
VAJIRAM & RAVI

Rebooting Rural Economy

- India is predominantly a rural country with two-thirds of its population and 70 percent of its workforce residing in the rural areas.
- Rural economy constitutes 46 percent of Indian economy. India has an estimated 497 million workers, of which about 94 percent work in the private or unorganized sector.
- COVID-19 pandemic has presented an unprecedented crisis in the areas of consumption, manufacturing, exports, and capital flows. This makes it necessary to reboot the rural economy on urgent basis.

Various Steps Taken to Revive the Rural Economy

A. Doubling of Farmers' Income (DFI) by 2022

To administer the goal of DFI, the government has set up the **Inter-Ministerial Committee**. The Committee identified seven sources to double farmers' income by 2022 which include—

1. **Within the Domain of Agriculture** – Improvement of crop productivity, Improvement of livestock productivity, Efficiency in the use of resources/savings in the cost of production; Increase in cropping intensity; Diversification towards high value crops and Improvement in real prices received by farmers
2. **Outside the Domain of Agriculture** – Shift from farm to non-farm occupation

Several steps have already been taken to implement the recommendations of Committee (to double the farmers' income). These include:

- i) Progressive market reforms.
- ii) Supporting contract farming by promulgating of Model Contract Farming Act, Up-gradation of Gramin Haats to work as centres of aggregation and for direct purchase of agricultural commodities.
- iii) Providing e-NAM to farmers.
- iv) Distributing soil health cards.
- v) Pradhan Mantri Krishi Sinchayee Yojana (PMKSY) "Per drop more crop".
- vi) Better insurance coverage under Pradhan Mantri Fasal Bima Yojana (PMFBY);
- vii) Making loans available to farmers at a reduced rate of 4 percent per annum and extending the facility of Kisan Credit Card for animal husbandry and fisheries related activities to the farmers;
- viii) Increase in the Minimum Support Price (MSPs).
- ix) Providing old age pension of Rs. 3000 to the eligible small and marginal farmers
- x) The essential Commodities Act was amended to remove commodities like cereals, pulses, oilseeds, edible oils, onion and potatoes from the list of essential commodities.

B. Aatmanirbhar Bharat Abhiyaan

- Govt. launched the Rs. 20 lakh crore economic package under the Aatmanirbhar Bharat Abhiyaan. Its aim is to develop a self-reliant India which, in turn, shall result in uplifting the rural economy.
- The concept of Aatmanirbhar Bharat Abhiyan was integrated with the announcement of the economic package to tackle the corona virus pandemic. Under the mission, special provisions have been made for the poor, including migrants and farmers. Some of these are listed as under:

25 lakh new Kisan Credit Cards sanctioned with a loan limit of Rs.25000 crore.

- a) Support provided under Rural Infrastructure Development Fund to states.

- b) Rs 3 lakh crore Emergency Credit Line Guarantee Scheme especially for the MSMEs to come out of the stress created by the pandemic.
- c) Various benefits have also been given under the MUDRA scheme. Rs.1500 crore Shishu loan shall be provided along with interest discount of 2 percent for fast recipients for a period of 12 months.
- d) The wage rate under MGNREGA has been increased to Rs. 202.
- e) Free food grain supply (5 kg of grains per person and 1 kg Chana per family per month) is also being provided to the migrants. The free food grain supply is also extended to the existing beneficiaries of Pradhan Mantri Garib Kalyan Ann Yojana in addition to their existing entitlements. Govt. has made provision for migrant workers to access the PDS through “**One Nation One Card Scheme**”.
- f) Through Pradhan Mantri Kisan Yojana, Rs.2000 has been transferred directly to the 8.7 crore farmers.
- g) The main focus of the government is ‘**Vocal for Local**’. Locally available product will be given importance in order to promote the rural economy.

Government Schemes in Sync with the Aatmanirbhar Bharat Abhiyaan

- **Coir Udyami Yojana:** Credit linked subsidy scheme for setting up coir units.
- **Skill Upgradation and Mahila Coir Yojana:** It particularly aims at women empowerment.
- **Prime Minister’s Employment Generation Programme:** It is a composition of two schemes viz. Prime Minister's Rojgar Yojana and Rural Employment Generation Program. It is a credit linked subsidy programme that aims at generating employment opportunities through establishment of micro enterprises in rural as well as urban areas.
- **Pradhan Mantri Awas Yojana- Gramin:** ‘Housing for All’ by 2022 in the rural areas.
- **Deen Dayal Antyodaya Yojana:** Aims to uplift the urban poor by enhancing sustainable livelihood opportunities through skill development.
- **UJALA 2019:** The objective is to promote efficient lighting, enhance awareness on using efficient equipment that will reduce electricity bills and preserve the environment. Every grid-connected consumer having a metered connection from their respective Electricity Distribution Company can get LED bulbs at about 40 percent of the market price under the Ujala scheme.
- **Pradhan Mantri Kaushal Vikas Yojana:** It is the flagship scheme of the Ministry of Skill Development and Entrepreneurship (MSDE).
- **Ayushman Bharat:** Aims to provide health coverage to over 100 million poor and vulnerable families of about USD 8,500 for hospitalization per family per year.
- **Fund for Upgradation and Regeneration of Traditional Industries’ (SFURTI):** To facilitate cluster-based development
- **Promotion of Innovation, Rural industry and Entrepreneurship:** to develop entrepreneurs in agro-rural industry sectors.
- **Pradhan Mantri Matsya Sampada Yojana (PMMSY):** It aims to enhance fish production to 220 LMT with an investment of over Rs.20,000 crore in next five years.

