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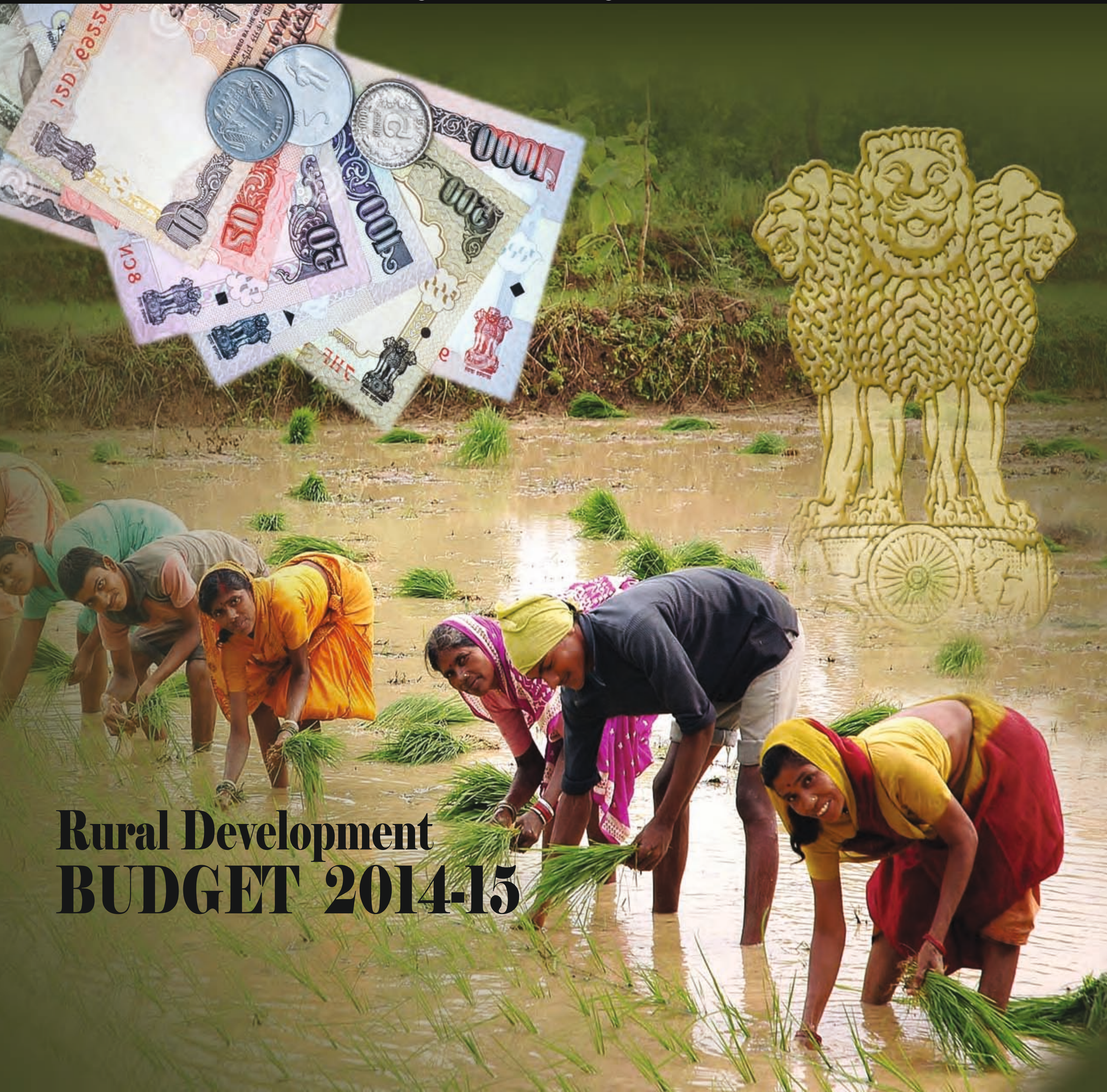
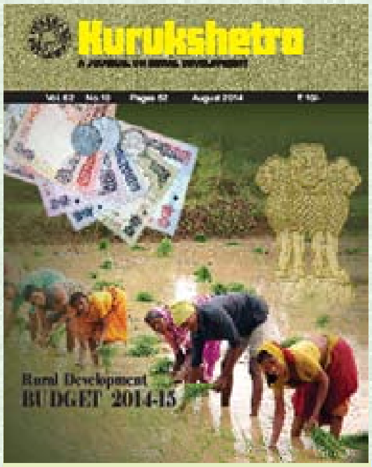


# Rural Development BUDGET 2014-15

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## CONTENTS



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Kurukshetra seeks to carry the message of Rural Development to all people. It serves as a forum for free, frank and serious discussion on the problems of Rural Development with special focus on Rural Uplift.

# INSIDE

The budget for the financial year 2014-15 presented by the new government has expressed faith in the Mahatma Gandhi National Rural Employment Guarantee Act (MGNREGA) and National Rural Livelihood Mission (NRLM) — the existing wage and self-employment programmes, respectively.

However, the new government will change the quality of the MGNREGA program towards asset creation.

The government has now announced that that the material-labour expenditure ratio in the scheme would be changed from 60:40% to 49:51% which will help focus on asset creation, along with job opportunities in the scheme.

The Rural Development Minister Mr. Nitin Gadkari proposes to change the material-wage ratio of the scheme from 60:40 to 49:51 with a view to encourage value addition. In addition, the government is also planning to monitor the work under the scheme through advanced technologies, including space technologies.

The budget proposals also include the development of 100 smart cities as satellite towns of large cities by modernising the existing mid-sized cities with the aim to ensure better living standards and to address the age-old complex problems of rural-urban migration and rapid urbanisation.

The highlight of the rural development budget is the aim to cover every household by total sanitation by the year 2019 through a mission called *Swatchh Bharat Abhiyan.*

To address the issue of technology upgradation the government has set aside 100 Crore Rupees for Agri-tech Infrastructure Fund. The government is aiming to usher in technology driven second green revolution with focus on higher productivity and Protein revolution.

Additional emphasis has been given to infrastructure, and 1000 Crore Rupees have been provided for ***Pradhan Mantri Krishi Sinchayee Yojna.*** Interlinking of rivers has been the main thrust of the new Government which will channelize the water for irrigation and will also put curb on the floods.

Another important decision of the government is the creation of a national market for agricultural produce.

However, some analysts had expected more for the rural sector than was allocated by the Finance Minister. One will have to wait for the full budget of the new government in February to know the exact direction and intent of the government in the rural development sector.

The decision to give a push to agricultural research and provide additional funds for rural credit indicates that the government will give a push to the rural sector in the years ahead. ❑

# BUDGET 2014-15
# IS THERE A SHIFT IN POLICY DIRECTION?

Dr. K. K. Tripathy

*The Budget 2014-15 has reposed its faith in the Mahatma Gandhi National Rural Employment Guarantee Act (MGNREGA) and National Rural Livelihood Mission (NRLM)*

The Union Budget 2014-15 was presented amidst a high expectation-ridden environment where the people of India anticipated the government's maiden budget announcements to be statements of its policy directions, vision and the principles of economic management for the next few years. While the Economic Survey 2013-14 released a day before the Budget day advocated instant management of inflation, revival of economic growth, fiscal management and stability in the regulatory and policy framework for creating enablers in the so called sluggish economic environment, the immediate challenge before the government was the impending drought like situations in Indian States due to deficient monsoon 2014-15. This article discusses a few rural development related focus areas as indicated in the Budget 2014-15 and makes an attempt to explain the in-built policy direction and economic intent of the Government.

## Wage Guarantee and Self-employment

The Budget 2014-15 (hereinafter the Budget) has reposed faith in the Mahatma Gandhi National Rural Employment Guarantee Act (MGNREGA) and National Rural Livelihood Mission (NRLM) – the existing wage and self-employment programmes, respectively. While under NRLM, the expansion of interest subvention (i.e. 4% rate of interest on SHG loan upon prompt repayment) to an additional 100 districts would be beneficial to the diligent and disciplined rural SHGs, implementation of a start-up village entrepreneurship programme would create a catalytic local entrepreneurial ecosystem and would encourage the rural unemployed youth to take up local enterprises. On successful and sustained implementation, these initiatives would not only help in identifying and imparting

training to prospective youth entrepreneurs, but would also provide support in guiding, facilitating and enabling these budding rural entrepreneurs to network with the businesspersons around the world.

The Budget has committed to continue the wage-employment programme – MGNREGA. This indicates that even though this programme suffered from implementation bottlenecks at the last mile of its execution, the public works initiative can progress against the context of persistent poverty and inequality in rural areas and has the potential to get embedded into the policy architecture of an all-inclusive growth.

MGNREGA has often been criticised for generating assets of inferior quality. In the recent past, the quality and durability of assets under MGNREGA have been compromised due to less focus on asset creation, faulty work design, improper selection of projects and work sites, lack of survey of works, inaccurate work design estimates, inefficient work execution and inadequate supervision. Keeping this in view, the Budget has aimed at creating more productive, durable and quality assets under this wage-employment initiative and at linking these works to agriculture and allied activities. To realise this policy direction of the Budget, not only is there a need to design and implement policy directives on convergence at the district/block/village level with the all-round co-operation of the district/Block level sectoral line departments, but also a need to frame standardised quality parameters for public works permissible under MGNREGA. Further, the need of the hour is to raise a cadre of quality monitors both at the National and State levels to guide and supervise the quality, usability and durability of the assets so created under this public works programme.

> The Budget has committed to continue the wage-employment programme – MGNREGA.

## Rurban Push

The Budget witnessed a Rural-Urban (Rurban) push following Rurban development model of urbanisation of rural Gujarat. This initiative will not only create an enabling and productive environment and a fervent platform for attaining a balanced growth with social equity in rural areas, but would also ensure implementation of efficient and integrated civic infrastructure and basic amenity projects in rural areas on a Public Private Partnership (PPP) mode. The basic and associate services in the rural areas call for convergence of financial resources with technical inputs so as to create a vibrant, productive and quality rural infrastructure base. The announcement is in line with the President's address to the Parliament on 09.06.2014 where it was stated that adequate public amenities and livelihood opportunities would be ensured to 2/3$^{rd}$ of the country's people living in rural areas.

This initiative, in all probability, would be tagged with an existing programme called Provision of Urban Amenities in Rural Areas (PURA) implemented way back in 2004-05. The real challenge in translating the dream of Rurban development is to learn from the factors causing sluggish progress in the implementation of PURA and to take timely and adequate action to remove all the operational roadblocks to ensure quality of life of the rural people.

## 100 Smart Cities

The intent of the Government in announcing the development of 100 smart cities as satellite towns of large cities or by modernising the existing mid-sized cities is to ensure better living standards and to address the age-old complex problems of rural-urban migration and rapid urbanisation. With an allocation of Rs. 7,600 cr. in 2014-15, it is expected that the new smart cities so created would be able to provide adequate livelihood options to millions of rural-urban migrants and accommodate the civic needs of burgeoning number of people.

## Sanitation for All

The Government of India, in the 12$^{th}$ Five Year Plan (2012-17), has restructured the erstwhile Total Sanitation Campaign (TSC) into Nirmal Bharat Abhiyan (NBA). The NBA has adopted a strategy to transform rural India into 'Nirmal Bharat' by adopting community-led, people-centred and demand-driven approach with a clear emphasis on awareness creation and demand generation for sanitation facilities in houses, schools and for creating cleaner environment. Keeping in view the slow progress and the emerging need for sanitation to make India an open defecation free country, the Budget intended to cover every household by total sanitation by the year 2019 through a mission – Swatchh Bharat Abhiyan.

### PMGSY – Rural Connectivity

Pradhan Mantri Gram Sadak Yojana, initiated during the National Democratic Alliance (NDA)-I, is a one-time special intervention in the rural connectivity sector that aims at connecting eligible unconnected rural habitations and upgradation of dilapidated rural roads. Keeping in view the positive impact of this connectivity initiative on employment and income generation, industrial establishments, education in rural areas, the Budget has reaffirmed the NDA-II's commitment to an energetic PMGSY with an enhanced allocation of Rs. 14,389 cr. in the year 2014-15.

The Budget proposes to start a new programme called 'Neeranchal' with an allocation of Rs. 2,142 cr. in the current fiscal would ensure completion of watershed projects following a multi-tier ridge to valley approach.

### Rural Housing

The Budget articulated its commitment to ensure housing for all by 2022. In this context, the Finance Minister (FM) not only extended additional tax incentive on home loans to encourage people to own houses but also reaffirmed his faith on the existing rural housing scheme. The FM allocated Rs. 8,000 crore for National Housing Bank to expand and continue its support to rural housing in the country.

### Watershed Development

Department of Land Resources is implementing the Integrated Watershed Management Programme (IWMP) to take up contiguous micro-watershed in rain-fed and degraded areas. The Budget proposes to start a new programme called 'Neeranchal' with an allocation of Rs. 2,142 cr. in the current fiscal would ensure completion of watershed projects following a multi-tier ridge to valley approach. This endeavour, however, calls for utilisation of appropriate information technology, analysis of remote sensing and hydrological data along with timely and adequate community based planning, implementation and monitoring of these watershed development projects.

### Concluding Remarks

The Budget announcements matched the need of the occasion for restoring the growth engine which appeared to have been on the verge of collapse during the last two fiscal years. Undoubtedly, the FM has diagnosed the problem areas on the country's development sphere and the utilisation of public resources on such development intervention. The Budget has laid down the broad contours of economic policies and prepared a realistic roadmap for a journey towards a positive and sustained growth. Focus on the key rural development areas such as rural connectivity, income and employment, sanitation, skill development and irrigation indicated the broad development vision of the government. Considering the seriousness in the efficiency of public expenditure, the Budget has proposed to constitute an Expenditure Management Commission. This Budget, though embodies a statement of positive intent and growth oriented policy directions, it calls for timely and appropriate execution of schemes/programmes by clearly delineating intended outcomes for the outlays prescribed for their utilisation in the financial year 2014-15.

***(The author is a Director in the Ministry of Rural Development. Views are personal. E-mail: tripathy123@rediffmail.com)***

The Budget announcements matched the need of the occasion for restoring the growth engine which appeared to have been on the verge of collapse during the last two fiscal years.

# AGRICULTURE RESEARCH AND EDUCATION GETS MAJOR BOOST

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

*The allocation for Agriculture has been substantially increased.*

Every year Union Budget is a ray of hope for different sectors of our developing economy to accelerate growth and create job opportunities to our people. Agriculture is the prominent sector of our economy as it still accounts for about 54.6 per cent of total employment (Census 2011). The sector needs increased budgetary support as there has been a decline in the absolute number of cultivators, which is unprecedented, from 127.3 million (Census 2001) to 118.7 million (Census 2011). The disillusionment of the people from farming is a worrying factor for growth of our economy and in turn for our food security. The share of agriculture and allied sector in gross domestic product (GDP) declined to 15.2 per cent during the Eleventh Plan and further to 13.9 per cent in 2013-14 (provisional estimates). This is indicative of a shift from farm to non-farm employment. However, implementation of area specific schemes like Rashtriya Krishi Vikas Yojana (RKVY), National Food Security Mission, National Horticulture Mission and Initiative of Bringing Green Revolution to Eastern India (BGREI) of the Central Government has brought rich dividends to this critical sector of our economy. The resilience of Indian agriculture is now evident as from the negative growth in 2002-03, the sector now has registered a remarkable average growth rate of 4.1 per cent during the Eleventh Five Year Plan (2007-08 to 2011-12). As per the Provisional Estimates for 2013-14, growth rate of agriculture GDP was 1.4 per cent and 4.7 per

cent respectively during the first two years of the Twelfth Plan period.

Horticulture has become a major growth booster of agriculture economy as the sector contributed 30.4 per cent of agriculture GDP. Further, the livestock sector contributed over 4.1 per cent of the total GDP in 2012-13. All these policy changes has resulted in substantial strides in agricultural production in the last few years. There was an increase of around 40 lakh ha in overall area coverage under foodgrains in 2013-14 as compared to 2012-13. As per the third Advance Estimates, a record foodgrains production of 264.4 million tonnes is estimated in 2013-14. Keeping in view these realities of this sector, the Central Government has announced several schemes in the budget of 2014-15 to boost agriculture and related sectors.

## Highlights of the Budget

In all, the allocation for the Agriculture Ministry has been increased substantially from Rs 19,306.82 crores in the last fiscal to Rs 22,652.25 crores. Technology up gradation is a major challenge to boost agriculture production and to make it more climate resilient. 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. An amount of Rs. 100 crores set aside for "Agri-tech Infrastructure Fund". This issue has been addressed substantially in this budget and agriculture research and education got a substantial hike from Rs 4,881.08 crores to Rs 6,144.39 crores this fiscal. The Government intend to usher in technology driven second green revolution with focus on higher productivity and "Protein revolution" will be area of major focus to address the problem of malnutrition.

> Outlay of Rs. 1000 crores has been provided for "Pradhan Mantri Krishi Sinchayee Yojna" for assured irrigation.

- Outlay of Rs. 1000 crores has been provided for "Pradhan Mantri Krishi Sinchayee Yojna" for assured irrigation. Interlinking of rivers has been the main thrust of the new Government which will channelize the water for irrigation and will also put curb on the floods. In this budget Rs. 100 crores has been provided to conduct the survey and feasibility studies for this purpose. However, it is gigantic task as it requires an investment of more than Rs. 2 lakh crores.
- Shift of people in rural areas is a worrying factor. In this budget, initial sum of Rs. 100 crores for "Start Up Village Entrepreneurship Programme" has been provided for encouraging rural youth to take up local entrepreneurship programmes.
- Government to establish two more Agricultural Research Institute of excellence in Assam and Jharkhand with an initial sum of Rs. 100 crores. In addition, two Agricultural Universities are proposed to be set up in Andhra Pradesh and Rajasthan and two horticulture universities in Telangana and Haryana with initial outlay of Rs. 200 crores.
- Soil health is major concern of our agriculture due to imbalance in nutrient application and indiscriminate use of chemical pesticides. Farmers will be provided soil health cards to educate them about the status of the soil health. Rs. 100 crores has been provided for this purpose and additional Rs. 56 crores to set up 100 Mobile Soil Testing Laboratories across the country.
- To meet the vagaries of climate change a "National Adaptation Fund" with an initial sum an amount of Rs. 100 crores will be set up.
- To make technology dissemination faster in agriculture, Rs. 100 crores has been allocated for dedicated Kisan Television.
- Inflation in food prices is major concern of every government which affect the common man. To mitigate the risk of Price volatility in the agriculture produce, a sum of Rs. 500 crores is provided for establishing a "Price Stabilization Fund".
- Central Government to work closely with the State Governments to re-orient their respective APMC Acts.

- Local land races in cattle and other areas are important due to their wide adaptation to varied weather vagaries. To tap this potential, sum of Rs 50 crores has been provided for the development of indigenous cattle breeds and an equal amount for starting a blue revolution in inland fisheries.

- North eastern States have a great potential for organic farming and Rs. 100 crores set aside for development of organic *farming* in north eastern States.

- The ambit of the MGNERGA will be further widened and it will now also focus on productivity and asset creation, primarily in fields related to agriculture.

- The Government also proposes to start a new programme called `Neeranchal' with an initial outlay of Rs. 2,142 crores to further boost watershed development.

- The Government intend to invigorate the warehousing sector and significantly improve post-harvest facilities to check the huge wastage of agricultural commodities. In this budget, Rs 5000 crores has been provided to improve agriculture storage infrastructure.

- A target of Rs. 8 lakh crores has been set for agriculture credit during 2014-15. Farmers will get loan at 7 per cent and will get 3 per cent incentive for timely repayments. To provide institutional finance to landless farmers, it is proposed to provide finance to 5 lakh joint farming groups of "Bhoomi Heen Kisan" through NABARD. The budget proposes to raise the corpus of Rural Infrastructure Development Fund (RIDF) by an additional Rs 5,000 crores from the target given in the Interim Budget to Rs 25,000 crores in the current fiscal. The NABARD operated RIDF helps in creation of infrastructure in agriculture and rural sectors. It is proposed to set up "Long Term Rural Credit Fund" in NABARD for providing refinance support to cooperative banks and regional rural banks with an initial corpus of Rs 5,000 crores. To increase credit flow to farmers and avoid high-cost market borrowings by NABARD, he proposed to allocate Rs 50,000 crores for STCRC (Short Term Cooperative Rural Credit). It is also proposed to supplement NABARD's Producers' Organization Development Fund for Producer's development and upliftment called 'PRODUCE' with a sum of Rs 200 crores which will be utilized for building 2,000 producers organizations across the country over the next two years.

Increase of 25.8 per cent in budgetary support to agriculture research and education is a welcome support as it will be a critical support to our fund starved state agricultural universities. However, the research efforts require further 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.

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# RURAL DEVELOPMENT BUDGET- CRITICAL APPRAISAL

R.C. Rajamani

It is impossible for any finance minister to please all sections of society with his annual budget for the country. Finance Minister Arun Jaitley's 2014-15 general budget, the first of prime minister Narendra Modi's government, is no exception.

While it is generally hailed as a 'growth oriented' budget, rural economy watchers argue the budget has not lived up to the philosophy of balanced development, so essential for the overall growth of the country. They say the rural sector has not been given its due. To buttress their argument, they point to the reduced allocation for various rural development programmes in the current budget compared to the previous one.

The current budget has not addressed the concerns of the below poverty line population of India, which according to a recent United Nations report is 394.8 million.

The budget allocates ₹8,000 crore under the rural housing scheme or Indira Awaas Yojana for the below poverty line (BPL) people against ₹15,184 crore allocated in 2013-14.

True, higher allocation in the past has not meant things in the rural sector has been honky dory. Past allocation for rural development was either deficient or the pro-poor programmes suffered from dreadful implementation. The present government may hope to do better with less funds by effective implementation and monitoring of anti-poverty programmes. But this remains to be seen.

The previous budget allocated a sum of ₹21,239 crore for the National Rural Health Mission combined with urban mission, while the present one proposes to set up 15 Model Rural Health Research Centres.

The budget allocation for the poor and the rural together is almost one-fourth of what was allocated in 2013.

The present budget proposes ₹3600 crore for drinking water, whereas the previous budget had allocated ₹16,660 crore for both drinking water and sanitation – the latter not seen in the current one. Except for 15 Health Research Centers, there is no mention of allocation in the

rural health sector, for which the last budget had proposed ₹21,239 crore.

The budget allocation proposal for MGNREGA last year was ₹33,000 crore while this year's budget merely proposes to implement the scheme more productively. The Housing scheme got ₹15,184 crore in 2013 which has been now reduced by almost half to ₹8,000 crore.

*According to K. Veeraiah of All India Agricultural Workers Union (AIAWU), the government is trying to* transform the MNREGA, the only legal entitlement for agricultural workers, from being a right to a mere dole out which could be misused or diverted at will.

The government has reduced its commitment to a mere grant in aid to the states. The placement of MNREGA under *Major Budgetary Head* reflects the changed priorities of the new government. All those placed under category 2501 are anti poverty programmes and all those considered under expenditure head 3601 are the grants in aid to states. This opens the doors for the Center to escape its commitment towards the Act, especially where possible misuse or diversion of these funds is concerned, warns Veeraiah.

For the development of farmers, the present budget has proposed ₹1,000 crore for various irrigation plan under Pradhan Mantri Krishi Sichayin Yojana. Last year's budget had proposed ₹12,204 crore for the Rashtriya Krishi Vikas Yojana.

The Pradhan Mantri Gram Sadak Yojana too has witnessed a fall in the allocation to ₹14,389 crore from ₹21,700 last year, though Mr Jaitely in his budget speech acknowledged that the programme initiated during the NDA-I under the stewardship of Prime Minister Atal Behari Vajpayee has had a massive impact in improvement of access for Rural population...

Whereas, allocation for Rural Development Ministry in 2013-14 budget was increased by ₹80,194 crore, the same has been reduced by almost similar amount in 2014-15 budget.

However, finance minister Jaitley has sought to justify reduction in allocation by pointing out that there would be a change for the better in the mode of implementation of various programmes. The Government, he says, is committed to providing wage and self-employment opportunities in rural areas. However, wage employment provided under MGNREGA through works are more productive and asset creating and substantially linked to agriculture and allied activities.

## Positive Features

The National Rural Livelihood Mission (NRLM) aims to eliminate rural poverty through sustainable livelihood options. Under this mission, women SHGs are provided bank loans at 4% on prompt repayment in 150 districts and at 7% in all other districts. The 2014-15 budget proposes to extend the provision of bank loan for women SHGs at 4% in another 100 districts. It also proposes to set up a "Start Up Village Entrepreneurship Programme" for encouraging rural youth to take up local entrepreneurship programmes. An initial sum of Rs 100 crore for this is being provided in the budget.

In this context, some positive features in the present budget need special mention.

The Rural Housing Scheme has benefited a large percentage of rural population who have availed credit through Rural Housing Fund (RHF). The budget has increased the allocations for the year 2014-15 to Rs 8,000 crore for National Housing Bank (NHB) in order to expand and continue to support Rural Housing in the country.

To give an added impetus to watershed development in the country, the budget proposes to start a new programme called "Neeranchal" with an initial outlay of Rs 2,142 crores in the current financial year.

Backward Region Grant Fund (BRGF) is being implemented in 272 backward districts in 27 States, to fill up the critical gaps in development of basic infrastructure facilities and for capacity building of Panchayats/ Gram Sabhas in backward areas. It is proposed to restructure the BRGF to address intra-district inequalities to ensure that backward sub-districts units within States receive adequate support.

Many of our drinking water sources have excess impurities like fluoride, arsenic and manmade contaminations due to untreated sewage, industrial effluents and leaching of pesticides and fertilizers. It is proposed to earmark Rs 3,600 crore under National Rural Drinking Water Programme for providing safe drinking water in approximately 20,000 habitations affected with arsenic, fluoride, heavy/ toxic elements, pesticides/ fertilizers through community water purification plants in the next 3 years.

The budget proposes to set up an Agriculture Infrastructure Fund of Rs 100 crores to encourage research and development in the critical area. This is necessary to make farming competitive, and give an impetus to investment, both private and public.

There are plans to establish centres of excellence in agriculture in Assam and Jharkhand, agriculture universities in Andhra Pradesh and Rajasthan, and horticulture universities in Telangana and Haryana.

The budget has allocated Rs 8 lakh crores for agriculture credit. An amount of Rs 5000 crores was kept aside to address the need to scientific warehousing, to allow farmers to store their products for long periods.

A long-term rural credit fund will be set up in National Bank for Agriculture and Rural development (NABARD) with an initial investment of Rs 5000 crores to provide long-term refinance support for the farmers. Five lakh landless farmers are expected to benefit from the fund.

There is Rs 50 crores for indigenous cattle breeding. Kisan TV, a dedicated visual channel for the farmers, will also be unveiled this year. This channel will provide real time information on various issues related to farming and agriculture. The Schemes Spark Buzz gets The channel will provide real time information on farming techniques, water conservation, new technologies and organic training. The Scheme Spark Buzz gets an allocation of Rs.100 crore.

## Rural Credit

The Short Term Cooperative Rural Credit (STCRC), Refinance Fund was announced in Union Budget 2008-09 with initial corpus of Rs 5,000 crore. In order to ensure increased and uninterrupted credit flow to farmers and to avoid high cost market borrowings by NABARD, it is proposed to allocate an amount of Rs 50,000 crore for STCRC Fund during 2014-15.

The issue of profitability of small holding based agriculture has assumed importance in view of increasing proportion of small and marginal farmers in the country. It is proposed to supplement NABARD's Producers' Organization Development Fund for Producer's development and upliftment called 'PRODUCE' with a sum of Rs 200 crore which will be utilised for building 2,000 producers organisations across the country over the next two years.

Government will establish two agriculture research institutions of excellence in Assam and Jharkhand with a initial sum of Rs 100 crore in the current financial year.

Farming as an activity contributes nearly 1/6th to our National GDP and a major portion of our population is dependent on it for livelihood. It has risen to the challenge of making India largely self-sufficient in providing food for a growing population. To make farming competitive and profitable, there is an urgent need to step up investment, both public and private, in agro-technology development and creation and modernisation of existing agri-business infrastructure. Indian Agricultural Research Institute, Pusa has been at the forefront of research in this area.

The budget has set aside an amount of Rs 100 crore for setting up an "Agri-Tech Infrastructure Fund."

It is also proposed to establish Agriculture Universities in Andhra Pradesh and Rajasthan and Horticulture Universities in Telangana and Haryana. An initial sum of Rs 200 crores has been allocated for this purpose.

Government is committed to sustain a growth of 4% in agriculture. For this it will bring technology driven second Green Revolution with focus on higher productivity and include "Protein revolution" as an area of major focus.

A very large number of landless farmers are unable to provide land title as guarantee because institutional finance is denied to them and they become vulnerable to money lenders' usurious lending. It is now proposed to provide finance to 5 lakh joint farming groups of "Bhoomi Heen Kisan" through NABARD in the current financial year.

The budget will set aside a sum of Rs 50 crores for the development of indigenous cattle breeds and an equal amount for starting a blue revolution in inland fisheries.

"Deendayal Upadhyaya Gram Jyoti Yojana" for feeder separation will be launched to augment power supply to the rural areas and for strengthening sub-transmission and distribution systems. Power is a vital input for economic growth and the Government is committed to providing 24x7 uninterrupted power supply to all homes. A sum of Rs. 500 crores has been set aside for this scheme.

Shyama Prasad Mukherji Rurban Mission will be launched to deliver integrated project based infrastructure in the rural areas.

The government will launch a nationwide rural irrigation scheme to insulate farmers from excessive dependence on monsoon and take multiple initiatives to bring "technology-driven second green revolution" with focus on higher productivity.

The budget has allocated over Rs 1,700 crore for new measures to boost agriculture activities during 2014-15. While Rs 1,000 crore will be spent on creating infrastructure for the rural irrigation scheme (Pradhan Mantri Krishi Sinchayee Yojana) to provide assured water to farmers, the remaining amount will go towards providing 'Soil Health Card' to all farmers and setting up various research institutions and 'Agri-Tech Infrastructure Fund'.

The 'Soil Health Card' will carry crop-wise recommendations of nutrients/fertilizers required for farms in a particular village, helping farmers improve productivity by using inputs judiciously.

The rural irrigation scheme will focus on harnessing local sources of water by building check dams, ponds, water tanks and other infrastructure at village level. This scheme will mitigate the risk of farmers in a bad monsoon year.

Farming accounts for one-sixth of the GDP and employs the majority of the country's working population. To make farming competitive and profitable, there is an urgent need to step up investment, both public and private, in agro-technology development and creation and modernisation of existing agri-business infrastructure.

Providing loan to landless farmers through NABARD, giving additional incentive to farmers under interest subvention scheme, setting up 100 mobile soil testing laboratories, setting aside Rs 50 crore for development of indigenous cattle breeds and an equal amount for starting a 'blue revolution' in inland fisheries are other proposals of the budget.

Besides, it is also proposed to set up two agriculture research institutions of excellence in Assam and Jharkhand, agriculture universities in Andhra Pradesh and Rajasthan and horticulture universities in Telangana and Haryana. An initial sum of Rs 200 crore has been allocated for this purpose.

The government will also launch 'Kisan TV', dedicated to the interests of agriculturists and allied sectors. The budget provides for Rs 100 crore for this.

As the saying goes the proof of the pudding is in eating it. The success of a plethora of schemes mentioned in the budget will be tested on the touchstone of their implementation and their reaching the targeted population.

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# BUDGET & THE RURAL SECTOR- TECHNOLOGY & RURBAN APPROACH REFRESHING

Dhurjati Mukherjee

*The Finance Minister has aptly referred to "protein revolution" which is aimed at increased production of lentils, milk, poultry and fish. Though a blue revolution has witnessed remarkable increase in fish production and eggs, the former is beyond the means of the economically weaker section and the poor. However, eggs are in abundant supply and its reasonable supply and price should help in meeting the increasing demand.*

The Budget has been a balanced one though the thrust may not have been geared totally towards the rural sector. However, some of the programmes announced merit attention as also the resolve for 4 per cent growth from the farm sector, through incentives to farmers and ushering in the second green revolution and setting up a chain of warehouses, need to be applauded. But decisions can only be successful if there is good governance, which was lacking earlier, and genuine political will and involvement of beneficiaries in a positive manner.

It is significant to note the observation of the Finance Minister;" To make farming competitive and profitable, there is an urgent need to step up investment, both public as and private in agro technology development and creation and modernization of agri-business infrastructure". Technology is indeed vital for gearing up production and productivity which is low compared tio international standards and has become essential at this stage.

In this connection, the intention to allocate Rs 100 crores to set up two agricultural research centres on the lines of the Indian Agricultural Research Institute and also an agri-tech infrastructure fund merits attention. Besides, two new agricultural universities in Andhra Pradesh and Rajasthan have been proposed in the Budget. But what needs to be emphasized here is the necessity of ensuring that

the fruits of research reach the field and help in raising productivity. This has unfortunately not happened in most cases and in most areas, as per expectations, the reason being that productivity increase has only been marginal.

Jaitley has aptly referred to "protein revolution" which is aimed at increased production of lentils, milk, poultry and fish. Though a blue revolution has witnessed remarkable increase in fish production and eggs, the former is beyond the means of the economically weaker section and the poor. However, eggs are in abundant supply and its reasonable supply and price should help in meeting the increasing demand.

## National Market

Another important decision is the Budget is the government's promise to create a national market for agricultural produce and avoid the state level ***mandis*** that restrict trading in farm produce to a small cartel of traders. The Finance Minister stated that the "state governments will also be encouraged to develop farmer's markets in town areas to enable the farmers to sell their produce directly". achieved.

While the government rightly decided to continue with the ***MGNREGA***, the thrust has now been given to works that are more productive, asset creating and substantially linked to agriculture and allied industries. The asset creation aspect would help in making the programme build things that would be long-lasting and take forward the process of rural development. But while last year the allocation was Rs 33,000 crores, this year's sum of around Rs 33,360 crores may be difficult to manage given that inflation rate has been around 10 per cent.

Moreover wages have increased by around 15 per cent in most states and implementing the revised wages – as directed by the apex court – is expected to cost the exchequer an additional Rs 1000 crores – almost Rs 640 crores more than the allocation.

A new scheme called ***Shyama Prasad Mukherji Rurban Mission*** has been launched which is a reflection of former President, A.P.J. Abdul Kalam's idea of PURA (Providing Urban Amenities in Rural Areas) the scheme is expected to deliver infrastructure in rural areas which will also include development of economic activities and skill development.

Some time back, the President, Pranab Mukherjee, in his address to Parliament, reiterated this aspect by stating that "the government will strive to end the rural-urban divide guided by the idea of ***rurban***, providing urban amenities to rural by preserving the ethos of the villages". However, details of the scheme and the methodology of implementation will only prove the government's sincerity in this regard.

It is significant to mention here that unemployment is a big challenge though the country has the highest work force with over 12 million new entrants in the labour market every year. The Rurban Mission as also the ***Skill India*** programme is expected to impart employment and entrepreneurship skill to youth, mostly in rural and semi-urban areas. Also the Rs 500 crores ***National Rural Internet & Technology Mission*** aimed at training in IT skills and e-kranti would allow rural youth to come up in life and get employment in the growing IT sector.

Apart from this, the emphasis on entreneurship programme has been manifest in the ***National Livelihood Mission*** where prompt repayment of bank loans with 4 per cent interest has been extended to 100 m9ore districts (apart from the earlier 150 districts) so that rural youth could start enterprises of their own. Rs 100 crores have been allotted for this which obviously is quite adequate.

The Modi government has been from the very beginning showed lot of concern for providing water and sanitation to the villages. In this connection, the allocation of Rs 3600 crores under the ***National Rural Drinking Water Scheme*** to provide safe drinking water in around 20,000 habitations affected with arsenic, fluoride, heavy/toxic elements, pesticide etc. through community purification plants in 3 years is a significant endeavour though, in the coming years, more funds may be needed to make the project reach every nook and corner of the country.

## Sanitation

As regards sanitation, the ***Swatchi Bharat Abhiyan*** intends to cover every household by the year 2019, the 150th birth anniversary of Mahatma Gandhi through this scheme. It has also been announced that the government would "strive to provide toilets and drinking water in all girls' schools in the first phase". It is expected that if this does not become a reality this fiscal, it would be accomplished by the end of 2015.

On physical infrastructure development, adequate funds (Rs 37,800 crores) has been earmarked for highways and state roads and a commitment to build 8500 km of highways in the current fiscal – three times more than the best achieved in any year. Achieving the target would obviously speak of efficiency which should improve connectivity and have an effect in rural and semi-urban areas. Also the decision of building big solar plants up to 4000 MW in Rajasthan, Gujarat, Tamil Nadu and Ladakh and launching one lakh solar pump sets (both being allotted Rs 500 crores each) may have the desired effect in villages and take forward the task of rural electrification.

Though the ***National Rural Health Mission*** would continue, there was need to give a thrust to the programme to provide affordable health care and better health facilities considering the deteriorating standards in this segment. The setting up of 15 model Rural Health Research Centres in the states is definitely not adequate and one such centre should have been established in each state.

Regarding education, there have been reports of deterioration in standards in schools, specially in rural schools. The ***School Assessment Programme*** has been initiated as also a ***Pandit Madan Mohan Malviya New Teachers Training Programme*** and, if these result in upgradation of standards of teaching in rural areas, the quality of school education will improve.

Questions have been raised, and quite justifiably so, regarding meadre allocation of funds in certain schemes. But keeping in view, the needs and demands of various sectors, one can easily say that Jaitley has done a fairly good job. However, it needs to be stated that a little more funds should have gone to developing rural infrastructure – rural health, school and college education in villages etc. the special focus on the application of technology, skill development and the ***rurban*** approach to the rural economy indicate a somewhat refreshing approach about realizing the country's vast potential

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# CRITICAL REVIEW OF THE RURAL DEVELOPMENT BUDGET 2014-15

Dr. Yashbir Singh Shivay and Dr. Anshu Rahal

*The Union Finance Minister allocated a sum of Rs.1,000 crore for this purpose in 2014-15 financial years, which has been praised by the poor farming community.*

As a concomitant of growth, the share of agriculture and allied (hereinafter referred as agri) sector in gross domestic product (GDP) declined to 15.2 per cent during the Eleventh Plan and further to 13.9 per cent in 2013-14 (provisional estimates—PE). While it still accounts for about 54.6 per cent of total employment (Census 2011), there has been a decline in the absolute number of cultivators, which is unprecedented, from 127.3 million (Census 2001) to 118.7 million (Census 2011). This is indicative of a shift from farm to nonfarm employment, causing real farm wages to rise by over 7 per cent annually in recent years. The resilience of Indian agriculture is evident in that this sector last posted negative growth in 2002-03 and has registered a remarkable average growth rate of 4.1 per cent during the Eleventh Five Year Plan (2007-08 to 2011-12). As per the PE for 2013-14, growth rate of agri GDP was 1.4 per cent and 4.7 per cent respectively during the first two years of the Twelfth Plan period. In addition, a structural change in the composition of agriculture, showing diversification into horticulture, livestock, and fisheries, is noticeable. The horticulture sector contributed 30.4 per cent of agri GDP, while the livestock sector contributed over 4.1 per cent of the total GDP in 2012-13.

## National Adaptation Fund for Climate Change

Climate change is a reality which all of us have to face together. Agriculture as an activity is most prone to the vagaries of climate change. With 60 per cent of total foodgrains and oilseeds produced being grown in the *kharif* season, and with just 35 per cent of total arable area being irrigated, Indian agriculture is still heavily dependent on rainfall. Significant warming of temperatures,

lower mean rainfalls and higher rainfall variability has been recorded by the Indian Meteorological Department (IMD) over successive plan periods. Occurrence of El Niño is associated with deficit rainfall in the states of Maharashtra, Gujarat, Rajasthan, Karnataka, Jharkhand, and Bihar. Against the backdrop of the IMD's forecast on El Niño, the delayed onset of the monsoon coupled with uneven distribution may affect crop growth, especially of *kharif* pulses and oilseeds, and the exact quantum of yield losses depends upon the duration and intensity of water stress.

The union government has in place contingency measures in about 500 districts. Further, the National Mission for Sustainable Agriculture (NMSA) is one of the eight missions of the National Action Plan on Climate Change, whose focus is on encouraging judicious utilization of common resources through a community based approach. The Rainfed Area Development Programme (RADP), which adopts a holistic approach to enhance farmers' incomes in rainfed areas, was implemented in 22 states in 2013-14 and will be substantially upscaled during the Twelfth Plan. Other initiatives include the National Initiative on Climate Resilient Agriculture (NICRA) under the Indian Council of Agricultural Research (ICAR) to enhance resilience of Indian agriculture to climate change and vulnerability through strategic research and technology demonstration, capacity building, and sponsored/competitive grants. The Earth System Science Organization (ESSO) issues agrometeorological advisories in 12 languages to 600 districts, which are currently subscribed to by over 4.8 million farmers, while *Gramin Krishi Mausam Sewa* has initiated these advisory services at block level. Further, to meet the climate change threat and challenge, Union Finance Minister proposed in his budget 2014-15 to establish a "National Adaptation Fund" for climate change in agriculture sector with as an initial allocation of Rs.100 crore to this Fund. It is a welcome step by the agricultural scientists / extension workers taken by the union finance minister.

## Fertilizers Use and Soil Health Support Fund

Increased fertilizer usage has played a significant role in improving agricultural productivity. Urea, which is the main source of nitrogen (N), constitutes around 50 per cent of total fertilizer consumption. India meets 80 per cent of urea requirement through indigenous production, but is largely import dependent for its potassic (K) and phosphatic (P) fertilizer requirements. A modified New Pricing Scheme (NPS)III for existing urea units, notified to address under recoveries of existing urea units due to freezing of fixed cost at 2002-03 rates will be implemented for one year from 2 April 2014. It provides for the grant of minimum fixed cost of Rs. 2,300 per metric tonne (MT) or actual fixed cost prevailing during 2012-13, whichever is lower. Further, there is provision for grant of special compensation of Rs. 150 per MT to protect efficient units that have converted to gas and are more than 30 years old.

Given the constraints in availability of gas, which is the preferred feedstock for production of nitrogenous fertilizers, and the dependence on imports for P and K fertilizers, Indian companies are being encouraged to establish joint ventures (JVs) abroad for production facilities with buyback arrangements and to enter into longterm agreement for supply of fertilizers and fertilizer inputs to India. Six JVs have been set up by Indian private/cooperative sector entities.

The objective of shifting from a productbased subsidy (PBS) to nutrientbased subsidy (NBS) regime in 2010 was to address NPK nutrient imbalances and lack of secondary and micronutrients, through use of fertilizers on specific soilmoisture conditions and crop needs. A comparison of the production, imports, and consumption of NPK fertilizers between 200910 and 2012-13 shows that availability as well as consumption has been skewed towards N or urea since the roll out of the NBS in 2010. The pricing of subsidized fertilizers is also probably responsible for higher usage of straight fertilizers and skewed usage of nutrients (Report of Working Group on Fertilizer Industry for the Twelfth Plan: 8). While NPK ratios were higher than the recommended national 4:2:1 NPK balance in 200910, the situation has drastically worsened. Indiscriminate use of NPK has led to imbalanced use of soil nutrients, especially in Haryana and Punjab, leading to deterioration in soil quality and declining growth in land productivity in these states.

The NBS roll out was flawed since urea was kept out of its ambit, which has defeated the objective of balanced use of nutrients. While urea consumption has increased from 59 per cent to 66 per cent of total consumption in 2012-13 over 2010-11, per hectare consumption of fertilizer has declined from 140 kg to 128 kg over the same period. Current trends in agricultural output reveal that the marginal productivity of soil in relation to the application of fertilizers is declining. Under the NBS, as of March 2014, farmers pay 61 to 75 per cent of the delivered cost of P and K fertilizers and the rest is subsidized by the centre. Fertilizer subsidy was Rs. 67,971 crore in 2013-14 (revised estimates—RE), an increase of 11 per cent over 200910. While the quantum of fertilizer subsidy is increasing, however, subsidy as a percentage of GDP has been declining since 2010. There have also been growing concerns about the imbalance in the utilization of different types of fertilizers resulting in deterioration of the soil. Considering the deteriorating soil health, which has been a major cause of concern and leads to suboptimal utilization of farming resources in general? The Union Finance Minister during his Union Budget Speech announced that Central Government will initiate a scheme to provide to every farmer a soil health card in a Mission mode. He proposed to set aside a sum of Rs.100 crore for this purpose and an additional Rs.56 crores to set up 100 Mobile Soil Testing Laboratories across the country. This step will lead to overcome the soil health problem in longterm basis in the country.

## Organic Food Production Support Fund

North Eastern Region of India has tremendous potential for development of organic farming. With a growing global demand for organic food, people living in the NE states can reap rich harvest from development of commercial organic farming. To facilitate commercial organic farming in NE states, Union Finance Minister proposed in his budget to provide a sum of Rs.100 crore for this purpose in the current financial year i.e. 2014-15. The allocation of this fund will lead to promotion of commercial organic farming in northeastern states and farmers will get the premium prices for their produce in the national and international market.

> To facilitate commercial organic farming in NE states, Union Finance Minister proposed in his budget to provide a sum of Rs.100 crore.

## Irrigation and Pradhan Mantri Krishi Sinchayee Yojana

Water is the most critical input for agriculture. Currently 63 million ha, or 45 per cent of net cropped area, is irrigated. Under the Accelerated Irrigation Benefit Programme (AIBP), Rs. 64,228 crore of central loan assistance (CLA)/grant had been released up to 31 December 2013. An irrigation potential of 8054.61 thousand ha is estimated to have been created by states from major/medium/minor irrigation projects under the AIBP till March 2012. The cropping pattern adopted in the Punjab and Haryana region, considered the ***'rice bowl of India'***, has resulted in alarming reduction in the water table, which is not sustainable in the longrun. Therefore, a Crop Diversification programme targeted at promoting technological innovation and encouraging farmers to choose crop alternatives in the states of Punjab and Haryana and in western Uttar Pradesh to counter the problems of stagnating yields and overexploitation of water resources, was budgeted with Rs. 500 crore in 2013-14.

Considering that bulk of our farm lands are rainfed and dependent on monsoons. Therefore, there is an urgent need to provide assured irrigation to mitigate the risk for rainfed farmers. In this regard, to improve access to irrigation Central Government proposed to initiate the scheme "Pradhan Mantri Krishi Sinchayee Yojana". The Union Finance Minister allocated a sum of Rs.1,000 crore for this purpose in 2014-15 financial years, which has been praised by the poor farming community.

## Watershed Development Fund

A watershed is the area of land where all of the water that is under it or drains off of it goes into the same place and again it recycled for agricultural purposes. To give an added impetus to watershed development in the country, the Union Finance Minister proposed to start a new programme called "Neeranchal" with an initial outlay of Rs. 2,142 crores in the current financial year i.e. 2014-15. It will further strengthen the agricultural production especially, fruits, plantation, fodder crops and vegetables production for livelihood security in underprivileged areas.

## Provision of Agriculture Credit

Agricultural credit is an important input for improving agricultural production and productivity and mitigating farmer distress. For improving agricultural credit flow and bringing down the rate of interest on farm loans, (i) Agricultural credit flow target for 2013-14 was fixed at Rs. 7,00,000 crore and achievement was Rs. 7,30,765 crore, as against Rs. 6,07,375 crore in 2012-13; (ii) Farmers could avail of crop loans up to a principal amount of Rs. 3,00,000 at 7 per cent rate of interest. The effective rate of interest for farmers who promptly repay their loans was 4 per cent per annum during 2013-14; (iii) Farmers were granted postharvest loans against negotiable warehouse receipts (NWRs) at commercial rates. To encourage storage of produce in warehouses against NWRs, the benefit of interest subvention was extended to small and marginal farmers with kisan credit cards (KCC) for a further period of up to six months postharvest on the same rate as crop loan.

Presently nationalized and cooperative banks are providing strong credit support to the agriculture sector. The Union Finance Minister Shri Arun Jaitley in his budget speech informed the house that a target of Rs. 8,00,000 crore has been set for agriculture credit to the farmers during 2014-15 financial years. He also made many provisions of funds, which are directly or indirectly related to agriculture sector *viz.*

i) **Interest Subvention Scheme for ShortTerm Crop Loans:** Under the Interest Subvention Scheme for shortterm crop loans, the banks are extending loans to farmers at a concessional rate of 7%. The farmers get a further incentive of 3% for timely repayment. The Union Finance Minister announced to continue the Scheme in 2014-15 financial years too.

ii) **Rural Infrastructure Development Fund:** NABARD operates the Rural Infrastructure Development Fund (RIDF), out of the priority sector lending shortfall of the banks, which helps in creation of infrastructure in agriculture and rural sectors across the country. The Union Finance Minister proposed to raise the corpus of RIDF by an additional Rs. 5,000 crores from the target given in the Interim Budget to Rs. 25,000 crores in the current financial year.

iii) **Warehouse Infrastructure Fund:** Increasing warehousing capacity for increasing the shelflife of agriculture produces and thereby the earning capacity of the farmers is of utmost importance. Keeping in view the urgent need for availability of scientific warehousing infrastructure in the country, the Union Finance Minister proposed an allocation of Rs. 5,000 crore for the fund for this purpose during year 2014-15 financial years.

iv) **Creation of LongTerm Rural Credit Fund:** The share of longterm investment credit in agriculture is going down as compared to shortterm crop loan. This is severely hampering the asset creation in agriculture and allied activities. In order to give a boost to longterm investment credit in agriculture, the Union Finance Minister proposed to set up "LongTerm Rural Credit Fund" in NABARD for the purpose of providing refinance support to Cooperative Banks and Regional Rural Banks with an initial corpus of Rs. 5,000 crore.

v) **Allocation of STCRC (Refinance) Fund:** The Short Term Cooperative Rural Credit (STCRC) – Refinance Fund was announced in Union Budget 2008-09 with initial corpus of Rs.5,000 crore. In order to ensure increased and uninterrupted credit flow to farmers and to avoid high cost market borrowings by NABARD, Union Finance Minister, Shri Arun Jaitley proposed to allocate an amount of Rs.50,000 crore for STCRC Fund during 2014-15.

vi) **Producers Development and Upliftment Corpus (PRODUCE):** The issue of profitability of small holding based agriculture has assumed importance in view of increasing proportion of small and marginal farmers in the country. Union Finance Minister proposed to supplement NABARD's Producers' organization development fund for Producer's development and upliftment called PRODUCE with a sum of Rs. 200 crore which will be utilized for building 2,000 producers organizations across the country over the next two years.

All these above mentioned steps taken by the Union Finance Minster are welco med by the stakeholders in the agricultural sector, which will have longterm impact on the overall growth of this sector. As a very large number of landless farmers are unable to provide land title as guarantee, institutional finance is denied to them and they become vulnerable to money lenders' usurious lending. In this regard our Union Finance Minister proposed to provide finance to 5 lakh joint farming groups of "**Bhoomi Heen Kisan**" through NABARD in the current financial year. This is also a bold step taken by the central government to help the landless farmers.

## Proposal of Kisan TV Channel

The Kisan TV channel, dedicated to the interests of the agriculture and allied sector will be launched in the current financial year i.e. 2014-15. This will disseminate real time information to the farmers' information regarding new farming techniques, water conservation, organic farming etc. The Finance Minister proposed to set aside a sum of Rs.100 crore for this purpose, which will meet the long time pending demand of the farmers. In the opinion of the authors, it was need of the hour to start of the Kisan TV channel in the real time information dissemination for the uplitment of the rural populace.

## Agricultural Extension for Frontline Technologies Dissemination

To ensure lastmile connectivity, extension services need to be geared to address emerging technological and knowledge needs. Therefore, the existing extension and information technology (IT) schemes from the Eleventh Plan were strengthened, expanded, and scaled up appropriately and implemented as components of the Sub Mission on Agricultural Extension (SMAE) under the National Mission on Agricultural Extension and Technology (NMAET). Greater role has been envisaged for the states in implementation and monitoring, however Central Government will support them. The schemes subsumed under the SMAE include: District level Agriculture Technology Management Agencies (ATMAs) that have been set up in 639 rural districts of 28 states and 3 union territories (UT) across the country these have benefited 28.5 million farmers, 25.6 per cent of whom were women; Mass Media and Kisan Call

Centre schemes, Central sector Establishment of Agri Clinics and AgriBusiness Centres (ACABC) Scheme; SMS portal for farmers. To assess, refine, and demonstrate agricultural technologies/products the ICAR has created a mechanism for technology application at district level by establishing a network of Krishi Vigyan Kendras (KVK) under the Plan Scheme 'Continuation, Strengthening and Establishment of New KVKs'. So far, 637 KVKs have been sanctioned and during 2013-14, 102.41 lakh farmers and other stakeholders have benefited. The Finance Minister, Shri Arun Jaitley allocated a sum of Rs. 600 crore for agricultural extension programmes to disseminate frontline technologies in the country for 2014-15 financial years, which further strengthen the extension activities for the farmers.

## Agricultural Research and Education

Maintaining sustainable growth in agriculture requires continual education and research in developing innovative technologies for conservation and management of limited natural resources. The Indian Council of Agricultural Research (ICAR) has developed new crop varieties with specific traits that improve yield and nutritional quality along with tolerance/resistance to various biotic and abiotic stresses besides matching crop production and protection technologies for target agroecologies. For different agroecological niches, 104 varieties of various crops were released in 2013-14. To make quality seeds available to farmers, 11,835 tonnes of breeder seeds of recommended varieties of different field crops was produced in 2013-14. Adoption of improved varieties and crop management techniques has resulted in record production of cereals, pulses, and other crops in recent years. Further, to strengthen the agricultural education and research in different states, the Union Finance Minister allocated Rs. 100 crore for establishment of two new Agricultural Universities each in Andhra Pradesh and Rajasthan. He also announced allocation of Rs. 100 for creation of two new Horticulture Universities each one in Telangana and Haryana, respectively.

Further, to make farming competitive and profitable, there is an urgent need to step up investment, both public and private, in agrotechnology development and creation and modernization of existing agribusiness infrastructure. Indian Agricultural Research Institute, (Pusa Institute) has been at the forefront of research in this area. However, since independence only one such centre has been established. Now Central Government will establish two more such institutions of excellence on similar pattern in Assam and Jharkhand with an initial sum of Rs.100 crore in the current financial year i.e. 2014-15. In addition, an amount of Rs.100 crores is being set aside for setting up an "AgriTech Infrastructure Fund" in 2014-15 financial years. The Finance Minister allocated a sum of Rs. 550 crore for agricultural education to improve the quality of human resource, upgrade infrastructure and educational reforms in the country.

## Animal Husbandry, Dairying, and Fisheries

Indian agricultural system is a model of sustainable agriculture, as it is predominantly a mixed crop live stock farming system, with the livestock segment supplementing farm incomes by providing employment, draught animals, and manure. India ranks first in milk production, accounting for 17 per cent of world production. During 2012-13, milk production peaked at 132.43 million tonnes, thus becoming an important secondary source of income for 70 million rural households engaged in dairying and for 70 per cent of the workforce that comprised women. The average year on year growth rate of milk at 4.04 per cent *visàvis* the world average of 2.2 per cent shows sustained growth in availability of milk and milk products for the growing population. Government's focus, besides framing conducive policies for commercial poultry production, is on strengthening the family poultry system, which addresses livelihood issues. Egg production was around 69.73 billion in 2013, while poultry meat production is estimated at 2.68 million tonnes.

Fisheries are an important source of livelihood and fish, are an important source of protein. There are 14.4 million fishermen in the country. India ranks second in world fish production, contributing about 5.4 per cent of global fish production. It is also a major producer of fish through aquaculture. Total fish production during 2013-14 is estimated at 9.45 million tonnes with 6.10 million tonnes coming from the inland sector and 3.35 million tonnes from the marine sector. The sector contributes about 1 per cent to overall GDP and represents 4.6 per cent of agriculture GDP.

Further, to strengthen the animal husbandry, dairying, and fisheries growth our Union Finance Minister Shri Arun Jaitley allocated sufficient funds for the following activities for 2014-15 financial years:

| S. No. | Activities | Funds allocated (Rs. Crore) |
|---|---|---|
| 1 | Development of indigenous breeds | 50 |
| 2 | National Livestock Mission | 304 |
| 3 | Blue revolution – development of inland fisheries | 50 |
| 4 | Dairy Entrepreneurship Development Scheme | 230 |

## Crop Insurance Fund

Various crop insurance schemes are implemented as part of risk management and risk mitigation in agriculture. The central sector National Crop Insurance Programme (NCIP) that replaced the National Agricultural Insurance Scheme (NAIS) from 1 November 2013 has three components: Pilot Modified National Agricultural Insurance Scheme (MNAIS), Pilot Weather Based Crop Insurance Scheme (WBCIS), and Pilot Coconut Palm Insurance Scheme (CPIS). The NCIP is approved for fullfledged implementation from *Rabi* 2013-14, with modifications like making the insurance unit for major crops the village panchayat or equivalent unit and undertaking individual farmlevel assessment of losses in case of localized calamities like hailstorm and landslide to benefit the farmer. The Agriculture Insurance Company (AIC) implemented MNAIS and WBCIS in many districts, and also developed crop insurance products for risk mitigation of various crops, namely coffee, rubber plantation, biofuel plants, grapes, mango, and potato; *Rabi* Weather Insurance and Varsha Bima/Rainfall Insurance. Further, to strengthen the, agricultural crop insurance programme at the national level the Union Finance Minister allocated a sum of Rs. 2,823 crore for National Crop Insurance Programme in 2014-15 financial years. This is a praiseworthy step taken by the Central Government to save the interest of the affected farmers due to natural calamities.

## Major Highlights of Union Budget 2014-2015 for Agriculture & Allied Sector

### AGRICULTURE AND COOPERATION

- Rs. 9,954 crore for Rashtriya Krishi Vikas Yojana (State Plan)
- Rs. 2,823 crore for National Crop Insurance Programme
- Rs. 500 crore for 'Price Stabilisation Fund' for cereals and vegetables
- Rs. 100 crore for Soil health card
- Rs. 100 crore for development of National agricultural technology infrastructure
- Rs. 1,550 crore for National Mission for Sustainable Agriculture

### ANIMAL HUSBANDRY, DAIRYING AND FISHERIES

- Rs. 50 crore for development of indigenous breeds of animals
- Rs. 304 crore for National Livestock Mission
- Rs. 50 crore for Blue revolution – development of inland fisheries
- Rs. 230 crore for Dairy Entrepreneurship Development Scheme

### AGRICULTURAL RESEARCH AND EDUCATION

- Rs. 600 crore for Agricultural Extension programmes to disseminate frontline technologies
- Rs. 550 crore for Agricultural Education to improve the quality of human resource, upgrades infrastructure and educational reforms
- Rs. 100 crore for 'National Adaptation Fund' for climate change
- Rs. 100 crore for establishment of two new Agriculture Universities
- Rs. 100 crore for creation of two new Horticulture Universities

## Outlook and Future Challenges in Indian Agriculture

1) While the continued robustness of Indian agriculture is significant in the context of food security and climate change, some major concerns remain. Growth rates of productivity are far below global standards; productivity levels of rice and wheat have declined after the green revolution of the 1980s. Another issue is soil degradation due to declining fertilizeruse efficiency. While urea needs to be brought under the purview of the NBS policy, the recommendation of the Task Force for Direct Transfer of Subsidy under the chairmanship of Mr. Nandan Nilekani, for phased shifting to direct transfer of fertilizer subsidy to farmers, merits consideration on priority.

2) On domestic and international marketing, the plethora of government interventions that were used to build a marketing set up have actually served as barriers to trade. Removing market distortions will create greater competition in markets, promote efficiency and growth, and facilitate the creation of a national agriculture market. Thus, while the agricultural market is by itself not fully malleable to becoming a perfectly competitive structure, it can asymptotically approach it. Since agriculture provides the backward linkage to agrobased industries and services, it has to be viewed holistically as a seamless ***farm to fork value chain***, comprising farming, wholesaling, warehousing, logistics, processing, and retailing including exports. For establishing a national common market, some reforms are needed:

   i) Examine the APMC Act, EC Act, Land Tenancy Act, and any such legally created structures whose provisions are restrictive and create barriers to free trade.

   ii) Rigorously pursue alternate marketing initiatives, like direct marketing and contract farming.

   iii) Examine inclusion of agriculture related taxes under the General Goods and Services Tax (GST).

   iv) Establish stable trade policy based on tariff interventions instead of nontariff trade barriers.

   v) Develop and initiate competition in the agroprocessing sector. Incentivize the private sector to scale up investments.

3) Strengthening the agriculture sector is crucial for poverty alleviation, ensuring food security, increasing employment opportunities, and enhancing rural incomes. Further, with 10.4 per cent of total households in rural areas being headed by a woman (Census 2011), it is essential to formulate policies, and package technologies and services keeping in view the productive role played by women in all facets of the agriculture sector. Experience from BRICS (Brazil, Russia, India, China, and South Africa) countries indicates that a 1% growth in agriculture is at least two to three times more effective in reducing poverty than the same growth emanating from nonagriculture sectors.

4) Currently, India is in an anomalous situation of being largely selfsufficient with large stocks of foodgrains on the one hand and registering high food inflation on the other, which is largely due to the government becoming the single largest buyer. In this scenario of bumper production and stocks, a paradigm shift in the role of the government in all aspects of foodgrains production and distribution is necessary.

5) On a positive note, there is be no cause for alarm on the El Niño front as India is well placed on foodgrains availability, with record domestic production and huge stocks in the central pool. The Food and Agriculture Organization (FAO) in its 'Cereal Supply and Demand Brief' of June 2014, has also forecast a comfortable global scenario for 2014-15 with high stockstouse ratios of cereals and stable prices.

Right now there is no cause for alarm on the El Niño impact on Indian agriculture as India is well placed on foodgrains availability, with record domestic production (264.4 million tones foodgrains) and huge stocks lying in the central pool. However, to achieve the sustainable growth of 4% in agriculture and bring technology driven second green revolution with focus on higher productivity, profitability, environmental safety, sustainable soil health and equity. The authors of this article advocate that Central Government must allocate 4% plan budget to agriculture and allied sector instead of 2.21% in coming union budgets.

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# CHANGING RURAL LANDSCAPE THROUGH RURAL DEVELOPMENT SCHEMES

Dr. Birendra Prasad Yadav

*The core issues of strengthening livelihood security and deepening of grassroots democracy require to be tackled more vogorously. The programmes/schemes to tackle the problem of poverty, hunger and employment should be structured in a manner that they are owned and managed by the communities themselves and which have sustainable impact on their lives and environment.*

Rural Development Schemes namely, Mahatma Gandhi National Rural Employment Guarantee Act (MGNREGA), Swarnjayanti Gram Swarojgar Yojana (SGSY)/ National Rural Livelihood Mission (NRLM), Indira Awaas Yojana (IAY), Pradhan Mantri Gram Sadak Yojana (PMGSY) and National Social Assistance Programme (NSAP) have made a profound impact on the lives of the people in rural India. With these programmes, the government is trying to bring about overall improvement in the quality of life of the people in rural areas through employment generation, reduction in poverty by enabling poor households to access gainful self-employment, ensuring minimum national standard for social assistance and provision of other basic amenities.

These programmes have also contributed immensely towards the realisation of some of the most important Millennium Development Goals adopted by the UN General Assembly in the Year 2000. Though we have made long strides in realising these Goals, still we have a long way to go in completely eradicating absolute poverty, hunger, gender inequality and ensuring environmental sustainability. Therefore, a renewed and reinforced effort is required in this direction.

## Eradicating Extreme Poverty, Hunger and unemployment

With the main objective of improving livelihood security for the poor rural households, Mahatma Gandhi National Rural Employment Guarantee Act (Mahatma Gandhi NREGA) was promulgated in September 2005. With the promulgation of this Act, we ushered an era of rights based approach towards fighting

extreme poverty and hunger. The Act guarantees 100 days of employment in a year to any rural household whose adult members are willing to do unskilled manual work. The Mahatma Gandhi NREGA, by providing a legal guarantee to work, made a paradigm shift from all the earlier wage employment programs as it is an Act and not just a scheme.

People centric, demand driven and the rights based approach of this programme has made it the largest employment programme implemented ever. Its impact on the rural society is unprecedented. The programme has continuously evolved since its inception and the government is relentlessly working on making it one of the most important tools in the hands of rural community for its self sustaining development. The programme now covers almost every source of rural livelihood in every agro-climatic zone, from poultry to fishery and from watershed development to sanitation works. Such efforts towards strengthening of livelihood security and deepening of grassroots democracy need reinforcement from the state governments also. The core issues of strengthening livelihood security and deepening of grassroots democracy require to be tackled more vogorously. The programmes/schemes to tackle the problem of poverty, hunger and employment should be structured in a manner that they are owned and managed by the communities themselves and which have sustainable impact on their lives and environment.

## Developing skill and providing decent works

The Government of India has set a target of skilling 500 million people by 2022. As the proportion of working age group of 15-59 years is increasing steadily, large scale skill development has become an imminent imperative to reap the benefit of "demographic dividend. This step in turn would provide an opportunity to achieve inclusion and increased productivity within the country and also a reduction in the skill shortages. To provide skills to a large population, in order to make them employable and get "decent work"; is a major challenge before the government. Aiming at reducing poverty by enabling poor households to access gainful self-employment and skilled wage employment opportunities, National Rural Livelihoods Mission (NRLM) is making great strides in this direction. Under Placement Linked Skill Development, the Government is providing placement linked skill development training to rural BPL youth as per the demand for jobs in various sectors of the economy such as textiles, organized retail, construction, IT and hardware industry.

The issue of skill development and provision of decent works needs to be tackled on priority basis, as institutional capacity for skill development in the country falls short of its requirement. This would help in removing labour market imperfections also. This would help in realizing the 'Demographic Dividend' properly on the one hand and provide decent works to its unemployed working age population on the other.

> The Government of India has set a target of skilling 500 million people by 2022.

## Achieving Gender Equality and Women's Empowerment

The fact that the women's labor force participation rate over the last two decades has stagnated globally, dropping from 57 to 55 percent, necessitates strong measures from the government. Almost half of women's productive potential remains unutilized globally as compared to 22 percent of men's. Closing this gender gap could yield enormous dividends for the development. MGNREGA has contributed immensely towards empowerment of women through the processes of rights-based legislation. Initiatives taken under MGNREGA to open individual bank/post office accounts for all women workers, identify and provide Job Cards to widowed, deserted and destitute women, conduct time and motion studies regarding accurate capturing of work done by women at worksites, provide worksite facilities for women etc., need to be replicated in other poverty alleviation, employment generation and development programmes. Similarly, National Rural Livelihood Mission (NRLM) seeks to empower women by mobilizing at least one woman member from each rural poor household in the country into Self Help Group (SHG) network in a phased manner. *Mahila Kisan Sashaktikaran Pariyojana* (MKSP), a sub component of NRLM, provides for organization of women farmers from poor households into producer groups and supports them through the provision of training, credit, technology and marketing support. Aajeevika Skills under NRLM on the other hand seeks to provide training and placement to the rural youth in which it is mandatory to have 33% women candidate.

Asymmetric socio- economic development of men and women makes it imperative to have the mechanism of 'Gender Budgeting' in the programmes/schemes of the Government. Rural development programmes have taken lead in this regard. However, to ensure increasing resources for the women to attain gender equality would remain one of the formidable challenges, especially in resource poor states. The government therefore, must support the initiatives, especially of those state governments which rank very low in Gender Equality Index and have lack of resources.

## Improving Rural Connectivity

The poor benefit substantially from rural roads through access to state services in areas such as health, education, agricultural extension etc. Improved rural roads create the conditions of better access for people to these services, and of the services to the villages. Such improvements reduce the perception of isolation and remoteness among the poor. Rural roads are particularly important for economic development of rural areas. Through rural roads household income - both farm and non-farm income, can be increased through increased agricultural productivity, lowered transportation costs, increased access to advanced technology, capital and labor outside the local areas.

Pradhan Mantri Gram Sadak Yojana (PMGSY) provides for all-weather road connectivity to all the eligible unconnected habitations, existing in the Core network, in rural areas of the country. It also has the provision for upgradation of the existing rural roads which have become unusable. Despite the commendable progress made by PMGSY, providing rural road connectivity to all the unconnected rural habitations still remains a formidable challenge before us. Besides, challenges related to maintenance of rural roads to increase its durability, lack of adequate technical capacity, leveraging rural road connectivity through the provision of public transportation etc. also need to be tackled to ensure maximum positive impact of the rural road connectivity programme. The government must therefore substantiate the efforts being made by it towards bridging the connectivity gaps between rural and urban areas. This holds key to the success of all other initiatives to attain the developmental goals. Besides rural road connectivity, other social and economic infrastructures in rural areas also need substantial improvement.

## Improving Ecosystem and biodiversity

The works undertaken under Mahatma Gandhi National Rural Employment Guarantee Scheme (MGNREGS) largely focuses on land and water resources. These include water harvesting and soil conservation and protection, provision of irrigation and its improvement, rejuvenation of traditional water bodies, land development and drought proofing. These MGNREGS works have the potential to generate environmental benefits in a substantial manner through ground water recharge, soil, water and biodiversity conservation, sustaining food production, halting land degradation and building resilience to current climate risks such as moisture stress, delayed rainfall, droughts and floods. Research studies conducted to evaluate the impact of Mahatma Gandhi NREGS have established that this programme has helped in water and soil conservation, increased cultivable land by enriching waste lands and has led to improved agricultural productivity. Studies show that Mahatma Gandhi NREGS is generating multiple environmental and socio-economic benefits leading to improved water availability and soil fertility resulting in increased crop production. The role of Rural Development programmes in this regard must therefore be recognized.

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# INCLUSIVE DEMOCRACY IN INDIA-STILL A LONG JOURNEY AHEAD

**Dr. T. Sadashivam**

*Inclusive Democracy In India: Still A Long Journey Ahead*

The dream of achieving Inclusive Democracy in our society is still a distant one. In the last one and half decades, we are very much proud about the fact that our economy is one of the fastest growing economy in the world. Slowly, moving from being a predominantly agrarian economy to industries and service sector, which playing an important role in our economy. The Hindu rate of growth of (2 to 3%) for more than four decades has been story now, and today it is all about shining India, with its growing middle class which has seen as huge market by domestic and international companies.

But there is also a fact that the economic growth have not trickled to the most disadvantaged people, who are living in both rural and urban areas. According to the National Sample Survey Office (NSSO) data based on the 66th consumption expenditure survey shows that the pace of reduction in poverty has been the slowest in the bottom (15%) of the population. Also, in rural areas the ratio of per capita income between the top (15%) and bottom (15%) of the population has risen from 3.9 in 2004-05 to 5.8 in 2009-10. Same way in urban areas, ratio has gone up from 6.4 to 7.8.[1]

But on contrary, the percentage of population Below Poverty Line (BPL) in the country has declin from (45.3%) in 1993-94 to (37.2%) in 2004-05 and (29.8%) in 2009-10. In rural areas, the decline in poverty ratio is from (50.1%) in 1993-94 to (41.8%) in 2004-05 and (33.8%) in 2009-10, that is decline of 16.3 percentage points from 1993-94 to 2009-10. For urban areas, the decline in poverty ratio is from (31.8%) in 1993-94 to (25.7%) in 2004-05 and (20.9%) in 2009-10, that is decline of 10.9 percentage points only from 1993-94 to 2009-10. Thus, the decline in poverty ratio is more in rural areas than in urban areas, which is also a cause of concern. As the urban population is increasing and today it is near about (31.16%) of our population according to 2011 census, and it projected that by 2050 two third of the India's population will be called urban population and the poverty issue will be the main issue as more people

will be migrating to urban areas for various reasons. However, overall we should not be very happy by seeing this data related to decline in poverty line, as still many people who are poor earlier, in present time also caught in poverty trap.

One thing have to be remember that the poverty data which has been discussed for 2009-10 is based on Tendulkar Committee Methodology which come under criticism for lowered the poverty line too low at Rupees 28 a day for urban areas and Rupees 22 a day for rural areas. In simple words, it says a person who got Rupees 28 in urban areas and 22 in rural areas to spend daily is not a poor, so she is above poverty line. Also per capita income per month for urban areas is Rupees 860 and in rural areas it is Rupees 673 fixed. By following Tendulkars methodology, many poor people living in different states will be automatically out of BPL category, that is the reason why many people have voice their opposition against it and a panel formed under the Chairmanship of C. Rangarajan which has been asked to review the poverty line, still its recommendation is pending. Also, so far socio-economic and caste census are not completed.

According to the recent 68th round survey of the NSSO on household consumer expenditure in 2011-12, the most poor in the country living in rural areas survive on Rupees 17 per day and in urban areas it is Rupees 23 per day. The survey also pointed out that the top (5%) of the population has a monthly per capita expenditure of Rupees 4,481 in rural areas and Rupees 10,282 in urban areas. On the other hand, the bottom (5%) of the population has a monthly per capita expenditure of Rupees 521.44 in rural areas and Rupees 700.50 in urban areas. The above mention data shows that there exist wide differences not only between rural and urban areas, regarding the top (5%) and bottom (5%) of the population, but also within rural and urban areas. More importantly, the differences between rural and urban areas of the bottom (5%) of the population is not much, compare with that of top (5%) of the population of rural and urban areas, which is huge. Overall, the average all-India monthly per capita expenditure for rural areas is Rupees 1,430 and Rupees 2630 for urban areas.

It is very unfortunate that on one side poor people are struggling hard to run their daily life, but on the other hand according to World Wealth Report 2013, India clocked (22.2%) growth which is second highest after Hong Kong in its population of High Net worth Individuals (HNIs) or those with $1 million or more in investible assets in the year 2012. The investible wealth means which exclude the value of personal assets and property like primary residences, collectibles, consumables, and consumer durables.[3] Thus, no doubt poverty rate has decline but not the way as the above data's shows, as still many of the poor people are not impacted by the economic growth of the country, which marked by uneven development for the people and the regions.

## Social Challenge

The one segment of the society, which is suffering the most and in past more than one decade many of them laid down their life is Indian farmers. The issue of farmer's suicide is a disturbing phenomenon in our society, because still majority of our population especially in rural areas depends upon agriculture for their livelihood. The main reason for farmer's suicide is their indebtedness because of rising input cost and is not getting remunerative prices for their produce. The (table no.1) has clearly showing that the total of 2,54,669 farmers have committed suicide during the period 1995-2010 in the country. Out of which 2, 14,689 are male and 39,980 are female farmers.

**Table No.-1: Farmers Suicide State-Wise from 1995-2010**

| States | Male | Female | Total |
|---|---|---|---|
| Andhra Pradesh | 25462 | 5658 | 31120 |
| Arunachal Pradesh | 158 | 30 | 188 |
| Assam | 3302 | 264 | 3566 |
| Bihar | 1058 | 177 | 1235 |
| Chhattisgarh | 11686 | 2654 | 14340 |
| Goa | 163 | 7 | 170 |
| Gujarat | 7340 | 1443 | 8783 |
| Haryana | 2639 | 181 | 2820 |
| Himachal Pradesh | 560 | 71 | 631 |
| Jammu & Kashmir | 159 | 28 | 187 |
| Jharkhand | 791 | 47 | 838 |
| Karnataka | 28739 | 6314 | 35053 |
| Kerala | 17617 | 1290 | 18907 |
| Madhya Pradesh | 21038 | 5684 | 26722 |
| Maharashtra | 44837 | 5644 | 50481 |
| Manipur | 15 | 5 | 20 |
| Meghalaya | 115 | 19 | 134 |
| Mizoram | 52 | 5 | 57 |
| Nagaland | 20 | 3 | 23 |
| Odisha | 3856 | 604 | 4460 |
| Punjab | 1248 | 15 | 1263 |
| Rajasthan | 8063 | 1202 | 9265 |
| Sikkim | 289 | 88 | 377 |

| | | | |
|---|---|---|---|
| Tamil Nadu | 11252 | 2623 | 13875 |
| Tripura | 731 | 404 | 1135 |
| Uttar Pradesh | 7777 | 1593 | 9370 |
| Uttarakhand | 252 | 66 | 318 |
| West Bengal | 15470 | 3861 | 19331 |
| **Total (States)** | **214689** | **39980** | **254669** |

Source from-Indian Agrarian Crisis-agrarian crisis.in/2012/02/29/farmers-suicdes-data-from-1995-2010-state-wise-gender-deseggregated, accessed on 15th January 2013.

The farmer's suicide under the male category, the top five states are Maharashtra with (44,837) farmer's suicide; Karnataka (28,739); Andhra Pradesh (25,462); Madhya Pradesh (21,038); and West Bengal (15,470). Interestingly, the four southern states (Karnataka, Andhra Pradesh, Kerala and Tamil Nadu) accounts for (83,070) farmer's suicide in the country. In female category, Karnataka state leads the table with (6314) farmer's suicide, the state of Madhya Pradesh comes second with (5684); Andhra Pradesh third with (5658); Maharashtra fourth with (5644) and West Bengal fifth with (3861) farmer's suicide. If we combine together both (male and female) farmer's suicide in the country, the state of Maharashtra will be at the top with (50,481) farmer's suicide; followed by Karnataka (35,053); Andhra Pradesh (31,120); Madhya Pradesh (26,722) and West Bengal (19,331).

## Political Challenge

The women in India who constitutes nearly half of our population are still deprived of economic, social, political rights in many spheres. Especially, in the field of political sphere they are inadequately represented, because of gender-based structural inequalities. In the constitution of India, Article 325 and 326 guarantees political equality-equal right to participation in political activities and right to vote respectively. While the right to vote has been exercised by them very well and it can be seen in the increase in percentage of voting by women (see table no.2), but it is not the case with participation and representation in law making (equal political participation), especially in Parliament and State Legislatures which is still a distant dream.[5]

Although, women participation at the grassroots level (Panchayati Raj Institutions (PRIs) and Urban Local Government) is quite satisfactory with participation increasing in decision making. The credit for this should goes to 73rd and 74th constitutional amendment act. Also, till now 15 states have brought in law (50%) reservation for women in all three tiers of the PRIs, because of which more than 3 million women are representing in the PRIs. But the question of bringing (33%) reservation for women in the Parliament is still hanging. Here, the question of reservation or representation of women in politics should be closely look at it, as some people supporting the reservation says, with reservation for women made it law then women can be represented very effectively and no political parties can ignore it. While other people who against the reservation says that instead of reservation for women, rather increase their representation by the political parties through giving them seats in the election and also the important position in the party voluntarily. However, nothing is happened in both fronts and ultimately women are the sufferers.

According to the United Nations Development Programme (UNDP) reports, 'Gender Equality in Elected Offices in Asia-Pacific: Six Actions to Expand Women Empowerment', India ranks 105th worldwide, with (11%) of women representing the lower house of the Parliament i.e. 60 women out of 545 members of lok sabha.

It is far below, if it is compare with countries like Nepal and Afghanistan from our region, which are having much better representation of women in their Parliament. The famous political scientist Professor Zoya Hasan pointed out that one of the major hurdles to gender equality is the attitude of political parties, which is responsible for the under-representation of women in legislatures in particular and decision-making in general.

To conclude, the vision of inclusive democracy in our country should be not only, just participation in elections through voting by the people. But is should be inclusiveness in economic, social and political sphere for all the sections of the society, with particular focus on the disadvantaged and marginalized groups. The basic needs of the people like food, shelter, healthcare, education facilities should be provided to the people, as still many are deprived from it. Thus, without inclusion taking place in above mentioned three spheres, inclusive democracy will not be possible in true sense.

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# 'GRAM SABHA' VERSUS 'NO GRAM SABHA'

Krishnaveer Abhishek Challa

*Gram sabha advocates not just the problems of the people but of the village as a whole, sustaining and rather fighting for the rights of the village, transforming it into a self sustaining embodiment of the nation. The power of gram sabha is infinite, for it can develop a village unpredictably but under the prerequisite of good governance. But surely a bad gram sabha is better than no gram sabha at all.*

Located in Sabarkantha district in the state of Gujarat, India, the village Punsari has remarkably developed under the Panchayati raj system strengthened by the numerous gram sabhas which have been timely held in the village. The village received many honours and awards for its distinguished Gram Panchayat. The gram sabhas organised in the village witnessed many essential issues such as development of educational system, empowerment of women, security in the village, mineral water supply, health care centre, banking facilities etc. According to the 2001 census of India, the population of Punsari was 4681, which increased to 5500 in 2001 and thereafter to 6000 in 2012. The drastic increase in population from 2011 to 2012 indicates the development of health care systems stipulated in the village.

A 65KV substation supplies power to the village, while the Sarpanch aims at getting Wi-Fi connected to the entire village. The village has five primary schools, with CCTV cameras installed in all the five schools for parents to scrutinize their wards' performance and also to keep a watch on the teachers' interaction with the students. All the schools recorded zero-dropout in Punsari. Apart from schools, 25 CCTV cameras are placed at the prime junctions of the village in order to minimize crimes. There is an efficient

transportation system in the village strengthened by the use of mini-buses, there is also a bus facility named Atal Express especially for women which was recently started by the panchayat. 120 water proof speakers were installed for communication purposes, which are used by the Sarpanch to inform about the new schemes and to alert the people if any disaster strikes. The panchayat has also enrooted a reverse osmosis plant in 2010 to ensure the supply of clean drinking water to the villagers. Embedded with an underground drainage system, the village has proper sanitation facilities complimented by the gutter project which was recently introduced in the village.

On the other hand, Rajupakalu, a suburb of Visakhapatnam, located at about 439 Kms east of AP's capital city of Hyderabad, is a village entitled with extraordinary natural heritage. The coffee plantations compliment the scenic beauty of the village. It has a virgin eco-system that can be transformed into a tourism spot. But the village rarely conducts gram sabhas that can coordinate its development. Neither has it had proper sanitation facilities nor efficient educational system. The children who wish to study have to migrate to the city even for pursuing their primary education. The power supply to the village is never constant and is limited to a finite duration of time, generally three hours a day and sometimes even that supply is not there due to the frequent power cuts or due to bad weather. There are no health care facilities in the village nor do proper communication systems that can atleast coordinate at the emergency situations.

Most of the tribes residing in the village never even had a voter card or any other proof of their identity. They were neither accomplished with the system of panchayati raj nor could ever realise that their informal meetings could lead to the development of their village. There are no proper employment opportunities in the village except for working as the plantation workers, and even this job fetches very low wages with an added burden of uncertainty. The construction of the houses is very feeble which cannot withstand the frequent storms that hit the village. Only a few buses lead to the village and that to there is no bus stop in the village, it is that the village passes by in the way to other places. There are only two hand pumps common to the entire village, which is the only means for water supply with the added restriction of limited supply.

So what is the difference that brought up such two contradicting scenarios? It is definitely the organisation of gram sabhas that statures the development of a village. In the second scenario, the village had a wide scope of advancement in the field of tourism that could have stabilized its socio-economic status but there was no awareness amongst the tribes, and even if that thought cropped up, there were no gram sabhas to concrete that idea nor was there a proper panchayati system to coordinate and represent the problems of the tribes.

While in the first scenario, the people are acquainted with their representatives such as the SarPanch who coordinates and creates awareness amongst the people about gram sabhas as a means to put forth the problems faced by the villagers, thereby the village has frequent formal meetings where the people have equal opportunities to present their view point. Henceforth, the village is extraordinarily developed defeating many towns and cities in the facilities it provides to its people.

## Importance of Gram Sabha:

Gram Sabha addresses the problems of the people from the level where they erupt. They are essential because they strengthen the identity and respect of every individual. Decisions, policies, laws governing a village have to be scanned by the gram sabhas as it is the villagers who know their village better than any representative body. For example as in the case of Rajupakalu, even though there are no health care centres, the villagers employ their traditional auyurvedic customs to treat their ailments and for that they bring out medicinal plants from the dense ecosystem in their village.

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# PERFORMANCE OF PANCHAYAT RAJ SYSTEM– *MYTHS AND REALITIES*

Dr. M. Venkat Reddy

It is an irony to say that even after 67 years of Independence we are not able to resolve social issues affecting the development of individuals and the society at large. The increasing level of social conflicts based on religion, caste and politics has further threatened the integrity of the Nation as a whole eroding the social fabric of the community. The socialistic pattern of governance has given prominence to the State, the legislature, the political elite and the bureaucracy. This has resulted in declining level of meaningful participation of the common man in the process of development.

The Community Development experiment initiated in the early 60s did not yield substantial results because government's participation was far more than people's participation. The Balwantray Mehta Committee pointed out poignantly that absence of people's initiatives, interests and participation in the community development programmes contributed to widening the gap between people and the government. In order to alleviate this gap and increase people's participation the Committee recommended setting up of self-government institutions. Based on the recommendations, Panchayati Raj came into existence. Panchayats were designed to provide institutional base for the people's participation. Rajasthan was the first State to adopt the Panchayati Raj system in 1959, other States soon followed suit. This move was soon throttled due to various micro and macro factors ranging from non-elections, suspension of local governments, misuse of authority and power, lack of adequate representation of minorities. Women were regarded only as recipients of welfare rather than contributors to development and so on. This manifested nonfunctional and ineffective PRIs which were directly under the control of the State. This, resulted in defeating the very essence of Panchayati Raj.

Development and patterns of development ware carved entirely by government guidelines enveloped by rules, regulations and redtape.

Development programmes' were conceived by those who were least affected or connected with the local problems. The bureaucrats involved had no visualization about the root causes of social issues, hence effective strategies could never be evolved. Wherever some attempts were made they were half-heartedly supported by the administrative machinery and political elite. Various developmental programmes implemented at the black level suffered setbacks because both the officials and non-officials lacked the expertise and competence to plan and manage activities. It was seen that the top bureaucrats ran the government to administer the country and the village level functionaries operated this development machinery of our system.

## Issues and Challenges

One need not be unduly overwhelmed with the provision of the 73rd Amendment because it is easier said than done. In order to translate the map date of the 73rd Amendment there is a major impediment in the system which need to be looked into. It is anticipated that discords are likely to arise between four important subsystems of the Panchayati Raj, namely the local level politician, the senior level politician, the vested interest groups and the bureaucrats. The common basis for this discord is redistribution of powers.

> Most of the States and Union Territories have not held elections to the PRIs. In some States and Union Territories PRIs have been constituted only partly.

## Power Sharing or Shredding

For the first time, power is going to be shared between the State and Panchayati Raj institutions. A large number of MLAs, ministers, and bureaucrats have felt threatened because of losing power in the process of delegation of powers to the Panchayati Raj bodies. This' is natural because sharing of power is a frightful experience. Only time will tell what sort of frictions, ambiguities, and confrontation will be generated in implementing the provisions of the Panchayati Raj Act. It has been seen that the higher political elite has become vindictive towards the lower political figures in view of their inexperience, lack of understanding and other failings. They would immediately jump to conclusion and would be only too happy to malign the functioning of the Panchayati Raj. Further, the local level politicians will now no longer be at local levels, but are likely to move high up in their political careers which will be a direct threat to the MLAs and MPs. Hence the confrontation between the local politicians and the decentralization process.

## Local Politician vs Bureaucrats

The issues arising out of the interface between the politicians and bureaucrats also need to be anticipated. The 73rd Amendment has resulted in reduction of power and authority enjoyed by the bureaucracy in the past. There is wide differences in the background vision, understanding, sensitivity, approach, between the local leaders and bureaucrats. Similarly, the non-officials with their newly found power might tend to become despotic to fulfill their personal greed and ambitions. Women, hitherto who were powerless are now empowered. There is a possibility that the empowered women will take some time to get accustomed to their new status and vital role, during which time men and other bureaucrats are likely to ignore or misuse their power.

## Governmental Indifference

It is important to note that PRIs have become part of our Constitution and all the States covered by the new Act have enacted the necessary legislation. It is almost two years since the Act has come into force. This callous attitude towards the entire restructuring shows that the exercise has become a farce. Even wherever it is implemented one finds that the scene has not changed much and most of it is attributed to the human factor involved. A lot of communication gaps, lack of clarity regarding responsibilities, expectations have contributed to its slow pace. The dependency attitude nurtured so far by the government has created an inertia amongst the people which hampers proper participation.

## Interest Groups vs Local Leadership

There is also a possibility of confrontation between vested interest groups and local level institutions. These interest groups, viz; the business community, contractors, self-appointed social workers, religious organisations, etc are likely to work at cross purposes. At times elected representatives will be scapegoats in these vicious circles. Inner rings will be formed for personal wheeling – dealings, ignoring the interests of the community at large.

The establishment of Panchayati Raj structure, having a three-tier system, was thus the beginning of a phase of 'democratic decentralisation' in the late fifties. The initial enthusiasm of setting up the Panchayati Raj system in different States could not be sustained for long due to a variety of reasons. Most of the State governments had not been serious in maintaining these institutions and providing them continuity and durability. In general, these institutions were denied resources, responsibilities and powers, and elections to these bodies were not held for years under spine pretext or the other. Constitutional status to these bodies was, therefore, considered as the only way to sustain the decentralization process in totality. The expectation was that mandatory set-up of Panchayati Raj institutions (PRIs), holding of periodic elections, provision of reservation for the weaker sections including women, and appropriate financial back-up will not only strengthen these institutions but also consolidate decentralization at local levels.

## Non-functioning of Grani Sabha and Non-availability of Reserved Categories

While Gram Sabhas have been revived, reports indicate that they have not been functioning and the status quo of their moribund state persists. This is perhaps because it is difficult to have all villagers gathered at a meeting at any particular point of time though it is not very difficult provided prior planning is done. Reservation of seats for Scheduled Castes, Scheduled Tribes and women has been a welcome step but not many of these categories of persons are available in most of the Panchayat institutions. Many institutions do not have women members according to the quota due to their having remained in splendid isolation for decades together.

The recent enactment of the 73rd amendment to the Constitution of India, with its focus on promoting village-level democracy, is an important landmark in the development of Panchayati Raj Institutions (PRIs). The provision of holding elections every five years to the panchayats governing India's half a million villages, and with the reservation of one-third of the seats for women and for the scheduled castes and tribes in proportion to their population in each panchayat, is a significant step taken for the empowerment of the underprivileged in Indian society.

Apart from the 5,000-odd legislators elected to parliament and the stale assemblies, there will now be several hundred thousand elected under the new scheme. By reducing the distance between the ruler and the ruled, the new legislation should lead to the formulation of plans and programmes that are more relevant to the lives of the inhabitants of each area.

> Apart from the 5,000-odd legislators elected to parliament and the stale assemblies, there will now be several hundred thousand elected under the new scheme.

## Conclusion

The task before the country to put back Panchayat Raj on the track is a Herculean one. The 73rd Amendment has brought about a structural change. To make this functional there is a need to strengthen various aspects of PRIs. To a large extent this will depend upon whether we are able to provide the human resources for the purpose. More rules, regulations, procedures would not facilitate empowerment of the people. A healthy respect for the process of decentralization amongst the political leaders and bureaucrats is essential.

The present scenario is highly complex. The future does not hold any great promise. Various social, cultural and political impediments are in the way. These have a bearing on the performance of the Panchayat Raj. Only the depth of commitment and conviction will determine whether or not Panchayat Raj can become an effective instrument of governance in future.

On papers, their successful implementation has been claimed by a number of the states of Indian Union, but the reality is that these local bodies remained the executive branches at the hands of bureaucracy, because these institutions generally used to be presided over (and also dominated by an IAS officer equivalent to the District Collector in rank). Most of these bodies have either been conveniently dissolved or superseded by the party in power for political interests. Years together, their elections had been putoff by the State Governments. Since there was no constitutional binding on the State Government to hold regular elections of these local self-bodies. These grass roots institutions were in a moribund state. Not surprisingly, the panchayat bodies failed to generate a local political initiative for decentralized development and welfare of poor masses as a whole. Local politicians, who had dreamt of being Zilla Pramukhs, often acted or behaved as 'mini Chief Ministers' in their own areas. They found that their roles were largely ceremonial, because most of the State Governments have retained with themselves the critical power of the purse and control over higher level bureaucracy. Therefore, the panchayat system largely depended on grants from the State Government. The bulk of such grants is still tied to specific programmes which are planned and supervised by the state secretariat itself. The Chief Executive Officer of these bodies does not act in the manner that the Chief Secretary does to the Chief Minister. Other functionaries in various departments, such as agriculture, education and health are stiff under the administrative control of the Chief Executive Officer and the elected members of the grass roots democracy have nothing to do with them. Other developmental programmes relating to the welfare of small farmers or of tribal people are entirely outside the purview of the local bodies and these are implemented directly by the State Government. Instead of generating a local political initiative, the practice of patronized local politicians have been strengthened.

In short, the PR system has hitherto failed to realize the dreams of its architects. After 1970, its impact on record was a low profile. The Ashok Mehta Committee has rightly expressed its grave regret that "the activities of these bodies were meagre, their resource-base weak and the overall attention given to them niggardly". Truly, the panchayati raj stood at the crossroad till the passage of the 73rd Amendment Act in 1993. The system which was heralded in 1959 with great enthusiasm and fanfare appears to have become a 'neglected child' of the State Government with the passage of time. Therefore, the panchayati raj administration is generally characterized by delay, excess formalism, paper work and concentration of authority, for which the role of local coalition politics and its nexus with the bureaucracy should be blamed. In this context, therefore, needed for administrating rural development is, in addition to professional competence, a firm commitment to achieve the objectives of the new Act at the grass roots level is needed. Paradoxically, in a country with a large mass of educated unemployed, professional competence has to be well acknowledged, because it has been recorded that within the official structure, tire incompetent or those unable to manipulate the levels of power tend to get relegated to manning panchayats. Attempt to foster right attitude, along with administrative competence and political exercise, should be the answer of the difficulties facing the panchayats.

The success of the new phase of decentralisation will, therefore, depend much' on the commitment which is likely to be displayed by all concerned, namely political leadership, bureaucracy and the people themselves. For, unlike in the case of Parliament and the State Legislatures, in the case of Panchayati Raj institutions the functions that have to be exercised by those elected are immediately related to the interests and concerns of the people who voted them to power. It is the 'performance' factor which works because of close proximity between the decision-makers and the beneficiaries.

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# THE THREE-TIER SYSTEM OF GOVERNANCE IN RURAL INDIA

Lakhimi Dutta

*The Panchayati Raj is a South Asian Political system mainly in India, Pakistan, Bangladesh and Nepal. The word "panchayat" literally means "assembly" of five wise and respected elders chosen and accepted by the local community.*

Panchayati Raj is a system of governance in which gram panchayat are the basic units of administration. Mahatma Gandhi advocated panchayati Raj, a decentralized form of government. It is the oldest system of local government in the Indian sub continent. This system was adopted by state governments during the 1950s and 60s as laws were passed to the establish panchayats in various states. It also found backing in Indian constitution with the 73rd Amendment in 1992 to accommodate the idea. In the history of Panchayati Raj in India, on 24th April, 1993, the constitutional (73rd Amendment) Act 1992 came into force to provide constitutional status to the Panchayati Raj institutions. Currently, the Panchayati Raj system exits in all the states except Nagaland, Meghalaya and Mizoram and it all Union Territories except Delhi.

## The Three-Tier System of Panchayati Raj in India :

The states of Goa, Jammu and Kashmir, Mizoram, Meghalaya, Nagaland and Sikim have two-tier panchayats- one at the village level and the second at the Zila or District level. In Jammu and Kashmir, block is the second level. In all other states Panchayati Raj is a three-tier system- village as first level, block or janapad as second level and zila or district as the third level.

## Village Level :

Village is the basic unit of Panchayati Raj Institutions. It is generally a revenue unit. The unit of local government here is called village panchayat. In the structure of the Panchayati Raj, the village panchayat is the lowest unit. The

panchayat chiefly consists of representatives elected by the people of the village.

Only the persons who are registered as voters and do not hold any office of profit under the government are eligible for election to the panchayat. The persons convicted by the court for criminal offences are disqualified from election of the panchayat.

There is also provision for co-option of two women and one member of the Scheduled Castes and Scheduled Tribes, if they do not get adequate representation in the normal course.

The panchayat as a body accountable to the general body of the village known as Gram Sabha which meets at last twice a year. The Gram Panchayat must present its budget, accounts of the previous year and annual administrative report before the Gram Sabha. Furthermore, it has to secure the latter's approval of the village production plan, proposals for taxation and development programmes before they are enforced by the panchayat.

Every panchayat elects a president or Sarpanch and a Vice-President or Up-Sarpanch. In some states, the Sarpanch is directly elected by the gram sabha either through the show of hands or through secret ballot while in other states the mode of election in indirect. The Sarpanch occupies a pivotal position in gram panchayat system. He supervises and coordinates the various activities of the panchayat. The panchayat secretary and the village level worker are the two officers at the panchayat level to assist the Sarpanch in administration.

A gram panchayat fund has been created on the pattern of the consolidated fund of the state.

### Functions :

The panchayats have two types of functions:

1. Mandatory 2. Discretionary

1. **Mandatory Functions :** Sanitation, conservancy and drainage, prevention of public nuisances, drinking water, construction and maintenance of village roads, construction and repair of public buildings, registration of births and deaths, opening and maintenance of cremation and burial grounds, rural electrification, poverty alleviation programme, preparation of annual budget and development plans, construction and maintenance of cattle sheds, ponds etc. social farm forestry, fuel and fodder, slaughter houses, public parks and playgrounds, agriculture, poultry and fisheries etc.
2. **Discretionary Functions:** Agriculture, animal husbandry and dairy development, minor irrigation, small scale industries, housing, electricity and non-conventional energy, rural development programmes, education cultural affairs and heritage, public health etc.

In additional, the village panchayats may be assigned additional functions by the state governments and Zila Parishads.

### Sources of Revenue :

A gram panchayat fund has been created on the pattern of the consolidated fund of the state. All money received by the Gram Panchayat like contribution or grants made by the State Government, Union Government, Zila Parishad and all sums received by the panchayat in the form of taxes, rates, duties, fees, loans, fines and penalties, compensation, court decree, sale proceeds and income from panchayat property etc. go into that fund.

Village Panchayats have been empowered to levy taxes or fees on subjects like houses and buildings, professions, trades, callings and employments, fees on registration of vehicles, fairs and melas, sanitary arrangements, water tax, lighting tax, tax on sale of firewood, tax on slaughter houses, private fisheries, license fee on tea stalls, hotels or restaurants, carts, carriages, boats, rickshaws etc.

### Block Level :

Block or Union is the second or intermediate level of local self government in rural India. It has been named differently is different states. In Andhra Pradesh, it is known as Mandal Parsishad, in Assam, it is known as Anchalik Panchayat, in Bihar, Jharkhand, Haryana, Himachal Pradesh, Tripura, West Bengal, Maharashtra, Orissa, Punjab and Rajasthan it is known as Panchayat Samiti and so on.

Usually, a Panchayat Samiti consists of 20 to 60 villages depending on area and population. The average population under a Samiti is about 80,000, but the range is from 35,000 to 1,00,000. The Panchayat Samiti generally consists of the followings :

1. about twenty members elected by and from the Panches of all the Panchayats falling in the block area.
2. two women members and one member each from the Scheduled Castes and Scheduled Tribes to be co-opted.
3. two local persons possessing experience of public life and administration, which may be beneficial for the rural development.
4. representatives of the co-operatives working within the jurisdiction of the block.
5. one representative elected by and from the members of each small municipality lying within the geographical limits of a block.
6. the members of the State and Union legislatures representing the area are to be taken as associate members.

The President of the Panchayat Samiti is the Pradhan, who is elected by an electoral college consist of all members of the panchayat Samiti and all the Panchas of the Gram Panchayat falling within the areas. Besides the Pradhan, the Up-pradhan is also elected. The Pradhan convenes and presides over the Panchayat Samiti meetings. He guides the panchayats in making plans and carrying out production programmes. He ensures the implementation of the decision and resolutions of the Sammiti and its standing committees. He exercices administrative control over the Vikas Adhikari (BDO) and his staff. He is a member of the Zila Parishad by virtue of his office as a Pradhan. He is the ex-officio chairman of the standing committees of the Samiti.

As the Chief Executive Officer of the Panchayat Samiti, the Block Development Officer in entrusted with the responsibility for implementing the resolutions of the Samiti and its Standing Committees. He prepares the budget of the Samiti and places it before the Samiti for approval. Preparing the annual report of the Samiti and sending it to the Zila Parishad and State Government also comes within the purview of his responsibility. He is accountable to the president of the Samiti for his action.

### Functions :

The principal function of the Panchayat Samiti is to co-ordinate the activities of the various panchayats within its jurisdiction. The Panchayat Samiti supervises the work of the Panchayats and scrutinizes their budgets. It also reserves the right to suggest measures for improving the functioning of the Panchayats. The Samiti is charged with the responsibility of preparing and colon implementing plans for the development of agriculture, animal husbandry, fisheries, small scale and cottage industries, rural health etc.

### Sources of Revenue :

All State legislations provide for the creation of Panchayat/ Block Samiti Fund like the Consolidated Fund of the State. All money collected by the Samiti goes into that fund. These are grants given by the State Government or Union Government, donations received, income from properties owned by the Samiti, all taxes, fees, tolls etc. levied by the Samiti, any share of the land revenue or taxes levied by the State Government and assigned to the Samiti, part of the income of the Zila/ District Parishad assigned to the Samiti, all loans raised by the Samiti etc.

### District Level :

Except in the State of Jammu and Kashmir, the District / Zila Panchayat constitutes the apex body of the three-tier structure of the Panchayati Raj system. The Panchayat at the district level is called Zila Parishad in most of the States. But, in Goa, Karnataka, Madhya Pradesh, Sikkim and Uttar Pradesh it is called Zila Parishad and in Tamil Nadu, Kerala and Gujarat its name in District Panchayat.

Generally, the Zila Parishad consist of respresentatives of the Panchayat Samiti, all members of the State Legislative and the Parliament representing a part or whole of the district, all district level officers of the Medical, Public Health, Public Works, Engineering, Agriculture, Education and other development departments.

There is also a provision for special representation of women, members of Scheduled Castes and Scheduled Tribes provided they are not adequately represented in the normal course. The collector is also a member of the Zila Parishad.

The Chairman of the Zila Parishad is elected from among its members. There is a Chief Executive Officer in the Zila Parishad. He is deputed to the Zila Parishad by the State Government. There are subject-matter specialists or officers at the district level in all the states for various development programmes.

> The Zila Parishad, for the most part, performs co-ordinating and supervisory functions. It co-ordinates the activities of the Panchayat Samiti falling within its jurisdiction.

The term of each District Panchayat is five years unless dissolved earlier. In most of the States their meeting must be held at least once in three months. However, in Goa, Haryana and Karnataka their meetings must be called at least once in two months.

## Functions :

The Zila Parishad, for the most part, performs co-ordinating and supervisory functions. It co-ordinates the activities of the Panchayat Samiti falling within its jurisdiction. In certain states the Zila Parishad also approves the budgets of the Panchayat Samitis.

The Zila Parishad also renders necessary advice to the Government with regard to the implementation of the various development schemes. It is also responsible for the maintenance of primary and secondary schools, hospitals, dispensaries, minor irrigation works etc. It also promotes local industries and art.

## Sources of Revenue :

The legislations of all States provide for the certain of separate Zila Parishad / District Panchayat Fund which is like the consolidated Fund of the State. The source of income of the Zila Parishad / District Panchayat are :

i) Grants-in-aid given by the State Government and the Union Government (general or for any particular project)

ii) Donations and incomes like rent or lease or sale proceeds of the properties of the Parishad.

iii) Toll, fees or cess imposed on bridges, ferries, entertainment, fairs, haats etc.

iv) Share of the land revenue assigned to the parishad.

v) Several States like U.P., Punjab, Manipur, Maharashtra etc. have empowered them to levy taxes on any matter on which Panchayats at the lower levels are empowered to do.

vi) Loans raised by it against the security of its properties.

vii) Loans raised by it against the security of its properties.

viii) Contributions made by Panchayat Samitis or any other local authority.

## Conclusion :

After the passage of the 73rd Constitutional Amendment in 1992, the States were expected to decentralize their authority to the institutions of self-government at the local level. The purpose was to take democracy to the grass-root level so that the people should manage their own affairs at that level. Only the people themselves know what is best for them and what needs to be done. The idea was not only to entrust the people with the power of decision-making but also to give them the authority and capacity of governing themselves.

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# GEOGRAPHICAL INDICATIONS - A FORM OF IPR WITH TREMENDOUS POTENTIAL FOR INDIA

Dr. Raju Narayana Swamy

*GI is the IP of the poor man - the farmer, the fisherman, the artisan, the craftsman. It fosters social capital augmenting the human and natural capital embedded n the production process and acts as a signaling device that provides a platform to fetch them market recognition. In contrast to trademarks it helps in preservation of cultural identity along with safeguarding of commercial interests. GI also rationalizes the cost of promotion .*

Geographical Indications ( GIs) are a type of intellectual property right associated with place - based names. To be specific, they are distinctive signs or names identifying products typical to and located in a specified geographical area, where a given quality, reputation or other characteristics of the product are essentially attributable to that particular geographical origin. Florida Oranges, Swiss Watches, Roquefort and Champagne are typical examples. They provide consumers information about the origin and arouse expectations among them either based on the reputation acquired by the product on account of its cultural connection with the region or environmental conditions and natural factors ( soil, weather, temperature etc) or a combination of both. There may be other reasons too - method of manufacture, concentration of similar business in the same region, to name of few. For example, soil from a particular region might help produce a distinctive tasting onion and the highly controlled environment in the Silicon Valley (California) may provide the conducive situation for artificial production of silicon crystals. In other words GIs emphasize the relation between human efforts, culture, land resources and environment. The goods may be agricultural products, manufactured goods, handicrafts or even foodstuff. But the common thread that runs through them is the heritage of the community of producers in the geographical locality that bestows reputation and goodwill and makes their products share the same characteristics, entitling them to use distinctive signs for differentiating their products form competing goods in the market.

It needs to be emphasized here that GI is a collective public right. No single enterprise or group of enterprises owns it. It cannot be the subject of an assignment. In fact, all enterprises in the specified geographical area are entitled to use it and all others are prohibited from doing so. Thus a GI is like a trademark in that both are indicators of source and quality. But a GI is unlike a trademark in that a GI does not identify a single commercial source. However, GIs that have become generic are not deemed to mislead the public. An oft quoted example is Parmesan

cheese in US. No consumer relates it to its origin in Parma, Italy . Moreover the indication need not necessarily be a geographical name. Alphonso mangoes, Feni liquor and basmati rice are classic examples. Upon registration, GIs can have life to perpetuity through renewals from time to time.

"Geographical indication" includes both of the above concepts.

The following table gives a birds eye view of some of the registered GIs in India.

**Table I**

| Geographical Indications | Goods | State |
|---|---|---|
| Aranmula Kannadi | Handicraft | Kerala |
| Mysore Silk | Handicraft | Karnataka |
| Darjeeling Tea | Agricultural | West Bengal |
| Mysore Sandal Soap | Manufactured | Karnataka |
| Madhubhani Paintings | Handicraft | Bihar |
| Thanjavur Doll | Handicraft | Tamil Nadu |
| Tirupathi Laddu | Foodstuff | Andra Pradesh |
| Lucknow Chiken Craft | Handicraft | Uttar Pradesh |
| Kashmir Pashmina | Handicraft | J & K |
| Gir Kesar Mango | Agricultural | Gujarat |

Thus of the GIs that have been granted registration in India, there are

a. Handicraft goods: - Examples include Salem Fabric, Solapur Chaddar and Kancheepuram Silk.

b. Agricultural Goods :- Examples include Palakkadan Matta rice, Malabar pepper and Coorg green cardamom.

c. Manufactured goods: - Examples include Coimbatore West Grinder and Nashik Valley wine

d. Foodstuff :- Examples include Hyderabad Haleem and Dharwad Pedha.

As on February 2013, 193 products were registered under the GI Act. These include 128 handicrafts, 46 agricultural products, 3 food products and 16 manufactured ones. The state that ranks first in registration of GIs is Karnataka. Tamil Nadu ranks second in this respect.

Products of foreign origin have also been given GI registration in India. The first such application filed by a foreign country after the registry started receiving applications in September 2003 was the one filed by the Government of Peru seeking GI protection in India for its national liquor Pisco which derives its name from the Pisco Valley, 300km south of the capital Lima. GI recognition has also been granted to Champagne and Cognac of France, Napa Valley of USA, Scotch Whisky of UK and Prosciutto di Parma of Italy.

Needles to say, GIs offer tremendous potential for India, vis-a-vis protection of its traditional products given the diversity of the country - whether it be in terms of its natural resources, cultural heritage or climate. It is the poor man's IP-a powerful instrument to enrich the hands of weaker sections.

## Basmati

Basmati, the queen of fragrance, known for its aroma has been grown in the foothills of the Himalayas since time immemorial. Its taste is attributed to the soil in which it is cultured. But in 1997, an American company Rice Tec Inc was granted patent by the USPTO to the aromatic rice grown out side India as Basmati. In fact, the firm filed for registration of Texmati, Kasmati and Jasmati trademarks on rice varieties claimed to be imitations of the Basmati grown in India. The patent no doubt was a vitiation of the rule of prior art & involved infringement on the treasures of India. It is a violation of the TRIPS and amounts to biopiracy, trade mark deception and is a case of passing off trade. The specific attributes of Basmati are unique due to its geographical origin which has its clear space in TRIPS. Ultimately India won the case- the most important victory being the change of nomenclature from Basmati lines and grains to rice

> Basmati, the queen of fragrance, known for its aroma has been grown in the foothills of the Himalayas since time immemorial.

lines BAS 867, RT 1117 and RT 1121, But the most important effect of the case was that it provided the wakeup call to pass legislation protecting products specific to geographical regions.

## Tirupathi Laddu

The Tirumala Tirupathi Devasthanam (TTD) secured a GI protection for the prasadam offered to the devotees - perhaps the first time that an offering at a religious shrine was recognised as a GI. ( Tirumala gets Geographical Indication Certifcation, The HINDU, Sept 16, 2009). The pitfalls herein have been gone into in detail by Meghana Banerjee and Susanah Naushad ( Grant of Gerographical Indication Designation to Tirupati Laddu: Commercialization of Faith? January - March 2010)

“..... If a group of cooks in and around Tirupati skilled in the art of making laddus prepared these laddus and supplied them after proper quality checks for distribution among the pilgrims, then the GI registration would have been warranted because then an entire class of people would be benefitting from the use of the GI........ the whole purpose of registering a good as a GI is to ensure that economic benefits are uniformly distributed among all the producers of a geographic region whose products share similar characteristics and quality. It does not seek to protect the business interests of a single producer in a particular region. Therefore, apart from being per se violative of the provisions of the statute, granting GI to a wealthy spiritual institution like TTD goes against the very spirit of the GI Act.... the use of GI tag for creation of monopolies is simply unacceptable and may send wrong signals to the public that GIs are available for solo producers as well.......logically speaking the temple would have to share the use of the GI with all those Laddu makers who comply with the standards used in the temple to produce identical laddus. “

Needless to say, the Registry has set a bad precedent in this regard by granting an unsuitable and undeserving product the GI tag.

## GIs and Kerala

The following table is the list of GIs registered from Kerala.

**Table 2**

| | |
|---|---|
| Aranmula Kannadi | Handicraft |
| Alleppey Coir | Handicraft |
| Navara Rice | Agricultural |
| Palakkadan Matta Rice | Agricultural |
| Malabar Pepper | Agricultural |
| AlleppeyGreen Cardamom | Agricultural |
| Maddalam of Palakkad | Handicraft |
| Screw Pine Craft | Handicraft |
| Brass Bordered Coconut Shell Crafts | Handicraft |
| Pokkali Rice | Agricultural |
| Vazhakkulam Pineapple | Agricultural |
| Cannanore Home Furnishings | Handicraft |
| Balaramapuram Sarees and Fine Cotton Fabrics | Handicraft |
| Kasaragod Sarees | Handicraft |
| Kuthampully Sarees | Handicraft |
| Central Travancore Jaggery | Agricultural |
| Wayanad Jeerakasala Rice | Agricultural |
| Wayanad Gandhakasala Rice | Agricultural |
| Payyannnur Pavithra Ring | Handicraft |
| Chendamangalam Dhotis and Set Mundu | Handicraft |

Out of these, 9 are agricultural products, and 11 pertain to the handicraft sector. In fact, one of the earliest registered GIs - Aranmula Kannadi - was from Kerala.

## Conclusion

GI is the IP of the poor man - the farmer, the fisherman, the artisan, the craftsman. It fosters social capital augmenting the human and natural capital embedded n the production process and acts as a signaling device that provides a platform

In fact, one of the earliest registered GIs - Aranmula Kannadi - was from Kerala.

to fetch them market recognition. In contrast to trademarks it helps in preservation of cultural identity along with safeguarding of commercial interests. GI also rationalizes the cost of promotion. Unlike patents and copyrights, GIs are not created but only recognized. Thus investments are related only to enhancing reputation of an existing product.

India with its region specific native products, diverse geography, traditional knowledge and unique heritage qualifies as one of the fertile soils for GI protection. If used effectively, it can become a tool to make a frontal assault on the citadels of poverty and deprivation that our traditional artisans have been facing for generations. It can play a role in reducing vulnerability to poverty -the first of the Millenium Development Goals. This will be a befitting reply to the decades old neglect of the rural dimensions of the development discourse despite the intensity of problems that rural India represents. If used with ingenuity it has the potential to rejuvenate revitalize and reenergize the craftsmen, most of whom have a hand to mouth existence today.

This will have a threefold impact

a) the local indigenous knowledge is saved from extinction and in fact grows into a more polished form

b) the reduction in migration rate reduces the burden of urbanization

c) Tourism spurs in the region and its development is often ploughed back to support local community development.

The protection of GI products contributes to the wider objective of conserving the environment, biodiversity and sustainable agricultural practices

A regime seeking to protect GIs will also have to seek to bridge the asymmetry of information between the producer and his or her consumers thereby allowing him or her to invest to a maximum into improving the quality and indirectly the reputation of the goods ( Josling T-2006, The War on Terroir: Geographical Indications as a Transatlantic Trade Conflict, Journal of Agricultural Economic Vol 57, No3, 337-363) It must be guided by a four pronged strategy -

a) equity considerations: the custodians of geographically indicated products should received some price benefits if marketing of such products leads to commercial gain ( Changing Institutions to Protect Regional Heritage: A case for Geographical Indications in the Indian Agrifood Sector, Pradyot R. Jena, Ulrike Grote)

b) conservation concerns - the protection of GI products contributes to the wider objective of conserving the environment, biodiversity and sustainable agricultural practices ( Berard L. and P. Marchenay, 2008 , From Localized Products to Geographical Indications, Awareness and Action: Bourg-en-Bresse, CNRS Resources des terriors at http: //www. ethno-terroirs. cnrs. fr/textes/Localized - Products – tr- GI. pdf)

c) preservation of traditional practices and culture

d) avoiding biopiracy.

Experiences of GI products show that it can open access to export markets and boost foreign exchange earnings. But a word of caution is needed here. Unless the benefits trickle down to the real stakeholders, it may become a continuation of ‘ the extirpation, enslavement and entombment in mines of the aboriginal population, the looting of the East Indies and the turning of Africa into a warren for the hunting of black skins that was once supposed to signalize the rosy dawn of the era of capitalists production.” (Douglas Dowd, 2009,pp144-145 . Stated differently, GI should not become a tool for converting the traditional craftsman into the reserve army of labour available for the rapid reproduction of capital. For this Utopia to come true, what is needed is deeds, not words and political will to plan as well as administrative competence to execute.

*[Dr. Raju Narayana Swamy IAS, is (Secretary to Government of Kerala, Chairman KBPS & Homi Bhabha Fellow)]*

# BITTER TRUTH ABOUT SWEET AND JUICY FRUITS

Kirandeep Kaur, Purva Jaggi and Gagandeep Kaur

*Calcium carbide, popularly known as masala, is used extensively in mangoes, bananas, sapota and papayas etc. Being cheap (one kg of this chemical costs Rs 25-30, which can ripen 10 tonnes of fruit), it is indiscriminately used by the traders in preference to other recommended practices.*

*The use of calcium carbide has been prohibited for ripening of fruits under Rule 44-AA of the PFA Rules, 1955.*

Fruits are highly nutritious and form a key food commodity in the human consumption. Fruits are the nutrient rich means by which many plants disseminate seeds. Ripening is the process by which fruits attain their desirable flavour, quality, colour, palatable nature and other textural properties. Ripening is associated with change in composition i.e. conversion of starch to sugar. An increase in ethylene gas production usually accompanies fruit ripening. Increased ethylene leads to specific enzyme production, which softens the fruit by breaking down cell walls. On the basis of ripening behavior, fruits are classified as climacteric (such as papaya, guava, apple, bananas and mangoes etc.) and non-climacteric fruits (such as grapes, jamun, kinnow, lemons and other varieties of citrus fruit). The difference between the two owing to the use of ethylene gas to accelerate the ripening process, **climacteric fruit** are able to continue ripening after they have been picked. **Non-climacteric fruit** are those which ripen only on the plant and once harvested do not ripen further. These fruits produce very small amount of ethylene and do not respond to ethylene treatment.

**Need for artificial ripening:** The need of artificial fruit ripening with chemicals is often encountered when the fruit-sellers offer fruits to the consumers before due season. Fruit-sellers artificially ripen green fruits even during the due season to meet the high demand and make

high profit of seasonal fruits. They also ripen fruits artificially to deal with the transportation and distribution issues. The naturally ripened fruits can be damaged during harsh conditions of transportation. It is an economic loss for the fruit-sellers and therefore, to minimize the loss, fruit-sellers sometimes prefer collecting fruits before they are fully ripe, and artificially ripen fruits before selling to the consumers.

**Technologies for ripening of fruits:** Lack of easier, cheap and safe methods for uniform ripening poses a major problem in the fruit industry. Almost all methods of ripening, either traditional or the modern chemical methods, come with their own merits and demerits.

1. **Traditional method----Ripening with Calcium carbide:** Calcium carbide, popularly known as *masala,* is used extensively in mangoes, bananas, sapota and papayas etc. Being cheap (one kg of this chemical costs Rs 25-30, which can ripen 10 tonnes of fruit), it is indiscriminately used by the traders in preference to other recommended practices. Using calcium carbide is also a less cumbersome procedure. All that a trader has to do is wrap a small quantity of calcium carbide in a paper packet, and keep this packet near a pile of bananas, or a box of mangoes or other fruits. This box is kept in a closed space for one or two days. As chemical reaction takes place, because of moisture content in the fruit, heat and acetylene gas are produced, which hastens the ripening process. In case of bananas, the ripening starts within 24 to 48 hours, depending on the ambient temperature and when the fruits yield to slight finger pressure, they are kept under ice slabs for lowering temperature and the colour develops. However, fruit ripened with calcium carbide are overly soft and less tasty. They also have a shorter shelf life.

2. **Modern Method:** Ripening with Ethylene gas (Internationally acceptable technique): **The only safe and worldwide accepted method is using ethylene,** which is a natural hormone for ripening. Being a natural hormone, it does **not pose any health hazard to consumers**. Although fruits contain natural ethylene, but its concentration is quite low to regulate the ripening process. Therefore, it is required to expose the fruits to desired level of ethylene for developing uniform ripening and acceptable quality. In this technique, the fruits are exposed to low level of ethylene gas (10-100 ppm) in a air-tight ripening chamber for 24 hours to induce ripening. The most important thing in this technique is temperature and relative humidity control inside the ripening chamber, which should range between 16 -25°C and 90-95% RH, depending upon the fruit type. Two methods are used to provide proper ethylene concentration in the ripening room i.e. gas cylinders and ethylene generator.

> *The only safe and worldwide accepted method is using ethylene, which is a natural hormone for ripening.*

**i) Gas Cylinders:** Ethylene is stored under pressure in large steel cylinders. Because, it is highly inflammable, the use of pure gas is discouraged. Therefore, it is usually diluted with nitrogen or other inert gases. