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**KURUKSHETRA**

**AUGUST - 2019**

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## 1. BUDGET 2019-20: AGRICULTURE AND RURAL PROSPERITY

- ▶ Agriculture remains the mainstay of the Indian economy despite its shrinking share in the country's GDP (55.4 per cent in 1950-51 to 17.4 per cent in 2018-19).
- ▶ The annual average growth rate registered at 2.88 per cent during 2014-18 in agriculture and allied sectors and was well below the prescribed target of 4 per cent per annum.
- ▶ The budget aims to not only achieve the objective of doubling farmers' income by 2022, but also to expedite poverty reduction, job creation, skill up-gradation drives and double digit economic growth with social justice.

### Rural Wage Employment:

- ▶ The budget underscores the importance of MGNREGA in building quality and productive assets considering rural areas riddled with high incidence of poverty, low work participation, increased casualisation of labour and heavy dependence on agriculture.
- ▶ MGNREGA is a right-based rural wage employment programme to broaden occupational choices and assure generation of employment opportunities.
- ▶ Transparency and accountability are in-built in MGNREGA.
- ▶ The real challenge is: effectively utilize the funds, integrating activities of various ministries, consultation with the State Governments.

### Rural Roads:

- ▶ **Pradhan Mantri Gram Sadak Yojana** – to deliver on-road connectivity to underdeveloped and unconnected habitations.
- ▶ The rural connectivity would ensure ease in travel of rural farmers who would find it easy to market their produce at a better price.

### Zero Budget Farming:

- ▶ To promote **Zero Budget Farming** as a low-cost, natural alternative to the existing practices of heavy and unbalanced use of chemical fertilizer and pesticides.
- ▶ ZBF believed to arrest degradation of the soil. A scientific study is the need of the hour to understand its impact on soil health, food production, livelihoods and sustainable agriculture.
- ▶ To make Soil Health Management successful, farmers need to be educated intensively and use of bio-pesticides.

### Promotion of FPOs:

- ▶ **Farmer Producer Organizations** are collectivization of producers, especially small and marginal farmers, to collectively address challenges of agriculture viz. improved access to investment, technology, inputs and markets.
- ▶ The budget has target to form 10,000 Farmer Producer Organizations to ensure economies of scale for farmers.

- ▶▶ **Challenges faced by FPOs:** access to finance, provision of basic facilities, lack of knowledge about use of modern technology, and practices and capacity building for managing a company.
- ▶▶ To promote collective action in agriculture sector, Small Farmers' Agribusiness Consortium (SFAC) and NABARD should promote farmers and primary producers to undergo social and economic mobilization.

### Investment in Irrigation:

- ▶▶ **Considering irrigation coverage of only 46% of net cultivated area**, significance of irrigation in enhancing agriculture production and ensuring food security, the Budget stress on PMKSY.
- ▶▶ **Pradhan Mantri Krishi Sinchayee Yojana** – targeted to irrigate the field of every farmer and to improve water use efficiency. It envisages providing end-to-end solutions in irrigation supply chain, viz. water sources, distribution network and farm level application.

### Rural Drinking Water Security:

- ▶▶ The budget gives priority for ensuring country's water security and providing access to safe and adequate drinking water to all citizens.
- ▶▶ The budget created **Jal Shakti Mantralaya** by integrating various ministries.
- ▶▶ The budget allocated 10,000 cr. to **National Rural Drinking Water Mission** – to achieve the objective of **Har Ghar Jal (piped water supply to each household)**.

### e-NAM and Agri-marketing:

- ▶▶ Access to both domestic and international markets for realizing appropriate income level is critical for our farmers.
- ▶▶ e-NAM – unified agricultural marketing electronic platform under which 585 regulated wholesale market points got integrated. The main challenge is implementation logjams.

