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**SUBSCRIPTION :**  
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**The Monthly Journal**  
**Kurukshetra**

**MINISTRY OF RURAL DEVELOPMENT**

**Vol. 63 No. 6 Pages 52**

**April 2015**

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Kurukshetra seeks to carry the message of Rural Development to all people. It serves as a forum for free, frank and serious discussion on the problems of Rural Development with special focus on Rural Uplift.

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# Editorial

According to the Economic Survey for the forthcoming financial year, the country will regain its lost position as an engine of global economic development and a double digit growth is well in sight. This note of optimism comes after three years of the economy taking a dive from phenomenal heights to new lows.

So the Union budget presented by Finance is aimed at lifting the economy from the depths it had plumbed and attract local and foreign investment, following Prime Minister's clarion call on last Independence Day: "Make in India!"

But development has to be an inclusive one embracing all sections of people, particularly people of rural areas who constitute 70% of Indian population. India's soul, as Mahatma Gandhi had observed, lives in villages, so rural development has to be a prime component of economic growth.

The budget has paid special attention to rural development and growth of agrarian economy.

It allocates ₹ 79,526 crore to rural development initiatives and schemes, five per cent higher than the revised estimates for 2014-15. In addition ₹ 70,000 crore has been apportioned for development of infrastructure including rural infrastructure.

Another ₹ 25,000 crore is proposed for the Rural Infrastructure Development Fund. Micro-irrigation projects will get a budgetary support of ₹ 5,300 crore and farmers' agricultural credit target is a whopping ₹ 8.5 lakh crore. The budget provides ₹ 75,000 crore for refinancing agricultural credit and envisages setting up of a national agriculture market. The government also envisages tax-free bonds for among other areas roads and irrigation.

The Budget shows government's continued support to important national priorities like agriculture, education, health, Mahatma Gandhi National Rural Employment Generation Act (MGNREGA), rural infrastructure including roads, programmes targeted for the poor and underprivileged. With an initial allocation of ₹34,699/ crore to MGNREGA, the focus would be on improving the quality and effectiveness of the programme. Besides a sum of ₹ 1500/ crore has been allocated to Pt. Deen Dayal Upadhyay Grameen Kaushal Yojana which aims to enhance the employability of rural youth.

The Budget also enlists government's agenda for 2022 (the 75th anniversary of India's independence)—housing for all, livelihood and employment, poverty alleviation, rural electrification covering 20,000 villages currently without electricity, and road connectivity to 1,78,000 villages. Each house in the country would have basic facilities of 24-hour power supply, clean drinking water, a toilet, and be connected to a road. For 2015-16, under the Pradhan Mantri Gram Sadak Yojana (PMGSY), the budget has sanctioned an amount of ₹14,291 crore

The budget shows that a beginning has been made for all round development of rural areas. What is needed is full cooperation and coordination between the centre and the states with more emphasis on nation's well being. □

# RURAL DEVELOPMENT BUDGET 2015-16: AN OVERVIEW

Dr. Kankipati Srinivasa Rao & Dr.V.D Santosh Kumar

The Union Budget was presented in the backdrop of high expectations and stands tall on the key achievements targeted by the present government. When other economies are facing serious challenges, India is about to take-off on a faster growth trajectory once again. It focuses on creating the building blocks for a new India -promoting Make in India, creating job opportunities and promoting ease of doing business in India and is pro-growth with the focus clearly on the control of fiscal deficit, controlling the leakage of subsidies, incentivizing foreign capital, boosting domestic savings, simplifying taxes. The government has fearlessly presented a budget that is not populist, but forward looking. The objective of this article is to examine the initiatives and the practicalities that are envisaged for the achievement of inclusive growth.

## Agricultural initiatives

The commitment to farmers runs deep. The major steps that have been taken are taken to address the two major factors critical to agricultural production with regard to soil and water. An ambitious Soil Health Card Scheme has been launched to improve soil fertility on a sustainable basis. In order to improve soil health, It is proposed to support Agriculture Ministry's organic farming

scheme – “*Paramparagat Krishi Vikas Yojana*”. The *Pradhanmantri Gram Sinchai Yojana* is aimed at irrigating the field of every farmer and improving water use efficiency to provide ‘Per Drop More Crop’. An allocation of ₹5,300 crore to support micro-irrigation, watershed development and the Pradhan Mantri Krishi Sinchai Yojana. It was urged upon the States to chip in substantially in this vital sector. To support the agricultural sector with the help of effective and hassle-free agriculture credit, with a special focus on small and marginal farmers are taken care into fold. It has also been proposed that:

- Farmers credit - target of 8.5 lakh crore.
- ₹ 15,000 Cr for Long Term Rural Credit Fund;
- ₹ 45,000 Cr for Short Term Cooperative Rural Credit Refinance Fund; and
- ₹ 15,000 Cr for Short Term RRB Refinance Fund.

It is known fact that increase in agricultural productivity and realization of reasonable prices for agricultural production is essential for the welfare of rural areas. Productivity and reasonable prices, in turn, increase the irrigated area and improve the efficiency of existing irrigation systems. Promoting agro-based industry for value addition and increasing farm incomes is a great concern. It is intended to



work with the states, in NITI, for the creation of a United National Agriculture Market to improve the incomes of farmers in order to determine the best national price for their produce. Another important aspect that was placed in the Budget is Housing.

## Housing

The vision of what the Hon'ble Prime Minister has called 'Team India', led by the States and guided by the Central Government includes:

A roof for each family in India. The call given for 'Housing for all' by 2022 would require Team India to complete 2 crore houses in urban areas and 4 crore houses in rural areas.

Each house in the country should have basic facilities of 24-hour power supply, clean drinking water, a toilet, and be connected to a road.

## Infrastructure

In terms of communication, the rural and urban divide should no longer be acceptable. It is needed to ensure connectivity to all the villages. It is no secret that the major slippage in the last decade has been on the infrastructure front. Our infrastructure does not match our growth ambitions. There is a pressing need to increase public investment. The budget increased outlays on both the roads and the gross budgetary support to the railways, by ₹14,031 crore, and 10,050 crore respectively. The CAPEX of the public sector units is expected to be ₹ 3,17,889 crore, an increase of approximately ₹ 80,844 crore over RE 2014-15. In fact, all told, investment in infrastructure will go up by ₹70,000 crore in the year 2015-16, over the year 2014-15 from the Centre's Funds and resources of CPSEs. It is intended to establish a National Investment and Infrastructure Fund (NIIF) to ensure an annual flow of ₹20,000 crore to it. This will enable the Trust to raise debt, and in turn, invest as equity, in infrastructure finance companies such as the IRFC and NHB. The infrastructure finance companies can then leverage this extra equity, many fold. It was also intended to permit tax free infrastructure bonds for the projects in the rail, road and irrigation sectors.

The PPP mode of infrastructure development has to be revisited, and revitalized. The major issue involved is re-balancing of risk. In infrastructure projects, the sovereign will have to bear a major part of the risk without, of course, absorbing it entirely. It was also intended to establish, in NITI, the Atal Innovation Mission (AIM) which will be an Innovation Promotion Platform involving academics, entrepreneurs, and researchers and draw upon national and international experiences to foster a culture of innovation, R&D and scientific research in India. The platform will also promote a network of

world-class innovation hubs and Grand Challenges for India. Initially, a sum of ₹150 crore will be earmarked for this purpose is a great initiative. Besides, it was proposed to establish.

₹25,000 crore for Rural Infrastructure Development Bank

Electrification, by 2020, of the remaining 20,000 villages in the country, including by off-grid solar power generation.

Good health is a necessity for both quality of life, and a person's productivity and ability to support his or her family. Providing medical services in each village and city is absolutely essential.

## IT Industry & employability

India has a well world-class IT industry with revenues of about US\$ 150 billion, over US\$ 100 billion of exports, employing nearly 40 lakh people directly. Experimenting with cutting edge technologies, creating value out of ideas and initiatives and converting them into scalable enterprises and businesses is at the core of our strategy for engaging our youth and for inclusive and sustainable growth of the country. Concerns such as a more liberal system of raising global capital, incubation facilities in our Centers of Excellence, funding for seed capital and growth, and ease of Doing Business etc. need to be addressed to create a lack of jobs and hundreds of billion dollars in value.

## Digital India initiative

There is good progress towards making Digital India. The National Optical Fiber Network Program (NOFNP) of 7.5 lakh kms and networking 2.5 lakh villages is being further speeded up by allowing willing States to undertake its execution, on reimbursement of cost as determined by Department of Telecommunications. Andhra Pradesh is the first State to have opted for this manner of implementation.

## SETU (Self-Employment and Talent Utilization)

The Government is moving to establish a mechanism to be known as SETU (Self-Employment and Talent Utilization). SETU will be a Techno-Financial, Incubation and Facilitation Program to support all aspects of start-up businesses, and other self-employment activities, particularly in technology-driven areas. It was proposed ₹ 1,000 Cr initially in NITI Aayog for this purpose.

## Ports

As the success of so-called minor ports has shown, ports can be an attractive investment possibility for the private sector. Ports in the public sector need to both attract such investment as well as

leverage the huge land resources lying unused with them. Ports in the public sector will be encouraged, to corporatize, and become companies under the Companies Act.

### Ultra Mega Power Projects

The Government also proposes to set up 5 new Ultra Mega Power Projects, each of 4000 MWs in the plug-and-play mode. All clearances and linkages will be in place before the project is awarded by a transparent auction system. This should unlock investments to the extent of ₹1 lakh crore. The Government would also consider similar plug-and-play projects in other infrastructure projects such as roads, ports, rail lines, airports etc.

### Proposed additional Resources

It was proposed to enhance some additional resources during the year from tax buoyancy. The allocations are

- Integrated Child Development Scheme (ICDS) by ₹1,500 crore;
- Integrated Child Protection Scheme (ICPS) by ₹ 500 crore;
- The Pradhan Mantri Krishi Sinchai Yojana by ₹ 3,000 crore; and
- The initial inflow of ₹5,000 crore into the NIIF.

In spite of the large increase in devolution to states, which implies reduced fiscal space for the Centre in the same proportion for the welfare of the poor and the neo-middle class adequate provision is being made for the schemes for the poor and the dis-advantaged.

- ₹ 68,968 cr to the education sector, including midday meals,
- ₹ 33,152 crore in the health sector and
- ₹ 79,526 crore for rural development activities including MGNREGA,
- ₹22,407 cr for housing and urban development,
- ₹10,351 crore for women and child development,
- ₹4,173 cr for Water Resources and Namami Gange.

The significant sums that will be spent in the States on these programs will ensure a quantum leap in expenditures in these areas. The states have been urged to utilize their enhanced resources effectively in these areas. The Government is intending to support employment through MGNREGA and ensure that no one who is poor is left without employment. Plans to be improving the quality and effectiveness

of activities under MGNREGA. It has been made an initial allocation of ₹ 34,699 crore for the program.

### National Skill Mission

India is one of the youngest nations in the world with more than 54% of the total population under 25 years of age. Our young people have to be both educated and employable for the jobs of the 21st Century. The Prime Minister has explained how Skill India needs to be closely coordinated with Make in India. Yet today less than 5% of our potential workforce gets formal skill training to be employable and stay employable. It was declared that, National Skill Mission is going to be launched in the near future through the Skill Development and Entrepreneurship Ministry. The Mission will consolidate skill initiatives spread across several Ministries and enable to standardize procedures and outcomes across 31 Sector Skill Councils.

### Deen Dayal Upadhyay Gramin Kaushal Yojana

With the rural population still forming close to 70% of India's population, enhancing the employability of rural youth is the key to unlocking India's demographic dividend. With this in mind, the government had launched the Deen Dayal Upadhyay Gramin Kaushal Yojana. ₹ 1,500 Cr has been set apart for this scheme. The disbursement will be through a digital voucher directly into qualified student's bank account.

### Pradhan Mantri Vidya Lakshmi Karyakram

With the view to enable all poor and middle class students to pursue higher education of their choice without any constraint of funds, It was proposed to set up a fully IT based Student Financial Aid Authority to administer and monitor Scholarship as well Educational Loan Schemes, through the Pradhan Mantri Vidya Lakshmi Karyakram. With this, no student misses out on higher education for lack of funds.

### Concluding Remarks

The Budget was pragmatic and inclusive given the emphasis on social safety nets. It seems to be more credible and higher allocated for infrastructure. It was a balancing the need to boost business and help the poor. However, people have yet to feel the benefit.

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## THE CONTINUED RURAL AGENDA

Dr. Shahin Razi

*“A positive, progressive and a paradigm – shifting, pro-all budget”.*

– Narendra Modi

No Union Budget in recent years had raised so many expectations about so many different things. There was talk about fiscal discipline, the pruning of wasteful public expenditures, the need to stimulate economic growth and the urgency of having inclusive development. There were high expectations that the budget would introduce many market-friendly economic reforms, mainly pertaining to investments and infrastructure. The finance minister had done his best to live up to all the major expectations. He has projected a growth rate of 8 per cent for 2015-16, given tax breaks to the corporate sector, made substantial allocations and announcements for inclusive development. Fiscal discipline has not been compromised, although the timeline for attaining the magic deficit figure of 3 per cent of the gross domestic product has been stretched by a year.

The Budget 2015 has also tried to accelerate the socio-economic development of rural India. Its focus is on health, education, drinking water, housing and roads.

The first full budget of the current National Democratic Alliance (NDA) government has allocated ₹ 79,526 crore to rural development initiatives and schemes, 5% more than the revised estimates for 2014 -15 indicating a continued emphasis on the entitlement led schemes that were popular with the previous United Progressive Alliance (UPA) government.

Rural India is home to 70% of the country's population. Last year it saw a decline in wage growth, coincidentally spending on the government's flagship employment guarantee scheme, the Mahatma Gandhi National Rural Employment Guarantee Act (MGNREGA) contracted substantially the same year. MGNREGA produces 100 days of employment to one person in every rural household. The scheme covers all districts.

In spite of the consequential reduced fiscal space for the center, the budget 2015 has decided to continue supporting important national priorities such as agriculture, education, health, MGNREGA



and rural infrastructure including roads. Programmes targeted for the poor and the underprivileged will be continued in the country. Making an initial allocation of ₹ 34,699 crore to the programmes, the budget is committed to supporting employment through MGNREGA. No one, who is poor will not be left without employment. Focus will be on improving the quality and effectiveness of activities of MGNREGA. The budget promises to allocate ₹ 5,000 crore more for MGNREGA.

The government's agenda for 2022, which is the 75<sup>th</sup> anniversary of India's independence has also been listed in the budget speech. They are targeting housing for all, livelihood and employment, poverty reduction, electrification of the 20,000 villages currently without electricity and road connectivity to the 178,000 unconnected villages and hamlets.

Providing electricity by 2020 to the remaining 20,000 villages that still doesn't have access to electricity will have a positive impact. This augurs well for companies supplying equipment and components to the power distribution segment. Further, the use of off-grid solar power is an indication of the government's desire to use clean energy as part of the electricity mix.

## Roads

For 2015-16, under the *Pradhan Mantri Gram Sadak Yojana (PMGSY)* the budget has sanctioned an amount of ₹ 14,291 crore for this compared to the ₹ 14,391 crore in the revised estimates for 2014-15.

Budget proposals for the farm sector talk of a unified national agricultural market, provide additional support to organic farming and emphasize irrigation through creation of rural infrastructure and promotion of efficient water use. They also extend ₹ 8.5 lakhs crore credit to farmers in 2015-16.

## Markets

Once a national agri market is in place, farmers won't have to depend on local produce marketing committees (APMCs). They will be allowed to sell their products anywhere in the country. It was imperative to create a national agriculture market to "increase the income of farmers". It will have the incidental benefit of moderating price rise. Budget 2015 has announced additional support to organic farming, to make India a world leader in organic

farming – a practice which will promote chemical fertilizer / pesticides-free food products and restore soil health. A sum of ₹ 300 crore has been allocated for it. Of this, ₹ 25 crore will go to the North-east, which will be turned into the country's organic hub.

The Finance Minister also proposed to set up a postgraduate horticulture institute in Amritsar and launch a tax-free bond to create irrigation facilities. He allocated ₹ 5,300 crore to support micro-irrigation and water conservation projects and also provided for rural infrastructure.

