



# IAS PARLIAMENT

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A Shankar IAS Academy Initiative

## GIST OF YOJANA

SEPTEMBER 2018

**Shankar IAS Academy™**

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# **I N D E X**

## **YOJANA – SEPTEMBER 2018**

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## YOJANA – SEPTEMBER 2018

### 1. CREATING LIVELIHOOD OPPORTUNITIES IN URBAN AREAS

#### *What is the scenario in the urban areas ?*

- As per census 2011, over 31 percent of the total population lived in urban areas and estimates suggest that this will rise over to 50 percent by 2050.
- As cities increase in number and existing cities become larger and denser, the pressure to support livelihoods keeps mounting.
- About 10 lakh new people enter the workforce in urban areas per month according to the Economic survey of OECD.
- It is estimated that over the next two decades, about 70 % of the new jobs are created in the urban areas.
- The changing technological landscape in manufacturing and service industries, and further mechanisation of agriculture, is expected to lead a more robust job growth in urban areas.

#### *What are the Government initiatives to tackle the above scenario ?*

- **Pradhan Mantri Kaushal Kendras:** In year 2017, MSDE focused extensively on building industry standardized infrastructure for driving skill development training under which it launched its Pradhan Mantri Kaushal Kendras (PMKK).
- PMKK has the potential to become the benchmark of skill development infrastructure, training, and placement in the respective district and; also in the country.
- **Indian Institute of Skills (IIS):** These are state of the art center of excellence being set up across the 5 regions of India on the lines on ITE Singapore.
- **Fee Based Trainings:** Under the Fee based model of skill development training being implemented by National Skill Development Corporation (NSDC), MSDE has trained more than 74 lakhs till date since its inception.
- **Launch of “New Procedural and Civil Norms” for establishments of ITIs:** MSE has launched the same after approval from Chairman National Council for Vocational Training (NCVT) across the country so as to standardize the civil infrastructure of ITIs, so that ITIs across the country have similar buildings and facilities.
- **SANKALP & STRIVE:** MSDE In October 2017 got approval by Cabinet Committee on Economic Affairs chaired by the Hon’ble Prime Minister Shri Narendra Modi, on the “Skills Acquisition and Knowledge Awareness for Livelihood Promotion (SANKALP)” and “Skills Strengthening for Industrial Value Enhancement (STRIVE)” which are all set to boost the Skill India Mission in the country.



- **Takshashila (Trainers and Assessors Portal)** - National Portal for Trainers and Assessors is an initiative by NSDC under Skill Indian Mission. The portal is a dedicated platform towards the management of trainers and assessors training life-cycle and would function as the central repository of information concerning the development of quality Trainers and Assessors in the Indian skill eco-system.

- **The Employment through Skills Training & Placement (EST&P)** Component under NULM is designed to provide skills to the unskilled urban poor as well as to upgrade their existing skills.

- **How NULM facilitates to solve the problem ?**

- The core belief of National Urban Livelihoods Mission (NULM) is that the poor are entrepreneurial and have innate desire to come out of poverty.
- NULM would aim at universal coverage of the urban poor for skill development and credit facilities.
- It will strive for skills training of the urban poor for market-based jobs and self-employment, facilitating easy access to credit.
- NULM would aim at facilitating access to suitable spaces, institutional credit, social security and skills to the urban street vendors for accessing emerging market opportunities.
- NULM would aim at providing shelter equipped with essential services to the urban homeless in a phased manner.

- An alliance strategy will be sought with all concerned departments to promote skills training of rural-urban migrants as a bridge between the livelihoods of the rural and urban poor.
- NULM would aim at partnership with the private sector in providing skill training, employment and operation of shelter for homeless.
- It will strive for active participation of private and civil society sectors in providing shelter to the urban homeless, skill training and placement of the urban poor and also in facilitating technological, marketing and handholding support for the urban poor entrepreneurs who want to be self-employed and set up their own small businesses or manufacturing units.

## **2. ACCELERATING THE PACE**

### ***What are the various steps taken to facilitate employment generation ?***

- **National Career Service (NCS):** National Career Service Project brings employers, trainers and unemployed on single platform.
- NCS has partnered with Department of Posts to extend registration of job seekers through the Post Offices.
- To enhance the reach and enrich the employment opportunities available to youth, 22 strategic MOUs have been signed with leading job portals, placement organizations and institutions of repute.
- Government of India has recently made it mandatory for government vacancies to be posted on the NCS Portal.



- **25 National Career Service Centres for Scheduled Castes and Scheduled Tribes (NCSC SC/STs)** have been set up for providing vocational guidance and counselling services and also training in computer courses and they have been integrated with the NCS Project.
- **21 National Career Service Centres for Differently Abled (NCSCDA)** have been set up for Handicapped to provide vocational training, vocational guidance and career counselling to assist persons with disabilities in the process of economic rehabilitation.
- **Model Career Centers:** The Government has approved establishment of 100 Model Career Centers under NCS project to deliver quality employment services and these centres are being set up in collaboration with States and Institutions.
- The NCS Project has also been enhanced to interlink the employment exchanges with the NCS Portal.
- **Pradhan Mantri Rojgar Protsahan Yojana (PMRPY):** Government of India is implementing the Pradhan Mantri Rojgar Protsahan Yojana (PMRPY) to incentivize employers for new employment.
- The scheme launched on 9th August 2016 provides that Government of India will pay the Employees Pension Scheme (EPS) contribution of 8.33% for all new employees enrolling in EPFO for the first 03 years of their employment.
- The scheme is applicable to those having earnings Rs. 15,000/- per month. A budget provision of Rs. 1000/- crore for this scheme has been made.
- **Shram Suvidha Portal** facilitates businessmen to get all kinds of registrations and submit returns that are required under labour laws at a single online window.
- It also makes available to them the inspection reports prepared by the enforcement agency inspectors online.
- The procedures have been simplified; returns and registration forms have been unified to provide a business environment that encourages compliance by reducing transaction costs and promoting ease of business.
- **E-biz platform:-** ESIC was the first organization of Central government, to integrate its services (Registration of Employers through e-biz portal of Department of Industrial Policy and Promotion (DIPP) to promote ease of business and curb transaction costs.
- **E-Penchan:-** A process of establishing the identity of the insured person through his Adhaar number has been set up by seeding his Adhaar number to his insurance number.
- This has simplified the identification process of the insured person and his/her dependents at various point of contact during all type of benefit disbursement.



- The process has enabled us to do away with the cumbersome process of making our Insured persons and their dependents to visit our offices to get their Biometrics taken for issuance of a Pehchan card.

### ***What are the major steps taken by EPFO in this regard ?***

- **Employees Enrolment Campaign(EEC) of EPFO:** EEC was launched by the Government in January,2017 to enroll left out employees and provide incentives to employers in the form of waiver of administrative charges, nominal damages @ Rupee 1/- annum and waiver of employees share if not deducted.
- **Universal Account Number (UAN)** as on 12.12.2017, allotted to organized sector workers making their EPF Accounts portable, benefiting 12,26,13,675 Workers and Aadhar Seeding completed for 2,56,59,988 UAN Subscribers.
- **Multiple Banking System:** Instead of only one bank i.e. SBI, the establishments have the option of making directed payments through 13 banks now.
- **Centralized Services:** All 120 EPFO offices have migrated to the consolidated database at the National Data Centre for seamless interface across the country.
- **Bilateral social security agreement (SSA)** made with 19 countries to protect the interests of Indian professionals, skilled workers abroad, where EPFO is the nodal implementing agency.

### **3. HARNESSING THE DEMOGRAPHIC ADVANTAGE**

#### ***What is the current scenario of India's demographic dividend ?***

- India is passing through a demographic transition which makes India the youngest nation in the world with the average of 29 years.
- This offers India a unique opportunity to provide skilled manpower not only to the rapidly growing domestic economy but also to the ageing economy of the west.
- As per the Economic Survey 2016 - 17, for the first time since 1950 the combined working age (WA) population of the advanced countries declined with both China and Russia experiencing fall of 20 percent in their working age population individually.
- On the other hand, India currently with around 28 percent population in the youth category is witnessing an increase in its working age population which may saturate by 2040.
- There is a large heterogeneity among the states in their demographic profile and evolution.
- The India Skills Report 2018, brought out by Wheebox, indicates that only 46 percent of youth coming out of higher educational institutes are employable.

#### ***What are the challenges in Skill Ecosystem ?***

- Large pool of educated youth.
- High demand for skilled manpower vis-a-vis low employability.