### Value Chain Finance:

- ▶▶ The appropriate agri-business culture in the country can give rise to an all-inclusive economic growth. To boost agri-business, to ensure robust modern infrastructure in the food processing sector along the entire supply chain of food processing through its scheme **Pradhan Mantri Kisan Sampada Yojana**.
- ▶▶ Budget also expressed its will to invest widely in agri-infrastructure by supporting private entrepreneurs in driving value-addition. Dairying through cooperatives are proposed to be encouraged by creating infrastructure for cattle feed manufacturing, milk processing, procurement and marketing.
- ▶▶ The real challenge is to expand credit flow for meeting the agri-value chain credit demand-supply gap.

### Conclusion:

- » In the farming sector, high transaction costs along with risks relating to production, price or market, finance/credit, policy change, technology throughout the agri-value chain dissuades the farmers and entrepreneurs to conceive their activity as a business venture.
- » The real challenge to conform to the notion of competitive advantage both within and outside the value chain, power dynamics, value creation, and value addition.
- » While drought and rural distress are always on the radar of Union Budgets, it calls for timely and appropriate execution of development schemes.



## 2. ECONOMIC SURVEY 2018-19: INSIGHTS, IMPACTS AND INCLUSIVENESS

- ▶ A nation's development is dependent on its people's choices and their capabilities. The key objective of development is to create an enabling environment, free from poverty, inequality, unemployment and exploitation where people enjoy long, healthy and creative lives.

### Vision India:

- ▶ India aims to grow into a **USD 5 trillion economy by 2024-25**, which will make it the third-largest economy in the world, requires real annual growth rate in GDP of 8 per cent.
- ▶ To achieve the target and that can be sustained by a “**virtuous cycle**” of **savings, investment and exports**, supported by a favorable demographic phase.
- ▶ Investment, especially private investment, is the key driver that drives demand, creates capacity, increases labour productivity, introduces new technology, allows creative destruction and generates jobs.

### Focusing on Fiscal Discipline and Fiscal Management:

- ▶ Fiscal management and consolidation becomes the key to achieve sustainable growth and economic stability.
- ▶ Amidst various macroeconomic and fiscal indicators, fiscal deficit is the potent tool to assess fiscal space and fiscal road map.
- ▶ The Finance Minister has kept the targeted **fiscal deficit at 3.3 per cent of GDP** in the current budget.
- ▶ The revised fiscal glide path envisages achieving **fiscal deficit of 3 per cent of GDP by FY 2020-21 and Central Government debt to 40 per cent of GDP by 2024-25**.

### External Sector

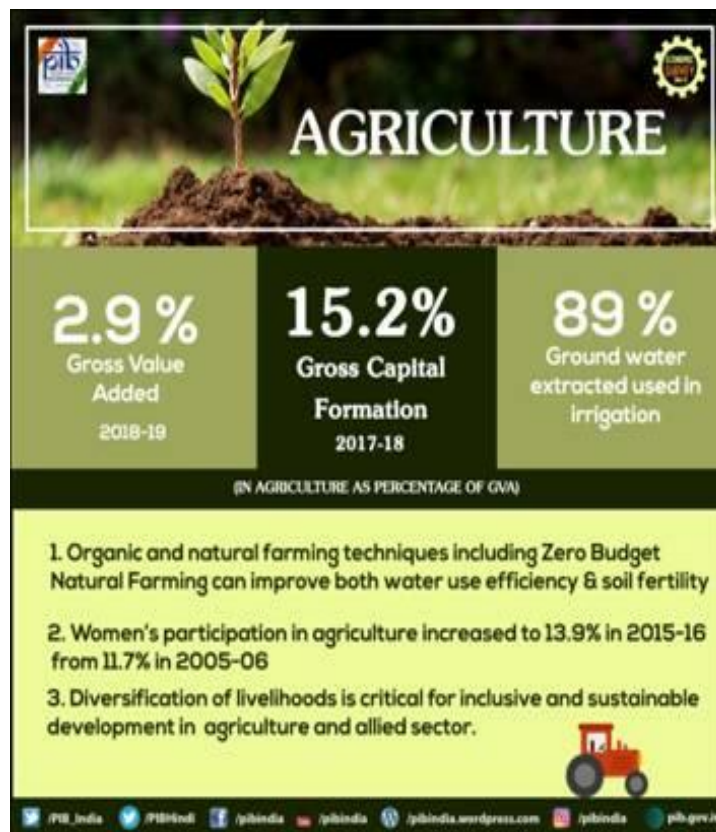
- ▶ The final demand also depends upon external sector especially on export, which further decides the course of investment, employment and GDP.
- ▶ India's **Current Account Deficit stood at 2.6 per cent of GDP** as compared to 1.8 per cent of GDP in the year 2017-18 due to sharp rise in crude oil price.
- ▶ The share of net FDI inflow has secular increase since 2013 reflecting an increase in dependence on more stable sources of financing the CAD.
- ▶ The real effective exchange rate also depreciated by 5.8 per cent, making India's export potentially more competitive.

### Saving and Investment:

- ▶ To achieve high rate of growth, a growth model driven by a virtuous cycle of saving, investment and export demand.

- » Philosophy of economic growth revolves around the 'Blue Sky Thinking' where all the economic activities are intricately interwoven.
- » To reduce the 'Economic Policy uncertainty' in order to foster a conducive investment climate.
- » To reduce policy uncertainty by way of
  - (i) Consistency of actual policy with forward guidance
  - (ii) Quality assurance certification of processes in government departments.

### Agriculture and Food Management:



### Behavioural Economics for Social Change:

- » To bring radical social change, the recent policy focuses on behavioral economics to 'nudge' people towards desirable behavior.
- » The behavioral transformation includes 'Beti Bachao & Betic Padhao' to 'BADLAV' (Beti Aapki Dhan Lakshmi Aur Vijay Lakshmi); from tax evasion to tax compliance; from Swachh Bharat to Sunder Bharat; from economic growth to sustainable development; output to outcome.
- » Government adopted behavioral economic framework as an instrument to bring changes in the socio-religious mind-set of the people in various schemes like Swachh Bharat Mission, Pradhan Mantri Jan Dhan Yojana etc.,



### Initiatives for Inclusiveness:

- ▶ Inclusive development is multifaceted and can be achieved through growth with equity-social, economic and political.
- ▶ Proactive intervention, effective policy implementation and people's participation in governance process is needed to achieve inclusive growth.
- ▶ Government focus is crucial for last-mile delivery of basic services to the poor, basic safety nets, and creating pathways for the benefits of growth to reach the bottom of the socio-economic ladder.
- ▶ An effective **minimum wage policy** is a potential tool for protection of low income groups and for more inclusive, resilient and sustainable economic development.
- ▶ Creation of “**National Level Dashboard**” to provide information and guidelines to the targeted demography.

### Concluding Remarks:

- ▶ The success for democracy can be established only when the benefits of the growth percolate to the bottom of the society and are able to uplift the socio-economic standards of the helpless and marginalized.
- ▶ The three 'f', funds, functions, and functionaries are needed to be optimally used to enhance the desired benefits that can percolate among the masses.
- ▶ Economic Survey highlights the impact of introducing the Insolvency and Bankruptcy Code and the adoption of the GST have had on improving **Ease of Doing Business from 142 to 77 in the last four years.**



### 3. CORPORATE INVESTMENT IN AGRICULTURE

- » Agriculture is highly reliant on the Government. The current private corporate investment in agriculture is about only 2%.
- » However, improvement and triumph of this sector are unimaginable without the vital corporate private investments.

#### Significance of Private Sector in Agricultural R&D:

- » The private corporate sector is investing not only in infrastructure but also in R&D in the food, feed, energy and health sectors.
- » The private sector focuses on the provision of input technologies such as machinery, chemicals, seeds and food processing. Agri-biotechnology has been the fastest growing sector attracting huge resource for R&D through small and medium enterprises.
- » Moreover, private sector is becoming increasingly active in commercial crops, such as hybrids of maize, pearl millet, sorghum and vegetables, tissue culture, transgenic, etc.
- » To give incentives to the private sector with its presence growing rapidly in pro poor crops and regions, there is an increasing need to provide enabling policy environment with effective IPRs and bio-safety arrangements.

