

Overview

'Rural industries' are non-farm activities dependent on rural resources, primarily meant for employment generation through effective utilisation of locally available resources, human power and technologies that are native or home-grown. These are popularly known as small-scale industries/village industries/rural industries. Rural industry includes khadi, village industries, handloom, handicraft, sericulture, coir and service industries situated in the rural areas.

Issues

- Lack of education, credit availability, realization of profitable prices, tariff and non-tariff issues, storage facility, marketing challenges, and forward linkages, etc. are the main business problems.
- High competition, high transaction cost including transportation and freight rate, lack of awareness, promotional issues, etc.
- Unorganised nature
- Lack of smooth provisioning of inputs and instruments along with artisans' welfare

History of Rural Industrialization

- [Industrial Policy Resolution 1948](#)

It maintained that "Cottage and small scale industries have a very important role in the national economy. Offering as they do scope for individual, village, or cooperative enterprise, and means for the rehabilitation of displaced persons. These industries are particularly suited for the better utilization of local resources and for the achievement of the local self-sufficiency in respect of certain types of essential consumer goods like food, cloth, and agricultural implements".

Certain classes of stores were reserved exclusively for purchase from village and small industries and some price differentials were allowed to them over the products of large-scale industries. A number of emporia and sales depots for handloom, handicrafts and village industries have been established during the first-plan period.

- [Industrial Policy Resolution 1956](#)

- The Parliament declared socialistic pattern of society as its social and economic policy through a resolution in 1954.
- The then Planning Commission of India came up with a 'Report of the Village and Small-Scale Industries (Second Five-Year Plan) Committee' popularly known as the *Karve Committee Report* in 1955. The recommendations were reflected in the IP 1956 which stated that while such measures (safeguarding of small-scale industries by restricting the volume of production in the large-scale sector, by differential taxation, or by direct subsidies) will continue to be taken, whenever necessary, the aim of the State policy will be to ensure that the decentralized sector acquires sufficient vitality to be self-supporting and its development is integrated with that of large-scale industry. The State will therefore, concentrate on measures designed to improve the competitive strength of the small-scale producers".

- It also recognized that lack of technical and financial assistance, suitable working accommodation, and inadequacy of facilities for repair and maintenance are among the serious handicaps of small-scale producers.
- The **Third Five Year Plan** focused on positive forms of assistance such as improvement of skill, supply of technical advice, better equipment, and credit, to reduce progressively the role of subsidies, sales rebates, and sheltered markets.
- The **Fourth Plan** focused on providing a combination of incentives and disincentives for securing decentralization and dispersal of small industries. It allowed for advancing loans to the State Cooperative Banks for financing small industries.
- **IPR of 1977**

It maintained that the thrust of the new industrial policy will be on effective promotion of cottage and small-scale industries widely dispersed in rural areas and small towns.

 - The number of reserved items for small-scale industries was increased to 504.
 - District Industry Centers (DIC) were set up to promote under a single roof all the services and support required by small and village entrepreneurs.
 - The policy classified small sector into three broad categories –
 - ✓ Cottage and Household Industries which provide self-employment on a large scale
 - ✓ Tiny sector incorporating investment in industrial units in plant and machinery up to Rs. 1 lakh and situated in towns with a population of less than 50,000 according to 1971 Census
 - ✓ Small-scale industries comprising of industrial units with an investment of up to Rs. 10 lakh and in case of ancillary units with an investment up to Rs. 15 lakhs.
- **Small Industries Development Bank of India (SIDBI)** was established in 1990 to ensure both adequate and timely flow of credit facilities for the small-scale industries. **Delicensing** was introduced in the case of 100 percent Export Oriented Units (EU) set up in Export Processing Zones (EPZ). The focus of the IPs shifted towards promoting small-scale industries by making them self-sufficient while providing a cushion of much needed safety.
- **Micro, Small and Medium Enterprises Development (MSMED) Act** of 2006 - Comprehensive Policy Package for small scale and tiny sector, 2000 and the Industrial Policy Packages for small scale industries, 2001-02 continued to increase investment limits, support credit inflow and marketing efforts for small-scale industries. However, the above act has been a monumental shift. However, a majority of MSME's are micro-units followed by small and medium enterprises.

Classification of Rural Industries

As per the Eighth Plan, four groups of industries are classified that can be expanded or developed in rural areas, viz.

- a) Traditional Village Industries include Khadi, leather tanning, woodwork, artisan industries, cotton cloth, handloom, power loom and fabrics, handicrafts, coir, sericulture and wool development, etc.
- b) Heavy Industries - include mini-steel plants, fertilizer plants which use bio-mass, pesticide manufacturing plants using biological inputs, ancillary engineering units, etc.
- c) Medium Group Industries - includes mini-cement plants which use molasses or coal as energy, minor paper plants, etc.

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

The Village Industries Programme is broadly classified under seven groups -

- a) Agro Based and Food Processing Industry (ABFPI)
- b) Forest Based Industry (FBI)
- c) Hand Made Paper and Fibre Industry (HMPFI)
- d) Mineral Based Industry (MBI)
- e) Polymer and Chemical Based Industry (PCBI)
- f) Rural Engineering and Biotechnology Industry(REBT)
- g) Service and Textile Industry.

