

August 2022

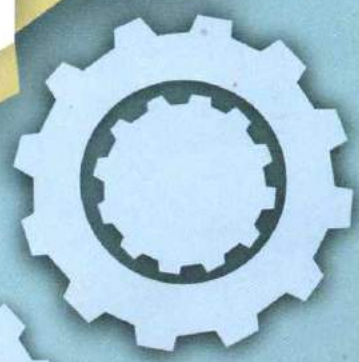
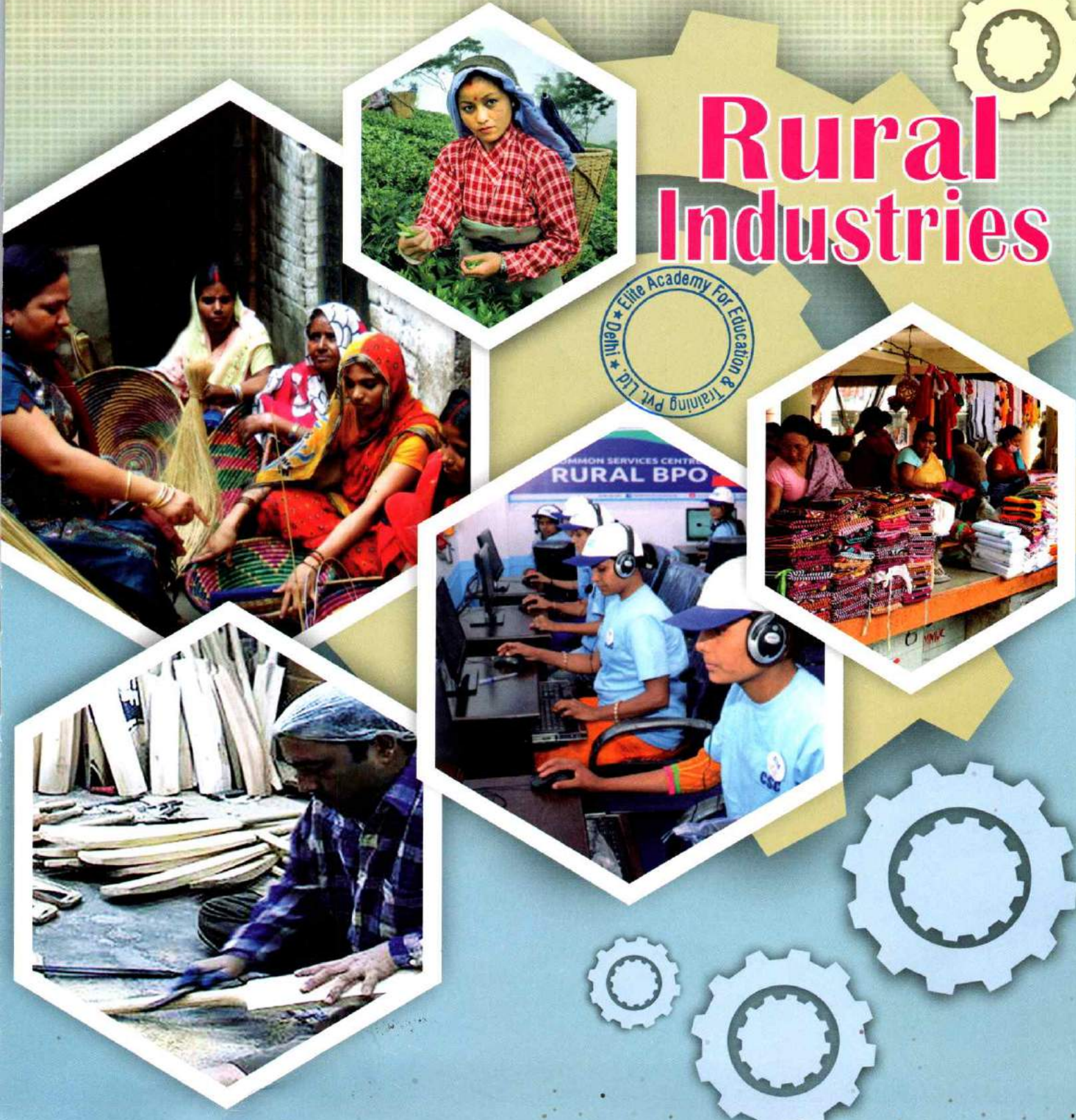
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# Kurukshetra

A JOURNAL ON RURAL DEVELOPMENT

## Rural Industries







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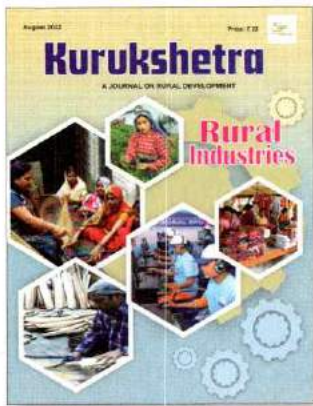
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### EDITOR

Shiela Chaudhary  
Pankhuri Awasthi

### JOINT DIRECTOR (PRODUCTION)

D.K.C. Hrudhainath

### COVER DESIGN

Rajender Kumar

### EDITORIAL OFFICE

Room No. 653,  
Publications Division,  
Soochna Bhawan, C.G.O. Complex,  
Lodhi Road, New Delhi-110003  
Phone : 011-24362859  
Email : kurukshetrajournal@gmail.com

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### Journals Unit

Publications Division, Room No. 779,  
Soochna Bhawan, C.G.O. Complex,  
Lodhi Road, New Delhi-110 003  
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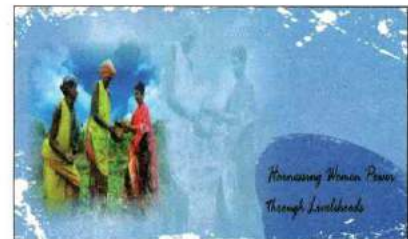


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# Editorial

Our country is blessed with a diverse variety of culture and heritage. Each village of our country is home to various unique craft skills and artisans. This sector can be developed into a multi-billion-dollar industry. This sector has big potential as it holds the key for sustaining not only the existing set of millions of artisans, but also for an increasingly large number of new entrants in the crafts activity. Presently, the handicraft sector is contributing substantially towards employment generation and exports. Along with this various MSMEs, agribusinesses, and service activities are bringing a positive change in the lives of people of rural areas.

Recognising the weight of Rural Industries in the socio-economic conditions in rural India, the theme of this issue of *Kurukshetra is Rural Industries*. Rural industrialisation includes economic activities outside agriculture, carried out in villages and varying in size from households to small factories. Some examples of these activities are cottage, tiny, village and small-scale manufacturing and processing industries; and services of various kinds.

Rural Industrialisation acts an instrument to facilitate the transition from traditional and labour intensive agrarian economy to an industrialised economy with the potential for equitable distribution of national income. Rural industrialisation is also very crucial for rural economy as it increases employment opportunities, diversifies rural occupations, raises income and living standards, reduces exodus to urban areas and ensures social justice.

The lead article *Changing Face of Rural Industries* takes us across the history of rural industrialisation starting from Industrial Policy Resolution 1948 to tell the tale of how rural industries and their structure evolved into what we know them today. The article *Rural Industries, Entrepreneurship and Infrastructure* stresses on the fact that the role of MSMEs is critical in rural industrialisation. It reviews some recent announcements of the Government in the areas of industrialisation covering entrepreneurship, creation of an enabling environment for Micro, Small and Medium Enterprises, employment generation, and boosting exports.

Rural industries provide rural populace an alternate and reliable source of Income. It also facilitates people living in rural areas to earn at par with their urban counterparts without migrating away from their homes, thus ensuring social justice. The article *Rural Industrialisation: Boosting Rural Incomes* throws light upon the economic aspects of rural industrialisation. It states that Agriculture is unable to sustain the large swathes of population in India, and more non-farm employment opportunities need to be harnessed. Here, rural-urban linkages will be crucial in driving rural transformation, and ensuring that the fruits of industrialisation reach rural India. Strengthening rural-urban linkages by connecting villages to small towns to big cities will benefit rural labour, production, distribution, markets and services, leading to creation of local, regional and global value chains.

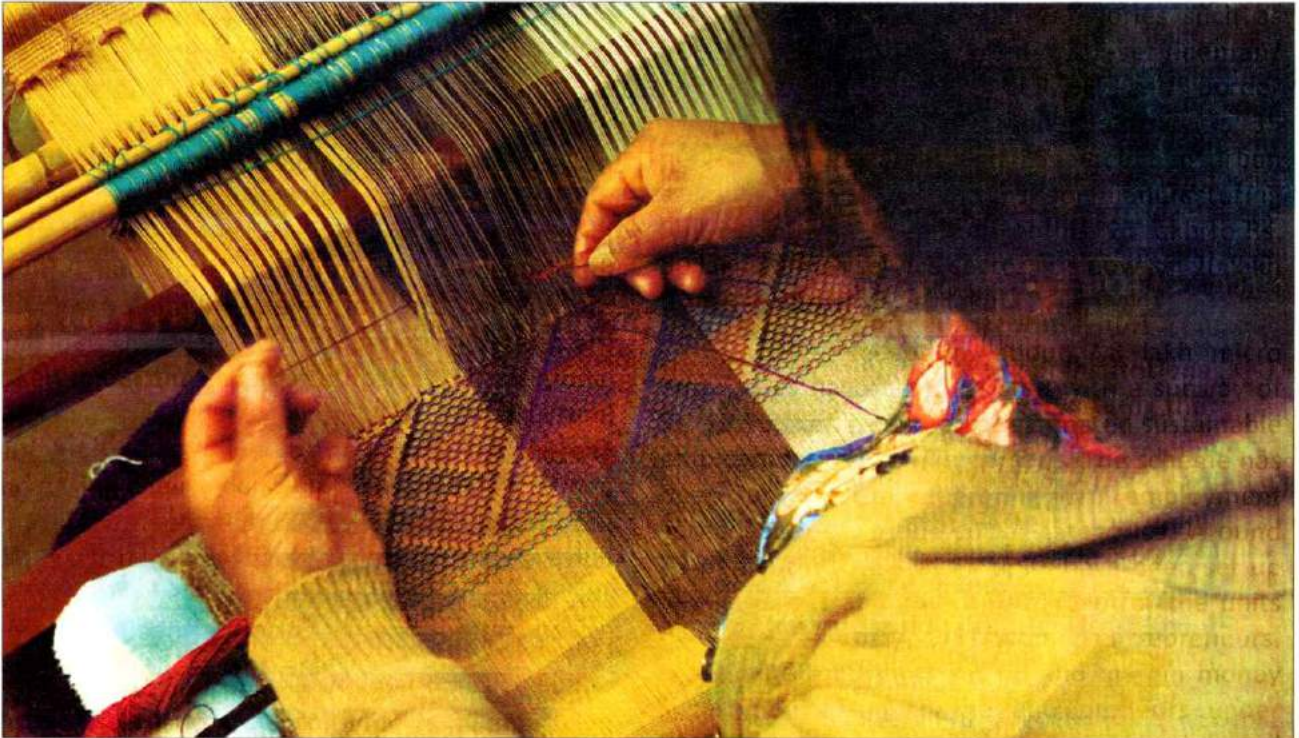
With this issue of our journal, we wish our readers a very Happy Independence Day in advance.



# Changing Face of Rural Industries

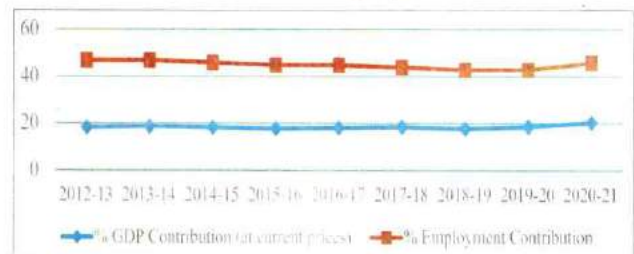
*Piyush Prakash and Harshit Mishra*

The policy makers in India have always put rural industrialisation at the centre of planning right from the First Five-Year Plans. Over the years, the focus shifted from protection of rural industries to development and finally promotion. Increased focus on building rural entrepreneurial ability and support to microenterprises remained the mainstay. However, with the technological disruptions and the boom of start-up culture in India, new age tech-savvy rural entrepreneurs have taken lead to transform the rural economy with several agri start-ups and digital service economy initiatives.



**A**griculture and the allied sectors have been integral and instrumental to the process of rural development – improving the quality of life and economic well-being of people living in rural areas – as well as national development. In 1950s agriculture contributed to over 50 percent in the Gross Domestic Product (GDP) of India while employing more than 70 percent of the Indian workforce. Gradually the contribution of agriculture to the GDP started to fall and reached the point of 18.4 percent in 2019-20<sup>1</sup>. The percentage of labour force engaged fell as well but the fall was not as sharp as it was for the GDP contribution – 46.5 percent of the labour force was still employed in agriculture in India in 2019-20<sup>2</sup>.

**Figure 1: Agriculture sector contribution in GDP and Employment<sup>3</sup>**



The recent trends in agriculture sector's contribution to GDP and employment show that despite the engagement of substantial labour force the agriculture sector has not grown much. The challenges of underemployment, disguised

<sup>1</sup>Indian Economic Survey 2021-22

<sup>2</sup>Periodic Labour Force participation Survey (PLFS) Report 2019-20

<sup>3</sup>Based on data from Indian Economic Survey and World Bank Data



unemployment and seasonal employment remain key labour force issues in the agriculture sector among other issues such as lack of sustained investment, easy credit availability, climate related certainties, market access, etc. While these are critical issues to be resolved, there have been more concentrated policy efforts by the government to a) promote jobs in the MSME sector and digital service economy in rural areas and b) create self-employment opportunities through rural entrepreneurship.

In this article we discuss the evolution of rural industries, their contribution to the national growth and employment, innovative disruptions in the rural and agriculture sector such as the rural digital economy and agri-startups, and the role of educational institutions in imparting the skills to innovate and sustain such disruptions.

### History of Rural Industrialisation

Rural Industrialisation has been the high priority area for the policy makers since Independence. The focus has been on small industries as they were considered as an instrument to facilitate the transition from traditional and labour intensive agrarian economy to an industrialised economy with the potential for equitable distribution of national income<sup>4</sup>. This inclination can be seen right from the Industrial Policy Resolution 1948. It maintained that "*Cottage and small scale industries have a very important role in the national economy. Offering as they do scope for individual, village or cooperative enterprise, and means for the rehabilitation of displaced persons. These industries are particularly suited for the better utilization of local resources and for the achievement of the local self-sufficiency in respect of certain types of essential consumer goods like food, cloth and agricultural implements*". It was also recognised that these industries face the issues of capital, skilled labour, raw materials and marketing. Certain classes of stores were reserved exclusively for purchase from village and small industries and some price differentials were allowed to them over the products of large-scale industries. A number of emporia and sales depots

for handloom, handicrafts and village industries have been established during the first-plan period. The value of purchases made from cottage and small-scale industries by the Directorate General of Supplies and Disposals increased from Rs. 66 lakhs in 1952-53 to Rs. 105 lakhs in 1954-55. Therefore, the policy emphasised on the collaborate role of Central and state governments to safeguard such industries.

The 1956 Industrial Policy Resolution could be seen as a milestone in the development of agro and rural industries. The Parliament had declared socialistic pattern of society as its social and economic policy through a resolution in 1954. The then Planning Commission of India came up with a 'Report of the Village and Small-Scale Industries (Second Five-Year Plan) Committee', popularly known as the Karve Committee Report in the year 1955. The report recognised the challenges related to over centralisation of economic activities and moving from safeguarding of small-scale industries to their development. The recommendations were reflected in the IPR 1956 which stated that *while such measures (safeguarding of small-scale industries by restricting the volume of production in the large-scale sector, by differential taxation, or by direct subsidies) will continue to be taken, whenever necessary, the aim of the State policy will be to ensure that the decentralised sector acquires sufficient vitality to be self-supporting and its development is integrated with that of large-scale industry. The State will.. therefore, concentrate on measures designed to improve the competitive strength of the small-scale producers*<sup>5</sup>. Some 128 items were reserved for exclusive production in the small-scale sector. It also recognised that lack of technical and financial assistance, suitable working accommodation, and inadequacy of facilities for repair and maintenance are among the serious handicaps of small-scale producers. Extension of rural electrification, power at lower prices, organisation of industrial cooperatives, technological advancement in the modes of production while avoiding technological unemployment were few areas of focus. Thus, a transition from 'safeguarding to development' could be seen.

<sup>4</sup>Reddy CS, Reddy PM, Reddy SR. Indian Small Scale Industry: The Changing Perception. SEDME (Small Enterprises Development, Management & Extension Journal). 1997;24(3):19-24. doi:10.1177/0970846419970303

<sup>5</sup><https://niti.gov.in/planningcommission.gov.in/docs/plans/planrel/fiveyr/2nd/2planch20.html>



The next two decades were focused on improving the competitiveness of rural and small scale industries. The Third Five-Year Plan focused on positive forms of assistance such as improvement of skill, supply of technical advice, better equipment and credit, to reduce progressively the role of subsidies, sales rebates, and sheltered markets. The Fourth Plan focused on providing a combination of incentives and disincentives for securing decentralisation and dispersal of small industries. It allowed for advancing loans to the State Cooperative Banks for financing 22 broad groups of small industries including coir, sericulture, handicrafts, tanning and flaying, leather goods, hand pounding of paddy and cereals, oil crushing, and general engineering. However, all these initiatives couldn't achieve the desired goals. Two decades after the last IPR, the new IPR of 1977 was promulgated. It maintained that *"The emphasis on industrial policy so far has been mainly on large industries, neglecting cottage industries completely, relegating small industries to a minor role. The main thrust of the new industrial policy will be on effective promotion of cottage and small-scale industries widely dispersed in rural areas and small towns. It is the policy of the Government that whatever can be produced by small and cottage industries must only be so produced"*. Consequently the number of reserved items for small-scale industries was increased to 504. District Industry Centres (DIC) were set up to promote under a single roof all the services and support required by small and village entrepreneurs. The IPR 1977 classified small sector into three broad categories.

- i. Cottage and Household Industries which provide self-employment on a large scale
- ii. Tiny sector incorporating investment in industrial units in plant and machinery up to Rs. 1 lakh and situated in towns with a population of less than 50,000 according to 1971 Census
- iii. Small-scale industries comprising of industrial units with an investment of upto Rs. 10 lakh and in case of ancillary units with an investment up to Rs. 15 lakh.

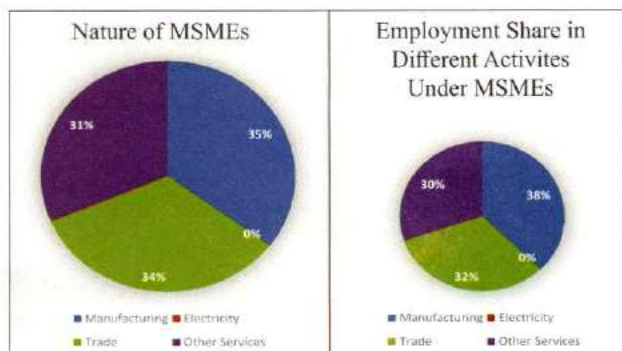
The following IPRs of 1980 and 1990 increased these investment limits to support the growth of small-scale industries. Small

<sup>6</sup>National Sample Survey (NSS) 73<sup>rd</sup> round

Industries Development Bank of India (SIDBI) was established in 1990 to ensure both adequate and timely flow of credit facilities for the small-scale industries. Delicensing was introduced in the case of 100 percent Export Oriented Units (EOU) set up in Export Processing Zones (EPZ). The focus of the IPRs shifted towards promoting small-scale industries by making them self-sufficient while providing a cushion of much needed safety.

