture sector. On a few occasions, the Government of India has addressed the growing need of corporate investment for food processing, warehouses, and cold storage. Currently, only corporate houses/private industrial ventures drive India's farm mechanical sector, the seed sector and also invest heavily in horticulture and food processing sector. As per the Government, there is a need for relaxing rules for companies investing in contract farming, transport, marketing, warehouses and food processing. To address this growing need of corporate investment in agriculture, the Government needs to encourage the corporate sector by adopting policies that incentivize them to participate in agriculture.

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## Union Agriculture Minister Shri Narendra Singh Tomar addresses ICAR's 91st Foundation Day ceremony

The Union Minister for Agriculture & Farmers Welfare, Shri Narendra Singh Tomar, addressed the 91st Foundation Day ceremony of the Indian Council for Agricultural Research in New Delhi on 16th July, 2019. He congratulated the Farmers, Scientists and Agri-entrepreneurs for their achievements.

The Union Agriculture Minister said that the target set by Prime Minister Shri Narendra Modi of becoming a 5 trillion dollar economy by 2024 is a big leap and a big dream and the Farmers across the nation will be a key to fulfilling this dream as a large population of the country is still dependent on agriculture.

The Minister lauded the efforts of agriculture scientists across the nation and especially at the ICAR for working tirelessly towards the betterment of Indian agriculture. He said that their efforts are paying off and it is only due to these efforts that India is self sufficient in agriculture.

The Minister said that Prime Minister has worked towards improving efficiency in management of water resources by formation of the Ministry of Jal Shakti and focusing on the goal of 'more crop per drop'. Another big challenge the Minister highlighted was making agriculture profitable and viable since agriculture is one of the largest employers and India continues to be an agriculture based economy. Therefore, to prepare for the future, the Government has envisaged 'Smart Farm and Smart Farmer' on the line of Smart cities. For this, Science and Technology will be the key.

The Agriculture Minister further said that the Prime Minister has given primacy to the progress of 'Gaon, Garib aur Kisan' across the nation and the 140% increase in budgetary allocation for the Ministry of Agriculture & Farmers' Welfare in 2019-20 shows Prime Minister's dedication towards achieving this progress. He also added that all the schemes are dedicated towards ensuring the goal of getting farmers their due respect and making farming economically viable. It is for the first time since independence that an amount to the tune of Rs. 87000 crore is being distributed directly into the bank accounts of the farmers.

The Agriculture Minister also released 10 publications on agriculture and launched Kisaan (Krishi Integrated Solution for Agri Apps Navigation) - an Integrated Mobile App during the ceremony.



*The Union Minister for Agriculture and Farmers' Welfare, Rural Development and Panchayati Raj, Shri Narendra Singh Tomar addressing at the "91st Foundation Day of ICAR and Award Ceremony" in New Delhi on July 16, 2019.*

# REVAMPING OF FARM AND NON-FARM RURAL SECTOR

Dr S S Chhina

Keeping in view the policy to promote "Jai Kisan, Jai Jawan, Jai Vigyan and Jai Anusudhan" concept, the budget has its focus on the overall prosperity. The new educational policy is to be adopted where the emphasis is given to the research in different aspects in the country. A national research foundation is to be established that would coordinate and sponsor the research projects and shall provide the research grants to different Ministries and Departments so to equip every Department in the latest knowledge and awareness. The efforts shall be made that maximum universities of India may become globally competitive and may attract foreign students to study in Indian institutes rather the Indian students may seek admission in foreign universities and colleges.

**T**he Union Budget 2019-20 lays focus on revamping agriculture and rural non-farm sector. Finance Minister announced all the gladiators required to propell this core sector of the economy with a big push. In the planning period, agriculture was given the first priority. It was quite prudent also as agriculture was to provide food, raw material for industries, items for exports and moreover to release the labour force to work in other sector of the economy. No doubt that exercise provided the staggering results and the country turned as food exporting country from its position of food importing country. The yield as well as output thrived much but the economic condition of farmer remained invariable because of the division and sub-division of land.

The process of development the agricultural population perpetually started shifting from to non-farm sector. But in case of India, agriculture remains the mainstay of population where 60 per cent of population is still dependent but contributing only 14 per cent in the national gross domestic product. Rs 80,250 core had been allocated to build 1.25 lakh kilometers of roads to link up the different areas and villages to become the basis for over all development of the non-farm rural sector. The transparent facility is the core for escalating other economic activities. Prime Minister has special concern for "Jai Jawan, Jai Kisan". The construction of roads would facilitate the marketing of output and inputs apart from the easy travelling by this large section of the society. This transport link up would



automatically stimulate the entrepreneurs to install their enterprises, where the agricultural material would be used for value addition of different products. Prime minister's vow to double the farm income by 2022 depends on the concatenation of factors including installation of agro-based units.

The Budget referred to train 75000 entrepreneurs those would be concerned with agricultural and rural industrialisation. Actually, the focus of the agricultural policy is to adopt the market-oriented approach instead of product-specific agriculture. The rural industries should be dovetailed with agricultural production. Already, dairy cooperation has contributed a lot in enhancing farm income. In this model, the dairy farmer of the village even after the sale of the milk, remains the share holder in the value addition of his milk through various products at the district, state and national level. The idea to float 10000 farm producers company would be very helpful to make the share of the farmers in the agricultural trade. These producers companies would be different from cooperative and corporate model. These companies would have maximum number of farmers those are themselves the producers of the product. No farmer can have his share more than Rs. 1000. The idea behind is to promote the maximum participation of these farmers in their own venture.

It was observed that the producers and processors of agricultural products had been earning huge profit in their business, inspite of the volatility in the farm prices. These farm producers companies would cover whole of India and different farm products. These companies would be helped by small business consortium and National Bank for Agriculture and Rural Development solely for the objective to enhance the farm income and employment.

The budget has also proposed to promote zero-budget cultivation. The cost of farm product is thriving because of two factors; one of the escalating use of chemicals because of the early application of the law of diminishing marginal returns on agriculture and secondly the surge in prices of the chemicals. It is on the agenda of the

budget where the home-made farm inputs would be used for enhancing agricultural income.

The number of reports had indicated perpetually escalating use of chemicals is affecting environmental balance. There are number of misconceptions about organic farming. Various studies had already proved that home-made and organic inputs are equally useful and the yield in organic and natural farms have equal or even higher yield than chemical-based farming. The chemical are penetrating in air, water and soil. More and more doses of chemicals had to be applied to maintain the level of output as 5 bags in this year, 6 in second year and 7 bags in third year, then where would be the end of this escalating of chemicals. The sponsorship and the export of the organic farm products was recommended. Now the Government has taken it in a mission to promote zero-budget farming and there is no doubt that encouraging results on the front of sustainable environment and agricultural development would be accomplished.

Time and again, diversification in the cropping pattern was recommended by the Government, Agricultural universities and experts. Diversification of agriculture is required to make the optimal use of sources and to promote employment throughout the year. Now the Government of India has announced a new procurement policy in which some other farm products would be included in the state. As this policy would be implemented with the collaboration of the State Governments, so some additional crops on the basis of the production in the respective states shall be included in it. Already, the Central Government announce the minimum support prices for 23 crops



in the kharif as well as Rabi season. But only wheat and paddy are procured by the Government. But in this new policy, other crops would have their assured marketing. There are three options: the first is to procure by the Government; second, the farmers would sell their products in the regulated markets and the Government would pay the balance in the market price and the minimum support price and thirdly, the private traders are allowed to purchase but would have to pay the M.S.P.

The infusion of Rs. 58 lakh crores of rupees in the coming five years as investment in infrastructure would yield tremendous results in generating employment. The Finance Minister had stated that by 2022, every house would have electric connection and 1.25 lakh new roads would be constructed. It would have its favorable impact not only on agriculture, but also on the non-farm rural sector. The revamping of the rural sector would mitigate the rural-urban divide.

Women in the Self-Help Groups are to be provided Rs 1 lakh as loan and the facility of overdraft up to Rs 5000 from the bank. Women have proved to be more successful entrepreneurs. While advancing towards awareness, 20 million farmers would be provided digital education that has become imperative in the modern agriculture and farm business.

There is lot of potential for export of agricultural products. There is a big potential of dairy exports. As the international trade is on the basis of comparative cost, there is a proposal to establish Agriculture exports board. India is producing 15 per cent of the total milk of the world, but because of pressure of

population, it is exporting just 1.6 per cent of the dairy export of the world. There is a need to develop the dairy which is competitive to the developed countries, where the yield of the animals is much higher than that of India. The state sponsorship of agriculture export would boost the agricultural products towards enhancing the farm income.

Keeping in view the policy to promote "Jai Kisan, Jai Jawan, Jai Vigyan and Jai Anusudhan" concept, the budget has its focus on the overall prosperity. The new educational policy is to be adopted where the emphasis is given to the research in different aspects in the country. A National Research Foundation is to be established that would coordinate and sponsor the research projects and shall provide the research grants to different Ministries and Departments so to equip every Department in the latest knowledge and awareness. The efforts shall be made that maximum universities of India may become globally competitive and may attract foreign students to study in Indian institutes rather the Indian students seeking admission in foreign universities and colleges. Rs. 400 crore are being spared to develop the universities so that the maximum universities may be included in best 200 universities of the world. Agriculture labour is still the second most important profession of rural sector. The new enterprises in villages shall help to generate new employment opportunities where the population of rural India along with released agriculture labour would be employed. The revamping of the rural sector shall also redeem them from that vortex of debt.

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### **Technology Upgradation in Micro and Small Enterprises**

In order to support SMEs in accessing latest technologies, the Ministry of Micro, Small and Medium Enterprises (MSME) implements a scheme named Credit Linked Capital Subsidy and Technology Upgradation Scheme (CLCS-TUS). One of the components under the schemes is Credit Linked Capital Subsidy (CLCS) under which capital subsidy up to Rs. 15 Lakh is provided to Micro and Small Enterprises (MSEs) for accessing modern technology. Other measures aimed at enhancing competitiveness are as follows:

- Building awareness of Intellectual Property Rights (IPR).
- Undertaking digital empowerment initiatives.
- Supporting entrepreneurial and managerial development through Incubators.
- Providing design expertise to manufacturing enterprises.
- Adopting lean manufacturing practices.
- Enabling ZED Certification.



# CHANGING LANDSCAPE OF RURAL ECONOMY

Dr N R Bhanumurthy, Bhabesh Hazarika

...the Budget continues to focus on the rural economy with the broader aim to improve the ease of living. While there appears to be an increase in the efficiency of implementing most of the rural development schemes, there is still a need for further improvement in fund flow mechanism as well as monitoring and evaluation systems in order to improve the conditions of rural people and rural geographies.

**D**evelopment of the rural economy is crucial for promoting ease of rural lives. In this direction, the Government of India has been undertaking many initiatives to provide livelihood provisions, developing basic amenities, infrastructure, and more importantly, eliminating poverty. The announcements made in the Union Budget 2019-20 were people-centric with different policy options devised both at Centre and State levels through the use of technology and innovation to ensure last mile delivery. In this article, we look at the policies that are focussed to improve 'ease of living' especially in the rural areas.

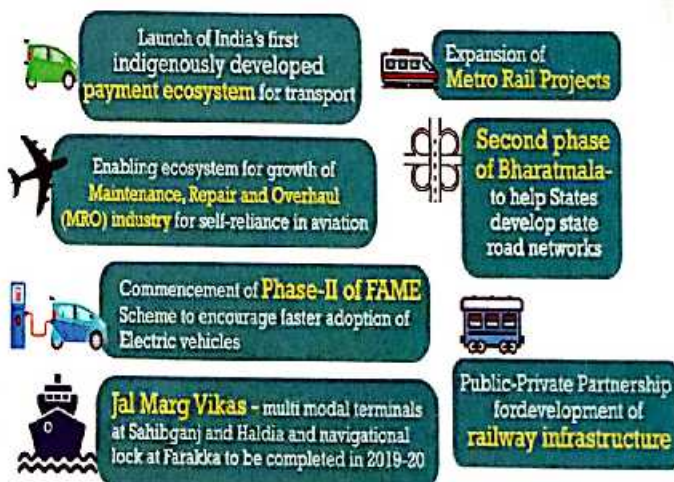
## DBT for Easing the Lives of Poor

There had been debate over the efficiency in the public service delivery system towards reaching the last eligible person amid intermediate layers in implementation. In order to eliminate the complexities and disadvantages of such a multilayer approach, the Government of India rolled out the DBT framework for disbursement of assistance to eligible beneficiaries under different welfare schemes from January 2013. This new mechanism has enabled the Government to transfer the assistance directly to beneficiaries' bank accounts within the stipulated time, eliminating the different intermediate layers. It started with 28 selected schemes in 2013, and as on July 2019, it has broadened with 439 schemes under 55 Ministries (Table 1). Under this framework, the number of persons served as well as the volume of funds transferred has increased manifold. In the current fiscal 2019-20 till July 14, the government has transferred Rs. 48.06 thousand crore to 58.6 crore eligible beneficiaries.

At present, 8 schemes under the Ministry of Rural Development (MoRD) have been included under DBT platform, namely, National Rural Livelihood Mission (NRLM), Deen Dayal Upadhyay Grameen Kaushalya Yojana (DDUGKY), Indira Gandhi National Disability Pension Scheme (IGNDPS), Indira Gandhi National

Old Age Pension Scheme (IGNOAPS), Indira Gandhi National Widow Pension Scheme (IGNWPS), National Family Benefit Scheme (NFBS), Mahatma Gandhi National Rural Employment Guarantee Scheme (MGNREGS) and Pradhan Mantri Awas Yojana-Grameen (PMAY-G). As per data available on the DBT platform, about Rs. 1.01 Lakh crore is disbursed in 2018-19 to the eligible beneficiaries under these schemes of MoRD together as compared to Rs. 34.23 thousand crore in 2013-14 (Table 2). In the coming few years, MoRD is expected to bring its all welfare schemes under DBT framework so that the benefits genuinely reach the eligible and targeted individuals.

As on March 2019, the DBT Cell has estimated the overall net gain due to the DBT framework to be 1.42 lakh crore for the Government of India since its inception. The estimated saving from the Ministry of Rural Development programme stands at Rs. 20.79 thousand crore for MGNREGS and Rs. 516 crore for NSAP programme as on March 2019. The NIPFP estimated saving of Rs 2419 crore for PMAY-G in the first two years of implementation due to changes in the governance in terms of use of



DBT and Geo-tagging technology through AwassApp (NIPFP, 2018).

In order to implement the DBT at a large scale, the Government of India launched a model popularly known as JAM Trinity (Jan Dhan Bank Accounts, Aadhaar Identification and Mobile communication). The bank accounts are linked with Aadhaar and updates on any transaction are sent to the registered mobile number. This appears crucial in order to track that the actual beneficiaries receive the assistance, and there will not be any duplications or ghost beneficiaries.

The Pradhan Mantri Jan Dhan Yojana was launched in 2014 to bring the unprivileged section of the society under financial inclusion by providing banking and financial services including savings account, pensions, remittances, insurance, and others. As on 03 July 2019, about 36.06 crore Jan Dhan bank accounts have been opened of which 59.26% are in rural/semi-urban areas, and the total deposits stands at Rs. 1 lakh crore. Along



with the savings bank account, RuPay card has also been issued to the Jan Dhan Account holders with accidental insurance coverage of Rs. 1 lakh to promote the digital transaction. About 28.45 crore

**Table 1: Progress under DBT Framework**

Head	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20*
No of DBT Schemes	28	34	59	142	437	440	439
Total Funds Transferred (in Rs. crore)	7368	38926	61943	74689	190871	329796	48056
Cash schemes	7368	38926	61943	74689	170292	214092	28870
In-kind schemes	NA	NA	NA	NA	20579	115704	19186
Eligible Beneficiaries (in crore)	10.8	22.8	31.2	35.7	124.0	129.2	58.6

Note: \*Figures for 2019-20 are updated up to July 14, 2019, and are provisional.

(Source: DBT Bharat, 2019)

**Table 2: Disbursement of Assurances under MoRD Schemes on DBT Platform**

Schemes	2015-16	2016-17	2017-18	2018-19	2019-20*
NRLM	NA	NA	22.12	1119.27	97.26
DDUGKY	NA	NA	163.52	24.70	6.46
IGNDPS	8364.66	187.99	706.30	253.44	19.25
IGNOAPS		3785.78	6917.13	6379.14	373.66
IGNWPS		1436.22	2061.23	1697.10	135.01
NFBS	NA	NA	NA	21.44	3.01
MGNREGS	25861.77	37311.92	33751.32	46181.80	135.01
PMAY-G	NA	4655.63	65237.50	45396.00	2168.79
Total	34226.43	47377.54	108859.12	101072.88	2938.44

Note: \*Figures for 2019-20 are updated up to July 14, 2019, and are provisional.

(Source: DBT Bharat, 2019)



RuPay card has been issued to the beneficiaries as on 3rd July 2019.<sup>1</sup>

Amid the less penetration of bank branches especially in the rural areas, India Post Payment Bank (IPPB) has appeared as an instrument to improve financial inclusion of unbanked/underbanked section of the society.<sup>2</sup> IPPB was introduced to the core banking system in August 2016, enabling the post office savings bank accounts for NEFT and RTGS. The rural banking division of India Post has been implementing several social sector schemes for disbursing payments to the beneficiaries (Annual Report, 2017).

In terms of Aadhaar enrolment, 124 crore Aadhaar have been generated reaching a saturation level of 90% of the population as on 15<sup>th</sup> July 2019, and altogether, it has been submitted as Know-Your-Customer (KYC) as many as at 733.46 crore places for authentication.<sup>3</sup> In addition, the Government has committed to provide infrastructure support for extending the mobile network into the remote rural areas to promote digital usage. The recent Kantar IMRB Report (2019) reveals that the growth of internet usage in rural areas was 35% in 2018 reaching to about 25 crore population covering a penetration of 25% in the rural population, and the same is expected to reach to 29 crore by the end of 2019.

Over the last few years, JAM has appeared as a social revolution bringing together financial inclusion, biometric authentication, and mobile communications, especially in rural areas.

## Rural Connectivity

Rural Connectivity (road) is a crucial element for the development of rural areas providing access to social and economic services. Better connectivity has both forward and backward linkages for generating income and employment opportunities and thereby, has a greater impact on reducing poverty. Here, the Pradhan Mantri Gram Sadak Yojana (PMGSY) has made a significant change in the rural connectivity. The scheme has two components: construction of new roads for the unconnected habitants and upgradation of existing roads where emphasis is given mainly in the areas with a higher volume of traffic.

About a total of 6.02 lakh km road length has been constructed under the scheme since its inception till July 12, 2019 indicating a completion rate of 86.75% of the total length of road targeted (Table 3). During this time-span, the scheme has been able to connect 1.54 lakh eligible habitants (93.85%) with financial implications of Rs. 2.09 lakh crore (74.11 of the total budgeted cost). The scheme was undertaken phase wise viz., PMGSY-I (2000-11) and Phase II (2012-18). In the recent Budget, the programme has been scaled up and in Phase III (2019-23).

There has been a significant improvement in the implementation of PMGSY scheme in recent years. Per day road construction had increased from 104 km in 2014-15 to 134 km in 2018-19. The launch of *Meri Sadak* App appears as a useful tool in monitoring the construction and

**Table 3: Progress under PMGSY**

Year	Target Length (km)	Completed Length (km)	%	Targeted Habitants (no)	Connected Habitants (no)	%	Budgeted (Crore)	Actual (crore)	%	Per day Km Built
2014-15	21755	38057	174.93	4688	11121	237.22	14391	14188	98.59	104
2015-16	33649	35155	104.48	10177	9953	97.80	14291	18290	127.98	96
2016-17	48812	47446	97.20	15000	11979	79.86	19000	17923	94.33	130
2017-18	51000	48713	95.52	15000	11555	77.03	19000	16862	88.75	133
2018-19	57700	49038	84.99	15000	10483	69.89	19000	15500	81.58	134
2019-20 <sup>#</sup>	52502	3223	6.14	9454	342	3.62	19000	NA	NA	32
2000-19*	693997	602009	86.75	164446	154340	93.85	281570	208677	74.11	NA

Note: Budgeted and actual expenditure for 2000-2019 is based on the Progress report as on 12 July 2019. <sup>#</sup>Parameters value are as on 12 July 2019.

(Source: PMGSY Portal, 2019<sup>5</sup>)

maintenance activities as well as mitigating the grievance redressal of the community. Another prominent governance change in the scheme is the adoption of e-procurement for awarding contracts of PMGSY roads, although some states are yet to operationalise the online portal.<sup>4</sup> Considering the state of PMGSY under e-procurement, Lewies et al. (2016) found that it has not only led to a timely competition of the construction activities, but also significantly improved the quality of the road. It also increases the transparency in the system and reduces corruption by eliminating personal interaction between the concerned officials and bidders. The increased competition and entry of non-local quality contractor is the main force behind the improvement in the quality. In terms of impacts of enhanced connectivity on the rural economy, there has been increased participation in the labour market among the rural people translating a higher household's income (Asher & Novosad, 2016; Aggarwal, 2017). Another study by Gulati et al. (2018) estimated that the return to one rupee spent in PMGSY to be Rs. 1.1 to the Agricultural GDP, which is higher as compared to rupee spent in primary agri-subsidies.

Considering these positive externalities, the Government has approved Phase III of the scheme to upgrade 1.25 lakh km rural road using green technology. The Budget 2019-20 has committed to spend Rs 80.25 thousand crore in Phase III over 2019-20 to 2024-25.

### Affordable Housing to Rural Poor: PMAY-G

In 2016, the Indira Awas Yojana was restructured into Pradhan Mantri Awas Yojana-Gramin (PMAY-G) to enhance the efficacy of the rural housing programme. The objective of PMAY-G is not only to provide a pucca house but the overall

upgradation of the lifestyle of the rural poor by providing livelihood along with basic amenities in the house itself. To accomplish the holistic target 'Housing for all by 2022', MoRD targeted to construct 10 crore PMAY-G house by 2019 in its Phase I (2016-19) whereas it kept a target of 1.95 crore for the Phase II (2019-22). Several changes were made in governance and implementation of the scheme including enhancement of financial assistance, mandatory use of DBT and Geo-tagging, and a real-time monitoring portal "AwaasSoft".