Advantages of Rural Industrialisation

- Small and cottage industries require low capital investment
- Rural industries can take more advantage of local resources
- Transaction costs can be avoided by catering to local demand
- Employment generation
- Rural industrialization would result in three kinds of employment opportunities viz. regular employment for relatively better educated; casual employment of a daily wage type for less educated; and self-employment for entrepreneurs.

Government Schemes for Rural Industries

- **Prime Minister's Employment Generation Programme (PMEGP):**
 - The Ministry of MSME is implementing it since 2008-09 through Khadi and Village Industries Commission (KVIC), State Khadi and Village Industries Board (KVIB) at State level and District Industries Centers (DIC) at district level as nodal agency at the national level for generating self-employment opportunities even for migrants by setting up micro -enterprises in non-farm sector, including cottage, khadi and village Industries units, thus helping traditional artisans and unemployed youth.
 - It was launched by merging two schemes namely Prime Minister's Rozgar Yojana and Rural Employment Generation Programme.
 - It is a credit linked subsidy scheme where General Category beneficiaries can avail of Margin Money subsidy of 25% of the project cost in rural areas and 15% in urban areas. For Special Categories such as SC/ST/OBC/minorities/women/ex-serviceman/physically handicapped /NER/Hill and Border areas, etc., the Margin Money subsidy is 35% in rural areas and 25% in urban areas.
 - Individuals above the age of 18 years, SHGs, cooperative level societies involved in the production, and institutions that are registered under the Societies Registration Act of 1860 are eligible for benefits under this programme.

- Maximum project cost for manufacturing unit has now been raised from Rs. 25 lakh to Rs.50 lakh and for service sector it is now Rs. 20 lakh from the earlier Rs. 10 lakh.
- Around 80% of the PMEGP units have been set up in rural areas and about 50 percent of the units have been set up by SC/ST/Women entrepreneurs.
- As per guidelines of PMEGP scheme, 100% physical verification of units is carried out through outsourced agencies after completion of 24 months and before 36 months of setting up of units.
- Ministry of MSME has also introduced a scheme of second financial assistance for expansion/upgrading existing PMEGP/MUDRA units. The second financial assistance for manufacturing units is up to Rs. 1 crore and for service/trading unit it is up to Rs. 25 lakh with subsidy of 15% for non-NER (North Eastern Region) and 20% for NER and hilly states.
- Small farmers are being encouraged to set up cottage industries to increase their income through the following schemes/programmes of PMEGP:
 - ✓ Agro-Based and Food Processing Industries viz. Pulses and Cereals Processing Industry, Fruit and Vegetable Processing Industry, Village Oil Industry, Gur and Khandsari Industry and others;
 - ✓ Forest-Based Industries viz. Medicinal Plants Industry, Beekeeping Industry, Minor Forest Based Industries and others;
 - ✓ Handmade Paper and Fibre Industries viz. Handmade Paper Industry, Fibre Industry;
 - ✓ Mineral Based Industry (MBI);
 - ✓ Polymer and Chemical Based Industry (PCBI);
 - ✓ Rural Engineering and Bio-Technology Industry (REBT); and
 - ✓ Service and Textile Industry

KVIC, under its flagship PMEGP scheme has facilitated a unique model of *agarbatti* (incense sticks) manufacturing units for tribal women. A total financial aid of Rs. 35 lakh; i.e., Rs. 5 lakh for each of the 70 units is disbursed through Assam Gramin Vikash Bank, Guwahati to set up the agarbatti manufacturing units.

- **Start-up Village Entrepreneurship Programme (SVEP)**

- The Ministry of Rural Development is implementing it as a sub-scheme under Deendayal Antyodaya Yojana- National Rural Livelihoods Mission (DAY-NRLM).
- The block is the unit of implementation of SVEP. States have to submit supplementary Annual Action Plans (AAPs) for the identified blocks. Once approved, a Detailed Project Report (DPR) is prepared for the block which provides, among other things, the details regarding the potential number of enterprises to be formed over the 4-year project period.
- The objective of the scheme is to help the rural poor (SHGs) to set up enterprises at the village level in non-agricultural sectors.
- Besides providing start-up capital, cadre of Community Resource Persons-Enterprise Promotion (CRP-EP) is set up to provide business support services to enterprises.
- SHG members especially rural women are supported to set-up enterprises at the village level in non-farm sectors.

- **Scheme of Fund for Regeneration of Traditional Industries (SFURTI), 2005:**

The Ministry of Micro, Small and Medium Enterprises (MSME) implements the scheme in a variety of fields, ranging from food products to handicrafts; leather products to ayurvedic medicines.