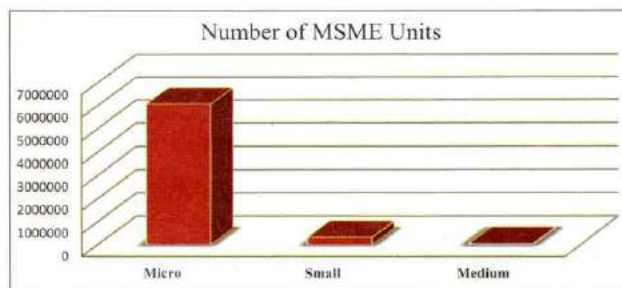
Comprehensive Policy Package for small scale and tiny sector, 2000 and the Industrial Policy Packages for small scale industries, 2001-02 continued to increase investment limits, support credit inflow and marketing efforts for small-scale industries. However, the monumental shift has been the Micro, Small and Medium enterprises Development (MSMED) Act of 2006. MSMEs have been hailed as the engines of growth. There are 324.88 Lakh (51 percent) unincorporated non-agriculture rural MSMEs in the country engaged in different economic activities in rural India<sup>6</sup> with the following distribution.

**Figure 2: MSMEs in Rural Areas  
MSMEs Rural Employment**



A majority of the MSMEs are micro units followed by small and medium enterprises with the following share in the total number of MSMEs.

**Figure 3: Number of MSME Units**





The Government is implementing the following schemes for bringing the rural industries under the ambit of the 'Make in India' programme.

- **Prime Minister's Employment Generation Programme (PMEGP):** It is a credit linked subsidy scheme, for setting up of new micro-enterprises and to generate employment opportunities in rural as well as urban areas of the country through Khadi and Village Industries Commission (KVIC), State Khadi and Village Industries Board (KVIB) and District Industries Centres (DIC). Since inception and up to January 2016, 3.50 lakh micro enterprises have been set up by utilising margin money amounting to Rs. 7004.40 crore and 29.82 lakh jobs have been created from these units.
- **Scheme of Fund for Regeneration of Traditional Industries (SFURTI):** This scheme was launched in 2005-06 for making Traditional Industries more productive and competitive by organising the traditional industries and artisans into clusters. Twenty six clusters have been granted final approval with a total project cost of Rs. 72 crore benefiting around 25,000 artisans.
- **A Scheme for Promoting Innovation, Rural Industry and Entrepreneurship (ASPIRE):** ASPIRE was launched in 2015 to promote Innovation and Rural Entrepreneurship through rural Livelihood Business Incubator (LBI), Technology Business Incubator (TBI) and Fund of Funds for start-up creation in the agro-based industry.
- **Stand Up India:** This scheme is meant to provide composite loans between Rs. 10 lakh to Rs. 100 lakhs for setting up Greenfield enterprises in non-farm sector by SC/ST and women entrepreneurs.

While these schemes have contributed immensely to the growth of micro-entrepreneurs in the country, the recent technological disruptions and the start-up revolution have led to innovative agro-tech businesses and a series of rural entrepreneurial ventures in the digital service economy.

### The Start-up Revolution and Technological Disruptions

The pertinent issues of the rural economy,

<sup>7</sup><https://aim.gov.in/acic-fellowship.php>

and particularly agriculture, such as the credit availability, realisation of profitable prices, storage facility, marketing challenges, and forward linkages have been taken up as business problems by budding entrepreneurs, tech-savvy farmers and new age Farmer Producer Organisations (FPOs). There are agri start-ups which provide smart solutions across the value chain of agriculture – from online marketplace for agricultural machinery, seeds, and fertilisers to advisory platforms for government schemes and benefits to smart water and electricity efficiency solutions to warehousing to market place for produce and so on. Similar start-ups have emerged for artisanal work. Most of these innovations rest on the pillars of Digital India and the JAM trinity introduced by the Government of India.

Aayog has taken a leap forward in promoting rural entrepreneurship by decentralising the incubation centres while leveraging private sector expertise. Under the Atal Innovation Mission, Atal Community Innovation Centres (ACIC) have been set up to nurture high growth and employment generating start-ups across the country. ACIC are envisaged to serve the unserved/underserved areas of the country with respect to the start-up and innovation ecosystem. ACIC saw it to be crucial to reach the innovators at the bottom of the pyramid and give them equitable opportunities, especially by reducing the 'lab to land' distance and creating a space for pre-incubation of ideas/solutions.

Celebrating the idea of 'frugal' which is predominant in Indian communities, ACIC aims to create a formal approach to identify and scale up these innovations; using solution driven design thinking and being supported by Public Private Partnerships (PPP) model. ACIC promotes Grassroots Innovations which refer to products and services emerging from innovations brought about by people at the bottom of the pyramid (BOP) who are from economically disadvantaged sections and socially excluded areas<sup>7</sup>.

ACIC also runs a Community Innovator Fellowship (CIF) Programme in collaboration with UNDP India to facilitate knowledge building and provide infrastructure support essential for the entrepreneurship journey of aspiring community innovators.



## CIF FEATURES



### Knowledge

Curated content on SDGs and entrepreneurship through toolkits, workshops and a digital learning platform



### Mentorship

Mentorship to build business acumen and sector expertise



### Community Immersion

Local Mitra for on ground, community outreach support and solution validation



### Infrastructure

Access to all infrastructure of host ACIC



### Funding

Milestone based funding (upto Rs. 2 lakh per fellow) and pitching opportunities



### Inclusion

Sensitization workshops for encouraging equitable access innovation ecosystem

## Digital Service Economy

Another disruption which is changing the rural employment landscape is the IT/ITES industry penetration in the rural areas. Under the Digital India Programme, the Ministry of Electronics and IT notified the "India BPO Promotion Scheme (IBPS)" with the twin objectives of a) Employment generation through BPO/ITES operations and b) Balanced regional growth of IT-ITES sector across the country. The scheme sought successful establishment of 48,300 seats in respect of BPO/ITES operation across the country (except NE) and 5,000 seats in respect of BPO/ITES operation in North Eastern Region via North East BPO Promotion scheme (NEBPS).

The IBPS scheme is based on a Public Private Partnership Model with viability gap funding being provided by the government. The scheme provides financial support of up to 50 percent of expenditure [Capital Expenditure (CAPEX) and/or Operational Expenditure (OPEX)] incurred on permissible items, with upper ceiling of Rs. 1 lakh per BPO/ITES seat with additional 5 percent incentive for employing 50 percent women and 7.5 percent incentive for employing 75 percent women.

The expansion of e-commerce, digital marketing, delivery services, warehousing services and access to market has opened up immense opportunity in the rural economy. However, the benefits of technology led enterprises can be fully optimised if we have digitally skilled and tech-savvy customers and service-sector microentrepreneurs in the future.

## Implications for the Education Sector

The National Education Policy (NEP) 2020 has laid a lot of focus on building foundational literacy and numeracy skills among children. Accordingly, the Government of India has launched the NIPUN Bharat scheme to attain foundational literacy and numeracy for children by 2026-27 in a mission mode. The NEP 2020 has laid equal emphasis on imparting digital skills, vocational training and entrepreneurial training both at the school level and university level and has considered these activities as an integral part of the curriculum. However, the actual implementation is not as swift as the NIPUN Bharat mission. There is an urgent need to develop appropriate curriculum on entrepreneurship, contextualise the existing National Skills Qualifications Framework (NSQF) curriculum for skilling at school level from grade 6 onwards and universalise digital skills training across all schools.





## Case Study: ACIC Deoria, Uttar Pradesh

NITI Aayog's supported ACIC-Jagriti Entrepreneurship Foundation, based in Deoria, UP aims to nurture entrepreneurship in three districts of Deoria, Kushinagar and Gorakhpur.

Unlike the metros, "Entrepreneurship" is a relatively new concept in tier-3, tier-4 cities, and hence to mobilise the entrepreneurs, ACIC Jagriti team deploys diverse outreach concepts like Ideathons, field office setups, and undertakes collaboration with the government departments like DICs, NRLM, ODOPs, KVICs, etc.

Along with the infra and the lab facilities, the incubatees avail unique services on mentorship, market connection, and funding from the centre. The foundation has been supporting enterprises like 'Nayi Roshani' working in sanitary pads distribution across 1000+ villages and generating Rs. 3,000 per month each for 100+ Mahila Mitras. Few other incubatees are working on integrated farming—Moonj, Macramé products working with a group of 70+ farmers producing lemon grass, production of honey and processed mushroom products such as Jelly, Jam, Bakery, pickles, and powders, etc. ACIC Jagriti has conducted several Ideathons in collaboration with government schools to crowd source innovative solutions and promote entrepreneurship right from school.

The Foundation has evolved a three-layered concept, which brings farmers, manufacturers, and marketers together to form an ecosystem of entrepreneurship. "There would be an evolutionary journey for these enterprises and institutions like ACIC Jagriti in remote places are a must to address the SDG goals", says Mr. Ashutosh Kumar Mishra, CEO, ACIC-Jagriti.

NITI Aayog's Atal Tinkering Lab (ATL) has created a curriculum and a handbook on entrepreneurship for school students. The students have used the training on design thinking at the ATLs to create product ideas which were further incubated with the support of Atal Incubation Centres (AIC). The curriculum and handbook have been created as a public good which could be used by the education department of the States/UTs to customise the curriculum as per their own contexts. NITI Aayog has also been providing support to interested States in this regard.

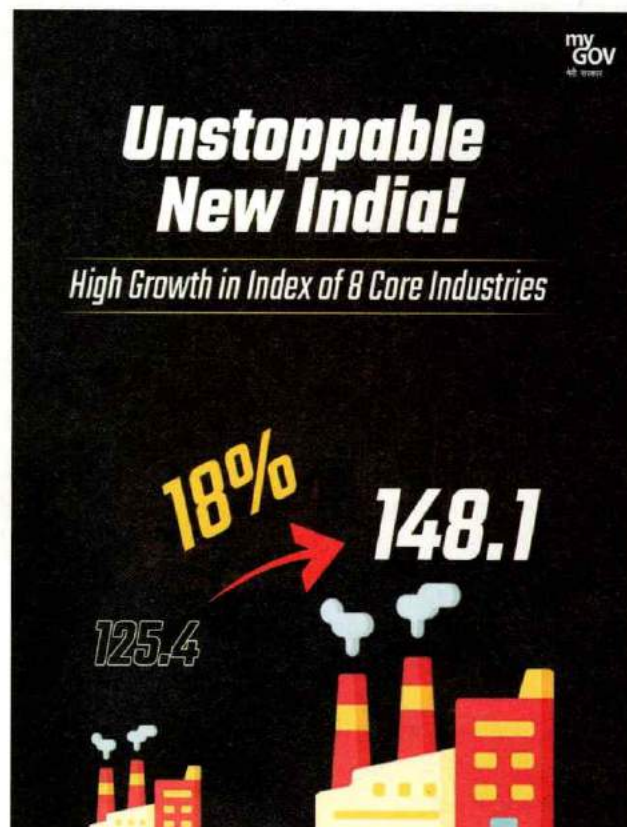
It's only through the right skills and mindset that the students from rural India can bring about transformative change in their communities, in the nation and globally. Our Education System must facilitate such trainings as an integral part of the curriculum.

### Conclusion

Rural Economy has been a major contributor to the Gross Domestic Product of the country. Sectors like agriculture have been a major force in the economy. However, its contribution to the economy has stagnated in the last decade while it still employs close to 50 percent of our labour force – mostly underemployed. The non-farm sector holds immense potential provided we facilitate entrepreneurs to address the long standing challenges in the sector. Government of India has nurtured entrepreneurial abilities among our youth which now shows results in the form of

several unicorns including from rural areas. It's high time that we institutionalise the culture of entrepreneurship and technological disruptions by embedding them in our curricula and deliver it to the last mile student – giving them wings to fly.

*(The authors are Senior Associate and Deputy Adviser, NITI Aayog. Views expressed are personal. Email: piyush.praakash90@gov.in)*





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# Rural Industries, Entrepreneurship and Infrastructure

Dr. Ishita G. Tripathy

This article reviews some recent announcements of the Government in the areas of industrialisation covering entrepreneurship, creation of an enabling environment for Micro, Small and Medium Enterprises, employment generation, and boosting exports. These announcements underscore the need for coordinated and converging policy interventions so that effectiveness in the industrialisation drive of the country is further strengthened.

**I**n the 'Udyami Bharat' programme held on 30 June 2022, Hon'ble Prime Minister of India stressed on how economic development, especially in the aftermath of the pandemic, can be achieved through an industrialisation drive covering entrepreneurship, creation of an enabling environment for Micro, Small and Medium Enterprises (MSMEs), employment generation and boosting exports. In this context, it is evident that in the recent past, the Government's endeavour to resurrect the economy has *inter alia* indeed been through the four 'Es', viz. entrepreneurship, enabling environment, employment and exports. This article reviews some of the recent announcements of the Government in these areas which underscore the need for coordinated and converging policy interventions for maximising their effectiveness in strengthening industrialisation in India.



A large number of announcements have been made in the past two years to benefit smaller entrepreneurs considering that the damage to their businesses due to the pandemic was relatively larger. Such announcements have included the revision in the definition of MSMEs, launch of new schemes, and tweaking of existing ones spanning across entrepreneurship development; providing access to credit, market and lodging grievances; strengthening procurement and marketing; shielding the smallest of enterprises from competition from global giants; skill and technological upgradation; and promoting inclusive growth. In 2020, a large number of enterprises were brought under the ambit of the MSME sector, by doing away with the distinction in definition of manufacturing and services and also by raising manifold the ceiling on investment which defines MSMEs<sup>ii</sup>. The new definition also entails the turnover of the enterprises. As an

## Industry and Entrepreneurship

More than two-thirds of the India's population lives in rural areas. After agriculture, it is the MSME sector which employs the largest number of people. An estimate of a government survey released in 2017, indicates that as many as 11.13 crore people are employed in non-agricultural unincorporated enterprises, of which 45 percent are in rural areas<sup>i</sup>. Clearly, promotion of entrepreneurship holds the key to expanding rural industrialisation, employment generation and arresting rural-urban migration.

<sup>i</sup>PIB Press Release 30.06.2022 <https://pib.gov.in/PressReleasePage.aspx?PRID=1838174>

<sup>ii</sup>PIB Press Release 29.06.2017 <https://pib.gov.in/newsite/printrelease.aspx?relid=166982>

<sup>iii</sup>PIB Press Release 03.06.2020 <https://pib.gov.in/PressReleaseDetail.aspx?PRID=1628925>



MSME, enterprises can avail certain benefits; e.g. they become eligible for Priority Sector Lending, and micro & small enterprises (MSEs) can benefit from the Public Procurement Policy for MSEs Order, 2012, as amended from time to time. The Order mandates that 25 percent of the annual procurement of Ministries/Departments and Central Public Sector Enterprises should be from MSEs.

Some new schemes have been launched to address issues such as access to credit, strengthening institutional governance, access to markets, promoting innovation, etc. The Emergency Credit Line Guarantee Scheme (ECLGS), which now has an expanded guarantee cover of Rs. 5 lakh crore, was launched in 2020. During the current financial year, Raising and Accelerating MSME Performance (RAMP) programme and the programme on Capacity Building Scheme for First Time Exporters (CBFTE) have been launched with distinct objectives, yet within the overall arch of facilitating MSMEs. While RAMP has an aim of improving access to credit and market, strengthening institutions both at the Centre and State, besides addressing issues of delayed payments to MSEs<sup>v</sup>, CBFTE helps in financial assistance and certification for first time MSME exporters. With an objective of bolstering the steps towards inclusive growth, in June, 2022, Going Online As Leaders (GOAL) 2.0 programme was launched with the aim of digitally upskilling 10 lakh youth by promoting entrepreneurship amongst tribal communities and opening up opportunities for them using digital technology<sup>v</sup>. Besides, new guidelines have been launched for some existing schemes like Promotion of MSMEs in North Eastern Region and Sikkim for enhancing productivity and competitiveness<sup>vi</sup> and Prime Minister's Employment Generation Programme (PMEGP) has been made more inclusive. One of the specific objectives of PMEGP is to generate sustainable and continuous employment



opportunities to rural and unemployed youth as well as prospective traditional artisans and thereby halt occupational migration. There is a lot of scope of benefitting from Memorandum of Understandings (MoUs) in the field of industries and advanced technologies with other countries. In this context, Indian entrepreneurs can gain from the recently approved bilateral MoUs of India with UAE<sup>vii</sup> and Singapore<sup>viii</sup> and the India-Sweden India Transition Dialogue<sup>ix</sup>.

The industrial sector is resuming growth after the setback caused by the pandemic as seen from the 7.1 percent growth in the Index of Industrial Production in April, 2022 compared with 2.2 percent in March, 2021. Further, the Index of 8 Core Industries which recorded an 18 percent growth in May, 2022 over May, 2021<sup>x</sup>. That the MSEs are benefitting from this Order is evident from the fact that vis-à-vis the target of 25 percent, the actual procurement in 2021-22 was 36.23 percent (Rs. 50,460 crore), which positively affected as many as 2,12,775 MSEs<sup>xi</sup>. Moreover, ECLGS has, so far, benefitted businesses, including MSMEs and saved about 1.5 crore jobs<sup>xii</sup>.

### Infrastructure

The introduction of the Production Linked Incentive scheme which aims at helping in scaling up of industries and emphasising on physical and digital infrastructure has been a concrete step in ensuring the momentum in the economic recovery.

