APPOLO STUDY CENTRE CHENNAI

# APPOLO STUDY CENTRE

## TNPSC GROUP I MAIN - 2021
## PREMODEL EXAM – VI (HOME TEST)
### PAPER – 3 – UNIT III INDIAN ECONOMY AND CURRENT AFFAIRS

**Time: 3 hours** **Total marks: 250**

**SECTION A** **10 x 10 = 100**

**Answer all the questions. Answer not exceeding 150 words each**

1. **What is e-RUPI? How e-RUPI can transform government's welfare schemes?**
**e-RUPI என்றால் என்ன? அரசின் நலத்திட்டங்களை e-RUPI எவ்வாறு மாற்றும்?**

**How will digital voucher payment system work?**

On August 2, Prime Minister Narendra Modi launched a new digital payment system to send the government's monetary benefits directly to beneficiaries' mobile phones. The e-RUPI platform, developed by the National Payments Corporation of India (NPCI), the Department of Financial Services, the National Health Authority and the Ministry of Health and Family Welfare, is said to be 'leak-proof' and offers non-transferable monetary service to citizens. The e-RUPI system is accessible to anyone with a mobile phone, even if the recipient does not have a bank account. It comes in the form of one-time use e-vouchers to access government health services. It could gradually be implemented to cover welfare services a beneficiary is already receiving from different government agencies.

**What is the need for this?**

The e-RUPI is a digital voucher that can be redeemed by beneficiaries to avail themselves of a specific service. The digital platform does not require a card, app or internet access to redeem an e-voucher. The e-vouchers can be issued by the government or private entities to the beneficiaries through QR codes or long-string SMS. The service is aimed at plugging holes in the existing welfare payment disbursement system. "The idea here is to track and trace how the subsidies and benefits given to citizens are used," Mihir Gandhi, partner at PwC, told The Hindu. Secondly, with e-RUPI, government agencies can keep track of how much of the allocated funds have been disbursed to citizens. Otherwise, carrying out reconciliation for unused subsidies could be an accounting "nightmare for the government", Mr. Gandhi explained.

**How does e-RUPI work and where can it be used?**

The contactless prepaid payment system can be issued by both government agencies and corporate entities to a specific individual to avail a targeted service. The Union government plans to use e-RUPI for its COVID-19 vaccination drive for citizens and gradually implement it as part of other government schemes. To begin with, the NPCI has tied up with more than 1,600 hospitals where e-RUPI can be redeemed. The transaction begins with a QR code or a long-string SMS pushed into a beneficiary's mobile device. The beneficiary will then need to show it to the welfare service provider to authenticate the transaction. Citizens do not have to carry any printout, and as these vouchers are created for a specific purpose, they cannot be transferred or cashed out.

e-RUPI is powered by the NPCI's UPI platform, and the service has authorised 11 banks to issue digital vouchers. These include both private and public banks. Beneficiaries will be identified by their mobile numbers, and the e-vouchers will be sent to their phone through the bank's voucher management system. The digital voucher can only be issued by a government agency or a corporate entity. It cannot be issued by one person to another.

**Is it a digital currency?**

The e-RUPI is built for a specific transaction to avail a service at a particular welfare centre. The digital vouchers have a one-time use case and they can't be transferred. This puts e-RUPI within a voucher-based payment system rather than a virtual currency. But the government's move could be a good starting point to experiment with digital currency. "It can be a preamble to a digital currency, but it may not directly be the platform that is used for the digital currency because UPI will be the overlay on top and below it can be actual or digital currency," Mr. Gandhi said.

**What are some of the challenges in implementation?**

A 2018 research by Harvard University revealed a 33-percentage point gender gap in mobile phone ownership in India. In their study titled 'A tough call: Understanding barriers to and impacts of women's mobile phone adoption in India,' the authors point to the economic and normative barriers as important drivers of the mobile gender gap. They also note that the disparity exists across Indian society, and is not limited to rural, less educated or poorer groups. In the same study, even among men, only 71% owned a cell phone, an essential device to access digital schemes like the e-RUPI vouchers. Online data portal Statista pegs India's smartphone penetration rate at 42% in the financial year 2020 and estimates it to reach 51% by 2025. Closing the mobile gender gap and enabling a large proportion of citizens to own a mobile phone will remain a problem to be solved.

**2. Write a brief note on PLI Scheme?**
**PLI திட்டம் பற்றி சுருக்கமாக எழுதுக.**

The Government introduced a Production Linked Incentive (PLI) scheme for the manufacturing of large-scale electronics, in April 2020. In November 2020, the PLI scheme was extended to 10 other sectors

Apart from cutting down on imports, the PLI scheme also looks to capture the growing demand in the domestic market.

| Production-Linked Incentive (PLI) Scheme | | | |
|---|---|---|---|
| Priority | Sectors | Implementing Ministry/Department | Approved financial outlay over a five-year period |
| 1. | Advance Chemistry Cell (ACC) Battery | NITI Aayog and Department of Heavy Industries | Rs 18,100 crore |
| 2. | Electronic/Technology Products | Ministry of Electronics and Information Technology | Rs 5,000 crore |
| 3. | Automobiles and Auto Components | Department of Heavy Industries | Rs 57,042 crore |
| 4. | Pharmaceuticals drugs | Department of Pharmaceuticals | Rs 15,000 crore |
| 5. | Telecom & Networking Products | Department of Telecom | Rs 12,195 crore |
| 6. | Textile Products: MMF segment and technical textiles | Ministry of Textiles | Rs 10,683 crore |
| 7. | Food Products | Ministry of Food Processing Industries | Rs 10,900 crore |
| 8. | High Efficiency Solar PV Modules | Ministry of New and Renewable Energy | Rs 4,500 crore |
| 9. | White Goods (ACs & LED) | Department for Promotion of Industry and Internal Trade | Rs 6,238 crore |
| 10. | Speciality Steel | Ministry of Steel | Rs 6,322 crore |
| Total | | | Rs 145,980 crore |

What is the production linked incentive scheme?

In order to boost domestic manufacturing and cut down on import bills, the central government in March this year introduced a scheme that aims to give companies incentives on incremental sales from products manufactured in domestic units. Apart from inviting foreign companies to set shop in India, the scheme also aims to encourage local companies to set up or expand existing manufacturing units.

So far, the scheme has been rolled out for mobile and allied equipment as well as pharmaceutical ingredients and medical devices manufacturing. These sectors are labour intensive and are likely, and the hope is that they would create new jobs for the ballooning employable workforce of India.

**Why is the production linked scheme needed?**

According to experts, the idea of PLI is important as the government cannot continue making investments in these capital-intensive sectors as they need longer times for start giving the returns. Instead, what it can do is to invite global companies with adequate capital to set up capacities in India.

The kind of ramping up of manufacturing that we need requires across the board initiatives, but the government can't spread itself too thin. Electronics and pharmaceuticals themselves are large sectors, so, at this point, if the government can focus on labour intensive sectors like garments and leather, it would be really helpful," Biswajit Dhar, trade expert and professor at Jawahar Lal Nehru University's Centre for Economic Studies and Planning, sai

**3. Bring out the salient features of Makkalai Thedi Maruthuvam Scheme which was launched recently by Government of Tamilnadu.**
**சமீபத்தில் தமிழக அரசால் தொடங்கப்பட்ட மக்களை தேடி மருத்துவம் திட்டத்தின் சிறப்பு அம்சங்களை வெளிக்கொணர்க**

Tamil Nadu Chief Minister MK Stalin launched the 'Makkalai Thedi Maruthuvam' (healthcare at your doorstep), a first-of-its-kind initiative, at Samanapalli village in Krishnagiri.

The scheme aims to tackle non-communicable diseases in the state and ensure that health services are delivered at the doorsteps of beneficiaries.

The scheme will cover 1,172 health sub centres, 189 primary health centres and 50 community health centres in 50 universal health coverage blocks across the state. In addition, this scheme will also be implemented in one zone in three corporations (Tirunelveli, Coimbatore and Greater Chennai Corporation), covering 106 sectors and 21 urban primary health centres. The scheme will further be upscaled to cover the entire state by the end of 2021.

The scheme is being implemented at a tentative annual cost of Rs 257.16 crores, which includes Rs 195.70 crore for rural areas and Rs 61.46 crore for urban areas, according to the GO issued by the Tamil Nadu government.

Speaking at the event, Chief Minister MK Stalin said, "This project will benefit people who are above 45 years and in vulnerable categories with blood pressure and diabetes who will get healthcare facilities at their doorsteps. Through this, congenital disorders and jaundice will be identified earlier. Apart from this, dialysis and psychotherapy will be provided at doorsteps and medicines will be given to people identified with diabetes and other issues."

Stalin added, "Funds were allotted for this project and it was launched to achieve the vision for the next ten years to provide healthcare for all. This has been implemented in eight districts in the first phase namely Krishnagiri, Madurai, Coimbatore, Salem, Thanjavur, Trichy, Tirunelveli and Chennai and it will be extended to other districts later. Similarly, one crore people in 30 lakh families in the state will get benefits by the end of this year."

A field team comprising Women Health Volunteers (WHV) under the Tamil Nadu Corporation for Development of Women (TNCDW), existing ASHAs in tribal areas, Mid-level Health Providers, Village Health Nurses, Health Inspectors, Palliative Care Staff Nurses and Physiotherapists with the monitoring support other filed health staff would be deployed to provide home-based health care services, the order added.

The Covid-19 pandemic has exposed the frailties of Institutional based care delivery such as access to drugs, dialysis facilities, palliative care, geriatric care services, etc. These were compromised during the lockdown resulting in increased morbidity and mortality due to infections other than coronavirus across the state. There is a need felt to strengthen the responsiveness of the state's health system by providing holistic home-based health care services addressing the health needs of all members of a household. Consequently,

’Makkalai Thedi Maruthuvam’ would offer a comprehensive set of health care services to ensure a continuity of care, sustainability of all services,” the order read.

**4. Mention the significance of PM Ujjawala Yojana**
**பிரதம மந்திரி உஜ்ஜவாலா திட்டத்தின் முக்கியத்துவம் குறித்து எழுதுக**

**Launched : May 1, 2016.**

**Main Objective :** To distribute free LPG connections to the women belonging to 5 crore BPL families across the country. The target was later revised to 8 crore LPG connections by March 2020. PM Narendra Modi handed over 8 croreth connection to Ayesha Sheikh Rafique under the PMUY on September 7, 2019 in Sendra, Aurangabad (Maharashtra).

**Salient Features of Ujjwala scheme are following:**

- Cabinet Committee on Economic Affairs (CCEA) approved ₹8000 crore for the next 3 years.
- Pradhan Mantri Ujjwala Yojana will provide 5 crore LPG connections to BPL families, with the financial support of ₹1600.
- Connections have been issued on the name of women beneficiaries.
- EMI facility provided for stove and refill cost.
- Vice President M. Venkaiah Naidu handed over 6 croreth LPG connection under PMUY to Smt. Jasmina Khatoon from Shivpark, Khanpur, Delhi.
- Coverage of LPG connections has jumped from 55% in 2014 to 96-9% (27-5 crore) LPG connections at the end of 2019.
- Universal PMUY now covers release of LPG connections under PMUY to all poor on account of their names not been covered in earlier identified categories like identified through socio-economic caste census list and in case the names are not appearing in the SELC list, beneficiaries are identified from categories, i.e., SC/STs households, beneficiaries of Pradhan - mantri Awas Yojana (Gramin), Antyodaya Anna Yojana, Forest dwellers, Most Backward Classes, Tea and Ex. 7 Tea Garden, Tribes and people residing in Islands/river islands.
- Poor families who could not get LPG connection under PMUY in any of the above categories are now eligible to get a connection subject to fulfilling the eligibility norms and furnishing required documents.
- WHO hailed PMUY as decisive intervention to facilitate the switch to clean household energy use, thereby addressing the problems associated with Indoor Household pollution)

**Modi launches Ujjwala 2.0 scheme**

❖ PM says gas connection will provide biggest relief to lakhs of migrant worker families in the country
❖ Prime Minister Narendra Modi on Tuesday launched the second phase of the Ujjwala gas connection scheme for the poor, and said that it would provide the biggest relief to lakhs of migrant worker families in the country.
❖ Under Ujjwala 2.0 (Pradhan Mantri Ujjwala Yojana), migrant workers would no longer have to struggle to get address proof documents to get the gas connections, Mr. Modi said.
❖ Mr. Modi launched the first phase of the scheme in 2016 from Ballia, also in Uttar Pradesh, ahead of the previous Assembly election. Uttar Pradesh is scheduled to go to the polls in early 2022.

**5. National Civil Aviation Policy 2016 ensured regional Air connectivity – Discuss**
**தேசிய உள்நாட்டு விமானக் கொள்கை 2016 பிராந்திய விமான இணைப்பை உறுதி செய்தது – விவாதி**

Union Cabinet on June 15, 2016 approved the much-awaited national civil aviation policy. Dubbing it as a game changer, Civil Aviation Minister Ashok Gajapathi Raju said the country's aviation sector is poised to become the world's third largest by 2022.

1. Govt, scraps 5/20 norms to allow Indian carriers to fly abroad. Any domestic airline can start international operations if it has 20 aircraft fleet. Airlines no longer need to wait for 5 years before starting international operations.

2. Refund of cancelled tickets to be paid in 15 days.

3. Fares on Regional Connectivity Scheme (RCS) routes to be ₹2500 inclusive of taxes for an hour flight and ₹ 1,200 for 30 minutes flight.

4. Regional Connectivity Scheme (RCS) to revive unserved airports and routes in Tier II/III cities.

**UDAN Scheme 2016**

The primary objective of RCS is to facilitate / stimulate regional air connectivity by making it affordable.

Promoting affordability of regional air connectivity is envisioned under RCS by supporting airline operators through (1) concessions by Central Government, State Governments (reference deemed to include Union Territories as well, unless explicitly specified otherwise) and airport operators to reduce the cost of airline operations on regional routes / other support measures and

(2) financial (viability gap funding or VGF) support to meet the gap, if any, between the cost of airline operations and expected revenues on such routes.