#### Case studies of a Few Corporates:

- » PepsiCo. Provided direct seeding, machines to farmers for paddy sowing which helped reduce water consumption by 30 per cent and also cut down greenhouse gas emissions by 75 per cent.
- » Mahindra Agri Solutions Ltd. Started a Grape Packhouse facility in Nashik. It promotes farmers to switch to grape cultivation, which provides more yield and income than other crops.
- » **International Experience:** Agricultural corporations are becoming more prevalent in Australian agriculture.
- » **Reasons for which companies would like to invest in Australian agriculture are secure land ownership, export-orientated production, established infrastructure (storage, roads, ports, etc.), safe high-quality food products, rapid technology adoption, and availability of skilled labor and management.**

#### Government efforts to Encourage Corporate Investment:

- » **To encourage Farmer Producer Companies** which are hybrid between cooperative societies and private limited companies registered under the Company's Act. Budget proposed to **form 10,000 FPOs** in the next five years.
- » **The Model Agriculture Produce & Livestock Marketing (Promotion & Facilitation) Act, 2017** – provides the opportunity for the private sector to set up private markets, alternate marketing channels, online market platforms, etc.

- » **The Model Agriculture Produce & Livestock Contract Farming & Services Act (Promotion & Facilitation) Act, 2018** – enables private sector investment by way of capital, technology, and extension all along the value system.
- » **Exemption to FPC under Income Tax Act** with a turnover of up to Rs 100 crore
- » **100 per cent FDI in food retail** – it will strengthen the post-production infrastructure in supply chains. Ministry of Agriculture and farmers Welfare, in collaboration with Start-Up India, launched the **Agriculture Grand Challenge** – to promote innovation

### The Road Ahead:

- » Large investments in public goods – roads, power, education, research, irrigation, warehouses, etc. is essential to attract the private investments.
- » To double farmer incomes, private investment in agriculture must increase by two times.
- » One of the reasons for low productivity is fragmented landholdings. The increased land productivity would make agriculture an attractive avenue for corporations to invest in.
- » Capital investments corresponding to agricultural growth are of two categories:
  - a) **Capital Investments ‘in’ Agriculture** – land development, irrigation, markets, etc.
  - b) **Capital Investments ‘for’ Agriculture** – road, power, transport, etc.

### Conclusion:

- » The corporate investment is a huge cause of concern in the farming sector. The main reason for this has been excessive controls and regulation in the agricultural sector.
- » Currently, only corporate drive India’s farm mechanical sector, the seed sector and also invest heavily in horticulture and food processing sector.
- » There is a need for relaxing rules for companies investing in contract farming, transport, marketing, warehouses and food processing.

#### 4. MSMEs: Key Component for India's \$ 5 Trillion Economy

- ▶ Indian MSME sector is the backbone of the national economic structure and it contributes significantly in the economic and social development of the country by fostering entrepreneurship and generating largest employment opportunities at comparatively lower cost.

##### Key Statistics about MSME:

- ▶ MSMEs contribute,
  - i.) **6.11% of the manufacturing GDP**
  - ii.) 24.63% of the GDP from service activities
  - iii.) **33.4% of India's manufacturing sector**
- ▶ They have able to provide employment around 120 million persons
- ▶ It contributes around **45% of the overall exports from India**
- ▶ About **20% of the MSME are based out of rural areas** generating large scale employment in rural areas.

##### Generating Large-Scale Employment:

- ▶ In India, capital is scarce and labor abundant. MSMEs are thought to have lower capital-output and capital-labor ratios than large scale industries.
- ▶ MSMEs offer maximum opportunities for both self-employment and wage-employment.
- ▶ A distinctive feature of MSMEs is large proportion of them located as traditional industrial clusters, handicraft clusters and handloom clusters provided employment opportunities in rural areas.
- ▶ MSME contributed 70% jobs in the manufacturing sector and thus play a important role in countering jobless growth.

