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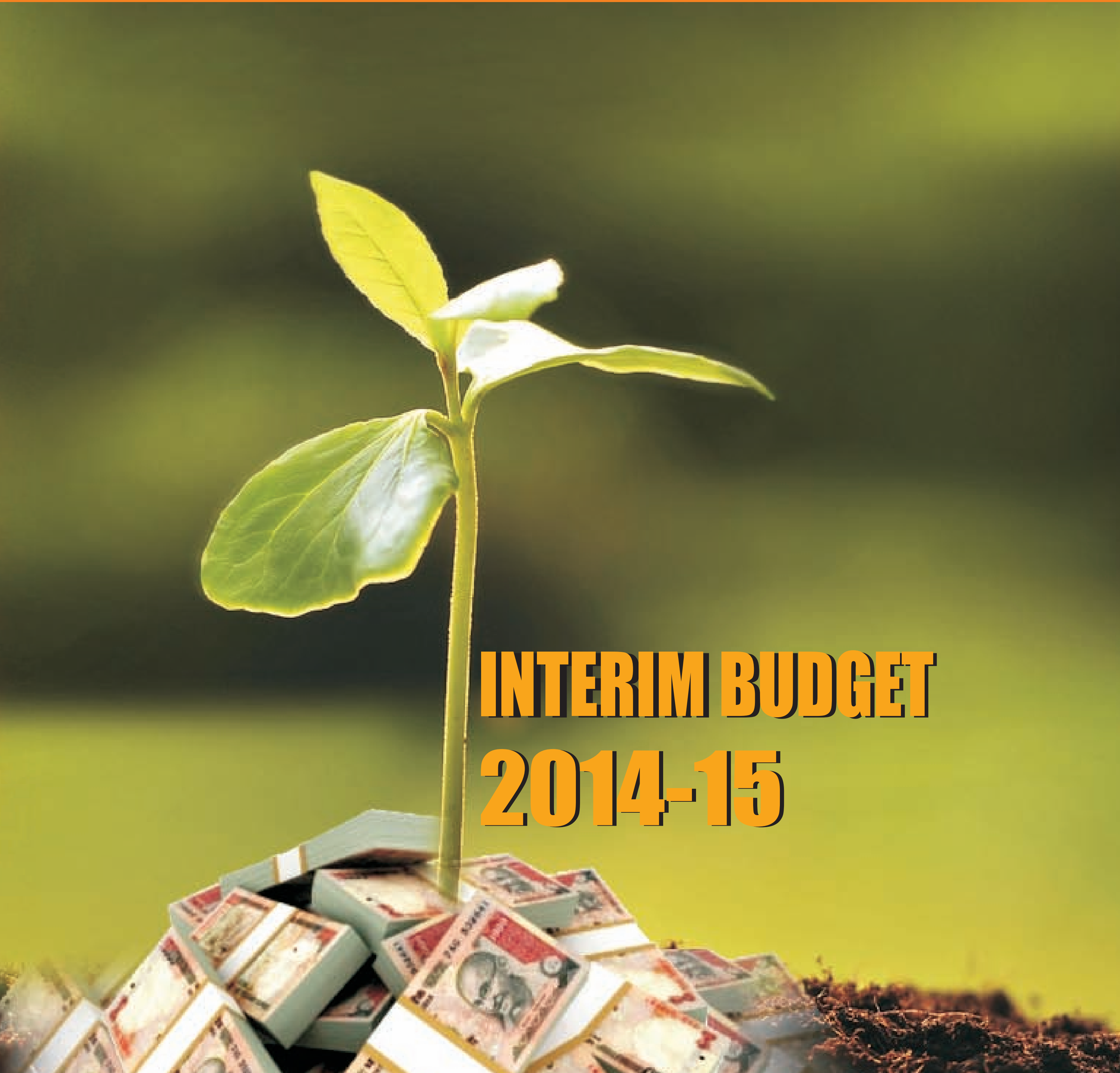

INTERIM BUDGET 2014-15

NORTH EASTERN COUNCIL

North Eastern Council (NEC) was set up following the enactment of NEC Act, 1971 as an advisory body for accelerating the development of North Eastern Region. As per NEC Amendment Act, 2002, the NEC was mandated to function as a Regional Planning Body. Since 2004, NEC is under the administrative control of the Ministry of Development of North Eastern Region. Sufficient administrative and financial autonomy has been provided to NEC. Within the overall budgetary allocation provided by the Planning Commission, the Annual Plan prepared by the Council is approved by the Council itself. Secretary, NEC has power to sanction individual projects costing upto Rs. 15 crore. Projects costing beyond Rs. 15 crore are appraised and approved as per the financial rules of the Government of India.

NEC has been able to achieve its objectives in regard to planning, economic and social development of the North Eastern Region. Major achievements of NEC include establishment of regional organizations like North Eastern Electric Power Corporation, North Eastern Police Academy, Regional Institute of Paramedical and Nursing, North Eastern Regional Institute of Land and Water Management etc; construction of road (9800 kilometers) , 77 bridges including Tejpur road bridge on river Brahmaputra, 9 Inter State Bus Terminus, 4 Inter State Truck Terminus; viability gap funding to Alliance Air and funding of 10 Airports development project through Airport Authority for improvement of air-connectivity; installation of 694.50 MW of hydro power generation, 64.5 MW of thermal power generation (accounting 30% of the present installed capacity of NER); 57 power system improvement schemes; implementation of North Eastern Region Community Resource Management Project (NERCORMP), phase –I and phase –II in two districts each of Meghalaya, Assam and Manipur; launch of NERCORMP-III project to cover three districts of Arunachal Pradesh and two uncovered districts of Manipur. The plan-wise financial details are given below:

PLAN OUTLAY AND EXPENDITURE UNDER NEC PLAN SINCE INCEPTION UPTO 2013-14

(Rs. in crore)

Plan	Period	Plan Outlay	Expenditure	Financial Achievement in percentage term
1	2	3	4	5
4th Five Year Plan	1973-74	0.33	0.28	84.85
5th Five Year Plan	1974-75 to 1977-78	65.11	53.93	82.83
Rolling Plan	1978-79 & 1979-80	82.45	65.33	79.24
6th Five Year Plan	1980-81 to 1984-85	417.15	385.34	92.37
7th Five Year Plan	1985-86 to 1989-90	811.05	779.80	96.15
Rolling Plan	1990-91 & 1991-92	424.50	423.83	99.84
8th Five Year Plan	1992-93 to 1996-97	1648.00	1419.05	86.11
9th Five Year Plan	1997-98 to 2001-02	2114.00	1935.55	91.56
10th Five Year Plan	2002-03 to 2006-07	2511.50	2495.74	99.37
11th Five Year Plan	2007-08 to 2011-12	3248.00	3187.94	98.15
12th Five Year Plan				
	2012-13	770.00	732.76	95.16
	2013-14 (as on 31.01.2014)	700.00	557.57	79.65
GRAND TOTAL		**12792.09**	**12037.12**	**94.10**

NEC has already been restructured under the NEC (Amendment) Act, 2002 from 26th June, 2003. Under this amendment, NEC has been mandated to function as Regional Planning Body and Sikkim was included as 8th constituent state under the Council. This amendment provided for NEC to give priority to schemes/ projects benefiting two or more States, except in the case of Sikkim. The Members of the Council include Governors and Chief Ministers of the North Eastern States and three Members nominated by the President of India. The Minister of DoNER is the ex-officio Chairman of NEC from March, 2005.

[source:PIB]

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Inside

Analysts say the interim budget 2014-15 should have allocated more funds to Agriculture and the allied activities compared to other sectors of the economy. An interim budget, however, before the general elections has limited scope.

The new government which comes to power after May 2014 could present a fresh budget, which may revise the allocation to agriculture and allied sectors.

However, the initiative of the government has always been to give a big push to the agriculture sector, realizing the importance it plays in rural development and increasing the quality of lives of the majority of the population.

In India, agriculture growth has a direct relation with poverty reduction and agricultural research, education, and rural infrastructure are the three most effective public spending items for promoting agricultural growth.

Agricultural extension has to be adequately strengthened, organizationally and financially to support the chain of transfer of technology from the research institutions to farmers' fields in a most cost-efficient manner. This calls for innovations in extension models.

GDP in the agricultural sector increased to 3.1 percent in the five year period of UPA-I and further to 4.0 percent in the first four years of UPA-II. In the current year, agricultural GDP growth is estimated at 4.6 percent and to sustain the 4 percent growth target set for agriculture and allied sectors in the Twelfth Five Year Plan (2012-17).

In the interim budget allocation to rural development has been pegged at 82, 202 crore Rupees, which is marginally higher than last year's allocation of 80,194 crore Rupees. The Mahatma Gandhi NREG Scheme which promises rural employment has been given 34,000 crore Rupees.

The interim budget was in fact a continuation of the previous years policy format. All eyes will now be set on the new government's policy towards rural development , and agriculture in specific.

The current issue also carries a comprehensive review of the efforts carried out in India at identifying the poor households. ❑

THE INTERIM BUDGET AND RURAL DEVELOPMENT INTERVENTIONS

Dr. K. K. Tripathy

The union interim budget 2014-15 was presented to the nation at a time when the world economy was witnessing a fragile and weakened economic recovery. The world economy grew at a rate of 3.0 per cent in 2013 vis-à-vis 3.1 per cent in 2012 and 3.9 per cent in 2011. While the largest emerging economy and our neighbouring country China witnessed a deceleration of growth from 9.3 per cent in 2011 to 7.7 per cent in 2013, India's GDP growth decelerated from 6.2 per cent in 2011 to 4.6 per cent in the 1st three quarters of 2013. The decelerating growth in the last few years in India started weakening the overall business sentiment. Further, the economy's capacity to sustain an appreciable growth was challenged by the prolonged global economic disturbances in the developed world. In this situation, the twin tasks before the Government of India was to contain fiscal deficit and inflationary rise in prices to ensure citizen's faith in the resilience of the country's business environment and relative improvement in the purchasing power of the common masses. Besides, the greatest challenge was to ensure the Plan objective of an all-inclusive growth while allocating budgetary resources amongst various subject Ministries and Departments of the Government of India. In this backdrop, the Union Interim Budget 2014-15 was presented amidst expectations of giving a lift to the business sentiments, rural infrastructure and rural non-farm activities, thereby reviving job opportunities in the rural areas, in addition to laying a road map towards effective management of the rural economy.

Budget Allocation 2014-15

The Budget 2014-15 has allocated Rs. 12,07,892 crores towards non-plan expenditure. The plan expenditure for 2014-15 has been pegged at Rs. 5,55,322 crore. Out this, 14.8 per cent (Rs. 82,202 crore) has been provided for various activities of Ministry of Rural Development executed by two of its departments. While the plan outlays for Department of Rural Development in 2014-15 are Rs. 78,452 crore, Rs. 3,750 crore has been allocated to Department of Land Resources. Some of the important Budget allocation/announcements concerning Department of Rural Development have been analysed below.

Restructured Centrally Sponsored Schemes

The Finance Ministry in consultation with Planning Commission has recast the centrally sponsored schemes (CSS) to be effective from 01.04.2014. As per the restructure plan, the size of the budgeted central plan would be reduced by a corresponding increase in the support to State Plans. The restructuring has witnessed reduction of currently on-going 122 CSS to 66 which includes 17 flagship programmes viz. Mahatma Gandhi National Rural Employment Guarantee Act (MGNREGA), National Rural Livelihood Mission (NRLM), Pradhan Mantri Gram Sadak Yojana (PMGSY), National Social Assistance Programme (NSAP), Indira Awas Yojana (IAY), Rashtriya Krishi Vikas Yojana (RKVY), National Rural Health Mission (NRHM), Sarva Shiksha Abhiyan (SSA), Mid-Day Meal (MDM) Scheme, Skill Development Mission etc. In 2014-15, funds have been provided under these schemes as Additional Central Assistance to the State Plan. In this context, the size of the central plan is reduced to Rs. 4.65 lakh crore in 2014-15 from Rs. 6.14 lakh crore in the revised estimate for 2013-14. Consequently, the central assistance to State and Union Territory Plans has witnessed a corresponding rise from Rs. 1.11 lakh crore to Rs. 3.30 lakh crore.

Rural Employment

The low work participation rates in the rural areas are due to the non-availability of employment opportunities and the necessary investment needed for job avenues in rural sectors. Growing casualization of rural labour and annual incremental (10-12 million) labour force in the rural areas calls for effective implementation of the Government's right based wage employment programme called Mahatma Gandhi National Rural Employment Guarantee Scheme (NREGS). MGNREGS is expected to have the potential to create job opportunities at the grass-root level and remove such demand side rigidities from the rural scenario. The Scheme has completed seven years of its implementation and has provided more than 16 billion person-days of wage employment to around 128 million rural job-card holder households. Considering the importance of spread and outreach of the wage employment, an amount of Rs. 34,000 crore has been provided to this scheme which is Rs. 1,000 crore and Rs. 4,613 crore more than the revised allocation made for the scheme during 2013-14 and 2012-13, respectively.

Ajeevika – National Rural Livelihood Mission (NRLM), launched in June 2011 with an objective to ensure profitmaking rural enterprises by harnessing the innate capabilities of the poor and by supporting the rural economic ventures with information, knowledge, skills, tools, finance etc. Skills, knowledge and rural entrepreneurships are the main driving force behind economic growth and social development. Nations with higher and better levels of skills and entrepreneurships adapt more effectively and frequently to the challenges and opportunities of globalization and global economic disturbances. Since the past strategies of skills development in India are found to be inadequate to deal with the new challenges in the globalised economy, there was a need to ensure a paradigm shift in the policy framework on skill development, training and entrepreneurship building, especially in rural areas. The skills and enterprise development system not only has to support employment generation, economic growth but also to facilitate social development processes. The Interim Budget has appropriately reposed faith in the impact of the NRLM and allocated Rs. 4,000 crore for it. Though the budget allocation for NRLM in 2014-15 remained the same as it was in 2012-13, yet it is Rs. 1,400 crore more than that of the revised allocation made in 2013-14.

Further, to promote the spirit of self-employment amongst the Scheduled caste entrepreneurs and to provide concessional finance to them, this Interim Budget has earmarked Rs. 200 crore to set up a Venture Capital Fund for Scheduled Castes to be implemented by Industrial Finance Corporation of India.

Rural Housing

The physical progress in the provision of rural housing (Indira Awas Yojana) has surpassed the *Bharat Nirman* targets set up by the Government. The IAY is designed to enable Below Poverty Line (BPL) households identified by the community to build their houses, upgrade their dilapidated houses or get house sites with financial and technical assistance from the Government. From 01.04.2013, the assistance for construction of house has been raised to Rs. 70,000 and Rs. 75,000 per unit of house in plain and hilly areas, respectively. The incremental unit cost is as high as 55 per cent under IAY. Further, for up-gradation and purchase of house sites, the assistance has been pegged at Rs. 15,000 and Rs. 20,000, respectively. With the incremental unit cost of IAY houses, it was expected that the allocation would also see a matching hike of at least 55 per cent over the allocation made in 2012-13. However, the budget allocation in 2014-15 (Rs. 16,000 cr.) is only 44.4 per cent higher than that of 2012-13 (Rs. 11,075 cr.).

A few studies and reports on rural housing highlight that the involvement of beneficiaries in the construction of the house under IAY has not been found to be satisfactory. For effective implementation of the scheme, the beneficiaries need to actively participate throughout the construction process i.e. selecting the home site, making own arrangements for procurement of construction material, engaging skilled workmen and also contributing family labour. The beneficiaries should also take their own decision about the manner of construction of the house and use of cost-effective local technology without compromising the durability of the assets so created.

Rural Connectivity

One of the oft-quoted successful rural connectivity initiatives – Pradhan Mantri Gram Sadak Yojana (PMGSY) has a three-tier quality monitoring system at various levels that finds systemic deficiencies and takes appropriate corrective action in the execution of projects and in maintaining the quality of roads constructed. This initiative has been allocated a budget of Rs. 13,000 crore which is Rs. 3,300 higher than the Revised Estimate of 2013-14. The need of the hour is to ensure systematic District Rural Roads Plans and to list out the complete network of all roads in the districts with a view to identify and prioritise construction of new roads under this scheme. To ensure quality in construction and maintenance of rural roads, vigorous quality control measures are need to be followed with frequent visits of senior technical supervisors.

Concluding Remarks

The development of rural India is an imperative for inclusive and equitable growth. Though the Interim budget is not the occasion to expect major policy corrections, the continued emphasis on rural infrastructure and social sectors indicates the country's resolve towards ensuring inclusive growth as envisaged by the Twelfth Five Year Plan (2012-17). Considering the implementation issues and challenges of execution of these plans and programmes at the grass-root level, it is expected that the programme implementing agencies would bring in good governance and follow best practices to maximise the benefits of such development intervention. Further, the control over spending on all centrally sponsored schemes including flagship schemes have now been transferred to the States. The States from the year 2014-15 would have a financial flexibility and greater economy in the implementation of centrally sponsored schemes. The States will not only have a greater say in spending the money for any such development intervention but also would vote for this spending. This step is expected to bring in transparency and efficiency in the utilisation of funds as the implementing agency for any CSS is the State itself.