<sup>v</sup>PIB Press Release 30.03.2022 <https://pib.gov.in/PressReleasePage.aspx?PRID=1811360>

<sup>v</sup>PIB Press Release 28.06.2020 <https://pib.gov.in/PressReleasePage.aspx?PRID=1837659>

<sup>v</sup>PIB Press Release 02.06.2022 <https://pib.gov.in/PressReleasePage.aspx?PRID=1830484>

<sup>vii</sup>PIB Press Release 08.06.2022 <https://pib.gov.in/PressReleasePage.aspx?PRID=1832176>

<sup>viii</sup>PIB Press Release 08.06.2022 <https://pib.gov.in/PressReleasePage.aspx?PRID=1837902>

<sup>ix</sup>PIB Press Release 29.06.2022 <https://pib.gov.in/PressReleasePage.aspx?PRID=1830145>

<sup>x</sup>PIB Press Release 30.06.2022 <https://pib.gov.in/PressReleasePage.aspx?PRID=1838260>

<sup>xi</sup>Sambandh Portal [https://sambandh.msme.gov.in/PPP\\_Index.aspx](https://sambandh.msme.gov.in/PPP_Index.aspx)

<sup>xii</sup>PIB Press Release 30.06.2022 <https://pib.gov.in/PressReleaseDetail.aspx?PRID=1838217>



The growth of the industrial and services sectors are mutually reinforcing. The growth of these two sectors has led to an increased consumption of power and fuel. An efficient infrastructure system can provide the much needed connectivity; access to raw materials and markets; and recognition of entrepreneurial opportunities. Consequently, there needs to be a synergy of development of industries, especially those of industrial hubs, with the bolstering of infrastructure. In this context, the five times increase in capital expenditure of Indian railways from 2014 to 2021; increase in the road construction per day from 28 km in 2019-20 to 36.5 km in 2020-21, coupled with structural reforms in the telecom sector are noteworthy<sup>xiii</sup>. Further, recent announcements such as construction of a new greenfield airport in Rajkot<sup>xiv</sup>, decongesting cities like Bengaluru with strengthened network of rail, road, metro, underpass and flyovers<sup>xv</sup> addresses typical issues faced in growing and upcoming industrial hubs by aiming at cutting down on time and cost related to logistics. These developments also underline the PM Gati Shakti approach announced in Budget 2022-23. The approach envisages seven engines, viz. roads, railways, airports, ports, mass transport, waterways and logistics infrastructure, fueled by energy transmission, IT communication, bulk water and sewerage, social infrastructure, clean energy and efforts of the central and State governments and also the private sector. The sectors mentioned in PM Gati Shakti are all-encompassing and promise to provide entrepreneurial opportunities<sup>xvi</sup>.

The combined impact of all these interventions is that the real GDP growth in 2021-22 at 8.7 percent, is 1.5 percent higher than the real GDP of the pre-pandemic level of 2019-20<sup>xvii</sup>. Further, there is optimism with the growth momentum picking up as is evident from real GDP growth rate in quarter 4 of 2021-22 being higher than that in quarter 3. The pent up demand, especially in rural demand, is expected to rise

further. Focused fiscal and monetary policies adopted by the Government are able to smoothen supply disruptions and ensure that equilibrium is achieved. The World Bank has projected that India's real GDP is a 7.5 percent in 2022-23 and is higher than those of advanced and emerging economies e.g. USA (2.4 percent), Euro Area (1.9 percent), Japan (1.3 percent), China (5.2 percent), Russia (-2.0 percent), Brazil (0.8 percent), Mexico (1.9 percent) and South Africa (1.5 percent).

Provisional estimates of Gross Value Added released by Ministry of Statistics and Programme Implementation indicate that while the percentage change over previous year in 2020-21 was -4 percent, during 2021-22, the figure stood at 8.1 percent<sup>xviii</sup>. Every sector recorded a positive percentage change in 2021-22 (Table-1). The per capita GDP for 2020-21 and 2021-22 have been estimated at Rs. 1,00,032 and Rs. 1,07,670, respectively.

**Table-1: Provisional Estimates of GVA at Basic Prices by Economic Activity (at 2011-12 Prices)**

S. No.	Sector	Percent Change over Previous Year (2021-22)
1	Agriculture, Forestry & Fishing	3.0
2	Mining & Quarrying	11.5
3	Manufacturing	9.9
4	Electricity, Gas, Water Supply, Other Utility Services	7.5
5	Construction	11.5
6	Trade, Hotels, Transport, Communication & Services related to broadcasting	11.1

<sup>xiii</sup>Economic Survey 2021-22 <https://www.indiabudget.gov.in/economicsurvey/doc/eschapter/echap08.pdf>

<sup>xiv</sup>PIB Press Release 10.06.2022 <https://pib.gov.in/PressReleasePage.aspx?PRID=1832847>

<sup>xv</sup>PIB Press Release 20.06.2022 <https://pib.gov.in/PressReleasePage.aspx?PRID=1835553>

<sup>xvi</sup>Budget 2022-23 Speech [https://www.indiabudget.gov.in/doc/budget\\_speech.pdf](https://www.indiabudget.gov.in/doc/budget_speech.pdf)

<sup>xvii</sup>Monthly Monitor, Department of Economic Affairs [https://dea.gov.in/sites/default/files/MER%20May\\_2022.pdf](https://dea.gov.in/sites/default/files/MER%20May_2022.pdf)

<sup>xviii</sup>Press Note 31.06.2022 [https://mospi.gov.in/documents/213904/416359/Press%20Note\\_PE%20FY22m1653998874449.pdf/9616eef9-71b9-7522-808a-5fd438857454](https://mospi.gov.in/documents/213904/416359/Press%20Note_PE%20FY22m1653998874449.pdf/9616eef9-71b9-7522-808a-5fd438857454)



S. No.	Sector	Percent Change over Previous Year (2021-22)
7	Financial, Real Estate & Professional Services	4.2
8	Public Administration, Defence & Other Services	12.6
	<b>GVA at Basic Prices</b>	<b>8.1</b>

Source: Ministry of Statistics & Programme Implementation

[https://mospi.gov.in/documents/213904/416359/Press%20Note\\_PE%20FY22m1653998874449.pdf/9616eef9-71b9-7522-808a-5fd438857454](https://mospi.gov.in/documents/213904/416359/Press%20Note_PE%20FY22m1653998874449.pdf/9616eef9-71b9-7522-808a-5fd438857454)

## Employment

The total workforce in the country is estimated to be around 47 crore, of which 81 percent are in the unorganised sector<sup>xix</sup>. There is no denying that the pandemic, lockdowns and the closure of economic activities had a huge adverse impact on employment, with the impact being more pronounced in the manufacturing sector vis-à-vis the services sector. This is evident from the first Quarterly Employment Survey (QES) report (Table-2).

**Table-2: Sector-wise Impact on Number of Employees during the Lockdown Period (25.03.2020 to 30.06.2020)**

S. No.	Sectors	Number of Employees (in Lakh)			
		Prior to Lockdown (before 25.03.2020)		As on 01.07.2020	
		Male	Female	Male	Female
1.	Manufacturing	98.7	26.7	87.9	23.3
2.	Construction	5.8	1.8	5.1	1.5
3.	Trade	16.1	4.5	14.8	4.0
4.	Transport	11.3	1.9	11.1	1.9
5.	Education	38.2	29.5	36.8	28.1
6.	Health	15	10.6	14.8	10.1
7.	Accommodation & Restaurants	7.0	1.9	6.2	1.7

<sup>xix</sup>Lok Sabha Unstarred Question 5278 answered on 04.04.2022 <http://164.100.24.220/loksabhaquestions/annex/178/AU5278.pdf>

<sup>xx</sup>PIB Press Release 26.04.2022 <https://pib.gov.in/PressReleaseSelfPage.aspx?PRID=1820267>

<sup>xxi</sup>Udyam Dashboard <https://udyamregistration.gov.in/realtimeudyamdashboard.aspx>

S. No.	Sectors	Number of Employees (in Lakh)			
		Prior to Lockdown (before 25.03.2020)		As on 01.07.2020	
8.	IT/BPOs	13.6	6.3	12.8	6.1
9.	Financial Services	11.5	5.9	11.3	5.7
	<b>Total</b>	<b>217.8</b>	<b>90.0</b>	<b>201.5</b>	<b>83.3</b>

Source: Source: Lok Sabha Unstarred Question No. 5189 answered on 04.04.2022

<http://164.100.24.220/loksabhaquestions/annex/178/AU5189.pdf>

The second round of QES for July-September, 2021 estimated that the total employment in nine non-farm sectors of the economy had grown to 3.10 crore from 3.08 crore which was estimated by the first round of QES for April-June, 2021. The Unemployment Rates in urban areas has decreased for both men and women from the first quarter of 2021 to the second, as per the Periodic Labour Force Survey Quarterly Reports (Table-3). These indicate the positive impact of the multi-pronged approaches adopted for economic growth, in general, and creation of jobs along with formalisation of the job market, in particular<sup>xx</sup>.

**Table-3: Unemployment Rates**

Survey	Male	Female	Person
PLFS Quarterly Bulletin (April-June, 2021)	12.2%	14.3%	12.6%
PLFS Quarterly Bulletin (July-September, 2021)	9.3%	11.6%	9.8%

Source: Lok Sabha Unstarred Question No. 5189 answered on 04.04.2022

<http://164.100.24.220/loksabhaquestions/annex/178/AU5189.pdf>

Within two years of adopting a comprehensive definition based on both investment in plant and machinery/equipment and turnover, more than 95.34 lakh enterprises, including retailers, wholesalers and street vendors, have registered on the Udyam registration portal (till 06.07.2022) for the purpose of being classified as MSMEs and accordingly avail benefits. These 95 lakh MSMEs employ as many as 7.4 crore people, of which 1.7 crore (23 percent) are women employees<sup>xxi</sup>. This



growing figure of employees will gain immensely from the proposed integration of the Udyam registration portal with the portals of e-shram, National Career Service (NCS) and AatmaNirbhar Skilled Employee Employer Mapping (ASEEM), more so because the two cornerstones of the Udyam are ITR and GSTN databases. While the e-shram portal is a centralised database of unorganised workers, the NCS and ASEEM portals match supply of work force with demand.

Training and skill development are desirable pre-requisites for entrepreneurship development. With this objective the Entrepreneurship Skill Development Programme has been providing entrepreneurship training to aspiring and existing entrepreneurs. Very recently, the Ministries of Heavy Industries and Skill Development & Entrepreneurship (MSDE) have signed a Memorandum of Understanding (MoU) which will impart the much-needed skill development training in the capital goods sector<sup>xxii</sup>.

## Exports

An indicator that the economy is returning to the growth trajectory is the expanding level of exports. With global demand being restored, in 2021-22, exports were 113 percent of their 2019-20 level. Total merchandise plus services exports were USD 62.21 billion, growing by 24 percent in May, 2022 over May, 2021 level (Table-4). However, total imports grew at a faster rate of 59 percent.

**Table-4: Trade during May 2022**

Merchandise/ Ser-vices	Trade	May 2022 (USD Billion)	May 2021 (USD Billion)	Growth vis-à-vis May 2021 (%)
Merchandise	Exports	38.94	32.30	20.55
	Imports	63.22	38.83	62.83
Services	Exports	23.28	17.86	30.32
	Imports	14.43	9.95	45.01
Overall Trade (Merchandise+ Services)	Exports	62.21	50.16	24.03
	Imports	77.65	48.78	59.19

Source: PIB Press Release 15.06.2022 <https://pib.gov.in/PressReleasePage.aspx?PRID=1834153>

The contribution of merchandise industrial

<sup>xxii</sup> PIB Press Release 29.06.2022 <https://pib.gov.in/PressReleasePage.aspx?PRID=1838050>

<sup>xxiii</sup> PIB Press Release 22.07.2019 <https://pib.gov.in/PressReleasePage.aspx?PRID=1579757>

goods has grown from 86 percent in 2020-21 to 89 percent in 2021-22. The main drivers of growth in exports are engineering goods, petroleum products, electronic goods, etc. Almost half of the merchandise exports is estimated to be from the MSME sector<sup>xxiii</sup>. In the new definition of MSMEs, followed since 2020, for the purpose of classification into micro, small or medium, the export figure is deducting from the turnover. By deducting exports from the turnover for the purpose of definition, it is amply clear that the emphasis is on export promotion.

## Way Ahead

As brought out in the above paragraphs, positive interventions have been made, which have ensured that GDP figures have reached the pre-pandemic levels. For these interventions to be more efficient and effective, what is required is convergence of efforts. More and more entrepreneurs need to be brought in the formal ambit, more so for the rural MSMEs. Once an enterprise has an identity of an MSME, it can avail benefits of schemes of the Government. While the total annual procurement from MSEs has been 10 percentage points higher than the mandated 25 percent, the annual procurement from SC/ST-owned MSEs (0.82 percent) and women-owned MSEs (1.10 percent), continues to remain much below the benchmarks of 4 percent and 3 percent, respectively. Moving with the demand of the post-pandemic world, the reliance on digital interventions needs to be enhanced. For this, access to the digital world needs to be ensured too. The positive externalities of a reinforced infrastructure, especially in rural areas, augment the impact of industrial development. A concerted effort is required to achieve these targets and ensure inclusive growth and to ascertain that the announcements made in the AatmaNirbhar package and the follow-ups thereafter do indeed succeed in making entrepreneurs self-reliant and ensure economic development through industrial growth.

*(The author is Additional Development Commissioner, Ministry of Micro, Small and Medium Enterprises, and is an officer of the Indian Economic Service. Views expressed are personal. Email: igtripathy@gmail.com)*



## Boosting Rural Income

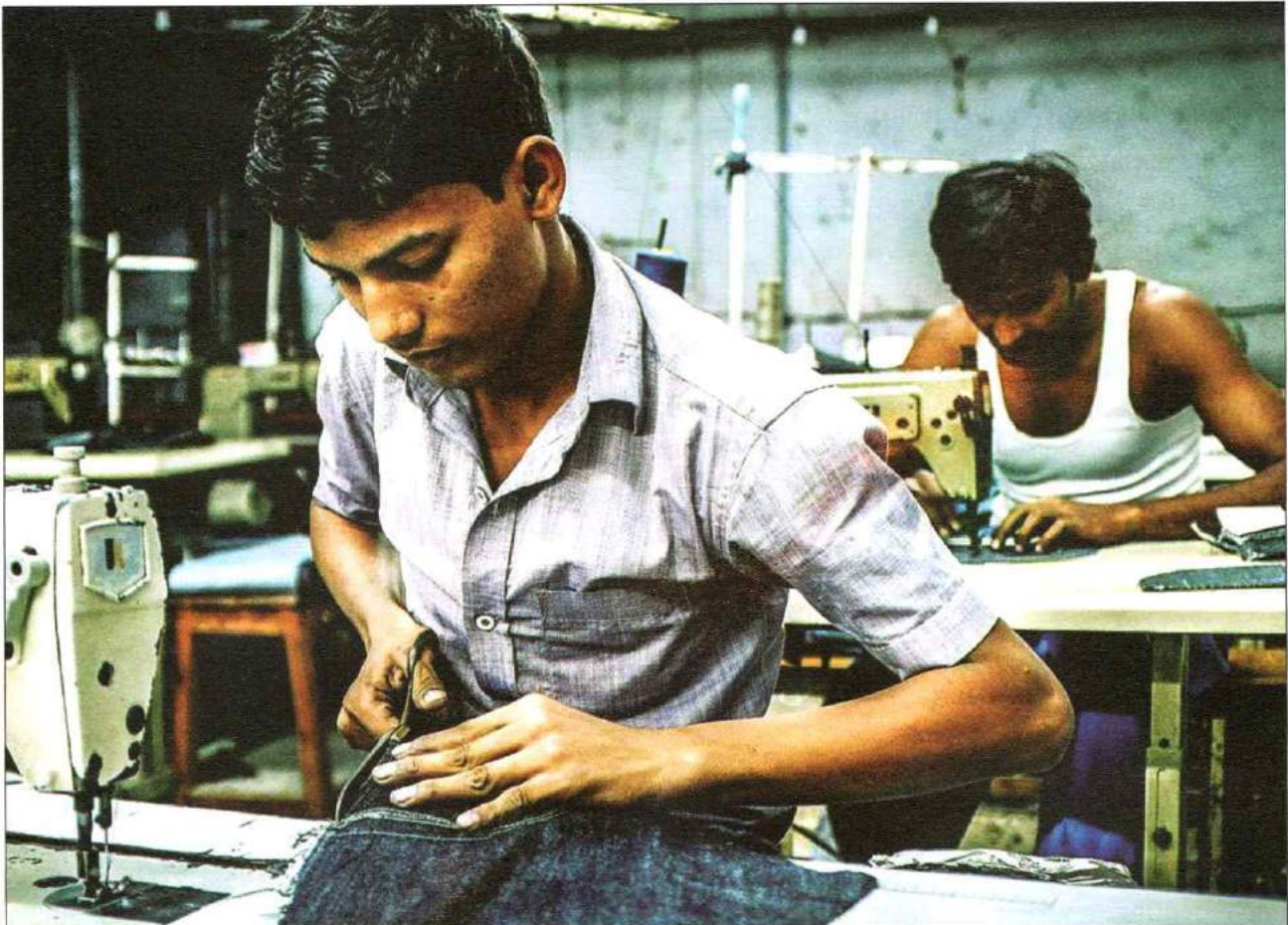
BS Purkayastha

The role of MSMEs is critical in rural industrialisation. MSMEs today provide employment to more than 111 million workers with around 63.4 million units across the country. We need to identify areas for developing rural hubs based on resources, markets and infrastructure, where MSMEs can flourish and ensure employment and income to rural youth.

**T**he impact of industrialisation on lives and livelihoods is known to all. The more industrialised a country is, not only are the wages and employment higher but so are other parameters of human development such as housing, healthcare, education, financial inclusion, besides supporting infrastructure such as connectivity and transport. These benefits are not only limited to the citizens in urban areas, but also percolate to those living in rural areas. However, given that India is still predominantly an agriculture-based economy and majority of the population still resides in rural areas, rural industrialisation is the key to boosting rural income

and employment. As such it is obvious that for any rural industrialisation scheme to be successful it needs to have strong sustainable linkage with the agriculture sector. Agro-based industrialisation, which over a period of time shifts to the non-farm sector leveraging economies of scale can help here. A strong linkage between farm and non-farm sectors can augment rural incomes and create jobs in rural areas.

Multi-pronged strategies have been adopted by the Government of India to address rural poverty and improve the economic well-being of the people in rural areas with the main





focus on increasing livelihood opportunities, empowering rural women, providing social safety net, skilling of rural youth, rural industrialisation, infrastructure development, reducing migration to urban areas in search of jobs, etc., through various programmes. The Ministry of Rural Development and the Ministry of Micro Small and Medium Enterprises (MSME) have been working in tandem to ensure that rural citizens do not lag behind their urban counterparts in accessing employment opportunities in their own towns and villages while harnessing the natural resources of the hinterland. Entrepreneurship and micro-units are the hallmarks of rural industrialisation programmes in the non-farm sector for generating employment opportunities and thereby boosting rural incomes.

As such, the Village Industries Programme is broadly classified under seven groups for the purpose of implementation of the various programmes, which are as under:

- i. Agro Based and Food Processing Industry (ABFPI)
- ii. Forest Based Industry (FBI)
- iii. Hand Made Paper and Fibre Industry (HMPFI)
- iv. Mineral Based Industry (MBI)
- v. Polymer and Chemical Based Industry (PCBI)
- vi. Rural Engineering and Bio-Technology Industry (REBT)
- vii. Service and Textile Industry.

Concurrently, the Mahatma Gandhi Institute for Rural Industrialisation (MGIRI) is working in following six verticals for strengthening rural industrialisation in micro and small industries sector through providing entrepreneurship development trainings, skill development trainings, quality testing, and guidance services.

- i. Khadi and Textile
- ii. Bio Processing and Herbal
- iii. Rural Chemical Industries
- iv. Rural Craft and Engineering
- v. Rural Energy and Infrastructure
- vi. Management and Systems

The Government of India has been implementing various schemes/programmes

through various Ministries/Departments for promotion of the above agro and rural industries in the country. Among them, the Scheme of Fund for Regeneration of Traditional Industries (SFURTI) and Prime Minister's Employment Generation Programme (PMEGP) through Khadi and Village Industries Commission (KVIC) is of particular relevance.