Conclusion

India doesn't advocate a self-centred system by becoming self-reliant, but in India's self-reliance there is a concern for the whole world's happiness, cooperation and peace. Without uplifting the rural economy first, the rest of India will not pick up momentum that easily.

Agriculture Pivotal to Economic Revival

- The United Nations has projected shrinkage of the global economy by one percent in 2020. The economic scenario is not much different in India due to the challenges posed by COVID-19 pandemic.
- India, being largely an agricultural economy, has to focus on rural areas that have immense potential to reboot and revive the economy.

Agriculture Role In Indian Economy

- The agriculture sector contributes to 17 percent in the GDP and employs ~60-70 percent of the Indian population. The country houses nearly 1/4th of the world's farmers and contains ~48 percent of the world's arable land.
- Currently, India is the world's top producer of pulses, milk; 2nd largest producer of wheat, rice, vegetables, fruits and the 3rd largest producer of food-grains.
- According to NITI Aayog, the agriculture sector is supposed to grow at the **rate of three percent in the fiscal year 2020-21**.
- For the fiscal year 2020-21, the food grain production target for India is set at 298.3 million tonnes, compared to 291.95 million tonnes in 2019-20.

Reverse Migration Scenario and need for revival of rural economy

- We need a long-term measure to use this large number of migrant returnees as they might not return to cities anytime soon due to the pandemic situation.
- To fully leverage the potential of the agricultural sector and reboot our robust rural economy, we need to upscale our farmers.

Dr Rajendra Prasad Central Agricultural University, Pusa (RPCAU) has developed multifold agro-based technologies that can enable these returning laborers and provide them with skill-based jobs.

Concerns and Issues

- Home-returning of immigrant laborers due to COVID-19 has become a major challenge for our State's economy, social fabric and general law & order. Providing them employment based on their skills is the next evident step.
- COVID-19 underlined the gaps in our food system in the light of the pandemic i.e. disruptions in the food supply chain, reduction in labour forces, rising prices of staples, supply shock, production slowdown and subdued demand.

Way Forward:

A. Categorise the existing work force for targeted skilling and reskilling

- The need of the hour is to reskill these laborers depending on their existing skillsets, experience and education. This can be done by categorising these workers into four categories – Unskilled, Semi-Skilled, Skilled, Women & Street Food Vendors.

B. Increased Role of Women in Farming

- Today women share over 40 percent of the agricultural workforce in India. However, only less than 10 percent of India's land is owned by women and still, their access over resources remains very low.
- The women farmers need recognition and rewards to boost their morale and to become a role models so as to influence and motivate other female farmers too.

C. Promote Farmer's led Organisation

- There is need is to reduce the importance of middlemen trading and let farmers do direct marketing of their produce.
- One potential solution is the formation of Farmers Organisations and promoting group or cluster farming through them to reap the real benefit of rural India.

D. Contingent Crop Planning

- We need to develop crop plans based on different Agro-climatic and Agro-ecological zones.

E. Agri or Social- Entrepreneurship and Technical Skill Development

- In order to tap the pool of progressive youth, there is need is to provide them proper conditions and bringing them together, as some of the migrants are comfortable with technology and are educated enough.

Conclusion

- Government's initiative such as **e-NAM, Kisan-Rath app, and an All-India AgriTransport Call-Centre, Pradhan Mantri Kisan Samman Nidhi (PM-KISAN)** scheme has enabled the direct cash transfer for the rural economy to thrive.
- In the current challenging scenario, utilitarian values of returning migrant workers have been manifold enhanced.
- These "**background heroes**" of rural India are the growth engine and can act as real saviour, if equipped with apt tools and techniques. Time is ripe to give momentum to the "**Back to village**" **slogan** in the post-COVID19 India.

Doubling Farmers' Income

The farmers, remained in frequent distress, despite higher productivity and production. It is in this context, the vision of doubling farmers' income was launched in 2016.

Need For Doubling of Income

- Though the **percentage of population dependent on agriculture** declined to 48 percent in 2011, in terms of absolute numbers it is still a sizable population.
- Past strategy for development of the agriculture sector in the country has focused primarily on raising agricultural output and improving food security. The strategy did not explicitly **recognise the need to raise farmers' income**. The net result has been that farmers' income remained low.
- The **NSSO data** on Consumption Expenditure Survey for year 2011-12 reveals that more than one fifth of rural households, with self-employment in agriculture as their principal occupation, were having **income less than the poverty line**.