- SFURTI clusters are of two types: Regular Cluster (500 artisans) with government assistance of up to Rs. 2.5 crore and Major Cluster (more than 500 artisans) with government assistance up to Rs. 5 crore. A maximum budget of Rs. 8 crore is allotted to the densest clusters in a district which is then lowered as the clusters get thinner and sparse.
 - The timeframe for functionalisation of a SFURTI cluster since its approval is 12 months for a Regular Cluster and 18 months for a Major Cluster.
 - Under the scheme, traditional artisans and industries are organised into clusters to add value to their production and enhance their income by supporting them in:
 - ✓ upgradation of infrastructure by developing Common Facility Centres (CFCs) with latest machineries and creation of Raw Material Bank,
 - ✓ training and skill development of artisans, exposure visits, product development.
 - ✓ developing new market linkages, including e-commerce tie ups
 - ✓ partnerships with institutes of eminence for creation of new designs, etc.
 - Special focus is given on proposals received from districts without any existing approved SFURTI cluster as well as those received from the Aspirational districts.
 - This scheme has facilitated transformation traditional industries; especially, Bamboo, Honey and Khadi.
 - The Implementing Agencies of the clusters are required to open bank accounts and provide general and health insurance to all artisans, thus ensuring financial inclusion and better health facilities for these workers.
 - **A Scheme for Promoting Innovation, Rural Industry and Entrepreneurship (ASPIRE)**: ASPIRE was launched in 2015 to promote Innovation and Rural Entrepreneurship through rural Livelihood Business Incubator (BI), Technology Business Incubator (TBI) and Fund of Funds for start-up creation in the agro-based industry. The main objectives of the scheme are:
 - Creation of new jobs and reducing unemployment
 - grassroots level economic development,
 - promoting entrepreneurship culture in India,
 - facilitating innovative business solutions for meeting the social needs of the people,
 - promoting innovation for further strengthening the competitiveness in the MSME sector.
- For Livelihood business Incubations, onetime grant of 100% of the cost of plant and machinery other than infrastructure and land or an amount of up to Rs. 1 crore, whichever is less is provided. For Technology Business Incubations, the grant is limited to 50% of the cost.
- **PM-Mega Integrated Textile Region and Apparel Parks (PM-MITRA)**
 - The Ministry of Textiles has launched this scheme in October 2021 to strengthen the Indian textile industry by way of enabling scale of operations, reduce logistics cost by housing entire value chain at one location, attract investment, generate employment and augment export potential.
 - It will develop an integrated large-scale and modern industrial infrastructure facility for total value-chain of the textile industry for example, spinning, weaving, processing, garmenting, textile manufacturing, and processing and printing, etc.
 - These parks are envisaged to be located at sites which have inherent strengths for the textile industry to flourish and have necessary linkages to succeed.
 - The scheme envisages leveraging the PPP model for fast-paced implementation in a time bound manner.
 - The Government of India (GoI) plans to set up 7 PM-MITRA Parks in Greenfield/Brownfield sites in partnership with the willing state governments.

- The Ministry of Agriculture and Farmers Welfare (MA&FW) implements the 'Innovation and Agri-Entrepreneurship Development' programme that was started in 2018-19 under **Rashtriya Krishi Vikas Yojana (RKVY-RAFTAAR)**, providing technical and financial support in nurturing incubation ecosystem. New projects/start-ups are being supported through National Agriculture Innovation Fund (NAIF) that was started by Indian Council of Agriculture Research (ICAR).
- **Pradhan Mantri MUDRA Yojana:** Micro Units development and Refinance Agency Ltd (MUDRA) provides refinance support to Banks/MFIs for lending to micro units having loan requirement up to 10 lakh. Launched in 2015, it provides its services to small rural and semi-urban entrepreneurs outside the service area of regular banks, by using last mile agents. The three interventions under the scheme are:-
 - Shishu : covering loans upto Rs. 50,000
 - Kishor : covering loans above Rs. 50,000 and upto Rs. 5 lakh
 - Tarun : covering loans above Rs. 5 lakh and upto Rs. 10 lakh
- **Credit Guarantee Scheme for Micro and Small Enterprises (CGTMSE):** It facilitates credit to MSME units through collateral-free credit facility (term loan and/or working capital) extended by eligible lending institutions to new and existing micro and small enterprises. The Ministry of MSME and Small Industries Development Bank of India (SIDBI) jointly established a Trust named Credit Guarantee Fund Trust for Micro and Small Enterprises in order to implement Credit Guarantee Scheme for MSMEs. The corpus of CGTMSE is contributed by GoI and SIDBI. 75% of the loan amount to the bank is guaranteed by the Trust Fund. The scheme provides collateral-free loan up to a limit of Rs. 2 crores for individual MSMEs on payment of a guarantee fee to the bank by them.
- **Schemes Being Implemented by Coir Board**

The Ministry of MSME through Coir Board, is implementing various schemes for improving the Coir industry in the country under the Umbrella Scheme 'Coir Vikas Yojana' -

 - a) Science and Technology
 - b) Skill Upgradation and Mahila Coir Yojana
 - c) Domestic Market Promotion
 - d) Export Market Promotion
 - e) Trade and Industry Related Functional Support Services
 - f) Welfare Measures - Coir Workers Group Personal Accident Insurance Scheme merged with Pradhan Mantri Suraksha Bima Yojana (PMSBY)
 - g) Coir Industry Technology Upgradation Scheme (CITUS)
 - h) SFURTI and ASPIRE
 - i) Coir Udyami Yojana (CUY) subsumed in PMEGP in 2018.
 - j) The Mahila Coir Yojana (MCY) is an exclusive skill development programme for rural women artisans. It is the first women-oriented self-employment scheme. Under MCY, training in spinning of coir yarn/various coir processing activities are provided to rural women, especially in coir producing regions through Coir Board training centres.
- **Programmes Under KVIC**
 - **Gramodyog Vikas Yojana (GVY)** – Under this, KVIC is implementing following programmes for promotion and development of traditional industries.
 - ✓ **Bee-Keeping (Honey Mission):** KVIC launched Honey (Bee) Mission in July, 2017 for promoting beekeeping and generating employment in the beekeeping potential states of the country.