This scheme is a part of the National Civil Aviation Policy (NCAP) and is funded jointly by the GoI and the state governments. The following are its salient features:

The scheme duration is for 10 years

Airlines participating in UDAN are selected through a competitive bidding process

**The Central government will provide the following:**

- Subsidy to cover Value Gap funding (VGF) for participating airlines
- Concessional GST on tickets booked using the scheme
- Code sharing for flights under the policy

**State Governments will extend the following measures:**

- GST reduction to 1% for 10 years
- Coordination with oil companies to facilitate refuelling facilities
- Provide land for airport and ancillary development
- Trained security personnel
- Utilities at subsidised rates
- 20% of VGF

**Airport operators such as AAI will provide the following concessions:**

- No parking, landing and storage charges at participating airports
- Nil TNLC (Terminal Navigation Landing Charges)
- Allow ground handling by the airline selected through the bidding process
- RNCF (Route Navigation and Facilitation Charges) will be discounted to 42.4% of normal rates by the Airports Authority of India

6. **Mention the important features of National Policy on Bio-Fuels.**
**உயிரி எரிபொருள் மீதான தேசியக்கொள்கையின் முக்கிய அம்சங்களை குறிப்பிடுக**

The Union Cabinet, chaired by the Prime Minister Shri Narendra Modi has approved National Policy on Biofuels-2018.
Salient Features:

- The Policy categorises biofuels as 'Basic Biofuels' viz. First Generation (1G) bioethanol bio-diesel and 'Advanced Biofuels' Second Generation (2G) ethanol, Municipal Solid Waste (MSW) to drop-in fuels, Third Generation (3G) biofuels, bio-CNG etc. to enbale extension of appropriate financial and fiscal incentives under each category.

- The Policy expands the scope of raw material for ethanol production by allowing use of Sugarcane Juice, Sugar containing materials like Sugar Beet, Sweet Sorghum, Starch containing materials like Corn, Cassava, Damaged food grains like wheat, broken rice, Rotten Potatoes, unfit for human consumption for ethanol production.

- Farmers are at a risk of not getting appropriate price for their produce during the surplus production phase. Taking this into account, the Policy allows use of surplus food grains for production of ethanol for blending with petrol with the approval of National Biofuel Coordination Committee.

- With a thrust on Advanced Biofuels, the Policy indicates a viability gap funding scheme for 2G ethanol Bio refineries of ₹ 5000 crore in 6 years in addition to additional tax incentives, higher purchase price as compared to 1G biofuels.

- The Policy encourages setting up of supply chain mechanisms for biodiesel production from non-edible oilseeds, Used Cooking Oil, short gestation crops.

- Roles and responsibilities of all the concerned Ministries/Departments with respect to biofuels has been captured in the Policy document to synergise efforts

7. **Write a short note on the following.**
**பின்வருவனவற்றிற்கு சிறுகுறிப்பு வரைக**

**a. Jal Sakthi Abhiyan**

Union Jal Shakti Minister, Shri Gajendra Singh Shekhawat on July 1, 2019 announced the commencement of the Jal Shakti Abhiyan—a campaign for water conservation and water security. The campaign will run through citizens participation during the monsoon season, from 1st July, 2019 to 15th September, 2019. An additional Phase 2 will be run from 1st October, 2019 to 30th November, 2019 for States receiving the North East retreating monsoons. The focus of the campaign will be on water stressed districts and blocks.

**Action Plan**

- The Jal Shakti Abhiyan is a collaborative effort of various Ministries of the Government of India and State Governments, being coordinated by the DDWS.

- Teams of officers from the central government will visit and work with district administration in 1592 water stressed blocks in 256 districts, to ensure five important water conservation interventions.

- These will be water conservation and rainwater harvesting, renovation of traditional and other water bodies/tanks, reuse, bore well recharge structures, watershed development and intensive afforestation.

- These water conservation efforts will also be supplemented with special interventions including the development of Block and District Water Conservation Plans, promotion of efficient water use for irrigation and better choice of crops through Krishi Vigyan Kendras.

**b. Jal Jeevan Mission**

**சிறுகுறிப்பு வரைக**

Jal Jeevan Mission, is envisioned to provide safe and adequate drinking water through individual household tap connections by 2024 to all households in rural India. The programme will also implement source sustainability measures as mandatory elements, such as recharge and reuse through grey water management, water conservation, rain water harvesting. The Jal Jeevan Mission will be based on a community approach to water and will include extensive Information, Education and communication as a key component of the mission. JJM looks to create a jan andolan for water, thereby making it everyone's priority

**The broad objectives of the Mission are:**

- To provide FHTC to every rural household. Functional Household Tap Connection
- To prioritize provision of FHTCs in quality affected areas, villages in drought prone and desert areas, Sansad Adarsh Gram Yojana (SAGY) villages, etc.
- To provide functional tap connection to Schools, Anganwadi centres, GP buildings, Health centres, wellness centres and community buildings
- To monitor functionality of tap connections.
- To promote and ensure voluntary ownership among local community by way of contribution in cash, kind and/ or labour and voluntary labour (shramdaan)
- To assist in ensuring sustainability of water supply system, i.e. water source, water supply infrastructure, and funds for regular O&M
- To empower and develop human resource in the sector such that the demands of construction, plumbing, electrical, water quality management, water treatment, catchment protection, O&M, etc. are taken care of in short and long term
- To bring awareness on various aspects and significance of safe drinking water and involvement of stakeholders in manner that make water everyone's business

8. **Write a short note on the following.**
**பின்வருவனவற்றிற்கு சிறுகுறிப்பு வரைக**

a. **PM – WANI Scheme.**
**PM – WANI திட்டம்**

**PM-WANI Launched**

The Union Cabinet chaired by the Prime Minister, Shri Narendra Modi has given its approval on December 9, 2020 for the proposal of DoT for setting up Public Wi-Fi Networks by Public Data Office Aggregators (PDOAs) to provide public Wi-Fi service through Public Data Offices (PDOs) spread across length and breadth of the country to accelerate proliferation of Broadband Internet services through Public Wi-Fi network in the country. There shall be no license fee for providing Broadband Internet through these public Wi-Fi networks. The proposal will promote the growth of Public Wi-Fi Networks in the country and, in turn, will help in proliferation of Broadband Internet, enhancement of income and employment and empowerment of people.

**Salient Features**

- This Public Wi-Fi Access Network Interface will be known as PM-WANI.
- PM-WANI ecosystem will be operated by different players as described herein under :
- Public Data Office (PDO) : It will establish, maintain, and operate only WANI compliant Wi-Fi Access Points and deliver broadband services to subscribers.
- Public Data Office Aggregator (PDOA): It will be an aggregator of PDOs and perform the functions relating to Authorization and Accounting.
- App Provider : It will develop an App to register users and discover WANI compliant Wi-Fi hotspots in the nearby area and display the same within the App J for accessing the internet service.
- Central Registry : It will maintain the details of App Providers, PDOAs, and PDOs. To begin with, the Central Registry will be maintained by C-DoT.

**Objectives of PM –WANI**

- While no registration would be required for PDOs, PDOAs and App Providers will get themselves registered with DoT through online registration portal (SARALSANCHAR) of DoT, without paying any registration fee. Registration shall be granted within 7 days of the application.
- This is expected to be more business friendly and in line with efforts for ease of doing business. COVID-19 pandemic has necessitated delivery of stable and high speed Broadband Internet (data) services to an increasingly large number of

subscribers in the country including areas which do not have 4G mobile coverage. This can be achieved by deployment of Public Wi-Fi.

- Further, the proliferation of public Wi-Fi will not only create employment but also enhance disposable incomes in the hands of small and medium entrepreneurs and boost the GDP of the country.

- Proliferation of Broadband Services through public Wi-Fi is a step towards digital India and consequential benefit thereon.

- No License Fee for providing broadband internet services using public Wi-Fi Hotspots will massively encourage its proliferation and penetration across the length and breadth of the country. Availability and use of Broadband will enhance incomes, employment, quality of life, ease of doing business etc.

**b. National Digital Health Mission**
**தேசிய எண்ம ஆரோக்கிய திட்டம்**

With the aim to create an ecosystem for providing better healthcare services in the country, Prime Minister Narendra Modi announced the National Digital Health Mission (NDHM) on August 15, 2020, the 74th Independence Day of India.

**Highlights :**
The current digital infrastructure of the country that identifies and connects people while simplifying their day-to-day life through digital means includes Aadhaar Unique Identity (UID), JAM trinity (Jan Dhan-Aadhaar-Mobile) and Unified Payments Interface (UPI).

This strong digital infrastructure base acts as a launcher for NDHM to further develop and enhance healthcare in the country through digital management.

The primary institutions responsible for governing and implementing the mission include Ministry of Health and Family Welfare (MoHFW). Ministry of Electronics and Information Technology (MeitY) and National Health Authority (NHA).

NDHM will implement the following digital systems across the country

**Health ID :** Implementation of a Unique Health ID (UHID) just like an Aadhaar ID to identify and authenticate an individual based on past health records. To create a wide network of health records, the data will also be shared with various stakeholders after getting an informed consent from the individual.

**Digi Doctor** : A repository of doctors with individual details like name, institution, qualification, specialization and years of experience among other necessary details. The directory of doctors will be updated from time to time and mapped with the facilities those doctors are associated with.

**Health Facility Register (HFR):** A repository of Health Facilities across the country. HFR will be centrally maintained and facilitate standardised data exchange of private and public health facilities in India. Health facilities will also be allowed to update their profiles periodically.

**Personal Health Records (PHR) :** A PHR is an electronic record of an individual which would contain health-related information of that individual. The data contained in PHR could be drawn from multiple sources and will be managed and controlled by the individual, who can update/ edit information.

**Electronic Medical Records (EMR) :** An app that contains medical and treatment history of a patient. EMR is envisaged to be a web-based system that would contain comprehensive health related information of a patient at a facility. This would help clinicians track their patients, monitor their health and suggest preventive check-ups and screenings

**9. Highlight the salient features of Telecom Policy 2012**
**தொலைதொடர்பு கொள்கை 2012-இன் சிறப்பம்சங்களை வெளிக்கொணர்க**

The Govt, of India has approved a National Telecom Policy 2012, which will replace more than a 12 years old telecom regulations. Now mobile service users will be able to avail FREE Roaming and keep their Phone Numbers even if they switch service providers anywhere in the country with the Nation Wide Intra Circle MNP as proposed in the new Telecom Policy. The New Telecom Policy recommends one Nation, one license policy across services and service areas to abolish Roaming charges. The distinction between local and STD calls would vanish, as the policy aims at a 'one-nation-one licence' regime.

With the implementation of new National Telecom Policy, Now Telecom operators / Mobile Service providers would not require any separate licences for operations in various parts of the country and a single licence would suffice.

Under the new telecom policy, telecom ministry also provisions for inter-circle Mobile Number Portability (MNP) i.e., Full MNP, which involves changing an operator while retaining the same phone number in different telecom circles.

**Highlights of New National Telecom Policy 2012**

- One Nation-One License to mean removal of Roaming Charges on Mobile phone service.
- Full Mobile Number Portability and work towards One Nation— Free Roaming.
- Efforts Towards 'Right to Broadband'.
- Affordable and reliable Broadband on demand by 2015 and to achieve 175 million broadband connections by the year 2017 and 600 million by the year 2020.
- Mission is to have special coverage of Remote, Rural areas across India.
- Protect consumer interest by promoting informed consent, trans-parency and accountability in quality of service, tariff, usage etc.

- Convergence of services will cover voice, data, video, Internet, VAS.
- De-link licenses issuances and spectrum allocations.
- Spectrum to be made available at market valuations.
- Seek TRAI recommendation on license framework.

**10. Critically analyse the R & D Infrastructure in India.**
**இந்தியாவில் ஆராய்ச்சி மற்றும் மேம்பாட்டு உள்கட்டமைப்பை பகுப்பாய்வு செய்க**

As per a study of the National Science and Technology Management Information System (NSTMIS), India's gross research spending on R&D has consistently been increasing over the years.

- ❖ While India spent 0.69 per cent of its GDP on R&D in 2014-15, other major countries spent much more.
- ❖ India topped the list with regard to the government's participation in R&D but hit the bottom in terms of participation of institutions of higher education.
- ❖ The central government accounted for 45.1 per cent of total expenditure, followed by private sector industries (38.1 per cent), state governments (7.4 per cent), higher education sector (3.9 per cent) and the public sector industries (5.5 per cent).
- ❖ Women's participation in extra mural R&D projects has increased significantly from a mere 13% in 2000-01 to 29 % in 2014-15.
- ❖ The country's share in global research publications increased from 2.2 per cent in 2000 to 3.7 per cent in 2013 while the number of researchers per million population increased from 110 in 2000 to 218 in 2015.

**NIDHI (National Initiative for Development and Harnessing Innovations)**

- ❖ It's an umbrella program by the Department of Science & Technology (DST) for nurturing ideas and innovations (knowledge-based and technology-driven) into successful startups.
- ❖ Aim: to provide technological solutions not only to the pressing needs of the society but also targets to create new avenues for wealth and job creation.

**KIRAN (Knowledge Involvement in Research Advancement through Nurturing)**

- ❖ Implemented by Department of Science & technology

- Aim: To bring gender equality to the field of science and technology and build leadership positions for women
- Objective: To increase the number of lady researchers in the country, and to provide research grants, especially to those who are female researchers and technologists taking a break in their career due to household or domestic compulsions.

**Atal Innovation Mission (AIM)**

- It is government's endeavour (including Self-employment and Talent Utilization) to promote a culture of innovation and entrepreneurship.
- Its objective is to serve as a platform of world-class Innovation Hubs, Grand Challenges, Start-up businesses and other self-employment activities, particularly in technology areas.

**Two core functions of AIM:**

- Entrepreneurship promotion through Self-Employment and Talent Utilization (SETU) where innovators will be supported and mentored.
- Innovation promotion – to provide a platform where innovative ideas will be generated.

**Atal Tinkering Lab (ATL) Community Day**

- It is an initiative under which 25 young mentors will interact with over 200 children not enrolled in formal education system by conducting brief sessions.
- It is aimed at maximising the impact of Atal Tinkering Lab by extending innovation to children with a purpose to provide them with same educational tools as the students in ATL to enable them to become problem solvers and inspire the spirit of innovation.

**Atal Tinkering Labs**

- They are dedicated innovation play workspaces for students between class 6-12 to learn innovation skills and develop ideas for stimulating innovations.
- Atal Innovation Mission supports establishment of ATLs for realising the need to create scientific temper and cultivate the spirit of curiosity, entrepreneurship and innovation among young minds and achieve the vision of "Cultivate one Million children in India as Neoteric Innovators."
- Under ATLs children will get a chance to work with tools and equipment to understand what, how and why aspects of STEM (Science, Technology, Engineering and Math)
- These labs are equipped with state of the art technology like 3D printers, robotics, sensory technology kits, Internet of Things etc. and are designed to spur the spark of creativity and go beyond regular curriculum and text book learning.