World Economic Forum's Global Risks 2014 report (9th edition), while mapping global financial and economic risks, has rightly indicated their interconnectivity across the economies and the possible adverse contagion impacts on the world economy. Four such high potential risks are – high unemployment or under employment, income disparity, governance failure and food crisis. Thus, though the large allocation for various flagship plan schemes is expected to build and improve rural and social infrastructure, the failure of governance for such schemes would be detrimental in boosting demand and removing both demand and supply side constraints in the economy.

From 2014-15 onwards, the States would be provided with additional central assistance to State Plans and would have a greater responsibility in the utilisation of these plan funds. To achieve the objective of social development and all inclusive growth with economic stability, a common effort is required by the plan scheme implementing States and Union Territories to (a) map and converge all the resources directed towards development intervention; (b) implement welfare plans and programmes with inbuilt transparency and accountability features; and (c) bring in effective review, monitoring and evaluation mechanism to match the outlays with the intended quantifiable outcome.

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NEED FOR BIGGER OUTLAY FOR AGRICULTURE

Dr. Yashbir Singh Shivay and Dr. Anshu Rahal

In the interim budget only 2.15% money allocation has been made to Agriculture and Allied Activities for 2014-15, where as Energy and Transport Sectors got 35.15% and 23.88% respectively. It is really a matter of concern, especially those who are directly or indirectly related to this important and key sector of the Indian economy.

The performance of the agriculture sector in India is reasonably good and as per the latest information from Ministry of Agriculture, the total foodgrain production in 2012-13 was 255.36 million tonnes and the estimate for the current year (2013-14) is 263 million tonnes. India is the first in the world in the production of milk (132.43 million tonnes in 2012-13), pulses, jute and jute-like fibres, second in rice, wheat, sugarcane, groundnut, vegetables, fruits and cotton production, and is a leading producer of spices and plantation crops as well as livestock, fisheries and poultry. The latest estimates of production of sugarcane, cotton, pulses, oilseeds and quality seeds point to new records. Agriculture exports in 2012-13 stood at USD 41 billion versus imports of USD 20 billion. In 2013-14, agriculture exports are likely to cross USD 45 billion. Agricultural credit is likely to touch Rs. 735,000 crore, exceeding the target of Rs.700,000 crore. The agricultural GDP growth increased to 3.1 percent in the five year period of UPA-I and further to 4.0 percent in the first four years of UPA-II. In the current year, agricultural GDP growth is estimated at 4.6 percent and to sustain the 4 percent growth target set for agriculture and allied sectors in the Twelfth Five Year Plan (2012-17) and it is good sign for policy planners and big relief to ruling Government.

Fertilizer Subsidy

Subsidies, which are absolutely necessary should be chosen and targeted only to the absolutely deserving. On fertilizers, Nutrient Based Subsidy regime has been working well in the P & K sector. What is now urgently required are certain pricing reforms in the urea sector with an immediate price correction for urea. This is not only essential from viewpoint of the size of the subsidy bill but also from the viewpoint of balanced use of N, P & K nutrients. Over long-term, Government will be working towards increase in indigenous production

of fertilizers which will help reducing dependence on imports and make prices much more stable.

Budget Impact: Domestic gas prices are expected to double to around $8 per mmBtu in 2014-15, increasing the fertiliser subsidy burden to an estimated Rs. 77,500 crore in 2014-15 from the budgeted Rs. 68,000 crore. There will be a subsidy spill-over of Rs 33,000 crore to 2014-15. Thus, the total increase in subsidy rollover to 2015-16 is likely to be around Rs 41,000-42,500 crore. This will push up interest burden on working capital requirements by about Rs 1,000-1,100 crore (assuming a rate of 12%).

Service Tax Relief

By virtue of the definition of 'agricultural produce' in Finance Act 2012, read with the Negative List, storage or warehousing of paddy was excluded from the levy of service tax. Rice was not. The distinction is somewhat artificial. Hence, Finance Minister proposed to exempt loading, unloading, packing, storage and warehousing of rice from service tax in the presented interim budget 2014-15. This initiative is welcomed by all the rice growers, rice processors, rice traders and also consumers, since the will pay less due to the service tax relief.

Agricultural Credit

Agricultural credit is the driver of agricultural production and timely availability of agricultural credit at reasonable rate, especially for small and marginal farmers is crucial for agricultural-sector growth. Government has taken several measures for improving the flow of agricultural credit:

i) The Kisan Credit Card (KCC) scheme has been effective for extending agriculture credit. A revised KCC scheme was introduced in March 2012 in which the KCC passbook has been replaced by an ATM-cum-debit card to all eligible and willing farmers in a time-bound manner.

ii) The Finance Minister, P Chidambaram acknowledged the yeomen services rendered by our banks in reaching Government's policies and programmes to the people. This year, banks will exceed the target of Rs. 700,000 crore of agricultural credit allocated for the year 2013-14.

iii) The Finance Minister made a provision to set a target of Rs. 800,000 crore for distribution to the farmers through KCC for 2014-15 in the interim budget proposed. He also reminded the members that an interest subvention scheme was introduced in 2006-07. There is a subvention of 2 percent and an incentive of 3 percent for prompt payment, thus reducing the effective rate of interest on farm loans to 4 percent. While presenting the interim budget for 2014-15 he informed the house that so far Rs. 23,924 crore has been released under the scheme and he also proposed to continue the scheme in 2014-15.

Considering the due importance of the credit for the need of the farmers, especially small and marginal the Finance Minister proposed to increase the target to Rs 800,000 crore for 2014-15 in the interim budget as against the target of Rs 700,000 crore fixed for 2013-14. This is an appreciable step taken by the Finance Minister, since the input prices are increasing consistently and farmers are in dire need to buy the inputs from the open markets especially, seeds, P & K and micronutrients fertilizers, insecticides and pesticides for their crop production and other enterprises related to agriculture.

National Agro-Forestry Policy

Government has approved the National Agro-Forestry Policy 2014 which has multiple objectives including employment, productivity, conservation and adaptation. A mechanism for marketing minor forest produce has been introduced, and the budget has allocated Rs 444.59 crore to continue the scheme in 2014-15 as per the information made in the parliament by the Honourable Finance Minister at the time of interim budget presentation.

Funding Scientific Research

Government of India has passionately espoused the cause of science, promoted scientific research, and supported scientific applications and inventions. The Income-tax Act allows deductions for expenditure on scientific research, but it is limited to direct funding. Now, Government of India has reflected on a new approach to funding scientific research. The Union Finance Minister, Government of India proposed to set up a ***Research Funding Organization (RFO)*** that will fund research projects selected through a competitive process. Contributions to that organization will be eligible for tax benefits. This will require legislative changes which can be introduced at the time of the regular Budget as announced by the Union Finance Minister while presenting the interim budget. This is welcome step by the scientific community and will have long-term benefits and sustainability to the research and development activities including agricultural research in the country.

Food Security

Food security is as much a basic human right as the right to education or the right to healthcare. The main objectives of food management are procurement of foodgrains from farmers at remunerative prices, distribution of foodgrains to consumers, particularly the vulnerable sections of society, at affordable prices, and maintenance of food buffers for food security and price stability. The instruments used are MSP and central issue price (CIP). The nodal agency for procurement, distribution, and storage of foodgrains is the Food Corporation of India (FCI). Procurement at MSP is open-ended, while distribution is governed by the scale of allocation and its off-take by beneficiaries. The off-take of foodgrains is primarily under the targeted public distribution system (TPDS) and other welfare schemes of the GoI. The National Food Security Bill which has been passed by our parliament during 2013 assures to supply foodgrain to 67 per cent of the Indian population at cheaper prices. This is a herculean task for any government in future which needs lot of vision, funds, infrastructures and dedication to accomplish the task. However, nothing has been made in the interim budget for this aspect except provision of some subsidy.

National Skill Development Corporation

Union Finance Minister had promised an ambitious programme to skill millions of young men and women and had tasked the National Skill Development Corporation (NSDC) to implement the programme in the last budget (2013-14). The National Skill Certification and Monetary Reward Scheme were launched in August 2013 and have been widely hailed as a success. At last count, 24 Sector Skill Councils, 442 Training Partners and 17 Assessment Agencies had joined the programme. The 204 job roles have been finalised and the 168,043 youth had enrolled and 77,710 have completed their training. While presenting the interim budget 2014-15 in the parliament the Finance Minister informed the house that he had set apart Rs. 1,000 crore for the scheme. The whole of that amount will be transferred to the NSD Trust and he proposed to transfer another sum of Rs. 1,000 crore next year (2014-15) to enable the Trust to scale up the programme of NSDC rapidly. He also added that NSDC actually complements the initiatives of several ministries which steer skill development programmes including agriculture such as UDAAN in Jammu and Kashmir.

Key flagship programmes of the UPA Government

In order to sustain the pace of plan expenditure, the Finance Minster decided to keep plan expenditure in 2014-15 at the same level at which it was budgeted in 2013-14. He provided Rs. 555,322 crore for plan expenditure and he also informed the House that all the ministries / departments that run key flagship programmes of the UPA Government have been provided adequate funds. In all the following cases, Finance Minister provided in 2014-15 an amount equal to or higher than in the BE of 2013-14 and irrespective of the revised estimates for the year are given as below:

Ministries / Departments	Budget Provisions
Ministry of Minority Affairs	Rs. 3,711 crore
Ministry of Tribal Affairs	Rs. 4,379 crore
Ministry of Housing & Poverty Alleviation	Rs. 6,000 crore
Ministry of Social Justice & Empowerment	Rs. 6,730 crore
Ministry of Panchayati Raj	Rs. 7,000 crore
Ministry of Drinking Water & Sanitation	Rs. 15,260 crore
Ministry of Women & Child Development	Rs. 21,000 crore
Ministry of Health & Family Welfare	Rs. 33,725 crore
Ministry of Human Resource Development	Rs. 67,398 crore
Ministry of Rural Development	Rs. 82,202 crore

From this above-mentioned information, it is clear that government is not having any key flagship programme related to Ministry of Agriculture and Allied Activities. At this juncture we can say that it is unfortunate part of our ruling government that agriculture is neglected area for them. As an agricultural scientist, the writer would like to urge upon the coming elected ruling government to take some key flagship programmes in agriculture sector for food and nutritional security at the grassroots level. This is particularly more important and pertinent when we are facing challenges due to climate change and El-Nino effect on our agricultural production systems. Also, there is rampant malnourished population, especially kids and old age people in the rural areas.

Proposed Central Plan Outlay

Agriculture and Allied activities have got approximately only 1.89 to 3.42% allocation of funds in the Central Outlay Plan, which is not justified considering the importance of this sector in Indian economy. If, our government set the target that agriculture should grow at 4 per cent in the Twelfth Five Year Plan, then we must invest more money in this sector. In our opinion, at least 4% Central Outlay Plan is much needed for Agriculture and Allied Activities to grow at desired pace.

Proposed Ministries/Departments-wise Central Assistance to State and Union Territories Plan Outlay in Interim Budget 2014-15

The Centrally Sponsored Schemes, which were hitherto a part of Central Plan, have been restructured & reclassified as Central Assistance to State & Union Territories (UT) Plans from 2014-15 BE. The Ministries/departments-wise proposed allocation of funds as central assistance to State and UT have been made in the interim budget 2014-15 by the Finance Minister, which has been shown in Table 3. The figures given in this Table again shows that there is reduction in the percentage of allocation of funds for Agriculture and Cooperation. During 2012-13 Union Budget, 7.71% allocation of funds was made available to Agriculture & Cooperation, while in interim Union Budget of 2014-15, it is 5.41% . This, less allocation of funds to agriculture sector is again matter of concern, which needs attention when an elected government comes into power and present full-fledged budget in the parliament.

Highlights of Agriculture and Cooperation Plan in Interim Budget of 2014-2015

Rashtriya Krishi Vikas Yojana (State Plan)

The Rashtriya Krishi Vikas Yojana (RKVY) was launched in 2007-8 with an outlay of Rs 25,000 crore in the Eleventh Plan for incentivizing states to enhance public investment. States were provided Rs 22,408.79 crore under the RKVY during Eleventh Five Year Plan. The RKVY format permits taking up national priorities as sub-schemes, allowing the states flexibility in project selection and implementation. Allocation under the RKVY for 2012-13 was Rs 9,217 crore. The RKVY links 50 per cent of central assistance to those states that have stepped up the percentage of state plan expenditure on the agriculture and allied sector. A total of 5,768 projects were taken up by states in the Eleventh Plan of which 3,343 had been completed till December end 2012. The Rashtriya Krishi Vikas Yojana is intended to mobilise higher investment in agriculture and for this programme the Finance Minister proposed to provide Rs 9,864 crore in the interim union budget of 2014-15 as against the Rs. 9,954 crore made in union budget of 2013-14. This is again relatively less money made available for this important programme of the agriculture sector, which is matter of concern for the agriculturists, including farmers and farm women.

National Food Security Mission

To enhance the production of rice, wheat, and pulses by 10, 8, and 2 million tonnes respectively by the end of the Eleventh Plan through area expansion and productivity enhancement; restoring soil fertility and productivity; creating employment opportunities; and enhancing farm-level economy to restore the confidence of farmers of targeted districts, a centrally sponsored National Food Security Mission (NFSM) was launched in 2007-8 with three major components, viz. NFSM-Rice, NFSM-Wheat, and NFSM-Pulses. During the Eleventh Five Year Plan, NFSM-Rice was implemented in 144 districts of 16 states, NFSM-Wheat in 142 districts of 9 states and NFSM-Pulses in 468 districts of 16 states. In 2012-13, six north-easternstates, viz. Arunachal Pradesh, Manipur, Meghalaya, Mizoram, Nagaland, and Sikkim were included under NFSM-Rice and the hill states of Himachal Pradesh, and Uttarakhand under NFSM-Rice and Wheat and J&K under NFSM-wheat. Specifically, during 2012-13 a Special Plan to achieve 19+ million tonnes of pulses production during *kharif* 2012 was launched with a total allocation of Rs 153.5 crore comprising Rs 107.3 crore for activities to be undertaken under the NFSM and Rs 46.2 crore for activities to be undertaken under the Micro Irrigation Scheme. During 2012-13, Rs 87.0 crore has been allocated for additional area coverage of pulses during *rabi*/summer 2012-13. Taking into account the significance of the NFSM, Finance Minister proposed to provide Rs 2,250 crore for this programme in the union budget of 2013-14, which was a further step forward to achieve the national food security. However, in this interim budget 2014-15 presented by the Finance Minister proposed to provide only Rs 2,200 crore for this key programme, which is again a matter of concern.

Mission for Integrated Development of Horticulture

The National Horticulture Mission (NHM) covered 18 states and three UTs during the Eleventh Plan. The scheme aims at the holistic development of the horticulture sector by ensuring forward and backward linkages through adopting a cluster approach with the active participation of all stakeholders. During the Eleventh Plan period 16.7 lakh ha of land was brought under horticulture / high value horticulture crops.

In order to harness production gains by reducing post-harvest losses and creating value addition and better delivery mechanism to consumers through a cold chain system, a National Centre for Cold-Chain Development (NCCD) has been set up. Setting up of the NCCD is expected to provide the necessary boost for adding capacity and creating a cold chain network in the country. Over the years, the availability of horticultural produce has improved significantly. Considering the importance of the horticultural crops to meet the national food and nutritional security, the honourable Finance Minister proposed to provide Rs. 2,200 crore in the interim budget of 2014-15 for Mission of Integrated development of Horticulture.

National Mission for Sustainable Agriculture

Climate change poses a major challenge to agricultural production and productivity. The National Mission for Sustainable Agriculture (NMSA), under the aegis of the National Action Plan on Climate Change (NAPCC), seeks to address issues related to 'Sustainable Agriculture' in the context of risks associated with climate change. It hopes to achieve its objectives by devising appropriate adaptation and mitigation strategies for ensuring food security, enhancing livelihood opportunities, and contributing to economic stability at national level. The NMSA has already been accorded 'in-principle' approval by Prime Minister's Council on Climate Change. During the Twelfth Five year Plan, climate change adaptation and mitigation strategies will be operationalized by restructuring the existing programmes. The Finance Minister proposed to provide Rs. 1,898 crore in the interim budget of 2014-15 for this key flagship programme of the union government of India. This area of research and development needs utmost importance for sustainable agriculture and the step taken by the ruling government is a one-step forward in the right direction.

Conclusion

The present challenge in agriculture sector is how to maximize agricultural income while adopting a more sustainable agricultural strategy. The concerns here are land and water degradation due to soil erosion, soil salinity, water logging, and excessive application of nutrients. There are concerns arising also from over-exploitation of water resources, especially in the Green Revolution belt. Measures must be taken to promote use of quality seeds, cultivation of drought resistant varieties of crops, judicious use of available water, balanced use of fertilizers, farm mechanization to improve efficiency levels, and wider use of irrigation facilities. Expenditure on agricultural research also needs to be stepped up substantially. We would like to conclude that it would be possible to sustain the 4 percent growth target set for agriculture and allied sectors in the Twelfth Five Year Plan, provided that future elected government make provision at least 4% Central Outlay Plan in the full-fledged Union Budget 2014-15.

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BUDGET 2014-15-EMPHASIS ON INCLUSIVE DEVELOPMENT

Dr. Amiya Kumar Mohapatra

"In judging economic development, it is not adequate to look only at the growth of GNP or some other indicators of over-all economic expansion. We have to look also at the impact of democracy and political freedoms on the lives and capabilities of the citizens."