Table 4 presents the physical progress under the PMAY-G, and it can be seen that about 82.13 lakh houses have been completed till July 14, 2019. About 35.64 lakh houses from 2016-17 (83.30%), 24.86 lakh houses from 2017-18 (77.58%), and 21.63 lakh houses from 2018-19 (85.95) have been completed. Out of total target, about 95.21 beneficiaries have received at least one installment of which 82.13 lakh have already completed their construction activities. Remaining 13.08 lakh houses are at different stages of production. Because of the use of DBT, PFMS, and Awaas App for geo-tagging and monitoring, the implementation of the scheme has improved significantly. NIPFP (2018) estimated that the average time required for constructing a PMAY-G house has substantially reduced from 313 days in 2015-16 to 114 days in 2017-18. With such improvement in average speed of construction, it is believed that the Government would be able to achieve its target of "Housing for All by 2024". The Scheme is also converged with various other Central schemes as well as state-sponsored schemes such as MGNREGS for employment generation, Swachh Bharat Mission for construction of toilets as well as solid and liquid waste management, PMUY for providing LPG connections as a means to efficient cooking fuel, Saubhagya for electricity connection,

**Table 4: Physical Progress under PMAY-G**

Target	Target	1st Instalment	Completed	Progress (%)
<b>Phase I</b>				
2016-17	42.78	40.78	35.64	83.30
2017-18	32.05	29.62	24.86	77.58
2018-19	25.16	24.81	21.63	85.95
Phase I Total	99.99	95.21	82.13	82.14
<b>Phase II</b>				
2019-20	50.54	2.79	0.00	0.00
<b>Total (2016-19)</b>	<b>150.54</b>	<b>98.01</b>	<b>82.13</b>	<b>54.56</b>

(Source: Awaas Soft, 2019. Accessed on 14 July 2019.<sup>6</sup>)

NRDWP for access to safe drinking water, etc., to provide an affordable house with basic amenities.

Back on the success in its Phase I, the Government has approved the Phase II of PMAY-G to provide another 1.95 crore houses to the rural poor who were kept out from Phase I. The provision of *pucca* houses is bringing transformational (both social and economic) changes among the rural households in terms of improved safety and status, improved health and educational outcome as well as increased employment opportunities. The lives of rural women, in particular, have seen a drastic change from schemes such as like Saubhagya, SBM, etc.

### Rural Development in Budget 2019-20

The Budget 2019-20 has given a big boost towards the development of the rural economy. Keeping "Antyodaya" as its core principle, the Budget concentrated on "Gaon, Garib aur Kisan". There has been an increasing trend in the allocation under the Department of Rural Development in recent years. The gross spending by the Department on its various activities was 1.20 lakh in 2015-16, which was increased in subsequent years to 1.79 crore in 2017-18. The Budget 2019-20 allocates 1.92 lakh crore compared to previous year's revised estimate of 1.85 lakh crore.

The highest allocation in the Department has gone for implementing MGNREGS, and Budget

2019-20 allocates Rs 60000 crore. Although this is lower than in 2018-19, given that it is a demand driven scheme, depending on the demand the allocations could in when the Supplementary Budget is presented. There has been a significant improvement in terms of utilization of money under the scheme, but the generation of man-days per annum per enrolled family remains a cause of concern. The increased utilization in the scheme can be attributed to the introduction of DBT and the use of GIS techniques in monitoring and implementation (Economic Survey, 2018). Despite the spending of about Rs 61084 crore in 2018, it could generate only 29 man-days per family. Under NSAP, the total allocation has been increased by 3.4% for 2019-20. While allocation under old age pension is increased by 4.8%, there is a contraction in the allocation under widow pension and disability pension schemes. With a completion rate of 82% in Phase I of PMAY-G, the Government has allocated Rs. 19000 crore for Phase II with a target of completion of 50 lakhs houses in 2019-20. Given the surge in the construction pace and size of the target, the allocation may see a revision in the coming months.

As mentioned earlier, the Government has committed to spend about Rs 80250 to provide better and rural roads using green technologies between 2019-20 and 2024-25. As a first step, Budget 2019-20 allocates Rs 19000 crore to PMGSY. The increased investment is expected to reduce

**Table 5: Budgetary Allocation under Major Schemes of the Rural Development Department**

Scheme	Budget Allocation					% Change over Previous Year			
	2015-16	2016-17	2017-18	2018-19 (RE)	2019-20 (BE)	2016-17	2017-18	2018-19 (RE)	2019-20 (BE)
Department of Rural Development*	119791	156288	178597	184617	191870	30.5	14.3	3.4	3.9
National Social Assistance Program	8616	8854	8694	8900	9200	2.8	-1.8	2.4	3.4
Indira Gandhi National Old Age Pension Scheme (IGNOAPS)	5563	5926	6110	5972	6259	6.5	3.1	-2.3	4.8
National Family Benefit Scheme	639	623	530	675	673	-2.6	-14.8	27.3	-0.4
Indira Gandhi National Widow Pension Scheme(IGNWPS)	2069	2037	1817	1967	1939	-1.6	-10.8	8.3	-1.5
Indira Gandhi National Disability Pension Scheme(IGNDPS)	288	240	221	259	247	-16.8	-7.6	17.1	-4.6
MGNREGS	37341	48215	55166	61084	60000	29.1	14.4	10.7	-1.8
Pradhan Mantri Gram Sadak Yojana	18290	17923	16862	15500	19000	-2.0	-5.9	-8.1	22.6
National Livelihood Mission - Ajeevika	2514	3158	4327	5784	9024	25.6	37.0	33.7	56.0
Pradhan Mantri Awas Yojana (PMAY)	10116	16071	22572	19900	19000	58.9	40.5	-11.8	-4.5

Note: \* Denotes the Gross allocation.

(Source: Budget Documents, Government of India<sup>7</sup>)

the rural-urban divide and provides ease of living to the rural people. The Budget Speech specifically mentions about approaches towards uplifting the women through more SHGs participation and increased economic activities under NRLM scheme that is renamed as Deen Dayal Antyodaya Yojana (DAY-NRLM). It kept provision for Rs. 5000 overdraft for one woman per SHG having a Jan Dhan Account, and a loan up to Rs. 1 Lakh. This will undoubtedly increase the women participation in economic activities, and thereby uplifting their lives towards overall empowerment.

In addition the schemes under the Department of the Rural Development, the Government attempts to give a push to rural economy through the PM Kisan Scheme that provides Rs 6000 per annum in three equal instalments directly to the marginal farmers (up to 2 hectares of land) effective from December 01, 2018. The Budget 2019-20 has allocated Rs. 75000 crore under this scheme to be administered by the Department of Agriculture Cooperation & Farmers Welfare. The income support will have a stimulating effect through increased private consumption in the rural areas, which will have multiplier effects on the economy as a whole. Till July 14, 2019, the first instalment is released to 3.98 crore farmers accounting for Rs. 7954 crore, and second instalment to 3.15 crore farmers accounting for Rs. 6309. However, enrolment under the scheme has been a bit slow, and only 4.96 crore farmers (39.68%) have been enrolled against an estimated target of 12.50 crore farmers. Overall Budget 2019-20 allocates 1.39 lakh crore for the agriculture sector (78% more than the revised estimates of 2018-19) will have both forward and backward linkages to revive the local economy.

In sum, the Budget continues to focus on the rural economy with the broader aim to improve the ease of living. While there appears to be an increase in the efficiency of implementing most of the rural development schemes, there is still a need for further improvement in fund flow mechanism as well as monitoring and evaluation systems in order to improve the conditions of rural people and rural geographies.

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## Endnotes

1. <https://pmjdy.gov.in/statewise-statistics>
2. This was one of the recommendations of our study done on MGNREGS. See Bhanumurthy et al (2014)
3. [https://uidai.gov.in/aadhaar\\_dashboard/](https://uidai.gov.in/aadhaar_dashboard/)
4. <http://omms.nic.in/>
5. Andhra Pradesh and Karnataka were the first two states that adopted e-procurement in PMGSY.
6. <https://rhreporting.nic.in/netiay/newreport.aspx>
7. <https://www.indiabudget.gov.in/index.php>

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# RURAL INFRASTRUCTURE IN UNION BUDGET 2019-20

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The Government of India has taken the infrastructure sector, mainly highways, renewable energy, housing, digital infrastructure and urban transport, as a priority sector, for which an allocation of Rs. 5.97 lakh crore has been earmarked under the infrastructure sector in the Union Budget 2018-19. However, the 2019-20 Budget has kept long-term growth and attaining US\$ 5 trillion economy, for which a Budget provision of Rs 100 lakh crores are earmarked for 5 years in infrastructure sector, including railways which would invest about Rs. 50 lakh crores.

Infrastructure is critical for a country's development and a country's development and progress is judged by the quality of infrastructure it has. Infrastructure could be private and public, physical and services, social and economic. Economic infrastructure could be transportation, communication, power, irrigation, and the like while that of social infrastructure comprise of education, health, drinking water and sanitation, housing, etc. In addition to the development of these sectors, the infrastructure development brought in the efficiency of investment, manufacturing competitiveness, exports, employment, urban and rural development, quality of life and a host of benefits for the country.

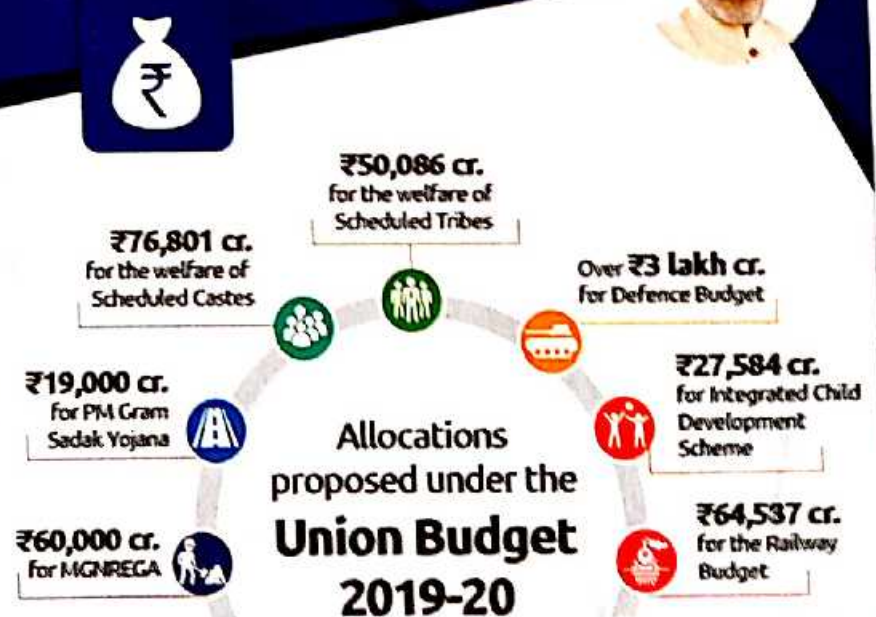
The Rangarajan Commission (2001) defined infrastructure as having natural monopoly, high investments, non-tradable, non-rival, price exclusiveness and put in a specific place. The Rakesh Mohan Committee Report (1996) and the Central Statistical Organisation (CSO) present infrastructure as Electricity, gas, water supply, telecom, roads, industrial parks, railways, ports, airports, urban infrastructure and storage as infrastructure. The RBI (2007) looked infrastructure as power, tele-communication, railways, road and bridges, sea port and airport, industrial parks and urban infrastructure (water supply, sanitation and sewage projects).

The Insurance Regulatory and Development Authority (IRDA) (2008) include infrastructure like Road, including toll road, bridges or a rail system, Port, airport, inland waterways or inland port, Water supply project, irrigation project,

water treatment system, sanitation and sewerage system or solid waste management system, tele-communication services (whether basic or cellular) domestic satellite services, network of trunking, broadband network and internet services, An industrial park or special economic zone, Transmission or distribution of power, construction for preservation and storage of processed agro-products, perishable goods such as fruits, vegetables and flowers including testing facilities for quality, educational institutions and hospitals, and any other public facility of similar nature as may be notified by the authority in this behalf in the Official Gazette.

The Income Tax Department treats electricity, water supply, sewerage, telecom, roads & bridges, ports, airports, railways, irrigation, storage (at ports) and industrial parks/SEZ, as infrastructure. The World Bank treats power, water supply, sewerage, communication, roads & bridges, ports,

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airports, railways, housing, urban services, oil/gas production and mining sectors as infrastructure.

The Government of India has taken the infrastructure sector, mainly highways, renewable energy, housing, digital infrastructure and urban transport, as a priority sector, for which an allocation of Rs 5.97 lakh crore has been earmarked under the infrastructure sector in the Union Budget 2018-19. However, the 2019-20 Budget has kept long-term growth and attaining US\$ 5 trillion economy, for which a Budget provision of Rs. 100 lakh crores are earmarked for 5 years in infrastructure sector, including railways which would invest about Rs. 50 lakh crores.

### Road Infrastructure

Road network has been the fulcrum of country's economy, for transportation of goods, services, agriculture produce, travel and connectivity, and acts as a growth centre. The promotion of all weather qualitative durable road network ensures faster economic and social gains, trade flows, integration of markets.

The total expenditure on the Ministry of Road Transport and Highways for 2017-18 is around Rs 64,900 crores, which is 24% higher than the revised estimates for 2016-17. In 2017-18, of the total expenditure, the highest allocation is towards roads and bridges at 63%, which is followed by allocation towards the National Highways Authority of India at 37%, with revenue expenditure of Rs. 10,723 crore, and capital expenditure at Rs. 54,177 crore.

The Pradhan Mantri Gram Sadak Yojana (PMGSY) primarily aims at providing all weather road connectivity to unconnected villages with about 82% are connected by December 2017, and the remaining 47,000 habitations are targeted to be completed by March 2019. In 2019-20 Budget, there is a provision of Rs. 80,000 for the core network for upgradation of 1.25 lakh km of rural roads under the phase-III of Pradhan Mantri Gram Sadak Yojana, aiming to improve the ease of living for rural population. The wear and tear of the roads due to the transport of agricultural equipment is being maintained to upkeep already built roads.

There is a target to construct 7,000 km roads under PMGSY during the current year 2019-20, out of which about 3,000 km roads are being built under the green technology with use of cold mix, tera zyme,



iron slag, cement stabilization, caste plastic panel and cell-filled concrete and nano technology and roller compacted concrete for Rs. 393504 crores is targeted for the construction of all 7,000 km roads.

India has one of the largest road networks in the world with about 47 lakh km of roads, which includes National Highways (NHs), Expressways, State Highways (SHs), district roads, PWD roads, rural roads, etc. Road infrastructure caters to transport over 60% of total goods and 85% of total passenger traffic. An ambitious road and highways development programme under the **Bharatmala Project** aimed at integrating many other schemes, projects and programs, targeted to cover 25000 km of roads and bridges, with development of about 7000 km State roads along coastal area, border area, with special focus on connectivity of non-major ports, roads for Backward Areas, Religious and Tourist Places Connectivity Programme. Setu Bharatam Pariyojana aimed at elimination of the Railways crossing in India by constructing 1500 major bridges and 200 Railway over Bridges (RoBs) or Railway under Bridges (RuBs) by 2019, ensuring high speed road vehicular movement and train movement, to be completed by 2019, three years before the completion of entire Bharatmala Project in 2022, district headquarters connectivity scheme for development of 9000 kms of road, to be declared as National Highway and to provide better connectivity between district headquarters.

### Communication Infrastructure

The Telecommunication sector has phenomenal growth with growth in e-governance, cashless transaction in banking and financial



## Pradhan Mantri Awas Yojana (Urban)



services, trade, education, health, agriculture, travel, tourism, logistics, transportation and citizen services sector. The growth in telecom sector has also generated innovations, entrepreneurship through the Start-up India and Stand-up India, and has made mobile communication among more than 80 crores population and contributing significantly with about 1.75% of the Indian GDP for the year 2015, according to Broadband India Forum (BIF).

About 1.5 lakh Gram Panchayats are being connected with optical fibre for providing Internet and Wi-Fi hotspots and access to digital services at low tariffs, through Digital India and the Bharatnet Project. Further, the Digi-Gaon is being planned for providing the platform for the financial services, tele-medicine, education, e-governance, e-marketing and skill development. The Digital India Programme was launched by the Government of India in July 2015 at an estimated cost of Rs. 1,13,000 crores, with a vision to transform India into a digitally empowered society and knowledge economy, with three primary focus areas of creation of digital infrastructure, electronic delivery of services and digital literacy, and empowerment of citizens with e-participation in governance.

The Government expects a 28% increase in non-auction revenue at Rs. 50,519.81 crore in the fiscal year 2019-20 from the Telecom sector against Rs. 39,245 crore earned in the 2018-19 ended March 31, according to the Budget estimates of

2019-20. The Government earns revenue in the form of mainly license fees and spectrum usage charges (SUC) from telecom operators, which is calculated based on the adjusted gross revenue (AGR) of telecoms.

The telecom regulator TRAI recommended an auction of about 8,644 MHz of telecom frequencies at an estimated total base price of Rs. 4.9 lakh crore, which is under consideration by the Government of India. Spectrum sales through auction has been the main contributor to the government revenue, for spectrum sale, rationalising the tax structure, review the universal services obligations fund (USOF), and spectrum usage charges (SUC) and look at ways to facilitate the ease of doing business for telecoms.

### Renewable Energy Infrastructure

India is emerging as one of the largest production of energy from renewable sources, catering to about 20% of the total installed power capacity (69.02 GW) as of 31 March 2018 and with hydro power, it contributes about 33 per cent. The wind power capacity is about 34,046 MW as of 31 March 2018, making India the fourth-largest wind power producer in the world, and it is aimed to generate 100 GW of solar power by 2022. Biomass power from biomass combustion, biomass gasification and bagasse co-generation reached 8.3 GW installed capacity and family type biogas plants reached 3.98 million as of 31 March 2018. International Solar Alliance Project promoting the growth and development of solar power internationally to over 120 countries and India set a target of achieving 40% of its total electricity generation from non-fossil fuel sources by 2030.

Budget 2019-20 aims to boost investment in renewable energy sector, with investments in manufacturing of solar photo voltaic cells, solar electric charging infrastructure and batteries, as well as reduction in customs duty on import of all forms of uranium for generation of nuclear power, to accelerate the generation of renewable energy.

It is envisaged that the incentives provided would make India as a global hub for R&D and manufacturing of advanced energy storage and EVs by 2022, provide a policy direction to promote the manufacturing through 'Make In India'

programme, in the renewable energy sector. India is targeting a renewable energy target of 175GW by 2022.

The Union Budget for 2019-20 has provided for a budgetary allocation of Rs. 3,004 crore for solar power sector, including both grid-interactive and off-grid projects, a 1.1 per cent increase over Rs. 2,969 crore provided in the Revised Estimate for last financial year (2018-19).

The budgeted expenditure for the current fiscal includes Rs 2,479 crore for capacity addition of 7,500 Megawatt projects, with the balance Rs. 525 crore provided for off-grid and decentralised solar sector. The implementation of Ph-III of the off-grid solar PV programme, covers installation of 3 lakh solar street lights, distribution of 25 lakh solar study lamps and installation of solar power packs of total aggregated capacity of 100 MWp.

The total allocation for the wind energy projects for the current financial year stands at Rs. 920 crore, a 3 per cent decline over Rs. 950 crore provided in the Revised Estimate of 2018-19, with a wind energy capacity addition of 4,000 MW in 2019-20.

## Housing

Housing as a basic need and right both in rural and urban area is reflected in the Pradhan Mantri Awas Yojana - Housing for All. PMAY(Gramin) targets about 1 crore houses by March, 2019, with a unit cost for minimum support of nearly Rs. 1.5 lakh to Rs. 1.6 lakh per household, with a provision of Bank Loan up to Rs. 70,000 and provides skilling for 5 lakh rural masons by 2019 and allows 200 different housing designs across the country based on local conditions, with an outlay of Rs. 819.7 billion, given special thrust given to hilly areas and LWE region, during first phase, with about 16.5 lakh houses completed and 34.6 lakh houses under construction.

Budget 2019-20 aims at 1.95 crore households under PM Awas Yojana to eligible beneficiaries to be provided in phase II now by 2022. It is also envisaged to complete the PMAY Houses in 114 days, which was taking about 314 days in 2017.

To promote affordable housing in India, an additional deduction of Rs. 1.50 lakh for interest paid on loans upto March 31, 2019 for purchase of

affordable house of Rs 45 lakh or below is permitted, which is expected to enhance interest deduction up to Rs 3.5 lakhs, with net gain up to Rs. 7 lakhs. Further, the period of exemption for capital gains arising from sale of house for investment in start-ups are to be extended to March 31, 2021.

## National Rural Drinking Water Programme

The National Rural Drinking Water Programme (NRDWP) is targeted at providing every person in rural India with adequate safe water for drinking, cooking and other domestic basic needs on a sustainable basis, within the guidelines, accessible at all times and creation of the infrastructure for the same, development of infrastructure and capacities for the successful operation of drinking water supply schemes in rural areas. About 1.7 million rural habitations provided drinking water under the National Rural Drinking Water Programme; 1.3 million (77%) habitations are fully covered under the guidelines of provision of 40 litres per capita per day (LPCD), while about 330,086 (19.3%) habitations are partially covered with safe water availability below 40 LPCD and 64,094 (3.73%) are water-quality affected habitations, by March 15, 2017.

The 2019-20 Budget tries to provide water security with provision of water supply in an integrated and holistic manner, to promote achieve Har Ghar Jal (piped water supply) to all rural households by 2024, and Jal Shakti Abhiyan for improving the ground water availability.

## Swachh Bharat Abhiyan

Swachh Bharat Abhiyan has been a revolutionary initiative for embedding the sense of sanitation, hygiene and health, introduced in 2014 and exhibited remarkable progress with a 85% coverage in 2018-19, from 38.70% in 2014, with about more than 391 districts became open defecation free (ODF) covering 3.8 lakh villages, with Swachh Bharat Gramin, over 7.4 crore individual household toilets (IHHLs) have been built by May 2018, with an aim to cover 100% toilet coverage by December 2018 and people are coming forward to own toilets and participate in healthy waste disposal, with mindset change and social acceptability. The Government planned aggressive promotion of Swachh Bharat Mission to undertake sustainable solid waste management in every village.