These allocations include ₹ 25,000 crore to the rural infrastructure development fund, ₹ 15,000 crore for a long-term rural credit fund, ₹ 45,000 crore for short-term cooperative rural credit refinance fund and ₹ 15,000 crore for short-term RRB refinance fund.

The Finance Minister was honest in admitting in his Budget speech that one of the five key challenges he was facing is the stress in agricultural incomes. The growth in agricultural GDP has slumped to just 1.1% in 2014-15, below even the population rate of growth in rural areas. It surely does not augur well for the majority of this country which still resides in rural areas. Not only this year, which was basically a drought year, even the average agri-GDP growth of the first three years of the 12<sup>th</sup> Five Year Plan is just 2% vis-à-vis a target of 4%, and 4.1% growth achieved in the 11<sup>th</sup> Plan.

The big challenge, therefore, for the Modi government is to revive this sagging sector and bring it back on track to at least 4% growth trajectory, if not higher. Several steps have been taken. The Soil Health Card scheme was launched a few days back. In the Budget, the FM talked about Pradhan Mantri's Gram Sinchai Yojana (Micro Irrigation) and allocated ₹ 5,300 crore to get 'per drop more crop'. He has also urged the states to chip in for this scheme.

A Rural Infrastructure Development Fund has been announced with a corpus of ₹ 25,000 crore under Nabard. Also in the pipeline are the ₹ 15,000 crore Long Term Rural Credit Fund; ₹ 45,000 crore Short Term Cooperative Rural Credit Refinance Fund, and another ₹ 15,000 crore for the Short Term RRB Refinance fund to revive the credit line in agriculture. All these may be steps in the right direction, but the problem in agriculture is that its profitability is at

stake because of falling prices and falling output. This can be achieved only by improving productivity, which in turn needs investments in water, rural roads and R&D, and a unified national market.

The Budget does talk about a common national market for agri-produce but does not spell out either the time frame or how they will be achieved, when the country has failed to reform state-level APMC markets over the last ten years. Major institutional and taxation reforms are needed across states to achieve that.

The only silver lining seems to be that with states now getting 42% of the central revenue share, they may have some money to spend on agriculture. If they do it wisely and quickly, we may get agriculture growth back on track.

The budget has raised the target for mandatory loans to farmers by ₹ 50,000 crore at ₹ 8.5 lakh crore, while promising to infuse nearly ₹ 1 lakh crore to various rural banking corporations to finance projects in the rural economy.

Therefore, the infusions maintain India's aggressive farm credit policies that put soft cash into stressed farmhands. Farmers depend on loans to meet cultivation cost, such as seeds and manures, apart from machinery. Finance Minister Arun Jaitley has maintained a cheaper rate of interest for those who make timely repayment.

Interest on agricultural credit, brought down to 7% from the standard rate of 9%, continues. Those making timely payments will get farm loans at 4%.

"Farm credit underpins the efforts of our farmers and I have, therefore, set up an ambitious target of ₹ 8.5 lakhs crore," Jaitley said, while presenting the budget.

Two-third of Indians rely on farm income, most of them have meagre incomes.

**Sanitation And Budget 2015:** The Budget 2015-16 reaffirmed its pledge for a cleaner India and recommitted itself to achieving the target of building 6 crore toilets across the country in five years. It proposed a 2% 'Swachh Bharat' cess on service tax and 100% tax deduction on contribution to the 'Swachh Bharat Kosh' which is meant for implementing various schemes to ensure cleanliness.

The Swachh Bharat Mission had transformed into a movement to regenerate India. Swachh Bharat is not only a programme of hygiene and cleanliness but, at a deeper level, a programme for preventive health care and building awareness.

The Swachh Bharat Mission was launched on October 2 last year for a period of five years. Initially it will be implemented in 4,041 towns. The total cost of the schemes under the mission will be ₹ 62,009 crore, of which the central government will contribute ₹ 14,620 crore and the rest will be mobilized from other sources.

Swachh Bharat Kosh has been set up to attract funds from various entities, including corporates, for activities relating to clean India initiative.

A similar tax treatment is also proposed for the Clean Ganga Fund. For 2015-16, the budget has earmarked ₹ 3,625 crore for the 'Clean India' program.

Of this ₹ 1,000 crore will be spent by the union urban development ministry for building toilets in urban areas. The rest of the amount is to be spent on rural areas, covering 627 districts across 31 states and union territories.

The government has also proposed to increase clean energy cess from ₹ 100 to ₹ 200 per metric tonne of coal to finance clean environment initiatives. Excise duty on sacks and bags of polymers of ethylene other than for industrial use is also being increased from 12% to 15%.

It is also proposed to exempt common effluent treatment plants from service tax. The concessions from customs and excise duties currently available on specified parts for manufacturing of electrically operated vehicles and hybrid vehicles are being extended by one more year i.e. upto March 31, 2016.

These measures, urban experts said, would go a long way to fund the ₹ 1.94 lakhs crore programme launched by the government last October. The urban development ministry will be spending ₹ 62,000 crore over a five-year period to build toilets and solid waste management plant in urban areas, and the rest will go towards improving rural areas.

The development of drinking water and sanitation will be spending the remaining amount to

construct 12 crore toilets by 2019. According to data, a total of 31.83 lakhs toilets have been built in rural areas since April, 2014.

**Budget 2015 And Social Security Net For The Poor :** Seeking to create a social security net for the poor and underprivileged, the Budget has proposed to create a 'universal social security system' by launching two insurance and one pension schemes.

These low-cost schemes include the Pradhan Mantri Suraksha Bima Yojana, Pradhan Mantri Jeevan Jyoti Bima Yojana and Atal Pension Yojana.

A large proportion of India's population is without insurance of any kind – health, accidental or life. Worryingly, as our young population ages, it is also going to be pension-less. Encouraged by the success of the Pradhan Mantri Jan Dhan Yojana, Budget 2015-2016 proposes to work towards creating a universal social security system for all Indians, specially the poor and the under-privileged especially in the rural areas.

The soon-to-be-launched Pradhan Mantri Suraksha Bima Yojana will cover accidental death risk of ₹ 2 lakhs for a premium of just ₹ 12 per year. Similarly, the Atal Pension Yojana, will be launched

which will provide a defined pension, depending on the contribution, and its period. To encourage people to join this scheme, the government will contribute 50% of the beneficiaries' premium limited to ₹ 1000 each year, for five years, in the new accounts opened before December 31, 2015.

The third social security scheme that was announced is the Pradhan Mantri Jeevan Jyoti Bima Yojana which covers both natural and accidental death risk of ₹ 2 lakhs.

The Finance Minister Mr. Arun Jaitley himself ended his budget speech by saying that while a super budget was expected with big-bang reforms, one should not forget that India is a slow moving giant. He has done a commendable job to keep up the cheer about the economy.

A young and restless nation will now have to wait and see how slow is this giant's sloth, laziness and passivity.

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## NEED FOR EFFICIENT MANAGEMENT OF IRRIGATION SYSTEM

Dr Amrit Patel

In the 2015-16 budget proposals Rashtriya Krishi Vikas Yojana has been allocated ₹4500 crore [53,29%] against previous year's revised estimates [₹ 8444 crore]. National Food Security Mission aimed at boosting output of pulses, oilseeds, rice and wheat has been allocated ₹630 crore less than previous year. However, this year's budget for Pradhan Mantri Krishi Sinchai Yojana aimed at irrigating the field of every farmer and improving water use efficiency to provide 'Per Drop More Crop', is substantially increased from previous year's revised estimates [₹ 30 crore] to almost ₹ 1,800 crore. Besides, ₹3,500 crore has been allocated to support micro-irrigation and watershed development projects and States have been urged to provide substantial funds to this vital sector. Farmers for irrigation development can, also, source funds from targeted institutional credit [₹8.5 trillion], Rural Infrastructure Development Fund [₹25000 crore] and long-term rural credit fund [₹15000 crore]. Against this background this article deals with aspects of efficient management of irrigation potential already created.

Irrigation is a *sine qua non* to substantially enhance crop productivity, minimize incidence of drought, create rural employment, among others. As for example, Increase in the soil-moisture availability from 150mm to 300mm increased yield of pulses by 100 per cent to 3.52 ton per hectare. Chickpea and lentil yields increased linearly with the amount of water applied. Under NABARD'S Rural Infrastructure Development Fund, 2,73,471 irrigation projects

involving cost of ₹53611.14 crore created Irrigation potential of 2,18,40,399 hectares and generated non-recurring employment of 315.36 crore person days and significant recurring employment.

### Government's initiatives

Government prioritized creation of irrigation facilities right from the First Plan. Since then Government created irrigation facilities through major, medium and minor irrigation projects exploiting surface water resources whereas farmers promoted lift irrigation schemes and extracted groundwater through sinking shallow/deep tube wells. During the Fifth Plan period Government launched Command Area Development Program [CADP] to bridge the gap between irrigation potential created and its actual utilization by introducing suitable cropping pattern, strengthening research, extension and training facilities, organizing field demonstrations and supplying inputs. In 1996-97, Government launched Accelerated Irrigation Benefit Programme (AIBP) to complete incomplete irrigation schemes. Till March 2013, irrigation potential of 85.03 lakh hectares is created under AIBP. The CADP has been subsequently amalgamated with the AIBP to reduce the gap between irrigation potential created and utilized.

### Current Status

- As against potential of 140 million hectares around 102.8 million hectares [73.43%] of irrigation facilities are created and of this 85 per



cent is being utilized.

- Currently only 63 million hectares [45%] of net cropped area is irrigated and distribution of irrigation across states is highly skewed. Rest is heavily depending upon rains resulting in drought in one or the other parts of the country every year impacting on farm output.
- The wide gap between gross cropped area and gross irrigated area has not improved much since the First Plan period.
- There has been inadequate commitment to areas of serious concern viz. water legislation, water conservation, water use efficiency, water harvesting and recycling and infrastructure development.
- Current scenario exhibiting 557 incomplete projects accompanied by low utilization of irrigation potential created and time and cost over-run ranging from 138 per cent to 1000 per cent for 12 and more than 24 projects respectively shows that return on capital invested in creating irrigation facilities is inordinately delayed or almost lost.
- Irrigation potential remains unutilized primarily because of [i] Inadequate budget provision for operation and maintenance of the irrigation system [ii] non-completion of distributaries, minors, field channels and on-farm development works [iii] changes from the initially designed cropping pattern [v] diversion of irrigable land for other purposes.

Groundwater through wells irrigates 60.86 per cent of area. It has manifested following problems.

- Inadequate and untimely availability of electricity and diesel
- Although about 70 per cent of groundwater potential has been utilized there are serious problems of over exploitation of groundwater.
- Existing irrigated areas have been experiencing serious water stress as reservoir and groundwater resources have been depleting in several parts.
- Canal water carrying toxic chemicals/heavy metals pose a serious source of soil contamination.
- Soil erosion has been causing land degradation.
- Indiscriminate use of canal water has resulted in water logging of 2.46 million hectares and 3.4 million hectares suffering from surface water stagnation which if left uncorrected, eventually leads to salinization. Although irrigation and drainage should go hand in hand, the drainage aspect has been neglected in major and medium irrigation projects. In Japan, drainage is an integral part of irrigation system, called *irrinage*.
- Excessive withdrawal of groundwater, besides

rendering huge private investments infructuous by depleting water tables and drying up tube wells, has also been the cause of water salinity and extracting hazardous chemicals in some parts.

- Excessive and unbalanced use of fertilizers is fraught with serious problems.

### Micro-irrigation

Since mid-1990s use of micro-irrigation comprising Drip and Sprinkler irrigation system has been encouraged as it is the most efficient method to save water and increase water use efficiency as compared to the conventional surface method of irrigation, where water use efficiency is only about 35-40 per cent. Water saving due to Drip is between 12 and 84 per cent depending upon crops, sources of lifting water, etc. Studies reveal that water saving including water use efficiency and productivity gains are higher in those crops cultivated under Drip as compared to Sprinkler. Around 80 crops can be cultivated under Drip and Sprinkler. While Drip is most suitable for wide spaced horticulture and other crops, Sprinkler is for closely-spaced crops.

Micro-irrigation enhances crop productivity; reduces energy consumption, weed infestation, soil erosion and cost of cultivation. Researches have established that investment in micro-irrigation is financially/economically viable. The internal rate of return (IRR), which varies across States and categories of farm-sizes, was ranging from 3 to 35 per cent for marginal farmers, 14 to 88 per cent for small farmers and 15 to 128 per cent for large farmers. The IRR was higher among large farmers of Kerala and Maharashtra because of diversified intercropping pattern in orchard/plantation crops. Micro-irrigation promises farmers not to overexploit groundwater.

The study of nine promising States in 2010 revealed that area covered under Drip and Sprinkler was 14,28,460 hectares [12.25%] and 24,42,430 hectares [7.99%] as against potential of 1,16,59,000 hectares and 3,05,78,000 hectares respectively. Thus, after two decades total area under Micro-irrigation was only 38,70,860 hectares [9.16%] as compared to potential of 4,22,37,000 hectares. Out of this, about 30 million hectares are suitable for Sprinkler irrigation for crops like cereals, pulses, oilseeds and fodder crops and a potential of around 12 million hectares under Drip for cotton, sugar cane, fruits, vegetables, spices, condiments; and some pulse crops like red gram, etc. Only a few states like Andhra Pradesh, Maharashtra and Tamil Nadu have expanded area under micro-irrigation. Factors attributed to low adoption rate include high investment cost, complex technology and socio-economic issues such as, a large number of small and marginal farmers, fragmented landholdings,

cumbersome procedure to access institutional credit and Government subsidies, farmers' limited knowledge in operating and maintaining systems as often the system is facing problems of clogging of filters and drippers, besides the required pressure from the pumps not being maintained due to the poor conditions of the pump sets resulting in low pump discharge.

### Participatory Irrigation Management

The proportion of canal irrigated area has been shrinking since last two decades. This may be attributed to a rapidly deteriorating irrigation infrastructure and declining quality of the irrigation services, among others. Performance under these schemes is unsatisfactory due to inequitable water distribution, poor maintenance of infrastructure, low cost recovery and resultant low crop productivity. To improve performance under these schemes Participatory Irrigation Management (PIM) approach was introduced in late 1980's. Under PIM approach water is supplied to the Water User Associations (WUAs), who take over the responsibility of operation, maintenance and management of the irrigation schemes within their operational area. Presently, more than fifty five thousand WUAs covering over 13 million hectares of gross irrigated area are reported to have been formed in different States. However, the performance under PIM is unsatisfactory due to factors, *inter alia*, including lack of legal back up and policy changes; system deficiency; uncertainty of water availability; inadequate financial viability; lack of technical knowledge, leadership, awareness and training; demographic diversity; mega irrigation projects; lack of defined role, responsibilities and functions of WUAs v/s Panchayats:

**This year's budget for Pradhan Mantri Krishi Sinchai Yojana aimed at irrigating the field of every farmer and improving water use efficiency to provide 'Per Drop More Crop', is substantially increased from previous year's revised estimates [₹30 crore] to almost ₹1,800 crore.**

### Need for Strategic Actions

- A campaign can be launched to create awareness among farmers about the importance of micro-irrigation system through effective demonstrations to make them believe what they see themselves and learn from other farmers who have successfully adopted and benefited. Some resourceful farmers from Rajasthan, Gujarat and Maharashtra who have visited Israel to study the micro-irrigation system can answer If Israel can do it why our farmers cannot?
- State Agricultural Universities in each agro-ecological region need to assess the potential of micro-irrigation and demonstrate to farmers

gains in terms of productivity, water saving, water use efficiency, viability of the investment, payback period to convince farmers and bankers.

- It is necessary to reduce capital cost of the system by researches, ensure provision of technical support for operation after installation, relaxation of farm size limitation for providing subsidies taking into account water saving and using it to expand area under irrigation, water use efficiency, increase in farm output etc.
- Selection and capacity building training of WUAs can be on lines of selection, promotion and nurturing of SHGs as developed by NABARD
- There is need to rationalise water rates based on cost delivery and women's involvement in PIM and their capacity building training
- States which have yet not enacted Act to facilitate participation of stakeholders in PIM program should indicate the current status of the PIM implementation and should formulate the roadmap for enactment and implementation of PIM.
  - Regular monitoring and evaluation of performance of WUAs is necessary for effective implementation of the PIM program. The success and failure of the WUAs could provide useful lessons and help initiate corrective steps in formation and sustainability of WUAs at other places.
- India has a weak framework for sustainable irrigation management. States can consider policy, regulatory and institutional framework for the efficient, sustainable and equitable allocation of water.
- States should formulate road map to complete all 557 incomplete projects.
- Other key priorities include [i] reorganization, strengthening and capacity building of irrigation and drainage departments that can successfully seek participation of farmers and other agencies in PIM [ii] improving cost delivery [iii] allocating sufficient resources for operations and maintenance, sustainability of investments and arresting rapidly deteriorating existing irrigation infrastructure.