**Other Initiatives under ATLs**

- Unbox Tinkering – It is a training workshop for ATL In-charge to make them understand the philosophy of the Labs and technically equip them to guide the students.
- ATL School of the Month Challenge– These were conducted to engage the ATLs.
- Atal Tinkering Marathon – They are a 2 month long events that align with national mission and focus on clean energy, health,
- smart mobility, smart agriculture, waste management and water resources. The top performer in the event gets to participate at multiple external events such as World Robotics Olympiad and Maker Faire.
- Mentor India programme: It's a strategic nation building initiative to engage leaders who can guide and mentor schools students in over 900 Atal Tinkering Labs established by Atal Innovation Mission (AIM) in schools across India

**Department of Science and Technology (DST)**

- VAJRA (Visiting Advanced Joint Research) faculty scheme
- It is being implemented by Science and Engineering Research Board to enable NRI and overseas scientists community to participate and carry out R&D in the country.
- International Faculty/ scientists/ technologists including Non-resident Indians (NRI) and Persons of Indian Origin (PIO) / Overseas Citizen of India (OCI) are offered adjunct / visiting faculty positions in Indian Institutions/ Universities for a period of 1-3 months under this scheme.
- The faculty can also undertake the role of teaching /mentoring apart from R&D.
- Public funded institutions and national laboratories are allowed to host the VAJRA faculty.
- Ramanujan Fellowship Program:
- for Indian scientists and engineers from all over the world, especially those who
- wish to return to India, to take up scientific research positions at any of the scientific institutions and universities in India.
- All areas of science are covered under this Fellowship and the Fellowship is given for 5 years duration with financial support.
- This along with other schemes were referred by Indian delegation to the
- Biotechnology Innovation Organization (BIO) 2017 held in San Diego
- Innovation in Science Pursuit for Inspired Research (INSPIRE) Faculty Scheme: offers a contractual research positions to Indian citizens and people of Indian origin including NRI/PIO status with PhD (in science, engineering, pharmacy, medicine, and agriculture related subjects) from any recognized university in the world.

**Department of Biotechnology (DBT)**

- Ramalingaswami Re-entry Fellowship for Indian Nationals who are working overseas in various fields of biotechnology and life sciences and are interested in taking up
- scientific research positions in India.
- It allows fellows to work in any of the scientific institutions/ universities in the country and would also be eligible for regular research grant through extramural and other research schemes of various S&T agencies of the Government of India.

- DBT also runs Welcome Trust Fellowship Program (Indian scientists, physicians researchers and bio-engineers), and Energy Biosciences Overseas Fellowship (scientists of Indian origin working outside India to pursue R&D in an Indian scientific institute /university in fields of energy related biological sciences and bio-energy).
- Biotechnology Innovation Organization (BIO)
- BIO is the world's largest trade association representing biotechnology companies, academic institutions, state biotechnology centers and related organizations across the United States and in more than 30 other nations. BIO members are involved in the research and development of innovative healthcare, agricultural, industrial and environmental biotechnology products.
- The BIO International Convention, hosted by BIO since 1993, is the largest global event for the biotechnology industry and attracts the biggest names in biotech, offers key networking and partnering opportunities, and provides insights and inspiration on the major trends affecting the industry. The BIO International Convention helps BIO fulfill its mission to help grow the global biotech industry.

## SECTION – B

**10 x 15 = 150**

**Answer all the questions. Answer not exceeding 250 words each**

**11. Explain the need of PPP in infrastructure development of India.**
**இந்தியாவில் உள்கட்டமைப்பு மேம்பாட்டில் PPP இன் தேவை பற்றி விளக்குக**

**The Public Private Partnership (PPP)** Vertical is actively working towards deepening the reach of public-private partnerships as the preferred mode for implementation of infrastructure projects. It seeks to create timebound world-class infrastructure and attract private-sector and institutional capital in infrastructure.

**Appraisal of Central Government PPPs by Public Private Partnership Appraisal Unit (PPPAU)**

During 2020–21(1 April 2020 to 31 March 2021), 125 PPP projects, with a total cost of Rs 1,72,314 crore, were appraised by the Vertical. This includes 123 Central Government projects and two State projects. The sector-wise distribution of the PPP projects (including the projects under the VGF scheme) appraised is given in the table below:

| S. No. | Project Appraised | No. of Projects | Total Cost (Rs. In Crores) |
|---|---|---|---|
| 1 | Roads | 69 | 63,279 |
| 2 | Ports | 12 | 3,359 |
| 3 | Eco Tourism | 10 | 2,232 |
| 4 | Silos | 1 | 401 |
| 5 | Petroleum Reserves | 4 | 27,728 |
| 6 | Ropeway | 1 | 996 |
| 7 | Telecom | 9 | 29,199 |
| 8 | Railway Stations | 6 | 7,600 |
| 9 | Railway Passenger Trains | 12 | 30,099 |
| 10 | Metro | 1 | 7,420 |
| | **Total** | **125** | **1,72,314** |

**Major Projects**

**1. National Programme on Advance Chemistry Cell Battery Storage**

NITI Aayog has formulated the contours of the National Programme on Advance Chemistry Cell Battery Storage. The programme pertains to the provision of suitable fiscal incentives and a single-window framework to facilitate investment into 50 GWh of the domestic advance cell manufacturing industry. India's accelerating progress in EVs and renewable energy deployment necessitates the facilitation of investments in such giga factories to indigenise battery production and partake in a sunrise industry. This will also enable less import dependence and secure the future of energy and transport sectors in India. The Union Cabinet recently approved the PLI scheme for 10 sectors. ACC battery was one of the sectors identified for inclusion in the PLI scheme for enhancing India's manufacturing capabilities and exports under the vision of 'Aatmanirbhar Bharat'.

**2. Redevelopment of Railway Stations through Public-Private Partnership**

NITI Aayog has been working closely with the Ministry of Railways in fast-tracking the railway stations' redevelopment programme across the country. As part of this endeavour, consultations have been undertaken with various stakeholders for evaluation and redressal of challenges. A self-sustainable PPP-based model for development of world-class stations has been finalised and approved. NITI Aayog helped the Ministry of Railways to finalise the concession terms and bidding documents for the same, based on which bidding processes for 10 stations were initiated in FY2020–21.

**3. Passenger Train Operations by Private Sector through Public-Private Partnership**

NITI Aayog, along with the Ministry of Railways, is spearheading landmark reforms in the passenger train operations' space through the PPP mode. Private participation in sourcing and operation of modern technology trains for better passenger experience is one such initiative. NITI Aayog supported Railway Ministry in the end-to-end process for the project, including conceptualisation, transaction structuring, finalisation of concession terms, preparation of bid documents, and stakeholder consultations. Pursuant to such efforts, the bidding process for 12 clusters on 109 origin destination pairs involving 150 trains has been initiated.

**4. Eco-Tourism Facilities through Public-Private Partnerships**

As part of NITI Aayog's initiative for holistic development of islands, the bidding process for the development of sustainable eco-tourism projects in seven islands of Andaman and Nicobar and Lakshadweep has been undertaken. Several other islands have also been identified for development under the second phase of the project. To effectively facilitate development of such eco-tourism facilities, a model concession agreement has been formulated that can be suitably adopted for such projects. During the last fiscal, the bidding process for eco-tourism facilities for four islands in Andaman and Nicobar was undertaken. The vertical provided the required support to the UT administration in engaging consultants through competitive bidding for holistic master planning of the islands and timely structuring of PPP transactions.

### 5. Redevelopment of Jawaharlal Nehru (JLN) Stadium on PPP Mode

During 2020–21, NITI Aayog worked closely with the Ministry of Youth Affairs and Sports in finalizing the strategy for redevelopment of the JLN stadium in Delhi. The project is to be executed through PPP by leveraging the mixed-use/real-estate development potential available around the stadium. The key objectives of this project are to promote the holistic development of the stadium and develop the unutilised/underutilised spaces for complementary commercial activities to maximise revenue streams. NITI Aayog, along with the Ministry of Youth Affairs and Sports, undertook pre-feasibility analysis of the project to assess viability and initial feasibility through the PPP mode. NITI Aayog is assisting the Ministry of Youth Affairs and Sports in the preparation for the launch of the transaction.

### 6. Setting up Integrated Schools for Sports and Academics at Sports Authority of India (SAI) Centres through Public-Private Partnerships

During 2020–21, NITI Aayog supported the Ministry of Youth Affairs and Sports to develop a PPP framework for establishing and operating integrated schools for sports and academics for students from classes 6–12 at select centres of the Sports Authority of India. SAI operates several schemes for identification and development of young talent. Under the existing schemes and arrangements, students who undergo rigorous coaching in sports find it challenging to balance academics and sports in the traditional education system. The existing educational curriculum and systems do not provide enough flexibility to balance sports and academics. Hence, there is a need to integrate sports and education to encourage and nurture students who can achieve academic goals while also getting trained and pursuing excellence in sports. Such integrated schools will create a vibrant student community by offering an academic system built around sports, with the objective of all-round development of students. A concept note has been developed by NITI Aayog detailing the PPP framework, which is under consideration of the Ministry.

### 7. Development of Serviced Hostels at SAI Centres under Public-Private Partnership Mode

During 2020–21, NITI Aayog worked with the Ministry of Youth Affairs and Sports in developing a PPP framework for setting up serviced hostels with three-star facilities for Sports Authority of India. SAI operates several schemes to support and nurture sporting talent and provides athletes with the requisite infrastructure, coaching and competition exposure. As part of these efforts, SAI is in perennial need for boarding and lodging services. With a view to provide best-in-class boarding and lodging facilities, SAI wants to undertake the development of fully serviced, purpose-built hostel complexes within the campuses of its training centres through PPPs. A concept note has been developed by NITI Aayog detailing the PPP framework, which is under consideration of the Ministry.

### 8. Ropeway-Based Public Transportation System on PPP Mode

NITI Aayog commissioned pre-feasibility studies for the development of ropeway-based public transport systems in Gangtok and Aizawl through the PPP mode during 2020–21. Scarcity of land in urban centres of hilly areas, along with steep road gradients limiting road expansion, is a major constraint in the development of public transport infrastructure.

This creates pressure on the public transport system, with most commuters relying on taxis or private vehicles to commute. A need for a planned public transport system was felt for cities such as Gangtok and Aizawl. Citing this need, NITI Aayog undertook pre-feasibility studies to assess the viability and initial feasibility through the PPP mode. NITI Aayog also prepared a model concession agreement for the development of ropeway projects through the PPP mode. Pursuant to these efforts, the Gangtok project was structured on PPP mode.

**9. Scheme for Inviting Private Investment in Medical Education**

To address the shortage of qualified medical professionals, general practitioners as well as specialists, a scheme for attaching an existing district hospital and developing a medical college through the PPP mode has been developed by the vertical. The unique PPP framework allows for synergy between the private and public healthcare sectors, capitalizing on their respective strengths. The public sector has functional hospitals with rich clinical material, but lacks adequate resources, infrastructure and faculty base required for a medical college. The private sector on the other hand has investible capital, resources, required infrastructure and faculty, but lacks functional hospitals with the requisite clinical material (required as per the extant regulations). Accordingly, a PPP framework has been formulated that combines a Government District hospital with an affiliated academic institution developed by the private partner. Under the proposed model, the District hospital also gets augmented into a teaching medical college as per the Government of India's stipulated medical education regulatory norms with private sector investment. The combined project is to be operated and maintained by the private partner, as per the applicable norms, governed by a detailed concession agreement. The Vertical has developed the model concession agreement and model RFP for medical education during the last fiscal, a copy of which can be accessed from the NITI Aayog website.

**10. Enhancement in Viability Gap Funding for Social Sector**

Social infrastructure projects face viability concerns. Therefore, to boost private investments in social sector infrastructure such as schools and hospitals, enhancement in VGF allocation for social sector projects was approved by the Ministry of Finance in the last fiscal. The PPP vertical worked in close coordination with DEA, Ministry of Finance, in revising the guidelines as part of this strategic revamp of the VGF scheme. Under the scheme, the PPP projects will be proposed by Central Ministries, State Governments, and statutory entities, and VGF of up to 30%, revised from the earlier limit of 20%, will be provided under the scheme for social sector infrastructure projects. This path-breaking reform will benefit PPP projects and provide a boost to private sector investment in social sector infrastructure creation. The revised guidelines for the scheme have been issued by DEA to the various Ministries and States in the last fiscal.

**11. Structuring of BharatNet on PPP Mode**

During 2020–21, NITI Aayog, along with Department of Telecommunications (DoT) finalised the strategy for implementing the BharatNet project through PPP mode. Phase I of the project has already been implemented, while Phase II, which is currently under various stages of implementation, is proposed to be completed through PPP. This will enable leveraging of infrastructure already created by the Government, while capturing the private sector efficiencies, quality and investment for incremental development and impact. NITI

Aayog, along with DoT, undertook detailed analysis of various aspects of the project to arrive at an optimal and commercially viable PPP structure. The structure was then deliberated upon and finalised based on inputs of various committees, investor interactions and stakeholder consultations. Bid documents have been prepared and finalised with support from NITI Aayog. The project, which is proposed to be awarded through a single-stage competitive bidding process, has been submitted for PPPAC approval.

**12. Public-Private Partnership in Space Sector**

Opening up of the space sector to substantial private sector participation was recently approved by the Union Cabinet. During 2020–21, NITI Aayog engaged with the Department of Space for exploring PPP models for an accelerated roll-out of new space infrastructure and technologies. Various self-sustainable structures for building and maintenance of satcom assets through private sector participation were conceptualised by NITI Aayog. These have been shared with the Department of Space for further deliberations/inputs. Recommendations for institutionalizing appropriate PPP policies, extensive participation of entities like New Space India in such models and suitable handholding of the Department for undertaking these projects have been ensured. Leveraging the private sector's reach, funding and capabilities reduces Government support for expansion of the space sector while ensuring innovations, global arrangements, flexibility, and efficiency.

**13. Development of Strategic Petroleum Reserve Facilities (Phase II) on Public Private Partnership Mode**

During 2020–21, NITI Aayog supported the Indian Strategic Petroleum Reserves Limited (ISPRL) for implementing phase II of the strategic petroleum reserve through PPP. ISPRL is developing the strategic petroleum reserve of 6.5 million metric tonne at Chandikhol in Odisha and Padur in Karnataka. The project will augment India's energy security and serve as a cushion during any supply disruption. Phase I of the facilities have already been implemented, while phase II is now proposed to be taken up through PPP. NITI Aayog has actively worked with ISPRL and MoPNG for structuring and launching the project on PPP mode for bidding.

**14. Asset Monetisation Programme**

Investment-led growth is central to the economic agenda of the Government. One of the prerequisites of such growth is capital and asset recycling. In this context, asset recycling and monetisation holds the key to value creation in infrastructure—by unlocking value from public investment and tapping into private-sector efficiencies in delivering infrastructure.

NITI Aayog is steering the recycling and monetisation of various core infrastructure assets. Continuing the progress achieved during FY20, during the last fiscal, further ground was covered in creating an asset pipeline and rolling out infrastructure assets through structured transactions. Notable achievements during the period are as under:

In the first phase, six AAI airports were successfully awarded at no financial implication to the Government Exchequer, leading to enhanced revenues to AAI.

Toll-Operate-Transfer-based concessions were successfully bid out, with an encouraging response from the market. Two bundles have been awarded successfully. The structure has been appreciated by the market and has seen active interest and participation from infra-funds, along with developers.

InvITs have emerged as preferred investment structures for long-term institutional investors. Monetisation of public toll roads as well as transmission towers is in advanced stages of planning through InvIT-based structures.

Railways launched the strategic foray into PPP for private participation in running of passenger trains. The first batch of clusters envisages private train operations on 109 pairs of routes structured as 12 clusters with a targeted private investment of Rs 30,000 crore.

The station redevelopment programme of the Railways has seen significant scale and progress with the launch of RfQ for 10 stations. Extensive stakeholder consultations have been taken up to bring clarity in the project structure and formulation of the model bid documents.

So far, a pipeline of core assets, comprising over 100 falling in 31 broad asset classes, mapped to 10 Ministries/CPSEs and tentatively valued at Rs 5 lakh crore, has been developed. NITI Aayog has sought information from the ministries to create a four-year monetisation pipeline. Some of the potential asset classes that have been identified are toll road bundles, ports, cruise terminals, telecom infrastructure, oil and gas pipelines, transmission towers, railway stations, sports stadium, warehouses, and commercial complexes. Consultations with the respective ministries on possible investment structures are being undertaken.

**15. Review of National Infrastructure Pipeline (NIP) Projects**

The Government had launched the National Infrastructure Pipeline, envisaging Rs 111 lakh crore investment in infrastructure between 2020–25. In this regard, the Hon'ble Finance Minister approved the constitution of a taskforce, of which NITI Aayog is a member. The taskforce interacted with various stakeholders, including Central line ministries, departments, agencies, CPSEs and State-level organisations to understand and collate information regarding the future investment pipeline in infrastructure. NITI Aayog steered the interaction with State Governments and made recommendations for various structural reforms required to facilitate investment into infrastructure. During 2020–21, the final report of the taskforce was launched. As part of the final report, the taskforce on NIP recommended many reforms in the areas of general contract and project management. As part of the committee of secretaries, NITI Aayog actively oversees the progress of projects enlisted in NIP and provides policy-level guidance on issues from time to time.

**12. Explain the role of NITI Aayog in promoting co-operative federalism and competitive federalism.**
**கூட்டுறவு கூட்டாட்சி மற்றும் போட்டி கூட்டாட்சியை ஊக்குவிப்பதில் நிதி ஆயோக்கின் பங்கு பற்றி விளக்கவும்.**

- ❖ In Cooperative federalism the Centre and states share a horizontal relationship, where they "cooperate" in the larger public interest.

- It is an important tool to enable states' participation in the formulation and implementation of national policies.
- Union and the states are constitutionally obliged to cooperate with each other on the matters specified in Schedule VII of the constitution.

❖ In Competitive federalism the relationship between the Central and state governments is vertical and between state governments is horizontal.

- This idea of Competitive federalism gained significance in India post 1990s economic reforms.
- In a free-market economy, the endowments of states, available resource base and their comparative advantages all foster a spirit of competition. Increasing globalisation, however, increased the existing inequalities and imbalances between states.
- In Competitive federalism States need to compete among themselves and also with the Centre for benefits.
- States compete with each other to attract funds and investment, which facilitates efficiency in administration and enhances developmental activities.
- The investors prefer more developed states for investing their money. Union government devolves funds to the states on the basis of usage of previously allocated funds.
- Healthy competition strives to improve physical and social infrastructure within the state.

**Cooperative federalism**

❖ NITI Aayog was formed via a resolution of the Union Cabinet on 1 January 2015. The Governing Council of NITI Aayog, comprising Chief Ministers of all the States and Union Territories with legislatures and Lt Governors of other Union Territories, came into effect on 16 February 2015 via a notification by Cabinet Secretariat. The Governing Council was reconstituted vide a notification dated 19 February 2021 by Cabinet Secretariat.

❖ The Sub-Group of Chief Ministers on the rationalization of Centrally Sponsored Schemes (CSS) was constituted on March 9, 2015 by the Prime Minister in pursuance of the decision taken in the first meeting of the Governing Council of the NITI Aayog held on February 8, 2015.

❖ In pursuance of the decision taken at the first Governing Council Meeting of NITI Aayog held on 8 February 2015, the Sub-group of Chief Minsters on Skill Development was constituted on 9 March 2015 (and partially modified on 24 March 2015) to address issues pertaining to human resources, especially youth and to work on scientific methods on moving towards creating a pool of skilled manpower.

**Competitive federalism**

❖ Aspirations district programme
❖ Various indices
❖ SDG

13. **Write an essay on energy crisis in India and measures undertaken to tackle the energy crisis in India**
**இந்தியாவில் ஆற்றல் நெருக்கடி குறித்தும் அதனை களைவதற்கான வழிமுறைகள் குறித்தும் ஒரு கட்டுரை வரைக**

Crude oil rate
High dependency on import
Less domestic production of crude oil
Coal industry not performing well
Demand supply mismatch in all commercial energy

**Measures**

Stepping up oil production
Substitution of oil by coal
Renewable energy sources
Expansion of electric power
Energy conservation
Biofuels

14. **State Electricity Board's losses holding back power sector reforms in India – Discuss with special reference to Tamil Nadu**
**மாநில மின்சார வாரியங்களின் இழப்புகள் இந்திய மின்சாரத்துறை சீர்திருத்தங்களை தடுக்கிறது – தமிழ்நாடு குறித்த சிறப்புக் குறிப்புடன் விவாதி**

Tariff regulation, debt, theft, transmission loss, poor quality of coal, inadequate billing, free electricity supply, subsidy

UDAY SCHEME

Ministry of Power, GoI launched Ujwal DISCOM Assurance Yojana (UDAY) which was approved by Union Cabinet on 5th November, 2015.

The scheme envisages:

- Financial Turnaround
- Improving operational efficiency
- Reduction of cost of generation of power
- Development of Renewable Energy
- Energy efficiency & conservation

**Power sector reforms**

❖ Privatization
❖ PPP
❖ UDAY scheme
❖ Rationalizing tariff
❖ Competition in generation and distribution

**For Financial Turnaround**

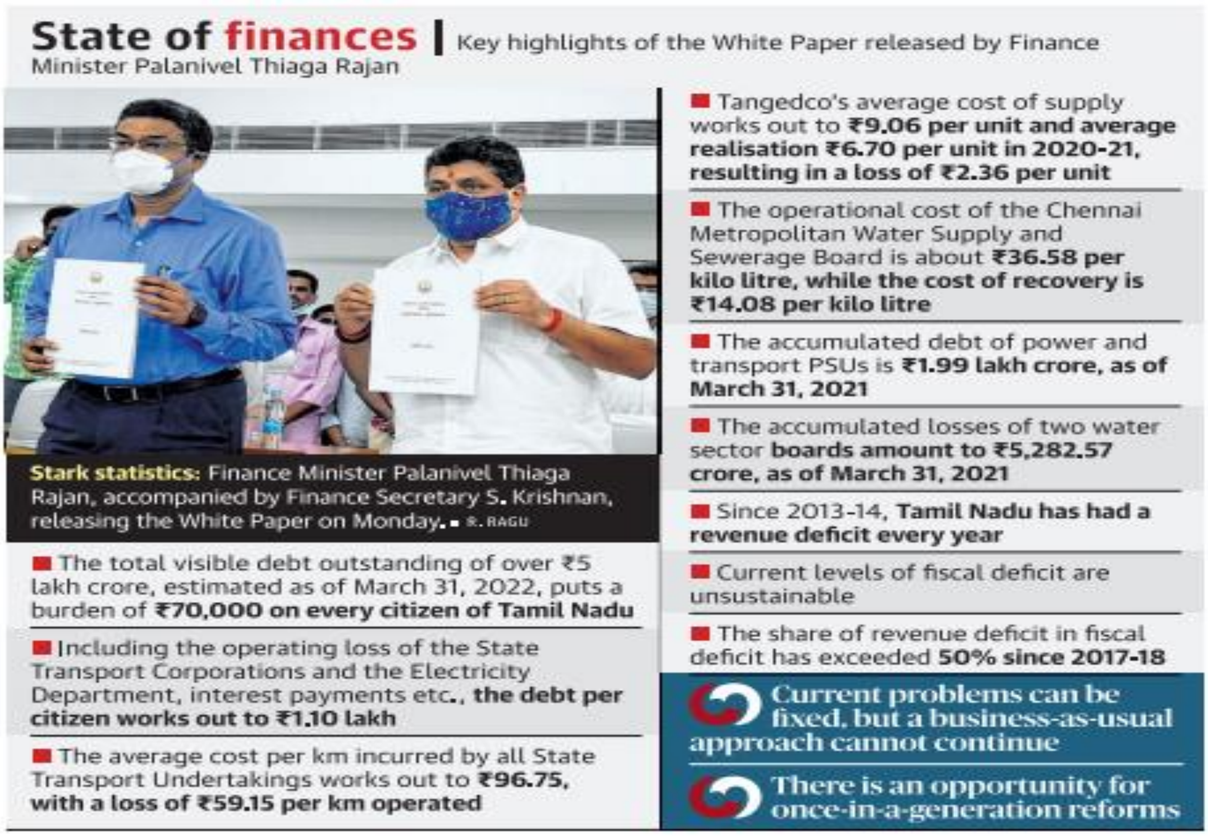
- States will take over 75% of the DISCOM debt as on Sept 30, 2015 - 50% in FY 2015-16 and 25% in FY 2016-17.
- States to issue non-SLR including SDL bonds, to take over debt and transfer the proceeds to DISCOMs in a mix of grant, loan, equity.
- Maturity period of bonds - 10-15 years.
- Moratorium period – up to 5 years.

**15. Critically analyse the white paper on Tamil Nadu Government's Finances released by Tamil Nadu Government recently.**

**சமீபத்தில் தமிழக அரசால் வெளியிடப்பட்ட தமிழக அரசின் நிதிநிலை குறித்த வெள்ளை அறிக்கை விமர்சன ரீதியாக ஆய்க**

Finance Minister Palanivel Thiaga Rajan on Monday released a White Paper that showed Tamil Nadu's finances were "in dire circumstances", and hence a "business as usual" approach could not continue.

There was a need for structural reforms, starting with the government's functioning and expanding to areas of policy and legislation, he said. Among such reforms was an idea to tax the rich more and use those taxes for the welfare of the poor and and the middle class, and for public works. He, however, ruled out any immediate measure to implement such an idea and said this should happen through consultations with the Chief Minister and the Cabinet.



**Stark statistics:** Finance Minister Palanivel Thiaga Rajan, accompanied by Finance Secretary S. Krishnan, releasing the White Paper on Monday. ■ R. RAGU

**‘Improper governance’**

- Mr. Thiaga Rajan blamed the current situation on a lack of political and administrative will and the AIADMK’s “improper governance” in the last seven years. However, he exuded confidence that the DMK government would fix the issues, a daunting task, in its current term.

- He also made it clear that the White Paper was not an attempt to create a rationale for diluting or abandoning the commitments made to people by the DMK during the recent Assembly election.

- In a presentation that lasted over two-and-a-half hours, the Finance Minister said the State had revenue surplus during the DMK government in 2006-07 and 2008-09 and registered revenue deficits in 2009-10 and 2010-11 owing to the global financial crisis and the implementation of the recommendations of the Sixth Pay Commission.

- In 2011-12 and 2012-13, during the tenure of late Chief Minister Jayalalithaa, the State again registered revenue surplus. “Since 2013-14, Tamil Nadu has had revenue deficits every year, even as comparator States like Maharashtra, Gujarat and Karnataka recorded revenue surpluses, even as late as 2017-18 and 2018-19. This worsening situation has become truly alarming,” he said.

- Mr. Thiaga Rajan said the fiscal deficit was primarily due to high revenue deficits, with the State borrowing more and more to pay for salaries and interest on its past loans than on productive capital expenditure. “The current levels of fiscal deficit are unsustainable because the share of revenue deficit in fiscal deficit exceeds 50% or more since 2017-18,” he said.

- The State’s estimated total debt outstanding would be ₹ 5,70,189 crore as on March 31, 2022. “As per statistics, there are 2,16,24,238 families in Tamil Nadu. Based on that, the public debt burden on each family is ₹ 2,63,976. This debt excludes the loans taken by undertakings like electricity board, transport undertakings and metro water,” he said.

**PSUs bog down finances**

- The White Paper showed that the accumulated debt of the power sector and the transport sector alone was ₹ 1.99 lakh crore, while the accumulated losses of the two water sector boards — the Tamil Nadu Water Supply and Drainage Board and Chennai Metropolitan Water Supply and Sewerage Board — were ₹ 5,282.57 crore as on March 31, 2021.

- The overall guarantees provided by the government of Tamil Nadu in 2006-07, which was ₹ 3,960.09 crore, had ballooned to ₹ 53,697 crore in 2014-15, mainly owing to large increases in guarantees to the power sector, which started declining after Ujjwal DISCOM Assurance Yojana (UDAY) was implemented.

- However, the guarantees have risen again owing to the adverse financial situation in 2020-21 in the power and transport sectors and stand at ₹ 91,818.44 crore. Of this,

₹ 82,916.90 crore was due to the power sector. The guarantee for the transport sector, which was ₹ 4.25 crore in 2018-19, stands at ₹ 4,642.72 crore at the end of 2020-21. These guarantees represent a large contingent liability for the government, he said.

❖ The State's Own Tax Revenues (SOTR), which accounted for close to 70% of Total Revenue Receipts (TRR) until 2013-14, have declined and is 62.82% in 2020-21. "SOTR, as a proportion of the Gross State Domestic Product (GSDP), has been declining each year, and was just 5.46% in 2020-21. This is a source of grave concern," the Minister said.