Under the Swachh Bharat Mission, about 9.6 crore toilets were constructed and it is planned to be expanded to sustainable solid waste management in every village and make India Open Defecation Free by October 2, 2019, with about 95% of cities becoming open defecation free, at a cost of Rs. 1.96 lakh crore.

### **Irrigation Infrastructure under PMKSY**

A very innovative Government of India Programme to promote productive agriculture is the Pradhan Mantri Krishi Sinchayee Yojana (PMKSY), with a convergence of investments, to expand cultivable area, ensure water use efficiency, improve recharge of aquifers, treatment of waste water from all sources for agriculture etc. under which, water conservation, construction of farm pond, water harvesting structures, small check dams and contour bunding, construction of diversion canals, field channels, water diversion/lift irrigation, including development of water distribution systems, drips, sprinklers, pivots, rain-guns irrigation structures etc. for assured irrigation source are promoted.

### **Mahatma Gandhi National Rural Employment Guarantee Scheme (MGNREGS)**

Works undertaken under the Mahatma Gandhi National Rural Employee Guarantee Act (MGNREGA) are primarily rural infrastructure development works namely through watershed development like contour trench, contour bund, farm bunding, gabion structures, earthen dam, dugout farm ponds etc. agriculture development works like manure and composting infrastructure etc. live stock-related works like poultry and goat shelters etc. fisheries-related works like drying yards, storm water drains etc. drinking water and sanitation-related works like soak pits, recharge pits, individual latrines, school toilets, Anganwadi toilets, etc, flood management

works like repair and deepening flood channels, and under irrigation infrastructure development like minor, sub minor and field channels etc.

There is greater emphasis on Natural Resource Management (NRM) projects mainly linked to water conservation, which include check dam, ponds, renovation of traditional water bodies etc. suiting to the requirements of various States according to their topography, built in the 1,593 stressed blocks in 256 districts across the country, selected for Jal Shakti Abhiyaan, under the rural employment scheme with a Budget allocation of Rs. 60,000 crore, with an increase of 9 per cent from 2018-19.



### **Pradhan Mantri Matsya Sampada Yojana (PMMSY)**

With a view to promote fishing and fishermen communities, which are closely aligned with farming and are crucial to rural India, an allocation of Rs. 3,737 crore are provided to the newly carved out Ministry of Fisheries, Animal Husbandry and Dairying, and address the issues of value chain, including infrastructure, modernisation, traceability, production, productivity, post-harvest management, and quality control, out of which Rs. 804.75 crore is allocated for the fisheries sector 2019-20.

## **Pradhan Mantri Matsya Sampada Yojana**

**Budget For  
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2019**



-  The scheme will establish a robust fisheries management framework that will address critical gaps in the value chain.
-  This will take care of infrastructure, modernization, traceability, production, productivity, post-harvest management, and quality control relating to the fisheries sector

## Health and Education

Union Budget 2019-20 laid special focus on research and skill development along with plans to set up a Higher Education Commission with a total outlay of Rs. 94,853.64 crore education budget, out of which Rs. 56,536.63 crore has been pegged for school sector while Rs.38,317.01 crore has been allocated for higher education.

The National Budget 2019-20 has significant components such as 'Study in India' programme, so that more foreign students choose India as a higher education destination, Rs. 400 crore allocated for world-class, higher education institutions in 2020, National research foundation to fund, coordinate and promote research in the country, establishing a Higher Education Commission with focus on a higher autonomy and National education policy to propose changes in school, higher education.

The Healthcare allocation is about 15.4 per cent to Rs. 62,659.12 crore for 2019-20, with the Pradhan Mantri Jan Arogya Yojana (PMJAY) or Ayushman Bharat Scheme allocation of Rs. 6,400 crore. The area that saw an increase was the allocation for the National Health Mission (NHM) that spiked 8 per cent to Rs. 32,995 crore. NHM covers most of the Central sponsored schemes related to healthcare.

Under NHM, the Health and Wellness Centres got 33 per cent higher allotment, for both rural and urban areas stood at Rs. 1,600 crore, focused on primary care provide comprehensive health care, including for non-communicable diseases and maternal and child health services. Besides, these centres also provide free essential drugs and diagnostic services, and aim to set up 1.50 lakh Health and Wellness Centres (HWCs) by 2022, with 17,150 HWCs have become functional. The National AIDS and STD Control Programme also saw 30 per cent jump to Rs. 2,500 crore allocation in Budget 2019.

The Pradhan Mantri Swasthya Suraksha Yojana (PMSSY), the agency that's spearheading the creation of All India Institute of Medical Sciences (AIIMS) like teaching hospitals in under-served areas of the country also got a decent allotment.

PMSSY saw the allocation jump to Rs. 4,000 crore in the 2019-20 budget and Family Welfare Schemes also got a 35 per cent higher allotment in the budget. There is also a provision of setting up a National Research Foundation to boost research in

all areas, which could benefit pharma and healthcare sectors as well.

## Storage and Warehouses

The Budget 2019-20 promote invest widely in agriculture infrastructure and support private entrepreneurship for value addition in farm sector like storage and warehouses, agriculture infrastructure and support private entrepreneurship for value addition in the farm sector. The Pradhan Mantri Matsya Sampada Yojana also would address the critical infrastructure gap in the fisheries sector.

## Conclusion

Giving priority to infrastructure is a progressive measure, which can be treated as the social capital that accelerates the productive activities, livelihood and quality of lives. Infrastructure development in providing basic amenities like housing, connectivity, electrification and economic infrastructure like roads, housing, communication, banking etc has poised the country at the threshold of an elite and developed nation. The Central Government's priority in irrigation infrastructure development supported by MSP and crop insurance, health infrastructure in terms of AIIMS and Health Insurance, Stand Up and Start Up initiatives, Cashless Transaction, Direct Benefit Transfer, e-governance and m-governance, and the like, are coherent forward looking futuristic sustainable economic and social development initiatives, for making India's rural areas developed with economic and social infrastructure for improving the quality of lives of the rural areas, livelihood, better health and education infrastructure and overall sustainable livelihood support system.

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# ECONOMIC SURVEY 2018-19: INSIGHTS, IMPACTS AND INCLUSIVENESS

Dr Amiya Kumar Mohapatra

"To achieve the objective of becoming a USD 5 trillion economy by 2024-25, as laid down by the Prime Minister, India needs to sustain a real GDP growth rate of 8%. It can only be sustained by a virtuous cycle of savings, investment and exports catalysed and supported by a favourable demographic phase. Investment, especially private investment, is the key driver that drives demand, creates capacity, increases labour productivity, introduces new technology, allows creative destruction, and generates jobs. Application of behavioural economics can play key role in success of public policies and programmes": Economic Survey 2018-19

A nation's development is dependent on its people's choices and their capabilities. The key objective of development is to create an enabling environment, free from poverty, inequality, unemployment and exploitation where people enjoy long, healthy and creative lives.

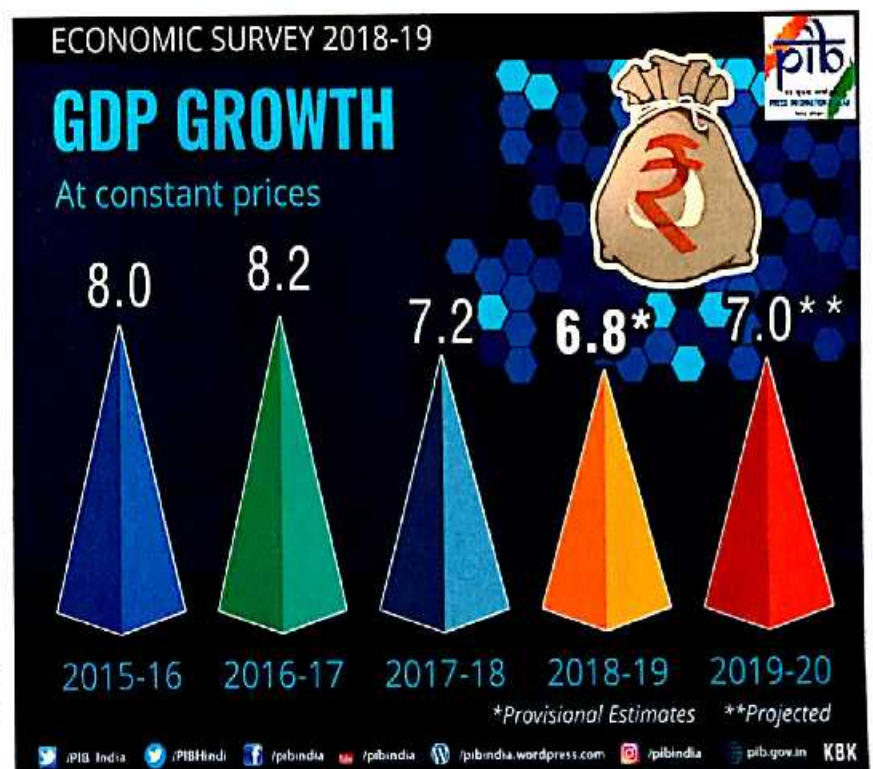
## Economic Survey 2018-19

Economic Survey is an annual document published by Ministry of Finance which gives the sectoral and overall economic performance and overview of the country about the past years and shows the road map of the year ahead with possible policy initiatives and interventions. The first Economic Survey was presented in 1950-51 and over the years it has become a regular practice of the Government to present Economic Survey in the Parliament before the budget. It serves as a pertinent policy document as it contains the key statistics on micro and macro-economic parameters.

Economic Survey 2018-19 is quite comprehensive and enriched with detail information. The best part of the Survey is that all policy perspectives and future action plans included are based on economic models and strongly supported by review of literatures, befitting in the context of Indian economic scenario. Further, presentation made through table, diagrams and graphs has made it more meaningful in developing insights and inferences.

Economic Survey consists of two volumes, explaining all the important socio-economic aspects of our country with details of existing economic schemes,

proposals for new schemes and initiatives, policy interventions and prescribes apt solutions based on well-accepted theories and models. Some of the chapters are worthy to understand the approaches and dynamics that the current Government is trading on and the philosophy and model embraced are well researched and time validated, especially; *Shifting Gears: Private Investment as the Key Driver of Growth, Jobs, Exports and Demand*; *Policy for Homo Sapiens, Not Homo Economicus: Leveraging the Behavioral Economics of "Nudge"*; *Nourishing Dwarfs to become Giants: Reorienting Policies for MSME Growth*; *Data "Of the People, By the People, For the People"*; *Ending Matsyanyaya: How to Ramp up Capacity in the Lower Judiciary*; *How does Policy Uncertainty affect Investment?*; *India's Demography at 2040: Planning Public Good Provision for the 21st Century*; *From Swachh Bharat to Sundar Bharat via Swasth Bharat: An*



*Analysis of the Swachh Bharat Mission; Enabling Inclusive Growth & Effective Use of Technology for Welfare Schemes – Case of MGNREGS; and Redesigning a Minimum Wage System in India for Inclusive Growth.*

Similarly, the remaining chapters are more about information on micro, macro and sectoral performances of the economy over the years, especially in the last five years, mainly on:

Money, Finance & Financial Intermediation; Fiscal Discipline & Development; Saving & Investment; External Sector, Social Sector Development and Infrastructure; Food and Agriculture; Sustainable Development and Climate Change.

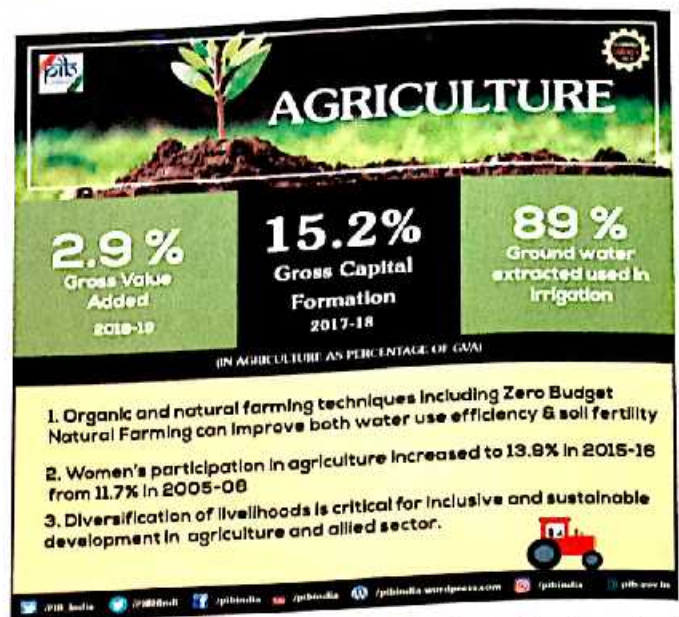
The Union Minister for Finance, Smt. Nirmala Sitharaman tabled the Economic Survey 2018-19 in the Parliament on 4 July, 2019. The Key Highlights of Economic Survey 2018-19 are as follows:

### Vision India

India aims to grow into a USD 5 trillion economy by 2024-25, which will make it the third-largest economy in the world, which requires real annual growth rate in GDP of 8 per cent over that period, assuming 4 per cent inflation rate as per India's Monetary Policy Framework. The 'blue sky thinking' laid the foundation of the Economic Survey 2018-19 to achieve the set target goal and that can be sustained by a "virtuous cycle" of savings, investment and exports, supported by a favourable demographic phase. Investment, especially private investment, is the "key driver" that drives demand, creates capacity, increases labour productivity, introduces new technology, allows creative destruction, and generates jobs. Application of behavioural economics can play a key role in the success of public policies and programmes.

### Focusing on Fiscal Discipline and Fiscal Management

Fiscal management and consolidation becomes the key to achieve sustainable growth and economic stability, especially in the post-demonetisation and in the GST (Goods & Services Taxes) regime. Amidst various macroeconomic and fiscal indicators, fiscal deficit is the potent tool to assess the fiscal space and fiscal road map of India apart from analyzing revenue deficit and primary deficit. In spite of a lot of pressing needs,



the Finance Minister of India has kept the targeted fiscal deficit at 3.3 per cent of GDP in the current budget (2019-20). The fiscal deficit of the Central Government found declined from 3.5 per cent of GDP in 2017-18 to 3.4 per cent in 2018-19 as a symbol of fiscal discipline.

The revised fiscal glide path envisages achieving fiscal deficit of 3 per cent of GDP by FY 2020-21 and Central Government debt to 40 per cent of GDP by 2024-25. The total liabilities-to-GDP ratio, inclusive of both debt and non-debt components, has declined from 43 per cent in 2015 to about 38 per cent at end of 2018. As far as the expenditure was concerned, there was a 0.4 per cent reduction in revenue expenditure but a 0.1 per cent increase in capital expenditure. Capital expenditure of Central Government grew by 15.1 per cent in 2018-19, leading to increase in share of capital expenditure in total expenditure. The Ministry is doing everything in order to promote sustainable development and is adopting fiscal policies in accordance to this objective.

### External Sector

The final demand also depends upon external sector especially on export, which further decides the course of investment, employment and GDP. In 2018-19, the composition of India's export and import has almost remain unchanged over 2017-18. Merchandise export grew faster than import due to widening of the Current Account Deficit (CAD). This was largely on account of a higher trade deficit caused by rise in international crude

oil price. However, merchandise imports reduced from 21.1 per cent to 10.4 per cent. India has signed 28 bilateral/multilateral trade agreements with various country/group of countries. In 2018-19, exports to these countries stood at US\$ 121.7 billion accounting for 36.9 per cent of India's total exports and also imports from these countries stood at US\$ 266.9 billion accounting for 52.0 per cent of India's total imports. India's CAD stood at US\$ 51.9 billion (2.6 per cent of GDP) as compared to US\$ 35.7 billion (1.8 per cent of GDP) in the year 2017-18 due to sharp rise in crude oil price caused CAD to deteriorate. India's CAD has been increasing for some years now after attaining a high of 1.8 per cent of GDP in 2017-18 and projected at 2.4 per cent for the full year of 2018-19.

The share of net FDI inflows in total liabilities has seen a secular increase since 2013 reflecting an increase in dependence on more stable sources of financing the CAD. The FDI has risen and that of net portfolio investment has fallen in total liabilities, thereby reflecting a transition to more stable sources of funding the current deficit. Net foreign investment declined to US\$ 31.3 billion as compared to US\$ 52.4 billion in 2017-18 but Net Foreign Direct Investment (FDI) inflows grew by 14.2 per cent in 2018-19. Among the top sectors attracting FDI equity inflows are services, automobiles and chemicals. By and large, FDI inflows have been growing at a high rate since 2015-16. This pick up indicates the improvement in confidence of the foreign investors in the Indian economy.

Moreover, the real effective exchange rate also depreciated in 2018-19 by 5.8 per cent, making India's export potentially more competitive. During 2018-19, Indian rupee traded with a depreciating trend against US dollar and touched a historical low of 74.4 per cent US\$. Softer monetary policy stable across major central banks and easing of crude oil prices coupled with return of risk on sentiment triggered FPI inflows and helped rupee to recover in Q4 of 2018-19. India's foreign exchange reserves continue to be comfortably placed at US \$ 422.2 billion, as on 14th June 2019. The key external debt indicators reflect that India's external debt is not unsustainable.

### **Money, Banking and Financial Intermediation**

The performance of the banking system has improved as NPA ratio declined as GNPA ratio of

SCBs and PSBs decreased from 11.5 per cent to 10.1 per cent and 15.5 per cent to 13.9 per cent between March and December 2018, respectively. However, the GNPA ratio of NBFC sector deteriorated to 6.5 per cent as in December 2018 from 6.1 per cent in March 2018. Insolvency and Bankruptcy Code led to recovery and resolution of significant amount of distressed assets and improved business culture. As per RBI reports, Rs. 50000 crore has been received by banks from previously non-performing accounts.

Monetary policy statement shows the increase in the repo rate by 25 bps due to perceived risk to inflation from increase in crude oil prices as well as expectation of tightening of monetary policy by the Federal Reserve. The average NFC growth in 2018-19 improved to 11.2 per cent vis-à-vis 7.7 per cent in 2017-18. On the other hand, credit growth rate of NBFC declined from 30 per cent in March 2018 to 9 per cent in March 2019 as NBFC has experienced difficult time in 2018-19. RBI has strong foreign exchange reserve in excess of 32 billion in 2018-19 to avoid rupee depreciation.

### **Industry and Infrastructure**

India has considerably improved its ranking to 77th position in 2018 among 190 countries. The industrial growth rate in terms of IIP was 3.6 per cent in 2018-19 as compared to 4.4 per cent in 2017-18. The share of overall investment as indicated by the real gross fixed capital formation in GDP at current prices is estimated to be only marginally higher at 29.3 per cent during 2018-19. According to RBI, the growth in gross bank credit flow to the industrial sector has increased by 6.9 per cent in March 2019. As on March 1, 2019, 16,578 new start ups were recognized across 499 districts, 47 per cent Start ups under the scheme "Start-Up India".

Telecommunication has been recognized world-over as a powerful tool of development and poverty reduction through empowerment of masses. Total telephone connections in India touched 118.34 crore in 2018-19, registering a growth of 26.84 per cent. Power sector in India has witnessed a paradigm shift over the years due to the constant efforts of Government to foster investment in the sector. Total generation of energy during 2018-19 was 1376 BU (including imports and renewable sources of energy). Road

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## RURAL DEVELOPMENT IN UNION BUDGET 2019-20

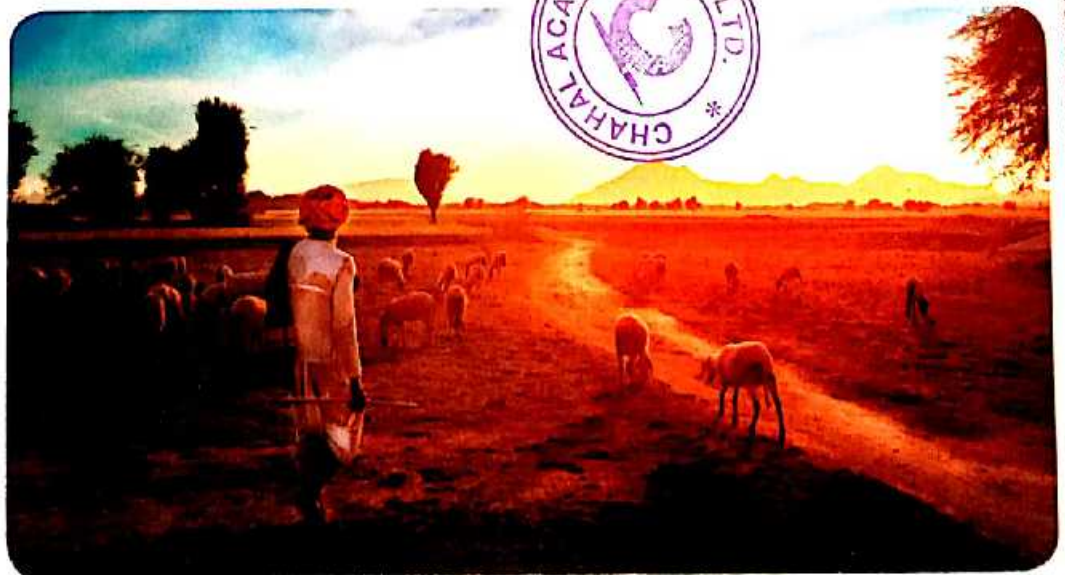
The Union Minister for Finance and Corporate Affairs Smt. Nirmala Sitharaman presented the Union Budget 2019-20 before the Parliament. The key highlights Rural Development from the Union Budget 2019-20 are as follows:

- **Ujjwala Yojana** and **Saubhagya Yojana** have transformed the lives of every rural family, dramatically improving ease of their living.
- Electricity and clean cooking facility to all willing rural families by 2022.
- **Pradhan Mantri Awas Yojana – Gramin (PMAY-G)** aims to achieve “Housing for All” by 2022.
- Eligible beneficiaries to be provided 1.95 crore houses with amenities like toilets, electricity and LPG connections during its second phase (2019-20 to 2021-22).
- **Pradhan Mantri Matsya Sampada Yojana (PMMSY)**
- A robust fisheries management framework through PMMSY to be established by the Department of Fisheries.
- To address critical gaps in the value chain including infrastructure, modernization, traceability, production, productivity, post-harvest management, and quality control.
- **Pradhan Mantri Gram Sadak Yojana (PMGSY)**
- Target of connecting the eligible and feasible habitations advanced from 2022 to 2019 with 97% of such habitations already being provided with all weather connectivity.
- 30,000 kilometers of PMGSY roads have been built using Green Technology, Waste Plastic and Cold Mix Technology, thereby reducing carbon footprint.
- 1,25,000 kilometers of road length to be upgraded over the next five years under PMGSY III with an estimated cost of Rs. 80,250 crore.
- **Scheme of Fund for Upgradation and Regeneration of Traditional Industries’ (SFURTI)**
- Common Facility Centres (CFCs) to be setup to facilitate cluster-based development for making traditional industries more productive, profitable and capable for generating sustained employment opportunities.
- 100 new clusters to be setup during 2019-20 with special focus on Bamboo, Honey and Khadi, enabling 50,000 artisans to join the economic value chain.
- **Scheme for Promotion of Innovation, Rural Industry and Entrepreneurship (ASPIRE)** consolidated.
- 80 Livelihood Business Incubators (LBIs) and 20 Technology Business Incubators (TBIs) to be setup in 2019-20.