Reasons For Emergence Of Agrarian Distress

- Low level of absolute income; Deteriorating disparity between income of a farmer and non-agricultural worker.
- Soils becoming acidic, alkaline and saline; Availability of water is under stress
- Technology fatigue is manifesting in the form of yield plateaus.
- The markets do not assure the farmer of remunerative returns on his produce.

Strategies Towards Doubling of Income

Doubling real income of farmers till 2022-23 over the base year of 2015-16, requires annual growth of 10.41 percent in farmers' income'. The strategies to boost income of farmers can be divided under the following heads:

A. Reducing the Cost of Inputs in Agriculture

- Irrigation, seeds, labour, fertilisers, pesticides, machinery and extension services constitute the factors of production in agriculture.
- Schemes like Pradhan Mantri Krishi Sinchayee Yojana and Pradhan Mantri Fasal Bima Yojana (PMFBY) have been launched to reduce input cost. PMFBY provided adequate compensation for possible farm losses, which in turn had a bearing on farmer's income

The Maharashtra Government has made it mandatory for all sugarcane producers to **switch to drip irrigation** by 2017.

Tamil Nadu government is also **endorsing micro irrigation** through 100 percent subsidy to farmers opting for the micro-irrigation system.

B. Increasing the Sale Value of the Crops

- Sale value of crops can be improved by shifting to high value varieties, reducing post-harvest losses, improving post-harvest management and marketing reforms.
- There is also a need for **strengthening of Organic Food Programme in India**.
- The **e-NAM will empower farmers** of each corner of the country. It is also to be ensured that all farmers get to know about the selling of their commodities through e-NAM system.

C. Crop Diversification

- It refers to the **addition of new crops or cropping systems** to agricultural production on a particular farm taking into account the different returns from value added crops with complementary marketing opportunities.
- **Diversification of agriculture** in the First Green Revolution areas such as Punjab, Haryana and Western Uttar Pradesh seems need of the hour. Crops like maize, soybean, pulses, oilseeds, fruits and vegetables have the potential to replace rice and wheat in this area.
- The **agroforestry system** is recognised as an important integrated farming practice to fulfil the necessity of food, fodder, fuelwood, fibre and timber along with aesthetic and environmental services.
- The fast-growing exotic tree species like Poplar and Eucalyptus have been introduced at farmers' field to get maximum income from a given land in a short period of time.

D. Increasing the Productivity of Agriculture

- There is a huge scope to raise the productivity to enable doubling the farmers' income. **Average per hectare rice production in India** is 2.6 tonne compared to 7 tonne in China, 5.1 tonne in Indonesia

and 5.6 tonne in Vietnam. Even within the country, there is huge yield variation of different crops among the states e.g. the gap between Punjab and Chhattisgarh in rice yields still exists almost 3 times.

- Income can be increased by adopting **conservation agriculture practices** which facilitate in reducing the operational costs at various magnitudes. For instance, zero tillage, a conservation agriculture practice reduces the operational costs by Rs. 2,137/ha, apart from yield enhancement and restricting resource damage at farmers' field.
- For small and marginal land holders, the **use of CA machines** can be materialised on **custom hiring basis** which still will place them under profitable zone.
- **Seed Replacement Rate (SRR)** is directly proportional to productivity of all crops. Therefore, higher the Seed Replacement Ratio, higher will be the production as well as productivity.

E. Sustainable Agricultural Intensification

- Crop intensification may be achieved by using *shorter season varieties, improving on-farm water and soil fertility management and introducing rotation crops*.
- Evidence is growing about the scope of agronomic technologies like **precision farming** to raise production and income of farmers substantially. Similarly, **modern machinery** such as laser land leveller, precision seeder and planter etc. allow technically highly efficient farming. These require **strong extension for the adoption** by farmers.

F. Augmenting Agriculture Income with Allied Activities

- Promotion of integrated farming system approach aims at synergic blending of crops, horticulture, dairy, fisheries, poultry etc. to provide regular income, decrease cultivation cost through multiple use of resources and provide much needed resilience for predicted climate change scenario.
- Some of these systems such as **Integrated rice—fish-poultry farming system, Integrated rice-fish farming model, Integrated pig/ poultry fish-vegetable farming system model** and others have demonstrated significant increase in the income.
- In pursuance of recently announced Aatmanirbhar Bharat Abhiyan stimulus package for ensuring growth in several sectors, the CCEA has approved setting up of **Animal Husbandry Infrastructure Development Fund** worth Rs. 15,000 crores.

Steps For Doubling Farmer's Income

- Proposal to form **10,000 new Farmer Producer Organisations**.
- **Seeds Bill, 2019** to replace The Seeds Act, 1966. Assistance/ benefit is also being provided to farmers under Sub Mission **on Seeds and Planting Material (SMSP)**.
- Various training programmes and awareness campaigns under **Agricultural Technology Management Agency (ATMA) Scheme, Four Farm Machinery Training & Testing Institutes (FMTTIs), Mission for Integrated Development of Horticulture (MIDH), National Food Security Mission (NFSM)** etc.