**Higher taxes**

❖ Mr. Thiaga Rajan also made out a case for taxing the rich more as was the practice in several developed countries. "The concept of a zero-tax budget is meaningless. How can a government run without taxes? A fair share of taxes should be taken from the well-to-do class in the economy [the rich] and spend them for the development of the poor and the middle class, and for public works," he added.

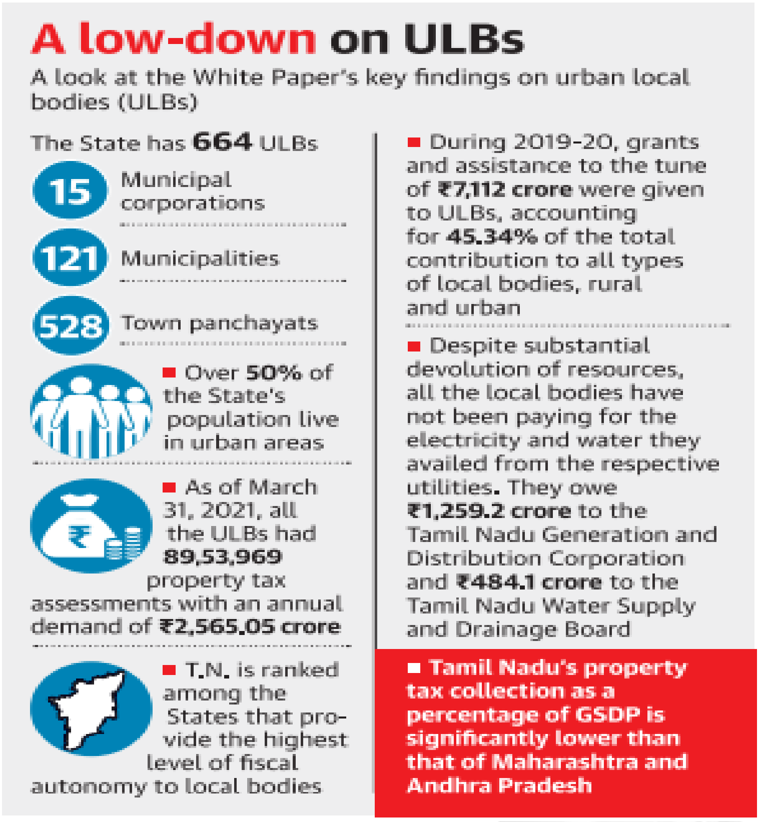
❖ He questioned how a house on the posh Boat Club Road (in Chennai) and some other colony attract the same property tax rates. "How is it fair? Water taxes are the same for a connection in a bungalow and for a hut."

❖ The White Paper has been published in the public domain to invite comments, he said. The process of consulting experts and stakeholders was on going for taking corrective measures.

❖ He also alleged that some vested interests would oppose reforms, but there should be a course correction and the DMK government had the political will and administrative skill to carry it out.

White Paper wants property tax collection enhanced

This will increase the self-reliance of urban local bodies




The White Paper, presented by Finance Minister Palanivel Thiaga Rajan on Monday, described as "critical" the task of enhancing property tax collection by urban local bodies.

Pointing out that the introduction of the Goods and Services Tax implied that "the State's ability to take up additional resource mobilisation measures in a major area of State taxation is considerably constrained", the document said the enhanced property tax collection would "increase the self-reliance" of the urban local bodies and reduce the burden of the State augmenting local bodies' resources through scheme grants and devolution. Also, this would "bring in more public resources for infrastructure creation and effective service delivery".

The 15th Union Finance Commission had recommended that the urban local bodies, to be eligible for its grants, fulfil the entry-level additional mandatory conditions. The stipulations included "fixation and operationalisation of minimum floor rate" for property tax in 2021-22 by the State concerned, "consistent improvement" in the collection of the tax in tandem with the growth rate of the Gross State Domestic Product (GSDP) and "timely placing" of audited accounts in the public domain. The condition of notifying the floor rates in 2021-22 would apply to the State for receiving the Commission's grants from 2022-23. Dwelling on the issue of periodic revision of the tax in view of the recommendations of the State and Union Finance Commissions, the document talked about the target of 0.6% of the GSDP fixed by the Fifth State Finance Commission for 2021-22 and said this was reduced by the State government to 0.25%.

"Achieving even this reduced target is doubtful. This leaves a large potential of tax collection untapped even after more than 25 years of local self-governance."

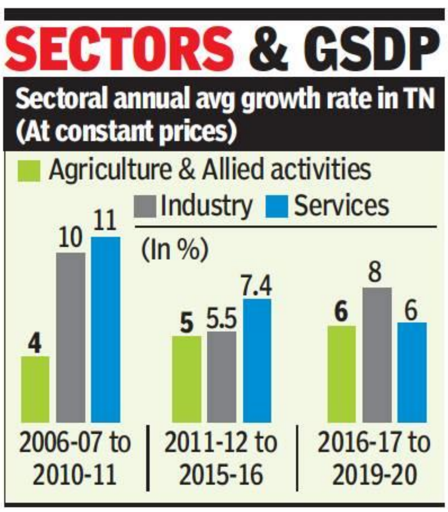
**Tax revision**

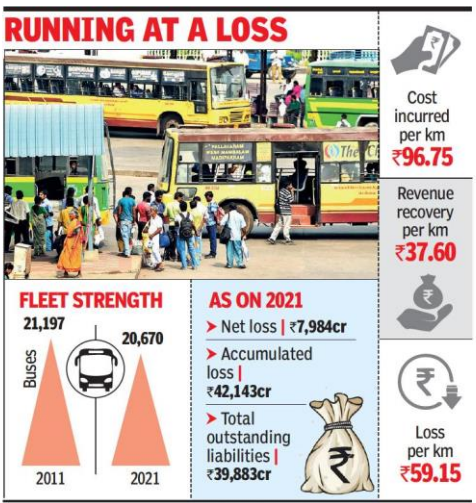
- It also referred to the laws on the urban local bodies empowering the municipal corporations to fix the rate of taxation for levy of property tax within the range of minimum (15.5%) and maximum (35%) percentages, and municipalities and town panchayats to revise the tax once in five years. But the last general property tax revision was done in 2008.

- Recalling that the government, on the orders of the Madras High Court, decided to have the general revision of the tax with effect from April 1, 2018, the White Paper said this was, however, kept in abeyance owing to the "anomalies in the revised taxation structure". A committee had been formed to examine the matter. "As on date, the committee's report is awaited, and the revision has not been given effect to," the document added.

Times of India

- On August 9, Tamil Nadu finance minister P T R Palanivel Thiagarajan - presented a white paper on the state's finances, four days ahead of his first budget, at Secretariat in Chennai
- The white paper highlighted the fiscal mismanagement during the past 10 years of AIADMK rule in Tamil Nadu.
- The white paper highlighted the state's fall from a revenue surplus of Rs.1,760 crore in 2012-13 to a deficit of Rs.61,320 crore (or 3.16% of Gross State Domestic Product (GSDP) in 2020-21.
- As per the white paper, Tamil Nadu's agricultural sector registered growth in the past 15 years, even though employment in the sector reduced by 10% — from 54% to 44% between 1981 and 2010.
- Between 2006-2007 and 2010-2011, agriculture sector grew at 4.07% per annum, whereas in the next five years it grew at 5.24% and in the last five years, the growth rate increased to 5.86%.




- Services sector, on the other hand, has been steadily declining from growth in the period from 2006--11 to 7.44% in 2011-16 and further to 6.03% in the period 2016-20

- The sharpest decline in the annual growth rate was in the industrial sector.

- The average annual growth rate in the industrial sector dropped from 10.30% in 2006-11 to 5.49% in the period 2011-16 before accelerating to 8.17% in the next five years.
- Property owners, large consumers of water and electricity as well as those planning to buy high-end automobiles should get ready to pay more to help the state manage its debt burden, as per the minister.

- The Minister pointed out that motor vehicle taxes and other charges, levied as fixed costs, have remained unchanged for 15 years, since the last revision in 2008.

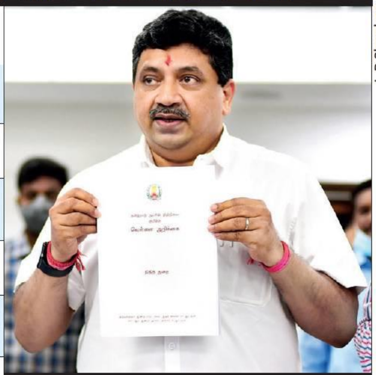
## GOING DOWNHILL FOR 8 YEARS

- Between 2006 & 2013, TN recorded net revenue surplus in five out of seven years. **Since 2013, revenue deficit a recurring phenomenon**
- Revenue deficit stands **at ₹61,320cr (FY 2020-21), or 3.16% of GSDP**
- Average revenue deficit for all states and UTs was 0.1% of GDP in 2017-18 and 2018-19; **for TN, it was 1.5% and 1.4% of GSDP, respectively**
- Fiscal deficit of TN for FY 2020-21 **is ₹ 92,305cr, or 4.43% of GSDP**
- Ratio of revenue deficit as percentage of fiscal deficit **is 52.48% for 2016-21; it was 14.94% in 2011-16**

## KEY FIGURES BEHIND YOUR DEBT

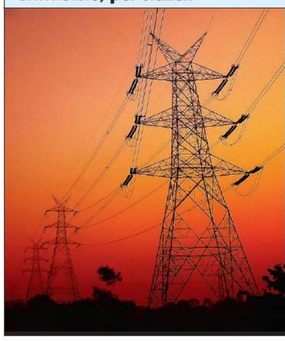
**DAILY & PER CAPITAL CONSEQUENCES OF LOSS, INTEREST & DEBT:**

| | |
|---|---|
| Daily operating loss in **transport corporations** of TN | ₹15cr |
| Daily operating loss in **electricity dept** | ₹55cr |
| Daily **interest payment for visible debt** of TN | ₹115cr |
| Daily **interest payments including PSUs & others** | ₹180cr |
| Annual **interest payment per citizen** (2021) | ₹7,700 |
| Visible **debt per citizen** of TN (2021) | ₹70,000 |
| **All debt** (including PSUs & invisible) **per citizen** | ₹1,10,000 |



L R Shankar

**TARGETED GROWTH:** Finance minister Palanivel Thiaga Rajan on Monday sought a data-driven approach to ensure special benefits reached only the true needy

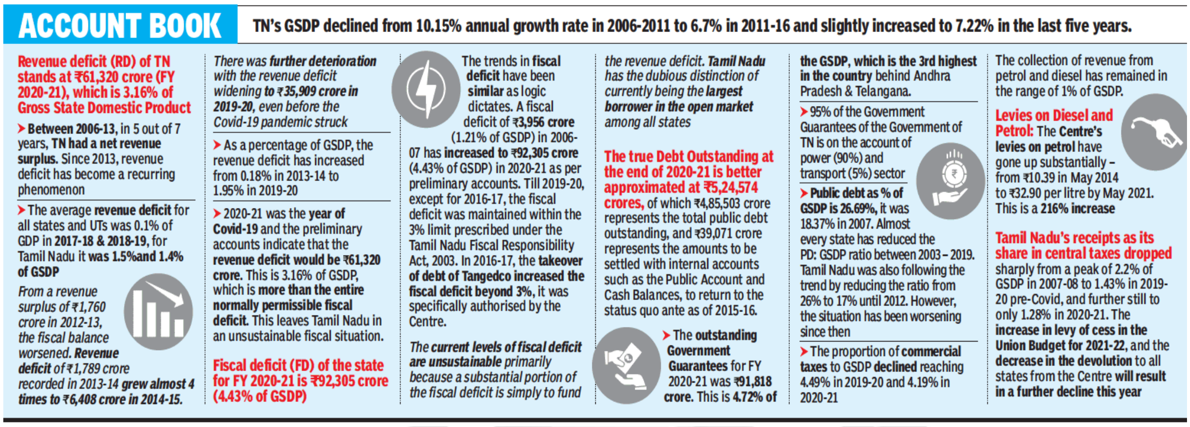


**TREND IN POWER SUBSIDY PAST 5 YEARS**

| YEAR | SUBSIDY | AS % OF GSDP |
|---|---|---|
| 2016-17 | ₹8,132cr | 0.62% |
| 2017-18 | ₹12,405cr | 0.85% |
| 2018-19 | ₹12,294cr | 0.75% |
| 2019-20 | ₹13,769cr | 0.75% |
| **2020-21** | ₹21,349cr | 1.1% |

- The accumulated debt of the power and transport sector PSUs stood at Rs.1.99 lakh crore as on March 31, 2021, while the accumulated losses of the two water boards amount to Rs.5,282.57 crore at the end of last financial year.

- ❖ The current levels of fiscal deficit are unsustainable because the share of revenue deficit in fiscal deficit exceeds 50% or more since 2017-18, as per the Minister
- ❖ The rising revenue deficit-driven fiscal deficits are funded mainly by borrowing, which sharply increased the total (visible) debt outstanding of Tamil Nadu to a little more than Rs 5.70 lakh crore on March 31, 2022
- ❖ This amounts to around Rs 70,000 on every citizen of the state and nearly Rs 2.64 lakh on every family living in Tamil Nadu.
- ❖ The finance minister added that as a percentage of GSDP, the revenue deficit has increased from 0.18% in 2013-14 to 1.95% in 2019-20 to 3.16% in 2020-21, more than the permissible fiscal deficit.



**ACCOUNT BOOK** TN's GSDP declined from 10.15% annual growth rate in 2006-2011 to 6.7% in 2011-16 and slightly increased to 7.22% in the last five years.

**Revenue deficit (RD) of TN stands at ₹61,320 crore (FY 2020-21), which is 3.16% of Gross State Domestic Product**

➤ **Between 2006-13**, in 5 out of 7 years, **TN had a net revenue surplus.** Since 2013, revenue deficit has become a recurring phenomenon

➤ The average **revenue deficit** for all states and UTs was 0.1% of GDP in **2017-18 & 2018-19**, for Tamil Nadu it **was 1.5%and 1.4% of GSDP**

*From a revenue surplus of ₹1,760 crore in 2012-13, the fiscal balance worsened.* ***Revenue deficit*** *of ₹1,789 crore recorded in 2013-14* ***grew almost 4 times to ₹6,408 crore in 2014-15.***

*There was* ***further deterioration*** *with the revenue deficit widening* ***to ₹35,909 crore in 2019-20****, even before the Covid-19 pandemic struck*

➤ As a percentage of GSDP, the revenue deficit has increased from 0.18% in 2013-14 to 1.95% in 2019-20

➤ 2020-21 was the **year of Covid-19** and the preliminary accounts indicate that the **revenue deficit would be ₹61,320 crore.** This is 3.16% of GSDP, which is **more than the entire normally permissible fiscal deficit.** This leaves Tamil Nadu in an unsustainable fiscal situation.