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## **RURAL DEVELOPMENT PROGRAMMES**

**Dr. Arobindo Mahato & Barnali Roy**

**R**ural development is the process of improving the quality of life and economic well-being of people living in relatively isolated and sparsely populated areas. Rural development has traditionally centred on the exploitation of land-intensive natural resources such as agriculture and forestry. However, changes in global production networks and increased urbanization have changed the character of rural areas. Increasingly tourism, niche manufacturers, and recreation have replaced resource extraction and agriculture as dominant economic drivers. The need for rural communities to approach development from a wider perspective has created more focus on a broad range of development goals rather than merely creating incentive for agricultural or resource based businesses. Education, entrepreneurship, physical infrastructure, and social infrastructure all play an important role in developing rural regions. Rural development is also characterized by its emphasis on locally produced economic development strategies. In contrast to urban regions, which have many similarities, rural areas are highly distinctive from one another. For this reason there is a large variety of rural development approaches used globally.

Rural development aims at finding the ways to improve the rural lives with participation of the rural people themselves so as to meet the required need of the rural area. The outsider may not understand the setting, culture, language and other things prevalent in the local area. As such, general people themselves have to participate in their sustainable rural development. With this under consideration, the rural development programmes for the current year has been focused mainly on participation of the people.

### **Year-wise Plan outlay for the sector of rural development (in crore of ₹):**

	<b>2010-11</b>	<b>2011-12</b>	<b>2012-13</b>	<b>2013-14</b>	<b>2014-15</b>	<b>2015-16</b>
Department of Rural Development	66100	74100	73175	74429	80043	71642

The plan outlay for the rural development sector for the consequent years has been seen to be increasing till last year i.e. 2014-15. The picture has been found to be changing in this current financial



**Different active rural development programmes and the allocation made for these in budget for the year 2015-16:**

Name of the active Programmes	Amount allotted (in crore of ₹)	Description of the Programme
Mahatma Gandhi National Rural Employment Guarantee Scheme (MGNREGA)	34,699	Through this scheme the government aims to enhance livelihood security of every household in rural areas by providing at least hundred days of guaranteed wage employment in a financial year. It has been contributing to livelihood security, financial inclusion, inclusive growth, women's empowerment, natural resources regeneration and sustainable development. Considering its successful impact, it received highest fund among all the rural development programmes in the current financial year.
Deen Dayal Upadhyaya Gram Jyoti Yojana	15,000	The programme was launched in order to bring development in rural areas. It focuses on feeder separation (rural households & agricultural) and strengthening of sub-transmission & distribution infrastructure including metering at all levels in rural areas. This will help in providing round the clock power to rural households and adequate power to agricultural consumers.
Aajeevika	2,505	Aajeevika aims at creating efficient and effective institutional platforms of the rural poor enabling them to increase household income through sustainable livelihood enhancements and improved access to financial services. It believes in harnessing the innate capabilities of the poor and complements them with information, knowledge, skills, tools, finance and collectivization to participate in the growing economy of the country.
Rural Housing	14,200	Considering that housing is one of the basic requirements for the survival of human beings and ownership of a house provides significant economic and social security, rural housing is one of the basic components of rural development. The programme has contributed to rural development by means of providing the rural poor with social security, economic security and better living conditions ever since.
Pradhan Mantri Gram Sadak Yojana	14,291	It provides road connectivity in rural areas of the country. The programme aims to sustainable and inclusive growth of rural India through all-weather road access to rural eligible habitations. The programme has successfully worked for rural development by increased availability of local transport resulting to better health and educational facilities, enhancing employment opportunity and better marketing facilities.
Village Entrepreneurship Programme	200	Accepting that promoting entrepreneurship and start-ups remains a challenge, Government has launched this programme. It is an initiative where rural youth would take up local entrepreneurship ventures with the help of assistance from the Government. The programme aims to provide credit enhancement facility for young start-up entrepreneurs from scheduled castes who aspire to be part of the neo-middle class.
National Social Assistance Programme	9082	NSAP represents a significant step towards the fulfilment of the Directive Principles of State Policy enshrined in the Constitution of India which enjoin upon the State to undertake within its means a number of welfare measures. These are intended to secure for the citizens adequate means of livelihood, raise the standard of living, improve public health, provide free and compulsory education for children etc.
Rural Drinking Water and Sanitation	6,000	The programme for rural drinking water and sanitation aims to provide safe drinking water and proper sanitation facilities to all habitations of rural India. It has been successfully contributing to development of health, infrastructure and social condition ever since its initiation and will, expectantly, continue to do the same for the sake of rural development.
Rural Infrastructure Development Fund	25,000	The main aim of the fund is to provide the state government and state-owned corporations with fund to help them complete the on-going projects. RIDF thus works successfully to help the state government and other agencies in bringing rural development and is thus a vital programme of the sector.
Panchayati Raj	94	Panchayati Raj is a system of governance in which gram panchayats are the basic units of administration. It has 3 levels: village, block and district. Keeping the needs and aspirations of the local people in view, Panchayati Raj Institutions have been involved in the rural development programme's planning, implementation and monitoring.

year. The allocation for the sector has decreased by a total of ₹ 8401 crore, from ₹ 80043 crore in 2014-15 to ₹ 71642 in 2015-16. As a result of this decrease there are heavy cuts in most of the social sectors and the rural development sector is no exception. But in spite of these cuts few new programmes for the welfare of the people have been introduced too. So, the budget may be less but will, expectantly, encourage people's participation and bring development.

Plan outlay for 2015-16 reflects a major compositional shift in the expenditure estimates. This changed fiscal reality implies recalibration of the manner in which Plan assistance is extended to States with greater focus on unconditional transfers. Reduction in Central assistance to State Plans is a reflection of this change in fiscal federal relations.

Considering the budget allocations for last five years, it has been seen that, with reference to decrease in overall budget, the budget for most of the active programmes has decreased. The increased allocation for Rural Drinking Water and Sanitation and MGNREGA is certainly an exception. Beside this, Deen Dayal Upadhyaya Gram Jyoti Yojana and Village Entrepreneurship Programme are the two new rural development programmes launched in the financial year 2014-15 and have been continued to the current year.

Village Entrepreneurship Programme was launched with aims to establish technology centre network to promote innovation, entrepreneurship and agro-industry. These initiatives are a clear indication that the government is keen on encouraging entrepreneurship. These steps reflect the serious approach of the government. They are, expectantly, recognising entrepreneurship as a valid engine for growth and job creation.

Deen Dayal Upadhyaya Gram Jyoti Yojana is another new programme initiated with an aim to provide uninterrupted quality electricity to all

parts of the country. The major components of the scheme are feeder separation; strengthening of sub-transmission and distribution network; Metering at all levels (input points, feeders and distribution transformers); Micro grid and off grid distribution network & Rural electrification.

### Concluding Remarks

India being a country with around 70% population in the rural areas, rural development has always been an important issue in all discussions pertaining to economic development. The policy makers, thus, recognized this importance and have been implementing a host of programs and measures to achieve rural development objectives. These programmes work for various components of rural development including generating productive assets and skills, employment generation, improving health facilities, sustainable livelihood enhancements, improved access to financial services boosting the rural economy, protecting the environment, empowering rural women, reducing rural urban migration and fostering social equity and social security. But none of the component may be achieved without proper participation from the people. And, probably, considering this in the budget of current financial year, in spite of making less allocation for rural development sector than the previous year, the allocation for MNREGA is highest and even has increased from previous year. The government, expectantly, want to see efficient and optimum use of the resources provided by the implementing agencies as well as the people. The main objective of the rural development programme is to raise the economic and social level of the rural people and it's time for the people to realise this and participate in the development work for the same.

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**In spite of making less allocation for rural development sector than the previous year, the allocation for MNREGA is highest and even has increased from previous year. The government, expectantly, want to see efficient and optimum use of the resources provided by the implementing agencies as well as the people.**

## WHAT IT OFFERS FOR RURAL EMPLOYMENT?

Dr. K. K. Tripathy

A day before the presentation of the Budget 2015-16, the Union Economic Survey documented a few spectacular improvements registered in the country's macro-economic fundamentals. The Consumer Price Index (CPI) inflation rate was estimated to be 5.1 per cent 2015 (January 2015) vis-a-vis 11.2 per cent in 2012 (November, 2012). The current account deficit which had reached as high as 4.6 per cent of GDP by the first quarter of 2013-14, decelerated gradually during the last three quarters of the current fiscal 2014-15 and projected to be below 1.3 per cent of GDP by end-March 2015. The real GDP growth was projected to touch 7.4 per cent level by end-2014-15.

The Union Budget 2015-16, at the time of the perceived appearance of a positive economic scenario, aimed at reinstating macro-economic stability and creating an enabling atmosphere for poverty reduction, job creation, skill upgradation and at guaranteeing a long-term double-digit economic

growth. Since agriculture and rural development have the potential to propel India into a double-digit long-term growth trajectory, this paper tries to analyse some of the pronouncements made in the Union Budget 2015-16 on agriculture and rural activities. This article discusses a few agriculture and rural development related focus areas as indicated and prioritised in the Budget 2015-16 and makes an attempt to explain the in-built policy direction and economic intent of the Government. Besides this, it also reviews the direction of the Budget for ensuring the rural business environment rewarding, remunerative and sustainable.

### Agriculture

It was expected that the Budget 2015-16 would lay intense focus on the factors impinging on the productivity and yield growth in Indian Agriculture. While the Economic Survey 2014-15 highlighted deterioration of soil health in the Indian agriculture



due to unbalanced use of fertiliser, pesticide etc., the Union Budget rested its emphasis on two major factors of critical importance for sustainable agricultural production - soil and water.

The Budget has assured its support for the ambitious Soil Health Card Scheme (SHCS) launched and dedicated to the nation by the Prime Minister on 19<sup>th</sup> February 2015 in Suratgarh of Rajasthan. Since budget announcement needs appropriate targeting and timely implementation of the development activities, it is expected that an effective and smooth road map would be laid to cover India's 14.1 crore farmer households within the next three years under the SHCS. The Budget 2015-16 also reposed immense faith in the Ministry of Agriculture's organic farming scheme - "*Paramparagat Krishi Vikas Yojana*" to improve soil fertility on a sustainable basis. A budgetary support of ₹ 200 cr. to the National Project on management of Soil, Health and Fertility has also been announced.

The *Pradhanmantri Krishi Sinchai Yojana* (PMKSY) targets to irrigate the field of every farmer and to improve water use efficiency. To achieve the objective of 'Per Drop More Crop', the Finance Minister has allocated ₹ 5,300 crore to support micro-irrigation, watershed development and the PMKSY. 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.

The Central Statistical Organisation has estimated a growth rate of 1.1 per cent for agriculture against an annual growth target of 4 per cent during the 12th Five Year Plan (2012-17). The positive and improved agriculture terms of trade which was a major reason of cheer for the exporting farmers started deteriorating since 2010-11. The Budget 2015-16, besides showing government's resolve for bringing in production and productivity efficiency in agriculture, has made an attempt to revive the Indian

agriculture by restructuring and continuing the crop husbandry and agricultural technology related plan schemes

The plan scheme activities are designed to provide incentives to farmers to increase production of agri-articles. The Plan outlay for restructured schemes viz. Sub-Mission on Agriculture Extension, National Mission for Agriculture Extension and Technology (CS), Integrated Scheme on Agriculture Census and Statistics and National Crop Insurance Scheme, etc. were allocated a sum of ₹ 4338.75 crore during 2015-16. Besides, provision of ₹ 10800.50 crore was made for State / UT Plan Schemes. New schemes viz. Paramparagat Krishi Vikas Yojana and Micro Irrigation part of Pradhan Mantri Krishi Sinchai Yojana have been proposed to be a part of Rashtriya Krishi Vikas Yojana (RKVY).

One cannot deny the fact that the Indian farmers suffer from various structural disadvantages arising out of small and fragmented landholdings, depletion in soil quality, lack of access to markets and technology, low level of productivity and income, etc. Inadequate attention to these factors has been the prime reason for not witnessing equitable and desirable improvements in productivity and yield during the post-green

revolution era. At this juncture, a budgetary big push was needed to boost the initiatives proposed under 'Krishonnati Yojana' – an umbrella programme for various development programmes / Schemes viz. soil health card, integrated scheme on Agriculture Cooperation, Agriculture marketing, Agriculture Census & Statistics, Horticulture, sustainable agriculture, National Agri-tech infrastructure. It is expected that these schemes are reviewed afresh and larger investment is made for their effective implementation. These schemes which were permitted to continue during 2015-16 fiscal year, had been allocated a sum of ₹ 5,845.45 crore.

## Rural Finance

Investment credit plays a catalytic role in raising public and private capital formation for promotion of agriculture production and productivity. The Budget

The Central Statistical Organisation has estimated a growth rate of 1.1 per cent for agriculture against an annual growth target of 4 per cent during the 12th Five Year Plan (2012-17).

2015-16 attempts to boost agri-investments through direct and indirect financing by nationalised and their sponsored rural bank branches by ensuring effective and hassle-free flow of agriculture credit to the small and marginal farmers and by enhancing private investment in agriculture and agri-supply chain infrastructure in rural areas. The Budget 2015-16 underscores the importance of timely and adequate flow of rural credit by setting up an ambitious target of ₹8.5 lakh cr. of credit target during the next fiscal.

Banks' agricultural credit comprises direct and indirect finances. The direct finance to agriculture is the short and long term credit support which is directly provided to the cultivators. Apart from the credit support for raising crops, loans of mid-term/long term duration are granted to farmers to boost long term investment in agriculture. The share of cooperative banks and regional rural banks (RRBs) in investment credit in agriculture and allied sectors has been coming down and was abysmally low at 13 per cent in 2013-14, despite the vast reach of these banks in rural areas. The Budget announcements for setting up of ₹ 15,000 crore long-term rural credit fund, ₹ 45,000 cr. Short Term Cooperative Rural Credit Refinance Fund; and ₹ 15,000 cr. Short Term RRB Refinance Fund aims at motivating cooperative banks and RRBs to extend term loans/investment credit to their clients at concessional rates.

Rural Infrastructure Development Fund (RIDF) which was instituted in NABARD way back in 1995-96 with the sole objective of giving low cost fund support to State Govts. and State Owned Corporations for quick completion of on-going projects relating to medium and minor irrigation, soil conservation, watershed management and other forms of rural infrastructure, remained one of the vital platform for channelisation of rural and agricultural credit. The Union Budget 2015-16 has promised to allocate ₹ 15,000 cr. to the corpus of RIDF. It is expected that rural and agricultural infrastructure would get a great boost during 2015-16.

The financial needs of the farmers and rural

entrepreneurs have increased manifold with the passage of time. While the intention of Budget 2015-16 in meeting these ever-increasing credit needs of millions of poor and low income citizens is praiseworthy, availability of adequate number of formal financial institutions and accessibility to finance access points at the door-step are the need of the hour. In the field of rural financing, the real challenge is now to cover all the households with the banking/formal financial network and strengthen the formal financial institutions in rendering financial services to these poor but needy rural masses.

### Rural Wage Employment

In the run up to the budget 2015-16, considerable concern was conveyed in the country's media on the lacklustre effectiveness of the Mahatma Gandhi National Rural Employment Guarantee Act (MGNREGA). The media expectations were also replete with suggestions for drastic reduction in the budgetary support to the programme.

Irrespective of the concerns expressed in the country's media, one cannot undermine the importance of MGNREGA in building a whole range of location-specific, nature-based 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. It is well documented that today's rural India requires sufficient work opportunities to meet the burgeoning demand for casual wage employment in the agriculture as well as rural non-farm sectors. The Govt. is well aware of these positive impacts of MGNREGA. This may have prompted the government to remain committed to supporting this right-based rural wage employment programme during 2015-16 with a view to broaden occupational choices and to assure generation of employment opportunities in the rural areas. While allocating ₹ 34,699 cr. to begin with, the FM expressed his commitment to put in an additional ₹5,000 cr. to the programme after assessing the need of such budget infusion during the course of next fiscal.

**The Budget 2015-16 underscores the importance of timely and adequate flow of rural credit by setting up an ambitious target of ₹ 8.5 lakh cr. of credit target during the next fiscal.**

The FM has also indicated his resolve to improve upon the quality and effectiveness of MGNREGA implementation. This intention of the present government indicates its commitment to find out state-specific programme implementation issues and challenges which somewhat have failed in adequately assuring the rights and entitlements to the needy job-seekers under MGNREGA. Although public works line MGNREGA are prone to leakages and corruption, transparency and accountability provisions are in-built into the rights-based MGNREGA. The real challenge is how the Centre guides the States to implement the provisions made in the Act without compromising the basic spirit of the Act.

### Self-employment and Skill

The Budget 2015-16 has expressed its commitment to continue the National Rural Livelihood Mission (NRLM) and its sub-programmes aiming at skilling the unskilled or semi-skilled in rural areas. Rural Self Employment Training Institutes (RSETIs), one in each district of the country, have been planned for basic and skill development training of the rural below poverty line youth to enable them to undertake micro enterprises and self/wage employment. With the objective of skilling the youth and poor, the Budget has shown its intention for establishing a mechanism called SETU (Self-Employment and Talent Utilisation). This is proposed to be a Techno-Financial, Incubation and Facilitation Programme to support all aspects of start-up businesses, and other self-employment activities. ₹ 1,000 crore has been allocated to National Institution for Transforming India (NITI) Aayog for this purpose.

### Long-term Development Vision

The Budget 2015-16 Speech of the Finance Minister outlined the long-term development vision of the Government. The Budget announcement 2015-16 reflected on the government's Vision 2022 and has, inter alia, envisioned for (a) universal housing (b) ensuring basic facilities in each house viz. quality power, clean drinking water, road connectivity and

sanitation (c) medical services in each village (d) skilling the youth and making them employable (e) encouraging the spirit of entrepreneurship (f) increasing irrigated area coverage, improving efficiency of existing irrigation systems, promoting agro-based industry for value addition and increasing farm incomes, and ensuring reasonable prices for farm produce.

### Concluding Remarks

The 2015-16 Budget announcements attempted to match the need of the occasion for restoring the growth engine which appeared to have been on track during the last ten months. Undoubtedly, the Budget has diagnosed the problem areas on the country's development sphere and the utilisation of public resources on such development intervention. The Budget though has laid down the broad contours of economic policies and prepared a realistic roadmap for a journey towards a positive and sustained growth, a lot of coordination is required between the States and the Centre.

This 2015-16 Budget embodies a statement of positive economic intent and growth oriented policy directions. It calls for timely and appropriate execution

of development schemes/programmes by clearly delineating intended outcomes for the outlays prescribed for their utilisation in the financial year 2015-16. Agriculture and rural development schemes are being implemented by the federal States and their successful implementation not only requires a perfect team-based and team-coordinated development strategy and a realistic road map, but also needs a continuous free wheel team communication between the centre and the States to achieve the objectives of universal rural connectivity, income and employment, sanitation, skill development and irrigation as indicated in the broad development vision 2022 of the government.

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**The Budget 2015-16 has expressed its commitment to continue the National Rural Livelihood Mission (NRLM) and its sub-programmes aiming at skilling the unskilled or semi-skilled in rural areas.**

## EMPHASIS ON SKILL DEVELOPMENT

Dr Mahi Pal

India has a unique advantage of demographic dividend of its working age population vis.a. vis entire population as compared to developed countries in the world. The demographic dividend can provide a comparative advantage and competitiveness to the economy. A Skill development and training document of the Planning Commission (Now Niti Ayaog) says that the ageing economy phenomenon will globally create a skilled personpower shortage of about 56.7 million by 2040. With the increasing trend of outsourcing work internationally, India has a advantage to become global supplier of skilled manpower accounting for 28 per cent of the graduate talent pool among 28 of world's lowest-cost economies. The Government has been taking proactive efforts to fill the existing gap of skilling personpower in order to reach at an advantageous position nationally and internationally. The intention of the Budget 2015-16 is to achieve demographic dividend from its demographic surplus.

### An Analysis of Skilling Youth and Employment Profile

Labour Bureau Report (2014) reflects that the

current size of India's formally skilled workforce is merely 2 per cent whereas in smaller countries like South Korea and Japan skilled workforce size is 96 per cent and 80 per cent, respectively. At all-India level around 6.8 persons aged 15 years and above are reported to have received/be receiving vocational training. Skilling workforce and using it in productive work is a great challenge before us because the skills if not used are lost. The Economic Survey (2014-15) mentioned that studies conducted by National Skill Development Corporation (NSDC) for the period between 2013 and 2022 indicate that there is an incremental requirement of 120 million skilled people in the non-farm sector whereas current capacity for skilling is grossly inadequate in the country. Hence, there is a need to increase speedily size of the skilled personpower to meet out skill personpower needs of the nation. The shortage of skilled personpower has been attributed by lack of a formal vocational education framework, with wide variation in quality, high school dropout rates, inadequate skills training capacity, negative perception towards skilling, and lack of 'industry-ready' skills even in professional courses.



Above analysis shows that although various steps have been taken to meet out the skilled personpower in the country, the skilled personpower is grossly inadequate to meet out domestic and international demand of skilled personpower. Before commenting on the proposal of the budget in skilling population, let us see the employment and unemployment situation in the country.

Sluggish growth of employment is a cause of concern which is evident from the fact that the compound annual growth rate (CAGR) of employment was decelerated to 0.5% in the year 2011-12 from 2.8 per cent in the year 2004-05. As per the National Sample Survey Office (NSSO) data persons in the labour force on usual status (US) basis increased to 483.7 millions in 2011-12 from 407.0 million in 1999-2000 indicating increased of 76.7 millions. Similarly, labor force on current daily status (CDS) basis also increased from 1999-2000 to 2011-12 indicating an increase of more than 77 millions as evident from table 1.

**Table 1: Employment and Unemployment Situation in the country**

Method	1999-2000	2011-12
<b>Persons in the labour force (in millions)</b>		
US	407.0	483.7
CDS	363.3	440.4
<b>Unemployment rate ( in per cent)</b>		
US	2.2	2.2
CDS	7.3	5.6

Source: Economic Survey, 2014-15.

Note: US denotes Usual Status and CDS denotes Current Daily Status

The employment rate on US basis has been the same during 1999-2000 and 2011-12 whereas it has been decreased on the basis of CDS from 7.3 per cent in 1999-2000 to 5.6 per cent in 2011-12.

Besides change in employment status and unemployment status of the population, there has also been structural changes across the sector which is evident from the fact that the share of the primary sector in total employment has declined from 58.5 per cent in 2004-05 to 48.9 per cent in 2011-12 whereas it has been increased in the secondary and tertiary sectors to 24.3 per cent and 26.8 per cent respectively in 2011-12 from 18.1 per cent and 23.4 per cent respectively in 2004-05. However, self-employment still dominates with a more than 52

per cent share in total employment. The cause of concern in the entire scenario of employment is that the major size of workers is engaged in low-income-generating activities in the economy of the country.

### Efforts towards Skill Development

It is not that no efforts have been made toward skilling personpower in the country. Some of the recent initiatives taken in this regard are the Rashtriya Uchchatar Shiksha Abhiyan (RUSA), Technical Education Quality Improvement Programme (TEQIP), and National Skill Qualification Framework (NSQF). A exclusive Department of Skill Development and Entrepreneurship has been created under the Ministry of Skill Development, Entrepreneurship, Youth Affairs and Sports to zero in on quality skill development and innovations in the country. Skilling has been reprioritized to build the capacity of poor rural youth to address domestic and global skill requirements with the introduction of the Deen Dayal Upadhyaya Grameen Koushalya Yojana (DDU-GKY) which is a placement-linked skill development scheme for poor rural youth. Besides, to bring minorities into mainstream development some initiatives like Nai Manzil for education and skill development of dropouts, Upgrading Skills and Training in Traditional Arts/Crafts for Development to conserve traditional arts/crafts and other leadership training programme for women and for upgrading entrepreneurial skills of minority youths have also been taken by the government.

Let us throw some light on the Deen Dayal Upadhyaya Grameen Koushalya Yojana (DDU-GKY) which is being implemented by the Ministry of Rural Development. DDU-GKY is a Placement Linked Skill Development scheme for rural poor youth. The skilling programme for rural youth has now been refocused and re-prioritized to build the capacity of rural poor youth to address the needs of global skill requirements. The Government has a target for training 10.50 lakh youth and giving placement to 7.87 lakh candidates under the placement linked skill development programme during the 12<sup>th</sup> Five Year Plan. Keeping in view the targets, decision has been taken to involve state governments besides the involvement of central government and for this capacities of State Governments have been built for implementation of delivery process of DDU-GKY. Against this target, a total of 4.90 lakhs candidates have been trained and placements have been given to 3.41 lakhs candidates under -DDU-GKY projects.

Under skill development programme of the Ministry of Rural Development, two schemes namely "Himayat" for J&K and "Roshni" for 24 most critical Left Wing Extremism(LWE) affected Districts have been implemented.

Roshini with separate guidelines has been launched that takes into account the peculiar situation in selected critical Left Wing Extremist affected (LWE) districts for 3, 6, 9 and 12 months. In the 12 month format besides the normal, skill, IT and soft skill training, trainees are also provided National Institute of Open Schooling (NIOS) certification depending on the standard at which they dropped out of the formal school structure.

Himayat a special scheme under DDU-GKY for Jammu and Kashmir covering both urban as well as rural youth and BPL as well as APL persons. This is a 100% centrally funded scheme implemented with the help of the state government by a dedicated Himayat Mission Management Unit located in Srinagar and Jammu.

### **Proposals in the Budget 2015-16.**

As per Census 2011, India has 55 million potential workers in the age group of 15-35 years in rural areas. And at the same time, it is expected that there would a shortage of 57 million workers by 2020. Hence, India has historic opportunity to transform its demographic surplus into a demographic dividend. Keeping this in view, the Budget 2015-16 has put forward to get demographic dividend in a inclusive mode by way of developing skills and productive capacity of the youth from both BPL and APL families. The Finance Minister in his speech spelt out the proposal for skilling population to meet out demand domestically and internationally. National Skills Mission through the Skill Development and Entrepreneurship Ministry will be launched soon with the purpose to consolidate skill initiatives spread across several Ministries and allow government to standardize procedures and outcomes across 31 Sector Skill Councils.

Deen Dayal Upadhyay Grameen Kaushaya Yojana had been launched to unlock the potential of rural youth in the country. An amount of ₹ 1500 crore has been earmarked for this scheme and disbursement funds under it would be through a digital voucher directly into qualified students' bank accounts. With a view to enable all poor and middle class students

to pursue higher education of their choice without any constraint of funds, a IT based Student Financial Educational Loan Schemes, through the Pradhan Mantri Vidya Lakshmi Karyakram has been proposed to set up so that no student misses out on higher education for lack of funds.

It is also proposed to set up All India Institute of Medical Sciences (AIIMS) in J&K, Punjab, Tamil Nadu, Himachal Pradesh and Assam and also proposed to set up another AIIMS like institutions in these States. An IIT is proposed to be set up in Karnataka and Indian School of Mines, Dhanbad will be elevated into a full-fledged IIT. A Post Graduate Institute of Horticulture Research and Education proposed to be set in Amritsar. Further, IIMs will be set up in J&K and Andhra Pradesh. Existing National Institute of Speech and Hearing is proposed to be upgraded into a University of Disability Studies and Rehabilitation. Three new National Institute of Pharmaceutical Education and Research will be established in Maharashtra, Rajasthan and Chattisgarh and an Institutes of Science and Education Research in Nagaland and Odisha. A Centre for Film Production, Animation and Gaming will be set up in Arunachal Pradesh to cater such needs in the North-Eastern States and Apprenticeship Training Institute for women in Haryana and Uttarakhand. The quick financial assistance is needed for skilling people and for that governance of Public Sector banks has to be improved. For this purpose, the Government intends to set up an autonomous bank Board Bureau which would search and select heads of Public Sector banks and help them in developing differentiated strategies and capital raising plans through innovative financial methods and instruments.

To conclude, proposed National Skill Mission would converge the efforts of different Ministries and Missions to bring synergies in process for better outcomes. It is expected that the structure of the Mission would be strengthened upto district level so that the understanding of programme management, mobilization, perception building, monitoring and evaluation may be carried out properly. Convergence would be the main mantra to harness the benefits of different stakeholders at macro, meso and micro levels.

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## HEALTHCARE IN RURAL AREAS-NEED OF THE HOUR

Dr. Harender Raj Gautam and Dr. H.L. Sharma

Universal healthcare is the priority of every Central and State Government which needs funding. Union Budget is certainly a big hope for the people which create a road map for ensuring quality, affordability and accessibility of medicines and treatment to the patients at all times. Union Budget for 2015-16 allocates ₹ 33,152 crore to the health sector and takes the initiatives further in the direction of universal healthcare. But, India still spends only about 1 per cent of gross domestic product on healthcare in comparison to 3 per cent in China, 7.8 per cent in the United Kingdom and 8.3 percent in the United States. Health facilities can be improved with better health infrastructure, availability of more doctors and paramedical staff to attend the people. According to the World Statistics Report 2014 of World Health Organization, India has 7.0 physicians per 10,000 of the population in comparison to 14.6 in China, 31.8 in France, 27.9 in United Kingdom and 43.1 in Russian Federation. As far as paramedical staff like nurses and midwives are concerned, India had 17.1 in comparison to 15.1 in China, 93 in France, 88.3 in UK and 85.2 in the Russian Federation. The report further indicate that, hospital beds per 10,000 population were 7.0 in India, in comparison to 38 in China, 64 in France, 29 in UK and 97 in the Russian Federation.

### Healthcare in Rural Areas

Rural India is the real face of our country as it represents 68.9 per cent of our population. Before we dwell on the issue, we have to keep in mind some statistics on the healthcare. National Sample Survey Organization (NSSO) in 2011-12 highlights the following facts for a period between 2000 and 2012 which needs attention. Total family expenditure on medical bills increased by 317 per cent in urban areas and 363 percent in rural areas for institutional care, while 'at-home' medical expenses increased by about 200 percent in both urban and rural areas. For institutional care in hospitals and nursing homes, costs of tests increased by a 541 per cent in urban areas. Even for the at-home patient, costs of diagnostic tests increased by over 400 per cent in the same period. During the period, doctors' fees in hospitals increased by 433 per cent in rural areas compared to 362 per cent in urban cities. Similarly, hospital charges went up by 454 per cent in rural areas compared to 378 per cent in urban areas. Medicine costs in hospitals went up by 259 per cent in rural versus about 200 per cent in urban areas. The number of families that reported expenditure on hospitalization dipped from 19 percent to 14 percent in urban areas and from 19 percent to 15 percent in rural areas. Lack of proper



facilities at accessible distances was reported to be a key factor in dipping cases of hospitalization in rural areas. Conversely, families that spent on patient care at home increased from 61 percent to 75 per cent in urban areas and from 62 per cent to 79 percent in rural areas.

Statistics released by the Union ministry of health and family welfare indicate that life expectancy in India has gone up by five years, from 62.3 years for males and 63.9 years for females in 2001-2005 to 67.3 years and 69.6 years respectively in 2011-2015. India will miss the target of reducing maternal deaths (maternal mortality ratio or MMR) to 109 per 100,000 deliveries by 2013. The national MMR is likely to remain at 139 in 2015. Crude birth rate in rural India declined from 38.9 per thousand in 1971 to 23.7 per thousand in 2010. On the other hand, urban areas of the country also witnessed a decline in birth rate from 30.1 per thousand to 18.0 per thousand during the same period. It is evident that birth rate in rural areas came down at a faster rate as compared to urban areas. Death rate in rural areas also came down from 16.4 per thousand to 7.7 per thousand during 1971-2010. Due to the extension of medical and health facilities at an accelerated pace in rural areas of the country, the rural urban gap in death rate came down from 6.7 per thousand to 1.9 per thousand during the period 1971-2010. Infant mortality rate is also an important indicator of level of economic development of a country. There has been a sharp decline in rural infant mortality rate from 138 per thousand in 1971 to 51 per thousand in 2010. Urban areas also witnessed a decline from 82 to 31 per thousand in infant mortality rate during this period. Infant mortality rate is high in rural areas which are matter of concern but the National Rural Health Mission (NRHM) will help immensely to overcome this bottleneck. The rural urban differentials in infant mortality rate narrowed down from 56 to 20 per thousand during the period under context.

### Impact of Government Initiatives

According to the report titled 'State of India's Newborns 2014' of Public Health Foundation of India, Maternal mortality ratio (MMR per 100000 live births) declined from 254 (2004-06) to 178 (2010-12). Similarly, under-five mortality rate also dropped by 30 per cent from 74 per 1000 live births (2005-06) to 52 (2012). In the same period, neonatal mortality rate decreased by 22 per cent from 37 per 1000 live births

to 29 in 2012. The report elaborates that the country is presently saving additional 440 000 neonatal lives annually compared to the year 2000. Another, health care scheme, *Janani Suraksha Yojana* ensured that an additional 12 to 13 million women are now delivering in government facilities each year with institutional delivery rate touching 80 per cent. More than 0.6 million newborn babies, mostly from poor families, are receiving care in the newly created Special Newborn Care Units in the district hospitals across the nation each year. The health system development has seen a transformational change in these years in increasing access of health services to the poor. More than 9,00,000 village level ASHA workers, 33,000 nurses, 14,000 paramedics, 8,000 doctors and 3,000 specialists have been inducted; more than 20,000 facilities have been constructed; and over 20,000 ambulances deployed. Medical graduate seats have increased by 55 per cent and postgraduate seats by 75 per cent. More than 500 000 village health and sanitation committees have been formed to catalyse community participation. Actual public spending together by the centre and state government on health increased by 2.27 times between the X Plan (2002-07) and XI Plan (2007-12) periods.

National Rural Health Mission was launched in 2005. Under NRHM, financial assistance has been provided to the States/UTs for health systems strengthening which includes augmentation of infrastructure, human resources and programme management, emergency response services, Mobile Medical Units, community participation including engagement of ASHAs, involvement of Rोगी Kalyan Samitis, mainstreaming of AYUSH and availability of drugs and equipment etc. Central assistance of more than ₹ 101288 crores have been released to States/UTs under NRHM since inception in a bid to increase public spending on health. As on 31st March, 2014, there were 152326 Sub Centres, 25020 Primary Health Centres (PHCs) and 5363 Community Health Centres (CHCs) functioning in the country. Number of Sub Centres increased from 146026 in 2005 to 152326 by March 2014. The number of allopathic doctors at PHCs has increased from 20308 in 2005 to 27355 in 2014, which is about 34.7 per cent increase. Shortfall of allopathic doctors in PHCs was 11.6 per cent of the total requirement for existing infrastructure. Community Health Centres Number of CHCs has increased by 2017 during the period 2005-2014. Significant increase in the number of paramedical staff is also observed in 2014 when

compared with the position of 2005. In addition to 4091 Specialists, 11399 General Duty Medical Officers (GDMOs) are also available at CHCs as on 31st March, 2014. There was huge shortfall of surgeons (82.5%), obstetricians and gynaecologists (76.6%), physicians (82.6%) and paediatricians (82.2%). Overall, there was a shortfall of 81% specialists at the CHCs vis-a-vis the requirement for existing CHCs.

Impact of concerted efforts of Central and State Governments is visible as different health parameters of the masses are improving. In January 2014, India was declared a polio free country. There has been a dramatic decline in India's child and maternal mortality figures since 2008 after the NRHM was rolled out. In fact, the decline in India's under-five mortality and Maternal Mortality Ratio (MMR) has been sharper than the global figures. In 1990, India's under-five mortality was 114 deaths per 1,000 live births whereas the global average was 87. According to the 2011 official statistics, only 55 Indian children die in the first five years of their life and globally the figure is 51. Similarly on the Mother Mortality Rate front, 600 women died for every 1,00,000 live births in 1990, while the global figure was 400. Now, it has decreased to 212 whereas the global average is 260. Again, the decline is 65 per cent in India whereas it is 35 per cent globally. Encouraged by these results, now the Central government has identified 184 high priority districts, based on composite health index across States and announced 30 per cent higher allocations, better infrastructure and incentives for human resources to bring these at par with the rest. There is need for more participation of private investment with social sensitivity to make healthcare affordable in rural areas. The health care sector of India is already growing at a CAGR of about 15 per cent since 2011 and is today worth about \$ 80-85 billion. Independent projections have put the turn-of-decade size in the region of \$ 150 billion.

Rashtriya Swasthya Bima Yojana or RSBY started rolling from 1st April 2008. RSBY has been launched by Ministry of Labour and Employment, Government of India to provide health insurance coverage for Below Poverty Line (BPL) families. The scheme offers healthcare benefits worth Rs 30,000 per year to a poor household that can be accessed at empanelled private and public hospitals across the country through a smart card. Till now, more than 3.71 crore active smart card holders are enrolled in this scheme. The World Bank and the United Nations have hailed it as one of the best health insurance schemes around the globe.

## New Initiatives

Health care is the necessity of each individual and the endeavour of Central and State Governments should be to make it affordable to the entire population of the country. Present Central Government is proposing to start the National Health Assurance Mission from April 2015, which would provide all citizens with free drugs and diagnostic treatment, as well as insurance cover to treat serious ailments. The proposed plan would be rolled out in phases from April 2015 and will cover the entire population by March 2019. This ambitious initiative of health care offer guaranteed benefits to a sixth of the world's population will cost an estimated 1.6 trillion rupees (\$26 billion) over the next four years. While all the six new AIIMS at Jodhpur, Bhopal, Patna, Rishikesh, Bhubaneswar and Raipur, which are part of Pradhan Mantri Swasthya Suraksha Yojana, have become functional, four more AIIMS like institutions were announced in the Budget of 2014 which will be set up at Andhra Pradesh, West Bengal, Vidarbha in Maharashtra and Poorvanchal in UP and Rs 500 crore has been allocated for these 4 new AIIMS. In addition, 12 more government medical colleges were also announced in 2014. In this direction, Central Government's efforts are continuing to provide super speciality facilities to the people of each State as the Budget of 2015-16 has announced to set up 5 All India Institutes of Medical Sciences (AIIMS) in J&K, Punjab, Tamil Nadu, Himachal Pradesh, Assam and Bihar. Health insurance is also an important measure to make health care affordable. In the Budget of 2015-16, limit of deduction of health insurance premium has been increased from ₹ 15,000 to ₹ 25,000 and for senior citizens, limit will be ₹ 30,000. Senior citizens not covered with health insurance will be entitled for ₹ 30,000 deduction on expenses incurred. Universal health care is the joint responsibility of Central and State Governments. As the Central Government has provided 42 per cent share of the central taxes to the State Governments, the enhanced share of 10 per cent should get priority spending in the health sector to make health care affordable to the common man.

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## **GENDER RESPONSIVE BUDGETING-EXPLORING THE REALITIES**

Dr. K. Baby

**G**ender budgeting is part of the gender mainstreaming strategy. Gender budgeting focuses on a gender-based analysis and an equality-oriented evaluation of the distribution of resources. These resources are mainly money, time as well as paid or unpaid work. Gender budgeting seeks to achieve a gender-equal distribution of resources. Such a comprehensive understanding of gender budgeting is necessary because the focus is not limited on money only. To make sure that there is a really gender-equal distribution of resources amongst women and men, it is necessary not only to include the “official” monetary economy (money flows, income, paid work) but also private, unpaid reproduction work (care, child care, care for the elderly, voluntary services). The most important resource that clearly shows the gender-relevant interactions of these two areas is time; because this is the only way to discover the indirectly discriminating implications of the shift of tasks between the state, the private industry and the private care sector.” Women bear the greatest burden of unpaid care work including looking after their children, sick family members, the elderly, cooking and cleaning.”

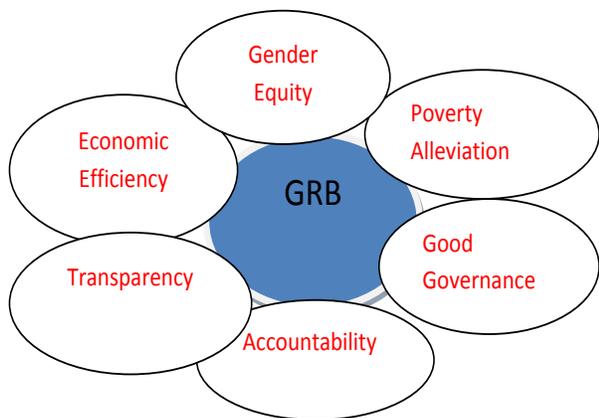


### **Gender-Responsive Budgeting**

Gender inequality poses a significant development challenge in India. The Global Gender Gap Index 2014 ranked India at 114 out of 142 countries. The ranking is based on a country’s ability to reduce gender disparities in four areas: economic participation and opportunity, education, political empowerment, health and survival. Violence against women and girls persists, both in private and in public spaces. As a response to these challenges, India adopted ‘Gender-Responsive Budgeting’ (GRB) in 2005. Put simply, GRB is a method of

planning, programming and budgeting that helps advance gender equality and women’s rights. It also serves as an indicator of governments’ commitment to meeting those objectives. So far, 57 government Ministries/ departments in India have set up Gender Budgeting Cells — a major step that could potentially impact the lives of women. An analysis of GRB in India, 10 years after it was adopted, will be a crucial pointer to the way forward.





### Missed Opportunities

Now there is an excellent chance to the government to recognize the missed opportunities and take corrective action with regard to investing in addressing gender inequality. This year's budget is also an opportunity for the government to demonstrate its commitment to gender equality. Gender issues have found consistent mention in official flora, including in the speeches of the Prime Minister. Ensuring adequate allocations for policies and programmes for women will help translate those commitments into action. The quantum of allocations for schemes relating to women-out of a budget of nearly ₹18 lakh crore (2014-15 budget estimate) - can be assessed by examining the Gender Budget Statement (GBS) which was first introduced in the 2005-06 budget. The analysis shows that over the last eight years the allocations for women as a proportion of the total budget have remained constant at approximately 5.5 per cent. Further, only about 30 per cent of the demands for grants, or estimates of expenditure, presented by Ministries/ departments to the Union government are reported in the GBS.

### Women Welfare Schemes

Further, allocations to the Ministry of Women and Child Development (MWCD), the nodal agency for women in the country, show a marginal increase over the last three years — from ₹18,584 crore in 2012-13 to ₹ 21,193 crore in 2014-15. With respect to 'Women Welfare,' the allocations actually show a downward trend — from approximately ₹ 930 crore in 2011-12 to around ₹ 920 crore in 2014-15. Almost 87 per cent of the 2014-15 budget of the MWCD

was allocated for the Integrated Child Development Services Scheme, leaving only five per cent for schemes exclusively meant for women. The UN Committee on Elimination of Discrimination against Women has emphasised the need for increased investments for the MWCD and for gender budgets across Ministries. In 2014, following its review of the fourth and fifth periodic reports submitted by the Government of India, the Committee — which monitors States' implementation of the UN Convention on the Elimination of All Forms of Discrimination against Women (CEDAW) — also reiterated the need to strengthen institutions such as the National Commission for Women and the State commissions.

Schemes focused exclusively on women either received reduced allocations or were not implemented, as seen from the revised estimates for 2013-14 vis-à-vis the budget estimates of the same year. Revised estimate figures are presented for the ongoing fiscal year based on the performance in the first six months of that year. The Domestic Violence Act is a case in point. The legislation, enacted a decade ago, received an allocation of ₹ 20 crore in 2012-13. Revised estimate figures for 2013-14 show zero allocation, which indicates that the scheme launched to operationalise the Act did not take off that year.

### Social Sector Allocation

Other schemes such as restorative justice for rape victims have also seen a decline in allocations. The recent launch of the 'Beti Bachao Beti Padhao' scheme by the new government is commendable. Equal attention must now be paid to better implementation of laws and special measures for the most marginalised women. It will also be important to ensure increased spending on all social sectors such as health, education and sanitation, given their impact on women. Women bear the greatest burden of unpaid care work - which includes looking after children and elderly or sick family members, cooking and cleaning. The call to recognise, redistribute and reduce women's unpaid care work has gained momentum globally. This is therefore an opportune time to increase the quantum of allocations to the social sector.

## Benefits of Gender Budgeting

- Gender Budgeting-GB offers a range of advantages that partly go beyond an effective contribution to gender equality:
- GB creates greater transparency regarding the criteria that form the basis for budget-related political decisions.
- GB facilitates greater accuracy and sustainability because available funds are more precisely tailored to the real needs of the different social groups.
- GB is a procedure that makes discriminating implications of financially effective decisions visible and that enables a gender-equitable restructuring of resource-related decisions.
- GB is an option to put gender-equality-related goals into practice, including in times of bigger budgetary margins.

## Collective Responsibility- Nirbhaya

The government announced a proposal to set up a Nirbhaya Fund with an allocation of ₹ 1,000 crore which would satisfy the “collective responsibility” to ensure the “safety and dignity of women.” Union Women and Child Development Minister and other Ministers concerned will work out the details of the structure, scope and application of the Fund-Nirbhaya Fund, named after the gang rape victim. Referring to the horrific case of gang rape and murder of a young woman in the National Capital. As more women enter public spaces – for education or work or access to services or leisure – there are more reports of violence against them. We stand in solidarity with our girl children and women and we pledge to do everything possible to empower them and to keep them safe and secure, adding that a number of initiatives were under way and many more would be taken by government as well as non-government organisations. Women belonging to the most vulnerable groups, including single women and widows, must be able to live with self-esteem and dignity, but they are facing gender discrimination everywhere, especially at the work place.

The Ministry of Women and Child Development has been asked to design schemes

that will address these concerns. But it is a fact that the Minister’s budget speech made several references to women, but these have not been backed by sufficient allocations in the required areas, these references appear to be mere token and hollow gestures. The budget get a chance to show that these were not mere ‘charity’ gestures in one single case. In fact, the government ought to show that it owns responsibility for the safety of all women, by providing every single survivor of rape or acid attacks with state-funded rehabilitation and medical care. Legislation against violence faced by women (such as the Domestic Violence Act and laws against sexual violence) need to be backed by budgetary allocations. The budget should also have announced specific allocations for safe houses and shelters for women who face domestic violence, incest, and for homeless women. Presently the Fund had not been accounted for in the gender budget and it was unclear whether it would eventually materialise. The percentage of allocations for the gender budget remained static at 16.4 per cent of the total budget and 5.8 per cent of the total budget allocation. It is even more disturbing that the total allocations for the Ministry of Women and Child Development, a Ministry that is the nodal point for combating violence against women and looking after their welfare, has gone up by ₹ 971.45 crore. Mr. Jaitley has pumped in another ₹1, 000 crore into the Nirbhaya fund, the question is will women really benefit? After all, the main challenge is the allocation of the fund.



## Beti Bachao- Beti Padhao

### Realities of the Budget

The allocation of the women and child development ministry has been slashed by 44 percent in the budget for 2015-16. While the

allocation for the ministry in 2014-15 was ₹ 18,588 crore, it was reduced to ₹ 10,382 crore for this financial year. With an additional ₹ 1,000 crore allocated to the Nirbhaya Fund and ₹ 100 crore for 'Beti Bachao, Beti Padhao', the government has assured budgetary allocation of ₹ 79,258 crore for women this year. Nirbhaya fund has become magical money which grows with every successive Budget but never gets spent. In absolute terms, decrease in budgetary allocations constitute a decrease of 12.2% in gender budget and 49.3% decrease in the allocation of the ministry of women and child development over the revised budget of 2015-16. The budget promised to provide additional funds of ₹ 1,500 crore to the Integrated Child Development Scheme (ICDS) and ₹ 500 crore to Integrated Child Protection Scheme (ICPS) in case of more revenue collection due to tax buoyancy. The allocation for ICDS has been increased from ₹ 41.61 crore to ₹ 90 crore and the the budget allocation for National Commission for Women has been reduced from ₹ 27.35 crore to ₹ 23.15 crore.