G. Decreasing the Per-capita Dependence on Agriculture Income

- Income of farmers can be improved substantially by **shifting extra workforce** away from agriculture.

- The employment diversification towards non-farm sector is slow due to requirement of skill and certain education level in manufacturing sectors, the concentration of industrial units at a distance from rural habitation and the limited capacity of the nonfarm sector to ensure productive employment to incoming workers.
- Government's recent initiative on Skill Development can play a big role in improving skills of farming community.

Conclusion

The level of farm income is crucial to address agrarian distress. The Government's development initiatives, impetus on technology integration besides policies and reforms in the agriculture sector, are the right steps in this direction.

Food Processing: Potential Driver of Agri-Business

Benefits of Food Processing

- Besides adding the **amazing diversity of Indian food basket**, it also adds novelty and value to processed products especially for exports.
- It promotes industrial growth in rural areas, creates livelihood/ employment opportunities, checks rural-urban migration and ultimately improves rural economy for greater socio-economic benefits.
- It ensures **better price to farmers**, even during glut season. Market demand of varied food products promotes **diversification in crop selection** in favour of high value crops.
- This sector **links unorganised farming community with formal industrial sector** to advance rural economy.
- It is also capable of addressing critical issues of **food security, food inflation, food wastage and nutritional security to the masses**.

Growth Of Food Processing Sector

- During the last five years ending 2017- 18, food processing sector has been growing at an average annual growth rate of around 8.19 percent
- The sector constituted as much as 9.17 percent and 11.07 percent of Gross Value Added (GVA) in manufacturing and agriculture sector respectively in 2017-18 (2011-12 prices).
- Backed by the export promotion initiatives, the value of processed food exports during 2018- 19 was of the order of US Dollar 35.30 billion accounting for about **10.70 percent of India's total exports**. However, the share of **India's food export in the world was 2.31 percent**.

Potential

- Growth in this sector is chiefly driven by a strong **1.3 billion consumer base**, as consumers are becoming more health conscious.
- Rising number of working women in urban areas and **growing trend of nuclear families** are also pushing demand for ready-to-eat and frozen food.
- **Increasing urbanization and rise in disposable incomes** has substantially increased spending on food products. **Growth of organised retail and penetration of e-commerce** companies have further helped increase in demand of processed food products.

Challenges

- Seasonal and perishable raw materials which need to be processed in a short period.
- This **sector mainly consists of tiny, micro and small units** which are financially not capable of generating adequate surplus for expansion or invest in infrastructure.

Strategies

- The Ministry of Food Processing Industries is strategically promoting **processing clusters and creating strong backward and forward linkages** from farm gate to retail outlets for the benefit of farmers and processors equally.
- Under fiscal incentives, **provisions of income tax and corporate tax have been rationalized** in favour of food processing industries. Profit linked tax holiday and investment linked deductions have been allowed in this sector. In the new **GST regime, nearly 80 percent food products are covered in lower tax** slab of 0, 5 and 12 percent.
- **100 percent Foreign Direct Investment** is permitted under the automatic route.

Making Local Brand Go Global: Formalisation of Micro Food Processing Enterprises

- In alignment with call to be 'vocal for local', Ministry of Food Processing has recently launched a **scheme for formalisation of micro food processing enterprises**.
- Under the scheme, **capacity building** of entrepreneurs will be undertaken. Credit flow to micro food processing industries will be strengthened along with support for their integration with organised supply chain by providing brand and marketing facilitation.
- '**One district, one product**' approach initiated in some states will be a guiding force for value chain development and alignment of support infrastructure.
- The scheme provides for credit linked grant to enterprises with **provision of seed capital to SHGs** for meeting working expenses and purchase of small tools. The scheme is set to transform the unorganised micro food processing enterprises for the larger benefit of rural people and rural economy.

Why Micro Food Processing Units are Important?

- Micro food processing industries represent the unorganised food processing sector comprising nearly 25 lakh units. Nearly 74 percent of the total employment in food processing sector comes from these units.
 - Nearly 66 percent of these units are located in rural areas and about 85 percent of them are family-based enterprises supporting livelihood of households. These units play a significant role in **checking rural-urban migration**.
- Government has allowed **100 percent FDI in e-commerce** or e-retailing segment of this sector through government approval route.
 - A global event, "**World Food India 2017**" was organised in New Delhi mainly to position India as a preferred investment destination and to showcase potential of the country.
 - **Food and agro-based processing units and cold chain** has been classified under agricultural activities for **Priority Sector Lending**. A special fund of Rs. 2,000 crore has been set up in NABARD to provide credit at affordable rates.