Prof. Amartya Sen

Pandit J.L. Nehru has rightly said that democratic planning calls for consultation with as large a number of people as possible from all over India. But at the end of it all and above all, if it is to be a plan, we have to calculate how it interlocks and how it affects. The whole thing has somehow to be brought together. How is it brought together? Not by the political procedure by which it is arrived at, but by the design of the plan, its structure and inter-relations. That's why; budget and budgetary provisions generate paramount impact on public and policy making in a country. The socio-economic impacts of budgetary allocation on the economy very much depend upon the extent and pattern of sources of revenue and expenditure planned in the budgetary process.

Rural Development

India lives in villages, so ample significance has been assigned to the rural sector and its development; in all kind of public policy making. As one of the major strategies, a lion share in the present budget has been allocated for the rural development and upliftment of the poor people. The provision of Rs.82, 202 crores in present budget 2014-15, for rural development signifies its own importance. This is meagerly higher than the previous allocation of Rs. 80,194 crores. The Mahatma Gandhi NREGS, which is being considered as a support and protection of rural life, revitalized itself by getting a budget provision of Rs.34, 000 crores that is higher by Rs. 1,000 crores than the previous budget. This is a strategic move to reduce

unemployment, inequality and poverty in the rural sector. This also helps in building community assets in rural areas and thereby benefits people at large. The allocation of funds for rural sector in general is given below for better comprehension.

If we see the percentage of increase in fund allocated for rural development, after neutralizing the price rise by deflating at 5 to 8 %, then; there is a decrease in fund allocation between 2013-14 and 2014-15. Furthermore, the current need and welfare of growing population of India also demand for higher fund allocation. This is imperative for inclusive and sustainable development. As far as rural development is concerned, it revolves around the agriculture and allied activities, so it is essential to address the issues of the agriculture sector in particular and to ascertain the rural development.

> India lives in villages, so ample significance has been assigned to the rural sector and its development; in all kind of public policy making.

Agriculture and Budgetary Allocation

In India, agriculture is always considered as the mainstay of the large number of people. It directly or indirectly contributes fairly to the livelihood of the rural masses as a whole. Besides, its contribution to the GDP itself signifies its national importance. The food price have increased manifold over the years making the food basket costlier and threatens the survival of the poor masses. That's why; more importance has been given on the agricultural development.

This budget has provided fund of Rs. 1,15,000 crores for the food subsidies; which is 25% more than the revised estimate of Rs. 92,000 crores as in 2013-14. The interim budget specially earmarked Rs. 88,500 crores for the implementation of the "National Food Security Act" which will provide highly subsidized food grains to 75% of rural and 50% of urban households under the Targeted Public Distribution System, besides provisions for nutritional support to women and children. This act will definitely fulfill the provision of minimum nutritional support to the poor through subsidized food grains and ensuring price stability in our country. The provision for Direct Benefits Transfer and Food Security Bill will definitely help the masses, specially the poor segment of the economy.

Government has already enacted the food security bill. As far as the implementation aspects are concerned, the government should take the endeavor to augment the growth of agriculture sector. Beside, the growth of agriculture sector through better fund allocation; definitely helps in reducing poverty and inequality. Increasing spending on irrigation and other agriculture and allied activities will surely enhance agriculture productivity and thereby increase the agriculture production which can be exported. Current account deficit can be contained to the minimum through increase in agricultural export which can give financial stability to our economy.

Agricultural credit is the key determinants of agricultural production and its growth. To meet the need of the growing population, it is necessary to

Fig.1-Source: Authors' Compilation from Budget Documents and Media Reports

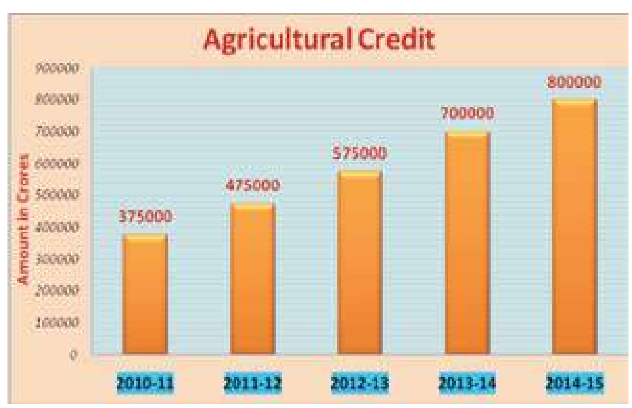

Fig.2- Source: Authors' Compilation from Budget Documents and Media Reports

increase the food production level by empowering the farmers. For this purpose, since past several years, the level of agricultural credit in budget; has been on a continuous raise. While the agricultural credit in the fiscal year 2010-11 was Rs. 3, 75,000 crores, and the budget allocation for year 2014-15 has been raised to Rs. 8, 00,000 crores. That shows a massive growth in the agricultural credit. Thus, we can infer that timely availability of agricultural credit at reasonable rate is crucial for agricultural growth as well as development of nation. Beside, this year also the government has anticipated to produce 263 million tonne of food grain in comparison to 255.36 million tonne as produced in the previous year, 2012-13.

For the enhancement of agricultural production, Government has formulated various subsidies schemes which look very much attractive from outside. Fertilizer subsidy got a budget allocation of Rs. 67,970 crores in 2014-15, which is even less than the revised estimate of Rs. 67,971 of the fiscal year 2013-14. Beside, after considering carrying over expenditure of Rs. 39,028 crores of the fiscal year 2013-14, it will leave hardly Rs. 28,942 crores, which will definitely negatively affect agricultural sector and its growth rate and its contribution to GDP too.

Self sufficiency in food grain production and assurance of food security for masses very much elucidates the significance of agricultural sector. That is why budget provisioning for agriculture and related activities has got the top priorities in the budget. To achieve the target of 4.6 per cent growth rate, set for the agriculture and allied sector, there is a need to address various issues related to agriculture. To achieve the same, the country will have to invest heavily on farm research, rural infrastructure, providing better access to high value markets, better credit facilities and input use etc.

Concluding Remarks

The budget should emphasis on inclusive development which must be economically and ecologically sustainable and democratically legitimate. The estimated budgeted expenditure has been curtailed to contain the fiscal deficit at 4.1 percentage of GDP as desired in 2014-15 but at the cost of reduction of spending on various sectors including rural development. Although the fiscal consolidation is imperative, it should not be done by reducing the expenditure of vital segments including rural development; rather it can be achieved by expanding the Tax-GDP ratio. This year, there is not much of debate and discussion on the budget proposal as it is the interim budget. It has adopted the previous policy format, in allocation of funds among various sectors. The only area where the central focus has been made is fiscal consolidation and containing fiscal deficit below the red line.

The Interim budget 2014-15 has not seriously addressed the need of the masses, particularly the issues in general and rural development in particular. We seriously hope the budget which will be placed in the parliament after the new government steps in, in the month of June/July 2014, will definitely focus on various macro and micro issues and address the inclusive growth determinants in a systematic and planned manner. However, we should anticipate positive outcome through good governance, prudent cash management, close monitoring, timely implementation with proper follow up and clear cut accountability.

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GOVERNMENT INITIATIVES PROPELLING AGRICULTURE GROWTH

Dr. Harender Raj Gautam and Dr. H.L. Sharma

Agriculture has been the priority area of Union Budget as it directly affects 60 per cent of our population. The interim Union budget for 2014-15 presents a good growth of agriculture which reflects the efficiency of various operational schemes of the previous year. Food grain production which was 255.36 million tonnes in 2012-13, is expected to reach 263 million tonnes in 2013-14. Agricultural GDP growth increased to 3.1 percent in the five year period of UPA-I and further to 4.0 percent in the first four years of UPA-II. Agriculture has been the net earner of the foreign exchange as agriculture exports were US $ 41 billion against import of US $ 20 billion. In the current year, agricultural GDP growth is estimated at 4.6 percent. Though agriculture sector's contribution to national GDP has declined to 13.9 per cent in 2011-12 due to relatively higher growth experienced in industries and services sectors, agriculture remains the principal source of livelihood for more than 58 per cent of country's population. The Plan Outlay on various schemes of Department of Agriculture & Cooperation (DAC) has increased substantially from Rs. 9865.68 crore in 2008-09 (RE) to Rs.20208.00 crore in 2012-13 (BE). Increase is mainly due to substantially higher allocation under Rashtriya Krishi Vikas Yojana (RKVY), which was launched in 2007-08 with aim to boost agricultural growth rate and to incentivize states to increase public investment in agriculture and allied sector. Out of total outlay of Rs.66577 crore for the Eleventh Plan, the actual expenditure was Rs.61065.80 crore.

Agriculture has the responsibility to feed 1,200 million people which is a huge responsibility. There is need for continuous efforts for infusing of technology, capital and human resource for the accelerated growth. Food and Agriculture Organization have indicated that agriculture in developing countries would need an investment of around US $ 30 billion to achieve the goal, set by the World Food Summit in 1996, of reducing the number of hungry people by half by 2015.

Initiative of Bringing Green Revolution to Eastern India (BGREI) has resulted in increased production and productivity of paddy. Last year, allocation for the scheme was pegged at Rs. 1,000 crore. Extending green revolution initiatives to north-eastern states has paid rich dividends. It was announced in Budget 2010-11 with an allocation of Rs 400 crore under Rashtriya Krishi Vikas Yojana. Under this programme, emphasis has been given on adoption of new seed varieties, farm machinery, integrated nutrients & pest management, and knowledge based interventions developed for different agro climatic zones. The programme is under implementation in Bihar, Chhattisgarh, Jharkhand, Eastern Uttar Pradesh, West Bengal, Odisha and Assam. Now, 51 per cent of the country's rice output comes from eastern states such as West Bengal, Assam, Jharkhand and Bihar and from eastern Uttar Pradesh. This scheme has resulted in impressive increase in production of food grains with the eastern region now turning into a food surplus region.

National Food Security Mission (NFSM) has also contributed immensely in enhancing the foodgrain production in the country particularly in those areas where the productivity of major goodgrain crops is very low. Presently, NFSM-Rice covers 210 districts, NFSM-Wheat covers 166 districts and NFSM-Pulses covers 468 districts. Thus, NFSM is being implemented during 2012-13 in 561 identified districts of 27 States of the country. About 20 million hectares of rice area and 13 million hectares of wheat area is included in these districts that roughly constitute about 50 per cent of cropped area for wheat and rice. For pulses, additional 4.5 million ha which constitutes about 20 per cent of the cropped area, would be created.

Research and Development is the core area for development of new technologies. Higher investment in agriculture is needed for development and adoption of technologies to achieve higher yields in different crops. According to the findings of researchers in USA, US $ 1 invested in agriculture research has a return of about US $

33. Generally, a norm of 2 percent of agricultural Gross Domestic Product has been suggested for agricultural research. Global public spending on agricultural research and development (R&D) rose from US$26.1 billion in 2000 to US$31.7 billion in 2008. In USA, estimated US $ 11.1 billion was spent on R & D on food and agriculture in 2009. Overall, rich and developed countries spend in the range of 2 to 3 per cent on agriculture and food research out of their total R & D expenditure. In India, the budgetary allocation for farm research and education in 2013-14 is Rs. 3415 crores which are about 0.6 per cent of the agricultural GDP of the country. At Independence, this was less than 0.1 percent, rising to 0.12 percent in 1960, and about 0.2 percent towards the end of sixties. There was a significant rise in spending on agriculture research in the seventies and it has hovered around 0.45 - 0.50 percent since early eighties. This implies that research investments have barely kept pace with growth of agriculture.

In India, agriculture growth has a direct relation with poverty reduction and agricultural research, education, and rural infrastructure are the three most effective public spending items for promoting agricultural growth. We have invested in agriculture but may be in such areas which did not have real propelling effect on the growth of agriculture. Here, there is need to note that the level of government subsidies to agriculture increased from around Rs. 20 billion in 1981 to Rs. 271 billion in 1999, an increase by 13 times in a span of two decades. Electricity and fertilizer subsidies have been particularly dominant followed by irrigation and credit subsidies. In recent years, Brazil and China have substantially increased their public investments in agricultural research. In China, public spending in agricultural R&D nearly doubled between 2000 and 2008 and there was a further increase of additional 50 percent between 2009 and 2010. Although public agricultural R&D spending in Brazil has fluctuated in the last two decades, public investments in agricultural research have also risen in the last few years, growing by 20 percent between 2008 and 2011. Total Factor Productivity (TFP) is the real measure of our investments translating into the growth. Total Factor Productivity in agriculture measures the contribution of knowledge and efficiency towards raising agricultural production. Cumulative TFP in Brazil and China grew by 56 percent and 31 percent between the late 1990s and late 2000s in comparison to 17 percent in India. Further, in period of last 40 years between 1960s to late 2000s, cumulative TFP in India has been reported to have been declined by 4 percent, compared to substantial growth of 115 percent and 87 percent in Brazil and China. This reflects that we have not invested to such levels in the critical areas of agricultural research, education and rural infrastructure.

Agricultural credit is a driver of agricultural production and credit of public sector institutions instil faith in the farmers. Agricultural credit is likely to touch Rs. 735,000 crore, in the coming year exceeding the target of Rs. 700,000 crore. Farmers should take the advantage of this credit advanced by public sector and cooperative banks to cater to the needs of inputs on their farms.

Thus, there is need for research efforts to produce climate resilient varieties which are able to yield better under climate stress. The research efforts require enhancement in budgetary allocation to 1 per cent of the total agriculture GDP from the present level of 0.6 per cent which may gradually be enhanced to 2 per cent. Some studies have indicated that a one percentage growth in agriculture is 2-3 times more effective in reducing poverty than a one percentage growth in non-farm sectors.

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National Food Security Mission (NFSM) has also contributed immensely in enhancing the foodgrain production in the country particularly in those areas where the productivity of major goodgrain crops is very low.

THE INTERIM BUDGET AT A GLANCE

Dr. Shahin Razi

"The times we live and the problems that our country has to face do not permit a static or complacent approach"

- Jawahar Lal Nehru
1958 – 59 Budget Speech

The Finance Minister tried to breathe life into a slowing economy by presenting a well-balanced, growth oriented, interim budget.

An interim budget, presented days before the general elections, has limited scope. Nevertheless, his ninth budget speech showed yet again that he has his pulse on the most pressing issues. He has rightly acknowledged the deceleration in investment in manufacturing as a key problem area, and has announced excise cuts on capital goods, consumer non-durables and automobiles, to aid recovery in investments and consumption.

Three new industrial corridors are under planning and a few investment and manufacturing zones have been approved. The Finance Minister also said that all central and state taxes that go into an exported product should be waived or rebated. That a country should not export taxes is a well-regarded principle; India must strive to remove the remaining irritants to ensure that we follow this principal in toto.

A substantial capital infusion has been proposed in public sector banks, which would enhance their capacity for credit expansion in the face of rising concern over non-performing assets. The Cabinet Committee on Investment and the Project Monitoring Group are also trying their best to unlock stalled projects. With all these measures, we hope that we will see the Indian growth story regain its flair gradually, even though the global macroeconomic uncertainties persist.

The Finance Minister reached out to wide swathe of people – youth, minorities, dalits, tribals, women, farmers, the middle class and the poor.

The interim budget for 2014-15 – Rs.17.6 lakhs crore – had something for each of them – cheaper cars and two-wheelers for the middle class, cheaper mobile phones for everyone, a venture capital fund for dalits, higher allocation for skill development, and the Nirbhaya fund to woo the youth and women, respectively and higher allocations for minorities. He also reached out to the poor by setting aside Rs. 1.15 lakh crore for food subsidy

"keeping in mind the government's commitment to the National Food Security Act", courted students by relaxing interest subsidies in educational loans further and wooed farmers by increasing the farm loan target of the banking sector from Rs. 7 lakh crore this year to Rs. 8 lakh crore in 2014-15. Then the Finance Minister also conceded a long standing demand of ex-servicemen by agreeing to one rank one pension for all retired servicemen. A stimulus in the form of tax cut for companies will boost some fragile sectors while they will also result in cheaper goods. The Budget has very firmly underscored the government's priority attention and commitment to promote manufacturing and job creation. The automobile and capital goods growth will pick up with the announcements of reduction in excise duty in these sectors.

The fiscal deficit target has not only been maintained within 4.8% of the GDP but has actually been lowered to 4.6% of GDP. For the coming year the target of 4.1% of GDP is in line with medium term goals. With the current account deficit expected to halve to 2.5% of GPD the twin deficits have been effectively contained at a time when global growth is slowing. This should be a major macroplus as global investors have been majorly concerned about high twin deficits. Fiscal consolidation should prevent any further downgrade by international agencies.

The Finance Minister, did, however, use the occasion to present a 10 year report card of the economy, focusing on the constraints the government has had to face. He listed inflation control, skill development, fiscal consolidation, infrastructure creation urbanisation, targeted subsidy management and revival of the manufacturing sector among the priorities. The next government will have to begin afresh on India's two biggest tax reforms initiatives, the Direct Taxes Code (DTC) and the Goods & Services Tax (GST).

THE BUDGET AT A GLANCE :

- **Tax Proposals** : No change in tax rates.
- 10% surcharge on "Super Rich" having annual income above Rs. 1 Crore to continue.
- 5% surcharge on corporates with turnover of Rs. 10 Crore.
- Tax revenues projected to rise by 18% on buoyancy alone.

DEFENCE :

- Spending raised to Rs. 2.24 trillion in 2014-15, up 10% year on year.
- One rank - one pension policy for defence forces.

SUBSIDIES :

- Food Subsidy hiked to Rs.1.15 trillion, up from Rs. 93,000 crore.
- Rs. 65,000 crore for fuel subsidy.
- Moratorium on interest on student loan taken before March 31, 2009. To benefit 9 lakh borrowers.
- Allocates Rs. 1,000 Crore more to Nirbhaya Fund.

BANK'S RESTRUCTURING :

- Government to provide Rs. 112 billion capital infusion in state run banks in 2014-15.
- Propose to set up public debt management office, to start from 2014-15.

SOPS FOR FARMERS :

- Farmers who repay loans on time will get credit at 4%, effective rate next year also.

BUDGET AND THE ECONOMY :

- 4.9% GDP growth estimated for 2013-14.
- 4.6% Fiscal Deficit contained for 2013-14.
- 45 billion dollar Current Account deficit for 2013-14.
- Forex reserves to rise by 15 billion dollars by end of 2013-14.
- Proceeds from disinvestments 54% lower than estimated.
- Fiscal deficit pegged at 4.1%.
- Plan expenditure higher by 16.77%.
- Excise duty cuts on cars, two-wheelers, capital goods & consumer durables to boost manufacturing and growth.
- Allocates Rs. 1 Crore to scale up National Skill Development Programme.

In short, the vote on Account Budget 2014-15 is a good job in bad conditions. The Finance Minister has shown admirable fiscal restraint in an election year.

Six months ago India was the poster child of emerging market vulnerability. Current account deficit was an unsustainable 5% of GDP, the rupee was falling like a stone, RBI had hiked rates by 300 bps to prop up the rupee and capital market sentiment had plunged. With growth – and therefore tax collections – bound to suffer and subsidies under pressure from 15% currency depreciation, almost nobody imagined a fiscal deficit even close to 5% of GDP, let alone 4.6%. Not a day went by without mention of a sovereign ratings downgrade.

As it turns out, for the first time in 28 years, GPD growth is on course to print below 5% for a second successive year. The fact that, in this adverse macroeconomic environment, and with general elections approaching, the Finance Minister has been able to meet and beat his target for each of the last two years needs to be commended. On a cyclically-adjusted basis, total consolidation over the last two years is a substantial 1.1% of GDP. This is admirable fiscal restraint in a challenging environment.

More generally, fiscal adjustment has been crucial in restoring macroeconomic stability. Unlike South Africa and Turkey – India's emerging market peers – India's current account deficit is expected to print at 2% of GDP, less than half its level of 4.7% of GDP last year. Much of this is because of the curb on gold imports. But some of this is because current accounts evil twin - fiscal deficit - has been consolidated.

India's twin deficits are now seen as the most visible manifestations of macroeconomic adjustment and there is no more loose talk about a ratings downgrade. Consequently the rupee is among the best performing currencies since the taper began.

But with emerging markets expected to be under sustained stress as the Fed. normalizes monetary policy, one cannot sit back on laurels. And while the fiscal consolidation of the last two years is laudable, reaching 3% of GDP by FY17 – as per the fiscal roadmap – will not be sustainable unless we see genuine fiscal reform going forward, like long-overdue GST that truly makes India a common market and promotes allocative efficiency, and extending Aadhaar to all subsidies – so that de-duplication benefits of eliminating ghost beneficiaries can accrue. Without these reforms, it's hard to envision sustained fiscal consolidation.

The Finance Minister has fulfilled his key macroeconomic duty by keeping the fiscal deficit in check, not just meeting the target but exceeding it to hold it down at 4.6% of GDP. He has given a fiscal stimulus to manufacturing, in the form of short-term excise duty cuts, particularly benefiting automobiles. He has also pleased large constituencies like serving and retired defence forces personnel, by announcing a one rank one pension system from the next fiscal. Concessions on student loans target educated young adults. And he has proposed some bold restructuring of plan finances, transfer of centrally sponsored scheme funds to the states as Central Plan Assistance. These are all positive measures that will be received well by rating agencies, stock markets, sections of voters and state governments that thirst for ever greater degrees of fiscal autonomy.

While short-term excise duty cuts have been announced for auto, capital goods and consumer goods, only auto is likely to experience a tangible benefit. Capital goods expenditure is not determined by short-term excise duty considerations, save perhaps in the case of transport vehicles. And overall growth and demand determine the demand for consumer goods.

The fiscal numbers tell a story of sharp scaling down of expenditure, so as to achieve the targeted fiscal deficit number. Plan expenditure, for example, has been savaged : the revised estimate (RE) is Rs. 79,790 crore lower than the budgeted figure (BE). However, two qualifications are in order. The reduction has been much more in revenue expenditure (89% of the total cut) than in capital expenditure. Further, as a proportion of GDP, the achievements in 2013-14, as per the revised estimates, are an improvement on 2012-13.

What these numbers (see table) say is that the central government marginally increased its expenditure, as a proportion of GDP, as it was required to at a time of slow-down. At the same time, its revenue efforts proved to be stronger than before. Gross tax collections improved, although only marginally, as a share of GDP. Total central revenues are lower than the Centre's gross tax collections because about 30% of the Centre's gross tax collections are devolved to the states. The gap between revenues and expenditure is bridged by non-borrowed capital receipts, such as recoveries of loans and disinvestments proceeds, apart from borrowings. This is why the gap between total expenditure and total revenues is a little larger than the fiscal deficit, which is financed by borrowings.

Fiscal Numbers (Table)

% GDP	2012-13	2013-14 (RE)
Total Expenditure	13.95	14.05
Plan Expenditure	4.08	4.2
Total Revenues	8.68	9.09

Gross Tax Collections	10.25	10.33
Non-Tax Revenue	1.36	1.4
Revenue Deficit	3.61	3.27
Fiscal Deficit	4.85	4.63

States mobilize about 6% of GDP as their taxes. This leaves India's tax collections as a proportion of GDP at some 16%, about half the average for members of the rich country club, OECD. This why Chidambaram's stress on moving towards an integrated, harmonized goods and services tax is spot on. GST is designed to open up multiple audit trails that will lead to untaxed incomes. Once the tax burden is distributed across society, the burden on individual members of society can come down. But for that, the states have to agree to implement GST. This cannot be done unilaterally by the Centre.

The Finance Minister has extolled the achievements of the UPA government during its 10 years in office. And, if one takes out the huge corruption charges and governance paralysis these induced since 2011, and focus on what has changed in terms of stock of infrastructure, size of the Indian economy and new initiatives to upgrade skills, improve health, education and nutrition standards, the story is pretty impressive.

That 140 million people have been lifted out of poverty is a remarkable achievement by not just India's past trends but also by global standards. But then, those corruption charges, governance paralysis and the slowdown it induced cannot be abstracted away and dominate popular perceptions of the UPA's tenure.

The saving grace is that a determined effort to halt the decline towards the government's fag end has paid off, and exports, overall growth and macroeconomic stability are all improving.

Government has to mount an all-out war on implementation bottlenecks, bureaucratic risk aversion and regulatory uncertainty. And we need comprehensive and quick resolution of the debt overhang on infrastructure balance sheets, and the associated stress on bank balance sheets. Only then will the investment cycle revive. And only then will potential growth rise again.

Focusing primarily on cutting fiscal deficit, the Interim Budget pays little attention to social sector needs. According to critics there is a marked shift from the stated ideal of growth with a human face. Those who work in rural areas have heard reports from across the country about how the MGNREGA was drying up due to a paucity of funds. Indira Awas, Rural Road and the National Rural Livelihood Mission, all had their budget slashed.

Barring an increase in expenditure of food subsidy, as mandated by the Right to Food law all other social sectors continue to face a monetary drought. In fact the marginal increases in some do not even keep pace with inflation and are therefore facing a reduction in real terms, MGNREGA is a case in point.

Old age pension are at a miserly amount of Rs. 200 per month. Despite assurances of increasing this amount to Rs. 500 per month, nothing has been done.

In 2012 a report on hunger and malnutrition in 112 districts across nine states of the country revealed that 42.3% children under the age of five years are under weight, 58.88% are stunted and 11.4% are "wasted". This is the pathetic state of health. The economy needs to kick start a revival with equity, with a policy trajectory that will expand our domestic market through a high dose of public investments. There is urgent need to create a modern, inclusive, equitable, more prosperous and democratic India.

Interim budgets are only interim budgets, they are eventually superceded by full budgets presented by a government with the political authority to govern. We need to wait till June to assess how the next fiscal will turn out to be.

Irrespective of the outcome of the forthcoming elections, balancing inflation and growth, creating jobs for those that will come into the workforce, promoting equity and the social sector, skill development, giving a boost to manufacturing and hence exports, building infrastructure should be the focus of the government. Global investors have always been attracted by India's powerful bottom up story and we need to do our part in keeping the interest alive.

The challenge is daunting. But not impossible. Because as the fisc over the last two years has demonstrated, when policy makers truly put the weight of their resolve behind an outcome, they find a way or make one.

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UNION BUDGET AND NATIONAL FOOD SECURITY

Dr. Amrit Patel

It may be recalled that the Food and Agriculture Organization [FAO] of the United Nations in 1974 had declared that by 1984 " no child, woman or man should go to bed hungry and no human being's physical or mental potential should be stunted by malnutrition". Accordingly, the Union Budget for the year 2014-15 refers to the facts that [i] food grain production in 2012-13 was 255.36 million tons and the estimate for the current year is 263 million tons [ii] around 140 million people have been lifted out of poverty in the last ten years and [iii] the National Food Security Act was passed assuring food grains to 67 per cent of the population. This article briefly highlights the most urgent need for guaranteeing the food security to the country's 1.28 billion population.

Food Security

Inadequate resources severely constrain the demand for food. The poor have now to spend more than before, out of their limited resources, on health, children's education, transport and fuel. Lack of nutritious and balanced food directly impairs their health and in the process they get malnourished. According to the latest Global Hunger Report, India continues to be among nations where hunger is "alarming". It is most disappointing that despite high growth, the hunger index in India between 1996 and 2011 has increased from 22.9 to 23.7. National Sample Survey Organization data reveal that the average per capita food expenditure during the period from 1993 to 2010 increased only by 0.2 % annually in rural India, and fell slightly by 0.1% per annum in the urban areas. The cereal intake of the bottom 20% in rural India, which is engaged more in manual work continues to be at least 20% less than the cereal intake of the top decile of the population. Endemic hunger continues to afflict a large proportion of the population.

Per capita availability, leave alone consumption of food grains and other essential food products in India is below the world average and significantly lower than in developed countries. Acknowledging the fact that the food is unaffordable for a large number of the poor in India, the Parliament has approved the ordinance to implement the National Food Security [NFS] Act. The NFS Act mandates to provide each person, including the pregnant women, children and the

poorest households, per month five kg of coarse cereals or wheat or rice at Rs. one, two and three a kg respectively. The NFS Program would benefit estimated 81 crore to 84 crore beneficiaries, the largest population in the world. Around 62 million tons of food grains are expected to be distributed under the NFS Program through country's inefficient but massive network of about 500,000 ration shops under the existing Public Distribution System. The food subsidy under the NFS Program will cost the nation annually about Rs.1,31,000 crore, including Rs.8,000 crore for incidentals like setting up food commissions at the Central and State levels and in setting up grievance redress mechanisms. Under the proposed legislation for food security, the Expert Committee has estimated procurement and distribution of food not less than 63.98 million tons, rising to 73.98 million tons by 2016-17 against the likely procurement of 57.61 million tons in 2013-14. In this context, this paper attempts to focus the key areas that need priority attention to improve substantially food productivity and food management efficiency.

Optimum use of resources

The earlier phase of agricultural growth after Independence relied heavily on the expansion of the area under different crops and developing irrigation potential. Resources viz. land, water and fuel/energy, among others, are scarce, costly and limited, besides having the most competing demands for urbanization and industrialization. Scope of expanding the area in particular is now extremely limited, except through multiple and multi-storied cropping in irrigated area. While additional irrigation facilities in next 10 years need to be created, irrigation facilities already created so far have to be necessarily utilized, along with land and fuel/energy resources, most judiciously and efficiently to maximize crop productivity through committed efforts in a mission mode involving public-private-partnership.

Research Efforts

Integration of agricultural research, education and extension system to enhance the productivity and profitability per unit of resources deployed and money invested is considered a sine qua non. The emphasis has to be on productivity improvement [without impairing soil-heath], the scope of which is vast since average yield in case of most of the crops in India is quite low compared to their potentials. There has to be planned efforts including adequate financial investment to evolve food- crop varieties which are high-yielding and that resist drought, flood & salinity.

While the first Green Revolution had its genesis in the Seed-Fertilizer-Irrigation technology, the second Green Revolution should originate from radiation-induced mutation technique and Biotechnology along with integrated nutrient, pest & water management technology. The International Atomic Energy Agency has called for increased investments in radiation-induced mutation techniques that help in producing crop varieties with high yields and disease resistance, and can grow in stressful conditions such as drought, flood and salinity. This technique has been in use since 1920s and more than 3000 varieties of 170 different plant species have been released for cultivation. Similarly, biotechnology in recent years has created unprecedented opportunities and revolutionized research activities in the area of agriculture viz. plant tissue culture and Genetic engineering leading to transgenic plants carrying desirable traits like insect and herbicide resistance; tolerance to salinity, drought and major pests; enhancing nitrogen fixing ability, improving storage, proteins and crops for food processing, thereby addressing problems related to malnutrition, poverty and hunger. India should, therefore, concentrate on inventing new seeds & planting material of various field crops through application of new technology.

Research institutes of ICAR and State Agricultural Universities should concentrate on developing agro-ecological region-wise package of improved practices for different crops which are yield-enhancing, cost-minimizing, environment-friendly and economically viable [higher return on investment] and should demonstrate these proven advantages on farmers' fields. For this purpose, State Agricultural Universities and ICAR system can develop successful public-private-partnership models involving easy accessibility to [i] inputs of production [seeds. planting materials, fertilizers, pesticides] and farm equipment of approved quality on time and at reasonable price [ii] scientific methods of cultivation [iii] institutional credit and [iv] domestic and export markets. These successful models can later be replicated by the public and private system. Research should focus on food crops, pulses, oilseeds, vegetables, fruits, milk, fish, eggs, broilers and meat so that people can access nutritional and balanced food.

Innovative Extension Models

Agricultural extension has to be adequately strengthened organizationally and financially to support the chain of transfer of technology from the research institutions to farmers' fields in a most cost-efficient manner. This calls for innovations in extension models. During the Twelfth Plan, the Public Sector Broadcasting, as indispensable media of communication to accelerate agricultural growth in India, has a unique role to play. Government's past initiatives, viz. [i] successful pilot projects on Radio Farm Forum [ii] Kheda [Gujarat] agricultural development TV project and [iii] involvement of AIR and State Agricultural Universities in dissemination of agricultural technology, should be reviewed, redesigned and expanded countrywide. Additionally, the Government's policy and programs must inform, educate and motivate farmers in geographically remote rural areas and widen and deepen the outreach of Public Sector Broadcasting when it is facing challenges from private commercial channels

Capital Formation

The capital formation is a must as it has a profound role to build the production capacity of agriculture but its impact is felt in future years as most projects supported by capital investment take time to express their potential. More importantly, public investment in critical areas stimulates private sector investment and accelerates the flow and efficiency/productivity of bank credit. To accelerate the process of agricultural growth and agricultural growth rate, which has significant influence on country's GDP and reduction in poverty, significant amount of capital formation in agriculture supported by public and private sectors is a *sine qua non* in specific areas such as, [i] development of irrigation [exploiting potential surface irrigation & groundwater resources, generation of electricity/ power to draw groundwater] [ii] intensifying soil & moisture conservation measures and land improvement [iii] improving drainage system [iv] strengthening flood control measures [v] all weather roads connecting all villages and towns to facilitate easy and timely transport [vi] storage, warehousing, preservation and processing facilities[vii] Value chains and integrated marketing infrastructure [viii] developing sound information, communication and market intelligence system [ix] building integrated agricultural research, extension & education system [x] effective soil & water testing facilities [xi] production, quality control and pricing system to facilitate competitively and timely availability of farm inputs [seeds, fertilizers, pesticides, fuel, farm equipment & machinery etc.] and [xii] establishing agro-ecological region-wise state-of-the-art agri-meteorology.

Service delivery

As decentralization efforts are pushed and local bodies are given more prominence in the basic service delivery, the establishment of accountability mechanisms becomes critical. Capacity of local bodies to identify local priorities through participatory budgeting and planning needs to be strengthened. This, in turn, would improve the rural investment climate, facilitating the involvement of the private sector, creating employment opportunities and linkages between farm and non-farm sectors.

Efficient use of public funds

Despite large expenditure in agricultural and rural development, a highly centralized bureaucracy with low accountability and inefficient use of public funds limit their impact on agricultural development and poverty alleviation. In 1992, India amended its Constitution to create three tiers of democratically elected PRIs bringing governance down to the villages. However, the transfer of authority, funds and functionaries to these local bodies is progressing slowly in part due to various reasons. The local level PRIs must be empowered to contribute to shaping public programs and make them accountable.

Regulatory & Development Authority

Since resources, viz. land, water and energy are limited, scarce, costly and having competing demand for urbanization, industrialization and meeting farming needs, there is greater need now than before to consider appointing an independent Regulatory and Development Authority manned by professional to look these resources in totality and evolve appropriate legal framework, mechanism and procedure to deal with existing and emerging issues.

