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GIST OF KURUKSHETRA

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Shankar IAS Academy™

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1. NON-FARM SECTOR IN INDIA

What is Rural Non - Farm sector?

- Rural-Non-Farm-Sector (RNFS) includes all economic activities viz., household and non-household manufacturing, handicrafts, processing, repairs, construction, mining and quarrying, transport, trade, communication, community and personal services etc. in rural areas.

What are the GOI interventions for the promotion of this sector?

- **Pradhan Mantri Mudra Yojana (PMMY)** is a scheme to extend collateral free loans by Banks, Non-Banking Financial Companies (NBFCs) and Micro Finance Institutions (MFIs) to small/micro business enterprises in the non-agricultural sector to individuals to enable them to setup or expand their business activities.
- **'The Mahatma Gandhi National Rural Employment Guarantee Act (MGNREGA), 2005'** which provides at least one hundred days of guaranteed wage employment in every financial year to every household whose adult members volunteer to do unskilled manual work.
- The demand for work itself is influenced by various factors such as rain-fall pattern, availability of alternative and remunerative employment opportunities

outside MGNREGA and prevailing unskilled wage rates.

- **Deen Dayal Upadhyaya Grameen Kaushalya Yojana (DDU-GKY)** - The Ministry of Rural Development implements DDU-GKY to drive this national agenda for inclusive growth, by developing skills and productive capacity of the rural youth from poor families.
- There are several challenges preventing India's rural poor from competing in the modern market, such as the lack of formal education and marketable skills.
- DDU-GKY bridges this gap by funding training projects benchmarked to global standards, with an emphasis on placement, retention, career progression and foreign placement.
- **Deendayal Antodaya Yojana** – National Rural Livelihoods Mission (DAY-NRLM) is a flagship programme of the Ministry of Rural Development (MoRD) that seeks to alleviate rural poverty through building sustainable community institutions of the poor.
- The centrally sponsored programme is implemented in partnership with the State governments.
- **Aajeevika Grameen Express Yojana (AGEY)** - The Self Help Groups under DAY-NRLM will operate road transport service in backward areas.



- This will help to provide safe, affordable and community monitored rural transport services to connect remote villages with key services and amenities (such as access to markets, education and health) for the overall economic development of backward rural areas.
- This will also provide an additional avenue of livelihood for SHGs.

What are the challenges in the RNFS?

- **Infrastructure** - The most significant bottleneck in generating higher levels of rural nonfarm activity in India is the quantity, quality and reliability of infrastructure.
- **Quality of manpower** - High levels of illiteracy in rural India have hampered the growth of the rural nonfarm sector.
- Education has both intrinsic and instrumental value.
- Apart from having a positive correlation with wages, a minimum basic standard of education is necessary to apply for credit, to be aware of one's rights and responsibilities and to deal with instances of corruption and malpractice.
- **Forward and backward linkages** - Absence of appropriate forward and backward integration greatly affects performance of nonfarm activities in rural areas.
- Forward linkages of the RNF sector serve as inputs to other sectors.

- Also, in backward linkages the RNF sector demands the outputs of other sectors.
- Empirical studies indicate that forward linkages from RNF activities to agriculture (rurally produced agricultural inputs) are particularly important where traditional agricultural technologies are utilized, while in case of backward linkages between RNF activities and agriculture, especially the linkages between rural agricultural processing and the agriculture sector and between rural transport and rural marketing activities are quite significant for rural economic development.

2. RURAL TOURISM - AN ASSET TO NON FARM SECTOR

What is Rural Tourism?

- Any form of tourism that showcases the rural life, art, culture and heritage at rural locations, thereby benefiting the local community economically and socially as well as enabling interaction between the tourists and the locals for a more enriching tourism experience can be termed as rural tourism .
- Rural Tourism is essentially an activity which takes place in the countryside.
- It is multi-faceted and may entail farm / agricultural tourism, cultural tourism,



nature tourism, adventure tourism, and eco-tourism.