Initiatives

- Government launched an integrated umbrella scheme- **Pradhan Mantri Kisan Sampada Yojana** in 2017. The scheme is providing financial support to create and develop infrastructure for mega food parks, integrated cold chain and value addition, food processing and preservation capacities and agro-processing clusters.
- The Ministry of Food Processing Industries has sanctioned 39 mega food parks and 298 cold chain projects throughout the country.
- Indian Railways will set up '**Kisan Rail**' through PPP arrangements. There shall be **refrigerated coaches in express and freight trains** to build a seamless national cold supply chain for perishables, inclusive of milk and meat.
- To help improve value realisation especially in North-East and tribal districts '**Krishi Udaan**' will be launched by the Ministry of Civil Aviation.
- Government of India created a specific '**Dairy Processing and Infrastructure Development Fund**' under NABARD with the objective to modernise and expand milk processing facilities across India. Fund also aimed to create additional milk processing capacity for increased value addition by producing more dairy products.
- The Government has announced to facilitate **doubling of milk processing capacity** from over 53 million tonne to 108 million tonne **by 2025**.
- Special efforts are also being made to accelerate production, marketing and exports of value-added meat products and sea food to increase income of fishers.
- **Rural youth, who are potential migrants**, can easily be trained as per industry requirements and mentored to start their own small units of processing, packaging, etc.
- **Prime Minister Employment Generation Programme, ASPIRE** (Scheme for promoting innovation, rural industry and entrepreneurship) and **SFURTI** (Scheme for regeneration of traditional industries) are some of the specific schemes to address capital needs of agri-entrepreneurs.

Conclusion

Food processing has the potential to act as an engine of growth for rural economy and to bring prosperity in rural areas. But India needs to develop its Strategy in a way which takes care of small-scale players along with attracting big investments from domestic and global food giants. Food processing sector is on the pathway of building a New India where rural economy is as bright as its urban counterpart.

Rural Self-Reliance Strategies

The COVID-19 pandemic has adversely affected the Indian economy, including rural economy. To overcome this distress and to resurrect the rural economy has become Government of India's priority.

Announcements

- In May, 2020, a holistic strategy to achieve **self-reliance or Aatmanirbhar Bharat** was announced. The measures announced aimed at taking care of the immediate needs of the people in terms of food and cash.

A. Food, Agriculture and Related Sectors

- In April, 2020, the launch of '**Kisan Rath**' mobile app was aimed at facilitating transportation of foodgrains and perishables during the lockdown. **Agri Transport 24 x7 Call Centres** too were launched during the lockdown period.
- Building on the Budget 2020-21 announcement, '**one district-one product**' approach has been advocated in the recent measures. This approach encourages specialization and a prudent reaping of economies
- At the end of June, 2020, the Cabinet approved the setting up of **Animal Husbandry Infrastructure Development Fund**. The Fund will be useful for ensuring enhanced investments, including private sector investments, in dairy, meat processing etc.
- In May, 2020, the Finance Minister had announced Rs. 30,000 crore **Additional Emergency Working Capital for farmers through NABARD** and Rs. Two lakh crore **credit boost to 2.5 crore farmers** under Kisan Credit Card Scheme.
- The **amended 'Essential Commodities' Act** proposes to balance producers' and consumers' interests. The amended Act would **reduce regulatory interference** by removing cereals, pulses, oilseeds, edible oils, onions and potatoes from the list of essential commodities, which in turn would be a catalyst in attracting more investment.
- In May, 2020, govt. **allocated 8 lakh MT of foodgrains** to all States/UTs to address **issues faced by migrants**. Govt. extended the **food security under Pradhan Mantri Garib Kalyan Anna Yojana** till the end of November, 2020.
- The total procurement of Minor Forest Produce for the financial year has reached Rs. 2,000 crores. This procurement ensures direct benefit to tribal people. **Minor Forest Produce is also covered under the recently approved Scheme for Formalisation of Micro Food Processing Enterprises for the unorganised sector.**
- The **Farming Produce Trade and Commerce (Promotion and Facilitation) Ordinance, 2020**, was promulgated in June, 2020. The Ordinance strives to create an ecosystem where farmers and traders will have the **freedom of choice of sale and purchase** of agro-produce and there will be **barrier-free inter- state and intra-state trade**. Trade will be outside the physical location of markets which have been notified under State Agricultural Produce Marketing legislations.
- Another ordinance approved by the Cabinet is **The Farmers (Empowerment and Protection) Agreement on Price Assurance and Farm Services Ordinance, 2020**.
- It advocates farmers' engagement with processors, wholesales, aggregators, large retailers and exporters. On the one hand, **by removing intermediaries**, this initiative would reduce the market risk and the cost of marketing; and on the other hand, it will provide for the farmers' access to modern technology, better inputs and higher incomes.

B. Rural Livelihood

- The **Garib Kalyan Rojgar Abhiyaan**, launched June 2020, not only aims at providing employment opportunity to the reverse migrants, but also constructing durable public works. The Abhiyan is to be **implemented over 125 days in 116 districts**. A large number of infrastructure projects have been identified under the abhiyan.