Following are the salient features of these schemes and how they are gradually changing the face of rural India, boosting rural employment opportunities and rural incomes.

### SFURTI Scheme

The Ministry of Micro Small and Medium Enterprises (MSME) implements the Scheme of Fund for Regeneration of Traditional Industries (SFURTI) across the country with the view to organise traditional industries and artisans into clusters to make them competitive and increase their income. SFURTI clusters are of two types: Regular Cluster (500 artisans) with government assistance of up to Rs. 2.5 crore and Major Cluster (more than 500 artisans) with government assistance up to Rs. 5 crore. The timeframe for functionalisation of a SFURTI cluster since its approval is 12 months for a Regular Cluster and 18 months for a Major Cluster.

Under the scheme, traditional artisans and industries are organised into clusters to add value to their production and enhance their income by supporting them in:

- upgradation of infrastructure by developing Common Facility Centers (CFCs) with latest machineries and creation of Raw Material Bank,
- training and skill development of artisans, exposure visits, product development,
- developing new market linkages, including e-commerce tie ups,
- partnerships with institutes of eminence for creation of new designs, etc.

Since 2014-15 till 31-03-22, 498 clusters have been approved under SFURTI in the country with Gol assistance of Rs. 1,29,493 lakh benefitting 2,87,159 artisans. The Ministry conducts regular assessment of the functional SFURTI clusters in respect of their profitability and marketability



through various review meetings, visits to clusters, third party evaluation, etc. Based on the same, it has been observed that marketability and profitability of the clusters require special support due to the COVID-19 pandemic. To ensure the same, the Ministry has taken various initiatives like training on design development and product diversification to cater to the market demand, encouraging linkages with e-commerce portals, etc.

While the SFURTI scheme is applicable across the country, to expand the reach of the scheme across the country, special focus is given on proposals received from districts without any existing approved SFURTI cluster as well as those received from the Aspirational districts. The convergence of the SFURTI scheme with other welfare schemes of Ministries/Departments of Central and State Governments is encouraged. Though minimum wage for artisans is not specified under SFURTI, necessary initiatives are taken under the scheme to upskill the traditional artisans and provide them with infrastructural support to add value to their products, thereby increasing their income in a sustainable manner. The Implementing Agencies of the clusters are required to open bank accounts and provide general and health insurance to all artisans, thus ensuring financial inclusion and better health facilities for these workers.

### Prime Minister's Employment Generation Programme (PMEGP)

The Ministry of MSME is implementing the Prime Minister's Employment Generation

Programme (PMEGP) since 2008-09 through KVIC as nodal agency at the national level for generating self-employment opportunities in the country by setting up micro-enterprises in non-farm sector, including cottage, khadi and village Industries units, thus helping traditional artisans and unemployed youth.

Under PMEGP, General Category beneficiaries can avail of Margin Money subsidy of 25 percent of the project cost in rural areas and 15 percent in urban areas. For Special Categories such as SC/ST/OBC/minorities/women/ex-serviceman/physically handicapped /NER/Hill and Border areas, etc., the Margin Money subsidy is 35 percent in rural areas and 25 percent in urban areas. Maximum project cost for manufacturing unit has now been raised from Rs. 25 lakh to Rs. 50 lakh and for service sector it is now Rs. 20 lakh from the earlier Rs. 10 lakh.

Since its inception, about 7.8 lakh micro enterprises have been assisted with a subsidy of Rs. 19,995 crore generating estimated sustainable employment for 64 lakh persons. The scheme has been successful in generating rural employment spread across various social categories. Around 80 percent of the PMEGP units have been set up in rural areas and about 50 percent of the units have been set up by SC/ST/Women entrepreneurs. Out of the total units set up and margin money subsidy disbursed to the entrepreneurs under PMEGP Scheme, the average share of agro-based food processing industries (ABFPI) is 16 percent in respect of units set up and 20.30 percent in respect of margin money subsidy disbursed.

**Table 1: Target set and achievement under the PMEGP Scheme during the last four years**

Year	Target	Achievement				
		Margin Money disbursed	Estimated Employment Generated	No. of Units assisted	Margin Money disbursed	Estimated Employment Generated
2018-19	72381	206880.00	579048	73427	207000.54	587416
2019-20	79236	239644.00	633888	66653	195082.20	533224
2020-21	78625	228968.52	629000	74415	218880.15	595320
2021-22 (as on 27.01.22)	92666	285000.00	741328	60180	185122.76	370840

Source: <http://164.100.24.220/loksabhaquestions/annex/178/AU269.pdf>



In order to enhance the employment opportunities, Ministry of MSME has also introduced a scheme of second financial assistance for expansion/upgrading existing PMEGP/MUDRA units. The second financial assistance for manufacturing units is up to Rs. 1 crore and for service/trading unit it is up to Rs. 25 lakh with subsidy of 15 percent for non-NER (North Eastern region) and 20 percent for NER and hilly states.

As per guidelines of PMEGP scheme, 100 percent physical verification of units is carried out through outsourced agencies after completion of 24 months and before 36 months of setting up of units. It has been observed that on an average about 80 percent of PMEGP units are found working and the rest are either closed or not found existing at the original registered location.

### Schemes Being Implemented by Coir Board

The Ministry of MSME through Coir Board, is implementing various schemes for improving the Coir industry in the country under the Umbrella Scheme 'Coir Vikas Yojana'. Components of the scheme are as follows.

- i. Science and Technology
- ii. Skill Upgradation and Mahila Coir Yojana
- iii. Domestic Market Promotion
- iv. Export Market Promotion
- v. Trade and Industry Related Functional Support Services
- vi. Welfare Measures – Coir Workers Group Personal Accident Insurance Scheme merged with Pradhan Mantri Suraksha Bima Yojana (PMSBY)
- vii. Coir Industry Technology Upgradation Scheme (CITUS)

Besides the above, SFURTI (Scheme of Fund for Regeneration of Traditional Industries) and ASPIRE (A Scheme for Promotion of Innovation, Rural Industries and Entrepreneurship) are also implemented by Coir Board for promoting Coir Industry in the country.

The Ministry of MSME, through Coir Board, has successfully implemented Coir Udyami Yojana (CUY) in almost all the States. The CUY was started for implementation in the year 2015-16 and it was

**Table 2: The State-wise details of the percentage of PMEGP units engaged in manufacturing and service sector for 2020-21**

S. No.	Name of the State	Manufacturing	Service
1	Chandigarh UT	65.26	34.74
2	Delhi	82.56	17.44
3	Haryana	92.47	7.53
4	Himachal Pradesh	86.18	13.82
5	Jammu & Kashmir	80.00	20.00
6	Ladakh (U.T.)	90.11	9.89
7	Punjab	56.76	43.24
8	Rajasthan	93.15	6.85
9	Chhatisgarh	90.40	9.60
10	Madhya Pradesh	91.03	8.97
11	Uttarakhand	91.13	8.87
12	Uttar Pradesh	93.20	6.80
13	Arunachal Pradesh	98.25	1.75
14	Assam	90.82	9.18
15	Manipur	89.19	10.81
16	Meghalaya	79.63	20.37
17	Mizoram	79.88	20.12
18	Nagaland	87.17	12.83
19	Sikkim	92.48	7.52
20	Tripura	85.61	14.39
21	And. & Nic. Island	87.82	12.18
22	Bihar	80.14	19.86
23	Jharkhand	88.90	11.10
24	Odisha	88.87	11.13
25	West Bengal	98.71	1.29
26	Goa	59.11	40.89
27	Gujarat	87.53	12.47
28	Maharashtra	94.83	5.17
29	Andhra Pradesh	90.88	9.12
30	Karnataka	85.33	14.67
31	Kerala	84.11	15.89
32	Lakshadweep	100.00	0.00
33	Pondicherry	88.57	11.43
34	Tamilnadu	88.69	11.31
35	Telangana	97.73	2.27
	<b>Total</b>	<b>84.78</b>	<b>15.22</b>

Source: <http://164.100.24.220/loksabhaquestions/annex/178/AU1557.pdf>



in force up to 2017-18. As part of rationalisation of the ongoing plan programmes of the Ministry of MSME, the CUY was subsumed in the Prime Minister's Employment Generation Programme (PMEGP) during March, 2018. Though the CUY has been integrated with PMEGP, the Ministry had allocated funds under CUY for settling the spillover claims. During 2017-18 to 2020-21, an amount of Rs. 1,626.68 lakh has been utilised by the Board for releasing margin money subsidy for setting up of 689 coir units under the CUY. After integration of CUY with PMEGP, the Ministry has disbursed margin money subsidy under PMEGP for setting up of coir units during the year 2018-19 to 2020-21.

### Programmes under KVIC

In addition to the above, under Gramodyog Vikas Yojana (GVY), KVIC is implementing following programmes for promotion and development of traditional industries.

**Bee-Keeping (Honey Mission):** KVIC launched Honey (Bee) Mission in July, 2017 for promoting beekeeping and generating employment in the beekeeping potential states of the country.

**Pottery Programme (Kumhar Sashaktikaran):** Under this programme, KVIC identify the areas where clusters of traditional pottery workers are available and provide them training, electric pottery wheels and other tools like blunger, Pug Mill, etc.

**Table 3: Funds (Rs. in crore) allocated and released under the above schemes**

Programme	2019-20		2020-21		2021-22#	
	Allocation	Released	Allocation	Released	Allocation	Released
Honey Mission	15.00	13.43	11.07	7.47	5.78	8.19
Kumhar Sashaktikaran	17.00	13.53	18.61	18.95	6.02	0.60

#up to 31.01.2022 Source: <http://164.100.24.220/loksabhaquestions/annex/178/AS125.pdf>

**Khadi Vikas Yojana (KVY):** KVIC implements Khadi Vikas Yojana for the promotion and development of Khadi activities (KVI) in the country, through various components like Modified Market

Development Assistance (MMDA), Interest Subsidy Eligibility Certificate (ISEC), Workshed Scheme for Khadi Artisans, etc. Under KVY, 4.97 lakh Khadi artisans (spinners, weavers and others) are engaged in various Khadi activities, out of which 3.98 lakh artisans are women. Considering the present market demand and the effect of COVID-19 pandemic, KVIC has started online selling of all KVI products. KVI products are available online through [www.ekhadiindia.com](http://www.ekhadiindia.com) and [www.khadiindia.gov.in](http://www.khadiindia.gov.in). KVIC has developed an online portal Khadi Institutions Registration and Certifications Sewa (KIRCS) for easier registration of new Khadi Institutions. Recently, an innovative product 'Khadi Prakritik Paint' has been launched by KVIC wherein any individual can set up an unit under PMEGP for its production. KVIC, through its 18 departmental and 17 non-departmental training centres (Institutional and KVI Board), also conducts training programmes for youth for employment purposes.

**Table 4: Total number of Khadi Institutions (KIs) operational in the country during the last three years**

Year	Total number of Khadi Institutions
Upto 2018-19	2518
Upto 2019-20	2632
Upto 2020-21	2737
Operational as on Feb 2022	2816

Source: <http://164.100.24.220/loksabhaquestions/annex/178/AU239.pdf>

**Table 5: Increasing trend in production and sale of KVI products during the last several years**

Particulars	2018-19	2019-20	2020-21	2021-22 (as on 31.12 2021)
Production value of KVI products (Rs in cr)	58130.34	67667.31	72235.15	62504.29
Sale value of KVI products (Rs in cr)	74292.09	88875.54	95741.36	84405.16

Source: <http://164.100.24.220/loksabhaquestions/annex/178/AU288.pdf>

Through the Skill Development Programme (SDP) and Entrepreneurship Awareness Programme (EAP), KVIC, through its training centres, imparts skill development training to



prospective entrepreneurs, including women, in various disciplines like bee-keeping, pottery, fruit and vegetable processing, bakery, tailoring and embroidery, soap and detergent making, beautician course, motor winding, etc.

Rozgar Yukt Gaon (RYG), a new component under Khadi Vikas Yojana, has been introduced with objective of introducing enterprised model replacing subsidy-led model and create an additional 12,500 direct employment opportunities in 50 villages, which are deprived of opportunities and sustainable livelihood support systems, in addition to spinning out secondary and ancillary opportunities of employment in a wider sense. This will generate nearly 18,265 employment opportunities in which 12,500 will be direct and 5,765 will be indirect and it will build a potential capacity of annual production turnover of value added products to a tune of Rs. 261 crore.

Alongside, the Ministry of Rural Development is implementing the Start-up Village Entrepreneurship Programme (SVEP), as a sub-scheme under Deendayal Antyodaya Yojana - National Rural Livelihoods Mission (DAY-NRLM). The block is the unit of implementation of SVEP. The objective of the scheme is to help the rural poor (SHGs) to set up enterprises at the village level in non-agricultural sectors. Besides providing start-up capital, a cadre of Community Resource Persons-Enterprise Promotion (CRP-EP) is set up to provide business support services to enterprises. SHG members are supported under the project.

As per the SVEP guidelines, States have to submit supplementary Annual Action Plans (AAPs) for the identified blocks. Once approved, a Detailed Project Report (DPR) is prepared for the block which provides, among other things, the details regarding the potential number of enterprises to be formed over the 4-year project period.

As on 31<sup>st</sup> January, 2021, 182 projects have been approved across 29 States/UTs. The DPRs for SVEP have been approved in 147 blocks and 2.29 lakh enterprises are targeted to be formed during the 4-year project period. The total fund approved is Rs. 75,970 lakh of which the central share is

Rs. 47,516 lakhs. Of this, an amount of Rs. 31,035 lakh has been released as central share to the States. Enterprise formation has started in 137 blocks and 1,34,229 enterprises have been formed so far.

## Conclusion

The above initiatives are slowly but surely, helping in industrialising rural India, providing new employment opportunities for rural youth. However, efforts, both public and private, need to be stepped up to ensure that rural youth are able to find gainful employment in the villages and towns such that the country's demographic dividend is realised. Agriculture is unable to sustain the large swathes of population in India, and more non-farm employment opportunities need to be harnessed. Here, rural-urban linkages will be crucial in driving rural transformation, and ensuring that the fruits of industrialisation reach rural India. Strengthening rural-urban linkages by connecting villages to small towns and big cities will benefit rural labour, production, distribution, markets and services, leading to creation of local, regional and global value chains. The role of MSMEs is critical in rural industrialisation. MSMEs today provide employment to more than 111 million workers, with around 63.4 million units across the country contributing around 6.11 percent of the manufacturing GDP and 24.63 percent of the GDP from service activities as well as 33.4 percent of India's manufacturing output. We need to further identify areas for developing rural hubs based on resources, markets and infrastructure, where MSMEs can flourish and ensure employment and incomes to rural youth.

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*(The author is a freelance journalist. Views expressed are personal. Email: ideainks2020@gmail.com)*





## Unlocking Rural Industrial System

*Dr. Neelam Patel*

*Dr. Tanu Sethi*

*Dr. A. G. Adeeth Cariappa*

Rural Industrialisation can act as a key to unlock advancement in economic and social development of a country. Rural Industrialisation through thoughtful policy interventions, supporting innovations, incentivising start-ups, and digitalisation can create employment opportunities in rural India. It will be a good step in the direction towards realising AatmaNirbhar Bharat.

**R**ural India can be seen as a resource for drawing immense human capital with 68.8 percent of the country's population and 72.4 percent of the workforce residing in these areas. Vision for New India @75 under the leadership of the honourable Prime Minister, Shri Narendra Modi, envisions 'Rural India' as an asset laden with great potential to speed up country's economic development. It is quoted by Hon'ble PM of India that "India's strength lies in her villages. Our aim is to bridge the differences between rural and urban India"<sup>1</sup>. Rural economy constitutes 46 percent of national income. Rural Industrialisation can act as a key to further unlock economic and social development of a country. Rural livelihoods and decent work for all are yoked to rural economies, holistic development of rural communities, poverty alleviation, mitigate urban-rural divide and yield in delivering targets under Sustainable Development Goals (SDGs).

In rural areas, businesses operate primarily in agriculture, forest, handloom and small-scale industries. A spree of schemes has been implemented across Ministries that support various small and micro-level enterprises, comprising social sector, non-farm including small and cottage industries, service sector, farm and allied sectors, etc. that has the potential to channelise rural human resources in a more

productive and sustainable manner. Several start-ups and entrepreneurship programmes are promoted at grassroots level of the country to enable rural development and empowerment. As the Hon'ble Prime Minister of India quoted that "Start-ups will be the backbone of New India of our dreams", rural start-ups can boost employment opportunities in rural India with a step in the direction of AatmaNirbhar Bharat. Digital inclusion and financial assistance through various government programmes especially for rural areas are providing momentum to drive industrialisation and ease of living for rural communities.

In the last decade, there was an absolute increase in population, primarily in urban areas. The rural and urban population recorded in 2001 was 74.3 crore and 28.6 crore; whilst in 2011 it was 83.3 crore and 37.7 crore, respectively. At the same time, workforce participation rate for urban male and rural male was at par while participation of rural women was significantly higher than urban women. In 2011-12, workforce participation rate for urban male and urban female was 54.6 percent and 14.7 percent whilst rural male and rural female participation were 54.3 percent and 24.8 percent, respectively. Therefore, channelising rural human resources, good wages, and skilling can impart socio-economic empowerment and contain rural to urban migration. Setting up new industries in rural areas can generate livelihood opportunities



<sup>1</sup><https://www.pmindia.gov.in/en/quotes/>



and can play a significant role in rural upliftment and economic development through structural transformation of the economy (getting labour out of agriculture).

### Classification of Rural Industries

Industries are units that manufacture goods or articles for consumption by the mass and generate employment. 'Rural industries' are non-farm activities dependent on rural resources, primarily meant for employment generation through effective utilisation of locally available resources, human power and technologies that are native or home-grown. These are popularly known as small-scale industries/village industries/rural industries. Rural industry includes khadi, village industries, handloom, handicraft, sericulture, coir and service industries situated in the rural areas. Agriculture and allied sectors are the main sources of livelihood and engage about 60 percent of the rural population.

Rural Industrialisation can serve both rural and semi-rural areas. Setting up of small-scale industries will facilitate avenues of employment in non-farm activities, raising living standards of the rural population, in turn, alleviating poverty, slowing down urban migration, creating off-seasonal jobs for farmers, increasing women participation and upliftment of social status of rural communities. Several schemes have been implemented as incentives for industrialisation in rural and other backwards areas of the country.

There are different types of rural Industries in India classified on the basis of scale and primary functions<sup>2</sup>. As per the Eighth Plan, four groups of industries are classified that can be expanded or developed in rural areas, viz.

- (i) Traditional Village Industries - include Khadi, leather tanning, woodwork, artisan industries, cotton cloth, handloom, power loom and fabrics, handicrafts, coir, sericulture and wool development, etc.
- (ii) Heavy Industries - include mini-steel plants, fertilizer plants which use bio-mass, pesticide manufacturing plants using biological inputs, ancillary engineering units, etc.

- (iii) Medium Group Industries - includes mini-cement plants which use molasses or coal as energy, minor paper plants, etc.

Light Industries - include animal feed and fodder industries, industries producing building materials like hinges, screens, doors and windows frames and roofing materials, improved agricultural implements and machinery, etc.