- As against conventional tourism, rural tourism has certain typical characteristics like; it is experience oriented, the locations are sparsely populated, it is predominantly in natural environment, it meshes with seasonality and local events and is based on preservation of culture, heritage and traditions.

What is the importance of Rural Non Farm Sector?

- Employment growth in the farm sector has not been in consonance with employment growth in general.
- A planned strategy of rural non-farm development may prevent many rural people from migrating to urban industrial and commercial centers.
- When the economic base of the rural economy extends beyond agriculture, rural-urban economic gaps are bound to get narrower along with salutary effects in many other aspects associated with the life and aspirations of the people.
- Rural industries are generally less capital-intensive and more labour absorbing.
- Rural industrialization has significant spin-offs for agricultural development as well.

- Rural income distribution is much less unequal in areas where a wide network of non-farm avenues of employment exists; the lower strata of rural societies participate much more intensely in non-farm activities, though their involvement is much less remunerative as compared with that of the upper strata.

What is Rural Tourism Scheme For Infrastructure Development?

- Under this Scheme, thrust will be to promote village tourism as the primary tourism product to spread tourism and its socio-economic benefits to rural and its new geographic regions.
- Key geographic regions would be identified for development and promotion of Rural Tourism.
- The implementation would be done through a Convergence Committee headed by the District Collector.
- Activities like improving the environment, hygiene, infrastructure etc. would be eligible for assistance.
- It should be ensured that at least 50% of the project should be implemented through achieving convergence of different schemes.
- A maximum of Rs.50 lakhs would be sanctioned under this scheme.
- Apart from providing financial assistance the focus would be to tap the resources available under different schemes of



Dept. Of Rural Development, State Govts. and other concerned Departments of the Govt. of India.

What are the permissible activities under this scheme?

- Improvement of the surroundings of the village. This would include activities like landscaping, development of parks, fencing, compound wall etc.
- Improvements to roads within the Panchayat limits. This shall not include any major road which connects the village.
- Illumination in the village.
- Providing for improvement in solid waste management and sewerage management.
- Construction of Wayside amenities.
- Procurement of equipments directly related to tourism, like Water Sports, Adventure Sports, Eco-friendly modes of transport for moving within the tourism zone.
- Refurbishment of the Monuments.
- Signages.
- Reception.
- Other work/activities directly related to tourism.
- Tourist Accommodation.

3. NGOS AND PRIVATE SECTOR IN NON FARM SECTOR

What is the need for RNFS?

- Villagers earn their living mainly through agriculture.
- However, since the land available to each family has remained the same and the number of members in the family has grown, supporting all of them through agriculture alone is becoming difficult.
- Further, rural India has witnessed a sharp decline in its workforce at 6.4 percent compared to the 4.7 percent reduction in the urban Indian workforce.
- There is also continuous increase in the population which is adding to the labour force.
- Due to this increase in population, there are many more mouths to feed and the agricultural sector is unable to take care of all the people residing in rural areas.
- It is in this context an alternative employment opportunity is imperative, activities which are not based on agriculture alone, known as nonfarm activities, can be a game changer.
- Further, Nonfarm activities do not get affected by crisis of crop failure, bad harvest and drought, which always happen in the case of farming.



What are the GOI interventions to promote this sector?

- **Deendayal Antodaya Yojana** – National Rural Livelihoods Mission (DAY-NRLM) is a flagship programme of the Ministry of Rural Development (MoRD) that seeks to alleviate rural poverty through building sustainable community institutions of the poor.
- As part of its non-farm livelihoods strategy, DAY-NRLM is implementing **Start-Up Village Start-up Village Entrepreneurship Programme** to promote and strengthen rural start-ups in the non-farm and off-farm sector.
- The strategy is to promote knowledge about business feasibility, management and to provide access to loan finance for start-up as well as scaling-up the existing enterprise.
- **Aajeevika Grameen Express Yojana (AGEY)**, was launched in August 2017 to provide safe, affordable and community monitored rural transport services to connect remote rural villages.
- **Deendayal Upadhyaya Grameen Kaushalya Yojana (DDUGKY)** aims at building placement linked skills of the rural youth and place them in relatively higher wage employment sectors of the economy.
- The **Young Professionals (YPs) scheme** under the NRLM, will help the professionals to learn and acquire

requisite skills as well as competency to contribute in mission implementation as well as to develop a cadre of experienced professionals serving in development sector, particularly with state poverty eradication mission.