Farm productivity improvement depends significantly upon the use of inputs, viz. seeds, fertilizers, pesticides, water, farm equipment and machinery etc. which have necessarily to be of standard quality, available on time and at reasonable price protecting buyer's rights.

Land records system

State Government's initiatives to computerize land records have reduced transaction costs and increased transparency. While all States need to strengthen and streamline the land records system through computerization in a planned manner during the Twelfth Plan, institutional weaknesses revealed in the computerized system need to be addressed.

Food Management

Past experiences reveal that cost of food production, procurement, transport, storage and distribution has significantly increased and inefficient food management system has resulted into huge wastage, pilferages and deterioration in food quality, not even acceptable as cattle-feed. In particular, problem of persistent inadequate storage facilities including unsafe storage leading to huge wastage of precious food accompanied by the most corrupt public distribution system leading to black-marketing and food inflation has to be seriously addressed by policy makers emphasizing policy-implementation with total commitment, good governance, accountability and grievance redress mechanism. According to one expert grains trade analyst, grains procured @ Rs. 13.50 /Kg would ultimately cost Rs.39.50/Kg since additional costs would be incurred towards [i] procurement incidentals, viz. local taxes, bagging, transport to local warehouse [ii] storage costs viz. interest, warehousing and transport cost for distribution.[iii] Central Government or FCI paying mandi taxes or market charges to major States viz. Punjab, Haryana, Andhra Pradesh and Madhya Pradesh [iv] significant costs during food distribution under the PDS [from warehousing to fair price shops to households].[v] establishment costs of FCI [vi] each State having its own administrative infrastructure and fair price shops seeking additional commission as retailing expenses. Thus, subsidy amount just doubles @ 192%.

It is, therefore, necessary to develop effective system, methods and procedure through policy intervention and programs that can [i] produce food grains as expected annually under frequent unpredictable conditions of drought and floods in some parts of the country [ii] facilitate the estimated level of procurement and safe storage preferably district-wise in each State [iii] create additional facilities for quick and cost-efficient transport, processing and storage and [iv] redesign the public distribution system and transparent grievance redress mechanism.

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KNOWLEDGE MANAGEMENT - TOOL FOR IMPROVING RURAL DEVELOPMENT SCHEMES

Katar Singh

"Successful organisations are those that consistently create new knowledge, disseminate it widely throughout the organisation and quickly embody it in new technologies and products"- Ikujiro Nonaka, a knowledge management pioneer

India has a long history of governmental and non-governmental interventions in the form of development schemes to promote rural development. Even in the pre-independence era, a large number of rural development schemes were launched by nationalist thinkers, social reformers and missionaries.

Since the launch of the First Five Year Plan in 1951–52, the Central and State governments have launched numerous agricultural and rural development programmes from time to time. Some of the Centrally-sponsored Schemes (CSS) launched in the past but now not in operation or merged with other on-going schemes were as follows:

- Community Development Programme (CDP) launched in 1952
- Intensive Agriculture District programme (IADP) launched in 1960-61
- Operation Flood (OF) Programme launched in 1970
- Integrated Rural Development Programme (IRDP) launched in 1978-79
- Sampoorna Grameen Rozgar Yojana (SGRY) launched in 2001
- Minimum Needs Programme (MNP) launched in 1960-61

The major Centrally-sponsored rural development schemes which are currently in operation are as follows:

- Pradhan Mantri Gram Sadak Yojana
- Swarnjayanti Gram Swarozgar Yojana (SGSY)
- Indira Avas Yojana
- Mahatma Gandhi National Rural Employment Guarantee (MNREG) Scheme
- Mid Day Meal (MDM) scheme
- National Social Assistance Programme
- Aam Admi Bima Yojana (AABY)
- Rashtriya Swasthya Bima Yojana (RSBY)

- Drought-Prone Area Programme (DPAP)
- Desert Development Programme (DDP)
- Provision of Urban Amenities in Rural Areas (PURA)
- National Food Security Scheme
- Integrated Wasteland Development Programme (IWDP)
- National Watershed Development Programme for Rain-fed Areas (NWDPRA)
- Tribal Area Development Programme (TADP)/ Tribal Sub Plan (TSP)
- Twenty Point Programme (TPP)
- National Rural Health Mission (NRHM)
- Sarva Siksha Abhiyan (SSA)
- Rajiv Gandhi Drinking Water Mission (Rural drinking water)
- Rajiv Gandhi Gramin Viduyati Karan Yojana (RGGVY)
- Rashtriya Krishi Vikas Yojana
- National Rural Livelihood Mission (Aajeevika)

Besides the CSS, a large number of rural development schemes have also been launched by the State governments from time to time. For example, in Gujarat as many as 38 rural and agricultural development schemes are underway currently.

The Problem

The National Development Council (NDC) has discussed various issues relating to CSS extensively in several meetings. The first Sub-Committee on this was set up by the Government of India in 1967 which recommended a limited number of important schemes to be implemented as a matter of national policy. Subsequently, these issues were discussed in NDC meetings in 1968 and 1984 and in several other meetings.

In the meetings of NDC, State Chief Ministers have emphasized on several occasions the need to reduce the number of CSS. In the initial Plan years, number of CSS was very large (190 at the end of Fifth Plan which increased to 360 at the end of Ninth Plan). The total number of CSS has reduced gradually over time. Further, generally the pattern has been reduction in the number of schemes at the end of each Plan after a review and subsequent increase in new schemes during the course of the Plan. For example, in the Eleventh Plan, the number of schemes declined from 155 in 2005-06 to 99 in 2007-08) at the beginning of Eleventh Plan and subsequently increased to 147 in 2011-12.

Despite the multitude of RD schemes launched in India from time to time over the last 60 years or so and a huge sum of lakhs of crore rupees expended on those schemes until the end of the Eleventh Plan, the quality of life of rural people has not improved to the desired extent. This is evidenced, among others, by the rural poverty ratio of 33.8 in 2009-10 as against the urban poverty ratio of 20.9. Similarly, low level of literacy and high incidence of unemployment are still prevalent in the rural areas of the country.

Although a large number of factors are responsible for such a poor state of affairs and many approaches and strategies have been used to improve the situation, the lack of KM seems to me to be one of the reasons why most of the rural development schemes are not cost-effectively designed nor effectively implemented. For example, Public Distribution Scheme, which is India's oldest programme launched after World War II, has been reviewed and evaluated by numerous committees constituted by the Government of India from time to time. It has also has been revised and revamped several times but still there are several loopholes in its design and implementation including large scale leakages of food grains in transit from godowns of the Food Corporation of India to the fair price shops and other form of corrupt practices. These loopholes have not yet been plugged and consequently the scheme still continues to suffer from several drawbacks. Perhaps the lessons learnt from its experience have not been fully incorporated in designing and implementing its latest *avatars.* Besides, another major lacuna in the successful implementation of various rural and agricultural development schemes is the overlapping of the objectives and clientele of various schemes and the consequent confusion among the target groups as to which of those several schemes is intended to benefit them and how. In view of this, KM could be the most cost-effective tool of improving the efficiency and effectiveness of rural development schemes.

In the remaining part of this paper, I first attempt to define KM, and argue as to why it is important and then outline strategies for capturing knowledge and institutionalizing KM in rural development organisations / agencies.

What is Knowledge Management (KM)?

KM emerged into the mainstream management arena in the 1990s. It comprises a range of strategies and practices used in an organisation to identify, create, represent, distribute, and enable adoption of insights and experiences gained from within the organisation. Such insights and experiences comprise knowledge, either embodied in individuals or embedded in organisations as processes or practices.

Knowledge management efforts typically focus on organisational objectives such as improved performance, competitive advantage, innovation, the sharing of lessons learned, integration and continuous improvement of the organisation. KM efforts overlap with organisational learning, and may be distinguished from that by a greater focus on the management of knowledge as a strategic asset and a focus on encouraging the sharing of knowledge.

KM efforts typically include on-the-job discussions, formal apprenticeship, discussion forums, corporate libraries, professional training and mentoring programmes. More recently, with increased use of computers now, specific adaptations of technologies such as knowledge bases, expert systems, knowledge repositories, group decision support systems, and intranets have also become important tools of KM.

Why KM?

The following are main benefits of adopting a systematic approach to managing knowledge in an organisation:

(i) Benefits from more efficient processing of information and knowledge, including:

- faster retrieval of information
- minimizing duplication, e.g. "one version of the truth"
- saving or freeing up the time of busy professionals
- knowing who knows what and who is doing what
- improved quality of information
- access to latest thinking and most current knowledge

which in turn leads to:

(ii) Internal organisational benefits, including efficiencies and effectiveness through:

- sharing of good and best practices
- faster time-to-market for new products
- reduction of waste and re-work
- better management of risk
- retention of knowledge before experts leave or retire
- cost savings, both in people's time and processing of information

which in turn leads to:

(iii) Benefits to external customers and stakeholders including:

- improved customer service and satisfaction
- faster solving of intractable and novel problems
- greater consistency in servicing customers at different locations
- improved product and service quality, more closely aligned with customer needs
- better value for money
- enhanced reputation and market image

Strategies for Capturing Knowledge

Knowledge may be captured at three stages: before, during, or after KM-related activities. Different organisations have tried various knowledge capture incentives, including making content submission mandatory and incorporating rewards into performance measurement plans. Considerable controversy exists over whether incentives work or not in this field and no consensus has emerged.

One strategy to KM involves actively managing knowledge (push strategy). In such an instance, individuals strive to explicitly encode their knowledge into a shared knowledge repository, such as a database, as well as retrieving knowledge they need that other individuals have provided to the repository. This is also commonly known as the Codification approach to KM.

Another strategy to KM involves individuals making knowledge requests of experts associated with a particular subject on an ad hoc basis (pull strategy). In such an instance, expert individual(s) can provide their insights to the particular person or people needing this. It is also commonly known as the Personalisation approach to KM.

Other knowledge management strategies and instruments for organisations include:

- rewards (as a means of motivating for knowledge sharing)
- storytelling (as a means of transferring tacit knowledge)
- cross-project learning

- after action reviews
- knowledge mapping (a map of knowledge repositories within an organisation accessible by all)
- expert directories (to enable knowledge seeker to reach to the experts)
- best practice transfer
- knowledge fairs
- competence management (systematic evaluation and planning of competences of individual organisation members)
- proximity and architecture (the physical situation of employees can be either conducive or obstructive to knowledge sharing)
- master-apprentice relationship
- collaborative technologies, e.g., groupware
- knowledge repositories (databases, bookmarking engines, etc.)
- measuring and reporting intellectual capital (a way of making explicit knowledge for companies)
- social software (wikis, social bookmarking, blogs, etc.)
- Inter-project knowledge transfer

A Practical Strategy for Institutionalizing KM

The purpose of setting up a KM system in an organisation is to enable its employees to have ready access to the organisation's documented base of facts, sources of information, and solutions. For example a typical claim justifying the creation of a KM system might run something like this: a project manager could know the factors that hinder or facilitate the smooth implementation of the project. Sharing this information organisation wide can lead to more efficient design and more effective implementation of similar projects in future.

Here are some guidelines to bear in mind as you embark on institutionalizing a knowledge management programme in your organisation:

- Start rethinking your organisation and your strategy as being knowledge-based - how does knowledge contribute value? Which is your vital knowledge? If you're not sure, conduct a knowledge audit.
- Develop a set of knowledge goals directly from your organisational strategy. Focus on the knowledge areas that directly contribute to achieving your organisational goals.
- As you embark on institutionalizing KM on a pilot basis, start with a few simple well-understood schemes.
- From the schemes chosen, develop a generic and balanced set of measurement indicators. Good indicators are simple and understandable, credible, relevant, measurable, objective and controllable.
- Engage widely with employees and stakeholders using the full gamut of communications activities. But make sure it is a two-way dialogue.
- Treat the whole process as a learning exercise adapting as necessary from year to year.

Institutionalization of KM in rural development could be effected easily without any drastic change in administrative machinery and without any substantial expenditure. In the Ministry of Rural Development, there is a scheme for monitoring and evaluation of on-going schemes. Under this scheme, a knowledge management officer may be appointed or the existing officer looking after the scheme could be assigned this additional responsibility. The task involved is not highly technical and therefore could be handled easily by an officer in the Ministry without any specialized training. Now, there is a growing number of organisations in developed countries which employ knowledge managers and knowledge management has emerged as an important area of specialization in management courses.

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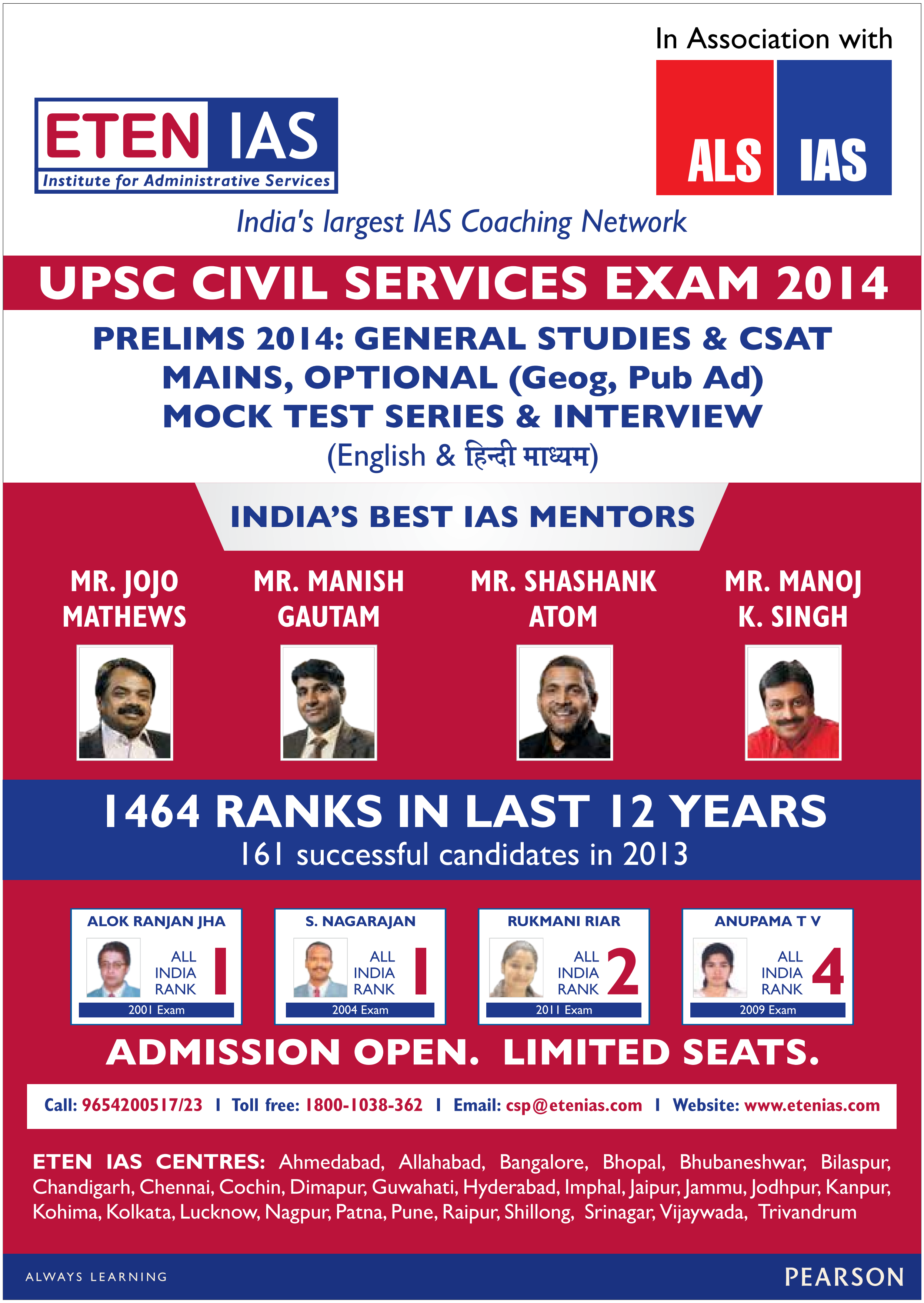
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E-GOVERNANCE INITIATIVES-POVERTY ESTIMATION IN INDIA

Dr. Joseph Abraham

A comprehensive review of the efforts carried out in India at identifying the poor households is being attempted here. The concepts and methodologies used at identifying the poor have undergone several changes in the past. While the National Sample Survey (NSSO) estimates provide the percentage of people below poverty line based on consumption expenditure specific caloric norms, the Below Poverty Line (BPl) Surveys and the current Socio Economic Caste Census 2011 (SECC 2011) helps in identifying the poor households by using a different set of concepts. The changes introduced at each round of BPl Surveys to the currently on going SECC 2011 needs to be recapitulated for the purposes of administrative and policy needs. The introduction of country wide e-governances modules in the SECC2011 at identification of the poor are considered a major breakthrough and the results are awaited. To what extend the e governance initiatives under taken in the realms of data collection, awareness generation and the involvement of Panchayati Raj Institutions (PRIs) and Grama Sabhas through a process of Claims and Objections Tracking Systems (COTS) by various states and union territories are helpful in arriving at the BPL list is a concern for all. As in the past but for decentralised efforts at data collection much error is likely to be present.