- Setting up of 100 new clusters for traditional industries to enable 50,000 artisans to join the economic value chain.
- Setting up of 80 Livelihood Business Incubators (LBIs) and 20 Technology Business Incubators (TBIs) to develop 75000 skilled entrepreneurs in agro-rural industry sectors.
- Formation of 10,000 new Farmer Producer Organizations to ensure economies of scale for farmers over the next five years.
- Expansion of the Swachh Bharat Mission to undertake sustainable solid waste management in every village.

- 75,000 entrepreneurs to be skilled in agro-rural industry sectors.
- Private entrepreneurships to be supported in driving value-addition to farmers' produce from the field and for those from allied activities.
- Dairying through cooperatives to be encouraged by creating infrastructure for cattle feed manufacturing, milk procurement, processing & marketing.
- 10,000 new **Farmer Producer Organizations** to be formed to ensure economies of scale for farmers.
- Government to work with State Governments to allow farmers to benefit from e-NAM.
- **Zero Budget Farming** in which few states' farmers are already being trained to be replicated in other states.
- **India's Water Security:**
  - New Jal Shakti Mantralaya to look at the management of our water resources and water supply in an integrated and holistic manner.
  - Jal Jeevan Mission to achieve Har Ghar Jal (piped water supply) to all rural households by 2024.
  - To focus on integrated demand and supply side management of water at the local level.
  - Convergence with other Central and State Government Schemes to achieve its objectives.
  - 1592 critical and over exploited Blocks spread across 256 District being identified for the Jal Shakti Abhiyan.
  - Compensatory Afforestation Fund Management and Planning Authority (CAMPA) fund can be used for this purpose.
- **Swachh Bharat Abhiyan:**
  - 9.6 crore toilets constructed since Oct 2, 2014.
  - More than 5.6 lakh villages have become Open Defecation Free (ODF).
  - Swachh Bharat Mission to be expanded to undertake sustainable solid waste management in every village.
- **Pradhan Mantri Gramin Digital Saksharta Abhiyan:**
  - Over two crore rural Indians made digitally literate.
  - Internet connectivity in local bodies in every Panchayat under Bharat-Net to bridge rural-urban divide.
  - Universal Obligation Fund under a PPP arrangement to be utilized for speeding up Bharat-Net.



(Source:www.pib.nic.in)

construction in kilometer grew at 30 kilometer per day in 2018-19 as compared to 12 kilometer per day in 2014-15. Building sustainable and resilient infrastructure has been given due importance with the formulation of sector specific programmes such as SAUBHAGYA scheme, PMAY and others.

### **Saving and Investment**

To achieve high rate of growth, a growth model must be driven by virtuous cycle of saving, investment and export demand and supported by favourable demographic phase. A lot of studies reveal that saving is driven primarily by demographics and income growth. For better growth of economy and financial sector, savings play a vital role and promote investment led growth model. Philosophy of economic growth revolves around the 'Blue Sky Thinking' where all the economic activities are intricately interwoven. In particular, private investment act as key driver that drives demand, creates capacity, increases labour productivity, introduces new technology, allows creative innovations and generates jobs. It also solves the problems of poverty, inequality and unemployment. Further Survey proposed to reduce the 'Economic Policy uncertainty' in order to foster a conducive investment climate. Higher economic policy uncertainty leads to higher systematic risk and cost of capital in the economy and thus discourages investment. Survey proposes reduction in economic policy uncertainty to foster a salutary investment climate by way of (i) Consistency of actual policy with forward guidance and (ii) Quality assurance certification of processes in government departments.

### **Agriculture and Food Management**

Agriculture remains the pre-dominant occupation in India for about 60 per cent of the labour force. Over the years, several new challenges have emerged before the sector. Agriculture sector in India typically goes through cyclical movement in terms of its growth. The Gross Value Added (GVA) in agriculture improved from a negative 0.2 per cent in 2014-15 to 6.3 per cent in 2016-17 only to decelerate to 2.9 per cent in 2018-19. The share of agriculture, forestry and fishing sector in GVA has seen a steady decrease over the years from 15.4 per cent in 2015-16 to 14.4 per cent in 2018-19. The GCF in agriculture and allied sectors in

absolute terms increased from Rs. 2,51,094 crore in 2012-13 to Rs. 2,73,755 crore in 2017-18 at 2011-12 prices. The area operated by the marginal and small holdings increased from 38.9 per cent in 2000-01 to 47.4 per cent in 2015-16, while that of the large holdings decreased from 37.2 per cent to 20 per cent during this period.

Women's participation in agriculture has increased and their concentration is highest (28 per cent) among small and marginal farmers. However, in India, according to the Asian Water Development Outlook, 2016, almost 89 per cent of groundwater extracted is for irrigation. Crops such as paddy and sugarcane consume more than 60 per cent of irrigation water. It is estimated that by 2050, India will be in the global hot spot for 'water insecurity'. Therefore, devising policies to incentivize farmers to improve water use should become a national priority. Fertilizer response ratio has been declining over time. Organic and natural farming techniques including Zero Budget Natural Farming (ZBNF) can improve both water use efficiency and soil fertility. The rationalisation of food subsidy and greater use of technology in food management will ensure food security for all.

### **Behavioural Economics for Social Change**

To bring radical social change, the recent policy focuses on behavioural economics to 'nudge' people towards desirable behaviour. The key principles of behavioural economics help us in emphasizing on the beneficial social norm changing the default option and repeated reinforcement and strongly recommend behavioural economics audit for all the policies and programmes before implementation. The behavioural transformation includes 'Beti Bachao & Beti Padhao' to 'BADLAV' (Beti Aapki Dhan Lakshmi Aur Vijay Lakshmi); from 'Give it up' for the LPG subsidy to 'Thinking about Subsidy'; from 'Tax evasion' to 'Tax compliance'; from 'Swachh Bharat' to 'Sunder Bharat'; similarly from 'economic growth' to 'sustainable development'; from 'implement' to 'impact'; and 'output' to 'outcome'.

For attaining 2030 Sustainable Development Goals, India is rightly working towards achieving a world, free from poverty, gender inequality and economic inequality by integrating social, economic and environmental dimensions. Government has



adopted behavioural economic framework as an instrument to bring changes in the socio-religious mind-set of the people in various schemes like Swachh Bharat Mission, Pradhan Mantri Jan Dhan Yojana and Deendayal Upadhyaya Gram Jyoti Yojana to improve efficacy of public policy and programme. Application of behavioural insights enhances policy impact.

### **Initiatives for Inclusiveness**

Inclusive development is multifaceted and can be achieved through growth with equity-social, economic and political. There is no mechanism to achieve an automatic inclusive growth rather it can be attained through proactive intervention, effective policy implementation and people's participation in governance process. Democracy would lose its significance if the benefits of growth do not reach the unreached. Economics of well-being of a nation rest on 'Gramin Artha Vyavastha' (rural economy) which is directly related to poverty, inequality and unemployment. Despite the fact that rural sector is doing well, special focus is given to this sector for better quantity and quality (life and livelihood). Government focus is crucial for last-mile delivery of basic services to the poor, basic safety-nets, and creating pathways for the benefits of growth to reach the bottom of the socio-economic ladder.

To achieve the sustained inclusive growth, the Survey has emphasized on the need to combat the delays in the contract enforcement and disposal resolution. Data can be created as a public good in the legal framework if data privacy benefits all, especially the poor and social sectors. The Survey forecasts numerous opportunities in creating data as a public good "of the people, for the people, by the people".

An effective minimum wage policy is a potential tool not only for the protection of low income workers but is also a mechanism for more inclusive, resilient and sustainable economic development. It is proposed to redesign the minimum wage system in India and to create "National Level Dashboard" to provide information and guidelines to the targeted demography. Effective minimum wage policy that targets the vulnerable section of wage earners can help in increase in aggregate demand and the economy. Similarly, Swachh Bharat Mission has significantly improved health outcomes by covering 99.2 per cent of rural area in the last 5 years, acting

as the best representative indicator of inclusive development.

### **Concluding Remarks**

The success of democracy can be established only when the benefits of the growth percolate to the bottom of the society and are able to uplift the socio-economic standards of the helpless and marginalised. Further, the public policy needs to be reinvented and reformulated to accommodate inclusive growth agenda wherein disparities between rich and poor would be minimized. Economic development would be sustainable when it is inclusive and is an enabler to eradicate poverty and inequality. The three 'f', funds, functions, and functionaries are needed to be optimally used to enhance the desired benefits that can percolate among the masses.

Economic Survey 2018-2019 highlights the profound impact that the Government's effort of introducing the Insolvency and Bankruptcy Code and the adoption of the Goods and Services Tax have had on improving Ease of Doing Business (EoDB) in India, with the country being one of the biggest 'improvers' in the World Bank's EoDB 2019, with its rank jumping to 77 from 142 in the last four years. Economic Survey recommends the role of private investment in well-functioning legal system, given its potential economic and social multiplier effect. The overall scenario in the Economic Survey 2018-19 is about looking into the future with focus on natural, human and financial resources with a perspective on regeneration and revival. If India is to accomplish the aspiration of equaling and overtaking China as the largest economy, we not only need extensive measures but also vigorous implementation. While we can take lessons from China and other developing economies, India needs to build a growth model of its own.

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# UNION BUDGET 2019-20: TOWARDS A HEALTHY INDIA

Alok Kumar

Union Budget 2019-20 is broadly a step in the right direction. A number of the key health sector related programmes have seen a substantial increase in budgetary allocation this year. However, it is important to note that while the Union Budget is an important instrument, a large part of the action, both in terms of increased spending on the health sector as well as quality implementation at scale, lies in states. Thus, it will need the centre and states to work in tandem if the NHP 2017 goals of increased health spending as well as improved outcomes are to be achieved in a timely manner.

There is good news overall for the health sector in the Union Budget 2019-20 with the allocation<sup>1</sup> being enhanced from Rs. 54,302.5 Crore (2018-19 Revised Estimate) to Rs. 62,659.12 Crore, an increase of 15.39 per cent (Figure 1). Compared to the Budget Estimate 2018-19, the allocation for health in the 2019-20 financial year has increased by 18.67 per cent.

It is well known that investing in health makes sound economic sense. It saves lives, enhances wellness and happiness, raises productivity and generates jobs. Moreover, in order to maximise the potential of the current demographic dividend, a healthy and educated population is a must. Global evidence argues that the level of public financing for health is positively correlated with better health outcomes.

Only 30 per cent of the total health spending has been derived from public sources, with around

Figure 1: Allocation for the Health Sector in Union Budget 2019-20 (Rs. crore)



70 per cent being private expenditure. Globally, on the other hand, public spending<sup>2</sup> constitutes 60.1 per cent, on average, of the total expenditure on health.

As highlighted in the Economic Survey 2018-19, Government (Centre and State) spend on health as a per centage of GDP. As shown in Table 1, ideally the Union Health Budget should have been raised to approximately Rs. 70,000 crore in 2019-20 in line with the NHP 2017 target. However, an allocation of Rs. 62,659.12 crore is also fairly substantial and could perhaps be enhanced in the coming years as the flagship programmes of the Central Government such as *Ayushman Bharat* are scaled up by States.

Furthermore, it is important to note that States too have a critical role to play in ramping up Government spending on health. After all, as demonstrated by National Health Accounts data for 2015-16, of total Government health expenditure, the share of the Union Government was 35.6 per

**Table 1: Projected Expenditure to attain National Health Policy 2017 goal of 2.5 per cent of GDP spend on Health by Government (Rs. crore)**

Year	% of expenditure	GDP assuming increase @7.2% at constant prices	GDP with Rate of Inflation @3% only	Expenditure (% of GDP)	68% of Expenditure for States	32% of Expenditure for Centre	Desired increase per annum	Remarks
1	2	3	4= [(3)*1.03]	5=(2*4)	7	6	7	8
2017-18	1.20%	1,48,87,081	-	1,78,645	1,21,479	57,166		RE 2018-19
2018-19	1.38%	1,59,58,951	1,64,37,720	2,26,841	1,54,252	72,589	-15,000	54,200
2019-20	1.57%	1,71,07,995	1,76,21,235	2,76,653	1,88,124	88,529	-16,000	Ideally should
2020-21	1.75%	1,83,39,771	1,88,89,964	3,30,574	2,24,791	1,05,784		raise to
2021-22	1.94%	1,96,60,235	2,02,50,042	3,92,851	2,67,139	1,25,712		70,000 Cr
2022-23	2.12%	2,10,75,772	2,17,08,045	4,60,211	3,12,943	1,47,267		in 2019-2020
2023-24	2.31%	2,25,93,227	2,32,71,024	5,37,561	3,65,541	1,72,019		
2024-25	2.50%	2,42,19,939	2,49,46,538	6,23,663	4,24,091	1,99,572		

\*\* (a) The GDP calculations have been made assuming an annual increase of 7.2%. (b) The annual prices are expected to increase by 3%. (c) Centre: State expenditure is in proportion of 32.68. (d) 50% of central expenditure is earmarked for National Health Mission

cent and that of State Governments was 64.4 per cent. The challenge, however, is that approximately 9 states account for nearly 3/4<sup>th</sup> of the disease burden and an equal number of poor people<sup>3</sup>. While greater expenditure on health is required in these States, in particular, they might not have the requisite fiscal space. Overall, as shown in Figure 2, there is considerable scope for states to increase their spending on health in line with the NHP 2017 objective of enhancing state sector health expenditure to more than 8 per cent of their budget by 2020.

Allocations for several key programmes in the health sector such as *Ayushman Bharat*, National AIDS Control Programme and National AYUSH Mission, among others, have been increased substantially as shown in Figure 3.

### **Ayushman Bharat- Health and Wellness Centres**

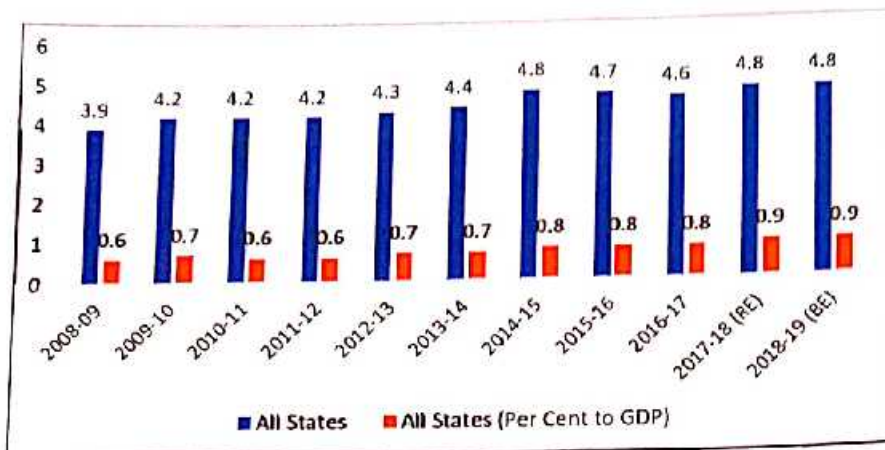
At the core of any universal coverage system is the provision of primary care in an equitable and timely manner. For a patient, primary care is often the first point of contact with the health system. At this level, there is considerable uncertainty stemming from a range of factors including genetic, environmental and behavioural. It is also true that a majority of illnesses can be tackled at the primary care level before they advance to more

complicated, challenging to treat and expensive diseases. Emphasising primary care becomes even more important in the context of an ageing population which will place additional demands on the health system which is already grappling with crowded hospital facilities, as pointed out in the Economic Survey 2019.

Historically, primary care in India has been largely focused on reproductive and child health; ensuring institutional deliveries and taking care of communicable diseases. However, there is a much broader package of services<sup>4</sup> that should be delivered in primary care settings, particularly in view of the rising burden of non-communicable diseases. This includes early detection and referral of non-communicable diseases (cancer, heart disease, diabetes, hypertension, mental health disorders); education on use of safe water, toilets and menstrual hygiene management; school health interventions as well as early detection of blindness and congenital deafness.

Therefore, a key pillar of *Ayushman Bharat* is to build a system that provides comprehensive primary health services to people on the foundation of 150,000 Health and Wellness Centres (HWCs) in a phased manner between 2018 and 2022. Thus so far, 26,417 Health and Wellness Centres have been approved and 18,921 have been operationalised.<sup>5</sup>

**Figure 2: Expenditure on Medical and Public Health and Family Welfare - As Ratio to Aggregate Expenditure**



Through these Centres, the Government aims to expand the basket of services to include screening for non-communicable diseases like diabetes and cancers, in addition to reproductive, maternal and child health interventions. Drugs and diagnostics are also provided free of cost at these Centres. Further, emphasis is also placed on digitising the health records at the community level and linking them with district hospitals.

The Government has allocated Rs. 1349 crore for setting up Health and Wellness Centres under the National Rural Health Mission (NRHM) and Rs. 249 crore under the National Urban Health Mission (NUHM). In comparison to RE 2018-19, the allocations for Health and Wellness Centres under the NRHM and the NUHM have increased by 35 per cent and 25 per cent, respectively.

In addition to focusing on comprehensive primary healthcare through the Health and Wellness Centres, the Government has also enhanced the allocation of other schemes focused on health promotion and disease prevention under the National Health Mission such as the National Mental Health Programme which has seen a hike from Rs. 5.50 crore to Rs. 40 crore. Further, the budget for the National Programme for Prevention and Control of Cancer, Diabetes, Cardiovascular

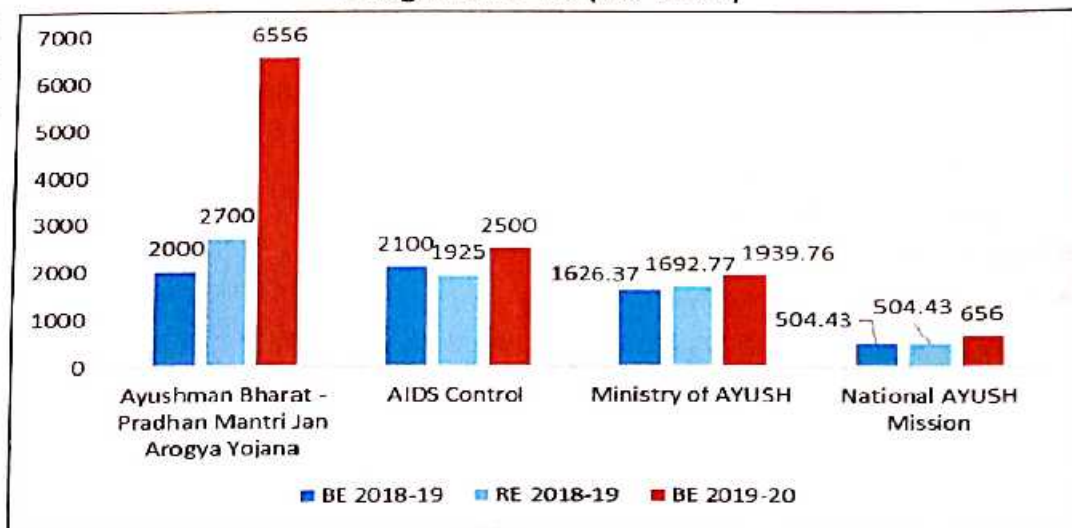
Disease and Stroke has been increased to Rs. 175 crore from Rs. 100.50 crore.

### **Ayushman Bharat - Pradhan Mantri Jan Arogya Yojana (PMJAY)**

Irrespective of how effective our primary health system is, people will continue to need secondary and tertiary care. In the absence of a scheme like PMJAY, the second pillar of the Ayushman Bharat programme, poor patients would often be left with no choice but to delay or avoid seeking treatment altogether. PMJAY endeavours to rectify this situation by providing approximately 10.74 crore of the poorest and most vulnerable families with an annual health cover of Rs. 5 lakh for hospitalization-related expenses. PMJAY currently covers around 1,350 medical and surgical packages across the categories of cardiology, oncology and neurosurgery, among others. By consolidating multiple health insurance schemes under PMJAY, the Government has taken a major step towards 'One Nation One Scheme', i.e., ultimately ensuring that all citizens can access a common package of secondary and tertiary health services regardless of the state in which they reside.

Since its launch, e-cards have been issued to more than 4 crore beneficiaries under the scheme and over 31 Lakh patients have availed treatment.<sup>6</sup> Majority of the beneficiary verification (>90 per cent) has been done through Aadhaar.

**Figure 3: Allocations for Key Health Sector Programmes in Union Budget 2019-20 (Rs. crore)**



The scheme has empanelled over 15,000 hospitals thus far, around 50 per cent of which are in the private sector. This is encouraging because it was hitherto difficult for the poorest 40 per cent of the country's population to afford health services at private facilities, even though the latter account for more than 80 per cent of hospital beds. With considerably higher paying power on account of PMJAY and Government incentives, the supply of quality services by private facilities in Tier 2 and Tier 3 cities should ramp up. Of course, PMJAY also focuses on increasing the utilisation levels and quality of public hospitals.