- ✓ **Pottery Programme (Kumhar Sashaktikaran):** KVIC's identify the areas where clusters of traditional pottery workers are available and provide them training, electric pottery wheels and other tools like blunger, Pug Mill, etc.
- ✓ **Khadi Vikas Yojana (KVY):** KVIC implements this for the promotion and development of Khadi activities (KVI) in the country, through various components like Modified Market Development Assistance (MMDA), Interest Subsidy Eligibility Certificate (ISEC), Workshed Scheme for Khadi Artisans, etc. **Rozgar Yukt Gaon (RYG)**, a new component under Khadi Vikas Yojana, has been introduced with the objective of introducing enterprise-led model replacing subsidy-led mode and create an additional 12,500 direct employment opportunities.
- KVIC has started online selling of all KVI products through www.ekhadiindia.com and www.khadiindia.gov.in.
- KVIC has developed an online portal Khadi Institutions Registration and Certifications Sewa (KIRCS) for easier registration of new Khadi Institutions.
- Recently, an innovative product 'Khadi Praktik Paint' has been launched by KVIC wherein any individual can set up an unit under PMEGP for its production.
- Through the **Skill Development Programme (SDP)** and **Entrepreneurship Awareness Programme (EAP)**, KVIC, through its training centres, imparts skill development training to prospective entrepreneurs, including women in various disciplines like bee-keeping, pottery fruit and vegetable processing, bakery, tailoring and embroidery, soap and detergent making, beautician course, motor winding, etc.
- The **Mahatma Gandhi Institute for Rural Industrialisation (MGIRI)** is working in following six verticals for strengthening rural industrialisation in micro and small industries sector through providing development trainings, entrepreneurship, skill development trainings, quality testing, and guidance services.
 - Khadi and Textile
 - a) Bio Processing and Herbal
 - b) Rural Chemical Industries
 - c) Rural Craft and Engineering
 - d) Rural Energy and Infrastructure
 - e) Management and Systems
- **Stand Up India:** It is a flagship initiative of GoI which aims for nurturing innovation and start-ups in the country.
 - Entities including micro-enterprises are recognised by the Department for Promotion of Industry and Internal Trade (DPIIT) as Start-ups.
 - All initiatives under the Start-up India are inclusive and are implemented across states, cities, towns and rural areas.
 - Under Start-up India Initiative benefits are provided to eligible start-ups through Start-up India Seed Fund Scheme (SISFS), Fund of Funds for Start-ups (FFS) Scheme, Ease of Procurement, Income Tax Exemption for 3 years, Support for Intellectual Property Protection, International Access to Indian Start-ups, National Start-up Awards, etc.
 - It is meant to provide composite loans between Rs. 10 lakhs to Rs. 1 crore for setting up Greenfield enterprises in non-farm sector by SC/ST and women entrepreneurs.
- **Atal Innovation Mission**
 - Atal Community Innovation Centres (ACIC) have been set up to nurture high growth and employment generating start-ups across the country. ACIC aims to give the innovators at the bottom of the pyramid equitable opportunities, especially by reducing the 'lab to land' distance and creating a space for pre-incubation of ideas/solutions.