Rural industrialisation would result in three kinds of employment opportunities viz. regular employment for relatively better educated; casual employment of a daily wage type for less educated; and self-employment for entrepreneurs.

### Agriculture and Allied Sector: Linkages Between Farmers and Industry

Agriculture and allied sectors grew at a growth rate of 3.6 percent during 2020-21 with a share of 18.8 percent in the total Gross value Added (GVA) in 2021-22. Allied sectors including animal husbandry, dairying and fisheries play a vital role in the economy and are steadily emerging to be a progressive contributor to the overall growth of the agriculture sector. The livestock sector in our country has been growing at a Compound Annual Growth Rate (CAGR) of 8.15 percent (at constant prices) from 2014-15 to 2019-20. Production of milk, egg and meat in the country are growing at a CAGR of 6.28 percent, 7.82 percent and 5.15 percent respectively from 2014-15 to 2019-20.

Rural population is majorly dependent on agriculture and allied sectors as a source of livelihood. As per Census of India, rural population in India stands at 833 million that constitutes almost 68 percent of the total population. Rural population has shown a growth of 12 percent and an increase in the absolute number of villages by 2,279 units between 2001-2011 period<sup>3</sup>. However, share of workforce engaged in the agriculture sector (comprising cultivators and agricultural labourers) has come down from 58.2 percent in 2001 to 54.6 percent in 2011 due to migration of agricultural labour from rural to urban areas. Majority of agricultural workers are small and marginal farmers. Some of the reasons for this

<sup>2</sup>Rural Industrialization. <https://egyankosh.ac.in/bitstream/123456789/59477/1/Unit3.pdf>

<sup>3</sup>SPMRM | Ministry of Rural Development | GOI (rurban.gov.in)



shift includes, inter alia, better employment opportunities in industry and services, increasing urbanisation, low income in agriculture, etc. Therefore, surplus labour in agriculture needs to be facilitated to get employment in rural areas. Hence, setting up of rural industries can achieve multiple development objectives like facilitating structural transformation, employment generation, and preventing large-scale migration.

Agro-based industries/non-agro based industries can create employment and prevent rural to urban migration. The growth of rural industries and agriculture are complementary to each other. Agriculture and allied activities like fisheries, dairy, poultry and mining are producers known as the primary sector. Secondary or manufacturing industries add value to the outputs of the primary sector. These include non-agro based industries, light industries, coir industry, etc.<sup>4</sup> Increased farm sector productivity may boost off-farm sector development. Rural enterprises may be owned by a government or large private sector organisation or informally organised by local or outside entrepreneurs.

About two-third of rural income is now generated in non-agricultural activities and more than half of the value added in the manufacturing sector in India is contributed by rural areas. It is contrary to the common perception about predominance of agriculture in rural economy. Hence, creating sustainable industry linkages in rural areas is important for developing economies and in creating livelihood opportunities. Enabling start-up ecosystem and digitalisation can help farmers, weavers, artisans etc. in rural areas to leverage technology in growing their businesses. Supporting start-ups in agriculture and allied sectors through NABARD will boost developmental projects and investment in rural areas.

### **Schemes Steering the Wheels for the “Make in India” and Agri-rural enterprises**

Rural industrialisation has been encouraged under the ambit of Government’s flagship mission - “Make in India”. Several multi-sectoral schemes were implemented across ministries to encourage rural participation, especially of women at grassroots level.

<sup>4</sup><https://egyankosh.ac.in/bitstream/123456789/18776/3/Unit-10.pdf>

**Prime Minister’s Employment Generation Programme (PMEGP):** PMEGP is a credit-linked subsidy scheme initiated for setting up new micro-enterprises in rural as well as urban areas of the country through Khadi and Village Industries Commission (KVIC), State Khadi and Village Industries Board (KVIB) and District Industries Centre (DIC). PMEGP has been implemented since 2008-09 with Khadi and Village Industries Commission (KVIC) as a nodal agency at the national level responsible for generating employment for people, including migrant workers, by setting up micro-enterprises mainly in the agro and rural sectors. Small farmers are being encouraged to set up cottage industries to increase their income through the following schemes/programmes of PMEGP: (i) Agro-Based and Food Processing Industries viz. Pulses and Cereals Processing Industry, Fruit and Vegetable Processing Industry, Village Oil Industry, Gur and Khandsari Industry and others; (ii) Forest-Based Industries viz. Medicinal Plants Industry, Beekeeping Industry, Minor Forest Based Industries and others; (iii) Handmade Paper and Fibre Industries viz. Handmade Paper Industry, Fibre Industry, etc.; (MSME, 2021<sup>1</sup>); (iv) Mineral Based Industry (MBI); (v) Polymer and Chemical Based Industry (PCBI); (vi) Rural Engineering and Bio-Technology Industry (REBT); and (vii) Service and Textile Industry (MSME, 2019<sup>1</sup>).

Since its inception up to 31.12.2021, about 7.38 lakh new micro-units have been assisted utilising margin money subsidy of Rs. 1,7819.23 crore generating estimated employment opportunities for about 60.60 lakh persons (MSME, 2022<sup>2</sup>). About 80 percent of the assisted units are in rural areas and about 50 percent units are owned by SC, ST and women categories. The PMEGP is continued over the 15th Finance Commission Cycle for five years from 2021-22 to 2025-26 with an outlay of Rs. 1,3554.42 crore with a vision to create sustainable employment opportunities for about 40 lakh persons. Also, free hand-holding is provided to sustain the unit's setup under PMEGP.

**A Scheme for Promoting Innovation, Rural Industry and Entrepreneurship (ASPIRE):** Technology and innovation are the sunrise sectors that are key enablers in rural development.



A network of technology centres and incubation centres were planned to accelerate entrepreneurship and start-ups for innovation in agro-industry under the purview of ASPIRE. The ASPIRE programme was launched in 2015 and includes training and incubation support to prospective entrepreneurs in the agro-rural sector through rural Livelihood Business Incubator (LBI), Technology Business Incubator (TBI) and Fund for start-up. This scheme aimed to enable development at the district level and facilitate innovative business solutions for unmet social needs and promote competitiveness of the MSME sector<sup>5</sup>. A total number of 31 Livelihood Business Incubators (LBIs) were sanctioned during financial year 2020-21 and now 61 LBIs have become functional in the country (MSME, 2022<sup>3</sup>). As per impact assessment data till 31.12.2021, 54,801 persons have been trained in LBIs across the country, out of which 15,169 trainees became self-employed and 8,928 trainees got employed in other units (MSME, 2022<sup>3</sup>).

### Start-ups: Bringing the Spirit of Entrepreneurs in Rural Areas

Start-ups can be a catalyst in promoting rural industrialisation. 'Startup India' is a flagship initiative of Government of India which aims at building a strong ecosystem for nurturing innovation and start-ups in the country. Under Start-up India Initiative, entities including micro enterprises are recognised by the Department for Promotion of Industry and Internal Trade (DPIIT) as Start-ups. All initiatives under the Start-up India are inclusive and are implemented across states, cities, towns and rural areas. Under Start-up India Initiative benefits are provided to eligible start-ups through Start-up India Seed Fund Scheme (SISFS), Fund of Funds for Start-ups (FFS) Scheme, Ease of Procurement, Income Tax Exemption for 3 years, Support for Intellectual Property Protection, International Access to Indian Start-ups, National Start-up Awards, etc.

As per the statistics published by the Ministry of Commerce and Industry (2022), there is at least one recognised start-up from every State and UT and nearly 50 percent of the recognised start-ups are from tier-2 and tier-3 cities. Recognised start-

ups, spread across over 640 districts, have created more than 7 lakh jobs. Also, DPIIT has recognised start-ups that spread across 56 diversified sectors. More than 4,500 start-ups have been recognised in sectors relating to emerging technologies such as Internet of Things (IoT), Robotics, Artificial Intelligence, Analytics, etc.

Agri-tech start-ups are reforming the agro-industry sector, enhancing the efficiency of agriculture and allied sectoral activities. Many agri-entrepreneurship oriented programmes were started by the Ministry of Agriculture and Farmers Welfare like the 'Innovation and Agri-Entrepreneurship Development' programme that was started in 2018-19 under Rashtriya Krishi Vikas Yojana (RKVY-RAFTAAR), providing technical and financial support in nurturing incubation ecosystem. A total of 799 start-ups in the field of agriculture and allied sectors including agri-tech start-ups are supported by Innovation and Agri-Entrepreneurship Development programme. New projects start-ups are being supported through National Agriculture Innovation Fund (NAIF) that was started by Indian Council of Agriculture Research (ICAR). Under NAIF, 50 institutes have supported a total of 818 start-ups including agri-tech start-ups.

Start-up Village Entrepreneurship Programme (SVEP) under the Deendayal Antyodaya Yojana-National Rural Livelihoods Mission (DAY-NRLM) has helped rural women to set-up enterprises at the village level in non-farm sectors. Under SVEP, Community Enterprise Fund (CEF) loan worth Rs. 8.60 crore is granted to 2,614 Self Help Group (SHG) entrepreneurs for starting micro-enterprises in their villages across 19 States.

### Rural Women Empowerment

Rural women participation in the workforce was estimated to be 24.8 percent and out of which 80 percent are engaged in agriculture and allied sector. The Khadi and Village Industries Commission (KVIC) have implemented many schemes for improvement of socio-economic conditions of rural women, including those living below the poverty line. The Khadi Programme of KVIC has provided livelihood to 4.65 lakh persons (cumulative) out of which more than 80 percent

<sup>3</sup>Aspire - A Scheme for Promotion of Innovation, Rural Industries and Entrepreneurship (startupindia.gov.in)



artisans are women. Under the Khadi programme, 15,669 projects were set up by women entrepreneurs during 2017-18 with margin money of Rs. 46,355.86 Lakh. KVIC, under its flagship PMEGP scheme has facilitated a unique model of *agarbatti* (incense sticks) manufacturing units for tribal women. A total financial aid of Rs. 35 lakh; i.e., Rs. 5 lakh for each of the 70 units is disbursed through Assam Gramin Vikash Bank, Guwahati to set up the *agarbatti* manufacturing units (MSME, 2021<sup>1</sup>).

Women entrepreneurs are covered as Special Category under PMEGP scheme and are entitled to 25 percent and 35 percent subsidies for setting up project in urban and rural areas, respectively. Since its inception till 2020-21, about 37 percent projects have been setup by women out of total projects under PMEGP. A digital information platform i.e. Udyam Sakhi portal (<http://udyamsakhi.msme.gov.in/>) was launched in March 2018 that provides information on programmes of the Ministry of Micro, Small and Medium Enterprises related to existing/prospective women entrepreneurs in the MSME sector (MSME, 2022<sup>4</sup>).

Rural women are extensively involved in Coir Industry. Most of the coir units in the country are located in rural areas and it is estimated that 80 percent of the workforce in this sector are women. To mainstream women's role in coir industry, The Mahila Coir Yojana (MCY) was initiated. The MCY is an exclusive skill development programme for rural women artisans. Under MCY, training in spinning of coir yarn/various coir processing activities are provided to rural women, especially in coir producing regions through Coir Board training centres<sup>5</sup>.

### **Food Processing Industry: Opportunity for Rural Area**

Food processing is a major source of employment and income generation for rural India. It is an important segment of the Indian economy in terms of its contribution to GDP, employment and investment. The Government has introduced schemes to provide financial assistance for setting up and modernising food processing units, creation of infrastructure,

<sup>5</sup><https://msme.gov.in/coir-board>

support for research and development and human resource development in addition to other promotional measures to encourage growth of the processed food sector. A Central Sector Umbrella Scheme - Pradhan Mantri Kisan Sampada Yojana (PMKSY) has been implemented by the Ministry of Food Processing industries (MoFPI) since 2017 for development of food processing sector, including processing of agro-products and thus increasing the income of the farmers with an estimated impact to benefit about 34 lakh farmers. The component of PMKSY Scheme include (i) Mega Food Park, (ii) Integrated Cold Chain and Value Addition Infrastructure, (iii) Creation /Expansion of Food Processing and Preservation Capacities, (iv) Infrastructure for Agro-Processing Clusters, (v) Creation of Backward and Forward linkages, (vi) Food Safety and Quality Assurance Infrastructure, (vii) Human Resource and Institutions, (viii) Operation Greens. The Ministry has approved 41 Mega food Parks, 353 Cold Chain projects, 63 Agro Processing Clusters, 292 Food Processing Units, 63 Creation of Backward and Forward Linkages Projects, and 6 Operation Green projects across the country under corresponding component schemes of PMKSY.

Another credit linked subsidy package was announced to promote rural industries by the Ministry of Food Processing under the AatmaNirbhar Bharat Initiative; i.e., Pradhan Mantri Formalisation of Micro Food Processing Enterprises Scheme (PMFME). The scheme offers financial, technical and business support for setting up/upgradation of 2 lakh micro food processing enterprises through credit linked subsidy allocated during five years from 2020-21 to 2024-25 with an outlay of Rs. 10,000 crore.

### **Traditional Goods Industry: Boosting Rural Artisans**

Traditional Industries have evolved and become productive and competitive. A Scheme of Fund for Regeneration of Traditional Industries (SFURTI) was initiated to recognise the talent, creativity, and enterprise of hard work of rural artisans in a variety of fields, ranging from food products to handicrafts; leather products to ayurvedic medicines. The scheme focused to



organise traditional industries and artisans/ small farmers into clusters and provide them with sustainable employment by making their products competitive through value addition. This scheme has facilitated transformation of traditional industries; especially, Bamboo, Honey and Khadi. Various components of the scheme include training on design development and product diversification, encouraging linkages with e-commerce portals, etc. This scheme has enabled to meet market demand, profitability of the clusters in a sustainable manner. From the year 2015 to November 30, 2021, 434 clusters have been approved with a Government of India grant worth Rs. 1,106 crore that will benefit about 2.50 lakh artisans. (MSME, 2022<sup>5</sup>).

Gramodyog Vikas Yojana focuses on development of village based industries. Two major components of the scheme are Honey Mission (Beekeeping Programme) and Kumbhar Sashaktikaran Programme (Mineral Based Industry) that are oriented to supplement the income of farmers/*Adivasies*, skill upgradation of unemployed youth of the country. For promotion of these schemes, live beehives, electric pottery wheels, blunger, pug mill, kiln etc. are distributed amongst small farmer/rural potters.

### Allied sectors -Animal Husbandry, Dairying and Fisheries Sector: Future Industries

India is the largest milk producer in the world. Dairy sector contributes around 65-70 percent to the livestock GVA. Annual milk production in the country has grown by 6.4 percent (CAGR) in the past 5 years. Dairy is a high priority sector for the Government of India due to its socio-economic significance, employing 80 million farmers directly. Livestock sector has been a stable source of income across agricultural households accounting for about 15 percent of their average monthly income. The Livestock sector has grown at a CAGR of 8.15 percent over the last five years ending 2019-20.

To boost the livestock sector and make the dairy sector more remunerative, Hon'ble Prime Minister has announced a Rs. 15,000 crore Animal Husbandry Infrastructure Development Fund (AHIDF) under AatmaNirbhar Bharat Abhiyan

stimulus package. This is an interest subsidy, centre sector scheme that envisages promotion of investment by private players and MSMEs in dairy, meat processing and animal feed plants that may create 3.5 million jobs<sup>7</sup>. A Special Livestock Sector Package was announced during 2021-22 by Central Government with support amounting to Rs. 9,800 crore starting from 2021-22 for leveraging total investment of Rs. 54,618 crore for 5 years. For this, the department of Animal husbandry has realigned all its schemes into 3 categories: (i) Development Programmes, includes Rashtriya Gokul Mission, National Programme for Dairy Development (NPDD), National Livestock Mission (NLM) and Livestock Census and Integrated Sample Survey (LC & ISS) as sub-schemes; (ii) Disease Control programme renamed as Livestock Health and Disease Control (LH & DC) and National Animal Disease Control Programme (NADCP); (iii) Infrastructure Development Fund which is merger of the Animal Husbandry Infrastructure Development fund (AHIDF), the Dairy Infrastructure Development Fund (DIDF) and scheme to support Dairy Cooperatives and Farmer Producer Organisations (SDCFPO) engaged in Dairy activities. Under the realigned National Programme for Dairy Development (NPDD) scheme (component 1), about 8,900 bulk milk coolers are installed that may cover about 26,700 villages and provide benefits to more than 8 lakh milk producers.

In 2020, as a part of Hon'ble Prime Minister's AatmaNirbhar Bharat Abhiyan Rs. 8,000 crore has been earmarked for assisting milk processing and product plants under AHIDF with objective of increasing milk processing infrastructure, creating greater access for unorganised rural milk producers, manufacturing protein enriched quality milk products and develop entrepreneurship and promote exports. The eligible beneficiaries of the scheme are Farmer Producer Organisation (FPO), Private companies, Individual entrepreneurs, Section 8 companies, Micro Small and Medium Enterprises. Under AIDHF, milk processing, animal feed plant and meat processing plant were established that have generated employment for more than 2,035, 4,477 and 795 people, respectively.

<sup>7</sup><https://www.investindia.gov.in/sector/food-processing/animal-husbandry>





India is the second largest fish producing country in the world accounting for 7.56 percent of global production. The fisheries sector is recognised as a powerful engine for providing employment to around 14.5 million people and sustaining livelihood of around 28 million fishers and fishermen of the country (MoFAH&D, 2021<sup>3</sup>). Export earnings from the Fisheries sector has been Rs. 46,662.85 crores during 2019-20. To boost fisheries sector, various schemes were implemented viz. the Pradhan Mantri Matsya Sampada Yojana (PMMSY), Fisheries and Aquaculture Infrastructure Development Fund (FIDF), Kisan Credit Card (KCC), start-up challenges, etc. These schemes further strengthen the value chain, including infrastructure, modernisation,

traceability, production, productivity, post-harvest management, and quality control.

Poultry keeping has been practiced by rural people since time immemorial. Several programmes viz. Rural Backyard Poultry Development (RBPD) and Innovative Poultry Productivity, Poultry Venture Capital Fund (PVCF) are implemented by Department of Animal Husbandry and Dairying to provide financial assistance to modernise poultry sector, promote entrepreneurship and employment. The breeder farm entrepreneurs and fodder entrepreneurs' components are available under the National Livestock Mission and Rashtriya Gokul Mission for creating livelihood opportunity for unemployed youth and livestock farmers (MoFAH&D, 2021<sup>2</sup>).



## Digital Inclusion: Empowering Rural Population and Industrialisation

Technology plays a lead role in transformation of an economy. Digital India is a campaign launched by the Government of India during 2015 to ensure an improved online infrastructure in the country with improved internet connectivity. Make in India, start-up India, Smart cities, e-NAM, e-Visas, One Nation One Ration Card, Digital payments, etc. are all successful technology based programmes. Digital inclusion at the level of village can transform the lives of rural communities. The Government of India has introduced a Digital Literacy Programme for rural areas through Pradhan Mantri Gramin Digital Saksharta Abhiyan (PMGDISHA) during 2017. The Scheme envisages to make six crore people in rural areas digitally literate. The Common Service Centres (CSC) are set to provide services and create digital infrastructure in the villages, including connectivity that converts the villages into Digital Villages. Through 2.5 lakh CSC, internet has reached remote areas realising the mission of 100 percent Digital Literacy of all digital villages<sup>8</sup>. PMGDISHA and CSCs through digital literacy are transforming lives of common people through creating jobs, promoting industries and bridging the gap between government and citizens. The digital cataloguing of indigenous products with special emphasis on products developed by rural artisans has encouraged the entrepreneurship spirit amongst rural communities.