The scheme has received a significant boost in the 2019-20 Union Budget, with its allocation increasing to Rs. 6,556 crore from Rs. 2,700 crore (RE 2018-19), a jump of over 142 per cent.

### **National AIDS and STD Control Programme**

Another initiative in the health sector that has seen a major hike in budgetary allocation is the National AIDS and STD Control Programme. The allocated amount for this programme has risen from Rs. 1,925 crore (2018-19 RE) to Rs. 2,500 crore in 2019-20, an increase of nearly 30 per cent.

The National AIDS and STD Control Programme has undoubtedly been one of the more successful public health initiatives implemented in India at scale. The success of the programme is borne out by some impressive statistics.<sup>7</sup> It is estimated that during 2007-2015, new HIV infections in the country reduced by 66 per cent and AIDS-related fatalities declined by 54 per cent. This translates into approximately 4.5 lakh deaths being averted. There is still, however, a long way to go before we can successfully end the AIDS epidemic.

NHP 2017 has reiterated the global goal of achieving 90:90:90 for HIV/AIDS by 2020. This implies that of all people living with HIV in India, 90 per cent should be aware of their status. Further, 90 per cent of those diagnosed with HIV should receive antiretroviral treatment and in 90 per cent of those receiving this treatment, a suppression of the virus should be achieved. Given the decline in funding of HIV programmes from external donors, it is an especially laudable move by the Government to enhance the domestic budget.

The substantial increase in budgetary allocation for the programme is also significant because a larger number of patients are now suffering from HIV along with other conditions such as TB. This is a particularly alarming development because co-infections are doubly harder and costlier for the health system to treat and manage. As emphasised in NHP, 2017, the HIV-TB co-infection, in particular needs tremendous attention given that India is grappling with a significant burden of TB and the Prime Minister has on several occasions reiterated India's commitment to eliminating TB by 2025, five years ahead of the global target.

### **AYUSH**

After *Swachh Bharat*, there is a need to make *Swasth Bharat* a *Jan Andolan* through awareness about right nutrition, lifestyle and Yoga. India has a rich history of traditional medicine especially Ayurveda and Yoga. Over the last few years, the Government has made concerted efforts to formally mainstream AYUSH and revitalise local traditions under the National Health Mission. NHP 2017 has also recommended the mainstreaming of AYUSH.

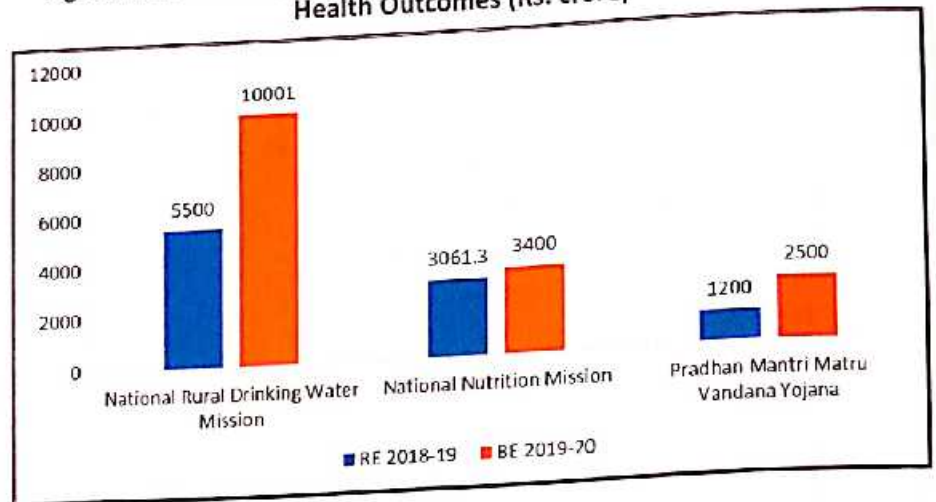
Integration of AYUSH with modern medicine follows a more holistic approach where the goal extends beyond healing illness to promoting well-being. In fact, in countries like China, Traditional, Complementary and Alternative Medicine (TCAM) practitioners play an important role in providing health services to the population through the integration of Chinese and Western medicine in publicly-funded general hospitals as well as in mother and child care centres.

By increasing the allocation of the National AYUSH Mission and Ministry of AYUSH by 30.05 per cent and 14.59 per cent, respectively compared to RE 2018-19, the Union Government has signalled the importance of leveraging AYUSH for promoting the health and well-being of citizens, in addition to treating diseases.

### **Nutrition, Drinking Water and Social Welfare**

In addition to several initiatives in the health sector, various programmes that directly or indirectly influence outcomes in health have also seen substantial increases in allocation in the 2019-20 budget (Figure 4). The National Nutrition

Figure 4: Union Budget 2019-20 Allocations for Key Schemes impacting Health Outcomes (Rs. crore)



Mission (*POSHAN Abhiyaan*), for instance, has been allocated Rs. 3,400 crore compared to Rs. 3061.3 crore (RE 2018-19), an increase of over 11 per cent.

To address the challenge of malnutrition, *POSHAN Abhiyan* was launched in 2018 to provide an appropriate Governance structure reflecting the many overlapping factors that affect the nutritional status of an individual or household. The *Abhiyan* targets a reduction in stunting, under-nutrition, anaemia and low birth weight by at least 2 per cent, 2 per cent, 3 per cent and 2 per cent per annum, respectively.

Additionally, the allocation for the Pradhan Mantri Matru Vandana Yojana (PMMVY), a maternity benefit programme, has more than doubled from Rs. 1,200 crore (RE 2018-19) to Rs. 2,500 crore. The scheme provides Rs5,000 to pregnant women and lactating mothers for the birth of the first living child.

Furthermore, as part of its goal of providing piped water supply to all rural households by 2024, the Government has enhanced the allocation for the National Rural Drinking Water Mission by 82 per cent from Rs. 5,500 crore (RE 2018-19) to Rs.10,001 crore (BE 2019-20). Similar to the Government's massive sanitation drive under the *Swachh Bharat* Mission, the initiative of providing piped water to households is also likely to have important positive repercussions for public health. As highlighted in the Economic Survey 2018-19 improved toilet coverage over the last few years has played a significant role in reducing diarrhoea, malaria, still births and low birth weight cases in the country. Thus, the health impact of increased budgetary allocations for water and sanitation programmes, along with scaled-up implementation of such schemes, cannot be underestimated.

There is no doubt that the health sector has found a prominent place in India's political agenda over the last few years, leading to the implementation of a series of well-thought-out and carefully sequenced reforms and initiatives. A key step has been the roll out of *Ayushman Bharat*, perhaps the most ambitious initiative in India's

health sector till date. Union Budget 2019-20 is broadly a step in the right direction. A number of the key health sector related programmes have seen a substantial increase in budgetary allocation this year. However, it is important to note that while the Union Budget is an important instrument, a large part of the action, both in terms of increased spending on the health sector as well as quality implementation at scale, lies in states. Thus, it will need the centre and states to work in tandem if the NHP 2017 goals of increased health spending as well as improved outcomes are to be achieved in a timely manner.

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# BANKING AND FINANCIAL INCLUSION

Dr B B Sahoo

The Government of India has been propounding various schemes and programmes such as Self Help Group Bank Linkage Programme (SBLP), Kisan Credit Card (KCC), General Credit Card (GCC), Farmer Producer Organisation (FPO) for effective and sustainable financial inclusion. The recent announcement of Union Budget 2019-20 has shed light on an inclusive India by focusing on *Gaan, Garib aur Kisan*. It is expected that the recent announcement of the Budget may give a boost to banking and financial inclusion, which may lead to equitable and sustainable growth of the economy.

**A**s banks have control over a large part of the supply of money in circulation, they can influence consumption, production, employment and distribution of resources and can play a role in maintaining equity and growth. Financial Inclusion has the ability to uplift financial conditions. Although access to financial services is one of the key elements for poverty eradication, it is not viable for banks to reach all the villages and all the people through brick-and-mortar model. Further, due to high operating cost, high maintenance cost, small ticket size transactions and growing Non Performing Assets, banks face difficulties in financing the weaker sections and low income groups. Therefore, keeping in view the importance of banking and financial inclusion, the article intends to study the interventions made in the recent Union Budget 2019-20.

## Status & Progress

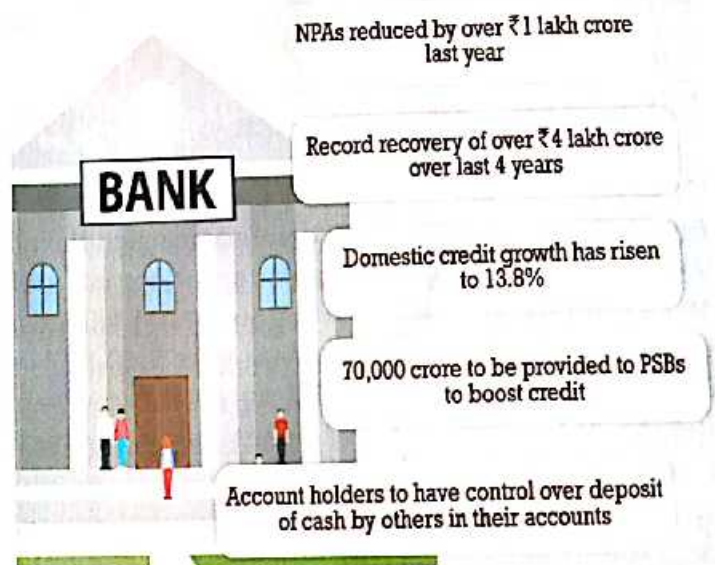
Banking and Financial Inclusion go *hand in hand* in fostering economic growth and equitable distribution of financial resources in a more inclusive manner. The banking sector is widely recognised as one of the important drivers for livelihood support for the poor and the disadvantaged sections of the society. By reducing extreme poverty and building prosperity, the banks help accelerate economic progress. Some of the interventions made by Government of India, Reserve Bank of India (RBI) and National Bank for Agriculture and Rural Development (NABARD) and their status for effective penetration of financial inclusion are given below:

### Self Help Group Bank Linkage Programme (SBLP)

As on March 31, 2018, 87.44 lakh Self Help Groups have been linked with banks with savings aggregating Rs. 19,592 crore. Further, 50.2 lakh



## BANKING AND FINANCIAL SECTOR



SHGs had loans outstanding aggregating Rs. 75,598 crore as on March 2018. This SBLP programme is cost effective and an effective tool for poverty eradication. The programme has proved that lending to the poor is bankable and when small loan products are offered to the poor even without collateral, they repay the dues on time.

### Kisan Credit Cards (KCCs) and General Credit Cards (GCCs)

The prime motive of this scheme is to help farmers to get quick and timely access to formal credit. Under the scheme, both owner cultivators as well as landless cultivators avail credit to meet their needs at subsidized rates of interest. Through the KCC, the farmers get bank loan for a variety of purposes in agriculture and allied sectors. Similar is the case for General Credit Cards. These cards cater to the needs of the entrepreneurs in non-farm sector. The entrepreneurs in rural and semi-urban

areas get hassle-free bank loan through GCC. This is in the nature of overdraft or cash-credit with no end-use stipulations. As on 31 March 2018, the numbers of KCCs and GCCs issued by the scheduled commercial banks were 46 million and 12 million<sup>1</sup>, respectively. These two instruments connect farmers and others in rural and semi-urban areas to banks.



### **Banking Outlets in villages**

The Government's focused thrust and supportive action plan has resulted in a significant growth in the number of banking outlets in rural areas. The number of banking outlets in villages, which was 67,694 in 2010, increased to 5,69,547 in 2018 at an annual rate of 26.7 per cent. However, due to the recent advancement of technology & communication network, infrastructure and scope of cost reduction and Government policy, the growth rate of branchless banking network has been increasing at a fast rate even in remote villages. For example, while banking outlets through branch mode increased at an annual rate of 4.8 per cent from 2010 to 2018, the increase in branchless mode during the same period was 35.2 per cent.

The RBI in January 2006 issued guidelines allowing banks to employ intermediaries such as Business Correspondents<sup>2</sup> (BCs) and Business Facilitators (BFs). While the BCs are allowed to carry out banking transactions on behalf of the bank as agents, the Business Facilitators facilitate submission of clients' proposal to the bank.

To make the BC model more effective and efficient, the business correspondent model has witnessed many regulatory and policy changes. The BCs reach banking facilities to the unreached hinterland through hand-held mobile devices and other equipments that reduce cost and

have the ability to record banking transactions. These equipments communicate the record of such transactions to the bank using the internet facilities/GPRS. The Business Correspondents are the face of the bank. They are indeed the bank as far as the rural customers are concerned. The facilities provided through banking outlets enhance social security by facilitating the availability of allied services.

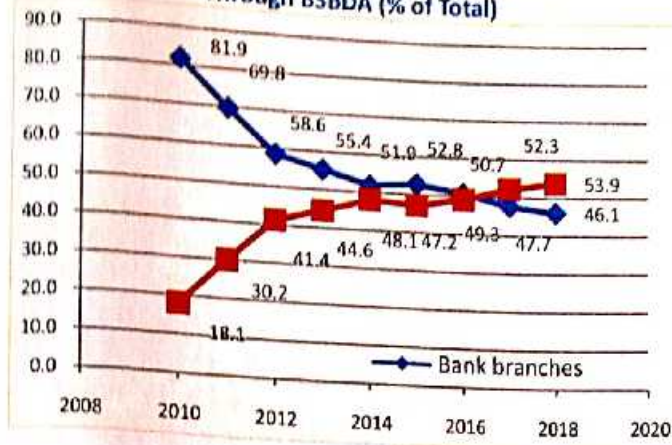
Presently, the BCs have been providing services such as opening accounts, making small deposits, recurring deposits, fixed deposits, withdrawals, remittances, micro insurance and micro pensions. It is expected that in due course, other banking services will be facilitated through the BC mode. The programme has been doing well in financial inclusion. But it is a cause of concern that the number of dormant accounts has also been rising.

### **BSBDA account**

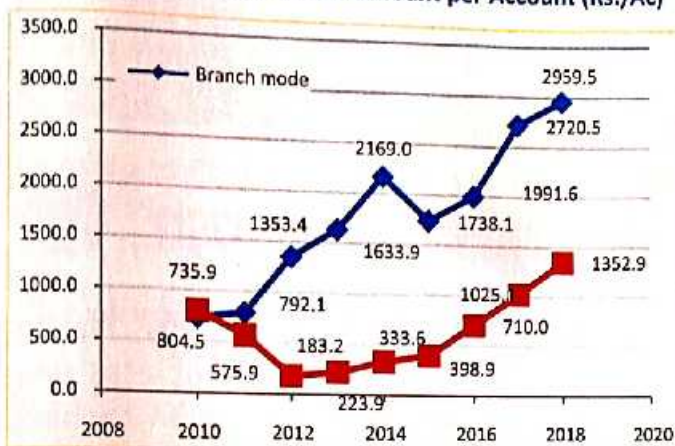
The Financial Inclusion programmes in India became more focused with the introduction of 'No-Frills Account (NFA) in 2005. Under the scheme, the NFA offers minimum banking facilities to the account holders by having a zero balance. Later, in 2012, the No Frill Accounts were replaced with Basic Savings Bank Deposit Account (BSBDA) with the objective of strengthening the efforts



**Figure-1(a): Growth Trend of Accounts Through BSBDA (% of Total)**



**Figure-1(b): Growth Trend in Amount per Account (Rs./Ac)**



(Source: Annual Report, Various Issues, Reserve Bank of India)

for furthering Financial Inclusion drive. All the accounts opened earlier as 'no-frills' account were then renamed as BSBDA.

During the period between 2010 and 2018, the number of accounts and amount per account under the scheme increased by 24.7 per cent and 12.1 per cent, respectively<sup>3</sup>. The annual growth rate in *number of accounts* under branchless mode from 2010 to 2018 was 40.8 per cent, which was much higher than that under branch mode during the same period at 17 per cent.

On the other hand, the annual growth in *savings amount per account* under branchless mode was only 5.9 per cent, when it was 16.7 per cent under branch mode, which shows that small surplus of the smallholder farmers and others, which was not coming to the banking net, has started coming to the formal system. Trust factor may be one of the reasons for the slow growth rate of deposit of the account holders in branchless mode. But it is noteworthy to observe

that savings amount per account has been steadily rising. Figure 1 (a & b) shows the growth trends of accounts and amount per account through BSBDA from 2010-11 to 2017-18.

### Prime Minister Jan Dhan Yojana (PMJDY)

For extending formal financial services such as Banking Savings & Deposit Accounts, Remittances, Credit, Insurance and Pension in an affordable manner to the excluded people, Prime Minister Jan Dhan Yojana (PMJDY) scheme was launched on 28 August 2014. On the inauguration day, 15 million bank accounts were opened under the scheme. The major features of the scheme include: (i) the facility to open a basic savings bank deposit (BSBD) account in any bank branch or BC outlet; (ii) accidental insurance cover and life insurance cover; and (iii) an overdraft (OD) facility after satisfactory operation of the account for six months.

The Government of India has initiated routing of subsidy payments and also introduced insurance and pension products for BSBD account holders including for those accounts opened under PMJDY. To ensure increased activity in these accounts, the efforts that needed to be taken include: (i) rolling out direct benefit transfer (DBT) for all Central and State Government payments; (ii) offering appropriate credit products (farm and non-farm sector) after due diligence; (iii) strengthening the BC network and (iv) increasing awareness through financial literacy initiatives. On the overall, the annual growth in number of accounts and deposit amount from 2015 and 2019 were 19.2 per cent and 44.2 per cent, respectively.

During the same period, the number of PMJDY accounts in rural areas has also increased at an annual rate of 19.1 per cent. Thus, deposits per account, which was Rs.1,065 by the end of March 2015, increased to Rs.2,760 by the end of March 2019.

### Banking and Financial Inclusion in Union Budget 2019-20

#### Banking sector

Union Budget 2019-20 is a growth-oriented budget, which tries to strike a balance between inclusivity and growth. On one hand, the budget lays stress on *Gaan, Garib aur Kisan* and on the

other hand, it talks about infrastructure, banking, e-mobility and space technology. On the overall, the focus of the budget is on inclusive growth. The banking sector is the growth engine of the country. In every aspect of life bank plays a decisive role. The growth of agriculture, industry and trade depends on it. But the growing Non Performing Assets (NPAs) have become a threat.

Understanding the problem of liquidity, the Government through this budget has announced to infuse capital of Rs.70,000 crore into the Public Sector Banks. Secondly, the budget pitched for additional power with the Reserve Bank of India over the NBFCs and Housing Finance Companies to provide uniform regulatory environment to the lending segment. Steps have also been taken to bring deposit taking NBFCs and systematically important non-deposit taking NBFCs at par with banks and other public financial institutions through tax measures. Measures to support financially sound NBFCs and higher regulatory RBI monitoring will lead to drive for consolidation of NBFCs.

For easy accessibility of banking, the Government has urged the Public Sector Banks (PSBs) to leverage technology, offer online personal loans and doorstep banking and enabling customers of one PSB to access services across all PSBs. This is a case of inclusive banking for the customers across the country.

### **Inclusive Farmers**

Agriculture is the backbone of our country and is a major employment generator. Recent announcement in the budget for promoting 10,000 Farmer Producer Organisations (FPOs) is a welcome step. It is a step to ensure economies of scale for small landholders. This will help linking farmers to markets, reduce transaction costs and increase crop yield. The collectivisation of small and marginal farmers has the ability to collectively address many challenges of agriculture such as access to investment, technology, inputs and markets. Further, it can pave the way towards crop diversification, value addition and enhancement of employment and income of the farmer-members. Economic empowerment of farmers is the real test of inclusion.

### **Women-led initiatives for Inclusion**

The budget has also focussed on women empowerment. The Government has been supporting and encouraging women entrepreneurship through various schemes such as MUDRA, Stand-Up India and the Self Help Groups (SHGs). Through the budget, the Government has re-affirmed to expand Interest Subvention Programme to the women SHGs in all districts. Further, according to the announcement, an overdraft facility of Rs.5,000 will be allowed for every verified women SHG member having a Jan Dhan Bank account. Besides, one woman in every SHG will be made eligible for a loan up to Rs. 1 lakh under the MUDRA Scheme. The Finance Minister has also proposed to form a broad-based committee to evaluate and suggest actions for gender budgeting.



## **NAARI TU NARAYANI**



### **From women-centric-policy to women-led initiative**



Women SHG interest subvention programme in all districts



Overdraft of ₹5,000 for every verified women SHG member having a Jan Dhan Bank Account



One woman in every SHG to be eligible for a loan up to ₹1 lakh under the MUDRA Scheme



### **Inclusive growth through MSMEs**

Micro, Small and Medium Enterprise (MSME) is another important sector for inclusive growth. After agriculture, MSME is the biggest employer. Over the last few decades, it has emerged as a powerful sector with high potential for employment and inclusive growth. This sector has been assuming special importance for its role in ensuring income equality, employment generation, poverty reduction and promoting a balanced economic development in the country.

The Finance Minister unveiled a slew of initiatives and new provisions to tackle issues related to the MSME sector. She announced that



loans up to Rs. 1 crore will be granted to MSMEs within 59 minutes through a dedicated online portal. Further, Rs.350 crore has been allocated for 2 per cent interest subvention for all GST registered MSMEs on fresh or on incremental loans for the year 2019-20. The Government also launched the *Pradhan Mantri Karam Yogi Maandhan Scheme (PMKYM)* in which pension benefits would be extended to about 3 crore retail traders and small shopkeepers having an annual turnover less than Rs.1.5 crore.

### **Digital inclusion**

To empower rural people digitally, the Government has launched *Pradhan Mantri Gramin Digital Saksharta Abhiyaan*. The scheme aims at imparting digital literacy to citizens in rural areas free of cost. The programme is a dynamic and integrated platform for digital literacy awareness, education and capacity building programmes that will help the rural and under-served communities fully participate in the global digital economy.

The budget has also vowed for internet connection in local bodies in every Panchayat under Bharat-Net to bridge rural-urban divide. With the announcement of the scheme, the *Digital India programme* in rural India will get a further boost. According to Finance Minister, as many as 2 crore rural Indians are now digitally literate as part of the *Gramin Digital Saksharta Abhiyan* and

it is expected that as many as 6 crore rural households will be covered as part of the Abhiyan.