### Welfare Schemes of the Budget

- GST and JAM trinity (Jan Dhan Yojana, Aadhaar and Mobile) to improve quality of life and to pass benefits to common man.
- Six crore toilets across the country under the Swachh Bharat Abhiyan.
- MUDRA- Micro Units Development Refinance Agency bank will refinance micro finance organisations to encourage first generation SC/ST entrepreneurs.
- Housing for all by 2020.
- Upgradation 80,000 secondary schools.
- DBT will be further be expanded from 1 crore to 10.3 crore.
- For the Atal Pension Yojana, govt. will

contribute 50% of the premium limited to ₹ 1,000 a year.

- New scheme for physical aids and assisted living devices for people aged over 80.
- Govt. to use ₹ 9,000 crore unclaimed funds in PPF/EPF for Senior Citizens Fund.
- ₹5,000 crore additional allocations for MGNREGA.

### Concluding Remarks

A positive trend over the past couple of years has been the pre-budget consultations organised by the Ministry of Finance, aimed at ensuring that the voices of women are also heard in the budget making process. This year, in addition to meeting women's rights organisations, the Ministry also held a dialogue with UN Women along with the MWCD to discuss key issues pertaining to GRB. The coming months will see a greater focus on development issues in general, and gender issues in particular, with the adoption of the post-2015 Global Development Agenda and reviews of countries' performance vis-à-vis the Beijing Declaration and Platform for Action (Beijing+20). The stand-alone goal on gender equality and women's empowerment in the Sustainable Development Goals is an achievement for women's rights advocates across the globe. It will, however, remain elusive if not backed by adequate investments. To conclude, the present budget can serve as a timely course correction. The emphasis must be on the strengthening of key institutions, adequate investments for schemes that address gender concerns and the effective implementation of these schemes.

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## RURAL INFRASTRUCTURE – THE GROWTH ENGINE

Dr.P. Malyadri

**T**he Budget meets the present requirements of the Indian economy and outlines a comprehensive vision for citizens with strong focus on growth, infrastructure, investment, job creation and social security. A forward-looking, counter-cyclical, and pragmatic document, the Budget reassures investors and builds consumer confidence. CII is encouraged by the GDP growth target of 8-8.5 per cent in 2015-16, and fiscal consolidation at 3.9 per cent of GDP.

The Budget would strengthen the investment cycle and build the savings pipeline while also channelling funds into much-needed infrastructure. Light at Home aims to bring clean and affordable lighting to 300 million people in India living in 78 million rural households who do not have access to electricity. The initiative seeks to provide high-quality and cost effective solar lanterns, home lighting systems and solar cookers, disseminated through solar centers across India. The units are operated and managed by a local entrepreneur trained under the initiative.

### Spirit of 'Team India' for rural infrastructure development

Estimated GDP growth for 2014-15 is 7.4%,

growth in the next financial year is expected to be between 8 to 8.5% and aiming for a doubledigit rate seems feasible very soon. It was underlined that India has to think in terms of a quantum jump. The Finance Minister says that the year 2022 will be the Amrut Mahotsav, the 75th year, of India's independence. The vision of what the Prime Minister has called 'Team India' led by the States and guided by the Central Government should include a roof for each family which will require to complete two crore houses in urban areas and four crore houses in rural areas with each house having 24 hour power supply, clean drinking water, a toilet and road connectivity. He said the vision includes that at least one member from each family should have access to the means of livelihood, substantial reduction in poverty, electrification of the remaining 20,000 villages including off-grid solar power by 2020, connecting each of the 1,78,000 un-connected habitation, providing medical services in each village and city, ensuring a Senior Secondary School within 5 km reach of every child, strengthening rural economy-increase irrigated area, ensuring communication connectivity to all villages, to make India, the manufacturing hub of the world through Skill India and the Make in India Programmes, encourage and grow the spirit of



entrepreneurship and development of Eastern and North Eastern regions on par with the rest of the country.

An increased outlays on both the roads and the gross budgetary support to the Railways by ₹ 14,031 crore and ₹ 10,050 crore respectively has been announced. CAPEX of the public sector units is expected to be ₹ 3,17,889 crore, an increase of approximately ₹ 80,844 crore over RE 2014-15. Investment in infrastructure will go up by 700 billion rupees in 2015-16, over the last year. National Investment and Infrastructure Fund (NIIF), to be established with an annual flow of 20,000 crore rupees to it. Allocation of 25,000 crore rupees for rural infrastructure. There are plans to permit tax free infrastructure bonds for the projects in the rail, road and irrigation sector. proposed to establish the Atal Innovation Mission (AIM) in NITI which will provide Innovation Promotion Platform involving academicians, and drawing upon national and international experiences. A sum of ₹ 150 crore is proposed to be earmarked for the mission. Setu (Self-Employment and Talent Utilisation) mechanism to support startup businesses. 5 new ultra mega power projects to be set up. New institutions, including AIIMS, IIT and IIM to be set up Government of India

### **Rural Infrastructure Development fund (RIDF) & NABARD**

Reiterating that the Government's commitment to farmers runs deep, the Finance Minister proposed to fully support Agriculture Ministry's organic farming scheme – "Paramparagat Krishi Vikas Yojana". Stating that the Pradhanmantri Gram Sinchai Yojana is aimed at irrigating the field of every farmer and improving water use efficiency to provide 'Per Drop More Crop', Shri Jaitley proposed allocation of ₹ 5,300 crore to support micro-irrigation, watershed development and the Pradhan Mantri Krishi Sinchai Yojana. In order to support the agriculture sector with the help of effective agriculture credit and focus on small and marginal farmers, the Finance Minister proposed to allocate ₹ 25,000 crore to the corpus of Rural Infrastructure Development fund (RIDF) set up in NABARD, ₹ 15,000 crore for Long Term Rural Credit Fund; ₹ 45,000 crore for Short Term Cooperative Rural Credit Refinance Fund; and ₹ 15,000 crore for Short Term RRB Refinance Fund. He said that the Government has set up an ambitious target of ₹ 8.5 lakh crore of agricultural credit. Stating the Government's commitment to

supporting employment through MGNREGA, it is proposed an initial allocation of ₹ 34,699 crore for the programme.

The Cooperative banks and Regional rural banks availing funds from NABARD at concessional rates for on-lending to these activities will have additional resources. This will improve agriculture production and productivity over the long term. Rural connectivity will be the major beneficiary out of the continuation of ₹ 250 billion under Rural Infrastructure Development Fund (RIDF). Of the cumulative RIDF loan sanctioned by NABARD as of 31 March 2014, rural connectivity by way of roads and bridges accounted for 43%. Agriculture & related sectors and social sector projects were sanctioned 43% and 14%, respectively. Andhra Pradesh (undivided), Tamil Nadu, Gujarat, Uttar Pradesh, Madhya Pradesh, West Bengal, Rajasthan are some of the major beneficiaries under RIDF. The government has allocated ₹ 1,000 billion to NABARD with its focus on agriculture and rural development under various funds ₹ 150 billion to Long-Term Rural Credit Fund; INR450bn to Short-Term Cooperative Rural Credit Refinance Fund and ₹ 150 billion to Short-Term RRB Refinance Fund. The overall economic development in the coming future may be increased undoubtedly with initiatives that are proposed in the present budget.

### **Infrastructure & Economic development**

Infrastructure is the prerequisite for the development of any economy. Transport, telecommunications, energy, water, health, housing, and educational facilities have become part and parcel of human existence. It is difficult to imagine a modern world without these facilities. These are vital to the household life as well as to the economic activity. Infrastructure plays a crucial role in promoting economic growth and thereby contributes to the reduction of economic disparity, poverty and deprivations in a country. Greater access of the poor to education and health services, water and sanitation, road network and electricity is needed to bring equitable development and social empowerment. It is an important pre-condition for sustainable economic and social development. Infrastructural investments in transport (roads, railways, ports and civil aviation), power, irrigation, watersheds, hydroelectric works, scientific research and training, markets and warehousing, communications and informatics,

education, health and family welfare play a strategic but indirect role in the development process, but makes a significant contribution towards growth by increasing the factor productivity of land, labour and capital in the production process, especially safe drinking water and sanitation, basic educational facilities strongly influence to the quality of life of the people. This study establishes the relationship between infrastructure and economic growth using growth theories by empirical evidences. Finally it concludes infrastructure and poverty reduction in the Indian context. All the Sectoral Development is a major concern for the economic development of the country which is very much taken care off through the present budget.

### Rural infrastructure investments & Poverty mitigation

Rural infrastructure investments can lead to higher farm and nonfarm productivity, employment and income opportunities, and increased availability of wage goods, thereby reducing poverty by raising mean income and consumption. If higher agricultural and nonagricultural productivity and increased employment directly benefit the poor more than the nonpoor, these investments can reduce poverty even faster by improving income distribution as well. The econometric analysis reported in this brief, however, has not addressed the issue of purposively skewing the distribution of public intervention benefits to enhance the poor's access to opportunities. An example would be employment or credit programs targeted to the poor. However, targeting government interventions to reduce poverty can only be regarded as supplementary to fostering economic growth, which is the more durable approach to sustained poverty reduction and overall improvement in living standards. Public investment in physical infrastructure is needed to raise productivity and achieve long-term

growth. Such investment is especially critical in rural areas for at least two reasons: first, because of ample potential remains for raising rural productivity and employment, thereby contributing significantly to faster overall economic growth in many developing countries; and, second, because rural areas are home to the majority of the poor in these countries. It is evident in the present budget, the allocations that are proposed would certainly give an impetus.

### Infrastructure & Public Private Partnership(PPP)

The Union Budget 2015 is the boost given to the infrastructure sector, keeping in line with its development agenda. The most needed push in the infrastructure sector is expected to come from the host of measures announced. Amongst the key ones is revisiting the Public Private Partnership (PPP) framework wherein the sovereign will be bearing the major part of the project risks. In a country where majority of the PPP projects were not perceived as 'successful', this measure is expected to boost private investor confidence to a large extent. Similarly, the introduction of the proposed Regulatory Reform Law across various infrastructure sectors and introduction of Public Contracts and Resolution of Disputes Bill and institutional arrangements of resolution of disputes will provide the much needed boost to the sector. Announcement of measures for investment promotion through regulatory interventions like according permissions through an integrated portal and reducing the approval time will also go a long way in increasing private sector confidence. The wait for the Expert committee to prepare the draft legislations on permissions will now begin.

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# Kurukshetra

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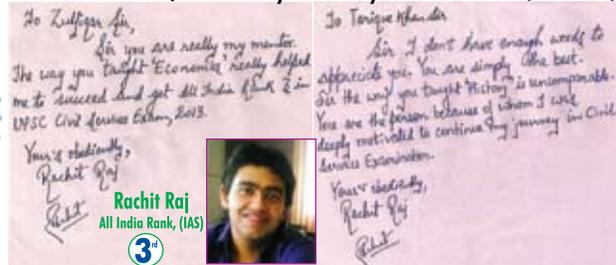
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## RURAL HOUSING

Nirupam Hazra

*Even after sixty-seven years of Independence, 1.77 million Indians still live without a home. The problem of homelessness has been one of the major impediments on the way of development of the country and well-being of its population. Homelessness is not only about lack of shelter, it also means denial of other basic facilities and civic amenities essential for a productive and dignified life. Budget 2015 puts special emphasis on rural housing. In this article the programme of rural housing is analysed in the light of Budget 2015.*

Census defined homeless households are those which do not live in buildings but stay in open or roadside, railway platforms, under flyovers, etc. It is a social category of people who lack housing because they cannot afford or are otherwise unable to maintain a regular, safe and adequate shelter. 2011 Census data shows that there are 9.38 lakh homeless people in urban areas while the rural homeless population stands at 8.34 lakh. But it would not be prudent to see urban and rural homelessness in two distinct categories. The 2011 Census data point towards a direct relation between rural and urban homelessness. It was found that the decrease in rural homelessness is almost equal to the increase in the population of urban homelessness when compared to the data of Census 2001. Large-scale migration has been one of the major causes for this. Limited livelihood opportunities and dwindling resources forced rural population, especially those

who are homeless, to move to urban pockets of the country. Home or a proper and permanent shelter not only ensures safety and , it is also part of human dignity and social standing. In more than one ways home becomes an essential pre-requisite for other basic facilities and services required for well-being and development. Access to clean and regular drinking water, facility of toilet and electricity are , someway or other, connected with home. Besides individual well-being, civic amenities and economic security, home along with land, especially in rural areas, become the lowest common denominator for social standing. Homelessness becomes ground for social exclusion and disempowerment. Therefore, housing, particularly rural housing becomes an issue of special emphasis.

### Budget 2015 and Rural Housing

In the Budget 2015-16, rural housing occupies



a special attention. The vision of house for every citizen by seventy-fifth anniversary of Independence (by 2022) made the government take rural housing as one of its priority projects. The aim is to build six crore houses, of which four crore would be built in rural areas. It is not only house, the call of 'House for All' will also include basic facilities like access to clean drinking water, toilet facility, 24-hours electricity and road connectivity. Among other major plans that would complement the rural housing scheme announced in Budget are rural electrification and road construction. By 2020, remaining twenty thousand villages would be provided with electricity; on the other hand, 178000 unconnected rural habitations will be connected by all weather roads. So, far rural housing is concerned, the Union Budget 2015-16 has allocated ₹ 14,000 crore for the housing scheme including ₹10,000 crore to Indira Awas Yojana, the primary rural housing scheme. The Budget allocation points towards increased emphasis on the problem of rural homelessness. It would give a major boost to the rural housing programme. But what stands as noticeably significant is the more holistic approach to the issue of rural housing. Toilet, electricity, clean drinking water and road connectivity are important components of well-being for the rural population of India. It is not an easy task. The challenge is much bigger than it appears.

### Rural Housing So Far

The major rural housing programme initiated by government was Indira Awas Yojana (IAY). The genesis of the Indira Awaas Yojana (IAY) can be traced to the programmes of rural employment, which began in the early 1980s. Construction of houses was one of the major activities under the National Rural Employment Programme (NREP), which began in 1980, and the Rural Landless Employment Guarantee Programme (RLEGP), which began in 1983. Later, in May 1985, it was made part of Jawahar Rozgar Yojana (JRY). Six percent of the total JRY funds were allocated for implementation of IAY In 1996; IAY has been made into an independent scheme. Under IAY, housing for marginalised section of rural community was prioritised. Target populations primarily consisted of people under below poverty line, scheduled caste and scheduled tribe communities, freed bonded labourers and others. From 1995-96, the IAY benefits were extended to widows or next-of-kin of defence personnel killed in service, to ex-servicemen and retired members of the paramilitary forces based on the given eligibility mentioned in the scheme. Three per cent of funds are reserved for the differently-abled persons living below the

poverty-line in rural areas. Since 2006-07, IAY funds are also earmarked for minorities. Presently, per unit assistance provided under the scheme is ₹ 70,000, for difficult terrain it is 75,000 rupees. Toilet is proved separately under the sanitation programme. The main objective of the scheme is to deal with the problem of rural homelessness by construction or up-gradation of dwelling units.

### Challenge Ahead

As per the Census 2011, 1.08 crore households live in dilapidated houses, which are showing signs of decay or breaking down and require major repairs. There are houses in such poor conditions that they cannot be restored or repaired. If one goes into greater details, it would be found that about 4.41 crore houses have 'kutcha' roofing. Around 2.71 crore houses have grass, thatch, bamboo, plastic, etc. as wall and another 5.83 crore have mud or un-burnt brick as material. The country loses 15 lakh houses to disaster every year. Therefore, it is important to make the houses resilient enough to last for years. Apart from this, cost for building house has also increased significantly.

The 69th round survey of the National Sample Survey Organisation (NSSO), during July 2012 to December 2012 shows that 53.9 per cent of rural households did not have drinking water facilities within premises. Census 2011 reveals that 11.62 crore rural households (69.30%) do not have a latrine within their premises. Though construction of toilet has been made mandatory (from 1<sup>st</sup> April, 2013) along with construction of IAY unit, reports reveal that not all houses sanctioned have been provided with toilets. Only 2.18 lakh of the 15.62 lakh houses completed have reported construction of a toilet. Therefore, it is a huge challenge to ensure house for entire rural population in a complete sense.