**Fiscal deficit (FD) of the state for FY 2020-21 is ₹92,305 crore (4.43% of GSDP)**

The trends in **fiscal deficit** have been **similar** as logic dictates. A fiscal deficit of **₹3,956 crore** (1.21% of GSDP) in 2006-07 has **increased to ₹92,305 crore** (4.43% of GSDP) in 2020-21 as per preliminary accounts. Till 2019-20, except for 2016-17, the fiscal deficit was maintained within the 3% limit prescribed under the Tamil Nadu Fiscal Responsibility Act, 2003. In 2016-17, the **takeover of debt of Tangedco increased the fiscal deficit beyond 3%**, it was specifically authorised by the Centre.

*The* ***current levels of fiscal deficit are unsustainable*** *primarily because a substantial portion of the fiscal deficit is simply to fund the revenue deficit.* ***Tamil Nadu*** *has the dubious distinction of currently being the* ***largest borrower in the open market*** *among all states*

**The true Debt Outstanding at the end of 2020-21 is better approximated at ₹5,24,574 crores,** of which ₹4,85,503 crore represents the total public debt outstanding, and ₹39,071 crore represents the amounts to be settled with internal accounts such as the Public Account and Cash Balances, to return to the status quo ante as of 2015-16.

➤ The **outstanding Government Guarantees** for FY 2020-21 was **₹91,818 crore.** This is **4.72% of the GSDP, which is the 3rd highest in the country** behind Andhra Pradesh & Telangana.

➤ 95% of the Government Guarantees of the Government of TN is on the account of power (90%) and transport (5%) sector

➤ **Public debt as % of GSDP is 26.69%,** it was 18.37% in 2007. Almost every state has reduced the PD: GSDP ratio between 2003 – 2019. Tamil Nadu was also following the trend by reducing the ratio from 26% to 17% until 2012. However, the situation has been worsening since then

➤ The proportion of **commercial taxes** to GSDP **declined** reaching 4.49% in 2019-20 and 4.19% in 2020-21

The collection of revenue from petrol and diesel has remained in the range of 1% of GSDP.

**Levies on Diesel and Petrol:** The **Centre's levies on petrol** have gone up substantially – from ₹10.39 in May 2014 to ₹32.90 per litre by May 2021. This is a **216% increase**

**Tamil Nadu's receipts as its share in central taxes dropped** sharply from a peak of 2.2% of GSDP in 2007-08 to 1.43% in 2019-20 pre-Covid, and further still to only 1.28% in 2020-21. The **increase in levy of cess in the Union Budget for 2021-22,** and the **decrease in the devolution** to all states from the Centre **will result in a further decline this year**

- ❖ The growing gap between the fiscal deficit and the net public debt each year has been covered by transactions in the public account and drawdowns of cash balances.
- ❖ Tamil Nadu also had the dubious distinction of currently being the largest borrower in the open market amongst all States in the country, as per the minister
- ❖ Total government guarantees nearly doubled to more than Rs.91,800 crore in 2020-21, which means a large contingent liability and fiscal risk for the state.
- ❖ As per the Interim Budget estimate of 2021-22, the state's overall debt is expected to reach Rs 5,70,189 crore.
- ❖ The state lost Rs.2,577.29 crore of Central grants recommended by the 14th finance commission for the financial years 2017-18, 2018-19 and 2019-20 due to the delay in conducting local body polls
- ❖ On every unit of power consumption, Tangedco loses Rs. 2.36 per unit, as per the Minister
- ❖ The average cost per kilometre incurred by all State Transport Undertakings works out to Rs. 96.75, with a loss of Rs.59.15 per km operated
- ❖ The operational cost of Chennai Metropolitan Water Supply and Sewerage Board is about Rs. 36.58 per kilo litre, while cost of recovery is only Rs. 14.08 per kilo litre
- ❖ The Union Government's levies on petrol have gone up substantially in the past seven years since 2014 from Rs.10.39 in May 2014 to Rs. 32.90 per litre by May 2021, which is not shareable with the state
- ❖ In 2019-20, Tamil Nadu had the third highest guarantees outstanding among all states, behind Telangana and Andhra Pradesh
- ❖ Tamil Nadu has 6.124% share of the population of the country, but only 4.079% share in the total tax revenue of the country, which is a proportion of 66.607%.
- ❖ This is the third-lowest proportion after Haryana and Maharashtra

**Poor transport units make services unviable**

- They have a debt of nearly 40,000 cr.
- The White Paper has highlighted the mismanagement of the finances of the State Transport Undertakings (STUs) that have been weighed down by an outstanding debt of nearly ₹ 40,000 crore.
- The eight STUs have been leaking money, with their total outstanding debt of ₹ 39,883 crore being the second highest after that of the Tamil Nadu Generation and Distribution Corporation (Tangedco).
- The State's total debt stood at ₹ 1,99,572 crore as on March 31.
- The operation of the STUs — of which accumulated losses stood at ₹ 42,143 crore (2020-21) as against ₹ 8,761 crore in 2011-12 — has become unsustainable with ₹ 59.15 being lost per kilometre for every bus operated, the White Paper says.
- As against the cost of ₹ 96.75 per kilometre, the STUs are earning just ₹ 37.60, even after the government compensates a portion of the loss with grants, diesel subsidies and free student passes.
- Having borrowed heavily from the Tamil Nadu Transport Development Finance Corporation and banks, the STUs have been incurring huge losses on account of the high cost of salary and pension, diesel and servicing of interest on loans, the White Paper says.
- The employee cost remains the highest, at ₹ 8,235 crore, against the total cost of ₹ 13,353 crore for 2020-21. It was ₹ 3,757 crore in 2011-12.
- Compared with the 2011-12 figures, the only cost which has come down is that of diesel (₹ 1,966 crore).

**The growth in power subsidy 'particularly alarming'**
**It represents over 1% of Gross State Domestic Product**

**Subsidy stats** The trends in food, power and transport subsidies

| Year | Food subsidy (₹ in crore) | Share in GSDP (in %) | Power subsidy (₹ in crore) | Share in GSDP (in %) | Transport subsidy (₹ in crore) | Share in GSDP (in %) |
|---|---|---|---|---|---|---|
| 2006-07 | 2,026.49 | 0.62 | 1,424.84 | 0.43 | 350.49 | 0.11 |
| 2010-11 | 3,950.00 | 0.65 | 1,626.78 | 0.27 | 302.52 | 0.05 |
| 2011-12 | 4,900.00 | 0.65 | 2,013.45 | 0.27 | 390.23 | 0.05 |
| 2015-16 | 5,300.00 | 0.45 | 6,696.71 | 0.57 | 737.1 | 0.06 |
| 2019-20 | 8,363.13 | 0.45 | 13,769.21 | 0.75 | 1,559.02 | 0.08 |
| 2020-21 | 9,604.26 | 0.49 | 21,349.71 | 1.1 | 3,704.39 | 0.19 |

*GSDP: Gross State Domestic Product*

- The growth in the power subsidy being provided by the State is "particularly alarming", according to the White Paper on Tamil Nadu's finances.
- Observing that the subsidy now represented more than 1% of the Gross State Domestic Product (GSDP), the document explained the reasons for the increase in power subsidy. According to the figures of revised estimates for 2020-21, the average rate of realisation by the Tamil Nadu Generation and Distribution Corporation (Tangedco) was ₹ 6.7 per unit against the average cost of supply of ₹ 9.06 per unit, leaving a shortfall of ₹ 2.36.

- As for the agriculture sector and domestic consumers, Tangedco was not getting the full subsidy payout for the energy sold to them. It had got a subsidy payout of ₹ 3.32 per unit for the farm sector and ₹ 1.09 per unit for the domestic category. While the recovery from the former was nil, it was ₹ 2.23 per unit from the latter. With 32,639 million units of electricity supplied to the domestic sector, the total loss on account of domestic supply was ₹ 18,735 crore during 2020-21.
- Over the years, there had been a "steady decline" in Tangedco's share in supply to industries. It was mainly due to the availability of alternatives, such as captive power plants and open access to third party consumers through power exchanges, which were cheaper than the industrial tariff of the utility that had, in turn, made Tamil Nadu "uncompetitive as an industrial destination".
- At the same time, on the revenue side, there had been no "revision of tariff" for the past seven years, the document said, adding that "as the focus was on short-term survival and cash management, huge liabilities had been created for the long term. A complete restructuring cannot be postponed much further."
- As for the overall subsidies that included food and transport apart from power, the document said the subsidies which amounted to ₹ 4,841.80 crore in 2006-07 (12.65% of total revenue expenditure and 1.48% of the GSDP) had reached ₹ 62,338.84 crore in 2020-21 (27.06% of TRE and 3.21% of the GSDP). Even if 2020-21 was an outlier year because of the COVID-19 pandemic, the subsidies had reached 19.5% of total revenue expenditure and 2.36% of the GSDP in 2018-19 itself.
- As for food subsidy, a significant portion of the subsidy on rice was "actually met" through the framework of the National Food Security Act, 2013. In the State, rice was being given free to all rice card-holders under the public distribution system. It was the State that was meeting the "entire subsidy" on edible oil and tur dal, which were being supplied at subsidised prices. Advocating "urgent course correction measures for improved targeting and reorientation of subsidies to areas which enhance the public good and have positive externalities," the White Paper said the cost effectiveness of alternative means of delivering financial assistance to stakeholders could also be explored.

**Tangedco revamp can't be deferred'**

- The Tamil Nadu Generation and Distribution Corporation (Tangedco) has created huge liabilities for the long term and a complete restructuring cannot be postponed, the White Paper released by Finance Minister Palanivel Thiaga Rajan said.

- The outstanding debt of Tangedco as on March 31, 2021 is ₹ 1,24,974.49 crore. Including loans from the State government, the debt stands at ₹ 1,34,119.94 crore, according to the report.
- The losses of Tangedco are caused by both high costs and low recoveries. There has been a sustained increase in costs over the last 10 years, it added.
- "In the case of domestic consumers, on an average Tangedco recovers ₹ 2.23 per unit. Domestic tariff subsidy is on an average ₹ 1.09 per unit as against the total cost of supply of ₹ 9.06 per unit leaving a large under recovery gap of ₹ 5.74 per unit. With 32,639 million units of electricity supplied to the domestic sector, the total loss on account of domestic supply is ₹ 18,735 crore in the year 2020-21, the report added.
- On the revenue side, there has been no revision of tariff for the past 7 years.

- Against the average cost of ₹ 9.06 per unit, the recovery from 18% of the electricity supplied to the agriculture sector is nil, while the subsidy payout is ₹ 3.32 per unit. Hence, Tangedco does not get fully subsidised for the full cost of supply to agriculture which is ₹ 8,225 crore and the cross subsidisation is beyond the permissible 20%.
- Over the years, there has been a steady decline in Tangedco's share in supply to industries, mainly due to captive power plants, it added.

16. **What are Farm Laws? Why farmers are protesting against the New Farm Laws, 2020?**
**விவசாயச் சட்டங்கள் என்பவை யாவை? புதிய விவசாயச் சட்டங்கள் 2020-திற்கு விவசாயிகள் ஏன் எதிர்ப்பு தெரிவிக்கின்றனர்?**

**The Three Farm Laws**

It would be worthwhile to decipher main measures of three farm legislations. They are as under :

1. **The Farmers' Produce Trade and Commerce (Promotion and Facilitation) Act, 2020 :**

   I. The law allows intra-state and inter-state trade of farmers' produce beyond Agricultural Produce Market Committee APMC markets. State governments ill not levy any market fee.

   II. Farmers can trade produce at any place outside 'mandis', including farms facrorv premises, warehouses silos and cold storages.

   III. Produce can be traded electronically in specified trade area. This allows the setter; up of e-trading facility for direct /online buying. These platforms tar. established as companies part-nership firms or registered societies.

2. **The Farmers (Empowerment and Protection) Agreement of Price Assurance and Farm Services Act, 2020:**
   1. This law creates a framework for contract farming through an agreement between a farmer and a buyer prior to the production or rearing of any farm produce.
   2. Minimum period of an agreement will be one crop season, or one production cycle of livestock; maximum is five years, unless production cycle is more than five years.
   3. The price of farm produce should be mentioned in the agreement between the two parties.
   4. Provides for a three-level dispute settlement mechanism—the conciliation board, sub-divisional magistrate and appellate authority.

3. **The Essential Commodities (Amendment) Act, 2020:**
   1. Allows Centre to regulate supply of certain food items under extraordinary circumstances (such as war and famine). Stock limits may be imposed on agricultural produce only if there is a steep price rise.
   2. Empowers the Centre to designate certain commodities (such as food items, fertilisers and petroleum products) as essential commodities, which the Central Government may regulate or prohibit.

3. Imposition of stock limit on agricultural produce to be based on price rise. The increase will be calculated over price prevailing in immediately preceding 12 months, or the average retail price of the last five years, whichever is lower.

4. In normal circumstance there be no stock limit for the storage of farm produces.

**Existing Situation**

There are 23 commodities for which MSPs are announced, but in actual practice only wheat and rice enjoy MSPs in any meaningful manner, and that too only in 6-7 states. Punjab is the biggest gainer as its 95-98 per cent of market arrivals (marketable surplus) of wheat and paddy are procured at MSP by state agencies on behalf of the Food Corporation of India (FCI). More than half of all the rice and wheat procured by government agencies comes from Punjab, Haryana and western Uttar Pradesh. Cultivating wheat and paddy in Punjab, Haryana and western UP is a highly remunerative business. While most of the inputs are either free or heavily subsidised, the returns on farm produce are assured. Skewed land distribution further adds to the problem. The government procurement system and the MSP have essentially ensured that semi-arid areas like Punjab and Haryana, grow rice, a crop which needs a lot of water. And this has created its own set of problems.