### **Way Forward**

The benefits of financial inclusion are clearly established. It is a key enabler in reducing poverty and boosting prosperity. Access to financial services enables the poor and other disadvantaged sections of the society to open doors for the unbanked members, allow them to save, invest, create jobs and reduce inequality. The experiences of SBLP and KCC are quite satisfactory. Financial inclusion acts as a bridge between economic opportunity and outcome. However, more steps need to be taken for effective financial and technological literacy, capacity building, easy and affordable credit facility and marketing the produce of the small and marginal farmers.

As technology can play a pivotal role to make branchless banking a reality, banks may use mobile banking, micro-ATM and Business Correspondent model to reach the unreached and bank the unbanked. It is also expected that agri-tech startups may provide the latest technology and link the farmers with market for better returns.

### **References**

1. Annual Report, Reserve Bank of India.
2. Banking Correspondents (BCs) are individuals/entities engaged by a bank for providing banking services in unbanked/under-banked areas. The BC works as an agent of the bank and substitutes for the brick-and-mortar branch of the bank.
3. Calculated based on the information available in Annual Report, Reserve Bank of India, Various issues.

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# RURAL EDUCATION

Dr Anupriya Chadha

"The Union Budget 2019 has the capability to revitalize the education sector", commented experts from Indian academic and edu-tech communities. Though the proposals saw mixed responses from the education sector, an expert said the decision to treat education holistically is a welcome move and will lend greater synergy in planning and execution of important schemes and programmes.

The role of education in an individual's growth and national development cannot be underestimated. Investing in education yields significant development benefits. Education reduces poverty, boosts economic growth and increases income. In sum, education is one of the most important investments a country can make in its people and its future. This has also been the focus of the Educational Policies, the most recent one being in a draft stage.

The Committee for Draft National Education Policy submitted its report to Ministry of Human Resource Development on May 31, 2019. The proposals in the newly released Draft Education Policy 2019 aim to overhaul of the entire education system. The report seeks to address the challenges of: (i) access, (ii) equity, (iii) quality, (iv) affordability, and (v) accountability. The proposals

in National Education Policy specifically target to strengthen and upscale the skills of both teachers and learners to meet global levels. The policy proposes major changes in both school and higher education, improved governance and focus on research and innovation. It aims to equip students with the necessary skills and knowledge. The initiatives proposed in the new education policy will go a long way in empowering and uplifting the overall status of rural India.

The new policy also emphasizes transformation at all levels of education with an increased focus on early childhood care, teacher training, examination system and research. The policy promotes active pedagogy that will facilitate development of core facilities and life skills, including the skills of 21<sup>st</sup> century. It also



seeks to increase public investment in education and strengthen the use of technology. The policy aims to equip students with the necessary skills and knowledge and has a special focus on science and technology. A new apex body Rashtriya Shiksha Ayog is proposed to enable a holistic and integrated implementation of all educational initiatives and programmatic interventions, and to coordinate efforts between the Centre and states.

The Union Budget re-emphasises and realizes the importance of all these essential components in revitalizing the education system, especially in rural India. Budget 2019 is a positive step in the right direction to focus on the education sector. This budget is guided by the mission to strengthen the Education Sector.

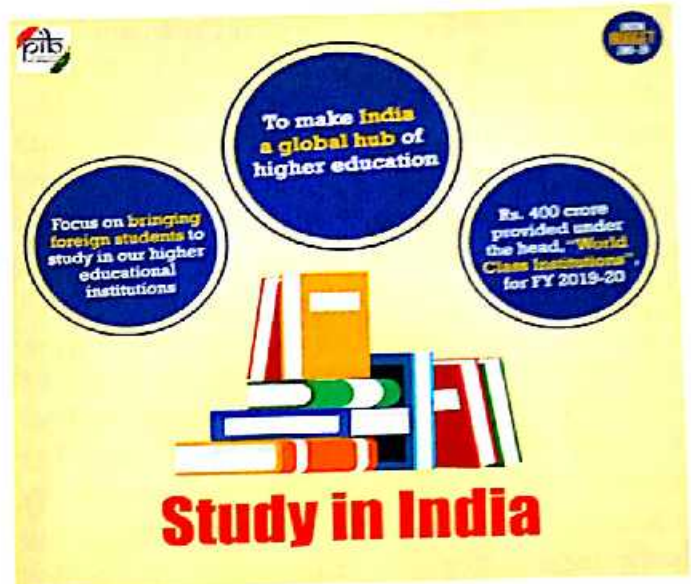
Support to IITs, Rashtriya Uchhatar Shiksha Abhiyan (RUSA), Scheme for transformational and advanced research in Sciences (STARS), Scheme for Promotion of Academic and Research Collaboration (SPARC), Impactful Policy Research in Social Science (IMPRESS) and Impacting Research Innovation and Technology (IMPRINT), are among the schemes which have got considerable allocations in the budget.

### Education – Budget 2019 Highlights

- National education Policy to propose major changes higher education.
- Study in India.
- Setting up of National Research Foundation to fund and promote research.
- New age skills.

### Draft National Education Policy

The Policy proposes major changes in the higher education in the country to improve outcome drastically. The allocation for education for 2019-20 would be more than three times the revised estimates. India's school will be made future-ready with a deeper focus on research and new age skills. The Budget allocates provide Rs 400 crore for world-class institutions. It proposes the creation of several new bodies to overlook different facets of education. Also, National Higher Education Regulatory Authority or Rashtriya



Shiksha Aayog (RSA) should be the only regulator for all higher education including professional education.

Of the total Rs. 94,853.64 crore allocated to education in Budget 2019-20, Rs.56,536.63 crore have been pegged for the school sector and Rs. 38,317.01 crore has been allocated to the higher education. In the school sector, Rs. 36,322 crore will be allotted to Samagra Shiksha Abhiyan. The mid-day meal programme has been allocated Rs. 1,000 crore. The budget allocates the teachers training and adult education only Rs. 125 crore. There has been an increase of over 13% in outlay for education sector as compared to 2018-19.

### Study in India

The aim of this Campaign would be to brand India as a prime study destination for international students. It has been set up with the objectives to:

- Boost the number of inbound International students in India;
- Increase India's market share of global education exports;
- Improve the overall quality of higher education;
- Increase in global ranking of India as educational destination; and
- Enhance India's global market share of International students.

The Campaign aims to launch India onto the international student scene to promote the country as a higher education destination.

MOOCs (Massive Open Online Courses) have been offered on SWAYAM, wherein about 1.02 crore students have enrolled to various courses. This programme has proved to be very useful especially for learners living in remote rural areas. SWAYAM initiative has helped bridge the digital divide for disadvantaged section of the student community. The Government initiative aims at taking the best teaching and learning resources to all, including the most disadvantaged by bridging the digital divide. The Government will focus on imparting new-age skills in areas like artificial intelligence, big data, 3-D printing, robotics, etc. to equip youth to take up high-paying jobs overseas. The focus on the amplification of skills in new-age tech domains such as AI, IoT, Big Data, and Robotics will open newer avenues of career growth. It will also help to help deal with the challenge of severe skills shortage that businesses across India are facing at present.

### **National Sports Education Board under 'Khelo India' Scheme**

Apart from focusing on improving research and higher education, the budget emphasized the need to promote enthusiasm in sports as an important part of the development of today's students. As per the Draft New Education Policy (2019), "Playing sports helps students develop the qualities of teamwork, cooperation, problem-solving, discipline, perseverance, and responsibility. In general, physical activity is well established to be among the best releases for tension and anxiety, and facilitates emotional stability and resilience. All of these qualities and benefits are also relevant to success in the classroom; studies show that students who stay physically active are more successful with other school work as well. Finally, people who are physically active as young people tend to stay fit as adults as well, leading them to lead longer, healthier, and more productive lives."

All students at all levels of school will have regular periods and opportunities to participate in physical activity and exercise, including sports, games, yoga, martial arts, dance, gardening, and more, in accordance with local availability of teachers and facilities. Playgrounds and sports fields will be available so that all students have the opportunity to participate and excel in

sports. Joint sports activities and competitions between schools within the school complex and across school complexes will be fostered and encouraged.

Thus, the Union Budget also emphasizes upon sports for holistic development of young learners. A National Sports Education Board will be set up under the Khelo India scheme, a programme to increase awareness on sports in India. Khelo India programme is focused on nurturing talent and connecting rural India to global games. It's components include community sports, coaching for excellence, talent identification, competition structure as well as the sports economy. The vision of the Khelo India is to infuse sports culture and achieve sporting excellence in the country. The mission is to encourage sports for all.

The other important items covered in the budget include:

- Development of a "Gandhi-pedia" to sensitize youth about Mahatma Gandhi's ideas;
- Establishing a dedicated Television Channel for Start-ups. This will have indirect impact on institutions offering higher education.

On the whole, this Budget has focused on digitization, technology and improving education at all levels. The commitment to bring in a new education policy along with enhanced emphasis on skilling will give a major boost to the vigorous education system in rural India. Initiatives like Study India, SWAYAM and upliftment of higher education institutions will be a big leap towards bolstering the e-learning market, especially in the rural belt. All these will open doors of new opportunities for education and e-learning sector as a whole. The novel, innovative and path breaking reforms recommended will help in bringing about a paradigm shift by equipping students, teachers and educational institutions with the right competencies. This will also lead to development of an enabling, progressive and robust educational system for a vibrant new India, especially in the rural heartland, where such changes are perhaps most needed.

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# SKILL AND ENTREPRENEURSHIP DEVELOPMENT FOR RURAL INDIA

A Srija, Shamim Ara

The Start-Up India Programme was launched in January, 2016 to build a strong ecosystem for nurturing innovation and start-ups and thereby generating large-scale employment opportunities. The Government through this initiative aims to empower start-ups to grow through innovation and design. As on 26<sup>th</sup> January, 2019, 15,472 start-ups have been recognised under this programme, 13,176 applications were recognised as Start-ups which created 1,48,897 jobs and 45 per cent start-ups had at least one or more women directors.



India is home to world's youngest population as half of its population is below the age of 25. It is estimated that 30 per cent of India's population is below the age of 14 and around 8 per cent are in the 60-plus age group while working age group (15-59 years) accounts for 62.5 per cent of the population. It has also been estimated that the demographic dividend opportunity in India is available for five decades from 2005-06 to 2055-56, longer than any other country in the world (UNFPA, 2018). This demographic dividend can be reaped only if we provide education, right skilling and employment opportunities to the economically active population. In view of the foregoing, this article provides an overview of labour market conditions, major skilling and entrepreneurship programmes available for youth and Union Budget announcements to

strengthen skilling and entrepreneurship programme in India.

## Labour Market Scenario

Labour Force Participation Rate (LFPR) indicates the proportion of population entering the labour market while Worker Population Ratio (WPR) indicates the proportion of population employed and the unemployment rate (UR) is the proportion of labour force who are not employed but are available for work. According to the Periodic Labour Force Survey (PLFS) 2017-18, LFPR for age group 15 years and above in India stood at 49.8 per cent with 50.7 per cent in rural areas and 47.6 per cent in urban areas. The female LFPR was just one-third of male LFPR in both rural and urban areas. As against 49.8 per cent of population who entered the labour market, only 46.8

**Table-1: Labour Market Indicators by Age and Residence as per usual Status (in per cent)**

Indicators	15-29 years								
	Rural			Urban			Total		
	M	F	P	M	F	P	M	F	P
LFPR	58.9	15.9	38.1	58.5	17.5	38.5	58.8	16.4	38.2
WPR	48.6	13.8	31.8	47.6	12.8	30.6	48.3	13.5	31.4
UR	17.4	13.6	16.6	18.7	27.2	20.6	17.8	17.9	17.8
Indicators	15 years and above								
	M	F	P	M	F	P	M	F	P
	LFPR	76.4	24.6	50.7	74.5	20.4	47.6	75.8	23.3
WPR	72.0	23.7	48.1	69.3	18.2	43.9	71.2	22.0	46.8
UR	5.7	3.8	5.3	6.9	10.8	7.7	6.1	5.6	6.0

Note: M-Male, Female, P-Person.

(Source: Periodic Labour Force Survey, 2017-18, Ministry of Statistics & Programme Implementation.)

per cent formed the workforce with 48.1 per cent in rural areas and 43.9 per cent in urban areas. The WPR of females was substantially low in both rural and urban areas. Interestingly, the proportion of youth (15-29 years) entering the labour market was around 38 per cent in both rural and urban areas. The LFPR of urban young women at 17.5 per cent was higher than that of rural young women (15.9 per cent). As against 38.2 per cent of youth who enters the labour market, only 31.4 per cent forms the workforce (Table-1).

The unemployment rate (UR) among youth (17.8 per cent) was more than double the unemployment rate (6 per cent) among the productive population (15 years and above). The unemployment rate among urban females remains higher as compared to males both among the youth (27.2 per cent) and the 15 years and above (10.8 per cent).

### Skilling in Rural Areas: Recent Government Initiatives in India

While the government has initiated schemes/programmes to provide skill training to the youth

both in the rural and urban areas, the task becomes all the more urgent with the rapid digitisation and transformation that is taking place in the job roles with the advent of the Fourth Industrial Revolution. As per National Skill Development Corporation (NSDC's) Sector Specific reports on Human Resource and Skill Requirements, there would be an incremental requirement of 103.4 million people in the 24 high growth sectors requiring fresh skilling by 2022. In addition, there is a need for constant upskilling and realignment of existing workforce.

Realising the need, the National Skill Development Mission (NSDM) was launched in 2015 to provide a strong institutional framework to implement and scale up skill development efforts across the country. Under the Skill India Mission, more than 20 central Ministries/Departments are running schemes/programmes to impart skill training to the youth through long-term and short-term training courses. The Ministry of Skill Development & Entrepreneurship (MSDE) is implementing the Pradhan Mantri Kaushal Vikas Yojana (PMKVY 2.0) on pan-India basis with a target of skilling one

**Table-2: Unemployment Rates by Educational Attainment and Residence as per usual Status (15 & above age) (in per cent)**

General Education Level	Rural		Urban	
	M	F	M	F
Not literate	1.7	0.1	2.1	0.8
Literate & up to primary	3.1	0.6	3.6	1.3
Middle	5.7	3.7	6.0	5.1
Secondary & above	10.5	17.3	9.2	19.8
All	5.7	3.8	6.9	10.8

Note: M-Male, Female, P-Person.

(Source: Periodic Labour Force Survey, 2017-18, Ministry of Statistics & Programme Implementation.)



crore people under Short-Term Training (STT) and Recognition of Prior Learning (RPL). Short duration industry relevant skill development training is being imparted in about 350 job roles catering diverse sectors including manufacturing. Apart from these, a customised entrepreneurship orientation module has also been integrated under the Employability and Life Skill Course module in the PMKVY courses so that every candidate undergoing skill training is oriented towards entrepreneurship. In ITI courses as well, the module on entrepreneurship has been integrated as a section in the Employability Skills Module.



As on 12<sup>th</sup> June, 2019, 52.12 lakh (appx.) (31.08 lakh STT + 21.04 lakh RPL) candidates have been trained under PMKVY. Under STT, the placement data is reported within 90 days of certification of trained candidate. As per data reported on SDMS (Skill Development Management System), the number of candidates certified under STT of PMKVY upto 12.03.2019 was 21.97 lakh and out of these 12.6 lakh candidates reported placement as on 12<sup>th</sup> June, 2019.

Long-term training is provided through the Industrial Training Institutes (ITIs) run by the State Governments and there are about 14,494 ITIs with a seating capacity of 33.98 lakh spread across the country. MSDE, through the National Skill Development Corporation (NSDC), has taken up multiple initiatives to connect with industries for partnership under the Skill India Mission. There are more than 500 training partners participating in the skill initiatives of the NSDC. 37 Sector Skill Councils have been set up as industry led bodies which help in training need analysis, curriculum development,

rolling out of training, assessment and certification.

To encourage rural entrepreneurship and start-up by rural youth including women, Start-up Village Entrepreneurship Programme (SVEP) is being implemented under Deendayal Antyodaya Yojana - National Rural Livelihoods Mission (DAY-NRLM). Further, Ministry of Rural Development (MoRD) in partnership with 31 Banks and state governments is supporting Rural Self-Employment Institutes (RSETIs) for skilling of rural youth to take up gainful self-employment. At present, 582 RSETIs are functional in 562 districts across the country which is engaged in promoting skill development and entrepreneurship of unemployed youth with a focus on rural poor candidates. RSETIs undertake 56 courses which are aligned with National Skill Qualification Framework (NSQF).

The Start-Up India Programme was launched in January, 2016 to build a strong ecosystem for nurturing innovation and start-ups and thereby generating large-scale employment opportunities. The Government through this initiative aims to empower start-ups to grow through innovation and design. As on 26<sup>th</sup> January, 2019, 15,472 start-ups have been recognised under this programme, 13,176

**Table-3: Per centage Distribution of person who received Formal Vocational/Technical Training in 2017-18**

Age groups	Rural			Urban			Total		
	M	F	P	M	F	P	M	F	P
15-29 years	2.0	1.3	1.7	4.6	4.2	4.4	2.8	2.2	2.5
15-59 years	1.5	0.9	1.2	4.0	3.3	3.7	2.3	1.7	2.0

Note: M-Male, Female, P-Person.

(Source: Periodic Labour Force Survey, 2017-18, Ministry of Statistics & Programme Implementation.)

applications were recognised as Start-ups which created 1,48,897 jobs and 45 per cent start-ups had at least one or more women directors.

To promote entrepreneurship among women and SC/STs, Stand-Up India scheme was launched. This scheme facilitates bank loans between Rs. 10 lakh and Rs. 1 crore to at least one SC/ST borrower and to at least one women borrower per bank branch for setting up a greenfield enterprise. 74831 (offline and online) sanctions have been achieved under Stand-up India as on June 30, 2019. Stand-up India has been extended up to FY 2025. To encourage a culture of entrepreneurship in the country, the MSDE has initiated a National Entrepreneurship Awards Scheme (NEAS) in 2016-17 which recognizes the efforts of exceptional first generation entrepreneurs and ecosystem builders.

### **Union Budget Announcements 2019-20 to Promote Skilling & Entrepreneurship**

To intensify skill development and enhance employability of rural youth, the Union Budget 2019-20 has announced the following measures:

- In the Budget, a massive push has been given to all forms of physical connectivity viz; the Pradhan Mantri Gram Sadak Yojana, Industrial Corridors, Dedicated Freight Corridor, Bharatmala & Sagarmala projects, railway station modernization, Jal Marg Vikas and UDAN Schemes. To take forward these schemes requires skilled workforce in the building, construction, real estate, construction material & building hardware sectors.
- Under the Make in India initiative, the development of Maintenance, Repair and Overhaul (MRO) in the aviation sector is to be promoted in India. This calls for promoting skilled workforce in the MRO segment of aviation sector.
- Ujwala Yojana and Saubhagya Yojana have transformed the lives of every rural family, dramatically improving their ease of living. Electricity and clean cooking gas facility is to be provided to all willing rural families by 2022. These initiatives promise job opportunities for the rural youth and relevant skill trainings need to be provided to meet the skill demands arising from the sector.
- To promote overseas employment of the youth, there will be increased focus on skill sets needed

for going abroad as well as new age skills such as language training, Artificial Intelligence (AI), Internet of Things, Big Data, 3D Printing, Virtual Reality and Robotics. The new age-skills are in great demand both within and outside the country, and offer much higher remuneration.

The youth also needs to be skilled and up-skilled to avail of the new job opportunities that are likely to arise from the following budget announcements:

- Pradhan Mantri Awas Yojana – Gramin (PMAY-G) aims to achieve "Housing for All" by 2022 and eligible beneficiaries to be provided 1.95 crore houses with amenities like toilets, electricity and LPG connections during its second phase spanning from 2019-2022.
- To address the traditional village industries, the Scheme of Fund for Upgradation and Regeneration of Traditional Industries' (SFURTI) aims to set up more Common Facility Centres (CFCs) to facilitate cluster based development for making traditional industries more productive, profitable and capable for generating sustained employment opportunities. 100 new clusters to be set up during 2019-20 with special focus on Bamboo, Honey and Khadi, enabling 50,000 artisans to join the economic value chain.
- To improve the technology of such industries, the Scheme for Promotion of Innovation, Rural Industry and Entrepreneurship (ASPIRE) has been consolidated to set up 80 Livelihood Business Incubators (LBIs) and 20 Technology Business Incubators (TBIs) during 2019-20. 75,000 entrepreneurs to be skilled in agro-rural industry sectors. Private entrepreneurs to be supported in driving value-addition to farmers' produce from the field and for those from allied activities.
- Dairying through cooperatives to be encouraged by creating infrastructure for cattle feed manufacturing, milk procurement, processing & marketing.
- 10,000 new Farmer Producer Organizations to be formed, to ensure economies of scale for farmers.
- Swachh Bharat Mission to be expanded to undertake sustainable solid waste management in every village.

- Under the Pradhan Mantri Gramin Digital Saksharta Abhiyan over two crore rural Indians have been made digitally literate. Through Bharat-Net, internet connectivity is being provided to the local bodies in every Panchayat.
- Under UJALA Yojana, approx. 35.54 crore LED bulbs was distributed to the households leading to cost savings of Rs.18,464 crores annually and 3.73 crore tons reduction in CO<sub>2</sub> emissions. A similar mission mode approach would be adopted to promote solar stoves and battery chargers. This would not only reduce carbon emissions but also has the added benefit of promoting indigenous manufacturing of solar stoves and battery chargers leading to creation of new job opportunities.
- To encourage women enterprise, women SHG interest subvention programme to be expanded to all districts. Every verified woman SHG member having a Jan Dhan bank account to be allowed overdraft of Rs. 5,000. One woman per SHG to be eligible for loan up to Rs. 1 lakh under the MUDRA Scheme.
- Mission to integrate traditional artisans with global markets proposed, with necessary patents and geographical indicators.
- 17 iconic tourism sites to be developed into model world class tourist destinations. This would increase the footfall of tourists to these sites.
- Mega Investment in Sunrise and Advanced Technology Areas Scheme to invite global companies to set up mega-manufacturing plants in areas such as Semi-conductor Fabrication (FAB), Solar Photo Voltaic cells, Lithium storage batteries, Computer Servers, Laptops, etc

To sum up, the Union Budget 2019-20 in terms of allocation has given boost to agriculture, rural infrastructure, entrepreneurship and industrialisation in rural areas thereby addressing the job needs of the potential labour force, a major proportion of which is based in the rural areas.