- Celebrating the idea of 'frugal' which is predominant in Indian communities, ACIC aims to create a formal approach to identify and scale up these innovations; using solution driven design thinking and being supported by Public Private Partnerships (PPP) model.
- ACIC also runs a Community Innovator Fellowship (CIF) Programme in collaboration with UNDP India to facilitate knowledge building and provide infrastructure support essential for the entrepreneurship journey of aspiring community innovators.
- E.g., ACIC Deoria, UP is supporting enterprises like 'Nayi Poshani working in sanitary pads distribution across 1000+ villages.
- **Digital India Programme-**
 - The Ministry of Electronics and IT notified the "India BPO Promotion Scheme (IBPS)" with the twin objectives of a) Employment generation through BPO/ITES operations and b) Balanced regional growth of IT-ITES sector across the country, operational in North-Eastern Region via North-East BPO Promotion scheme (NEBPS).
 - The IBPS scheme is based on a PPP Model with viability gap funding being provided by the government. The scheme provides financial support of up to 50 percent of expenditure [Capital Expenditure (CAPEX) and/or Operational Expenditure (OPEX)] incurred on permissible items, with upper ceiling of Rs. 1 lakh per BPO/ITES seat with additional 5/7.5 percent incentive for employing 50/75 percent women.
 - A digital information platform i.e. **Udyam Sakhi portal** (<http://udyamsakhi.msme.gov.in/>) was launched in March 2018 that provides information on programmes of the Ministry of Micro, Small and Medium Enterprises related to existing/prospective women entrepreneurs in the MSME sector.
 - **Pradhan Mantri Gramin Digital Saksharta Abhiyan (PMGDISHA), 2017** - This Digital Literacy Programme for rural areas envisages to make six crore people in rural areas digitally literate. The Common Service Centres (SC) are set to provide services and create digital infrastructure in the villages, including connectivity that converts the villages into Digital Villages. Through 2.5 lakh CSC, internet has reached remote areas realising the mission of 100% Digital Literacy of all digital villages.
- **Educational Schemes** –
 - **NIPUN Bharat Scheme** – It aims to attain foundational literacy and numeracy for children by 2026-27 in a mission mode. The NEP 2020 lays equal emphasis on imparting digital skills, vocational training, and entrepreneurial training both at the school level and university level.
 - **National Skills Qualifications Framework (NSQF)** curriculum for skilling at school level from grade 6 onwards and universalize digital skills training across all schools.
 - **NITI Aayog's Atal Tinkering Lab (ATL)** has created a curriculum and a handbook on entrepreneurship for school students. ATLs to create product ideas which were further incubated with the support of Atal Incubation Centres (AIC). The States/UTs may customize the curriculum as per their own contexts.
- **MSMEs**
 - '**Udyami Bharat**' programme held on 30 June 2022, promoted entrepreneurship, creation of an enabling environment for Micro, Small and Medium Enterprises (MSMEs).
 - Announcements have been made in the past two years to benefit smaller entrepreneurs - revision in the definition of MSMEs. In the new definition of MSMEs, followed since 2020, for the purpose of classification into micro, small or medium, the export figure is deducted from the turnover.
 - In 2020, a large number of enterprises were brought under the ambit of the MSME sector, by doing away with the distinction in definition of manufacturing and services and also by raising manifold the ceiling on investment which defines MSMEs'. The new definition also entails the turnover of the enterprises.

- MSME, enterprises can avail certain benefits; e.g. they become eligible for [Priority Sector Lending](#), and micro & small enterprises (MSEs) can benefit from the Public Procurement Policy for MSEs Order, 2012. *The Order mandates that 25 percent of the annual procurement of Ministries/Departments and Central Public Sector Enterprises should be from MSEs.*
- The [Emergency Credit Line Guarantee Scheme \(ECLGS\)](#), which now has an expanded guarantee cover of Rs. 5 lakh crore, was launched in 2020.
- [Raising and Accelerating MSME Performance \(RAMP\) Programme](#) – It aims to improve access to credit and market, strengthen institutions both at the Centre and State, besides addressing issues of delayed payments to MSEs.
- [Capacity Building Scheme for First Time Exporters \(CBFTE\)](#) – It will help in financial assistance and certification for first time MSME exporters.
- Going Online As Leaders (GOAL) 2.0 Programme – For inclusive growth, in June, 2022, it was launched with the aim of digitally upskilling 10 lakh youth by promoting entrepreneurship amongst tribal communities and opening up opportunities for them using digital technology.
- Promotion of MSMEs in North Eastern Region and Sikkim for enhancing productivity and competitiveness.
- [Food Processing](#)
 - [Pradhan Mantri Kisan Sampada Yojana \(PMKSY\)](#) has been implemented by the Ministry of Food Processing industries (MoFPI) since 2017 for development of food processing sector, including processing of agro-products and thus increasing the income of the farmers. The component of PMKSY Scheme include –
 - ✓ Mega Food Park,
 - ✓ Integrated Cold Chain and Value Addition Infrastructure,
 - ✓ Creation /Expansion of Food Processing and Preservation Capacities,
 - ✓ Infrastructure for Agro-Processing Clusters,
 - ✓ Creation of Backward and Forward linkages,
 - ✓ Food Safety and Quality Assurance Infrastructure,
 - ✓ Human Resource and Institutions,
 - ✓ Operation Greens.
 - [Pradhan Mantri Formalisation of Micro Food Processing Enterprises Scheme \(PMFME\)](#) - It is a credit linked subsidy package announced to promote rural industries by the Ministry of Food Processing under the AatmaNirbhar Bharat Initiative. The scheme offers financial, technical and business support for setting up/upgradation of 2 lakh micro food processing enterprises through credit linked subsidy allocated during five years from 2020-21 to 2024-25.
- [Infrastructure](#)
 - Production Linked Incentive Scheme – It aims at helping in scaling up of industries and emphasises on physical and digital infrastructure.
 - There is a five times increase in capital expenditure of Indian railways from 2014 to 2021; increase in the road construction per day from 28 km in 2019-20 to 36.5 km in 2020-21, coupled with structural reforms in the telecom sector.
 - Further, announcements such as construction of a new greenfield airport in Rajkot, decongesting cities like Bengaluru with strengthened network of rail, road, metro, underpass and flyovers will address typical issues faced in growing and upcoming industrial hubs.
 - PM Gati Shakti approach announced in Budget 2022-23 envisages seven engines, viz. [roads, railways, airports, ports, mass transport, waterways and logistics infrastructure](#), fuelled by energy transmission, IT

communication, bulk water and sewerage, social infrastructure, clean energy and efforts of the central and State governments and also the private sector.