Concepts and Definitions of Poverty

Unidimensional vs Multidimensional Approach

The measurement of poverty has largely dealt with economic deprivation in the income or expenditure space. The official estimates of poverty since mid 1970's have been based on nationwide household consumption surveys conducted quinquennially adopting more or less common methods and procedures. There is by now a growing recognition that poverty is not simply a matter of inadequate income but also a matter of low literacy, short life expectation and lack of basic needs such as adequate shelter, clothing and safe drinking water.

The distinction between measurement of poverty and identification of poor have often got blurred in the debates on poverty. Measurement of

poverty requires distinct methodology and makes use of well designed household surveys and reliable quantitative data. The methodology and data collection must ensure comparability of the poverty estimate over time and between regions and socio-economic groups. The data required for identification of the poor at the village level is multidimensional in nature and consists of both quantitative and qualitative information.

The unidimensional or income poverty builds on the proposition that the living standard of a household depends on the commodities it consume. This in turn depends on the level of consumption expenditure and the prices the household has to pay for those items. The basic step in the income poverty approach is to identify a critical value of expenditure that can serve as a poverty line. In the identification of this critical value, a series of measurement choices are inevitable and these choices are subjective. For example, what is the appropriate poverty line? Should the poverty line be based on calorie norm or a fixed commodity basket? If poverty line is to be anchored to calorie intake, what calorie norm should be used? What is an appropriate unit of analysis: household, or individual? Another factor that has not received adequate attention in empirical work is the impact of demographic compositional factors on the measurement of poverty.

The Multidimensional Poverty have been worked out as a measure of poverty by pooling two different sets of unit level data namely the NSS 61st round consumer expenditure data and National Family Health Survey (NFHS-3) unit level data, following the methodology given in Radhakrishna et al {(2005,2010), Alkire, S and S Seth (2008) }. Such pooling of data has enabled them to estimate per capita total expenditure for each NFHS sample household. Thus, the augmented NFHS unit level information would contain total expenditure data. This augmented NFHS unit level data has been utilized for multidimensional poverty analysis.

The percentage of households either poor or with at least a stunted child (union of income poverty and child malnutrition) is estimated to be 72.6 per cent in rural and 60.9 per cent in urban (Radhakrishna 2010). These figures show that incidence of multidimensional poverty is much higher than uni-dimensional poverty.

Methodology of BPL Surveys

BPL Survey 1992

In 1992, for the 8th Five Year Plan, a detailed procedure was prescribed by the Ministry of Rural Development to identify BPL families in the rural areas. The 1992 survey used income as criterion, and guidelines were issued to assess the annual income of the family; the annual income cut-off was Rs 11,000 per household, below which all were poor. The BPL families were classified into income ranges of Rs 0-4000, Rs 4000-6000, Rs 6000-8500 and Rs 8500-11000. The identified number of poor families through the lens of this survey far exceeded the poverty ratio estimated by the Planning Commission. The number of poor identified in the BPL survey was almost twice of that estimated by the Planning Commission. Besides, there was a mix-up of poor and non-poor as a result of the switch over from consumption to income to track the level of living of the population. The family based fixed poverty line (of Rs 11000 per family per year) created problems for large families with small income per head resulting in exclusion of these ostensibly poor families from the BPL Group. A problem of the opposite kind was encountered with smaller families having relatively large income per head getting included in the BPL Group. In effect, both these resulted in the mix-up of poor and non-poor. Therefore, in the 1997 Census the income criteria was dropped, since it was felt that there is always an inherent bias among the population to under-estimate income so as to be included in the target group.

BPL Survey for the Ninth Plan (1997-2002)

The procedure of conducting the BPL census was changed in substantial measure from that employed in 1992 (in the Eighth Five Year Plan) in three major ways. First, the criterion for determining the cut-off point was changed from income to consumption. Second, the concept of poverty line used in the census was changed from the household to person basis. Third, before administering the questionnaire to figure out the level of consumption of the household, a set of exclusion criteria was applied to summarily eliminate the ineligible families so that adequate time and space could be ensured to precisely estimate the level of consumption of the potentially poor families.

In practice, the BPL survey of 1997 was conducted in two stages. First, on the basis of several exclusion criteria such as, threshold level of income and ownership of land, building, consumer durables and agricultural implements, some of the families are declared as non-poor. Five exclusion criteria were used:- i. operating more than 2 hectares of land; ii. having a pucca house; iii. any resident member of the household having an annual income from salary/ self-employment exceeding Rs 20,000 per annum; iv. households' owning the following consumer durable TV, Refrigerator, Ceiling Fan, Motorcycle/scooter, three-wheelers; and v. households owning the farm implements: - tractor, power tiller, and combined thresher/harvester. These exclusion criteria were used for weeding out those families form the Census which was prima facie not poor.

In the second stage, the total consumption, both purchased from the market and home grown, were gathered from the remaining families (who were not declared as non-poor by the exclusion criterion) by interview method. This total consumption of the family was divided by the total number of persons in the family, treating all the members, adult, adolescent and children as identical units. This yielded the per capita consumption of the family. This per capita consumption of the family was compared with the poverty line (worked out at the State level by the Planning Commission using the Expert Group methodology and used to derive the official estimates of the poverty ratio), and the family was counted in the BPL group if its per capita consumption was below the norm set by the Planning Commission.

This methodology was criticised mainly due to the application of the exclusion criteria. The criticism was mainly articulated by the rich and powerful rural lobby, because the exclusion criteria made it difficult for them to enter the list. Its removal must have facilitated their entry, as the NSSO 61st round data for 2004-05 shows that 16.8 per cent of the richest quintile and 30.5% of the next richest quintile possessed BPL cards.

BPL Census for the Tenth Plan (2002-07)

The Ministry of Rural Development constituted an Expert Group for identification of BPL households, which comprised professionals, academicians, senior bureaucrats and the State Government officials directly engaged in the implementation of poverty alleviation programmes in rural areas. The Expert Group recommended a methodology of Score Based Ranking of each household indicating their quality of life. Thirteen socio-economic indicators including size of land holding, type of house, availability of clothes, food security, sanitation, literacy, means of livelihood and indebtedness, reflecting the quality of life of the rural population, were identified to get an idea about the level of living of the families. For each of the 13 questions, the enumerator was supposed to tick one answer. For the first answer the score given was 0, for the second it was 1, for the third it was 2, for the fourth 3, while for the fifth answer the score was 4. The maximum score would be 52 for the 13 questions taken together. The cut-off for BPL category was determined by the numbers as given by the Planning Commission's estimates for poor in the State concerned. In other words, there could only be as many poor as the Planning Commission had estimated.

Indicators used for identification of BPL in Census 2002

The respondent will tick any one of the options and indicate a score of zero to four for each sub category out of the thirteen items listed (Land holdings, Type of House, Availability of Clothing, Food Security, Sanitation, Ownership of consumer durables viz. TV, Electric Fan, Kitchen appliances, Cooker, Radio etc. , Literacy status of highest literate, Status of Household Labour, Means of livelihood, Status of Children, Type of Indebtedness, Reason for migration, and Preference for Assistance). These criteria have been widely and bitterly criticised on a number of grounds {(Hirway, Indira (2003), Sundaram K (2003), Mehrotra S and H Mander (2009)}.

Approach to BPL Census 2011

In view of the inadequacies pointed out by the State governments and others about the methodology followed in 2002 for identifying the poor, the Ministry of Rural Development constituted an Expert Group under the Chairmanship of Dr. N.C. Saxena, in August 2008, to recommend a more suitable methodology to identify the poor in the rural areas. The Terms of Reference (TOR) of the Expert Group were:-

(I) To recommend a more suitable methodology for conducting the next BPL Census with simple, transparent and objectively measurable indicators for identification of BPL for providing assistance under the programmes of the Ministry of Rural Development. (II) to recommend institutional system for conducting survey, processing of data validation and approval of BPl list at various levels. (III) to recommend institutional mechanism of addressing grievances of public on exclusion/ inclusion in the BPL list. (IV) To briefly look at the relationship between estimation and identification of poor and the issue of putting a limit on the total number of BPL families to be identified. (V) any other recommendation to make the exercise of BPL Census simple and acceptable.

The Expert Group submitted its Report to the Government in August 2009. The Report of the Group was duly considered by the Government and the methodology for BPL Census 2011 was finalized.

Methodology of the SECC 2011 (Rural)

The methodology to conduct the door to door census of rural households for identification of BPL households is as below: -

The Census would be conducted by State Governments / UTs with the technical and financial support of the MoRD. The Census would be based on a self-declaration model of the respondents. The enumerator/ data entry operator would record the declaration of the respondents and where he finds that the response is prima facie incorrect, he would record his observation separately in the space provided for in the enumeration form. The Supervisor would mandatorily visit some of these households and verify the veracity of the information. The supervisor would also monitor and randomly check the filled up questionnaires on a sample basis. The information would be verified and approved by the Gram Sabha. The procedures for filing claims and objections and its disposal were to be prescribed separately by the Ministry. The Ministry would also provide detailed guidelines for conducting survey and finalization of BPL list.

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RURAL DEVELOPMENT SCHEMES – AN OVERVIEW

Dr. K. Kamar Jahan

Agriculture & Rural Development has been the key mantra for a sustained and long-term economic growth in India. The same is in the sharper focus today with the Government taking keen interest to ensure a comprehensive and visible uplift of this sector through effective implementation of various old and new schemes.

The Government runs its large-scale rural development schemes mainly through the Ministry of Rural Development, National Bank for Agriculture and Rural Development (NABARD), and Khadi and Village Industries Commission (KVIC). Besides, some autonomous bodies like District Rural Development Agency (DRDA), National Institute of Rural Development (NIRD), National Rural Roads Development Agency (NRRDA) and Council for Advancement of People's Action and Rural Technology (CAPART) are also working in tandem with the Government for a better 'Rural India'.

Given Below is an over-view of the various schemes of NABARD and KVIC related to the rural development:

NABARD

NABARD was set up with a mission to promote sustain-able and equitable agriculture and rural development through effective credit support, related services, institution building and other innovative initiatives. Primarily its objectives are to (i) serve as an apex financing agency; (ii) take measures towards institution building for improving absorptive capacity of the credit delivery system, including monitoring, formulation of rehabilitation schemes, restructuring of credit institutions, training of personnel, etc.; (iii) co-ordinate the rural financing activities of all institutions engaged in developmental work at the field level and liaise with Government of India, state governments, Reserve Bank of India (RBI) and other national level institutions concerned with policy formulation; and (iv) undertake monitoring and evaluation of projects refinanced by it.

Schemes Available

I. Investment Credit (Medium & Long Term) Refinance:

Special Focus: Refinance on liberal terms for

strengthening the rural credit delivery system for the development of North-Eastern region; Guidelines of hi-tech and export-oriented projects in farm and non-farm sectors and set-up Agriculture Development Finance Companies in Andhra Pradesh, Tamil Nadu and Karnataka for financing hi-tech/commercial ventures.

Beneficiaries: State Co-operative Agriculture & Rural Development Banks (SCARD-Bs), State Co-operative Banks (SCBs), Regional Rural Banks (RRBs), Commercial Banks (CBs), State Agricultural Development Finance Companies (ADFCs) and Primary Urban Co-operative Banks.

Period of Refinance: **15 years**

Quantum of Refinance:

In the range of 90 – 100 per cent of the project depending upon the nature of Financial Institution involved, Region of Project (whether North-eastern region or other region) and category of Sector involved.

Interest on Refinance:

6-6.75 per cent (based on the loan size and activity/region).

II. Production Credit

NABARD provides short-term refinance for various types of production/ marketing/ procurement activities. Different types of refinance available, term of refinance, eligible Financial Institutions and rate of interests chargeable for that are given in Table 1 on the next page:

III. Rural Infrastructure Development Fund (RIDF)

Beneficiaries: State Governments, Panchayat Raj Institutions (PRIs), Non-Governmental Organisations (NGOs) and Self-Help Groups (SHGs).

Activities Covered: Primary Schools, Primary Health Centres, Village Haats, Joint Forest Management, Terminal and Rural Market, Rain Water Harvesting, Fish Jetties, Mini Hydel and System Improvement Projects in Power Sector, Rural Drinking Water Supply Scheme, Citizen Information Centres, Anganwadi Centres and Shishu Shiksha Kendras.

Methodology: All new "project concepts" received are placed before the Projects Sanctioning Committee (PSC) for approval before accepting detailed projects.

IV. Research and Development Fund

Objective: To acquire new insights into the

Table – 1 Production Credit

Sl. No.	Available to Whom	Activity/Purpose	Rate of Interest (%)
1.	SCBs on behalf of all eligible DCCBs in the form of a consolidated limit	Seasonal Agricultural Operations (SAO)	If level of NPAs is up to 20% then 5.25, otherwise 5.75 SCBs. In North Eastern Region, Jammu & Kashmir and Sikkim the interest will be charged at the rate of 5.25 p.a.
2.	SCBs on behalf of all eligible DCCBs in the form of a consolidated limit	For financing approved short-term agricultural/ allied and marketing activities	6.50
3.	SCBs on behalf of all eligible DCCBs in the form of a consolidated 6.00limit	Marketing of Crops	6.00
4.	SCBs on behalf of all eligible DCCBs in the form of a consolidated limit	Primary Weavers Cooperative Societies (PWCS) for production and marketing of cloth	6.00
5.	State Cooperative Banks	For financing Procurement and Marketing of cloth and Trading in yarn by Apex / Regional Weavers Cooperative Societies.	6.25
6.	Scheduled Commercial Banks	For financing Working Capital requirements of Primary Handloom Weavers' Cooperative Societies (PHWCS)	6.25

7.	State Cooperative Banks/Scheduled Commercial Banks	For financing Working Capital requirements of SHDCs and SHnDCs	6.25
8.	SCBs on behalf of all eligible DCCBs	For financing Working Capital requirements of cottage, Village, small scale primary and Apex Industrial Cooperative Societies	Apex Societies : 6.25 Primary Societies : 6.00
9.	SCBs on behalf of all eligible DCCBs	For financing Working Capital requirements of Labour Contract and Forest Labour Cooperative Societies.	Apex Societies : 6.25 Primary Societies : 6.00
10.	SCBs / DCCBs	For financing Working Capital requirements of Rural Artisans for production and marketing	6.00
11.	SCBs / DCCBs	For financing of collection and Marketing of minor forest produce	Apex Societies : 6.25 Primary Societies : 6.00
12.	SCBs on behalf of DCCBs and RRBs	For financing of Working Capital requirements of Fisheries Societies / fishermen of PACS	5.75
13.	SCBs on behalf of DCCBs	For financing for Procurement, Stocking and Distribution of Chemical Fertilizers and other Agricultural inputs.	SCBs : 6.50 Others : 6.25
14.	SCBs against pledge of Government Securities	For (i) Financing Seasonal Agriculture Operations (ii) meeting share of SCBs in conversion of ST loans into MT loans against pledge of securities representing investment of Agricultural Credit Stabilisation fund (ACSF) and (iii) General banking business.	6.00
15.	Regional Rural Banks (RRBs)	For financing seasonal Agricultural Operations (SAO) and Other than SAO	NPA ST-SAO ST-SAO Upto 20% 5.75 6.00 Above 20% 6.00 6.25
16.	Liquidity support to State Cooperative Banks by way of ST refinance on behalf of DCCBs	For supporting conversion / rescheduling of farmers dues at ground level under the Schemes of farmers in Distress and Arrears.	6.50
Medium Term Refinance			
17.	SCBs / DCCBs and RRBs	Medium-term (non-schematic) loans for 22 approved agricultural investment purposes	5.75
18.	SCBs on behalf of DCCBs in the form of MT credit limits	For financing purchase of shares in cooperative processing societies.	5.75
19.	SCBs on behalf of DCCBs and to RRBs against the loans converted/ rescheduled/ rephased	Against the loans converted/ rescheduled / rephrased of farmers affected by natural calamities.	Same as applicable to the ST (SAO) loans converted.
Long Term Refinance			
20.	State Government	For contribution of share capital to cooperative credit institutions for period up to 12 years	8.00

problems of agricultural and rural development through in-depth studies and applied research and trying out innovative approaches backed up by technical and economic studies.

Beneficiaries: Approved re-search institutions, organisations and other agencies, which are engaged in action-oriented applied research.

V. Other Schemes

Besides the above-mentioned schemes NABARD is also running 'Kisan Credit Card' and

'Micro Finance' schemes. Both these schemes are not discussed here as they have already been covered in detail in an article published elsewhere in this journal.

KVIC

Khadi and Village Indus-tries Commission is a statutory body established by an act of Parliament in April 1957 for the development of Khadi and Village Industries in India. Broad objectives for its establishment are social objectives of providing employment, economic objective of producing saleable articles and the wider objective of creating self-reliance amongst the poor and building up of a strong rural community spirit. The high-lights of the main schemes of KVIC are as follows:

Schemes Available

I. Rural Employment Generation Programme (REGP)

KVIC launched Rural Employment Generation Programme (REGP) or Gramodyog Rojgar Yojana for creating two million jobs under the KVI sector in the rural areas of the country and generating new avenues of employment for rural unemployed people. The main objectives of the programme are as follows:

- To generate employment in rural areas.
- To develop entrepreneurial skill and attitude among rural unemployed youth.
- To achieve the goal of rural industrialisation.
- To facilitate participation of financial institutions for higher credit flow to rural industries.

Beneficiaries: Individuals, Institutions, Cooper-ative societies, Trusts & Self Help Groups (SHGs) and Public Limited companies owned by State/Central Government. The scheme is applicable to all viable village industries project set up in rural areas.