#### Endnote

1. Formal vocational/technical training refers to a degree in engineering, medicine, agriculture and technical training refers to a diploma/certificate in agriculture, engineering/technology, medicine, crafts etc.

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#### Two Skill Centre of Excellence (CoE)s to be set up in Uttar Pradesh

The two centres, Centre of Excellence for Plumbing, Greater Noida, and Centre of Excellence for Services Sector in Varanasi, will be set up with international state-of-the-art infrastructure, under the joint collaboration between the State and the Centre, where the State will provide the land for setting up the two buildings. The infrastructure and training delivery will be supported by the respective Sector Skill Councils and the industry partners to make it relevant to market demand and trends.

India Institute of Skills (IIS) in Kanpur, will soon be operational. The institute will be opened in partnership with the Institute of Technical Education, Singapore and will have around 10-12 labs and will not only focus on hard skills from manufacturing sector, but also on skills related to service sector.

Under the joint collaboration of State and Central Government, 1396 ITIs have been upgraded through a public private partnership model. There are a total of 3,134 ITIs in the State with a seating capacity of 7.58 lakh with close to 5.63 lakh students getting trained in them. Directions have been given to speed up the modernization drive and ensure the ITIs meet current defined standards making trainings in them, market relevant.

Uttar Pradesh has more than 11 lakh candidates trained under PMKVY, till date. More than 75 Pradhan Mantri Kaushal Kendras (PMKK) have been established and are operational in Uttar Pradesh. The State is also seeing increasing participation from the industry with organisations like PowerGrid, Simon India Limited, NTPC, IOCL, Balrampur Chini Mills, Hero Motocorp Pvt. Ltd.

Uttar Pradesh is also sending two contestants from the State as part of the 48 member India contingent who will be representing the country in WorldSkills International Competition in Kazan in Russia 2019.

# MSMEs: KEY COMPONENT FOR INDIA'S \$ 5 TRILLION ECONOMY

Dr Sriparna B Baruah

To reach the \$5 trillion economy, MSMEs have to play a much bigger role, both in employment generation, in exports, in skilling people and in making the sector more formalised so that they start reaping the benefits of reforms such as GST. This will also pave the way for easier access to credit flow. In fact, there will be huge opportunities for MSMEs in the next five years. Moreover, with the Government's focus on enhancing credit flow to MSMEs, technological upgradation and digitising MSMEs, they can not only compete effectively with global counterparts, but also play a bigger role in the 'Make in India' campaign. With the focus on industrial clustering, real advantages will stem from the economies of scale.

**T**he Indian MSME sector is the backbone of the national economic structure and has unremittingly acted as the bulwark for the Indian economy, providing it resilience to ward off global economic shocks and adversities.

The Micro, Small and Medium Enterprises (MSME) sector has emerged as a highly vibrant and dynamic sector of the Indian economy over the last five decades. It contributes significantly in the economic and social development of the country by fostering entrepreneurship and generating largest employment opportunities at comparatively lower capital cost, next only to agriculture. MSMEs are complementary to large industries as ancillary units and this sector contributes significantly in the inclusive industrial development of the country. The MSMEs are widening their domain across sectors of the economy, producing diverse range of products and services to meet demands of domestic as well as global markets. The importance of a vibrant MSME sector in the context of the aggregate economy cannot be overestimated as it accounts for :

- Nearly one-third of aggregate economy gross value added.
- Approximately one-third of manufacturing output in the country.
- Three-fourths of all establishments in the country.

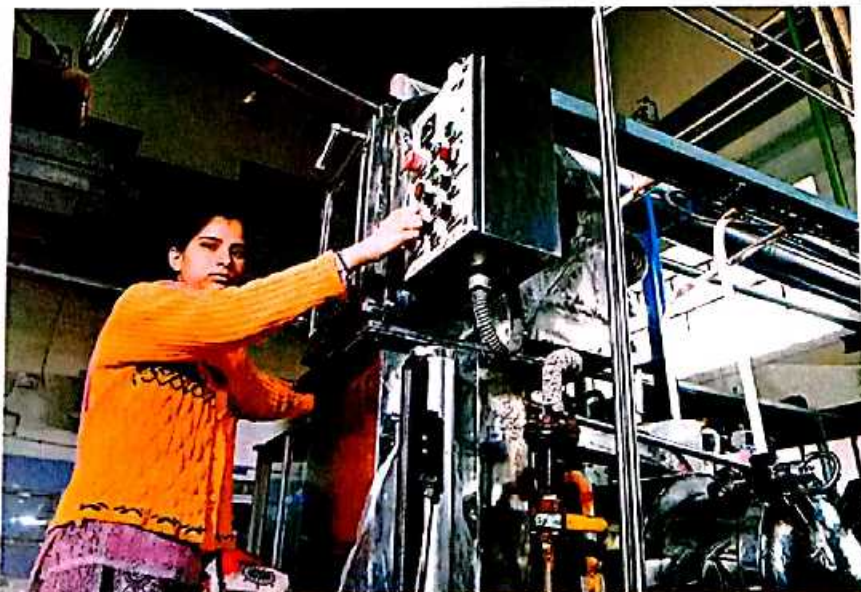
With around 36.1 million units throughout the geographical expanse of the country, MSMEs contribute

- 6.11% of the manufacturing GDP;
- 24.63% of the GDP from service activities;
- 33.4% of India's manufacturing output.

They have been able to provide employment to around **120 million** persons and contribute around **45%** of the overall exports from India. The sector has consistently maintained a growth rate of over **10%**. About **20%** of the MSMEs are based out of rural areas, which indicate the deployment of significant rural workforce in the MSME sector and

is an exhibit to the importance of these enterprises in promoting sustainable and inclusive development as well as generating large scale employment, especially in the rural areas.

A distinctive feature of MSMEs is that a very large proportion of them are concentrated around 6,000 clusters plus 1,157 traditional industrial clusters, 3,091 handicrafts clusters, and 563 handloom clusters. According to the assessments of the Ministry of MSME, Government of India, the sector generates around 100 million jobs through over 46 million units situated throughout the country.



Besides the wide range of services provided by the sector, it is further engaged in the engineering of over 6,000 products ranging from traditional to hi-tech items. The Indian MSME sector offers maximum opportunities for both self-employment and wage-employment outside the agricultural sector and contributes in constructing an inclusive and sustainable society in numerous ways through making of non-farm livelihood at meagre cost, balanced regional development, gender and social balance and environmentally sustainable development. The MSME sector is a nursery of entrepreneurship, often driven by individual creativity and innovation.

#### **MSMEs help in:**

- Generating large scale employment;
- Sustaining economic growth and increase exports; and
- Making growth inclusive.

#### **Generating Large-Scale Employment**

In India, capital is scarce and labour abundant. MSMEs are thought to have lower capital-output and capital-labour ratios than large-scale industries, and therefore, better serve growth and employment objectives. The MSME sector in India has grown significantly since 1960 – with an average annual growth rate of 4.4% in the number of units and 4.62% in employment (currently employing 30 million). Not only do MSMEs generate the highest employment per capita investment, they also go a long way in checking rural-urban migration by providing people living in isolated areas with a sustainable source of employment.

#### **Sustaining Economic Growth and Increasing Exports**

Non-traditional products account for more than 95% of the MSME exports (dominating in the export of sports goods, readymade garments, plastic products etc.). Since these products are mostly handcrafted and hence eco-friendly, there exists a tremendous potential to expand the quantum of MSME-led exports. Also, MSMEs act as ancillary industries for Large-Scale Industries providing them with raw materials, vital components and backward linkages e.g., large-scale cycle manufacturers of Ludhiana rely heavily on the MSMEs of Malerkotla which produce cycle parts.



#### **Making Growth Inclusive**

MSMEs are instruments of inclusive growth which touch upon the lives of the most vulnerable and marginalized. For many families, it is the only source of livelihood. Thus, instead of taking a welfare approach, this sector seeks to empower people to break the cycle of poverty and deprivation. It focuses on people's skills and agency. However, different segments of the MSME sector are dominated by different social groups.

#### **MSMEs and Employment Generation**

Among all the sectors, MSME was the largest job creator in the last four years. Survey by CII report titled 'Survey of Job Creation and outlook in MSME sector', said hospitality and tourism, followed by textiles and apparel and metal products were the top job creating sectors. Machinery parts and transport and Logistics were next on the list.

As per the Annual Report 2017-18 of the Ministry of MSME, the sector contributed around 3.6 crore jobs (70%) in the manufacturing sector. The micro firms created the largest number of jobs and are expected to continue with the trend in the coming three years as well. The world is debating strategies to revive global growth, but there are challenges like climate change and jobless growth. MSMEs can play a key role in employment, thus countering jobless growth. There is also a complementary relationship between big enterprises and MSMEs. Only if the small survive, the big will prosper. Big enterprises and MNCs require global value and supply chain which is not possible without MSMEs. Need of the hour is to strengthen these linkages between the big and small and together they can propel the global economy. If MSMEs grow, there will be a

balanced growth all over India as they are in rural areas and also urban areas.

### Challenges Faced by MSMEs

MSMEs however face a number of challenges and some of the major challenges are listed below:

- Most of the unregistered MSMEs predominantly comprise micro enterprises, particularly confined to rural India, operating with obsolete technology, limited access to institutional finance etc. And there is a need to transform the huge unregistered MSME into registered MSME.
- There is a need to improve the competitiveness of the overall MSME sector covering areas like:
  - a. Access to technology;
  - b. IPR related issues;
  - c. Design-related issues;
  - d. Wasteful usage of resources/manpower;
  - e. Energy inefficiency and associated high cost;
  - f. Low ICT usage;
  - g. Low market penetration;
  - h. Quality assurance/certification; and
  - i. Standardization of products and proper marketing channels to penetrate new markets.

### Government Initiatives for MSMEs

The Government has initiated the following five key aspects for facilitating the MSME sector:

- 1) **Access to credit:** Launch of the 59-minute loan portal to enable easy access to credit for MSMEs. Loans upto one crore can be granted in-principle sanction. There is also a provision for 2% interest subvention for all GST registered MSMEs on fresh or incremental loans.
- 2) **Access to market:** Public sector companies now have to compulsorily procure 25% of their total purchase from MSMEs.
- 3) **Technology Upgradation:** For access to technology, 20 technology hubs with 100 spokes in the form of tool rooms will be set up throughout the country.
- 4) **Ease of Doing Business:** A number of initiatives have been initiated for facilitating business for getting clearances and certifications.

- 5) **Social Security for MSME Sector Employees:** A mission has been launched that ensures that employees have access to PM Jan Dhan Jan Accounts, Provident fund and Insurance.

The Union Budget 2019-20 has also unveiled a slew of initiatives and new provisions to tackle issues related to MSME sector in the country. From widening the net for reduction in corporate tax for companies to strengthening of TReDS, there are initiatives proposed that will have a wide ranging impact on small businesses.

These policy initiatives are clear and consistent, aimed at transforming the ecosystem for the MSMEs sector by influencing: (1) Birth (encouraging Start-Ups) (2) Operations and growth by simplifying laws and regulations, and facilitating their access to credit. Better technology and dynamic markets, apart from skilled labour and reliable infrastructure) (3) Orderly and easy exit. Thus, the emerging focus of India's MSME policy aims at covering the entire lifecycle of MSMEs to ensure a healthy, vibrant and competitive MSME sector. The vision is to increase MSMEs contribution to India's GDP to over 50% from the current 29% for the Indian economy to scale the \$5 trillion mark. Exports contribution to be increased to 75% from the present 50% and employment generation from 11.10 crore at present to 15 crore.

### Conclusion

To reach the \$5 trillion economy, MSMEs have to play a much bigger role, both in employment generation, in exports, in skilling people and in making the sector more formalised so that they start reaping the benefits of reforms such as GST. This will also pave the way for easier access to credit flow. In fact, there will be huge opportunities for MSMEs in the next five years. Moreover, with the Government's focus on enhancing credit flow, to MSMEs, technological upgradation and digitising MSMEs, they can not only compete effectively with global counterparts, but also play a bigger role in the 'Make in India' campaign. With the focus on industrial clustering, real advantages will stem from the economies of scale.

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## HEALTH FOR NEW RURAL INDIA

V Srinivas

The Union Budget 2019-20 has placed a lot of emphasis on the fact that a Healthy India is a prerequisite for a 5 trillion dollar economy. The Union Budget will strengthen India's primary and secondary healthcare services in the rural areas while focusing on reducing out-of-pocket expenses with enhanced allocations in the AB-PMJAY scheme, as also focusing on tertiary care facilities.

**T**he Union Budget 2019-20 lays down the decadal vision for the Health Sector as "Healthy India – Ayushman Bharat, well nourished women & children. Safety of Citizens."

The Union Budget 2019-20 for the Health Ministry shows an increase of 18.67 per cent in total outlay reflecting the importance accorded to health sector in the country. There is an additional Rs. 9859.12 crores allocated in BE 2019-20 against 2018-19. The BE 2018-19 was Rs. 52800 crores and the BE 2019-20 stands at Rs. 62659 crores. The flagship programme Ayushman Bharat has seen an increase of 154.87 per cent in the two pillars of Health & Wellness Centres and Pradhan Mantri Jan Arogya Yojana (PMJAY). There is an increased allocation of 92.44 per cent in ASHA Benefit package and 8.57 per cent increase in the allocations for immunization, women and children.

Major Schemes	2018-19 Rs. Cr	2019-20 Rs. Cr
Pradhan Mantri Swasthya Surksha Yojana	3825	4000
National Health Mission	30683	32995
Ayushman Bharat-PMJAY	2400	6400
Autonomous Bodies (AIIMS/ PGI etc)	7388	8304

India's flagship health sector programme, the National Health Mission (NHM) sought to revitalize rural and urban health sectors by providing flexible finances to State Governments. The National Health Mission comprises of 4 components, namely, the National Rural Health Mission, the National Urban Health Mission, Tertiary Care Programmes and Human Resources for Health and Medical Education. The National Health Mission represents India's

endeavor to expand the focus of health services beyond Reproductive and Child Health, so as to address the double burden of Communicable and Non-Communicable diseases as also to improve the infrastructure facilities at District and Sub-District Levels.

The National Health Mission (NHM) brought together at National level the two Departments of Health and Family Welfare. The integration resulted in significant synergy in programme implementation and enhancement in Health Sector allocations for revitalizing India's rural health systems. A similar integration was witnessed at State levels too. The NHM brought in considerable innovations into the implementation of Health Sector Programmes in India. These included flexible financing, monitoring of Institutions against IPHS standards, capacity building by induction of management specialists and simplified HR management practices. The establishment of the National Health Systems Resource Center (NHSRC) helped design and formulate various initiatives. State Health Systems Resource Centers have also been established in some States.

Reproductive and Child Health services were the primary focus of NHM. The successful implementation of JSY and ASHA programmes had a significant impact on behavioural changes and brought pregnant women in large numbers to public health institutions. The NRHM flexi

pool resources were utilised to create adequate infrastructure at public health institutions to cope with the heavy rush of maternity cases. Ambulance services were introduced for transportation of maternity cases to public health institutions and for emergency care.

The NHM created a peoples' movement for healthcare. Accredited Social Health Activist (ASHA) workers were deployed as transformational change agents in every village. The ASHA workers acted as mobilisers for institutional deliveries, focused on integrated management of neonatal and childhood illness and advised on home-based neo-natal care. The NHM has also empowered people through Village Health and Sanitation Committees to formulate village health plans and exercise supervisory oversight of ASHA workers. At the Primary Health Centre (PHC) and Community Health Centre (CHC) level Rogi Kalyan Samitis have been activated to establish systems of oversight over the public health facilities for creating a patient friendly institution. Besides rural areas, the urban slums are now receiving attention with the launch of the National Urban Health Mission.

The Ministry of Health and Family Welfare has added several new schemes since 2014 to enable implementation of the 'Health For All' Vision for the Nation. Mission Indradhanush, sought to achieve full immunisation coverage of 90 per cent children by 2020. The mission has made good







progress in improving immunisation coverage by 6.7 per cent since 2014. A basket of new vaccines has been added to the Universal Immunisation Programme to increase the number of vaccines from 6 to 12. The prominent among them are the Inactivated Polio Vaccine, the Rota Virus Vaccine, the Adult Japanese Encephalitis Vaccine and the Rubella Vaccine as Measles Rubella Vaccine.

India New Born Action Plan with focus on reduction of neonatal mortality rate has successfully established Special New Born Care Units at District level and New Born Stabilization Units at Sub-District/CHC level. The Mother's Absolute Affection Programme was launched in 2016 with focus on promotion of breast feeding practices. The Rashtriya Bal Suraksha Karyakram and the Rashtriya Kishore Swasthya Karyakram represent the major screening programmes of Government for early screening and interventions in children and adolescent girls.

The Government has added the Pradhan Mantri Surakshit Matritva Abhiyan for assured antenatal care. There is continued focus on the NHM activities of Mission Family Welfare, Janani Shishu Suraksha Karyakram and Janani Suraksha Karyakram each of which aim at reducing maternal and infant mortality by promotion of institutional deliveries.

### **The National Health Policy (NHP) 2017**

The NHP seeks to raise the health sector spending to 2.5 per cent of GDP, create patient centric institutions, empower the patients and lay down standards for quality of treatment. It also seeks to strengthen health infrastructure to 2 beds/ 1000 population and provide free drugs, free diagnostics and essential health care in all

public hospitals. The NHP's key goals are to improve the life expectancy at birth from 67.5 years to 70 years by 2025 and reduce the infant mortality to 28 by 2018.

Government has initiated policy interventions for implementing the NHP. India has a vast organisation for Public Health Care delivery and Primary Care services. The NHP lists infrastructure and human resource development in Primary and Secondary Care Hospitals as a key priority area. The Government has sought to upgrade 1.5 lakh health sub-centres to health wellness centres and introduce a nationwide scheme for pregnant women under which Rs. 6000/- for each case will be transferred.

The NHP seeks to reform medical education. Government has initiated major steps in this direction. AIIMS is a national and global brand – built on more than six decades of evolution and performance. It is the benchmark for other centres of excellence in healthcare and academics, and a fountainhead of best practices in education, research and clinical standards. The unique status of AIIMSs has been reinforced by significant infusion of financial resources for major expansion. The focus on medical education should enable India to address the iniquitous utilization of modern health services. The Government has placed a lot of emphasis on creation of several AIIMS like Institutions across India.

The NHP places a lot of emphasis on human resources as a vital component of India's health care. 5000 Post Graduate seats per annum have been created to ensure adequate availability of specialist doctors to strengthen secondary and tertiary levels of healthcare. The increased availability of PG seats along with a centralised entrance exam represent major steps in reform of medical education in the country. The expansion of post-graduate medical education is a priority as the shortage of PG medical seats in the country affects not only the availability of specialist doctors, but also the ease of getting faculty for medical colleges. The introduction of a uniform entrance examination at undergraduate and

post-graduate level has brought transparency to medical education. The Medical Council of India Amendment Act 2016 introduced a common merit-based entrance examination at National level. Government has notified the increase in post-graduate seats in 435 medical colleges with the objective of increasing the number of specialist doctors in India.

The NHP has placed a lot of emphasis on Digital Initiatives. Online registration system has been introduced as part of the Digital India initiative. Digitisation of public hospitals had enabled a reduction of patient wait times and freed clinician times. A patient centric feedback system called Mera Aspataal has been introduced. The data sets of Mera Aspataal have flagged the important areas for patient dissatisfaction.

### **Ayushman Bharat**

The major thrust areas of Government are primary healthcare and universal health coverage. One of the biggest health sector challenges is high out-of-pocket expenses for health and medical costs. It has been estimated that 62.5 per cent of India's population has to pay for its own health care. The Government of India is committed to ensuring its population has universal access to good quality health care services without anyone having to face financial hardship.

Under the Ayushman Bharat – National Health Protection Mission (AB-NHPM) to reduce the healthcare costs of poor and vulnerable groups. The AB-NHPM is a concerted effort to accelerate India's progress towards achievement of Universal Health Coverage.

The AB-NHPM provides an annual benefit cover of Rs. 5 lac per family to cover 10 crore poor, deprived rural families. The eligible beneficiary has to be listed in the SECC database or the existing RSBY database. The AB-NHPM will be implemented on a 60:40 basis between Centre and the States. A National Health Agency has been mandated to implement the Mission with State Health Agencies being established in every State. The scheme guidelines outline the pattern of fund transfers and release of premium for all States and Union Territories have been outlined.

The National Health Agency is mandated to provide the overall vision and stewardship for design, roll-out, implementation and management of AB-NHPM in alliance with State Governments. The NHA will lead the development of strategic linkages with civil society, financial and insurance agencies, academia, think-tanks, national and international organizations and other stakeholders.

The second component of Ayushman Bharat is to deliver comprehensive primary health care through a network of 1.5 lakh health and wellness centres nationwide by 2022. There have been encouraging reports of Sub-Health Centres being upgraded as Health & Wellness Centres to cater to the primary and secondary health care needs in many States.

The Union Budget 2019-20 has placed a lot of emphasis on the fact that a Healthy India is a prerequisite for a 5 trillion dollar economy. The Union Budget will strengthen India's primary and secondary healthcare services in the rural areas while focusing on reducing out of pocket expenses with enhanced allocations in the AB-PMJAY scheme, as also focusing on tertiary care facilities.

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# A GIANT LEAP OF ASPIRATIONAL NEW INDIA: SUNDAR BHARAT

Dr Utsav Kumar Singh

In post liberalization, India has witness the improvement in GDP growth rate with reduction in mortality rate and better life expectancy. On contrary, gaps exist between the groups and sub groups. Health and well-being is third goal of SDG which India has to achieve by 2030. Government of India has recognized the issues and pledge to strengthen the health infrastructure to eradicate disease, access to treatment and healthcare and address new emerging health issues.