- For boosting non-agricultural activities, a package for micro, small and medium enterprises (MSMEs) has been announced. Besides the collateral free debt and interest subvention, a major highlight of the package is **Distressed Assets Fund Subordinate Debt** for MSMEs, which aims to protect around 2 lakh MSMEs.
- It is assumed that the labour which had migrated from rural areas worked in non-agricultural sectors in urban areas.
- Therefore, it is essential to map their skills on their return from urban areas and accordingly, provide for their gainful employment.
- **Definition of MSMEs have been changed.** The amended definition incentivises MSMEs to expand by defining the category of the MSME at the point of entry in terms of capital invested and the change from one category to another in terms of turnover.

Unit	Criterion	Old Definition	New definition
Micro	Investment	Rs. 25 Lakh	Rs. 1 Crore
	Turnover	Rs. 10 Lakh	Rs. 5 Crore
Small	Investment	Rs. 5 Crore	Rs. 10 Crore
	Turnover	Rs. 2 Crore	Rs. 50 Crore
Medium	Investment	Rs. 10 Crore	Rs. 50 Crore
	Turnover	Rs. 5 Crore	Rs. 250 Crore

- The change in definition was not only significant for MSMEs to easily graduate from one category to another, or even retain their category while not compromising on their expansion, but it was also imperative to ensure comparability with MSMEs of other countries.
- It is expected to create a lot of opportunities for agrobased industries, including agro-processing, in rural areas.

C. Human Capital

- For ensuring continuity of education despite the break from regular classes, **PM eVIDYA**, a programme for multimode access to digital/online education, along with **Manodarpan to ensure mental health and emotional well-being** of students, teachers and families have been planned to be launched.
- A new national curriculum for school, early childhood and teachers and a **National Foundational Literacy and Numeracy Mission** are also lined up for launch.

Conclusion

Being self-reliant does not imply having inward-looking policies, rather it means capitalizing on existing inward strengths and prudently making use of every opportunity, while overcoming weaknesses & threats.

Empowering Migrants

- The Indian Government has used the pandemic as an opportunity to reinforce its state capacity towards being more data led, empathetic and efficient.
- One of the most affected section of the Indian society have been the migrant labourers. Keeping this in mind, government has taken several measures.

Steps Taken by the Government

- Skill mapping of labourers is being carried out. The **establishment of a migration commission** is being deliberated upon.
- An online dashboard "**National Migrant Information System (NMIS)**" has been developed by NDMA. It will maintain a **central repository on migrant workers**. This would facilitate inter-state coordination for smooth movement of migrants.
- Implementation of '**One Nation One Ration Card**' throughout India to ensure food security. 100 percent national portability will be achieved by March 2021. This is nothing short of transformational in creating a comprehensive and efficient food security module.
- Free supply of **five kg of foodgrain per person and 1 kg channa per family** which has recently been extended uptill November 2020.
- A **special credit facility** with liquidity of up to Rs 5,000 crore has been **announced for 50 lakh street vendors** providing them with working capital up to Rs. 10,000.
- A **scheme under PMAY for migrant labour/urban poor** to provide ease of living at affordable rent. Affordable rental housing complexes would be created for migrant workers and the urban poor.
- Rs. 1500 Crores Interest Subvention has been provisioned under **MUDRA-Shishu Loans** (Maximum loan amount of Rs 50,000)
- The government has permitted State Governments **to utilise State Disaster Response Fund for setting up shelter for migrants** and providing them food and water etc.

Bridging Demand-Supply Gap in Skilled Workforce

Skill Ministry Launches **Aatmanirbhar Skilled Employee Employer Mapping (ASEEM) Platform**

- AI based digital platform to map skilled workers based on regions & local industry demands
- Aims at accelerating India's journey towards recovery by mapping skilled workforce to provide them livelihood opportunities
- The portal integrated the database of labour migrants in India, returned overseas citizens & filled SWADES Skill Card

Garib Kalyan Rojgar Abhiyaan

- It is specifically designed for migrant workers who have returned to their villages owing to the dearth of livelihood opportunities in urban areas.
- The programme is **being steered by Ministry of Rural Development** in coordination with 11 other ministries.
- The Garib Kalyan Rojgar Abhiyaan has the following objectives:
 1. Provide for immediate employment opportunities to returnee migrant workers and similarly affected rural population.
 2. Saturate villages with public infrastructure and assets.
 3. Set the stage for enhancing longer term livelihood opportunities.
- The programme is mindful of the fact that the returning migrants have specific skills which can and should be utilised for augmenting the rural economy. The campaign will focus on undertaking **25 different types of employment opportunities**.

Some migrant workers who were quarantined in a government school in Unnao, Uttar Pradesh decided to **utilise their skills and time** during the quarantine period. **They painted the entire school and made it a beautiful place.**

- A total of 116 districts with more than 25,000 migrant workers each across Bihar, Uttar Pradesh, Madhya Pradesh, Rajasthan, Jharkhand and Odisha have been selected for this campaign. These districts also include 27 aspirational districts,
- A web portal has been created to provide information related to the various facets of the program across the many schemes being implemented in 116 districts.
- 116 Central Nodal Officers have been appointed for monitoring the implementation of the abhiyaan in the respective districts. NITI Aayog will overlook the implementation of the program across 27 aspirational districts and set the benchmark.