### Conclusion

Rural industrialisation can play an important role in achieving multiple development objectives like employment generation, structural transformation (through shifting labour from agriculture), and poverty alleviation among others. Rural Industrialisation can be expedited by scaling up development programmes to enhance participation of rural population. Skill development, start-ups with financial assistance, access to education, healthcare, and new technology can play a significant role in rural development. As per the recent Periodic Labour Force Survey (PLFS) (July 2019 to June 2020), the rural sector contributed much more to employment expansion relative to the urban sector (3.45 crore

in rural sector and 1.30 crore in urban sector). Thus, a mission mode rural transformation will provide prosperity to the rural communities.

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*(The authors are Senior Advisor, Senior Associate and Young Professional in the Agriculture and Allied Sectors Vertical, NITI Aayog. Views expressed are personal. Email: neelam.patel@gov.in, tanu.sethi@gov.in, a.cariappa@nic.in)*

<sup>8</sup><https://www.investindia.gov.in/sector/food-processing/animal-husbandry>



## Roadmap for Rural Industrialisation

Manjula Wadhwa

A strong linkage between farm and non-farm sectors needs to be developed for augmenting income and creating jobs in rural areas. Farm-sector driven industrialisation may be evolved from production to processing and marketing. Such a linkage will help the farm sector to produce market-driven commodities, reduce transportation costs, receive remunerative prices at farm gate, and minimise farm waste.

**C** OVID-19 induced pandemic has thrown up several socio-economic challenges for India, the most critical being how to revive the economy. To surmount this hurdle and leap over, India needs to re-engineer and reconfigure its socio-economic set-up. One of the key drivers of this reconfiguration would be the behaviour of migrant labourers. This has become crucial because the proportion of the labour-dependent informal sector in our economy is very large. India has an estimated 497 million workers, of which about 94 percent work in the unorganised sector. A large percentage of this population has been severely hit by COVID-19. During the lockdown, despite severe restrictions,

many workers, with no cash left, returned to their native villages by whichever means available. The less-adventurous workers stayed back, but without any income. The reasons behind this desire to return home are not far to seek. Even today, they feel that the village ecosystem provides them emotional security and, to a large extent, food security. Over the years, India has witnessed a phenomenal increase in rural-to-urban migration due to declining opportunities in rural areas, dwindling returns from agriculture, and rapid urbanisation/industrialisation in cities.

This has led to a mushrooming of slum-clusters in cities, resulting in a severe strain on the urban infrastructure such as water, sewage, transport and





on social resources. It seems like the coronavirus has pushed a reset button to ensure seamless reverse migration from urban cities to rural areas, and we, if we so desire, have an opportunity to capitalise on this situation. In the effort to jumpstart the economy, mainly the Micro, Small and Medium Enterprises (MSMEs) sector, we could try and integrate these reluctant-to-return migrant workers into India's rural economy. This may also be an occasion to realise the dream of Mahatma Gandhi, by making his concept of *gram swaraj* a reality. After this reverse migration, these skilled migrants are available in a cluster in rural areas. This can be leveraged to set up MSME units and provide them with credit, technical know-how and market support. It is time for the Ministry of MSME and the state governments to come up with a workable plan to encourage a cluster of the cottage, small and medium enterprises in villages and mofussil towns. The educated among the skilled labourers could lead this MSME effort, especially in the food and fruit processing sectors. The Central Government led Micro Units Development and Refinance Agency (MUDRA) could be a big help here.

In this backdrop, it would be pertinent to understand the concept of Rural Industrialisation. It includes economic activities outside agriculture, carried out in villages and varying in size from households to small factories like cottage, tiny, village, small-scale manufacturing and processing industries, and services of various kinds. Industrialisation in rural areas not only leads to increase in per capita income and augmentation of living conditions by generating appropriate employment opportunities for rural folks but also causes reduction in income disparities between urban and rural areas thus ensuring social justice. Rural industrialisation is important not only for its contribution to GDP but also for its stellar performance in exports. The major advantages of rural industrialisation are as follows.

- (i) Small and cottage industries require low capital investment
- (ii) Rural industries can take more advantage of local resources
- (iii) Transaction costs can be avoided by catering to local demand
- (iv) Employment generation

Mahatma Gandhi aptly said, "The crying need of India is production by masses through rural entrepreneurship and not mass production by heavy industries".

For uplifting the rural sector of our country, Ministry of Rural Development in coordination with Department of Land Resources has been carrying forward various schemes. Pradhan Mantri Gram Sadak Yojana, launched in 2000, is the first step in this direction which ensures sustainable poverty reduction in the long run as people in rural areas get an opportunity to get connected with the rest of the country. According to the current data under the scheme the government has completed length of 705,179 km, and a total of 1,69,129 roads have been completed.

The promotion of small scale industries has been a major plan of Indian Industries Policy of 1948, 1956, 1977, 1980, 1991 on account of reasons like generation of employment opportunities, assisting individuals in generating supplementary income by making use of their capital and skills, contribution to capital formation, less dependence upon imported machinery and raw materials, etc. The small scale industries are also regarded as useful in generating more sources for the demand and supply opportunities for the large scale industries.

The three way approach which may help in increasing the rural industrialisation are: i) Agriculture diversification by exploring the opportunities by farming completely a new range of grains, fruits or vegetables; ii) Establish agro-food processing units or related units like beverages production and many others; iii) non-farm product business establishment by promoting local rural artisan work. With this view, the following initiatives have been taken by the Government of India.

**The Scheme of Funds for Regeneration of Traditional Industries (SFURTI):** This Scheme launched by Ministry of MSME in 2005 aims at ensuring that the various traditional clusters of industries like bamboo, honey, Khadi spread throughout the country, especially in rural India, are met with amenities and benefits that can help them become more competitive in the industry and gain larger revenue in profits. The core



objective of the scheme is to provide economically sustained employment to the industry workers, local business heads, and rural artisans. It targets at advancing and enhancing the market value and advertising value of products provided by local clusters. This is done by providing economic and financial support to the worker or artisan's new products, intervening in the design process and remedying it, improving the packaging of the product, and ensuring a sound marketing plan for the product. The subsidies they get from the SFURTI scheme depend on the amount of grant that the cluster has received. A maximum budget of Rs. 8 crore is allotted to the densest clusters in a district which is then lowered as the clusters get thinner and sparse.

**A Scheme for Promotion of Innovation, Rural Industries and Entrepreneurship (ASPIRE):** This is another initiative to set up incubation centres and network of technology centres for enhancing entrepreneurship across India. The main objectives of the scheme are:

- creation of new jobs and reducing unemployment,
- grassroots level economic development,
- promoting entrepreneurship culture in India,
- facilitating innovative business solutions for meeting the social needs of the people,
- promoting innovation for further strengthening the competitiveness in the MSME sector.

For Livelihood business Incubations, a onetime grant of 100 percent of the cost of plant and machinery other than infrastructure and land or an amount of up to Rs. 100 lakh, whichever is less is provided. For Technology Business Incubations, the grant is limited to 50 percent of the cost.

**Prime Minister's Employment Generation Programme (PMEGP):** It is yet another credit-linked subsidy scheme launched by merging two schemes namely Prime Minister's Rozgar Yojana and Rural Employment Generation Programme for generating employment opportunities by establishing micro-enterprises in urban and rural areas. The programme is being implemented by the Khadi and Village Industries Commission (KVIC) at the national level, through banks, District

Industries Centres (DICs), State KVIC Directorates, and State Khadi and Village Industries Boards (KVIBs) at the state level. Individuals above the age of 18 years, Self Help Groups, cooperative level societies involved in the production, and institutions that are registered under the Societies Registration Act of 1860 are eligible for benefits under this programme. KVIC has approved and forwarded 1.03 lakh project applications to the banks in 2020 as compared to 71,556 projects during the corresponding period in 2019. The higher number of projects approved signifies the government's resolve to create self-employment and sustainable livelihood for the people by promoting local manufacturing.

**Pradhan Mantri MUDRA Yojana:** Micro Units development and Refinance Agency Ltd (MUDRA) provides refinance support to Banks /MFIs for lending to micro units having loan requirement upto 10 lakh. Launched in 2015, It provides its services to small rural and semi-urban entrepreneurs outside the service area of regular banks, by using last mile agents. The three interventions under the scheme are:-

- Shishu : covering loans upto Rs. 50,000
- Kishor : covering loans above Rs. 50,000 and upto Rs. 5 lakh
- Tarun : covering loans above Rs. 5 lakh and upto Rs. 10 lakh

As of March 2022, the number of loans sanctioned under the Pradhan Mantri MUDRA Yojana (PMMY) was 48.92 million and the amount disbursed was Rs. 3,02,948.49 crore.

**Credit Guarantee Scheme for Micro and Small Enterprises (CGTMSE):** This scheme is another initiative for reviving rural industries and entrepreneurship. It facilitates credit to MSME units through collateral-free credit facility (term loan and/or working capital) extended by eligible lending institutions to new and existing micro and small enterprises. The Ministry of MSME and Small Industries Development Bank of India (SIDBI) jointly established a Trust named Credit Guarantee Fund Trust for Micro and Small Enterprises in order to implement Credit Guarantee Scheme for MSMEs. The corpus of CGTMSE is contributed by Government of India and SIDBI. Seventy



five percent of the loan amount to the bank is guaranteed by the Trust Fund. The scheme provides collateral-free loan up to a limit of Rs. 200 lakh for individual MSMEs on payment of a guarantee fee to the bank by them. In the Union Budget of 2022-23 MSMEs sector was allocated an Emergency Credit Line Guarantee Scheme (ECLGS) of Rs. 50,000 crore.

Foregoing analysis shows that India has made sufficient achievement in industrial development during the last one decade but considering the size of rural India, concerted and continuous efforts need to be made. Underutilisation of existing capacity is another challenge which is due to lack of power, raw material and demand, unsatisfactory labour relations, lack of capital and industrial raw materials are some of the problems which are hindering the overall industrial development in rural India. The entrepreneurs are forced to take credit from village money lenders who charge exorbitant rates of interest. As rural industries are labour intensive, they cannot afford to introduce sophisticated techniques and methods of production which are very expensive. Lack of technical know-how, appropriate technology and training create immense problems in the growth of rural industries. Though information technology has substantially developed in the modern India and has penetrated into the rural areas through internet, rural folks hardly availed its benefits because of not having adequate information avenues. Again, procuring and storing raw materials is a tough task for rural industries. Since rural industries are small-sized, they procure raw materials from middlemen at higher prices. Lack of warehousing facilities in the rural sector also costs more towards storing of raw materials.

To accomplish the goal of USD 5 trillion economy as well as AatmaNirbhar Bharat by 2025, rural revitalisation requires a transformative approach that envisions making rural areas a better place to live and work. Growth in rural areas should be driven by agro-based industrialisation, which may gradually shift to the non-farm sector. It will require investment in post-harvest rural activities, such as agro-processing, packaging, cold chains, cold storage and transport. It will also require creating an enabling and favourable regulatory environment to stimulate private

sector investment in rural areas. The efforts of the Government towards augmenting capital investment in agriculture through Agriculture Infrastructure Fund, is of course a welcome step. This calls for creating clusters for specific commodities and developing appropriate supply chains. It is proposed to develop agro-based 'special economic zones' in rural areas to leverage economies of scale and increase income and employment opportunities.

A strong linkage between farm and non-farm sectors needs to be developed for augmenting income and creating jobs in rural areas. Farm-sector driven industrialisation may be evolved from production to processing and marketing. Such a linkage will help the farm sector to produce market-driven commodities, reduce transportation costs, receive remunerative prices at farm gate, and minimise farm waste. Amul is an excellent example of farm-led processing, branding and marketing of milk for various dairy products. Such a model should be replicated for other agricultural commodities in different parts of the country. Collectivising farmers through FPOs and Off-farm Producer Organisations (OFPOs) would also offset scale disadvantages for small and marginal farmers and raise bargaining powers to enhance their incomes. The role of MSMEs will be very critical in developing rural industrialisation. Their share in national gross value added is about 32 percent. They provide employment to about 111 million workers. Keeping the figures in view, huge investment to create necessary infrastructure; effective institutions for enabling MSMEs to have access to technologies, finance and markets; and vocational education and skill development in manufacturing and business planning are required. The role of rural-urban linkages can be a key driver in rural transformation. Strengthening rural-urban linkages, from farms to small towns to megacities, will benefit rural labour, production, distribution, markets, services, consumption and environmental sustainability. New market opportunities created by growing urban areas and new technologies will promote local, regional and global value chains.

*(The author is Deputy General Manager in NABARD, Uttar Pradesh Regional Office, Lucknow. Views expressed are personal. Email: manjula.jaipur@gmail.com)*



# Agribusiness and Rural Industries

Debabrata Samanta

Agribusiness leads to the increase in the efficiency and productivity of the farm sector. Increase in the productivity of farm sector leads to the increases in productivity and incomes in other industries as well. In the Indian context, agribusiness plays a significant role in the development of the Indian economy as it contributes about one-fifth of gross domestic product (GDP) and employs a large number of people, and ensures their livelihood.

**A**griculture plays a significant role in securing food and livelihood in developing countries like India. Though agriculture and allied contributed around 20.2 percent as the percentage share of gross value addition of agriculture and allied sector to the total economy in the year 2020-2021, the International Labour Organisation, in the year 2020 reported that employment in agriculture was 41.49 percent of total employment in India. Post pandemic in 2020-2021, the situation has changed due to the reverse migration to rural areas and more people are expected to become part of the agricultural sector. This implies that the role of agriculture in ensuring livelihood, especially in rural India, has become more challenging. As per the Indian Council of Agriculture Research (ICAR), India has 15 agro-climate zones and all types of weather conditions and soil types which are capable of growing a variety of crops. India is one of the top producers of milk, spices, pulses, tea, cashew, jute, rice, wheat, oilseeds, fruits and vegetables, sugarcane and cotton. With this vast agricultural backbone and increasing demand caused by increase in population and their purchasing power, there is a huge scope of agribusiness in India, especially in rural areas. Agribusiness is a process, and activities of the agricultural sector integrated in terms of production, processing, marketing, and shipments

(exports/imports) under different organisational networks. It explores the production, marketing, and trading of products related to agriculture. As the process of an agribusiness enterprise involves the selling of either input to farmers/traders or output to traders/consumers, agribusiness has the potential to transform the employment and livelihood scenario of rural India. Agribusiness can play a major role in sustaining food production and improving agricultural practices across the world to ensure an abundance of food supply. This way, the agribusiness process contributes to attaining the second sustainable development goal of reducing hunger in the world.

## Agribusiness: The Concept

Post the Second World War, the green revolution led to the technological revolution in the agricultural sector. As a result, the agrarian pursuits went through significant growth and augmented specialisation, which was significantly impacted by the economic growth and urban expansion. The technological intervention redefined the meaning of agriculture, which called for the integration of agriculture and the market. In 1956, in an article titled, From Agriculture to Agribusiness, J.H Davis pointed out that technological change has brought agriculture and market closer together and has made them interdependent on one other. Later in 1957 two Harvard Economists, namely Davis and Goldberg, introduced the term 'agribusiness' in their seminal book 'A concept of agribusiness' and defined agribusiness as "the sum total of all operations involved in the manufacture and distribution of farm supplies; production operations on the farm; the storage, processing, and distribution of farm commodities and items made from them. Thus, agribusiness essentially encompasses, today, the functions which the term agriculture denoted 150 years ago". This definition of agribusiness explains,





why a systemic approach; i.e., agribusiness is necessary to address agricultural issues rather than a static one – agriculture.

Agribusiness, which generally refers to agricultural and allied businesses, is argued to include manufacturing, distribution, storage, processing, marketing, transportation, and distribution of its allied products. Taken together, in brief, agribusiness can be defined as the integration of farm products and services with the market goods and services institutions. It encompasses all the economic activities related to agriculture and its allied sector. Thus, it can be grouped into three aggregates: (a) farm supply, (b) farm production, and (c) processing distribution. It leads to the increase in the efficiency and productivity of the farm sector. Increase in the productivity of farm sector leads to the increases in productivity and incomes in other industries as well. In the Indian context, agribusiness plays a significant role in the development of the Indian economy as it contributes about one-fifth of gross domestic product (GDP), employs a large number of people, and ensures their livelihood.

### Sectors of Agribusiness

The sectors of agribusiness have been categorised into input sector, production sector, processing and value addition, marketing and sales, and the support sector. These sectors have been discussed as follows.

#### Input Sector

Inputs play a crucial role in agriculture production and productivity. Ensuring adequate and safe inputs are essential for output both qualitatively and quantitatively. A proper and efficient production cycle requires proper inputs. The input sector of the agribusiness industry deals with the provision of inputs to make agricultural production safe, secure, and profitable. In agriculture, the inputs are either biological or chemical or inorganic compounds used in the production of agricultural and allied products. The range of inputs includes bio-control agents to animal or poultry feed. The production and distribution of these agricultural inputs create agribusiness opportunities. In recent years, this sector has improved immensely, thanks to the technological advancement in the agri-input sector. This has resulted in improvement in the quality

and quantity of agricultural products in recent years. This sector also encouraged innovation in process of production of inputs through advanced manufacturing techniques. The input sector in agribusiness has the potential to give impetus to rural industry initiatives and employ a large number of people in the production process.

#### The Production Sector

The production sector of agribusiness mainly deals with the production of crops, rearing the animals for consumption, or serving as raw materials to produce secondary products. In the production sector, the inputs available in input sectors get invested in producing safe, secure, and profitable output. On the other hand, this sector not only produces output to be supplied as food or other final product to the consumer, but it also produces intermediate products for other industries like jute or cotton for the textile industry. The farm owners and farm employees for commercial farming are the key stakeholders belonging to this sector of agribusiness.

#### Processing and Value Addition

This sector is one of the most important sectors of agribusiness. The processing sector deals with refining and transforming the agricultural products available in the production sector with suitable technology to add value to the product, which facilitates easy consumption of the end consumer. Companies that pack and process agricultural products into finished goods to be bought by final consumers belong to the processing sector of agribusiness. The agro and food processing industry in India has utmost significance in terms of employment and income generation, poverty alleviation, export promotion, and foreign exchange earnings.

#### Marketing and Sales

This sector of agribusiness does not only make agricultural products available to those that need them but also sells agricultural inputs like seeds and fertilizers to those in the production sector of agribusiness. The marketing sector of agribusiness consists of wholesalers and retail companies that trade agricultural inputs and outputs.

#### The Support Sector

The support sector of agribusiness provides support to all other sectors in the form



of human capital development, knowledge development, training, providing financial support, and sensitisation of individuals in the agribusiness industry. The support sector consists of organisations and firms that provide the technical know-how for advanced farming, provide education and training for agribusiness workers, provide loans, insurance and aid and other financial assistance to agribusiness firms as well as provide moral support to companies in the agribusiness industry.