### Future Plan

The magnitude of the problem demands special focus and prioritised action. The plan to set up National Gramin Awaas Mission (GRAM) as an autonomous registered Society to implement and monitor the scheme at the National level could be a meaningful intervention. The main aim of this Mission is to deal the problem with a more holistic approach. The governing structures of the Mission would have representatives at a senior level from other participating Ministries implementing *Jawaharlal Nehru National Urban Renewal Mission* (JNNURM) *National Rural Drinking Water Programme* (NRDWP) and *Rajiv Gandhi Grameen*

Vidyutikaran Yojana (RGGVY) and agencies like National Disaster Management Authority (NDMA), National Environmental Engineering Research Institute (NEERI) to provide technical inputs. It would streamline the entire process and ensure optimal use of resources and modern technologies. For example, according to the discussion paper of proposed National Gramin Awaas Mission, making a sanitary toilet along with bathing space is made integral to the housing programme. It would ensure that all new houses constructed would have a toilet with bathing space and the beneficiary would not have to approach two different agencies. Funds for construction of the house and toilet with bathing space would flow from a single source in order to ensure construction. Provision of household level biological waste treatment facility with appropriate technologies like bio-digesters would also be incorporated along with suitable technologies for treatment of waste water at the habitat level. Currently, the provisions of the Mission are under discussion and require more inputs from its various stakeholders.

## Conclusion:

For the overall development of the country, it is very important to ensure the well-being and development of country's rural population. India is one of the fastest growing economies of the world with a more than two-third rural population. This huge rural population needs to make more meaningful contribution in a more inclusive manner and more this it must be ensured that their basic needs are fulfilled. Housing, sanitation and access to clean drinking water are among most important requirements. Hence, the proposed plan with renewed attention to the problem of rural housing has the potentiality to transform the rural India. Budget 2015-16 could be considered as important stepping stone in this direction.

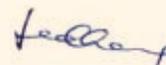
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### FORM IV

Statement About Ownership and other Particulars About Kurukshetra-(English)

- |   |   |  |
|---|---|--|
| 1. Place of Publication   | : | New Delhi  |
| 2. Periodicity of Publication   | : | Monthly  |
| 3. Printer's Name   | : | Dr. Sadhana Rout   |
| Nationality   | : | Indian   |
| Address   | : | Publications Division,<br>Soochna Bhawan,<br>New Delhi – 110 003                                   |
| 4. Publisher's Name   | : | Dr. Sadhana Rout   |
| Nationality   | : | Indian   |
| Address   | : | Publications Division,<br>Soochna Bhawan,<br>New Delhi – 110 003                                   |
| 5. Editor's Name  | : | S. Manjula   |
| Nationality   | : | Indian   |
| Address   | : | Publications Division,<br>Soochna Bhawan,<br>New Delhi-110003                                      |
| 6. Name & address of individuals who own the Newspaper and partner or shareholder holding more than one percent of the total Capital. | : | Wholly owned by Ministry of Information & Broadcasting, Government of India<br>New Delhi - 110 001 |

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## INCLUSIVE AGRICULTURAL DEVELOPMENT

Dr. Amiya Kumar Mohapatra

*“I will give you a talisman. Whenever you are in doubt or when the self becomes too much with you, apply the following test: Recall the face of the poorest and weakest man whom you may have been and ask yourself if the step you contemplate is going to be of any use to him. Will he gain anything by it? Will it restore him to a control over his own life and destiny? In other words, will it lead to Swaraj for the hungry and spiritually starving millions? Then you will find your doubts and yourself melting away.”*

*MK Gandhi*

**T**he union budget of India is not just a financial statement about receipts and expenditure of the government; rather it is a powerful and effective instrument of bringing overriding changes in the socio-economic conditions of citizens of our country. The rate of economic growth and pace of inclusive development of India very much depends upon background, dynamics, nature and purpose of the budget. Besides, its impact and outcome is evaluated in terms of sectoral and regional development in general and well-being of the marginalised and hapless group in particular. The core objectives of the budget are to reduce poverty and inequality, to reduce unemployment through job creation, to maintain price stability and to foster

faster economic growth and social development by addressing all the needs of various segments of the society.

### Why Budgeting for Agricultural Sector

The well-being of the rural India very much depends upon agriculture and its development. Although India is having highest contribution from tertiary sector, ironically almost half of the workforce (recorded 48.9% in 2012) is still engaged in agriculture to earn their livelihood. Even though the contribution of agricultural sector to GDP has decreased to 13.9 percent of GDP, still its absolute contribution to GDP has increased by manifold and considered as a great source of rural employment. It



directly as well as indirectly contributes fairly to the livelihood of the rural masses as a whole. Besides, its contribution to rural employment and rural livelihood itself signifies its national importance. So, agricultural development is imperative for rural development through which inclusive development would be possible. The food price have increased manifold over the recent years making the food basket costlier and threatens the survival of the poor masses. The food price inflation has laid more emphasis on the agricultural development. Government has already implemented the food security bill recently. But food security in itself may face insecurity if food production do not matches with the food demand. Therefore, the government needs to augment the growth of agriculture sector to fulfill the demands of the growing population. The growth and success of agriculture sector will certainly reduce rural poverty and inequality.

## Budgetary Provision and Agriculture Development

### Agricultural Credit

Agricultural credit is one of the key determinants of agricultural production and its growth. Thus to empower the farmers, availability and access of easy credit is essential to meet the rising need of food production for the growing population and to meet the industry requirement. For this, the provision of agricultural credit in the union budget is on a continuous rise. The provision of agricultural credit has increased from ₹ 3, 75,000 crores (2010-11) to ₹ 8, 50,000 (2015-16). It shows a massive growth in the agricultural credit which is more than two times within a period of five years.

Government intends to infuse soft cash to the stressed farmers. Not only the flow of farm credit has increased considerably but also target interest rate has been reduced from 9% to 7% up to the amount of ₹ 3 lakh. In addition, in order to encourage farmers those are making timely payments; government has decided to reduce effective interest rate to 4% only. Thus, we can infer that timely availability and easy access of agricultural credit at reasonable rate is crucial for agricultural growth as well as development of nation.

### Pradhan Mantri Krishi Sinchai Yojana & Irrigation

In India, agriculture is still greatly dependent on rainfall. In fact, about 35% of total arable areas are being irrigated and the distribution of irrigation facilities across states is highly imbalanced. To

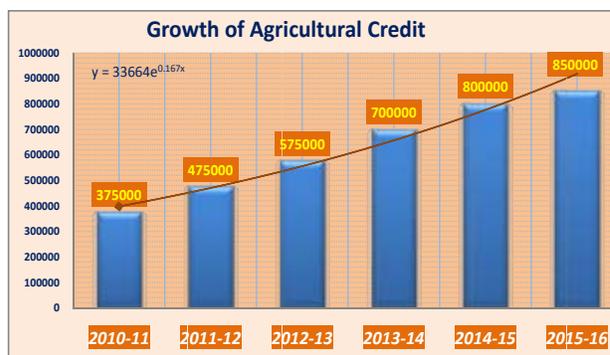


Fig.1- Source: Author's Compilation from Budget Documents and Media Report

overcome such problem, it is required to focus on micro-irrigation system like drips and sprinklers which would increase the efficiency and productivity of water usage. Also, to reduce the wide gap that exists between gross cropped area and gross irrigated area, the government has proposed to spend ₹ 5,300 crore for irrigation development. "The Pradhan Mantri Krishi Sinchai Yojana" is aimed at irrigating the field of every farmer and improving use of water efficiently to provide 'Per Drop More Crop'. This does not focus on quantity of water that is available but focuses on the efficient usage of available water for irrigation. The budget has allocated ₹5, 300 crore funds for irrigation, out of which ₹ 1.800 crores has been allocated for development of micro irrigation (per drop more crop), ₹1, 500 crores is provided for watershed development programme and rest ₹ 2,000 crore fund is for Pradhan Mantri Krishi Sinchai Yojana which includes accelerated irrigation benefit and flood management programme. Spending more on irrigation will surely enhance agriculture productivity and increase production. Current account deficit can be contained to the minimum through higher agricultural export if agriculture prospers.

### Fertilizer and Soil Health

For the enhancement of agricultural production, government has formulated various subsidies schemes from time to time. In this budget, although there is a cut in subsidies by 10% in total but subsidies meant for a fertilizer has not decreased. Fertilizer subsidy got a budget allocation of ₹ 72,969 crore in 2015-16, which is little higher than of ₹ 70,967 crore of the fiscal year 2014-15. Thankfully, the subsidies for fertilizers has not been decreased in relation to other, indicating a positive move in the favor of agriculture as farmers are able to get access to more fertilizer. Thus, it will definitely enhance the agriculture production and productivity. Another initiative taken by the government is soil testing and

**Table- 1: Budgetary Provision and Agriculture Development**

	<b>Agriculture Development-Area and Initiatives</b>	<b>₹ in Crore</b>
1	Rashtriya Krishi Vikas Yojana (State Plan)	4,500
2	National Crop Insurance Programme	2,823
3	National Food Security Mission	1,300
4	National Mission for Sustainable Agriculture	835
5	Development of Micro Irrigation (per drop more crop)	1,800
6	Integration Watershed Development Programme	1,500
7	Accelerated Irrigation Benefit and Flood Management Programme (PMKSY)	2,000
8	Krishonnati Yojana (Centre and State)	12,257
9	Pradhan Mantri Krishi Sinchai Yojana	5,300
10	Agriculture Credit Target	8,50,000
11	RIDF of NABARD	25,000

Source: Author's Compilation from Budget Documents and Media Report

checking upon the fertilizers before their use on a particular soil, so as to maintain and improve the quality of soil. So, to improve soil fertility and soil health on sustainable basis, the budget has proposed for implementation of organic farming.

### Krishonnati Yojana

Krishonnati Yojana is envisaged as umbrella programme for focusing on food security, by merging schemes on soil health card, integrated scheme on agricultural co-operation and agricultural marketing, national mission on agriculture extension, horticulture development, price stabilization fund, nation mission on sustainable agriculture and other programmes. Also, ₹ 12, 257 crore has been allocated in Krishonnati Yojana (centre and state) in order to make agriculture market more efficient and competitive and to initiate the overall development of farmers. Out of the total allocated fund that is ₹12,257 crore for Krishonnati Yojana (centre and state), ₹ 4,500 crore has been allocated for Rashtriya Krishi Vikas Yojana (state plan) and ₹2,823 crore has been set aside for National Crop Insurance Programme. Similarly, ₹1, 300 crore has been allocated for National Food Security Mission where as provision of ₹ 835 crore is made for National Mission for Sustainable Agriculture

### Unified National Agricultural Market

As a welfare initiative, government intends to increase the income of farmers by creating a unified national agriculture market through incidental benefit of moderating price rises. At present, farm producers, due to lack of knowledge and information asymmetry sell their produce in the market even below the price that can cover the cost. Thus, farmers often feel distressed and discouraged to continue

in farming. To overcome this problem, the current budget has planned to create a unified national agriculture market for farming where farmers can discover the price and able to sell their produce at a higher price at anytime and anywhere which will surely raise their standard of living. Once the unified national agriculture market gets established, farmers would not have to depend upon local produce marketing committees.

### Concluding Remarks

Self sufficiency in food grain production and assurance of food security for masses very much elucidates the significance of agricultural sector. That is why budget provisioning for agriculture and related activities has got the top priorities in the budget. Increase in agricultural productivity and realization of reasonable prices for agricultural production is indispensable for the welfare of rural areas. The budget has commit to increasing the irrigated area, improving the efficiency of existing irrigation systems, promoting agro-based industry for value addition and increasing farm incomes, and reasonable prices for farm produce. To achieve the same, the country will have to invest heavily on farm research, rural infrastructure, providing better access to high value markets, better credit facilities and input use etc. However, we should anticipate positive outcome of the budget through good governance, prudent cash management, close monitoring, timely implementation with proper follow up and clear cut accountability in the various schemes of agriculture development.

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## MUDRA BANK FOR ENHANCING MICROFINANCE

Dr. Abhijit Sarkar

The Union Budget 2015-16 was presented by the Finance Minister of India amidst high anticipation of elevated allocation in rural development sector for experiencing 'Aachhe Din'. After the interim budget last year, this was the first full-fledged budget of the present government. The following sections explore the budget provisions for rural development along with some light on Micro Units Development Refinance Agency (MUDRA) Bank.

### Allocation for Rural Development plus MGNREGA

The overall budget for the Rural Development Ministry in 2015-16 has been trimmed down drastically by around Rs 10,000 crore as against the 2014-15 Budget Estimates. A sum of 79,526 crore rupees were allocated for rural development activities including Mahatma Gandhi National Rural Employment Guarantee Act (MGNREGA). The objective of MGNREGA, the flagship programme of Government of India implemented by Ministry of Rural Development in 2006, was to provide for the enhancement of livelihood security of the rural households by ensuring a legal right for at least 100 days of unskilled wage employment to willing adult members. The last budget stressed on works under MGNREGA that are more productive, asset creating and substantially linked to agriculture and allied activities. Around 34,699 crore rupees have been allocated for MGNREGA this year by Mr. Jaitley mentioning that his government will ensure that 'no

one who is poor is left without employment'. The budget allocation proposal for MGNREGA in 2013-14 was ₹ 33,000 crores, while in 2014-15 the Finance Minister just proposed to implement the scheme more productively with an allocation of ₹ 34,000 crores. The funds for MGNREGA released to the states have been rationed. Eminent economist Jayati Ghosh says 'Studies across India found that by 2014 MGNREGA had a substantial impact in increasing rural wages and reducing gender wage gaps, smoothing and stabilising consumption of the poor, enabling better access to nutrition and other essential consumption, reducing extreme distress migration and providing opportunities for more household expenditure on health and education. In some areas it has also played a positive role in improving rural connectivity, improving supply conditions in agriculture and creating more sustainable forms of irrigations and production. It has also served as a built-in stabiliser of the economy during downturns and has the potential to add to longer run development possibilities... It has been important in improving income opportunities for single women and women-headed households and providing more autonomy to women within their families'. More allocation of funds for MGNREGA in the budget and introducing machinery for proper monitoring could have better the situation.

### Provisions for Agricultural Development

The Finance Minister expressed his confidence on 'Paramparagat Krishi Vikas Yojana', the organic



farming scheme. He stated that the 'Pradhanmantri Gram Sinchai Yojana' is aimed at irrigating the field of every farmer and improving water use efficiency to provide *Per Drop More Crop*, and proposed an allocation of ₹ 5,300 crore for micro-irrigation, watershed development and the 'Pradhan Mantri Krishi Sinchai Yojana'. In the earlier budget, Rs 1,000 crores was kept aside for this purpose after its announcement.

There is proposal of Rs 300 crores fund infusion for National Bank for Agriculture and Rural Development (NABARD) to augment its capital base. Further proposals are made for around ₹ 25,000 crores to be invested in 2015-16 to the corpus of Rural Infrastructure Development Fund (RIDF), ₹15,000 crore for Long Term Rural Credit Fund, ₹ 45,000 crores for Short Term Co-operative Rural Credit Refinance Fund and ₹ 15,000 crores for Short Term RRB Refinance Fund. A target of ₹ 8.5 lakhs crores is made for agricultural credit during this year.

Though there is a hike in service tax plus education cess from 12.36 percent to a consolidated rate of 14 percent, the budget made provisions for exemption from service tax to certain pre-cold storage services (pre-conditioning, pre-cooling, ripening, waxing, retail packing and labeling) for fruits and vegetables, a move aimed at promoting food processing sector, checking price rise of perishable items and to incentivize value addition in the sector. But the burden of additional service tax on rural people will, no doubt, surpass the relief due to exemption of service tax on the above-mentioned services.

Finance Minister's comment 'while the farmer is no longer in the clutches of the local trader, his produce still does not command the best national price' is questioned by economists, particularly on the issue of 'farmer no longer in the clutches of local trader'. He proposed to create a Unified National agricultural market with the states to raise the incomes of farmers.

All India Kisan Sabha (AIKS), however, strongly criticized the budget stating that 'The union budget has proved a damp squib in the wake of the growing inequality and pauperisation of the peasantry and the working people under neo-liberal reforms. The budget proposals do not address the distress that has gripped the peasantry all over the country. It only heightens the agrarian crisis in the long run and jeopardises the economic development. The government has taken no step to prevent the rampant farmers' suicides in different parts of the

country.' AIKS demanded 'provision of interest free crop loans to poor and marginal peasantry and minimise the general interest of crop loan to 4 per cent as recommended by the M S Swaminathan Commission'.