The number of top farmers in Punjab-Haryana—those who own 6-3 hectares or more is estimated at two lakh. They are the ones who have a large marketable surplus, pocket a bulk of MSP, manipulate small and marginal farmers and most of them also don the commission agent (arhatiya) hat. The amount disbursed as MSP during 2020-21 adds up to ₹ 2-84 lakh crore for four crops— wheat, paddy, pulses and cotton. It is important to note, only six per cent of the farmers are beneficiaries of MSP. And 86 per cent of farmers in the country fall in the small and marginal category who are net buyers of food grains. As of February 2021, the FCI had a total stock of rice and wheat amounting to 561-93 lakh tonnes. While the total stock that needs to be maintained as of January 1 every year, including the operational stock and the strategic reserve, amounts to 2141 lakh tonnes. The FCI is over-loaded with grain stocks that are more than 2-5 times the buffer stock norms, indicating massive economic inefficiency in the grain management system. Thus, there is a problem of over production and over storage here. It also means that the government ends up over buying rice and wheat, which it doesn't really need.

Given that the public distribution system is in place, it will be very difficult for the government to totally get out of the system of declaring MSPs and procuring rice and wheat. Also, the importance of this system has come into focus in the past one year, as the government distributed free rice and wheat through these shops across the country, to negate the negative economic impact of the spread of the covid-pandemic. The Centre's involvement in procurement is inextricably linked to its obligations under the Right to Food Act under National Food Security Act, 2013.

What would certainly come under pressure is the high commission of arhtias, mandi fees and cess that states collect, which account for as much as 8-5 per cent over the MSP in Punjab, amounting to roughly ? 4,500 to 5,000 crore each year. A substantial chunk of this is never audited by the Comptroller and Auditor General (CAG) of India. It is important to note that milk, poultry, fishery, etc. don't go through the mandi system and their growth rates are 3 to 5 times higher than that wheat and rice. Overall, almost 90 per cent of the agri-produce is sold to the private sector. Sugarcane is not procured by the government be farmers are assured of Fair and Remunerative Price (FRP) pa:: sugar mills. In sonic government declares State Advised Price which is higher than the FRP

**Subsidies Given to Agriculture in India**

Farmers the world over re government subsidies. In 2019, China spent an estimated $ 185-9 billion on farm subsidies, followed by the European Union ($ 101 -3 billion), the United States ($ 48-9 billion), and India ($ 11 billion). But different countries give these subsidies in different ways. Farmers in India are provided support on both the input and output side. On the input side, an average Indian farmer receives subsidies on fertilisers, seeds, farm machinery and equipment, electricity, logistics, water for irrigation etc. On the output side, the MSP regime offers support in states having robust procurement infrastructure. However, small and marginal farmers are able to get only a small amount of these subsidies. A number of subsidies meant for agriculture also flow to businesses, e.g., grant given to food processing units and cold chain projects.

A major study conducted by ICRIER with OECD (2018) showed that over the period 2000-01 to 2016-17, Indian agriculture was implicitly taxed to the tune of almost 14 per cent of its value. This was primarily due to restrictive trade and marketing policies, ranging from export controls and stocking limits to the restrictive mandi system. The way to improve farmers' price realisation, therefore, was to liberate agriculture from these various controls.

**Farmers' Perception**

Farmers have a fear that the new Acts will divert procurement agencies to other platforms, away from APMC markets. There is also a lurking suspicion that these Acts are the first step towards the withdrawal of MSP and that contract farming will reduce their bargaining power with corporates. This is the shroud of fear that Ties the mind of the average "these laws will rob farmers of APMC markets, MSP, and they even lose their lands to big corporate houses through contract fanning. These fears, genuine or imaginary, have been blown out of proportion.

Arhtiyas are important in Indian agricultural markets. They are a part of the supply chain in north-west India. They function simply as agents of the procuhenries. This die Manmohan Singh government to reduce overhead costs of procurement. India has the largest spread of agricultural markets in the world according to spatial maps. There is no strength in the point of sidelining the arhtiyas. It is well known that in emergency situations banks never give loans. Arthiyas charge not more than 2 per cent commission and they have been the lifeline of the rural economy.

It is pointed out that farmers seem to understand instinctively what eludes the government and many experts: privatisation cannot substitute inadequate public institutions. They sense that the entry of private players in the context of poor law enforcement does not offer real 'choice'. In fact, if the government is serious about creating alternative marketing avenues through private sector players, it is even more important to upgrade the mandi infrastructure to give farmers a genuine option of multiple competing platforms. The social and economic capital invested in mandis over the past six decades should not be wasted, but strengthened. Equally, for genuinely productive use of private sector initiative, enhanced provisions for regulation, as well as regulatory capacity, are necessary. Government will withdraw procurement of produce and leave it open to private sector. They (corporate houses), in turn, will purchase very little portion of the total produce 'as per the high standards, which will be manipulated'. There is a possibility that farmers will be paid a pittance for the remaining crop. The power and fertiliser subsidies being taken away and farmers are told that they will be compensated later. There is no guarantee that farmers will be paid later.

Critics have observed that once farmers have seen concrete benefits may be the psychology of distrust against corporate players can be reversed. Repeated government assurances that all existing systems and practices, including APMCs and MSP, would continue undisturbed have failed to put the farmers' apprehensions to rest. MSP without procurement does not mean anything. There are risks with contract farming. It has been seen that contract farming has been more successful in perishable crops like horticultural goods compared to food grains. It can be promoted after ensuring enough safeguards which will require adequate consultation.

**Government Clarification**

The government has clarified its contentions in the following way :

1. Farmers can trade their produce even outside mandis
2. Contract with price listed
3. No market fee
4. Farmers benefit from government priority
5. Acts passed with long discussion.

The Union Finance Minister has made a pointed mention of the much higher outgo on the procurement of wheat, paddy and cotton at the minimum support prices. Even the reference to the total agriculture credit package, which was ₹16-5 lakh crore, was meant to convey the message that the Government was always solicitous of the farmers' welfare and concerns. The levying of an agri cess of ₹2-5 on petrol and ₹4 on diesel without passing it to the consumers was a clear attempt to assuage the farm lobby. The objective, clearly, is to reassure farmers that agricultural reforms have no bearing on the MSP system, which involves procurement by the Government at guaranteed prices. To drive home the point that it has no intention of dismantling the APMCs (the state government-run mandis), the FM announced that the agriculture infrastructure fund could be used for improving facilities at these mandis.

At the same time, about 1,000 mandis have been integrated into the e-NAM (National Agriculture Market), the pan-India electronic trading portal which networks existing mandis and enables better price discovery for farmers. It is important to introduce budgetary provisions and financial incentives and disincentives to protect small and marginal farmers and their interests. The art of policymaking is to balance the interest of producers and consumers within reasonable financial resources.

The Swaminathan Commission (2006) had stressed the need for liberalisation of agricultural marketing and regularisation of contract farming which seems strikingly similar to the language the NDA government's spokespersons are speaking to defend the content new agricultural laws. Government ministers have been explaining the beneficial provisions of the laws, and social media is full of stories about farmers' agitation.

**17. Describe the measures announced by RBI to tackle COVID-19 second wave**
**கோவிட்-19 இரண்டாம் அலையை சமாளிக்க இந்திய ரிசர்வ் வங்கி அறிவித்த நடவடிக்கைகள் பற்றி விளக்குக**

**Term liquidity of Rs 50,000 crore for emergency healthcare services**

The first measures announced by Shaktikanta Das was 'Term Liquidity Facility' of Rs 50,000 crore to ease access to emergency health services. The RBI has also proposed "On-tap liquidity" of Rs 50,000 crore with tenor up to three years at repo rate, said the RBI governor.

"Under the scheme, banks can provide fresh lending support to a wide range of entities including vaccine manufacturers, importers and suppliers of vaccines and priority medical devices, hospitals and dispensaries, pathology labs, manufacturers and suppliers of oxygen and ventilators, importers of Covid-related drugs, logistics firms and also patients for treatment," RBI governor said.

Banks will be incentivised for quick delivery of credit under the scheme through the extension of priority sector classification to such lending. This facility will be available till March 31, 2022.

These loans will be continued to classified under the 'priority sector' till repayment or maturity, whichever is earlier.

## SLTRO FOR SFBs

The second measure relates to special long-term repo operations (SLTRO) for small finance banks (SFBs), which primarily lend to micro, unorganised and small industries. "It has been decided to conduct special 3-year long-term repo operations (3-year SLTRO) of Rs 10,000 crore at repo rate for SFBs," Das said.
The facility will help them with fresh lending of up to Rs 10 lakh per borrowers and it will be available till October 31, 2021.

## Priority lending by SFBs to MFIs

The RBI also added that SFBs lending to micro-finance institutions (MFIs) will be classified as priority sector lending. The classification has been proposed in view of the fresh challenges brought on by the pandemic and to address the liquidity problems faced by smaller MFIs.

Simply put, SFBs are now being permitted to lend to smaller MFIs with asset size of up to Rs 500 crore and this is likely to help individual borrowers on priority. This facility will be available up to March 31, 2022.

## Credit to 'unbanked' MSME entrepreneurs

The RBI has also proposed an extension of a measure for incentivising the flow of credit to MSMEs borrowers. The measure was first announced in February 2021 and it allowed Scheduled Commercial Banks (SCBs) to deduct credit disbursed to new MSME borrowers from their net demand and time liabilities (NDTL) for calculation of cash reserve ratio (CRR).

"In order to further incentivise the inclusion of unbanked MSMEs into the banking system, this exemption currently available for exposures up to Rs 25 lakh and for credit disbursed up to the fortnight ending October 1, 2021 is being extended till December 31, 2021," said the RBI governor.

## Resolution 2.0 for individuals, small businesses

Shaktikanta Das said that the resurgence of the Covid-19 pandemic in India has led to disruption in economic activity due to localised restrictions. This has again hurt vulnerable category borrowers including individuals, small businesses and MSMEs.

The RBI has allowed borrowers (individuals, small businesses and MSMEs) with aggregate exposure of up to Rs 25 crore -- who have not availed restructuring under earlier frameworks and classified as 'Standard' on March 31, 2021 -- shall be eligible to be considered under Resolution 2.0 framework.

"Restructuring under the proposed framework may be invoked up to September 30, 2021 and shall have to be implemented within 90 days after the invocation," Das said.

The RBI has also allowed lending institutions to extend the restructuring window for borrowers who have already availed modification of their loans under the Resolution 1.0 framework.

"In respect of individual borrowers and small businesses who have availed restructuring of their loans under Resolution Framework 1.0, where the resolution plan permitted moratorium of less than two years, lending institutions are being permitted to use this window to modify such plans to the extent of increasing the period of moratorium and/or extending the residual tenor up to a total of 2 years," the RBI governor said.

## Rationalisation of KYC compliance requirements

The RBI has also rationalised certain compliance requirements in view of the Covid-19 second wave. These include

The scope of video KYC known as V-CIP (video-based customer identification process) for new categories of customers such as proprietorship firms, authorised signatories and beneficial owners of Legal Entities and for periodic updation of KYC

Conversion of limited KYC accounts opened on the basis of Aadhaar e-KYC authentication in non-face-to-face mode to fully KYC compliant accounts

Enabling the use of KYC Identifier of Centralised KYC Registry (CKYCR) for V-CIP and submission of electronic documents (including identity documents issued through DigiLocker) as identify proof

Introduction of more customer-friendly options, including the use of digital channels for the purpose of periodic updation of KYC details of customers.

In view of Covid-19 restrictions in various parts of the country, regulated entities are being advised that for the customer accounts where periodic KYC updating is due/pending, no punitive restriction on operations of customer account(s) shall be imposed till December 31, 2021, unless warranted due 8 to any other reason or under instructions of any regulator/enforcement agency/court of law, etc.

## Relaxation in overdraft facility for state governments

The RBI has also announced certain relaxation with regard to availment of overdraft facility by states.

"The maximum number of days of OD in a quarter is being increased from 36 to 50 days and the number of consecutive days of OD from 14 to 21 days. This facility will be available up to September 30, 2021," the RBI governor said.

**18. Discuss the defects of Agricultural marketing system in India. Explain the measures taken by the government to streamline the Agricultural marketing system.**
**இந்தியாவில் வேளாண் சந்தைப்படுத்துதல் முறையில் உள்ள குறைபாடுகள் பற்றி விவாதி. வேளாண் சந்தைப்படுத்துதல் முறையை சீராக்க அரசு எடுத்துள்ள நடவடிக்கைகள் பற்றி விளக்கவும்.**

**Defects of Agricultural Marketing in India**

(1) Lack of Organization among Farmers.—The farmers do not have their own collective organization or association to facilitate them to sell their produce.

(2) Forced Sale.—The Indian farmers are forced to sell their produce at an unfavourable time and place and get unfavourable price. They sell their produce immediately after harvest because of poverty and indebtedness.

(3) Poor Storage Facilities in Villages.—The Indian farmer does not have facilities to store his produce properly.

(4) Poor Transport Conditions in Rural Areas.—The transport conditions in rural areas are so bad that even rich farmers who have large amounts of surplus produced may not always be interested in going to the mandis.

(5) Poor Conditions in the Mandis.—The conditions in the mandis are such that the farmer is afraid of going there. He may have to wait for sometime before he may be able to dispose of his produce. He may not have proper warehousing facilities to keep his stock.

(6) Existence of too many middlemen.—The number of intermediaries and middlemen between the farmer and the final consumer of farm produce are too many and the margin going to them is too large.

(7) Lack of adequate information.—The farmers do not ordinarily get information about the ruling prices in the big markets. They have no idea about marketing conditions and about the possible prices in the future.

(8) Fraudulent practices in the market.—In the unregulated markets, many malpractices are common such as arbitrary deductions from sale proceeds, discriminatory marketing charges, etc.

(9) Multiplicity of weights and measures.—There was no common measure throughout the country. There is a great scope for cheating the farmers.

(10) Absence of grading and standardisation of agricultural produce.—In a country where there is excessive adulteration, one cannot simply think of the system of grading and standardisation.

(11) Lack of financial facilities.—For the finance required for agricultural operations, the farmer has to depend upon the village traders. Because of the heavy indebtedness and high rate of interest, the farmer mortgages his crop in advance of production to the village trader for lower prices.

(12) Inferior quality of produce.—The quality of produce is inferior due to indifferent seeds, pests and diseases, preventive methods of harvesting and lack of proper storage and dumping

**Conclusion**

A good marketing system in one, where the farmer is assured of a of a fair price for his produce and this can happen only when the following conditions are fulfilled:

1. The number of intermediaries between the farmer and the consumer should small.
2. The farmer has proper storing facilities so that he is not compelled to indulge in distress sales.
3. Efficient transport facilities are available.
4. The malpractices f middlemen are regulated.
5. Farmers are freed from the clutches of village money lenders.
6. Regular market information is provided to the farmer.