- **Employment**

- Growing figure of employees will gain immensely from [the proposed integration of the Udyam registration portal with the portals of e-shram, National Career Service \(NCS\) and AatmaNirbhar Skilled Employee Employer Mapping \(ASEEM\)](#), more so because the two cornerstones of the Udyam are IT and GSTN databases. While the e-shram portal is a centralised database of unorganised workers, the NCS and ASEEM portals match supply of work force with demand.
- The **Entrepreneurship Skill Development Programme** has been providing entrepreneurship training to aspiring and existing entrepreneurs. Very recently, the Ministries of Heavy Industries and Skill Development & Entrepreneurship (MSDE) have signed a Memorandum of Understanding (MoU) which will impart the much-needed skill development training in the capital goods sector.

- **Animal Husbandry and Dairy** - India is the largest milk producer in the world.

- To boost the livestock sector and make the dairy sector more remunerative, Hon'ble Prime Minister has announced a Rs. 15,000 crore **Animal Husbandry Infrastructure Development Fund (AHIDF)** under AatmaNirbhar Bharat Abhiyan stimulus package. This is an interest subsidy, centre sector scheme that envisages promotion of investment by private players and MSMEs in dairy, meat processing and animal feed plants.
- The department of Animal husbandry has realigned all its schemes into 3 categories:
 - a) Development Programmes, includes [Rashtriya Gokul Mission](#), [National Programme for Dairy Development \(NPDD\)](#), [National Livestock Mission \(NLM\)](#) and [Livestock Census and Integrated Sample Survey \(LC & ISS\)](#) as sub-schemes;
 - b) Disease Control programme renamed as [Livestock Health and Disease Control \(LH & DC\)](#) and [National Animal Disease Control Programme \(NADCP\)](#);
 - c) [Infrastructure Development Fund](#) which is merger of the Animal Husbandry Infrastructure Development fund (AHIDF), the Dairy Infrastructure Development Fund (DIDF) and scheme to support Dairy Cooperatives and Farmer Producer Organisations (SDCFPO) engaged in Dairy activities.
- In 2020, as a part of Hon'ble Prime Minister's AatmaNirbhar Bharat Abhiyan Rs. 8,000 crore has been earmarked for assisting milk processing and product plants under AHIDF with objective of increasing milk processing infrastructure, creating greater access for unorganised rural milk producers, manufacturing protein enriched quality milk products and develop entrepreneurship and promote exports. The eligible beneficiaries of the scheme are Farmer Producer Organisation (FPO), Private companies, Individual entrepreneurs, Section 8 companies, Micro Small and Medium Enterprises.

- **Fisheries** - India is the second largest fish producing country in the world accounting for 7.56 percent of global production. To boost fisheries sector, various schemes were implemented viz. the Pradhan Mantri Matsya Sampada Yojana (PMMSY), Fisheries and Aquaculture Infrastructure Development Fund (FIDF), Kisan Credit Card (KCC), start-up challenges, etc.

- **Poultry**

- Several programmes viz. Rural Backyard Poultry Development (RBPD) and Innovative Poultry Productivity, Poultry Venture Capital Fund (PVCF) are implemented by Department of Animal Husbandry and Dairying to provide financial assistance to modernise poultry sector, promote entrepreneurship and employment.

- The breeder farm entrepreneurs and fodder entrepreneurs' components are available under the National Livestock Mission and Rashtriya Gokul Mission for creating livelihood opportunity for unemployed youth and livestock farmers.

Steps To Be Taken

- Agriculture diversification by exploring the opportunities by farming completely a new range of grains, fruits or vegetables.
- Investment in post-harvest rural activities, such as agro-processing, packaging cold chains, cold storage and transport.
- Skill-building and training, technology upgradation, innovation, ease of access to credit, cluster development programme, marketing and digital presence, etc.
- Changing regulatory framework and public policy for the development of rural industries and timely implementation of sustainable initiatives in all the phases- product, process, production and marketing.
- Non-farm product business establishment by promoting local rural artisan work.
- Creating an enabling and favourable regulatory environment to stimulate private sector investment in rural areas.
- It is proposed to develop agro-based 'special economic zones' in rural areas to leverage economies of scale and increase income and employment opportunities.
- Collectivising farmers through FPOs and Off-farm Producer Organisations (OFPOs) would to offset scale disadvantages for small and marginal farmers and raise their bargaining powers.

'Export-led Growth Hypothesis'

This entails promotion of export in the global economy and acquiring foreign exchange reserves and helps in importing high-tech technology and services with greater multiplier effects. Hence, export is taken as the potent tool which leads to enhanced efficiency and better productivity in the long-run. In addition, it also provides a big push to skilled labour and use of advanced technology.

2. DAY-NRLM – AN EVALUATION

Overview

DAY-NRLM has been designed to overcome deficiencies of the Swarnjayanti Gram Swarajgar Yojana (SGSY), which was launched in 1999 by restructuring the erstwhile self-employment programmes like Integrated Rural Development programmes, Training of Rural Youth for Self- Employment, Supply of Tools Kits for Rural Artisans, Ganga Kalyan Yojana, Development of Women and Children in Rural Areas, and Million Well Scheme.