### **Enabling the Business of Agriculture: The World View**

Enabling the business of agriculture is a global agenda. With the backdrop of an increasing world population, which is estimated to be more than nine billion in 2050, (The World Bank, 2017) and increasing demand for food in the future, the sustainable development of agriculture is one of the most significant tools to meet the challenge of rising food demand, which would be estimated to increase by at least 20 percent globally by 2032. In developing countries, the agricultural sector is experiencing a transformation. This process is characterised by improvements in productivity, a shift away from staple crops, and a greater degree of commercialisation. It is argued that farming, especially, when undertaken on a smaller scale, is a challenging business. It is found that, worldwide, most of the farmers are small and about 84 percent of all farms have less than two hectares of land for growing crops and livestock (The World Bank, 2019). The World Bank Report on Enabling the Business of Agriculture, 2019 pointed out several aspects of the business of agriculture worldwide. Good quality seeds and fertilizer were found to be the primary concerns and requirements for farming. Water, which is a basic requirement for farming, gets affected through regulations and the report pointed out how the insufficiency of water affects the decision of farming and the choice of crops. The report also pointed out that one of the key obstacles the farmers of the developing countries face is the lack of collateral for credit to invest in production. It is also argued that in developing countries, land is the most common form of collateral used to secure financing. The trading of agricultural products gives impetus to the agribusiness sector. However, in many countries, it is found that barriers to trade prevent

individual farmers and the agribusiness sector from increasing their sales. Streamlined regulatory processes to trade agricultural goods, argued to open doors to higher sales volumes (The World Bank, 2019).

### **Importance of Agribusiness for Rural Development: The Indian Context**

Since the independence of our country, the agricultural sector has made significant contributions to the nation's development. In addition, India has achieved self-reliance in terms of food production. The agricultural sector not only boosts the overall economic growth but also reduces poverty, as a result, it is considered to be the most significant sector of the economy. However, farmers in India face numerous challenges, especially the small and marginal farmers. The 12<sup>th</sup> Five-Year Plan called for more inclusive and sustainable agricultural growth and following this, to integrate the agricultural sector with the market, the Government of India approved Integrated Scheme for Agricultural Marketing (ISAM) in 2013. The ISAM aims to promote the creation and integration of the agricultural value chain, utilise the information technology and data by establishing a nationwide information network, catalyse private investment in agribusiness projects, and enhance research, training, and development in the area.

To achieve objectives, ISAM has five sub-schemes. These are (a) Agricultural Marketing Infrastructure (AMI), (b) Marketing Research and Information Network (MRIN), (c) Strengthening of Agmark Grading Facilities (SAGF), (d) Agribusiness Development (ABD) through Venture Capital Assistance (VCA) and Project Development Facility (PDF), and (e) Choudhary Charan Singh National Institute of Agriculture Marketing (NIAM). Under AMI, the government provides assistance for the construction and renovation of warehouses in rural areas to enhance the storage capacity for agricultural produce. The MRIN is intended to develop a nationwide information network for faster collection and analysis of agricultural data for optimal decision-making. It seeks to achieve operational as well as pricing efficiency in the market. To assist farmers with better remunerations, under sub-scheme SAGF, the government aims to strengthen the grading standards and certifications of agricultural



commodities. ABD through VCA proposes to facilitate agribusiness development in India, by setting up agribusiness ventures in close association with financial institutions, catalysing private investment, strengthening backward linkages of agribusiness projects with producers, enhancing participation in the value chain through Project Development Facility, providing training, and augmenting and strengthening existing State and Central Small Farmers Agribusiness Consortium (SFAC).

Agri-Clinics and Agri-Business Centres Scheme (ACABC) is introduced by the Ministry of Agriculture and Farmers Welfare, Government of India, as a flagship programme, in collaboration with NABARD for better farming practises as well as to add value to the product and transform the agricultural product. It aims to provide expert advice and services to farmers on recent agricultural practices, market trends, financial assistance, technology dissemination, clinical facility for animals, and others to enhance efficiency and productivity, which results in an increase in the income of the farmers. Here, Agri-Clinics support farmers in the area of soil health, cropping practices, plant protection, crop insurance, technological innovation, and clinical services. Agri-Business Centres are commercial divisions of Agri-ventures that have been established by qualified experts in agriculture. The initiative also provides support for initiating start-ups in the agribusiness field. These start-ups contribute to the development of rural industry and generate employment in rural areas.

### Current Initiatives and Way Forward

The Ministry of Food Processing Industries, Government of India notified that the Gross value added in food processing increased from Rs. 1.30 lakh crore to Rs. 2.08 lakh crore in 5 years during 2016-21. Along with this, the amount of FDI inflows in India between April 2014 to June 2021 for setting up food processing industries went up to USD 4.64 billion. Clearly, the value addition through food processing is one of the most important areas of agribusiness in terms of developing industries in rural India as well as generating employment. The Union Budget 2022-2023 has laid a plan to promote agri-tech start-ups focusing on diverse aspects of agriculture. In this initiative, the NABARD shall support establishing

start-ups and rural enterprises. It is also planned in the Union Budget 2022-2023 that the inflow of investment in agriculture, agri-logistics, agri-services, and dissemination of knowledge of farm-based activities are expected to address multiple logistic issues like transportation of agricultural products or reduce problems in the supply chain through a more liberalised approach. The Government of India is committed to promoting agribusiness in India. A large number of new initiatives and collaborations have been taken to boost the sector. To give impetus in agribusiness in Uttarakhand, the first consignment of vegetables including curry leaves, okra, pear, and bitter gourd sourced from the farmers of Haridwar, was exported today to Dubai, United Arab Emirates (Press Information Bureau, 2021). Recently, The Government of India and the Asian Development Bank signed a USD 100 million loan to promote agribusiness network to boost farm incomes and reduce food losses in the state of Maharashtra (Press Information Bureau, 2021). In February 2022 a Memorandum of Understanding has been signed between India and Singapore, which is expected to give a huge impetus in the agribusiness area.

### Conclusion

Throughout the developing world, agriculture is transforming. This transformation is visible in the shifting of crops and value addition to the agricultural products through processing as well as introduction of effective marketing channels to reach end consumers. Agribusiness involves all these processes. Subsequently, emphasising on agribusiness has become an inevitable strategy for the government to boost rural industry, rural entrepreneurship, and employment through innovative interventions like the promotion of rural enterprise and start-ups in the agricultural sector. Post pandemic, where the situation has become challenging due to the reverse migration to rural India, the government has taken initiatives to boost the rural economy, rural industry, and employment through several initiatives in the area of agribusiness.

*(The author is Assistant Professor, Chandragupt Institute of Management, Patna. Views expressed are personal. The author acknowledges support from Mr. Nitish Nigam, FPM Scholar at Chandragupt Institute of Management, Patna to prepare this article. Email: debabrata@cimp.ac)*



## Export Potential of Rural Industries



*Dr. Amiya Kumar Mohapatra  
Dr. Pradeepta Kumar Samanta  
Tamanna Mohapatra*

Export potential of rural industries needs to be harnessed as it contributes to foreign exchange earnings, and also helps in correcting deficits in balance of payments. It will moderate the foreign exchange rate fluctuation and help in higher foreign exchange reserves. This in turn, will help in attaining the twin objectives of the USD 5 trillion economy as well as AatmaNirbhar Bharat.

**R**ural industry plays a vital role in the Indian economy. Although agriculture is the primary source of livelihood, but in the changing rural landscape the contribution of rural industries is getting momentum and even it is the need of the hour. In the era of innovation, transformation and digitalisation, various primary activities need to be connected with secondary value-added activities to boost rural employment and income. Although people depend upon Indian agriculture, yet their employment and livelihood are always under tremendous pressure. To overcome such a situation and to avoid the uncertainty in agriculture, the government is focusing on rural industries. Complementary to the agriculture sector, rural industries boost the rural economy and strengthen agriculture through its value-added activities. So for creation of in situ jobs and employment opportunities, the government is focusing on rural industries along with agriculture. Rural industries not only create employment opportunities but also enhance standards of living in rural areas because of its multiplier effects and extended externalities. Rural industries use the locally available resources, local manpower, and rural-supported technology.

COVID-19 made drastic changes in the mindset of the people, especially the migrants. It was estimated that around 20 percent (2020) of the migrant labourers already returned to their native places and want to settle there. Now people believe in the 'can-do attitude' in the post-COVID situation and want to stay with their family. This reverse migration will add value to the rural sector based on their (migrants) experiences and will bring-in skills and competencies which will help the rural industries. On other hand improved

facilities in the rural areas like roads, housing, electricity, gas, piped water, health, education, and internet connectivity brought unprecedented changes in the rural landscape and demography. Agriculture alone cannot sustain the pressure and need to be supported by rural industries.

### Contribution of Rural Industries

The rural industries operate in small-scale and are governed by philosophy of production by masses, not by mass production. These industries include cottage industries, village industries, handloom industries, handicraft industries, coir industries, textiles industries, cotton industries and other agro-based industries. The very purpose of rural industries is to create employment in the rural sector based on non-farming activities with a greater emphasis on small-scale activities which will help in attaining the goal of participative management and inclusive development.

Considering the overall growth strategy of the nation where villages contribute a major share to GDP and there is need to relook not only at production of goods and services for local consumption but also for export purposes. Export potential of rural industries needs to be harnessed as it contributes to foreign exchange earnings, and also helps in correcting deficits in balance of payments. It will moderate the foreign exchange rate fluctuation and help in higher foreign exchange reserves. This in turn, will help in attaining the twin objectives of the USD 5 trillion economy as well as AatmaNirbhar Bharat. Shifting the focus of rural industries towards export will open-up the scope for new ideas, innovations, diversity, and the sustainable business models in the rural areas.



Rural industries mainly consist of agro-based industries, forest-based industries, khadi and village industries, mineral-based industries, etc. Considering the importance of agriculture and allied activities in rural development, most of the industries are going to be agro-based industries and subsequently non-farm sector industries can be added-up to get the best outcome in the form of synergy.

### Khadi and Handicraft Industries

The main items exported under khadi are ready-made garments, textile-based handicrafts, charkha, silk and muslin to US, Japan, UK, Canada and Middle East nations. In addition, there are other products like hand-made paper, leather, honey, papad, pickle, jam, jelly and also herbal products like henna, herbal shampoo, and face scrub are also a part of the export basket. In spite of all the best effort and policy support, this industry faces various challenges including high competition, high transaction cost, lack of

awareness, marketing and promotional issues, etc.

Handicrafts constitute an important segment of the decentralised/unorganised sector of our economy. Originally, handicraft started as a part time activity in the rural areas, however it has now transformed into a flourishing economic activity due to significant market demand over the years. Handicrafts have big potential as they hold the key for sustaining not only the existing set of millions of artisans, but also for an increasingly large number of new entrants in the crafts activity. Presently, the handicraft sector is contributing substantially towards employment generation and exports, but this sector has suffered due to its unorganised nature along with additional constraints like lack of education, capital, and poor exposure to new technologies, absence of market intelligence, etc. Smooth provisioning of inputs and instruments along with artisans' welfare and marketing support will also need to be ensured for the growth of this sector. The value of export

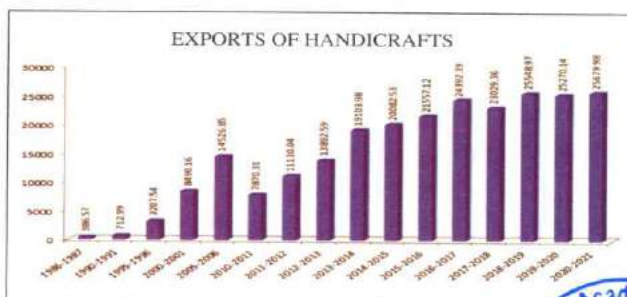
**Table 1: India's Export of Agri-products to the World: YoY (Rs. crore)**

Products	2021-22	2020-21	2019-20	2018-19	2017-18
Alcoholic Beverages	2071.91	2386.92	1648.63	2103.98	2105.85
Basmati Rice	26414.06	29849.7	31025.55	32804.12	26870.16
Cashew Kernels	3377.38	3112.21	4018.32	4579.15	5945.29
Cereal Preparations	4861.84	4705.78	3871.62	3859.56	3559.88
Cocoa Products	1145.45	1108.37	1274.26	1350.85	1144.29
Cucumber and Gherkins (Prepared & Preserved)	1487.29	1651.8	1241.2	1437.12	1285.23
Dairy Products	2928.82	1491.62	1341	2423.06	1196.16
Floriculture	771.41	575.97	541.6	571.39	507.31
Fresh Grapes and Mangoes	2629.6	2570.32	2577.1	2741.75	2282.24
Fresh Onions	3430.6	2821.99	2319.01	3467.37	3088.79
Groundnuts	4697.08	5381.6	5096.38	3298.32	3386.31
Guar gum	3334.77	1949.08	3261.62	4707.07	4169.56
Jaggery & Confectionery	2797.81	2659.59	1633.28	1606.16	1380.33
Maize	7615.42	4675.72	1019.29	1871.66	1228.45
Natural Honey	1221.13	716.1	633.78	732.17	653.58
Non-Basmati Rice	45652.26	35476.53	14364.68	21185.06	22967.82
Other Fresh Fruits	2900.68	2233.27	2065.83	1834.57	1443.78
Processed Fruits, Juices & Nuts	3626.08	3173.41	3086.32	2804.92	2647.86
Processed Vegetables	3986.44	3718.65	2760.51	2473.96	2211.6
Pulses	2834.28	2116.67	1533.76	1822.42	1473.29
Wheat	15840.31	4037.57	439.13	424.93	624.36

Source: APEDA



of handicrafts (except hand-knotted carpets) rose to its high as Rs. 25,679.98 crores in 2020-21 as against Rs. 386.57 crores in 1986-87.



Source: Export Promotion Council, India

## Handloom Industries

The handloom sector is one of the largest unorganised economic activities and is an integral part of the rural and semi-rural livelihood. Handloom weaving constitutes one of the richest and most vibrant aspects of the Indian cultural heritage, and provides direct and indirect employment to 35.22 lakh weavers and allied workers. The sector has the advantage of being less capital intensive, eco-friendly, has flexibility of small production, openness to innovations and adaptability to market requirements, requires minimal use of power, and has great export potential. It is a natural productive asset and a tradition at the cottage level, which has sustained and grown by transfer of skill from one generation to the other. Handloom Export Promotion Council participates in various international fairs with the member handloom exporters to sell their handloom products in the international markets. The export of handloom items during 2019-20 was Rs. 2,248.33 crore and during the year 2020-21 is Rs. 1,644.78 crore.

## PM-Mega Integrated Textile Region and Apparel Parks (PM-MITRA)

The Ministry of Textiles has launched PM Mega Integrated Textile Region and Apparel Parks (MITRAs) Scheme in October 2021 to strengthen the Indian textile industry by way of enabling scale of operations, reduce logistics cost by housing entire value chain at one location, attract investment, generate employment and augment export potential. The scheme will develop an integrated large-scale and modern industrial infrastructure facility for total value-chain of the textile industry for example, spinning, weaving,

processing, garmenting, textile manufacturing, and processing and printing, etc. These parks are envisaged to be located at sites which have inherent strengths for the textile industry to flourish and have necessary linkages to succeed. The scheme envisages leveraging the PPP model for fast-paced implementation in a time-bound manner.

The Government of India plans to set up 7 PM-MITRA Parks in Greenfield/Brownfield sites in partnership with the willing state governments. The scheme would lead to creation of a modern, integrated large scale, world class industrial infrastructure including plug and play facilities with a budgetary outlay of Rs. 4,445 crores.

## Coir Industries

Coir industry is a rural based agro-industry which has great potential for export. States like Kerala, Tamil Nadu, Karnataka, Andhra Pradesh and Odisha have a large potential in coconut products including coir. This industry employs more than 75 percent women and produces a wide range of coir products. The immense opportunities in this industry need to be leveraged to avail the benefits and hence the role and importance of rural industries are very critical.

## Export Potential of Rural Industries

The role and significance of export in the economic growth process is known as the '*export-led growth hypothesis*'. This entails promotion of export in the global economy and acquiring foreign exchange reserves and helps in importing high-tech technology and services with greater multiplier effects. Hence, export is taken as the potent tool which leads to enhanced efficiency and better productivity in the long-run. In addition, it also provides a big push to skilled labour and use of advanced technology. Linking the production of these sectors to the export market is the best way to stimulate the rural economy and thereby facilitating connection with the agriculture market and open-up employment opportunities. Over the years, including during COVID-19, export of agro-based products has increased reasonably even after meeting the growing needs of domestic consumption. It enables the farmers to have higher prices for their products and open-up the market having a competitive environment.



India's agriculture policy and related initiatives facilitate the path for 'farmer-oriented strategy' in attainment of food security and to become the leading agro-based exporter in the world.

### Export Preparedness Index and Rural Industries

Export is considered as one of the major drivers of economic growth. It not only pushes innovation but also helps in attaining the vision of AatmaNirbhar Bharat. Although the contribution of rural industries in the export basket is minimal yet there is great scope which can be traded-for. India's Export Preparedness Index (EPI) 2021 ranks all the states and union territories (UTs) of our country on the basis of their export readiness and performance. It provides a basic regulatory framework for export competitiveness and briefs about the strengths and critical challenges/issues based on four parameters and standards i.e., policy, business eco-system, export eco-system and export performance. Overall, it presents the export potential of our nation based on the contribution of each State and UT. Further, it aids the states to understand, introspect and implement policy and programmes in an export-led development strategy. Although it does not provide definite/specific information on the role and contribution of rural industries, yet gives some indicative insights to look in-depth, internalise it and, accordingly, may plan to have a robust export eco-system by developing rural industries in particular.

Rank and positioning given in table 2 reflects all India ranking based on 4 parameters and contribution of rural industries are not specially mentioned per se. The rank may improve if various States/UT governments focus on their rural industries and on their efficiency.

### Way Forward

Rural industries face inherent challenges like inadequate advertisement and publicity, lack of suitable infrastructure and digital platform, high cost of raw materials, tariff and non-tariff issues, high transport and freight rate, and export credit issues, etc. In spite of the same, rural industries are progressing steadily over the years. Main areas of improvement to make the rural industries export-friendly and sustainable are: skill-building

Table 2: Overall EPI Rank - 2021

State	Export Preparedness Scores	Overall Rank
Gujarat	78.86	1
Maharashtra	77.14	2
Karnataka	61.72	3
Tamil Nadu	56.84	4
Haryana	53.20	5
Uttar Pradesh	51.09	6
Madhya Pradesh	51.03	7
Punjab	50.99	8
Andhra Pradesh	50.39	9
Telangana	47.92	10
Rajasthan	47.13	11
Delhi	43.66	12
Odisha	42.04	13

Source: Elite Academy For Education, 2021

and training, technology upgradation, innovation, ease of access to credit, cluster development programmes, marketing and digital presence, etc. The government has initiated a lot of measures and the support/promotion programmes for the development of rural industries.

There is also a need for changing regulatory framework and public policy for the development of rural industries. Further timely implementation of sustainable initiatives in all the phases- product, process, production, marketing, and in credit facility will decide the long-term success and survival of rural industries. Government should promote rural industries to leverage the economies of scale and scope. To attain the full potential of rural industries, appropriate training/skilling, finance and marketing, skill enhancement, brand development, supply-chain management, product design and customisation are very essential along with rural-friendly policy support. It can be achieved by revitalising the rural ecosystem.