Allocation has also been made of ₹ 1040 crores for National Institute of Rural Development (NIRD) (₹ 50 crores), Council for Advancement of People's Action and Rural Technology (CAPART) (₹ 10 crores), Management Support to Rural Development programmes and strengthening of district planning process (₹130 crores), BPL Survey (₹ 350 crores), Shyama Prasad Mukherji Rurban Mission (SPM RURBAN) (₹300 crores) & Start-up Village Entrepreneurship Development Programme (SVEP) (₹ 200 crores). Out of these allocations, ₹ 103 crores has been kept separately for North Eastern Region and Sikkim.

A Report on Indian workers reported that only 2 percent (nearly 9 million) Indian workers are formally skilled and only around 7 percent of the population above the age of 15 years are vocationally trained. It is said that the world will experience a shortage of young population by around 56 million by 2020, India will have a surplus young force of 47 million at that time. In this year's budget, there is proposal of creation of a separate ministry for skill development of rural youth. ₹ 1,543 crores is allocated for this purpose. Under National Rural Livelihood Mission (NRLM), a provision is made for setting up of Rural Self Employment Training Institutes (RSETIs), one in each district of the country, for basic and skill development training of the rural BPL youth to enable them to undertake micro enterprises and wage employment. *Mahila Kisan Sashaktikaran Pariyojana* (MKSP) has been activated under NRLM to meet the specific needs of women farmers and to achieve socio-economic and technical empowerment of the rural women farmers, predominantly small and marginal farmers. The central outlay for NRLM for this year stands at ₹ 2,505 crores out of which ₹ 210.50 crores has been put aside for North Eastern Region and Sikkim.

### Micro Units Development Refinance Agency (MUDRA) Bank for enhancing microfinance

Microfinance, also known as microcredit, is a panacea for social and economic upliftment of people, especially the poor, and also a stimulus for micro, small and medium enterprises. 'Microcredit, or microfinance, is banking the unbankables, bringing credit, savings and other essential financial services within the reach of millions of people who are too poor to be served by regular banks, in most cases

because they are unable to offer sufficient collateral. In general, banks are for people with money, not for people without.' (Maanen G. V. 2004). The 'Big Push' theory of Rosentein-Rodan states that, a big push or a large comprehensive programme is required in the form of investment to overcome the obstacles of development in an underdeveloped economy and to launch it on the path of progress. Now, in a situation when policies of the government are towards withdrawal or minimization of subsidies in various sectors, provision of easy credit for investment becomes helpful for the people to develop and accelerate the production process, which in turn improves the employment and income levels through a multiplier effect. Here lies the importance of microfinance. The objective of the Microfinance is to provide poor, low income people an opportunity to be self-sufficient with the help of advanced credit. Microfinance provides financial services for micro entrepreneurs and small businesses lacking access to banking and related services.

But in India, only 4 percent of small business units get institutional finance out of 5.77 crores small business units, which run small manufacturing, trading or services activities, as per National Sample Survey Organisation (NSSO) data released in 2013. Almost seventy five percent workers working in the non-agricultural sector in India are in informal jobs. 79% of the informal workers do not have a written job contract; 71% are not eligible for paid leave; and 72% are not eligible for any social security benefits and what's more, the proportions are higher in rural areas compared to urban India. Nearly all of the self-employed, the largest component of the workforce, and over 40 percent of those in salaried jobs are in informal works. The report also highlighted that 80 percent of the workers are engaged in activities in which they do not have the right to engage themselves in any union or association.

### Mudra Bank

In such a situation, Mr. Jaitley in his budget, proposed to create a Micro Units Development Refinance Agency (MUDRA) Bank, with a corpus of ₹ 20,000 crores, and credit guarantee corpus of ₹ 3,000 crores, expressing that 'bottom-of-the-pyramid, hard-working entrepreneurs find it difficult, if not impossible, to access formal systems of credit'. MUDRA Bank will refinance the Micro Finance Institutions (MFIs) through *Pradhan Mantri Mudra Yojana*. Priority will be given to SC/ST enterprises, who own 62 percent of the small manufacturing, trading or service businesses. This is to elevate the confidence of young, educated or skilled workers

who would be able to aspire to become first generation entrepreneurs; furthermore the existing small businesses will also be able to expand their activities. According to the Finance Minister, 'just as we are banking the unbanked, we are also funding the unfunded'. The Small and Medium Enterprises, also called 'missing middle' being unfunded either by the banks or microfinance institutions, are considered as the backbone of industrial output and employment. It would benefit nearly 58 million small and medium enterprises that did not have access to bank finance. As per the Press Release of Ministry of Finance, Government of India, 'This Bank would be responsible for regulating and refinancing all Micro-finance Institutions (MFI) which are in the business of lending to micro/small business entities engaged in manufacturing, trading and services activities. The MUDRA Bank would primarily be responsible for.

- a. Laying down policy guidelines for micro/small enterprise financing business
- b. Registration of MFI entities
- c. Regulation of MFI entities
- d. Accreditation /rating of MFI entities
- e. Laying down responsible financing practices to ward off indebtedness and ensure proper client protection principles and methods of recovery
- f. Development of standardized set of covenants governing last mile lending to micro/small enterprises
- g. Promoting right technology solutions for the last mile
- h. Formulating and running a Credit Guarantee scheme for providing guarantees to the loans
- i. Creating a good architecture of Last Mile Credit Delivery to micro businesses under the scheme of '*Pradhan Mantri Mudra Yojana*.'

In line with NABARD refinancing the banks for agricultural development, MUDRA is expected to be beneficial for small and medium enterprises and consequently will enhance their output, income level and employability.

### Concluding Remarks:

The budget, in some respects, has shown positive attitude, while in some reduction in allocated amount under various heads of rural development has created concern among the economists and stakeholders. more funds could have been allocated for agricultural and rural development.

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## MULTI-CROPPING AGRICULTURE -A FORTUNE CHANGER

Divya Shrivastav

In Agriculture one can earn maximum profit with the help of low cost new technologies. The only rider is due care and proper knowledge of the technology opted. The new technology developed by agricultural scientists is facilitating multi-crop cycles. This will not only enhance profitable harvests but also make you a sought after person for the other farmers. Here is one such exemplary farmer, Sumesh Sahu from Chattisgarh. He is a graduate and a self-dependent man solely based on agricultural income and is also making nearby farmers self-dependent.

Farmers now can change their fortune by choosing the multi-crop agriculture. For this large cultivable areas are not needed. There are many farmers who are earning sizeable profits by working hard even on the small piece of their land. Such modern and progressive farmers have set an example for all those small and marginal farmers

Sumesh Sahu from Durg district of Chattisgarh is one such modern farmer. By sheer hard work he is now a trend setter in the area of agriculture. In the new scenario, farmers are going for his low cost new technologies in agriculture that ensures minimum investment and maximum profit. He has bagged a number of awards for the multi-crop success.

Through his perfect working Sumesh has proved that for becoming a prosperous agriculturist hundreds of acres of land is not required. The only requirement is hard work and improvised new technologies. Cultivation and harvesting with improvised technique can also bring prosperity to the small farmers.

A resident of Kokdi village in the Durg district of Chattisgarh, Sumesh Sahu narrates that he is from an agrarian family and has only four acre of land in possession. He grew up with his father and other family members only on the produce of this piece of land. But in those old days the produce of their land was not enough for the sustenance of their family. On attaining maturity his father advised him to go for service as agriculture was a loss making venture. While in intermediate classes he appeared in several competitive examinations but was unable to make a cut. Anyhow, he could attain his graduate degree. Family expenditure also enhanced multi-fold. Agriculture became the last resort as a source of income. However, the others in the family did not approve of it. They argued that they were doing it in heredity. Now cultivable land was very small. Hence family requirements could not be fulfilled on its mere dependency. Father asked him to look for other means of income. Initially his employment



hunt was limited to nearby villages where he drew a blank. Later on he decided to try his luck in cities. Then one fine morning he along with some friend moved to a nearby city. There he got a job but that was not good enough to engage him. For some time, he became a wanderer and shuttled through different cities. But his heart was with agriculture; he always felt hollowness and missed the company of his dear ones. So he found it difficult to remain a city dweller. "Even my friends tried to discourage me from agriculture and advised me to concentrate on the work available in cities but my heart was always with agriculture that too in my village fields, more so I was missing my kith and kin and was always surrounded by the thoughts of farming and how to make it a profitable venture", recalls Sumesh. Sometimes he planned for vegetable production and sometimes he got thoughts of trying hand at fish farming but coming to ground reality was the possession of area under cultivation. The resources were far away and the crops were at the mercy of Rain God. Still, he made up his mind for trying hard and putting more stress once again on agriculture in his four acre land. So with a thought of hard working to produce more crop he came back to his village. The option of returning to city was open in case of a failure, but this did not happen.

Sumesh had seen that companies in cities prescribed a working of 8-10 hours per day whereas in villages farmers spend only 3-4 hours in their fields. So he planned to work for 8+ hours in his field just like a company job thinking that miracles do happen. Since farming job is up to one's will and potentials so people doing so, put in 2 hours chorus in the morning and two hours in the evening and rest of the time is kept for other works. In his opinion, the same formula is applicable in agricultural chorus too and in place of conventional methods, new technologies need to be put on trial. With this resolve, Sumesh returned back to his village. But his decision was not approved by the other family members and they expressed their anguish over this. They said agriculture had never been a profitable enterprise and it was a futile venture. "But I listened to my heart. I began consulting the Agricultural Scientists, enquired about the new techniques, approached the State Agriculture department and came to

know about the different schemes launched by the government".

"Equipped with all this, I began my stride in farming. To cut farming cost I started making Nadep manure and Compost on my own. Using this in my fields proved highly beneficial. The degradation of soil due to heavy dose of Chemical Fertilisers stopped. The other benefit came in form of a sale counter of Wormi compost for many other farmers". Sumesh, who opted for modern ways of agriculture here, says that farmers need not get disheartened even if they have small area for it. Small and marginal farmers too can be rich and prosperous if they work hard with dedication and opt for modern means of agriculture. The State Agriculture and Horticulture Department is extending its full support in this regard. Sumesh expresses his gratitude to the officers of Agriculture Department for helping him whole heartedly. "Whatever I am today is just because of the Agricultural Department schemes, advices and the support of the government in all my ventures". According to him, his resorting to technology based cost effective as well as low cost agriculture which proved beneficial has enabled him to bag a number of awards right from block level to the district level. His recognition as a progressive and modern farmer in the area is the biggest achievement.

### **Income from Wormi Compost**

Sumesh Sahu says he is earning big from the sale of Wormi Compost too. People in the region apprehend that wormi compost has a bad smell, but this is not true, foul smell stops soon after the manure/ bio-fertiliser is ready. Its formation period is one & half months to two months. It contains 2.5 -3% Nitrogen, 1.5-2 % Phosphorous and 1.5-2% Potash. Mixing of compost with the soil, enhances the fertility. In addition, harvest produce and its quality also get superior. One kg of bio-fertiliser has nearly 1000-1500 earth worms. Its use in the field enriches the soil with the micro -organisms, enzymes, vitamins and development fostering hormones that are present in the manure. Soil mixed with wormi compost doesn't face erosion and the water bearing capacity of soil also gets enhanced. The incurring cost of agriculture is also seeing a downward trend in the case of farmers who opt for the wormi compost. To prepare it, a farmer needs no extra input. It can just



be prepared from the excreta of house hold animals, soiled grass and kitchen wastes. Sumesh says he uses this bio-fertiliser in his land also and sells the remaining manure to other farmers.

### Left conventional methods and opted the modern agricultural techniques

According to Sumesh traditionally, his family was into paddy growing which was solely based on the annual rains. Contact with Agricultural Scientists drew his attention to the proper water supply for irrigation. Since he was short of funds, tube well boring became a difficult choice for him. However, the Officers from Agriculture Department told him that Government had a definite plan for needy farmers. Knowing this he took a loan from government for tube well boring and also got his field fenced. For a while his paddy crop increased but soon the soil fertility started decreasing compounded by the loss in the ground water table. This was a new problem. He again approached the Agriculture Officers who advised him to go for vegetable cultivation. He was also advised to go for multi-cropping rather than the single harvest. On the advice of scientists, Sumesh now changed his crop cycle and this time he sowed black gram and mustard in his fields. This resulted not only in the enhanced income, but also helped in retaining the soil fertility.

### More income despite meagre land

“Despite not much harvest I am content with my earnings”, says Sumesh. Using new techniques and adopting crop cycle he is earning handsomely despite his small tilling land. Based on the advice of Horticulture Department Officers, Sumesh is growing vegetables in one acre land and sugarcane in another one acre land. He also sows pulses and

maize in his field as an intermediate crop. He waters vegetables through drip irrigation which saves ample amount of water.

### The Economy of Harvesting

Sumesh details his harvesting economy as follows: “During Kharif (Summer) crops I earned around ₹3,30,000 from the improvised crops of paddy, sugarcane and vegetables that were sown in my 3.5 acre land. Similarly, I pocketed nearly ₹ 2 lakhs in the Rabi (winter) crop from the produce of wheat, black gram as well as vegetables. Generally fields are left barren during the summer months. But we did differently and decided to take the maize crop during that period. This fetched us ₹ 40,000. Side by side we planted mango, guava and pomegranate on the boundary of fields. Once the investment cost was recovered, I began to get an additional income of 2 to three lakhs annually. This is enough to sustain my family. Kids are now getting proper education and we have made a house too. So we are at ease now.

### Guiding other farmers

After becoming self -dependent via agriculture, Sumesh is now busy in guiding the nearby farmers to follow his suit. He teaches them the new techniques and makes the farmers aware about the progressive agriculture. “I feel happy when farmers from nearby areas come to me and know the basics of low cost but profit giving agriculture”, beams Sumesh. This is just because of whatever he has learnt in the past is now becoming an asset to him as well as to others. He is also motivating the fellow farmers to go for the production of wormi compost along with routine farming. Now Sumesh is thinking to try his luck in medicinal farming. For this he is in constant touch with the agricultural scientists. Recently he participated in a training programme organised in the capital. Now he is trying to know that if he goes for the production of medicinal plants, what and where will be the potential market. If a market is within the reach then, what will be the ratio of his profit margin of Aloe vera and Ashwagandha produce and after considering all the aspects he will be starting the cultivation of medicinal plants.

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# KISAN VIKAS PATRA

Government has formulated a number of schemes having different features for different segments of the saving population. Each of the available saving option has different features in terms of eligibility to invest, rate of interest, maturity period, lock-in-period, tax treatment, pledging facility, minimum and maximum ceilings etc. One such scheme is Kisan Vikas Patra (KVP). Kisan Vikas Patra is a saving scheme announced by the Government of India that doubles the money invested in eight years and seven months. The Directorate of Small Savings Government of India, sells these saving bonds through all Post Offices in the country so that the scheme can be accessed by citizens from all over the country. A KVP can be encashed after two and a half years from the date of issue at the value it has been bought at and the interest accrued for the period

### Main features of KVP:

- Amount invested in Kisan Vikas Patra doubles in 100 months at the present rates.
- The certificates can be purchased by an adult for himself or on behalf of a minor or to a minor. It can also be purchased jointly by two adults.
- A certificate may be transferred from one

person to another with consent in writing to an officer of the Post Office or Bank.

- Under the scheme the transferee has to be eligible to purchase the certificate.
- The certificate may be prematurely encashed any time after two years and a half from the date of purchase, in the event of death of holder or any holder in case of joint holder, on order of court of Law and forfeiture by a pledge.

The Government has no proposal to separately tax benefit on KVP. However, income on KVP would be taxable as per existing provisions. Investor will have to undergo Know Your Customer (KYC) modalities at the time of application. In the case of transfer of KVP from one customer to another, a request has to be made in writing to an officer of the Post Office or Bank and the transferee has to be eligible to purchase KVP certification in the first instance.

Kisan Vikas Patra (KVP) has been reintroduced and is available in Post Offices. In future, DVP will be available in banks which are/will be authorized for handling small savings schemes.

[Source: PIB]