- **Pradhan Mantri Mudra Yojana (PMMY)** is a scheme to extend collateral free loans by Banks, Non-Banking Financial Companies (NBFCs) and Micro Finance Institutions (MFIs) to small/micro business enterprises in the non-agricultural sector to individuals to enable them to setup or expand their business activities.
- The government has launched the **National Apprenticeship Promotion Scheme (NAPS)** on 19th August 2016 to promote apprenticeship training and incentivize employers who wish to engage apprentices.

How NGOs and private sector can contribute to RNFS?

- Community based NGOs interact with the local people, making them member, build relations of cooperation and trust with them.
- They understand their issues and try to convince them to initiate the nonfarm livelihood opportunities to meet their needs.
- Advocacy NGOs scan and mobilize successful campaigns and raise public



awareness regarding issue of unemployment and underemployment.

- To encourage the nonfarm activities in villages, the NGOs and private sectors can provide demand driven skill training.
- Private sector companies with trained social workers possess requisite skill to assess the problems of rural people and to plan quickly the suitable interventions.
- They can mentor and motivate the rural people to participate in their developmental programs.
- They can organize community development programs and empower community members by providing educational and employment opportunities.
- The private sector also plays an important role in developing innovative strategies for infrastructure development as well as employment opportunities for the poor rural people in the non farm sector.

4. HANDLOOMS AND HANDICRAFTS - POTENTIAL EMPLOYERS IN NONFARM SECTOR

What is the significance of Handlooms and Handicrafts in RNFS?

- Significance of handicrafts and handlooms has grown multifold in rural areas because of our agricultural system being mainly a rain fed farming system.

- Due to its seasonal nature, Indian agriculture system provides seasonal unemployment to the farmers and agricultural laborers.
- By bridging the employment gap, these two genres contribute to the cycle of consistent employment and thus minimizes the risk of food insecurity in rural areas.
- Preventing migration of artisans, weavers and small marginal farmers from rural to urban areas is their other contribution in the rural economy.
- By addressing the economic issues, these handworks also help in getting social recognition to the respective producer communities and thereby in maintaining a social stability and harmony in the rural society.

What are the GOI measures to promote this sector?

- Block Level Clusters (BLCs) are one of the components of **National Handloom Development Programme (NHDP)** / Comprehensive Handloom Cluster Development Scheme (CHCDS).
- Financial assistance is provided upto Rs.2.00 crore per cluster for various interventions like skill up-gradation, HathkarghaSamvardhanSahayata, product and design development, construction of workshed, lighting unit and setting up of Common Facility Centre (CFC).



- Under the **Weaver Mudra Scheme**, credit at concessional interest rate of 6% is being provided to the handloom weavers.
- Margin money assistance to a maximum of Rs. 10,000 per weaver and credit guarantee for a period of 3 years is also provided.
- **Handloom Weaver Mudra Portal** - This portal is in operation from 1st of April, 2017, in association with Punjab National Bank to cut down delays in disbursement of funds for financial assistance.
- Bank claims worth Rs. 25 crore have been settled through this portal.
- Participating banks submit the claim for margin money, interest subvention and credit guarantee fee on the portal and the margin money is transferred directly to loan account of the weaver and interest subvention and credit guarantee fee is transferred to banks in electronic mode.
- The **India Handloom Brand** was launched for branding of high quality handloom products, authentic designs with zero defect and zero effect on environment.
- **Bunkar Mitra** - A toll free helpline no. 18002089988 was set up to deal with queries of handloom weavers concerning wide range of issues like technical, supply of raw material, quality control, credit facility, access to market.,etc.,
- **Handlooms Promotion through e-Marketing** - To promote e-marketing of handloom products, 21 e-commerce entities have been engaged for on – line marketing of handloom products.
- The Government implements various schemes for promotion and development of handicrafts sector under “**National Handicraft Development Programme (NHDP)**” and Comprehensive Handicrafts Cluster Development Scheme (CHCDS).
- To preserve all the antique handicrafts products of the country, the Government has established crafts Museum at Pragati Maidan, New Delhi, which is popularly known as **National Handicrafts and Handloom Museum**.
- Government has also established 18 Museums throughout the country **under Infrastructure and Technology Support scheme** to preserve traditional art and craft products of the country including 35 endangered crafts for which Government provides financial, technical assistance under Guru Shishya Parampara, Skill Upgradation Training, Marketing Support and Infrastructure Support for development of artisans.