Benefits of the Abhiyaan

- It will bring **economic, social and psychological security** to a large proportion of migrant labourers. It will aid in **creating sustainable infrastructure** across myriad sectors.
- It will **boost rural demand**, and this could have a multiplier effect on the economy.
- In the absence of this programme, there would have been a **rise in rural unemployment**.
- Given the need of immediate relief for migrant labourers, quick delivery of opportunities under this program will augur well for the well-being of these workers.
- The programme will encourage **co-ordination and collaboration between Union, State and Local Governments pushing the spirit of Cooperative Federalism**.

Conclusion

Development induced displacement has been a norm over several decades in Indian economic history. Through the Garib Kalyan Rojgar Abhiyaan, the Govt. has set an **optimist novel development trend by designing for repatriation induced development**. This would go a long way in addressing the geographical rural-urban disparity in economic opportunities.

MSMEs-The Catalyst of Development

- Today, MSMEs are the strongest drivers of economic development, innovation and employment for the global economy.
- As per one report, formal and informal MSMEs make up over 90 percent of all firms and account and on average, for 70 percent of total employment and 50 percent of the world GDP.

Advantage:

- These enterprises are wide dispersed across rural areas Hence, they are extremely important for rural economic development. They have the ability to absorb a significant large number of workers.
- They play a key role as a place for entrepreneurship and business skill development. In the emerging markets, most formal jobs are generated by SMEs, which create seven out of 10 jobs.

MSMEs in India: Statistics

- India has vast aggregates of 6.33 crore MSMEs out of which **99.4 percent are micro-enterprises**. The sector contributes about 45 percent to manufacturing output, more than 40 percent of exports, over 28 percent of the GDP while creating employment for about 111 million people.

- The value of Micro Small and Medium Enterprises (MSME) related products exported during 2017-18 reached \$124.4 billion
- The recent **National Manufacturing Policy** envisaged raising the share of manufacturing sector in GDP from 16 percent at present to 25 percent by the end of 2022.

Steps Taken by the Govt.

- Government had enacted the Micro, Small and Medium Enterprises Development (MSMED) Act, 2006.
- **Prime Minister's Employment Generation Programme** - This is a credit-linked subsidy programme aimed at generating self-employment opportunities through establishment of micro-enterprises in the non-farm sector.
- **Scheme of Fund for Regeneration of Traditional Industries** - It is a cluster-based scheme for development of khadi, village industries and coir clusters by providing them with improved equipment, common facility centers etc.
- **A Scheme for Promotion of Innovation, Rural Industry and Entrepreneurship** - This scheme was launched in 2015 to set up a network of technology centres, to set up incubation centres, to accelerate entrepreneurship and also to promote start-ups for innovation and entrepreneurship in agroindustry.
- **Coir Board** - The Ministry of MSME, through Coir Board, is also implementing various Schemes/programmes to assist entrepreneurs to set up new MSMEs in all coconut producing States.
- **Credit Guarantee Scheme for Micro and Small Enterprises** - The scheme facilitates credit to the MSE units by covering collateral-free credit facility (extended by eligible lending institutions to new and existing micro and small enterprises).
- **Credit linked Capital Subsidy Scheme** - This scheme facilitates technology upgradation of small scale industries, including agro & rural industrial units by providing 15 percent upfront capital subsidy, limited to maximum of Rs.15 lakhs.
- **Micro and Small Enterprises-Cluster Development Programme** - Under this scheme, the Cluster Development approach has been adopted as a key strategy for enhancing the productivity and competitiveness as well as capacity building of MSEs.
- **Solar Charkha Mission** was launched in June 2018. It aims to contribute towards India's rural unemployment issue. The mission provides training in producing cloth to rural people which in turn, allows them to earn a better livelihood. Another appealing factor is that the looms and spindles used during the training are completely powered by solar energy.
- **Aatmanirbhar package** to support the revival and fast track the working of Micro, Small and Medium Enterprises in India.
- A **revision in MSME definition** was announced. Under the new regime, the provision of excluding the exports from counting of turnover will encourage the MSMEs to export more and more without fearing to lose the benefits of a MSME unit.
- A new web portal in the name of **Champions - Creation and Harmonious Application of Modern Processes for Increasing the Output and National Strength**- in has been launched recently. It will place a strong handholding mechanism for MSMEs.

- Central Government has given approval for **provisioning of Rs 20,000 crore as subordinate debt** to provide equity support to the stressed MSMEs.
- **Approval for equity infusion** of Rs. 50,000 crore for MSMEs **through Fund of Funds** has also been given and this will establish a framework to help MSMEs in capacity augmentation. This will also provide an **opportunity to get listed in stock exchanges**.
- **Amendments in General Financial Rules** have been carried out and implemented, mandating **no global tenders for procurement upto Rs. 200 crore** and this will open up new business avenues for Indian MSMEs.
- To ensure that **MSME payments are released within the timeframe of 45 days**, directions have been issued at the level of Cabinet Secretary. **RBI has extended moratorium on repayment of loans for another three months**.
- **World Bank** on June 30, 2020 approved a \$ 750 million **MSME Emergency Response programme** in India to support increased flow of finance into the hands of MSMEs, severely impacted by the COVID19 crisis.

e-Commerce Vital for Higher Growth of MSMEs

- As per the Economic Survey of India 2017-18, **e-commerce market in India is estimated at USD 33 billion**, with a 19.1 percent growth rate in 2016-17.
- The mobile phone subscriber base in India has increased to 1173.75 million in September 2019. The number of internet users has increased to 665.31 million in 2019 and is expected to increase to 829 million in 2021.
- The leading e-commerce companies in India are also helping to tackle some of the challenges that MSMEs face in adopting e-commerce technologies like assisting MSMEs in funding, training and adoption of technology and encouraging them to engage with customers on a real-time basis.
- State Bank of India is working on setting up an **e-commerce portal** for marketing of products manufactured by MSMEs in the country. As per the plan in the pipeline, the portal called **Bharat Craft would be jointly run by the bank and the government**.

The Road Ahead

- There need to **create skill training hubs** in each district of the country with a dedicated nodal office in each district.
- Need based, area specific and continuous **round the year training programmes** for the youth and the women are required.

Conclusion

- Innovations, infusion of new technologies, skilled manpower and availability of finances in the MSMEs can transform the lives in the rural landscape of the country.
- We need to remember the vision of the Central Government- '**our small hands to make you large'- the champions**.

VAJIRAM & RAVI

Economic Participation of Rural Women

- The annual Periodic Labour Force Survey (PLFS), 2018-19, indicates that only 19.7 percent of women in rural areas are part of the labour force. The labour force participation rate of women in rural areas is marginally better than that of women in urban areas.
- Over the years, there has been a significant increase in the share of non-farm workers in rural areas. However, research suggests that the share of rural workers migrating to the non-farm work is skewed in favour of male workers
- **Lower literacy rate** among women in the rural areas is one reason why their job opportunities are mostly limited to the agriculture sector. Even within this sector, education plays a critical role as the level of commercialisation and mechanisation increases.
- As per the PLFS report, compared to the India's average literacy rate of 78.1 percent only 65.7 percent women in rural areas above the age of seven were literate as of 2019.

Programmes

Beti Bachao Beti Padhao

- This is a tri-ministerial scheme by the Ministry of Women and child development, Ministry of Human Resource Development and Ministry of Health and Family Welfare.
- It was launched 2015 to create awareness about the importance of protecting girl child and focus on their education and rights.
- In the rural district of Thiruvannamalai in Tamil Nadu, **a young girl who reported her child marriage was chosen as a mascot for ending child marriage in the district.**
- Haryana's Jhajjar district has been providing free sanitary napkins to young girls from rural areas who do not attend school while menstruating.

Mahila e-Haat

- It is an initiative for women entrepreneurs and self-help groups for showcasing their products that are made or manufactured by them on an online platform.

Mahila Shakti Kendra

- It was launched to improve the technical capacity of governments in implementing women centric schemes and programmes.
- It introduced a new center called **District Level Center for Women** that collects information on government programmes for women and shares with all citizens while serving as a link between districts and states.

MGNREGA

- MGNREGA has played an important role in the empowerment of rural women. Studies suggest that some women would have never worked outside their home had it not been for MGNREGA.
- MGNREGA was also found to be associated with the economic independence and wage increase of women in rural areas. Reserving one-thirds of the jobs for women in the scheme led to an increase in labour force participation of women.

- There is an increase in women's participation in local governance processes; increase in children's education and the bargaining power of women in a household.

Challenges

- All these programmes face challenges **in the form of social stigma** that is associated with women who want to work outside their homes.
- Majority of **burden of family care** falls on women's shoulders. Having children is another deterrent to women joining formal work force.
- The COVID-19 pandemic has exposed an unequal work environment where women worked from home while taking care of their children's.
- As economies digitise and technological changes normalise remote work, it is expected that there will be a **huge demand for workers in the care economy** to support women within households and those who work outside homes.
- This is especially important to prevent women in labour force from quitting their jobs due to increased burden of household chores.

Way Forward

- We should work towards creating policies that can train women in rural areas in health, elderly and child-care. As women in urban areas increase their participation in the formal economy, the **demand for workers in care economy can be easily supported through a supply of well-trained and educated women from rural areas.**
- India already has a working model through the Anganwadi scheme that has been successful in engaging women in rural areas for similar services. Using these **centres as the units of training and development**, more women can be engaged in paid employment through market mechanisms.
- Social norms that prevent women from working outside their homes and relocation must be addressed through a **formal structure that protects the rights of these migrant workers** and ensures their safety and security.
- There are several agencies that currently supply labour from rural areas to urban areas for these services but there is a **greater need to formalise these agencies.**
- It is important to ensure that **formal contracts cover benefits** like paid leaves, access to health insurance, and access to formal financial systems that are digitally enabled to avoid leakages in salary transfers.
- Initiatives like **women's hostels** are a great way of ensuring a safe place for women to stay and for their childcare.