The two institutions namely, cooperative marketing societies and regulated markets, together can assure, the presence of all these conditions. Accordingly if cooperative marketing societies are developed on the lines indicated above (along with regulated markets), the Indian agricultural marketing system can be considerably improved.

**Cold Storage**

India is the largest producer of fruits and second largest producer of vegetables in the world. In spite of that per capita availability of fruits and vegetables is quite low because of post-harvest losses which account for about 25% to 30% of production. Besides, quality of a sizable quantity of produce also deteriorates by the time it reaches the consumer. Most of the problems relating to the marketing of fruits and vegetables can be traced to their perishability. Perishability is responsible for high marketing costs, market gluts, price fluctuations and other similar problems. In order to overcome this constraint, the Government of India and the Ministry of Agriculture promulgated an order known as "Cold Storage Order, 1964" under Section 3 of the Essential Commodities Act, 1955. However, the cold storage facility is still very poor and highly inadequate.

**Agricultural Produce Market Committee**

Agricultural Produce Market Committee (APMC) is a statutory body constituted by state government in order to trade in agricultural or horticultural or livestock products.

**Functions of APMC**

1. To promote public private partnership in the ambit of agricultural markets.
2. To provide market led extension services to farmer.
3. To bring transparency in pricing system and transactions taking place in market in a transparent manner.
4. To ensure payments to the farmers for the sale of agricultural produce on the same day.
5. To promote agricultural activities.
6. To display data on arrivals and rates of agricultural produce from time to time into the market.

**E-CHOUPAL**

The e-Choupal, the **first private sector** initiative by the private sector in agricultural marketing, is a business platform consisting of a set of organisational subsystems and interfaces connecting farmers to global markets. This common structure can be leveraged to procure/provide a host of products and services for the farmer as a producer as well as a consumer.

**TRIFED**

The Government established TRIFED (Tribal Co-operative Marketing Development Federation of India Ltd.) in **August 1987**. The basic aim of TRIFED was to save tribals from exploitation by private traders and to offer them remunerative prices for their minor forest produce and surplus agriculture products. TRIFED started functioning in April 1988. TRIFED has also been declared an important agency for **collecting, processing, storing and developing oil seeds products**.

**NAFED**

**NAFED (National Agricultural Co-operative Marketing Federation of India** Ltd.) has been established in 1958 as co-operative sector at national level for marketing of agriculture products.

**e - NAM**

On April 14 2016, Prime Minister launched National Agriculture Market (NAM) as a pan-India electronic trading portal for farm produce which creates a unified national market for agricultural commodities by integrating the existing Agriculture Produce Market Committee (APMC) markets. This portal provides a single window service for all APMC related services and information, such as commodity arrivals and prices, provision for responding to the trade offers, buy and sell trade offers, among other services.

**19. Describe the Fiscal response to COVID-19 Pandemic**
**கோவிட்-19 பெருந்தொற்றுக்கான நிதி உதவி பற்றி விவரி**

**The provisions**

The overall economic support package by the eminent of India in response to the Covid-19 pandemic came in the form of two key sets of announcements.

1. The initial package of ₹1.7 trillion was announced on March 27, three days into the first lockdown. Including another ₹0.078 trillion of foregone revenues due to tax concessions applicable since (March 22 and ₹ 0.15 trillion for the health sector announced by the Prime Minister, the total amount of this first package came to ₹1.93 trillion.

2. The second package came almost a month and a half later in five tranches announced over five successive days, from May 13 through May 17. The total amount of this package, named as Aatma-Nirbhar Bharat, was declared to be ₹ 20.97 trillion, but this amount included the first package (of ₹ 1.93 trillion) as well as liquidity infusion measures by the Reserve Bank of India to the tune of ₹8.02 trillion.

   Thus, one could think of the overall package of ₹20.97 trillion as consisting of three main parts: (i) Package I to the tune of ₹1.93 trillion, (ii) Package 2 to the tune of ₹11.03 trillion, and (iii) RBI's liquidity injection of ₹8.02 trillion.

Each of the three parts had multiple elements. Package 1 included the following provisions.

1. ₹ 500 per month, for 3 months, to an estimated 200 million women Jan Dhan account holders;

2. An additional 5kg of wheat or rice per person and l kg of pulses per PDS household, for 3 months, to those with PDS ration cards;

3. Enhanced daily wages, from ₹182 to ₹202, to those working on MNREGA public works;
4. A cash transfer of ₹2000 to an estimated 87 million farmers under the PM Kisan scheme;

5. Free Liquefied Petroleum Gas cylinders for an estimated 86 million Ujjwala scheme beneficiaries for 3 months;

6. An ex gratia payment of ₹1000 to poor senior citizens, widows and disabled persons;

7. Medical insurance of ₹5 million for Covid - 19 health workers;

8. Collateral-free loan of up to ₹2 million for female self-help groups;

9. Tax concessions including lower interest on delayed tax payment and reduction in withholding tax rate;

10. ₹0.15 trillion for the health sector.

**The main components of Package 2 included the following.**

1. Collateral-free loans to Micro, Small and Medium-Scale Enterprises (MSMEs) up to ₹ 3 trillion and an equity infusion of ₹ 0.5 trillion, with an additional ₹ 0.20 trillion in loans to stressed MSMEs;

2. ₹ 0.9 trillion for power distribution companies, ₹ 0.3 trillion of "special liquidity" for non-banking financial institutions (NBFCs) and Micro-Finance Institutions (MFIs) and a ₹ 0.45 trillion, partial credit guarantee scheme for NBFCs, housing finance companies (HFCs), and MFIs with low credit rating

3. Liquidity relief through reduction in Tax Deduc at Source (TDS) and Tax Collected at Sou: valued at ₹ 0.5 trillion, and "expedited" income tax refunds of ₹ 0.18 trillion;

4. Concessional credit of ₹ 2 trillion for 25m fishermen and animal husbandry farmers PM - Kisan;

5. Additional emergency working capital of ₹ 0.3 trillion for farmers through the National Bank for Agriculture and Rural Development.
6. Extension of the Credit Linked Subsidy Scheme for the housing sector and middle income group amounting to ₹ 0.7 trillion;

7. A special credit facility for street vendors, amounting to ?0.05 trillion;

8. Employees Provident Fund support for businesses and workers, amounting to ₹ 0.025 trillion;

9. Food grains for non-ration card holders (5 kg of wheat/rice per person and 1 kg chick – pea per family) for 2 months, intended to cover 80 million migrants, amounting to ₹ 0.035 trillion; and allowance for the use of PDS ration cards anywhere in the country under the One Ration One Card scheme by March 2021 (with unclear financial implications);

10. An additional ₹ 0.4 trillion to be allocated to NREG A employment, over and above the earlier budget estimate of ₹0.61 trillion for fiscal 2021;

11. Creation of funds for development of agricultural infrastructure projects at the farm gate (₹ 1 trillion), animal husbandry infrastructure (₹ 0.15 trillion), development of marine and

inland fisheries (₹ 0.2 trillion), infrastructure development for evacuation of coal (₹ 0.5 trillion), and social infrastructure (0.081 trillion);

12. Promotion of Affordable Rental Housing Complexes for migrant workers and the urban poor (with unclear financial implications).

**Finally, the liquidity injection measures by the RBI included the following;**

1. Reduction in the Cash Reserve Ratio (CRR) resulting in liquidity support of ₹ 1.37 trillion;

2. Increased banks' limits for borrowing under the Marginal Standing Facility (MSF) allowing banks to avail additional ₹1.37 trillion of liquidity at reduced MSF rate;

3. Targeted Long Term Repo Operations totaling ₹ 1.5 trillion planned for investment in investment grade bonds, commercial paper, non-convertible debentures including those of NBFCs and MFIs;

4. Special Liquidity Facility (SLF) of ₹ 0.5 trillion for mutual funds to provide liquidity support;

5. Special refinance facilities worth ₹ 0.5 trillion for National Bank for Agriculture and Rural Development (NABARD), Small Industries Development Bank of India (SIDBI) and Sm Housing Bank (NHB) at policy repo rate.

6. A moratorium of three months on payment of installments and interest on work facilities for all types of loans.

**20. What is inclusive growth? What are the elements of inclusive growth? Explain the challenges in achieving inclusive growth in India.**
**உள்ளடக்கிய வளர்ச்சி என்றால் என்ன? உள்ளடக்கிய வளர்ச்சியின் கூறுகள் என்ன? இந்தியாவில் உள்ளடக்கிய வளர்ச்சியை அடைவதில் உள்ள சவால்களை விளக்கவும்.**

**Inclusive growth** means economic growth that creates employment opportunities and helps in reducing poverty.

It means having access to essential services in health and education by the poor. It includes providing equality of opportunity, empowering people through education and skill development.

It also encompasses a growth process that is environment friendly growth, aims for good governance and helps in creation of a gender sensitive society.

**Elements of Inclusive Growth**

**Skill Development**

- ❖ Harnessing the demographic dividend will depend upon the employability of the working age population, their health, education, vocational training and skills. Skill development plays a key role here.

- ❖ India is facing a dual challenge in skill development:

  - First, there is a paucity of highly trained workforce
  - Second, there is non-employment of conventionally trained youths

- ❖ According to the Economic Survey 2017, over 30% of youth in India are NEET (Not in education, employment or training).

- ❖ Similarly, UNICEF 2019 reports stats that at least 47% of Indian youth are not on track to have the education and skills necessary for employment in 2030.

**Financial Inclusion**

- ❖ Financial Inclusion is the process of ensuring access to financial services to vulnerable groups at affordable costs.

- ❖ Financial inclusion is necessary for inclusive growth as it leads to the culture of saving, which initiates a virtuous cycle of economic development.

**Technological Advancement**

- ❖ The world is moving towards an era of Industrial Revolution 4.0. These technological advancements have capabilities to both decrease or increase the inequality depending on the way these are being used.
- ❖ Several initiatives have been taken by the government, eg. Digital India Mission, so that a digitally literate population can leverage technology for endless possibilities.
- ❖ Technology can help to combat other challenges too, eg:

  - Agriculture- Modern technology can help in making an agro-value chain from farmer to consumer more efficient and competitive.
  - Manufacturing- Technology can resolve the problems of finance, procuring raw materials, land, and linkages with the user market. GST was made possible only with the help of sound technology.
  - Education- Innovative digital technologies can create new forms of adaptive and peer learning, increasing access to trainers and mentors, providing useful data in real-time.
  - Health- Technologies could transform the delivery of public health services - extend care through remote health services
  - Governance- Technology can cut down delays, corruption, and inefficiency in the delivery of a public service

**Economic Growth**

- India is among the fastest-growing major economies in the world. However, currently Indian economy is facing slowdown due to both cyclic and structural challenges.
- However, the target of becoming a $ 5 trillion economy by 2024-25 can allow India to reduce inequality, increase social expenditure and provide employment to all.

**Social Development**

- It means the empowerment of all marginalised sections of the population like SC/ST/OBC/Minorities, women and transgenders.
- Empowerment can be done by improving institutions of the social structure i.e. hospitals especially primary care in the rural areas, schools, universities, etc.
- Investment in social structures will not only boost growth (by fiscal stimulus) but will also create a healthy and capable generation to handle future work.

**Challenges in Achieving Inclusive Growth**

**Poverty**

- As per the Multidimensional Poverty Index (MPI) 2018, India lifted 271 million people between 2005-06 and 2015-16, with the poorest regions, groups, and children, reducing poverty fastest. India demonstrates the clearest pro-poor pattern at the sub-national level.
- Still, despite the massive gains, 373 million Indians continue to experience acute deprivations. Additionally, 8.8% of the population lives in severe multidimensional poverty and 19.3% of the population are vulnerable to multidimensional poverty.

**Unemployment**

- As per the Periodic Labour Force Survey (PLFS) of NSSO, the unemployment rate among the urban workforce was 7.8%, while the unemployment rate for the rural workforce was 5.3% totaling the total unemployment rate at 6.1%.
- The quality and quantity of employment in India are low due to illiteracy and due to over-dependence on agriculture.
- The quality of employment is a problem as more than 80% of people work in the informal sector without any social security.
- Low job growth is due to the following factors:
    - Low investment
    - Low capital utilization in industry
    - Low agriculture growth

**Agriculture Backwardness**

- Around 44% of people in India have agriculture-related employment but its contribution to the Indian GDP is only 16.5% which lead to widespread poverty
- Issues in agriculture are as follows:

    - Declining per capita land availability

- A slow reduction in the share of employment
- Low labour productivity
- Decline in agriculture yield due to climate change, land degradation and unavailability of water
- Disparities in growth across regions and crops

**Issues with Social Development**

- ❖ Social development is one of the key concerns for inclusive growth. But it is facing some problems such as:
- ❖ 
Significant regional, social and gender disparities
- ❖ Low level and slow growth in public expenditure particularly in health and education
- ❖ The poor quality delivery system
- ❖ Social indicators are much lower for OBC, SC, ST, and Muslims
- ❖ Malnutrition among the children - India ranks 102nd in Global Hunger Index

**Regional Disparities**

- ❖ Regional disparities are a major concern for India. Factors like the caste system, gap between rich and poor etc. contribute to the regional disparities which create a system where some specific groups hold more privileges over others.
- ❖ Some of the regional disparities problems are as follow:
    - In terms of literacy rate, Kerala is the most literate state with 93.1% literacy, on the other hand, literacy rate of Bihar is only 63.82%
    - In terms of per capita income, Goa's per capita income is Rs 4,67,998 in 2018 while per capita income of Bihar is just one-tenth of that ie Rs 43,822

**Measures Taken India to Achieve Inclusive Growth**

Several schemes are being implemented by the government for inclusive growth which includes the following:

- ❖ Mahatma Gandhi National Rural Employment Guarantee Act Scheme (MGNREGA)
- ❖ Prime Minister’s Employment Generation Programme (PMEGP)
- ❖ Mudra Bank scheme
- ❖ Pt. Deen Dayal Upadhyaya Grameen Kaushalya Yojana (DDU-GKY)
- ❖ Deendayal Antyodaya Yojana- National Urban Livelihoods Mission (DAY-NULM)
- ❖ Sarva Siksha Abhiyan (SSA)
- ❖ National Rural Health Mission (NRHM)
- ❖ Bharat Nirman
- ❖ Swachh Bharat Mission
- ❖ Mission Ayushman
- ❖ Pradhan Mantri Jan Dhan Yojana