*(The authors are Deputy Director, FOSTIIMA Business School, New Delhi; and Sr. Associate Professor, National Institute of Construction Management and Research, Pune; and Scholar, ITER, SOA, Bhubaneswar. Views expressed are personal. Email: amiyacademics@gmail.com)*



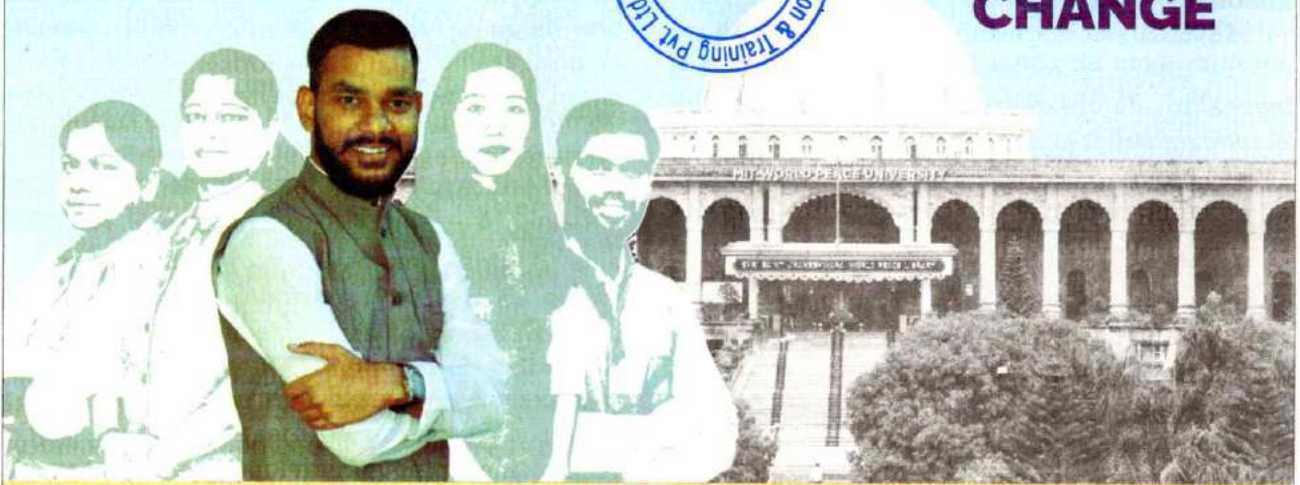


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# Livelihood Promotion for Women under DAY-NRLM

Dr. Mahi Pal

The DAY-NRLM has been trying its best to unleash oppressed, depressed and suppressed energies of women by way of enabling them to take up micro enterprises individually and collectively. The assessments of the functioning of the Mission show that income levels of those who are engaged in Mission have been increased more than that of people not covered under it.

**D**eendayal Antyodaya Yojana - National Rural Livelihood Mission (DAY-NRLM) is one of the self-employment programmes of the Government of India. It seeks to organise about 10 crore households into Self Help Groups (SHGs) and link them to sustainable livelihood opportunities by building their skills and making available financial, technical, and marketing resources at a grassroots level. In order to achieve its objectives, the Mission focuses on four core areas namely: (i) social mobilisation and promotion of sustainable community institutions of the rural poor; (ii) financial inclusion of the poor; (iii) sustainable livelihoods; and (iv) social inclusion, development, and convergence. Under the Mission, target groups are to be identified by a well-defined, transparent and equitable process of participatory identification of poor (PIP) at a community level. All households identified as poor through the PIP process are part of NRLM target group and are eligible for all the benefits under it. All such identified households including households with at least one deprivation, as per Socio-economic Caste Census data are to be placed before the Gram Sabha for its validation and subsequently before the Gram Panchayat for its approval.

DAY-NRLM has been designed to overcome the deficiencies of the Swarnjayanti Gram Swarajgar Yojana (SGSY), which was launched in 1999 by restructuring the erstwhile self – employment programmes like Integrated Rural Development programmes, Training of Rural Youth for Self- Employment, Supply of Tools Kits for Rural Artisans, Ganga Kalyan Yojana, Development of Women and Children in Rural Areas, and Million Well Scheme. NRLM has been implemented in mission mode across the country from 3 June 2011, which was further restructured in May 2013, and in December 2015, it was renamed DAY-NRLM.

## Main Features of the DAY-NRLM

**Universal Social Mobilisation:** At least one-woman member from each poor rural household needs to be brought into SHG network. Poor households would be identified through a participatory process and approved by the Panchayati Raj Institutions. While doing so special focus is on the poor of the poorest such as manual scavengers, victims of human trafficking, particularly Vulnerable Tribal Groups(PVTGs), Persons with Disabilities(PwDs), and legally released labour.





**Implementation by the Poor:** The poor are the cornerstone of the entire strategy of overcoming poverty with their participation in different activities. One of the important aspects of the DAY-NRLM is that those women who came out from the labyrinth of poverty and invisibility would help others in their ventures. In this sense, the Mission is aptly defined as 'for the poor, of the poor, and by the poor'.

**Convergence of NRLM with Various Programmes and Panchayats:** Convergence of NRLM with other programmes of the Ministry of Rural Development, other central ministries and programmes of state governments is another important feature of the programme. Through convergence, synergies among different programmes of the ministries and the institutions of the poor are established for optimising the efforts. Panchayats are also regular forums of consultations with Community-Based Institutions for the betterment of the villages like preparation and implementation of Gram Panchayat Development Plan, etc.

**Exit Strategy:** The Mission has adopted an exit strategy from various processes after achieving its objectives. It is assumed that after a decade of implementation of Mission in a Block, women SHG federations would be strong enough to shoulder responsibilities of managing their affairs without external support. In this way, the Block Mission Management Unit would be taken over by the internal support structure of Cluster and Block level federations supported by community professionals.

**Promotion of SHG Federations:** DAY-NRLM as a strategy of its institutional development, deepening governance, achieving transparent financial management, and maintaining accountability envisaged in forming federations at village level known as Village Organisation (VO), cluster of villages level federation known as cluster federation (CF) and blocks level federation known as block federation (BOs).

### Main Components and Sub-Schemes of DAY-NRLM

**Institution Building and Capacity Building:** Building institutions for the poor and capacity building through training is a vital component of

the DAY-NRLM to enable the poor to overcome poverty through access to financial, technical, and marketing resources. Intensive and regular training and capacity building are also carried out of these institutions and their members regularly. Under the Mission, these institutions are also provided multiple funds such as Revolving Fund (Rs. 10,000 to Rs. 15,000), Community Investment Fund (CIF), etc. to strengthen their financial base and help them enhance their existing funds. CIF is intended to be a regular fund available to all community institutions for the poor. Funds are also provided to the poor for Vulnerability Reduction and for Start-up in order to meet the logistics requirements for community meetings and bookkeeping.

**Financial Inclusion:** For Financial inclusion, each SHG is to be linked to banks to access all financial services from them including loans. Financial services are also provided in remote areas with the help of a woman belonging to an SHG acting as Banking Correspondent *Sakhi* with the assistance of banks and Common Service Centres.

**Interest Subvention:** SHG members are eligible for receiving interest subvention equal to the difference between the borrowing rate of interest and 7 percent. Besides, in 250 districts, all women SHGs can avail loans up to Rs. 3 lakh each at 7 percent rate of interest per annum. An additional interest subvention of 3 percent is also available on prompt repayment of loan, reducing the effective interest rate to 4 percent.

### Livelihoods Promotion

**Farm and Non-Farm Livelihoods:** Farm livelihoods are promoted by sustainable agriculture, livestock, and National Timber Forests Products (NTFPs) through Mahila Kisan Sashaktikaran Programme and State-led Livelihoods Annual Action Plans. The livelihoods are being promoted by Community Livelihoods Resource Persons named as *Krishi Sakhi*, *Pashu Sakhi* and, *Van Sakhi*. Custom Hiring Centres have also been established at the village level. The Non-Farm Livelihoods have been promoted through the sub-schemes; namely Start-up Village Entrepreneurship Programme (SVEP) and Aajeevika Grameen Express Yojana (AGEY) besides National Rural Economic Transformation Project (NRETP).



## Sub-schemes

**Mahila Kisan Sashaktikaran Pariyojana (MKSP):** It was launched with the objective to empower women in agriculture and NTFP by making systematic investments to enhance their participation and productivity in agriculture-based livelihoods and building the capacity around sustainable harvesting and post-harvesting techniques for NTFPs. It also aims at ensuring nutrition for poorest of the poor by securing and strengthening their primary livelihood basket.

**Start-up Village Entrepreneurship Programme (SVEP):** SVEP supports entrepreneurs to set up small businesses in rural areas. It is for promoting knowledge about business feasibility, management, and to provide access to credit for start-ups as well as to scale up the existing enterprises.

**Aajeevika Grameen Express Yojana (AGEY):** AGEY is a programme to provide safe, affordable, and community monitored transport services to rural areas. The vehicles are owned and operated by members of SHG networks and operated in regions which are not served by regular transport services.

**National Rural Economic Transformation Project (NRETP):** This programme has successfully been establishing DAY-NRLM's "proof-of-concept" in 13 high poverty states through helping the State Rural Livelihood Missions. It is scheduled to close on 30 June 2023.

**Rural Self Employment Training Institutes (RSETIs):** RSETIs are established in each district of the country in collaboration with the banks and the state governments to provide short term residential training with long handholding support to the youth. Some RSETIs also offer off-site training to the youth. The post-training support mechanisms include interactive web portal, call centres, network of business counselling centres and alumni conventions.

## Implementation Strategy

DAY-NRLM is being implemented in all the 28 States and 6 Union Territories (except Delhi and Chandigarh) of the country. In order to implement the Mission effectively, State Rural Livelihood Missions have been established as special purpose

vehicles. Dedicated teams at state, district and block levels known as State Mission Management Unit (SMMU), District Mission Management Unit (DMMU), and Block Mission Management Unit (BMMU) respectively have been established in which multi-disciplinary professional teams are engaged at each level. A National Rural Livelihoods Promotion Society (NRLPS) has been established to provide technical support to the SRLMs. DAY-NRLM is working intensively in 6,812 blocks of 711 districts at present and seeks to saturate household mobilisation by the end of FY 2023-24.

## Present Status of the DAY-NRLM

Progress of Formation of SHGs and various components of the Mission have been given in the Table-1. The progress has been given at three periods namely Financial Year (FY) 2011-12 to FY 2013-14, FY 2014-15 to May 2022, and cumulative achievement till May 2022.

Table -1 shows total number of women in SHGs, which were 2.35 crore in FY 2011-2012 to FY 2013-14 has been increased to 5.96 crores in FY 2014-15 to May 2022 registering more than 153 percent growth in becoming members of SHGs in about a decade of the implementation of the Mission. In the same fashion the number of SHGs, which were 19.29 lakh in FY 2011-2012 to FY 2013-14 lakh have been reached to 76.21 lakh in May 2022 registering a growth of about 300 percent during a decade of implementation of the Mission. The amount of loan disbursed and amount of capital support given to SHGs in the form of RF and CIF have also been increased many fold as the Table-1 shows.

It is interesting to note that the Non-Performing Assets (NPA) were 9.58 percent on March 31, 2014, which has been reduced to 2.35 percent as on 21 June 2022 indicating a substantial reduction of NPAs during the decade of the implementation of the Mission.

There are 78,549 BCs working under the Mission. As many as 2,05,793 SVEPs have been supported under the Mission. Number of SPVs operational under AGEY are 1,811 and there are 24,381 community managed Custom Hiring Centres(CHC) established under the Mission.

The number of Producer Enterprises which



**Table:1 Progress Made Under Various Components of the DAY-NRLM**

S. No.	Indicator	Progress from FY 2011-2012 to FY 2013-14	Progress from FY 2014-15 to May 2022	Cumulative Achievement Up to May 2022
1.	Number of women mobilised into SHGs (Crore)	2.35	5.96	8.31
2.	Number of SHGs promoted (lakh)	19.29	56.92	76.21
3.	Amount of Loan Disbursed (Rs. Crore)	80357.32*	489690.00	570047.32
4.	Amount of Capitalisation Support (Revolving Fund+ Community Investment Fund) provided (Rs. Crore)	1123.76	16995.24	18119.00
5.	Non-performing Assets (NPA)	9.58% (As on 31 <sup>st</sup> March, 2014)	2.35% (As on 21 <sup>st</sup> June, 2022)	
6.	Number of Banking Correspondents Sakhi/digipoint deployed (NRLM+NRETP)	-	78,549	
7.	Number of Enterprises supported under SVEP	-	2,05,793	
8.	Number of Vehicles operational under Aajeevika Grameen Express Yojana (AGEY)	-	1,811	
9.	Community managed Custom Hiring Centres (CHC) established	-	24,381	
10.	Number of Producer Enterprises (PEs) formed	34	149	183
11.	Number of Mahila Kisan covered under MKSP (lakh)	24	146	170

\*Data from FY 2008-09 as provided by NABARD Note: Amount of Bank loan disbursed from FY 2013-14 is Rs. 5.09 Lakh crore.

Source: DAY-NRLM Division, Ministry of Rural Development as on 27 June 2022. NRLM.gov.in

were 34 in the FY 2013-14 has been increased to 183 in May 2022 registering a growth more than 400 percent. Similarly, *Mahila Kisans* which were 24 lakh in the FY2013-14 have been reached to 170 lakh indicating growth more than 600 percent during a decade.

It has emerged from the above table that the number of members of SHGs and the SHGs themselves have been increased many fold from the starting of the Mission to May 2022. Other indicators like reduction of NPA ratio also indicate improvement in performing assets at grassroots level. These are the hotspots of the Mission indicating that local is becoming vocal day by day.

### Evaluation and Assessment of the Mission

The Institute of Rural Management Anand (IRMA) conducted an independent assessment of design, strategy, and impacts of DAY-NRLM by surveying nearly 4,500 households spanning across 746 villages across Jharkhand, Madhya Pradesh, and Maharashtra during January -March 2017. The assessment revealed the following: (i) in the treatment areas (where mission is implemented) on an average, each household in a Mission village (treated area) had more than 2.34 productive livestock assets compared to a similar household in non-Mission (control area) village; (ii) it noticed a higher tendency to save in formal institutions; (iii) have a higher loan size, about 67 percent



more than the loan size in the control areas; (iv) treated households have 22 percent higher (net) income than the households in the control areas, largely due to income from enterprises; (v) NRLM households participate three times more than their counterparts in Panchayat activities.

A Mid Term Assessment of SVEP conducted by the Quality Council of India (QCI) in 2019 covering 1,038 enterprises across 6 States of Uttar Pradesh, Madhya Pradesh, Bihar, Kerala, Maharashtra, and Nagaland with following findings: (i) 82 percent of entrepreneurs are from SC, ST and OBC categories; (ii) 75 percent of the enterprises were owned and managed by women; (iii) 57 percent of the total household income is through the enterprises promoted under SVEP; (iv) Average monthly revenue for an enterprise was around Rs. 39,000; (v) 99 percent entrepreneurs reported income from the enterprise their aspirational income.

Impact Evaluation of Mahila Kisan Sashaktikaran Pariyojana (MKSP) study was conducted by the Nielsen India Private Limited in 2019 covering 6,595 households (3,410 in MKSP area and 3,185 in control area) with following findings: (i) higher awareness about improved agricultural practices in treated area as compared to control area; (ii) higher proportion of households receiving training, better cropping practice in multiple seasons in treated area than the control area (iii) The proportion of households who were involved in animal husbandry was much higher in MKSP areas (73.5 percent) as compared to control areas (64.6 percent); (iv) average annual income of households from agriculture, animal husbandry and NTFP sources together was Rs. 61,416 in MKSP area and Rs. 32,960 in control villages.

The Impact Evaluation of the National Rural Livelihoods Programme was conducted in 2019 covering around 27,000 respondents and 5,000 SHGs across Bihar, West Bengal, Odisha, Jharkhand, Madhya Pradesh, Chhattisgarh, Maharashtra, Rajasthan and Uttar Pradesh with the following findings: (i) Increase in income by 19 percent over the base amount; (ii) Decline in share of informal loans by 20 percent; (iii) Increase in savings by 28 percent; (iv) Improved access to other Schemes availed by treatment households as compared to control area.

## Challenges before the Mission

The evaluation and assessment studies conducted from time to time revealed positive sailing of the Mission, which is also evident from the fact that allocation under the Mission, which was Rs. 2,914.00 crore during 2011-12 has been ballooned to Rs. 13,336.42 crore in FY 2022-23 registering a growth of 358 percent over a decade. If the allocation of 2022-23 is compared with Revised Estimates of the year 2021-22, it is found that growth in the current year is about 14 percent from the previous year. All these facts about the implementation of the Mission and the enhancement of BE 2022-23 over the RE of 2021-22 indicate better perspective. However, there are certain challenges before the implementation of the Mission, which may be taken care of in future.

1. DAY-NRLM has been functioning in the mode of 'for the poor, of the poor and by the poor'. It is a demand driven programme, which needs to focus more on social mobilisation. It requires trained human resources to build up the capacity of poor women in doing various activities at their levels. The 5<sup>th</sup> Common Review Mission 2019 of the Ministry of Rural development suggested: (i) filling the large number of vacancies; (ii) well designed HR manual for contractual or outsourced personnel; (iii) implementation of the recommendations by Task Force for harmonising personnel across the schemes.
2. Due to delay in the disbursement of funds from the State Treasury to the SRLM accounts, various desired activities are adversely affected.
3. The frequent transfer of the SRLM Directors also adversely affects the progress of the Mission.
4. The examples of Kudumbashree in Kerala, Bihan Canteen and Bihan Outlet run by SHGs in Chhattisgarh, social audits in Odisha by SHGs are positive developments. However, as commented by the 5<sup>th</sup> Common Review Mission 2019, there is need to give more focus on the states like Manipur, Meghalaya and Rajasthan for enhancing groups activities for livelihoods.
5. RSETI may not consider itself as another cog in



the wheel. It should identify beneficiaries with due care and apply proper methods. The entire cycle from training, lending, handholding, etc. must be done carefully and systematically.

## Conclusion

The saying about a woman like 'man for the field and woman for the hearth', 'have the pen in hands but do not know how to write', 'sword is in hands but do not know how to use', etc. are getting redundant by seeing the rise of rural women networking themselves into SHGs for self-help and addressing governance inadequacies at micro, meso and macro levels. The DAY-NRLM has been trying its best to unleash oppressed depressed and suppressed energies of women way of enabling them to take up micro enterprises individually and collectively. The assessments of the functioning of the Mission show that income levels of those who are engaged in Mission have been increased more than that of people not covered under it. However, there are some challenges before the Mission which need to be taken care of for better outcomes in future.

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*(The author is former Officer of Indian Economic Service. Views expressed are personal. Email: mpal1661@gmail.com)*



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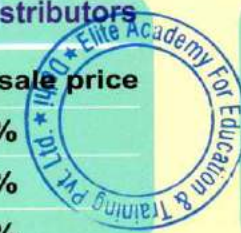
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