Eligible Projects: Projects up to Rs. 25.00 lakh are eligible under the scheme.

Quantum of Assistance:

Capital subsidy in the form of Margin Money at the rate of 25 per cent (30 per cent in case of weaker section) of the project cost (excluding cost of land) up to Rs. 10 lakh and 10% on the balance project cost up to Rs. 25 lakhs is provided. Banks finances 90-95 per cent of the project depending upon the category of the beneficiary. Eligible amount of margin money is kept in form of Term Deposit of two years in the name beneficiary at the lending bank branch, which gets credited to the beneficiary loan account after a period of two years.

II. Rural Industries Consultancy Services (RICS)

Sustainability of any project depends on fulfillment of certain basic requirements. KVIC has launched Rural Industries Consultancy Ser-vices (RICS) to provide sup-port services to the first generation entrepreneurs mainly under the REGP mentioned above. Its objective is to pro-vide guidance for technical and managerial support to the prospective entrepreneurs.

Beneficiaries: The Rural ICS Cell established by KVIC mainly focuses on the Project requirement of Educated and unemployed youth, rural artisans, Self -Help Groups (SHGs), rural youth already trained in the training institutes of KVIC/KVIB and other government agencies, weaker sections of the society viz., SC/ST/OBC/minority/PHC/ex-servicemen and women rural artisans/ entrepreneurs.

III. Product Development, Design Intervention & Packaging (PRODIP) Scheme

To strengthen KVI sector to face competition from the advent of alternate materials; organised industries and imported goods, the product quality and design issues have become most essential requirements. To operationalise design related initiatives KVIC has commenced a PRODIP Scheme.

Beneficiaries: KVIC Departmental Project/ KVIP Board project; Public Institution project like projects of Government Agency, quasi-government agency, research institutions recognised university or affiliated college etc.; KVIC institutions project and REGP Beneficiaries Project are eligible under the scheme.

Financing: Assistance under the Scheme is provided on the following pattern:

i. Institutions: Rs. 2 lakh or 75% of the project cost, whichever is lower.

ii. Individual: Rs. 1 Lakh or 75% of the project cost, whichever is lower.

IV. Group Insurance Scheme for khadi Artisan

With a view to provide safe and secured life to Khadi Artisan a Group Insurance Scheme for Khadi Artisans has been introduced. The Scheme covers all the spinners, weavers, pre-spinning artisans and post-weaving artisans engaged in Khadi activity, associated with Khadi Institutions (NGO's) throughout the Country.

Contribution: Under the scheme, a yearly contribution of Rs. 200 is made per artisan out of which Rs. 25 is paid by the Artisan and rest is borne by Khadi Institution (NGO), CKVI and Social Security Fund of Government of In-dia.

Financial Assistance: Financial assistance available under the scheme is as follows:

V. Export Incentive Scheme

For providing Marketing Development Assis-tance (MDA) to Exporters, KVIC has launched an Export Incentive Scheme for exporters of KVI products. As per the scheme export incentive @ 5% of actual export realisation of FOB value of exports is extend-ed to the exporting KVI Institutions/REGP units KVI sector.

VI. Other Schemes

In addition to the above-mentioned schemes, KVIC has also introduced the following three schemes for up-lift of Science and Technology in the KVI sector:

i. In-House test Laboratory Scheme
ii. Scheme for Implementation of ISO – 9001-2000
iii. Guidelines and Procedure for Implementing R & D Projects

DRDA

None of the anti-poverty programmes can have any impact unless they are implemented with clarity of purpose and a commitment to the task. The district Rural Development Agency is visualised as specialized and professional agency capable of managing the anti-poverty programmes of the Ministry of Rural Development on the one hand and to effectively relate these to the overall effort of poverty eradication in the district.

NIRD

National Institute of Rural Development (NIRD) facilitates rural development through government and non- governmental initiatives. NIRD is the country's apex body for undertaking training, research, action and consultancy functions in the rural development sector. It works as an autonomous organization sup-ported by the Ministry of Rural Development, Government of India.

NRRDA

Construction of rural roads brings multifaceted benefits to the hitherto deprived rural areas and also an effective poverty reduction strategy. Pradhan Mantri Gram Sadak Yojana (PMGSY) was taken up by the Government of India with an objective to provide connectivity to the unconnected Habitations in the rural areas. In 2002 the National Rural Roads Development Agency (NRRDA) was established to extend support to PMGRY through advice on technical specifications, project appraisal and management of a system of National Quality Monitors, Management of Monitoring Systems and submission of Periodic Reports to the Ministry of Rural Development.

CAPART

Council for Advancement of People's Action and Rural Technology (CAPART) is an autonomous body registered under the Societies Registration Act, 1860 and is functioning under the aegis of the Ministry of Rural Development. CAPART is involved in catalysing and co-coordinating the emerging partnership between Voluntary Organisations and the Government of India for sustainable development of Rural Areas.

Other Schemes of Rural Development

Beside the above-mentioned schemes some more schemes of Government of India like National Rural Employment Guarantee Scheme, National Rural Health Mission, Rajiv Gandhi National Drinking Water Mission, Rural Infrastructure, Rural Electrification and Indira Awas Yojana are also available but as this compilation stresses on NABARD and KVIC schemes these other schemes have not been discussed.

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IMPACT OF INDIRA AWAAS YOJANA ON RURAL HOUSING

Smitha Kumar. A and Dr. Philo Francis

Shelter is a basic need of a citizen and is critical for determining the quality of human life. A roof over the head endows a shelterless person, with an essential asset and improves his physical and mental well being. A home contributes significantly to well-being and is essential for a person's social and economic development. It supports livelihoods and promotes social integration. It is a form of cultural expression and symbolizes social position. Hence, fulfilling the need for rural housing and tackling housing shortage particularly for the poorest is an important task to be undertaken as part of the poverty alleviation efforts of the government. The rural housing scheme of the ministry aims at this and for this purpose the Indira Awas Yojana is being implemented in the country side. This study gives a clear picture of the functioning of IAY scheme in India from 2002-2013 and in kerala during the year 2009-2012.

Introduction

Housing is universally recognized as one of the basic human needs which are required to be fulfilled. For an individual owning a house provides significant economic and social security and status in society. For a shelterless person, a house brings about a profound social change in his existence, endowing him with an identity, thus integrating him with his immediate social milieu. Rural housing contributes to improved health and productivity & reduced vulnerability of the poor. Investment in public housing stimulates local economic development besides expanding welfare. Indira Awaas Yojana (IAY) is a flagship scheme of the Ministry of Rural Development to provide financial assistance to rural BPL households for construction/upgradation of dwelling units. In this study an attempt has been made by the investigator to assess the impact of IAY scheme on the rural people.

Objectives

i. To know about the salient features of Indira Awaas Yojana.

ii. To find out the physical performance and financial performance of IAY scheme in India during 2002-2013

To find out the physical performance and financial performance of IAY scheme in Kerala during 2010-2014

Methodology

This study is focused on the performance appraisal of IAY Scheme in India. Secondary sources of data collection have been used by the investigator. Secondary data were collected from published annual reports of ministry of rural development. Tabular analysis and simple percentage were used to analyze the performance of IAY scheme in India and in kerala.

Salient features of Indira Awaas Yojana

Indira awaas yojana is the biggest and most comprehensive rural housing programme ever taken up in the country. The scheme was started in the year 1985-85 as part of rural employment programmes such as NREP/RLEGP/ JRY.

Indira Awas Yojana is a scheme of the ministry of rural development to provide houses to the poor in the rural areas. Indira Awas Yojana is a centrally sponsored scheme funded on cost-sharing basis between the government of India and the state governments in the ratio of 75:25. In the case of north eastern states and Sikkim, funding will be shared between the government of India and these states in the ratio of 90:10 respectively. In the case of union territory the entire fund under this scheme are provided by the government of India. This ceiling on construction assistance under IAY is Rs. 45000/- per unit in the plane areas and Rs.48500/- to in hilly or difficulty areas and sixty IAP districts w.e.f 1-04-2010. For up-gradation of kutcha house the financial assistance is Rs.15000/- per unit. From 2013-14, assistance provided under IAY has been increased to Rs.70000 in plain areas and Rs.75000 in difficult areas. Assistance for purchase of homestead site has also be revised from Rs.10000 to Rs.20000.In addition to the unit assistance availed under IAY, a beneficiary can also borrow a top-up loan up to Rs.20000/- from any nationalized bank at 4% interest per annum under Differential Rate of Interest [DRI] Scheme. Starting from 2013-14, w.e.f.1-04-2013 Govt. has also approved providing 4% of funds to state governments for administrative expenses on IAY scheme.

In order to introduce transparency in selection of beneficiaries permanent IAY wait lists base to be prepared Grama panchayat wise by the states/UTS. These lists contain the name of deserving BPL families who need IAY houses in order of their poverty status based on the BPL list 2002. Gramasabha select the beneficiaries from the list of eligible BPL households or permanent IAY wait list where it has been prepared.

Under Indira Awaas Yojana, a minimum of 60% of the funds are required to be utilized for the benefits of scheduled castes and scheduled tribes and a maximum of 40% are utilized for non-SC/ST BPL rural households. In the year 2011-12, out of

ANALYSIS AND INTERPRETATION

Table 1

Performance of IAY in India during 2002-2012

Year	Central allocation	Central release	Utilization	Target(Number of houses)	Houses constructed
2002-03	165640	162852.86	279496.46	13.14 lakh	15.49 lakh
2003-04	187050	187107.78	258009.69	14.84 lakh	13.61 lakh
2004-05	246067	288310.02	326208.64	15.62 lakh	15.21lakh
2005-06	273240	273822.58	365409.05	14.41 lakh	15.52lakh
2006-07	290753	290753.06	425342.45	15.33 lakh	14.98lakh
2007-08	403270	388237.01	546454.30	21.27 lakh	19.92lakh
2008-09	564577	879579.39	834834.33	21.27 lakh	21.34lakh
2009-10	849470	863573.99	1329236.40	40.52 lakh	33.86lakh
2010-11	1005370	1013945.40	1346572.75	29.08 lakh	27.15lakh
2011-12	949120	986477.80	1292632.74	27.26 lakh	24.71lakh

Source: Annual report published by ministry of rural development in India.

Table 2

Physical achievement of IAY in India 2003-2012

Year	Physical target in lakh	Physical achievement in lakh	% achievement
2002-03	13.14 lakh	15.49 lakh	117.88
2003-04	14.84 lakh	13.61 lakh	91.71
2004-05	15.62 lakh	15.21lakh	97.375
2005-06	14.41 lakh	15.52lakh	107.7
2006-07	15.33 lakh	14.98lakh	97.71
2007-08	21.27 lakh	19.92lakh	93.65
2008-09	21.27 lakh	21.34lakh	100.32
2009-10	40.52 lakh	33.86lakh	83.55
2010-11	29.08 lakh	27.15lakh	93.36
2011-12	27.26 lakh	24.71lakh	90.64

Source: Annual report published by ministry of rural development in India.

total utilization of Rs.12926.33 crore, Rs 6770.89 crore was utilized for SC/ST. As per IAY guidelines, 3% of the funds allocated are earnmarked for construction of houses for the physically and mentally challenged persons. During 2011-12, 43693 houses were sanctioned for physically challenged persons and in the Current financial year, 42142 houses have been sanctioned. And the budget Proposed for Rural housing to planning commission for the twelfth five year plan was Rs.150000 Crores.

In our present study the performance of IAY scheme in India and Kerala (2010-13) taken for financial years i.e., from 2009-2010 to 2012-2013.

The table1 reveals the financial and physical performance of IAY scheme in India during 2002-2012. From this table it is clear that 24.71 lakh houses were constructed, but the target was 27.26 houses (90.64%). During 2011-12 Rs. 1292632.74 lakh has been utilized for the construction of houses.

Table 2 shows the physical performance of IAY in India for a period of 2002-2012.

The physical achievement was more than the target in 2002-03 with 117.88, 2005-06 with 107.7 and 100.32% in 2008-09. Since inception of the scheme about 300.83 lakh houses have been constructed with an expenditure of $ 94086.61 Crore (up to December 2012).

Table 3

Financial performance of IAY in India during 2013

Total outlay for Rural housing	11075 Crore
Central budget for IAY	10513.20 Crore
Central releases	5655.37Crore
Total available funds	13531.38Crore
Utilization of funds	9386.22Crore
Percentage of Utilization	69.37%

Source: Annual report published by ministry of rural development in India.

During 2013, Rs.13531.38 crore was available for the construction of houses but the fund utilization was only Rs.9386.22 Crore. Only 69.37% of funds have been utilized for the requirements.

Table 4

Physical performance of IAY in India during 2013

Physical target for the year	30.10 Lakh
Houses constructed	14.88 Lakh
Houses under construction	34.47 Lakh
Percentage of physical achievement	49.47%

Source: Annual report published by ministry of rural development in India.

The above table clearly depicts the physical performance of IAY in India during 2013.Physical target was 30.10 lakh houses but the achievement was only 49.47%.

Table 6

Financial and Physical performance of IAY in Kerala 2010-2013

Year	Central allocation	Central release	Total available funds	Utilization of funds	% Utilization of funds	Physical target for the year	Physical achievement	% of Target achieved
2010-11	185.91	185.91	374.16	237.59	63.50	55084	54853	99.58
2011-12	181.60	189.65	339.75	264.18	77.76	53808	54499	101.28
2012-13	201.21	145.4	306.28	220.82	72.1	59620	35010	58.72

Table 5

Year-wise allocation of funds during 12th Five year plan

Sl No	Year	Allocation (in Crore)
1	2012-13	11075
2	2013-14	17127.5
3	2014-15	17127.5
4	2015-16	17127.5
5	2016-17	17127.5

Table 5 reveals the year wise allocation made by planning commission for the 12th Five year plan. The fund allocation during 2012-13 was Rs.11075 crore and Rs.9386.22Crore has been utilized.

It is clear from table 6 total fund available under IAY scheme in kerala during 2010-11 was 374.16 but only 63.50% was utilized. While comparing these three periods fund utilization was more during the year 2011-12 ie 77.76%.

Table 7

Financial performance of IAY in Kerala 2013-2014 (Rs in Crores)

Central allocation	240.13
Central allocation for administration cost	10.01
Funds released	121.36
Total available fund	250.84
Fund utilized	18.06
Percentage of fund utilization	7.2

Table 7 shows the financial performance of IAY in kerala during 2013-14.The central allocation was 240.13 crore, out of the total available fund only 7.2 has been utilized.

Table 8

Physical performance of IAY in Kerala (in numbers) 2013-2014

Target	45738
Houses sanctioned during 2013-14	8160
Houses completed during 2013-14	57
% of houses completed against target	
Total houses under construction(a+b)	75778
a) Houses under construction during last year	49329
b) Houses under construction prior to last year	26449

Under IAY scheme target during 2013-14 was 45738 houses. But the achievement was only 57.

Conclusion

IAY is one of the most popular schemes of rural development. Providing houses to the poorest has a positive impact on people's physical and mental health. Once the basic need of housing is fulfilled; citizens develop a sense of opportunity for livelihood, for improving living conditions and for continuing children's education. Undoubtedly, there is a direct link between a safe and secure housing to better standard of living & reduction in vulnerability. This study gives a clear picture of the functioning of IAY scheme in India from 2002-2013 and kerala during the year 2009-2012.While comparing the performance with the previous year's IAY scheme is not satisfactory in kerala recently. During 2013-14 the fund utilization was only 7.2% of the total fund sanctioned. So the Government should take initiative to improve the performance of the scheme.

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Indira awaas yojana is the biggest and most comprehensive rural housing programme ever taken up in the country. The scheme was started in the year 1985-85 as part of rural employment programmes

ALOE VERA – A MIRACLE PLANT

T.P.Singh, Ranbir Singh and Shivani

Aloe vera is recognized as a wonder plant due to its excessive amount of therapeudic and healinghealth profits. Aloe vera popularly known as the 'first-aid' plant provides several benefits for skin. Known for its healing benefits, many people across the globe use or even consume aloe vera juice for the treatment of several illnesses and diseases. It has atleast six natural antiseptics, which are able to kill bacteria, fungi and viruses. It also gives us a healthy body and flawless skin. These are the reasons it is used widely as a potent natural medicine. In addition, it has got diversified uses such as food preservative, cosmetic and in pharmaceutical industries. Aloe vera is known as "Nature's Tonic" as it contains more than 200 constituents beneficial to humans.

Introduction

Ghritkumari (*Aloe barbadensis* Miller, syn. *Aloe vera* L. Burm. f.), commonly known as Aloe is an important medicinal plant belongs to the family Liliaceae. About 400 species are grown globally in hot and dry areas. *Aloe vera* is believed to have originated in the warm and dry climates of Southern Africa and is grown throughout the tropical and subtropical regions of the world. The virtue of Aloe has been recorded for thousands of years by many ancient civilizations including Egypt in the Middle East, Persia, Greek and Italy in Europe, India and Africa. In the United States, it is grown commercially in the Rio Grande Valley in Texas, California and Florida.

Aloe vera plant has short stem with succulent leaves. The leaves are lanceolate, thick and fleshy,

green to greyish green with serrated margins bearing small white teeth. The fleshy leaves are composed of four layers i.e. rind, sap, mucilage and gel. The flowers are produced in summer. However flowers can be seen during winter also. It is generally propagated by root suckers during rainy season. The crop matures within 10 months of planting and at this stage the leaves are ready for harvesting and aloin extraction, Aloe vera has the ability to establish relationship with biota in rhizosphere and forms arbuscular mycorrhiza, a symbiosis that allows the plant better access to mineral nutrients in soil.