It seeks to organise about 10 crore households into Self-Help Groups (SHGs) and link them to sustainable livelihood opportunities by building their skills and making available financial, technical, and marketing resources at a grassroots level. The Mission focuses on four core areas namely:

1. social mobilization and promotion of sustainable community institutions of rural poor;
2. financial inclusion of the poor;

3. sustainable livelihoods; and
4. social inclusion, development, and convergence.

Main Features of DAY-NRLM

1. Universal Social Mobilization:

- a) At least one-woman member from each poor rural household needs to be brought into SHG network.
- b) Poor households would be identified through a participatory process and approved by the Panchayati Raj Institutions(PRIs). All such identified households including households with at least one deprivation, as per Socio-economic Caste Census data are to be placed before the Gram Sabha for its validation and subsequently before the Gram Panchayat for its approval. While doing so special focus is on the poor of the poorest such as manual scavengers, victims of human trafficking, particularly Vulnerable Tribal Groups(PVTGs), Persons with Disabilities(PwDs), and legally released labour.

2. Implementation by the Poor

3. Convergence of NRLM with Various Programmes and Panchayats

4. Exit Strategy: It is assumed that after a decade of implementation of Mission in a Block, women SHG federations would be strong enough to shoulder responsibilities of managing their affairs without external support.
5. Promotion of SHG Federations: DAY-NRLM as a strategy of its institutional development, deepening governance, achieving transparent financial management, and maintaining accountability envisaged in forming federations at village level known as Village Organization(VO), cluster of villages level federation known as cluster federation(CF) and blocks level federation known as block federation(BOs).

Main Components and Sub-Schemes of DAY-NRLM

1. Institution Building and Capacity Building: These institutions are also provided multiple funds such as Revolving fund (Rs.10,000 to Rs. 15,000), community investment Fund (CIF), to strengthen their financial base and help them enhance their existing funds. CIF is intended to be a regular fund available to all community institutions for the poor. Funds are also provided to the poor for Vulnerability Reduction and for Start-up in order to meet the logistics requirements for community meetings and bookkeeping.
2. Financial Inclusion: Each SHG is to be linked to banks to access all financial services from them including loans. Financial services are also provided in remote areas with the help of a woman belonging to an SHG acting as Banking Correspondent Sakhi with the assistance of banks and Common Service Centres.
3. Interest Subvention: SHG members are eligible for receiving interest subvention equal to the difference between the borrowing rate of interest and 7 percent.

Livelihoods Promotion

- Farm livelihoods are promoted by sustainable agriculture, livestock, and National Timber Forests Products (NTFPS) through Mahila Kisaan Sashaktikaran Programme and State-led Livelihoods Annual Action Plans. The livelihoods are being promoted by Community Livelihoods Resource Persons named as Krishi Sakhi, Pashu Sakhi and, Van Sakhi.
- Custom Hiring Centres have also been established at the village level.

- The Non-Farm Livelihoods have been promoted through the sub-schemes; namely SVEP and Aajeevika Grameen Express Yojana (AGEY) besides National Rural Economic Transformation Project (NRETP).

Sub-schemes

- **Mahila Kisan Sashaktikaran Pariyojana (MKSP)**: It was launched with the objective to empower women in agriculture and NTFP by making systematic investments to enhance their participation and productivity in agriculture-based livelihoods and building the capacity around sustainable harvesting and post-harvesting techniques for NTFPs. It also aims at ensuring nutrition for poorest of the poor by securing and strengthening their primary livelihood basket.
- **Start-up Village Entrepreneurship Programme (SVEP)**: ref Page 4.
- **Aajeevika Grameen Express Yojana (AGEY)**: AGEY is a programme to provide safe, affordable, and community monitored transport services to rural areas. The vehicles are owned and operated by members of SHG networks and operated in regions which are not served by regular transport services.
- **National Rural Economic Transformation Project (NRETP)**: This programme has successfully been establishing DAY-NRLM's "proof-of-concept" in 13 high poverty states through helping the State Rural Livelihood Missions (SRLMs). It is scheduled to close on 30 June 2023.
- **Rural Self Employment Training Institutes (RSETIs)**: RSETIs are established in each district of the country in collaboration with the banks and the state governments to provide short term residential training with long handholding support to the youth. Some SETIs also offer off-site training to the youth. The post-training support mechanisms include interactive web portal, call centres, network of business counselling centres and alumni conventions.

Implementation Strategy

- DAY-NRLM is being implemented in all the 28 States and 6 Union Territories (except Delhi and Chandigarh) of the country.
- In order to implement the Mission effectively, SRLMs have been established as special purpose vehicles. Dedicated teams at state, district and block levels known as State Mission Management Unit (SMMU), District Mission Management Unit (DMMU), and Block Mission Management Unit (BMMU) respectively have been established in which multi-disciplinary professional teams are engaged at each level.
- A National Rural Livelihoods Promotion Society (NRLPS) has been established to provide technical support to the SRLMs.

Challenges Before the Mission

1. It is a demand driven programme, which needs to focus more on social mobilisation. It requires trained human resources to build up the capacity of poor women in taking various activities at their levels. The 5th Common Review Mission 2019 of the Ministry of Rural development suggested: filling the large number of vacancies; well-designed HR manual for contractual or outsourced personnel; implementation of the recommendations by Task Force for harmonising personnel across the schemes.
2. The delay in the disbursement of funds from the State Treasury to the SRLM accounts adversely affects various desired activities.