##### Sustaining Economic Growth and Increasing Exports:

- ▶ Non-traditional products account for more than 95% of the MSME exports (dominating in sports goods, readymade garments, plastic products etc.).
- ▶ Since these products are handcrafted and hence eco-friendly, offers tremendous potential to expand the quantum of MSME-led exports.
- ▶ MSMEs act as ancillary industries for Large-Scale Industries providing them with raw materials, vital components and backward linkages.

##### Making Growth Inclusive:

- ▶ MSMEs are instruments of inclusive growth which touch upon lives of the most vulnerable and marginalized. Instead of welfare approach, this sector empowers people to break the cycle of poverty and deprivation. It focuses on people's skills and agency.

- » It contributes inclusive and sustainable society by making non-farm livelihood at meager cost, balanced regional development, gender and social balance and environmentally sustainable development.

### Challenges Faced by MSMEs:

- » Most of the unregistered MSMEs operating with obsolete technology, limited access to institutional finance etc.
- » Need to improve the competitiveness of the overall MSME sector covering areas like:
  1. Access to technology
  2. IPR related issues
  3. Design-related issues
  4. Wasteful usage of resources
  5. Energy inefficiency and associated high cost
  6. Low ICT usage
  7. Low market penetration
  8. Quality assurance/certification
  9. Standardization of products and proper Marketing Channels

### Government Initiatives of MSMEs:

- » **Access to credit:** i.) **59-minute loan portal** – enable ease access to credit for MSMEs.
- » ii.) **Provision for 2% interest subvention** for all GST registered MSMEs on fresh or incremental loans.
- » **Access to market:** Public sector companies now have to **compulsorily procure 25%** of their total purchase from MSMEs.
- » **Technology Upgradation:** 20 technology hubs with 100 spokes will be set up throughout the country.
- » **Ease of Doing Business:** simplify rules and regulations for facilitating business for getting clearances and certifications.
- » **Social Security for MSME Sector Employees:** A mission has been launched to ensure PM Jan Dhan Accounts, Provident fund and Insurance.

### Conclusion:

- » The vision is to increase MSMEs contribution to India's GDP to over 50% from the current 29% and exports contribution to 75% from the present 50% to reach the \$ 5 trillion mark.
- » To reach the \$ 5 trillion economy, MSMEs have to play a much bigger role both in employment generation, in exports, in skilling people and in the making the sector more formalized.
- » With technological upgradation and digitizing MSMEs, they not only compete effectively with global counterparts, but also bigger role in the 'Make in India' campaign.

## 5. RURAL INFRASTRUCTURE IN BUDGET 2019-20

- » Infrastructure is critical for a country's development. Infrastructure could be private and public, physical and services, social and economic. Economic infrastructure could be transportation, communication, power, irrigation and social infrastructure comprise of education, health, drinking water and sanitation, housing etc.

### Why Infrastructure is Important?

- » Infrastructure development brought in the efficiency of investment, manufacturing competitiveness, exports, employment, urban and rural development, quality of life and a host of benefits for the country.
- » **The Rangarajan Commission (2001) defined infrastructure as having natural monopoly, high investment, non-tradable, non-rival, price exclusiveness and put in a specific place.**

### Road Infrastructure:

- » The promotion of all-weather qualitative durable road networks ensures faster economic and social gains, trade flows, integration of markets. Road infrastructure caters to transport over 60% of total goods and 85% of passenger traffic
- » **Pradhan Mantri Gram Sadak Yojana**
  - a) Providing all weather road connectivity to unconnected villages
  - b) Improve the ease of living for rural population
  - c) There is a target to construct 7000 km roads under the green technology with use of cold mix, iron slag, caste plastic panel etc.
- » **Bharatmala Pariyojana:**
  - a) Targeted to cover 25000 km of roads and bridges by integrating other schemes, projects and programs
  - b) With special focus on connectivity of non-major ports, roads for Backward Areas, Religious and Tourist Places Connectivity Programme.
- » **Setu Bharatam Pariyojana:**
  - a) Aimed at elimination of Railways crossing by constructing major bridges
  - b) Ensuring high speed road vehicular movement and train movement.
- » **Communication Infrastructure:**
  - a) The telecommunication sector has phenomenal growth with growth in e-governance, cashless transaction in banking and financial services, trade and education.
- » **Digital India Programme:**

- a) Transform India into a digitally empowered society and knowledge economy with three primary focus areas of creation of digital infrastructure, electronic delivery of services and digital literacy, and empowerment of citizens with e-participation in governance.
- ▶▶ About 1.5 lakh Gram Panchayats are being connected with optical fibre for providing Internet and Wi-Fi hotspots and access to digital services at low tariffs, through Digital India and the Bharatnet Project.
- ▶▶ **Digi-Gaon** is being planned for providing the platform for the financial services, telemedicine, education, e-governance, e-marketing and skill development.

### Renewable Energy Infrastructure:

- ▶▶ India's renewable sources, catering to about 20% of the total installed power capacity (69 GW). India is targeting a renewable energy target of 175 GW by 2022.
- ▶▶ International Solar Alliance – promoting the growth and development of solar power internationally to over 120 countries and India set a target of achieving 40% of its total electricity generation from non-fossil fuel sources by 2030.
- ▶▶ Budget also envisages that incentives provided would make India as a global hub for R&D and manufacturing of advanced energy storage and EVs by 2022, provide a policy direction to promote the manufacturing through 'Make In India'.

### Housing:

- ▶▶ Housing as a basic need and right both in rural and urban area is reflected in the **Pradhan Mantri Awas Yojana – Housing for All**. PMAY(Gramin) – targets about 1 crore houses by March, 2019 with a provision of Bank Loan and provides Skilling for 5 lakh rural masons by 2019.

### National Rural Drinking Water Programme:

- ▶▶ NRDWP is targeted at providing every person in rural India with adequate safe water for drinking, cooking and other domestic basic needs on a sustainable basis.
- ▶▶ Under this, provision of providing 40 litres per capita per day for rural habitations.
- ▶▶ The budget tries to provide water security with provision of water supply in a integrated and holistic manner, to promote achieve **Har Ghar Jal (piped water supply)** to all rural households by 2024 and **Jal Shakti Abhiyan** for improving the ground water availability.

### Swachh Bharat Abhiyan:

- ▶▶ Swachh Bharat Abhiyan has been a revolutionary initiative for embedding the sense of sanitation, hygiene and health,
- ▶▶ Introduced in 2014, exhibited remarkable progress with a **85% coverage in 2018 from 38.70% in 2014.**



- » It aims to incentivize people come forward to own toilets and participate in healthy waste disposal, with mindset change and social acceptability.
- » Swachh Bharat Mission aims to target Open Defecation Free of every district by 2019 and undertake sustainable Solid Waste Management in every village.

### **Irrigation Infrastructure under PMKSY:**

- » **Pradhan Mantri Krishi Sinchayee Yojana** – expand cultivable area, ensure water use efficiency, improve recharge of aquifers, treatment of waste water from all sources for agriculture etc.
- » Under this, water conservation, construction of farm pond, water harvesting structures, small check dams and contour bunding, construction of diversion canals, including development of water distribution systems, drips, sprinklers, rain guns irrigation structures etc.

### **Pradhan Mantri Matsya Sampada Yojana:**



**Pradhan Mantri  
Matsya Sampada Yojana**

**Budget For  
New India  
2019**



-  The scheme will establish a robust fisheries management framework that will address critical gaps in the value chain.
-  This will take care of infrastructure, modernization, traceability, production, productivity, post-harvest management, and quality control relating to the fisheries sector

### **Education:**

- » The role of education in an individual's growth and national development cannot be underestimated. Education reduces poverty, boosts economic growth and increases income.
- » **Study in India:** the aim of the campaign would be to brand India as a prime study destination for international students. Its objective are:
  - a) Boost the number of inbound International students in India.
  - b) Increase India's market share of global education exports.



- c) Improve the overall quality of higher education
  - d) Increase in global ranking of India as educational destination
  - e) Enhance India's global market share of International students
- » **National Research Foundation** – to fund, coordinate and promote research in the country. The Foundation will consist of four major divisions: science, technology, social sciences, and arts and humanities.

### Health:

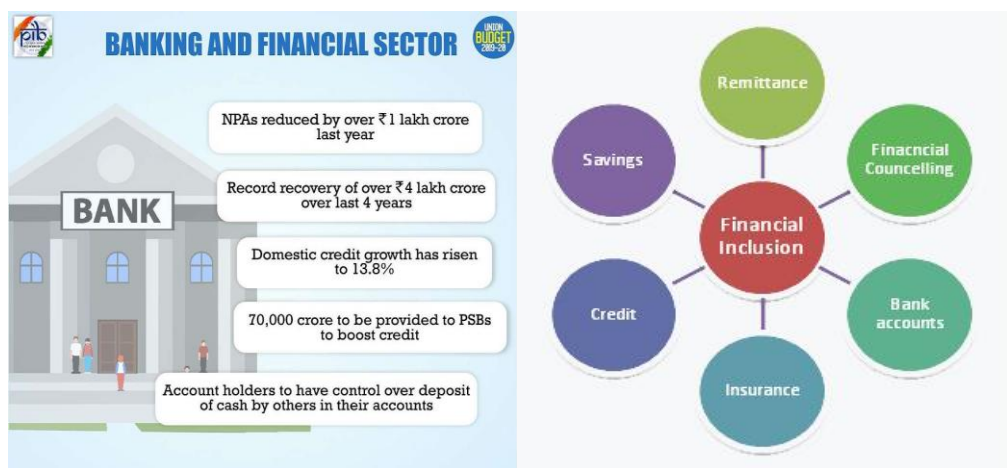
- » It is well known that investing in health makes sound economic sense. It saves lives, enhances wellness and happiness, raises productivity and generates jobs. To maximize the potential of current demographic dividend, a healthy and educated population is a must.
- » Currently, only 30 per cent of the total spending derived from public sources, with around 70 per cent being private expenditure.
- » National Health Mission: under NHM, **the Health and Wellness centres** which focuses on comprehensive health care, including non-communicable diseases and maternal and child health services.
- » Besides, these centres also provide free essential drugs and diagnostic services.
- » The budget also increased allocation to **Pradhan Mantri Swasthya Suraksha Yojana** – the agency that's spearheading the creation of AIIMS like teaching hospitals in under-served areas of the country.

### Conclusion:

- » Giving priority to infrastructure is a progressive measure, which can be treated as the social capital that accelerates the productive activities, livelihood and quality of lives.
- » Infrastructure development in providing basic amenities and economic infrastructure has poised the country at the threshold of an elite and developed nation.

## 6. BANKING AND FINANCIAL INCLUSION

- » The banking sector is widely recognized as one of the important drivers for livelihood support for the poor and disadvantaged sections of the society.
- » Although access to financial services is one of the key elements for poverty eradication it is not viable for banks to reach all the villages and all the people through brick and mortar model.
- » Further, due to high operating cost, high maintenance cost, small ticket size transactions and growing Non Performing Assets, banks face difficulties in financing the weaker sections and low income groups.
- » Banking and financial inclusion go hand in hand in fostering economic growth and equitable distribution of financial resources in a more inclusive manner.



### Steps taken for Financial Inclusion:

#### Self Help Group Bank Linkage Programme:

- » **SBLP was started in 1992.** SBLP programme is cost effective and an effective tool for poverty eradication.
- » The programme has proved that lending to the poor is bankable and when small loan products are offered to the poor even without collateral, they repay the dues on time.

#### Kisan Credit Cards and General Credit Cards:

- » The prime motive is to help farmers to get quick and timely access to formal credit. Under the scheme, both owner and cultivators as well as landless cultivators avail credit to meet their needs at subsidized rates of interest.
- » Through KCC, the farmers get bank loan for a variety of purposes in agriculture and allied sectors. Similarly General Credit Cards cater to the needs of the entrepreneurs in non-farm sector.

### Banking Outlets in villages:

- ▶ The RBI in 2006, allowing banks to employ intermediaries such as Business Correspondents and Business Facilitators.
- ▶ The Business Correspondents reach banking facilities to the unreached hinterland and providing services such as opening accounts, making small deposits, recurring deposits, fixed deposits, insurance and pensions.

### BSBDA account:

- ▶ The Financial Inclusion programmes in India became more focused with the introduction of **‘NO Frills Account’ in 2005**. Under the scheme, the NFA offers minimum banking facilities to the account holders by having a zero balance.
- ▶ In 2012, the No Frill Accounts were replaced with Basic Savings Bank Deposit Account with the objective of strengthening the efforts for furthering financial inclusion.

### Prime Minister Jan Dhan Yojana (PMJDY):

- ▶ For extending formal financial services affordable to the excluded people, **PMJDY was launched on 2014**.
- ▶ The major features of the scheme include :
  1. The facility to open a basic savings bank deposit account in any bank branch or BC outlet.
  2. Accidental insurance cover and life insurance cover
  3. An overdraft facility after satisfactory operation of the account for six months.

### Banking and Financial Inclusion in Union Budget:

- ▶ Understanding the problem of liquidity, the Government has announced to infuse capital of Rs.70,000 crore into the Public Sector Banks.
- ▶ The Budget pitched for additional power with the Reserve Bank of India over the NBFCs and Housing Finance Companies to provide uniform regulatory environment to the lending segment. For easy accessibility of banking, the Government has urged the Public Sector Banks to leverage technology, offer online personal loans and doorsteps banking and enabling customers of one PSB to access services across all PSBs.

### Inclusive Farmers:

- ▶ In the budget, Government proposed to **create 10,000 Farmer Producer Organizations** to ensure economies of scale for small landholders. This will help linking farmers to markets, reduce transaction costs and increase crop yields.
- ▶ The collectivization of small and marginal farmers has the ability to collectively address many challenges such as access to investment, technology, inputs and markets.

- » Further, it can pave the way towards crop diversification, value addition and enhancement of employment and income of the farmers.

### Women-led initiatives for Inclusion:



### Inclusive growth through MSMEs

- » MSME is important sector for inclusive growth. After agriculture, MSME is the biggest employer.
- » This sector assuming special importance for its role in ensuring income equality, employment generation, poverty reduction and promoting a balanced economic development in the country.
- » **59 minute portal:** loans upto Rs.1 crore will be granted to MSMEs within 59 minutes through a dedicated online portal.
- » **Pradhan Mantri Karam Yogi Maandhan Scheme** - pension benefits would be extended to about 3 crore retail traders and small shopkeepers having an annual turnover less than Rs. 1.5 crore.

### Digital Inclusion:

- » **Pradhan Mantri Gramin Digital Saksharta Abhiyaan** – aims at imparting digital literacy to citizens in rural areas free of cost.
- » The programme provides digital literacy awareness, education and capacity building programmes that will help the rural and under-served communities fully participate in the global digital economy.
- » The budget also vowed for internet connection in local bodies in every Panchayat under **Bharat-Net to bridge rural-urban divide.**

### Way Forward:

- ▶▶ Financial inclusion is a key enabler in reducing poverty and boosting prosperity. Access to financial services enables the poor and disadvantaged section of the society to open doors for the unbanked members, allow them to save, invest, create jobs and reduce inequality.
- ▶▶ However, more steps need to be taken for effective financial and technological literacy, capacity building, easy and affordable credit facility and marketing the produce of the small and marginal farmers.