5. FOOD PROCESSING FOR NON FARM SECTOR

What is Food Processing?

- Food processing is the set of methods and techniques used to transform raw ingredients into food or food into other forms for consumption by humans or animals either in the home or by the food processing industry.
- Food processing typically takes clean, harvested crops or slaughtered and butchered animal products and uses these to produce attractive, marketable, and often long-life food products and animal feeds.

What is the status of Indian Food Processing Industry?

- The Indian food and grocery market is the world's sixth largest, with retail contributing 70 per cent of the sales.
- The Indian food processing industry accounts for 32 per cent of the country's total food market, one of the largest industries in India and is ranked fifth in terms of production, consumption, export and expected growth.
- It contributes around 8.80 and 8.39 per cent of Gross Value Added (GVA) in Manufacturing and Agriculture respectively, 13 per cent of India's exports and six per cent of total industrial investment.

- The Indian gourmet food market is currently valued at US\$ 1.3 billion and is growing at a Compound Annual Growth Rate (CAGR) of 20 per cent.
- India's organic food market is expected to increase by three times by 2020.

What is SAMPADA (Scheme For Agro-Marine Processing And Development Of Agro-Processing Clusters) Scheme is about?

- SAMPADA is an umbrella scheme incorporating ongoing schemes of the Ministry like Mega Food Parks, Integrated Cold Chain and Value Addition Infrastructure, Food Safety and Quality Assurance Infrastructure, etc. and also new schemes like Infrastructure for Agro-processing Clusters, Creation of Backward and Forward Linkages, Creation / Expansion of Food Processing & Preservation Capacities.
- The SAMPADA is a comprehensive package to give a renewed thrust to the food processing sector in the country.
- It includes new schemes of Infrastructure for Agro-processing Clusters, Creation of Backward and Forward Linkages and Creation / Expansion of Food Processing & Preservation Capacities aim at development of modern infrastructure to encourage entrepreneurs to set up food processing units based on cluster approach, provide effective and seamless backward and forward integration for



processed food industry by plugging gaps in supply chain and creation of processing and preservation capacities and modernization/ expansion of existing food processing units.

- The implementation of SAMPADA will result in creation of modern infrastructure with efficient supply chain management from farm gate to retail outlet.
- It will not only provide a big boost to the growth of food processing sector in the country but also help in providing better prices to farmers and is a big step towards doubling of farmers' income.
- It will create huge employment opportunities especially in the rural areas.
- It will also help in reducing wastage of agricultural produce, increasing the processing level, availability of safe and convenient processed foods at affordable price to consumers and enhancing the export of the processed foods.

What are the various other measures taken by GOI to boost food processing sector?

- To provide impetus to investment in food processing and retail sector, govt. has allowed 100% FDI in trading including through e-commerce, in respect of food products manufactured and / or produced in India.
- This will benefit farmers immensely and will create back – end infrastructure and significant employment opportunities.
- The govt. has also set up a Special Fund of Rs. 2000 crore in NABARD to make available affordable credit at concessional rate of interest to designated food parks and agro processing units in the designated food parks.
- Food and agro-based processing units and cold chain infrastructure have been brought under the ambit of Priority Sector Lending (PSL) to provide additional credit for food processing activities and infrastructure thereby, boosting food processing, reducing wastage, create employment and increasing farmers' income.