3. The frequent transfer of the SRLM Directors also adversely affects the progress.
4. The examples of Kudumbashree in Kerala, Bihan Canteen and Bihan Outlet run by SHGs in Chhattisgarh, social audits in Odisha by SHGS are positive developments. However, as commented by the 5th Common Review Mission 2019, there is need to give more focus on the states like Manipur, Meghalaya and Rajasthan for enhancing groups activities for livelihoods.
5. RSETI need to identify beneficiaries with due care and apply proper methods. The entire cycle from training, lending, handholding, etc. must be done carefully and systematically.

3. AGRIBUSINESS: THE CONCEPT

In 1956, in an article titled, From Agriculture to Agribusiness, J.H Davis pointed out that technological change has made agriculture and market closer interdependent on one other. Later in 1957 two Harvard Economists, namely Davis and Goldberg, introduced the term 'agribusiness' in their seminal book 'A concept of agribusiness' and defined agribusiness as "*the sum total of all operations involved in the manufacture and distribution of farm supplies; production operations on the farm; the storage, processing, and distribution of farm commodities and items made from them.*" Thus, it can be grouped into three aggregates: (a) farm supply, (b) farm production, and (c) processing distribution.

Sectors of Agribusiness

- **Input Sector** – In agriculture, the inputs are either biological or chemical or inorganic compounds used in the production of agricultural and allied products. The range of inputs includes bio-control agents to animal or poultry feed. It has the potential to employ a large number of people in the production process.
- **Production Sector** – This sector not only produces output to be supplied as food or other final product to the consumer, but it also produces intermediate products for other industries like jute or cotton for the textile industry.
- **Processing and Value Addition** - The processing sector deals with refining and transforming the agricultural products available in the production sector with suitable technology to add value to the product, which facilitates easy consumption of the end consumer.
- **Marketing and Sales** – It consists of wholesalers and retail companies that trade agricultural inputs and outputs.
- **The Support Sector** – It provides support to all other sectors in the form of human capital development, knowledge development, training, providing financial support, and sensitisation of individuals in the agribusiness industry. The support sector consists of organisations and firms that provide the technical know-how for advanced farming, provide education and training for agribusiness workers, provide loans, insurance and aid and other financial assistance to agribusiness firms as well as provide moral support to companies in the agribusiness industry.

Importance of Agribusiness for Rural Development: The Indian Schemes

- **Integrated Scheme for Agricultural Marketing (ISAM),2013** - The ISAM aims to promote the creation and integration of the agricultural value chain, utilise the information technology and data by establishing a nationwide information network, catalyse private investment for agribusiness projects, and enhance research, training, and development in the area. ISAM has five sub-schemes.

- a) Agricultural Marketing Infrastructure (AMI) – assistance from government for the construction and renovation of warehouses in rural areas to enhance the storage capacity for agricultural produce.
 - b) Marketing Research and Information Network (MRIN) - intended to develop a nationwide information network for faster collection and analysis of agricultural data for optimal decision-making, to achieve operational as well as pricing efficiency in the market.
 - c) Strengthening of Agmark Grading Facilities (SAGF) - To assist farmers with better remunerations, the government aims to strengthen the grading standards and certifications of agricultural commodities.
 - d) Agribusiness Development (ABD) through Venture Capital Assistance (VCA) and Project Development Facility (PDF) – to facilitate agribusiness development in India, by setting up agribusiness ventures in close association with financial institutions, catalysing private investment, strengthening backward linkages of agribusiness projects with producers, enhancing participation in the value chain through Project Development Facility, providing training, and augmenting and strengthening existing State and Central Small Farmers Agribusiness Consortium (SFAC).
 - e) Choudhary Charan Singh National Institute of Agriculture Marketing (NIAM).
- **Agri-Clinics and Agri-Business Centres Scheme (ACABC)**
 - Introduced by the MA&FW in collaboration with NABARD for better farming practises as well as to add value to the product and transform the agricultural product. It aims to provide expert advice and services to farmers on recent agricultural practices, market trends, financial assistance, technology dissemination, clinical facility for animals, and others to enhance efficiency and productivity, which results in an increase in the income of the farmers.
 - Agri-Clinics support farmers in the area of soil health, cropping practices, plant protection, crop insurance, technological innovation, and clinical services.
 - Agri-Business Centres are commercial divisions of Agri-ventures that have been established by qualified experts in agriculture.
 - The initiative also provides support for initiating start-ups in the agribusiness field.
 - To give impetus in agribusiness in Uttarakhand, the first consignment of vegetables including curry leaves, okra, pear, and bitter gourd sourced from the farmers of Haridwar, was exported today to Dubai, United Arab Emirates (Press Information Bureau, 2021).
 - Recently, The GoI and the Asian Development Bank signed a USD 100 million loan to promote agribusiness network to boost farm incomes and reduce food losses in the state of Maharashtra (Press Information Bureau, 2021).
 - In February 2022 a Memorandum of Understanding has been signed between India and Singapore, which is expected to give a huge impetus in the agribusiness area.