Orange flowers White spines

It is mainly cultivated for its thick fleshy leaves from which yellow sap is extracted which is used as a laxative or purgative. One of the most popular ingredients found commonly in several cosmetic products like creams, moisturizers, lotions and other gels is Aloe vera. In addition, it has got diversified uses such as food preservative, cosmetics and in pharmaceutical industries. Aloe vera is known as "Nature's Tonic" as it contains more than 200 constituents beneficial to humans. Different parts of the plant are used for different effects on the body and Aloe vera has both internal and external applications. Aloe vera contains various active components including vitamins, minerals, amino acids, enzymes, polysaccharides, and fatty acids- no wonder it's used for such a wide range of remedies. The bulk of the Aloe vera leaf is filled with a clear gel-like substance, which is approximately 99% water. Man has used aloe therapeutically for over 5000 years. **Aloe vera** plant has been discovered to be great in the medicine of diabetes; it brings down glucose levels in the blood. In Japan, it is commonly used as an ingredient of commercially available yogurt. Eastern part of Asia

produces *Aloe vera* for beverage purpose. In India, it is used to prepare vegetable with fenugreek seeds in Rajasthan. Similarly, people in Tamil Nadu, prepare a curry using *Aloe vera* and eat along with Indian bread or rice.

Aloe vera is known as "Nature's Tonic" as it contains more than 200 constituents

Besides medicinal properties, this plant contains a number of nutrients such as vitamins, minerals, amino acids, sugars, enzymes, fatty acids, lignins, sterols, anthra- quinones and saponins, which have the positive effect on human body. Due to these properties Aloe vera is known as the miracle plant. Aloin, a compound found in the exudate of some *Aloe* species, is the common ingredient in over-the-counter (OTC) laxative products. The Food and Drug Administration (FDA) had approved *Aloe vera* as natural food flavoring. The crop is grown for its multiple uses and under varied soil and climatic conditions. A wide range of variability for various agro-morphological traits available in the nature need to be exploited for developing high yielding varieties.

Plant Genetic Resources

National Bureau of Plant Genetic Resources (NBPGR), being a nodal body on behalf of Government of India for sustainable management of Plant Genetic Resources, has continuously been involved in collection, evaluation and conservation of various species of economically important plants, including Aloe vera. Over fifty accessions have been collected from different parts of India and evaluated for their genetic diversity and for exploring promising germplasm.

Economic uses: Aloe vera and its products uses in various ways are as fallows.

Acne Treatment

One of the most common problems that many teenagers face these days is of acne. Acne is a skin state in which sebaceous glands and hair follicles become more active and inflamed and hence produce pimples. Aloe vera gel has healing properties that helps in getting rid of it easily. It also heals the scars and redness that are caused due to this. The medical properties lie in its leaf which contains the gel. If the gel is applied twice a day for a week to an affected area for 10-15 minutes and then rinsed off, we can get a relief from acne treatment. As an option we can apply it before going to bed and wash it off the next morning. This is the reason why its plant is widely gaining popularity for household uses.

Supports Immune System

Aloe vera juice is used for reducing the stresses of our daily lives, every one can use to boost their immune systems. The polysaccharides in Aloe vera juice stimulate macrophages, which are the white blood cells of immune system that fight against viruses. Aloe is also an immune enhancer because of its high level of anti-oxidants, which help combat the unstable compounds known as free-radicals, contributing to the aging process. (Free radicals are a bi-product of life itself, it is a naturally occurring process but we can overload ourselves with unnecessary free-radicals by living an unhealthy lifestyle). Aloe is also an antipyretic which means it used to reduce or prevent fever. Aloe vera juice is very good for immune system as it provides a daily dose of vitamins and minerals. Drinking it regularly helps in replenishing our body naturally. It is rich in vitamins A, B1, B6, B12, C and E, folic acid and niacin. It can enhance body's defence system against any kind of oxidative stress. Aloe vera juice is very beneficial as it is rich in minerals like copper, iron, sodium, calcium, zinc, potassium, chromium, magnesium and manganese. It also supports digestion by naturally cleaning digestive system, relieving from digestive tract problems as the juice contains laxative properties. People who face the problem of constipation are also advised intake of its juice.

Combats Cancer

Rich in anti-oxidants, Aloe vera helps in combating many cancers. It helps in minimizing the effect of free radicals as it has antioxidant

Aloe vera at flowering stage: Field view properties. It is also proven to be useful in the treatment of cancer patients, for whom chemotherapy doesn't work. As it contains a little amount of the cancer-healing substance, it works its magic when used in conjunction with chemotherapy. It also helps to cleanse the toxins produced in the body due to the medications given to the cancer patients. Also said to have a good effect on the blood, Aloe vera helps in absorption of vitamin C and antioxidants, that's why it is speculated that it increases the effectiveness of anticancer herbs.

Fighting with Cold Sores

Cold sores are really painful and give a lot of burning sensation. Aloe vera is full of anti bacterial fighters that fights cold sore virus in about three to four days. When we apply Aloe vera to our cold sore and fever blister, it helps sooth the burning and stinging of the colds sore and keeps the skin of the infected area clean and soft without splitting the area of the skin open. Applying a bit of Aloe vera on our cold sore a few times a day eases out our discomfort and helps in healing it quickly. Before applying, keep it chilled in the refrigerator for an additional soothing sensation. Don't worry even if a little bit gets into our mouth as it does not cause any problems and is free from sting.

Glowing Skin

People with a sensitive skin often complaint aloe vera provides various options to keep their skin healthy and glowing. For dry skin, use of Aloe vera gel is an outstanding skin moisturiser. It provides oxygen to the cells which strengthen the skin tissues and helps to keep the skin healthy. We can also get normal, smooth and shiny skin with the oil extract of Aloe vera plant. It also relieves our skin from sunburns. Aloe vera also help in curing blisters, insect bites and any allergic reactions, eczema, burns, inflammations, wounds, psoriasis. It also helps in hydrating and decreasing pigmentation, dark spots and reverse signs of ageing and wrinkles. Besides this, it also helps in giving you healthy skin and body. The following are its benefits and uses through which you can easily keep several diseases away. Aloe vera's active ingredients are sulphur, lupeol, salicylic acid, cinnamic acid and phenol which are substances that prevent the growth of disease-causing microorganisms and act as a team to provide antimicrobial activity thus eliminating many internal and external infections. It also helps to treat fungal and viral infections.

High in Amino Acids & Fatty Acids

Amino acids are the building blocks of protein. There are about 22 amino acids that are necessary for the human body and it is said that 8 of these are essential. Estimates of the amino acids found in aloe range from 18-20 amino acids, with all 8 essential amino acids. Aloe vera also includes quite an impressive range of fatty acids. Aloe contains three plant sterols, (which lowers fats in the blood), campesterol, and B-sitosterol. All are helpful in reducing symptoms of allergies and acid indigestion. Other fatty acids include linoleic, linolenic, myristic, caprylic, oleic, palmitic, and stearic.

Well known Adaptogen

Aloe vera is a well-known adaptogen. An adaptogen is something that boosts the body's natural ability to adapt to external changes and resist illness. It is thought that aloe's power as an adaptogen balances the body's system, stimulating the defense and adaptive mechanisms of the body. This allows an increased ability to cope with stress (physical, emotional and environmental stress like pollution).

Reduce Inflammation

Aloe vera contains 12 substances, including B-sisterole, which can help to slow down or inhibit inflammation. This may be able to help with painful joints due to stiffness and help improve joint flexibility.

Weight Loss – A Secondary Effect

Improving digestion, and detoxifying secondary effect in promoting weight loss because when we start improving our digestion, we naturally eliminate more efficiently, which is a primary way to detoxify – through bowels. This will lighten toxic load on the body and will give more energy.

Other Uses

Aloe vera has multiple uses. It helps in arthritis, in replacing damaged tissues, strengthens gums and teeth and also used as a home remedy in the treatment of asthma. Many people use its leaves in a pot and inhale its vapour. Its juice is helpful for respiratory disorders. Those who get frequently attacked by cold, flues, bronchitis, herpes, stuffy noses, and other respiratory disorders, can easily keep these problems at a bay. Aloe vera gel is advantageous for sound hair. **Aloe vera** is recognized to be a **wonder plant** due to its an excessive amount of therapeudic and healinghealth profits.

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ETHICS AND GOOD GOVERNANCE- MALADY AND REMEDY

Dr. Mahi Pal

More than six decades have elapsed since independence. If one looks around, finds gloomy picture every where except some places here and there. The exploitation, poverty, social exclusion, caste and class clashes, deprivation of women from access to resources and compassions are common. Occurrence of communal tensions has also become almost regular phenomenon. Holy books of various religions tell as how to live in peace and harmony in daily life. But these teachings could not become a way of life of the people.

We have not learnt from the past. Today, there is trouble in our body- politics, economy and society. The main reason seems for that is devaluation of human being. And on account of this, there is de-valuation of society as society is the sum of human beings. Everybody is interested in hoarding monetary and non- monetary resources as much as one can. This propensity to hoard more and more lead to the society in era of bad governance as people have forgotten love and compassion as the basic attributes of human being for the want of money. In fact, people are spending more and more to consume more and more rather than spending to meet out needs. Mahatma Gandhi had rightly said that there is enough to meet out the needs of the people, but not to meet out their greed. Mahatma Gandhi's talisman end with the problem of spiritual starvation in our country. Swami Vivakanand long back empathised on man making process which means character building because by way of it efficiency of the character will also be enhanced which is the need of hour. In nutshell, ethical concern of the society has not taken into consideration for getting money by hooks and crooks. This has created various ills in the society.

Seeing the importance of ethics in public life, the Fourth Report of the Second Administrative Commission (ARC) which was published in 2007 is on the theme of "Ethics in Governance". The importance of the subject has also been enhanced with the inclusion of ethics, morality and attitudes as one of the subjects of the Civil Service Exams.

In above context, a role of ethics is very important in ushering in the era of good governance. This paper gives a broad concept of ethics and good governance, focuses on their relationship, efforts made towards good governance and finally attempts to give remedy by way of adopting need based style of living rather than consumption based style of living to usher in a era of good governance.

Concepts of Ethics and Corruption

The word 'ethics' is derived from the Greek term *ethikos*, which means 'arising from habit'. With the passage of time, such habits would become a set of rules and standards that guide behaviour , choices and actions of the society. However, what the Second ARC said in this regard is worth quoting: "The Commission is painfully aware that standards do not, by themselves, ensure ethical behaviour; that requires a robust culture of integrity. The crux of ethical behaviour does not lie in bold words and expressions enshrined as standards, but in their adoption in action, in sanctions against their violations, in putting in place competent disciplinary bodies to investigate allegations of violations and impose sanctions quickly and in promoting a culture of integrity". Integrity connotes that a public authority must protect itself from extraneous influences in matter concerning official duties. What causes weak integrity of the people is corruption, which is a major sign of the failure of ethics in public life. The word 'corrupt' is from the original Latin word '*corruptus'*, which means 'to break or destroy'. It is really tragic that corruption for many has become habits ranging from big corruption cases involving persons in high places to retail corruption touching the everyday life of common man.

The Second ARC pointed out that four factors namely (i) colonial legacy of unchallenged authority and propensity to exercise power arbitrarily (ii) asymmetrical power structure of society in the early decades after independence (iii) the Indian state chose a set of policies whose unintended consequence was to put the citizen at the mercy of the state and (iv) over centralisation, aggravated corruption and abuse of office. Although 73rd and 74th amendments to the constitution were legal steps towards decentralization and local governments have also been constituted, these institutions as the ARC says are not allowed to take root because power has been concentrated both horizontally and vertically in a few hands, which resulted in weakened citizenry and mounting corruption.

Awarding of contracts for public works and procurement of goods and services, recruitment of employees, evasion of taxes, substandard projects, collusive violation of regulations, adulteration of foods and drugs, obstruction of justice and concealing or doctoring evidence in investigation are examples of such dangerous forms of corruption.

Concept of Good Governance

The concept of governance is as old as our human civilization. In a common parlance, governance means the process of decision making and the process by which decisions are implemented. According to the Human Development Report governance means "the exercise of power or authority- political, economic, administration or otherwise to manage a country's resources and affairs". The UN Economic & Social Commission for Asia & the Pacific holds " Good Governance has 8 major characteristics. It is participatory, consensus oriented, accountable, transparent, responsive, effective and efficient, equitable and inclusive and follows the rule of law. It assures that corruption is minimized, the view of minorities is taken into account and that the voices of the most vulnerable sections in society are heard in decision-making. It is also responsive to the present and future needs of society".

In nutshell, good governance entails implementation of rules of law which means practicing true democracy which bring about enabling environment conducive to the enjoyment of Human Rights and promoting growth and sustainable human development.

In brief, to bring about ethics in governance, the menace of corruption has to be eliminated from the body- politics and society. Only this way Mahatma Ghandi's idea of *Purna Swaraj* could be established in real sense.

Ushering in Ethical Governance

It is clear from above that ethical governance means application of rules of the law and for that corruption has to become anathema. But what is the reality in this regard is clear from what Second ARC admitted "Anti- corruption interventions so far made are seen to be ineffectual and there is widespread public cynicism about them. The interventions are seen as mere posturing without any real intention to bring the corrupt to book. They are also seen as handy weapons for partisan, political use to harass opponents. Corruption is so deeply entrenched in the system that most people regard corruption as inevitable and any effort to fight it as futile. This cynicism is spreading so fast it bodes ill for our democratic system itself."

The menace of corruption has to be uprooted in bringing about ethical governance. There are two way to deal with this issue. First, emphasis on values and character building and nothing can be done unless and until these are made as integral part of life. Second, most of the people are law abiding, decent and socially conscious. However, there is a small number of people who cannot reconcile individual goals with the good of society. It is assumed that if those who consistently follow the rule of the law are rewarded and those who do not follow are punished, the most the people will follow right path, which in turn usher in ethical governance. Conversely, if those who follow rules are not only not rewarded but faced difficulties and those who do not follow rule of law are not only not punished but often rewarded , then most of the people would not follow rule of the law

Efforts towards Ethical Governance

It is evident from the experience of more than six decades that various measures have been taken to curb corruption in the country. It is also gathered from the experience that where competition, choices, technology,(e- governance) and transparency introduced corruption significantly contained in the country. Access to information and computerization like railway reservation and driving licenses have made service corruption free. Further as mentioned the ARC that "Right to Information, effective citizens' charters, opportunity and incentives to promote proactive approach to citizens, stake-holders' involvement in delivery of public services, public consultation in decision making and social auditing are some of the instruments of accountability that dramatically curbed corruption and promoted integrity and quality of decision making."

Ethics in governance has wider implication than happening in different arms of the Government. In this regard, ARC has pointed out that "an across-the-board effort is needed to fight deviations from ethical norms. Such an effort needs to include corporate ethics in business; in fact, there should be a paradigm shift from the pejorative 'business ethics' to 'ethics in business'. There is need for ethics in every profession, voluntary organization and civil society structure as these entities are now vitally involved in the process of governance. Finally, there should be ethics in citizen behavior because such behavior impinges directly on ethics in government and administration."

A code of conduct has to be evolved in this regard. Justice Y K Sabharwal former Chief Justice of India's words about code of conduct are worth mentioning here who said that: "The common features of the Code of Conduct for different categories of Government servants include expectation that he shall maintain absolute integrity; devotion to duty; do nothing which is unbecoming of a public office held by him; render his best judgment in the performance of his official duties; be prompt and courteous; not involve himself in acts of moral turpitude; not take part in party politics; not be associated with activities that are pre-judicial to the interests of the sovereignty and integrity of India or public order; not to engage himself in interviews with media, except with the lawful authority of his superiors; not divulge official information which has been entrusted to him in confidence; not accept pecuniary advantage, in particular, from those with whom he is involved in official duties; not to engage himself in private trade or business while holding public office; not to indulge in alcoholism or gambling; to manage his financial affairs in such a manner that he is always free from indebtedness and not to involve himself in transactions relating to property with persons having official dealings with him."

Author's Views on Ethics and Governance

Desires are the root cause of all ills of society and implements in ushering in era of ethical governance. In order to satisfy desires, person wants to earn money by hook and crook to satisfy desires and there by realise happiness. But happiness is not achieved by way of hoarding money and resources. It can only achieve by way of forgoing or eliminating desires. Let us explain this concept with regard to ethical upliftment.

Each one of us has various wants which have to be satisfied to realize happiness in our day-today life. Is it really advisable to have sustained demand and remain engaged in fulfilling them? This is an endless process because one want creates a number of wants in geometrical progression and if not satisfied instigate human being to adopt malpractices in his daily life. The intensity of desire which is not fulfilled is directly related with the intensity of malpractice or level of corruption. Is this way of life is sustainable in the present context where people are surrounded with different tensions/problems?

People in general expect fruits of an action in term of outcome or expectations before initiating the action or performing his duties. If we follow the dictum that we have performed our duties with the earnest and the outcome is not in our hands, then, the desire will not be created by the people because at that time the mind would be in the state of wantlessness. Professor J K Mehta noted Economist had built his economic philosophy on the basis that people take up various economic activities to get happiness. But the real happiness does not come by taking up various activities to meet out their wants. Happiness, he argued accomplished by eliminating them.

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