The first budget of the Prime Minister has a target of taking India to **\$5 trillion** economy by 2024-25, a quantitative goal for *Sundar Bharat* (Beautiful India) via *Swastha Bharat* (Healthy India), with sub-roots in *Swachha Bharat* (Clean India). Cleaner and hygienic India forms the bedrock for a *Swachha Bharat*. India being a signatory of Sustainable Development Goals (SDGs), the Government of India has demonstrated its commitment in deed, action and intention in fulfilling them. Its flagship programmes pay special heed to SDG 6 in particular, which talks about *clean water, adequate and equitable sanitation and hygiene for all and end of open defecation*.

Economic and Social Council of United Nation has specially applauded the role of India in pursuing media campaign to aware the mass for the cause of sanitation and hygiene (UN, 8<sup>th</sup> May, 2019). India along with countries of South Asia region accounted for three-fourth of its population Open Defecation Free (ODF). During the period 2008-17, globally 2.1 billion people gained access to managed sanitation services out of which 486 million in India gained access.

World Health Organisation found that on an estimated 1.5 billion people globally were at risk of STH infections, i.e., 270 million pre-school children and 600 million children of school age live in the parasites transmitted surrounding. Government of India on war footing has taken multi-modal, multi-dimensional and multi-frontal measures to improve the sanitation facilities and reduce the mortality caused by water borne diseases and make India clean.

## Sanitation

The year 2019 is being celebrated as 150<sup>th</sup> birth anniversary of Mahatma Gandhi,

Father of our Nation. Once he said "**Sanitation is more important than independence**". Aligning on ideals of Mahatma, the Prime Minister of India had launched the Swachh Bharat Mission (SBM) on 2<sup>nd</sup> October 2014 with aim to achieve Swachh Bharat by 2019 to commemorate his 150<sup>th</sup> birth anniversary. Success of schemes like SBM depends not only on available infrastructure, but also on behavioural change and the associated changes in patterns of toilets usage and hygiene by individuals. The logo of SBM showing spectacles of Gandhiji taken with slogan, *ek kadam swachhta ki ore* (one step towards cleanliness) aptly captures the mission as a *jan andolan* (mass movement). SBA is the largest cleaning programme of the world, which has two branches: Swachh Bharat mission (Gramin) and Swachh Bharat Mission (Urban) for rural and urban area, respectively. Together, they aim to make *Swachh Bharat* by 2019.

**"HAR GHAR JAL"**

**Budget For New India 2019**

- Ensuring water security and access to safe and adequate drinking water to all Indians
- The new Jal Shakti Mantralaya shall look at the management of water resources and water supply in an integrated and holistic manner
- Jal Jeevan Mission to ensure Har Ghar Jal (piped water supply) to all rural households by 2024
- This mission will focus on creating local infrastructure for rainwater harvesting, groundwater recharge and management of household wastewater for reuse in agriculture
- The Government has identified 1592 Blocks which are critical and over exploited, spread across 258 District for the Jal Shakti Abhiyan

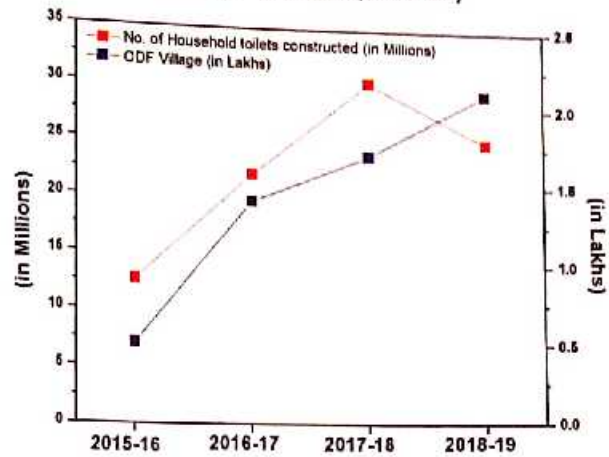
## Swachh Bharat Mission (SBM)

SBM adopts a multi-faceted approach to enhance the quality of life by promoting cleanliness, hygiene and eliminating open defecation. It ensures community participation, in setting up of the toilets to promote ownership and sustained use. The Mission provides flexibility in choice to upgrade the existing toilets to ensure safe confinement and disposal of faeces. SBM augments the institutional capacity-building of districts to change behaviour at the grassroots level and strengthen the capacities of implementing agencies so that the programme could be rolled in a time-bound manner and collective outcomes could be measured. It incentivises the performance of State-level institutions to implement activities for behavioural change among communities. SBM set up the *Swachh Bharat Kosh* to encourage Corporate Social Responsibility and accept contributions from private organizations, individuals and philanthropists. Information technology and social media is imperative to this programme as it allows citizens to keep a check on the availability of toilets for every rural household in India. Nearly 90 per cent of all SBM toilets have already been geo-tagged.

The Government of India has clubbed the erstwhile Ministries of Water resources and Drinking water and Sanitation to form a new 'Jal Shakti' Ministry. This Ministry is setup on a mission mode to work on an integrated demand and supply side management of water at the local level, including creation of local infrastructure for source sustainability like rainwater harvesting, groundwater recharge and management of



Figure 1: Number of Household Toilets Constructed and ODF Villages (2015-19)



(Source: Ministry of Drinking Water and Sanitation)

household wastewater for reuse in agriculture. The Jal Jeevan Mission will converge with other Central and State Government Schemes to achieve its objectives of sustainable water supply management across the country.

To initiate behavioural change in usage of toilets, more than five lakh *swachhagrahis*, foot soldiers of the SBM, were recruited; the similarity with *satyagrahis* is intentional to reinforce Gandhiji's message. As each village has at least one *swachhagrahi*, who is a local, these *swachhagrahis* were able to leverage their social ties within their villages to effect change. People are more likely to listen to and emulate someone they know, which is why local ambassadors of change are more effective in getting through to people than mass media campaigns.

Open defecation poses serious threat to the health of children and expose women to social agony and physical attack. ODF would mean the termination of faecal-oral transmission. ODF has two main components (a) faeces free environment (b) enable use of safe technology options for faeces disposal. The number of ODF villages has significantly increased since 2015 (Figure-1).

As on 29.05.2019, 5,61,014 (93.41 per cent) villages, 2,48,847 gram panchayats (96.20 per cent) – 6,091 blocks (88.60 per cent) and 618 districts (88.41 per cent) have been declared ODF. Except Goa (5.8 per cent ODF) followed by Odisha (45.4 per cent), Telangana (74 per cent) and Bihar (83 per cent) most of the States has achieved the 100 per cent ODF. West Bengal (99.6 per cent) and Sikkim



(97.1 per cent) are performing better and are near to realizing 100 per cent ODF coverage (Economic Survey, 2018-19).

Management of solid waste is another focus area of SBM. Government has recognized the immediate intervention of technology in solid waste management (SWM) especially in rural villages. State Governments have impressed upon scientific disposal of waste and thus undertaken various project such as construction of waste collection centers, menstrual hygiene management activities, installation of bio gas plants, construction of compost pits, installation of dustbins, system for collection, segregation and disposal of garbage, construction of drainage facility and leach pits and construction of soak pits and stabilization ponds.

### Financial Provision

Under SBM, an incentive of Rs. 12,000 is provided for construction of Individual Household latrines (IHHL) to eligible beneficiaries in rural areas and covers for provision of water storage. The Central share for the incentive provided for IHHLs is 60 per cent and the State share is 40 per cent. For North-eastern States, Jammu and Kashmir and Special Category States, the Central share is 90 per cent and the State share is 10 per cent. Additional contributions from other sources are also permitted. A total of Rs. 51,314.3 crore has been allocated since 2014-15 for SBM, out of which, Rs. 48,909.2 crore have been released (95.3 per cent). Additionally, a provision was made for Extra Budgetary Resources of Rs.15,000 crore of which Rs.8,698.20 crore have already been drawn.

Since the inception of SBM, an estimated 9.5 crore toilets have been built throughout India. The initial pace of building toilets was just short of 50 lakhs households per year and has reached to over 3 crore per year. SBM works with major focus on leveraging open defecation free villages.

These efforts are visualised in the survey conducted by International institute of Population Sciences, for National family and Health Survey round 4 (NFHS-4), through 14 field agencies and gathered information from 6,01,509 households, 6,99,686 women, and 1,12,122 men (as shown in Table 1) on status of sanitation facilities in India. The study found the positive trends towards sanitation, during the period of NFHS-3 to NFHS-4, Drinking-water source improved by 2.3 per cent, sanitation facilities by 29.3 per cent and use of clean fuels increased by 18.3 per cent.

**Table 1: Status of Sanitation Facilities in India**

Key Indicator	NFHS-4 (2015-16)			NFHS-3 (2005-06)
	Urban	Rural	Total	Total
Household with improved drinking-water source	91.1	89.3	89.9	87.6
Households using improved sanitation facilities	70.3	36.7	48.4	29.1
Households using clean fuel for cooking	80.6	24.0	43.8	25.5

(Source: NFHS-4)

## Clean Air

Clean air is important for healthy life. Currently, air pollution reduces the life span of South Asian child by 30 months and globally by 20 months (Health Effect Institute, 2019). Increasing burden of diseases from air pollution is among the major challenges facing policy makers, with far-reaching implication for national economies and human well-being.

SDG 7 emphasises on "access to affordable, reliable and sustainable energy for all". It recognizes the harmful impact of household air pollution. Household air pollution from solid cooking fuels poses health hazard for the entire family with effect on female even more acute as they are directly exposed to the smoke. Household air pollution is a killer present inside your home. Owing to poor combustion efficiency these fuels release aerosol emissions and particulate matter. These emissions have detrimental impact on health, climate and environment. Use of solid fuels is common in developing countries due to poverty in general and inaccessibility to clean and smokeless fuels in particular. With the passage of time dependency on solid fuels for cooking purposes is continuously declining, however, less developed countries still suffer from the highest exposure to household pollution.

Dependency on solid fuel for cooking has been driven by multifaceted dimension. Economic growth and urbanisation leads to people's access to cleaner fuels. Government initiative is important in reducing the dependence on solid fuels. India has taken a giant leap towards the choice of cooking fuels from solid fuels to liquefied petroleum gas (LPG), a clean-smokeless cooking fuel, with the Government's flagship scheme **Pradhan Mantri Ujjwala Yojana (PMUY)**, initiated in 2016, with the aim to safeguard the health and well-being of women and children, with special focus on the marginalised and the deprived section.

India has improved the proportion of people using clean fuel for cooking. Coverage of LPG connections has jumped from 55 per cent in 2004 to 90 per cent in 2019. Around 7 crore LPG connections have been provided till April 2019 under the Scheme.

Direct Benefit Transfer for LPG consumer (DBTL) scheme namely, 'PAHAL', in 54 districts of the country on 15 November, 2014 has also been launched to rationalise subsidies based on approach to cut subsidy leakages. As on 5 March, 2019, 24.39 crore LPG consumers have joined the scheme. LPG consumers, who join the PAHAL scheme, will get the LPG cylinders at non-subsidized price and receive LPG subsidy (as per their entitlement) directly into their bank accounts, adopting the JAM (Jan-dhan Aadhaar Mobile) model. PAHAL has been recognized by the "Guinness Book of World Record" as the *World's Largest Direct Benefit Scheme* (Economic Survey, 2018-19).

## Clean Water

Access to safe, clean and assured supply of drinking water is essential for human development. In these trying times of the 21<sup>st</sup> century, with adverse impact of climate change and depleting fresh water bodies, it would not be far fetched in according clean drinking water with basic human right and a right to freedom for a dignified *life and liberty* as enshrined in **Article 21** of Indian Constitution. Improving access to safe drinking-water can result in tangible benefits to health. Every effort should be made to achieve drinking-water that is as safe as practicable. Safe drinking-water is required for all usual domestic purposes, including drinking, food preparation and personal hygiene (WHO, 2017).

India is on the 120<sup>th</sup> rank amongst 122 countries in Water Quality Index. The new Government has recognised the need of clean water and ensured piped water to every household by 2024 under *Jal Jivan Mission*. Government has initiated *Nal se jal* scheme, aiming to provide piped drinking water to every rural household.

McKinsey study projects the country water demand will grow to almost 1.5 trillion m<sup>3</sup> by 2030, driven by domestic demand for agriculture production for increasing population. Contrary, current water supply of India is approximately 740 billion m<sup>3</sup>. As a result, most of India's river basins could face severe deficit by 2030 unless concerted action is taken, with some of the most populous regions including the Ganga, the Krishna, and the

Indian portion of the Indus, facing the biggest absolute gap.

Presence of nominal amount of chemicals contamination in drinking water is known in local system. Significant problems, even crises, can occur, however, when chemicals posing high health risk are widespread but their presence is unknown, because their long-term health effect is caused by chronic exposure as opposed to acute exposure. Arsenic groundwater contamination has far-reaching consequences including its ingestion through food chain, which are in the form of social disorders, health hazards and socio-economic dissolution besides its sprawling with movement, and exploitation of groundwater. The food crops grown using Arsenic contaminated water are sold off to other places, including uncontaminated regions where the inhabitants may consume Arsenic from the contaminated food. This may give rise to a new danger.

The Department of Drinking Water and Sanitation, Government of India, is setting up an International Centre for Drinking Water Quality (ICDWQ) at Joka, Diamond Harbour Road, Kolkata. ICDWQ has been registered as a Society under the Societies Registration Act, 1860 in New Delhi. The basic aim of the Society is to work in the area of identification, mitigation and management of drinking water quality-related problems in India and abroad with a focus on Arsenic and Fluoride and to provide inputs for policy level decision making under the National Rural Drinking Water Programme and in the rural drinking water sector in general. The Centre will focus mainly on research and development activities, assessment of various treatment technologies, training, networking with all related organizations, promoting doctoral and post-doctoral studies on drinking water quality issues etc. It will cater both to rural and urban areas in India. The building is in advanced stage of construction (MDWS, 2017-18).

### **Health and Economy**

A diseased person is a burden on the economy. Improving health issues are propellant for economic growth. Better health increases productivity, it improves the human capital accumulation by increasing longevity and it reduces the burden of disease on economic growth.

A cross-country research shows that GDP is directly proportional to Human development Index (HDI) whose components are health, longevity and per capita income (Singh. U.K, 2018). In post liberalization, India has witnessed the improvement in GDP growth rate with reduction in mortality rate and better life expectancy.

On the contrary, gaps exist between the groups and sub groups. Health and well-being is third goal of SDG which India has to achieve by 2030. Government of India has recognized the issues and pledge to strengthen the health infrastructure to eradicate disease, access to treatment and healthcare and address new emerging health issues. To realize the health goals, i.e, for all and universal health coverage, enshrined in the National Health Policy 2017, the Government has conceived *Ayushman Bharat* (Healthy India) scheme, covering 40 crores of its population ensuring entire medical cost upto Rs 5 lakhs per year.

### **Conclusion**

The Founding Fathers of independent India had a clear vision for its future generations, aptly elucidated in the Preamble of the Constitution for its Political, Economic and Societal progress, harmony, inclusive, equitable, and just society. A society with its varied colours and contours of cultural richness in symbiotic relation with mother-nature, in its process of economic development, faces the prevalence of unsanitary conditions and its associated undesirable externalities. The Government with its renewed strategic rigour has dovetailed its programmes with the vigour of the masses into mass movements of scale and depth, in awe, for the other countries to emulate. Sanitation and hygiene are the virtues and a way of life for us as a society and at the individual level, as goes the adage "Cleanliness is next to Godliness".

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# FM SPEAKS...

“In India’s growth story, particularly in the rural economy, ‘grameen arth vyavastha’ the role of women is a very sweet story. This Government wishes to encourage and facilitate this role of women.”

“We do not look down upon legitimate profit-earning. Gone are the days of policy paralysis and license-quota-control regimes. India Inc. are India’s job-creators. They are the nation’s wealth-creators. Together, with mutual trust, we can gain, catalyze fast and attain sustained national growth.”

“The Government of India has decided to extend the pension benefit to about three crore retail traders & small shopkeepers whose annual turnover is less than 1.5 crore under a new Scheme namely Pradhan Mantri Karam Yogi Maandhan Scheme. Enrolment into the Scheme will be kept simple requiring only Aadhaar and a bank account and rest will be on self-declaration.”

“The Stand Up India Scheme has made human dignity and self-esteem go up. “Kayakave Kailasa”. The Ministry of Petroleum & Natural Gas has enabled SC/ST entrepreneurs in providing Bulk LPG Transportation. In a matter of two years over 300 entrepreneurs have emerged. Machines and robots have been deployed to do scavenging which also saved the manual scavengers their dignity.”

“To take connectivity infrastructure to the next level, we will build on the successful model in ensuring power connectivity - One Nation, One Grid. I propose to make available a blueprint this year for developing gas grids, water grids, i-ways, and regional airports.”

“I propose to initiate steps to create an electronic fund raising platform - a social stock exchange - under the regulatory ambit of SEBI for listing social enterprises and voluntary organizations working for social welfare objective so that they can raise capital as equity, debt or as units like a mutual fund.”

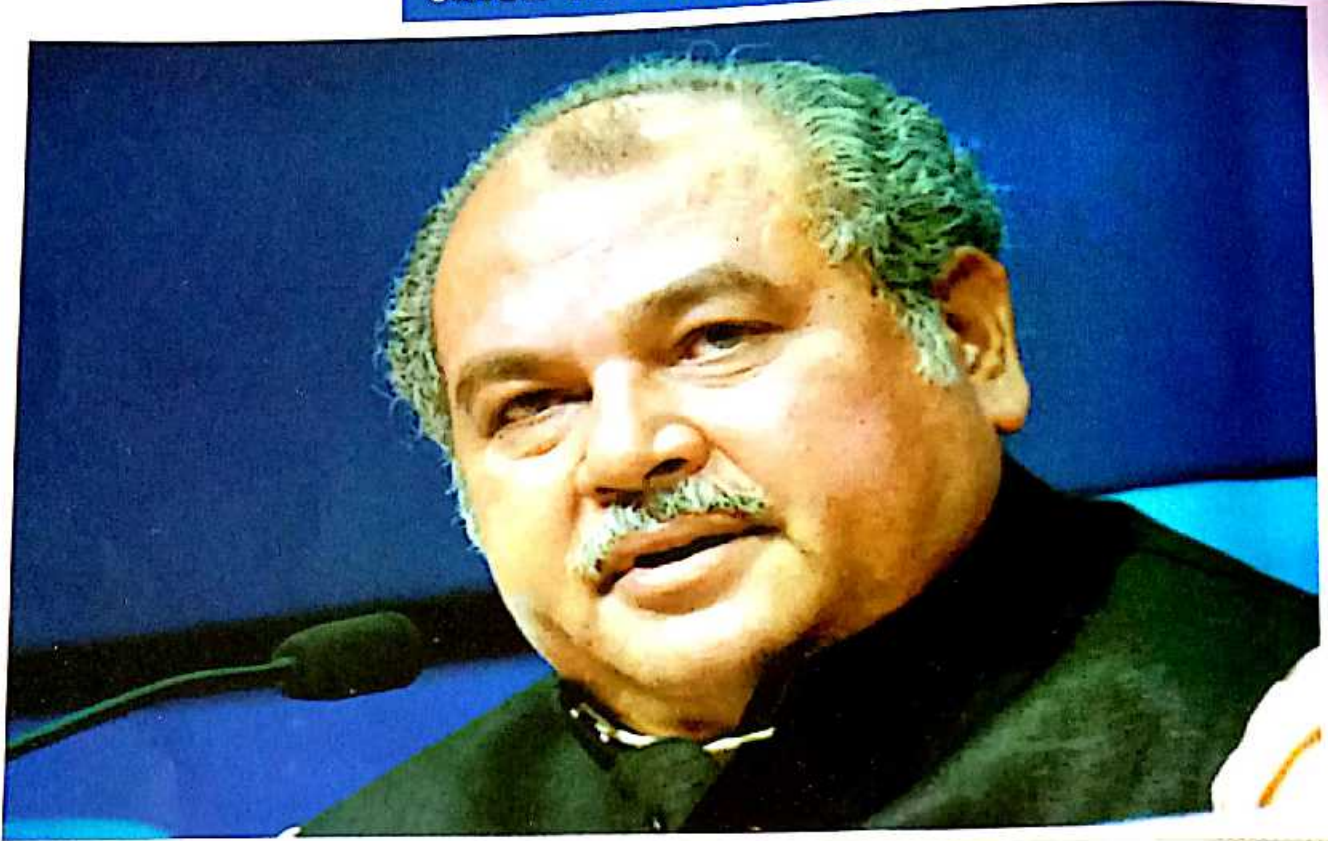
“Large public infrastructure can be built on land parcels held by Central Ministries and CPSEs. Through innovative instruments such as joint development and concession, public infrastructure and affordable housing will be taken up.”



(Source: [www.pib.nic.in](http://www.pib.nic.in) and [www.indiabudget.gov.in](http://www.indiabudget.gov.in))



## UNION BUDGET 2019-20



### RURAL DEVELOPMENT MINISTER ON RURAL INDIA

- Agriculture and Rural Development are related to everyone and both these are important for the country.
- There has been an increase of 74% in fund allocation during 2014-15 to 2019-20 over the previous five years. There are sufficient funds under each head and government is working at a greater pace.
- The budgetary allocation under MNREGS has not been reduced but infact been increased by 6000 crores as compared to last year and further expenditure if required will also be provided through the revised estimate.
- Since 2014, the focus has been on 'Gaon, Garib aur Kisan' and the Government is dedicated towards improving the lives of its citizens.
- The Government has taken up huge challenge of doubling farmers income by 2022 and various schemes and steps taken by the government are helping towards achieving this goal.
- Prime Minister has worked towards improving efficiency in management of water resources by formation of the Ministry of Jal Shakti.
- The Prime Minister has given primacy to the progress of 'Gaon, Garib aur Kisan' across the nation and the 140% increase in budgetary allocation for the Ministry of Agriculture & Farmers' Welfare in 2019-20 shows Prime Minister's dedication towards achieving this progress.
- Farmers will have a huge contribution towards building a new India which will be a 5 trillion dollar economy based on innovation, investment, institutionalisation, infrastructure and integration.

(Source: [www.pib.nic.in](http://www.pib.nic.in))