- Skilling formal school dropouts to provide them second chance to acquire basic numeracy, literacy and functional skills for accessing jobs in the formal sector.
- Limited an unequal distribution of training capacities vis-a-vis youth demographics.
- Availability of good quality trainers due to lack of focus on development on trainers' training programs and career progression pathways for them.
- Multiplicity in assessment and certification systems leading in inconsistent outcomes and confusion to the employers.
- Preponderance of informal / unorganized sector and mapping of existing skills and skills required.
- Achieving convergence and coordination across sectors.
- National Labour Market Information System (LMIS), was launched which is an integrated set of institutional arrangements, procedures, mechanisms and data systems designed to produce labour market information as per global standards and best practices.
- The inputs from 21 ministries, State Governments, National Skill Development Corporation and Sector Skill Councils is underway to be integrated in the national database on skilling.
- Another initiative of the Ministry leveraging technology to reach millions of skill seekers, was the launch of India Skills Online ([www.indiaskillsonline.com](http://www.indiaskillsonline.com)), an online platform for learning skills of choice.
- With the introduction of Online Skill-learning environment, the whole nation potentially becomes a classroom. The audio-video graphical illustrations format will help internalize the concepts for the skill-seekers, faster and longer.

**What are the measures taken by GOI in this regard?**

- Over the years, changes in the macro environment, and the experience gained through implementation of various skill development programmes in the country have necessitated changes in the policy. Accordingly, the National Skill Development Policy, 2015 was formulated, and it supersedes the Policy of 2009.
- The 2015 National Policy on Skill also recognizes the value of on the job training, by making apprenticeships in actual work environments an integral part of all skill development efforts.
- India Skills is a national competition steered by Ministry of Skill Development & Entrepreneurship (MSDE) and National Skill Development Corporation (NSDC) to select the best talent who will lead India's participation at the biennial World Skills International Competition.
- Further, a system of concurrent monitoring through SMART portal has been introduced for maintaining quality of training.
- A user-friendly online portal ([www.apprenticeship.gov.in](http://www.apprenticeship.gov.in)) has been



launched in order to facilitate the easy processing of entire apprenticeship cycle and for effective administration and monitoring.

- For the first time, graduation ceremonies are held at ITIs and skill centres to award certificates.
- The Kaushal melas are organized for motivating youths and their communities to make skill as an alternative career option.

#### **4. MUDRA : FUELLING GROWTH IN MICRO ENTREPRENEURSHIP AND EMPLOYMENT**

##### ***What is Pradhan Mantri Mudra Yojana (PMMY) ?***

- **Pradhan Mantri Mudra Yojana (PMMY)** is a flagship scheme of Government of India to “fund the unfunded” by bringing such enterprises to the formal financial system and extending affordable credit to them.
- It enables a small borrower to borrow from all Public Sector Banks such as PSU Banks, Regional Rural Banks and Cooperative Banks, Private Sector Banks, Foreign Banks, Micro Finance Institutions (MFI) and Non Banking Finance Companies (NBFC) for loans upto Rs 10 lakhs for non-farm income generating activities.
- Under the aegis of Pradhan Mantri MUDRA Yojana, MUDRA has already created the following products /schemes :

- Shishu : covering loans upto 50,000/-
- Kishor : covering loans above 50,000/- and upto 5 lakh
- Tarun : covering loans above 5 lakh and upto 10 lakh
- The interventions have been named 'Shishu', 'Kishor' and 'Tarun' to signify the stage of growth / development and funding needs of the beneficiary micro unit / entrepreneur and also provide a reference point for the next phase of graduation / growth to look forward to.
- It would be ensured that at least 60% of the credit flows to Shishu Category Units and the balance to Kishor and Tarun Categories.
- The funding support from MUDRA are of four types :
  - Micro Credit Scheme (MCS) for loans upto 1 lakh finance through MFIs.
  - Refinance Scheme for Commercial Banks / Regional Rural Banks (RRBs) / Scheduled Co-operative Banks
  - Women Enterprise program
  - Securitization of loan portfolio

##### ***What is the impact of PMMY ?***

- PMMY loans have increased the availability of credit at the bottom the pyramid.
- They have helped in strengthening and expanding the existing micro and small enterprises and have also provided the fillip to new enterprises, thus generating employment.





- Around 90 percent of the loans by number are from Sishu category
- Their impact is substantial on the informal business sector, thereby promoting growth and employment.
- The fact that around 55 percent of the borrowers are from SC/ ST/ OBC category indicates the fulfillment of several objectives, putting the underserved first.
- PMMY loans have been instrumental in extending loans to women and expanding their participation in the labor market.
- Around 28 percent of PMMY loans have been extended to new entrepreneurs.

#### ***What factors lead PMMY to create a positive lending ecosystem ?***

- To mitigate the issue of collaterals, MUDRA is offering a Credit Guarantee Product. MUDRA Credit Guarantee is extended by creation of a Fund called **“Credit Guarantee Fund for Micro Units” [CGFMU]** and the scheme has been notified by GoI vide its notification dated April 18, 2016. Accordingly, all eligible micro loans sanctioned since April 08, 2015 is covered under the Scheme.
- Different banks like Commercial Banks, Regional Rural Banks and Scheduled Cooperative Banks are eligible to avail of **refinance support** from MUDRA for financing micro enterprise activities.
- **MUDRA Card** is a debit card issued against the MUDRA loan account, for working capital portion of the loan. The

borrower can make use of MUDRA Card in multiple withdrawal and credit, so as to manage the working capital limit in a most efficient manner and keep the interest burden minimum.

- MUDRA also supports Banks / NBFCs / MFIs for **raising funds** for financing micro enterprises by participating in securitization of their loan assets against micro enterprise portfolio, by providing second loss default guarantee, for credit enhancement and also participating in investment of Pass Through Certificate (PTCs) either as Senior or Junior investor.
- MUDRA adopts a **credit- plus approach** and offer Developmental and Support services to the target audience. It will act as a market maker and build –up an ecosystem with capacities to deliver value in an efficient and sustainable manner.
- MUDRA, being an initiative for promoting micro enterprises, is making all efforts to draw **synergies between NRLM, NULM and MUDRA** interventions for supporting micro enterprises and creating sustainable livelihood opportunities for the poor.

### **5. MSMEs : NEW ENGINES OF GROWTH AND EMPLOYMENT**

#### ***What is the importance of MSME?***

- The Micro, Small and Medium Enterprises (MSME) sector continues to contribute significantly towards the overall positive socio economic development of India.



- Each enterprise holds substantial value as it provides not only self employment but also opportunities to exponentially create jobs.
- Even the smallest enterprise propels the Great Indian Growth story.
- There exist over seven crores MSMEs that create around twelve crores jobs in the country across various types of enterprises.
- This sector offers wide range of opportunities for self employment as well as jobs after agricultural sector.
- **A Scheme for Promotion of Innovation, Rural Industry and Entrepreneurship (ASPIRE)**, has been launched on 16.03.2015 with an objective to set up a network of technology centers, incubation centres to accelerate entrepreneurship and also to promote start-ups for innovation and entrepreneurship in rural and agriculture based industry with a fund of Rs.210 crores.
- The objectives **Scheme of Fund for Regeneration of Traditional Industries (SFURTI)** is to organize the traditional industries and artisans into clusters to make them competitive and provide support for their long term sustainability by way of enhancing the marketability of products, improving the skills of artisans, making provision for common facilities and strengthening the cluster governance systems.

#### **What are the GOI interventions to promote MSMEs ?**

- **Udyog Aadhaar Memorandum (UAM)** : This is a path breaking step to promote ease-of-doing-business for MSMEs in India as the UAM replaces the filing of Entrepreneurs' Memorandum (EM part-I & II) with the respective States/UTs.
- The cumbersome filing of EM has now been dispensed with and the entrepreneurs in the MSME sector just need to file online, a simple one-page UAM on <http://udyogaadhaar.gov.in> to instantly get a unique Udyog Aadhaar Number (UAN).
- **Prime Minister's Employment Generation Programme (PMEGP)** is the flagship programme of the government offering credit linked subsidy to establish new enterprises for generating continuous and sustainable employment opportunities in Rural and Urban areas of the country.
- **Credit Guarantee Trust Fund for Micro and CGTMSE Scheme** : CGTMSE was set up to strengthen credit delivery system and facilitate flow of credit to the MSE sector.
- The Credit Guarantee under CGTMSE seeks to reassure the lender that, in the event of a MSE unit, which availed collateral free credit facilities, fails to discharge its liabilities to the lender; the CGMSE would make good the loss incurred by the lender up to 85 per cent of the credit facility.



- **Credit Linked Capital Subsidy Scheme (CLCSS) for Technology Upgradation:**

CLCSS aims at facilitating technology upgradation of Micro and Small Enterprises (MSEs) by providing 15% capital subsidy (limited to maximum Rs.15 lakhs) for purchase of Plant & Machinery.

- Maximum limit of eligible loan for calculation of subsidy under the scheme is Rs.100 lakhs.
- Presently, more than 1500 well established/improved technologies under 51 sub-sectors have been approved under the Scheme.

- The **Solar Charkha Mission** of the Ministry of Micro Small & Medium Enterprises (MSME), was launched and the Mission will cover 50 clusters and every cluster will employ 400 to 2000 artisans.

- **Pradhan Mantri MUDRA Yojana (PMMY)** is a scheme launched by the Hon'ble Prime Minister for providing loans upto 10 lakh to the non-corporate, non-farm small/micro enterprises.

- These loans are classified as MUDRA loans under PMMY.

- These loans are given by Commercial Banks, RRBs, Small Finance Banks, Cooperative Banks, MFIs and NBFCs.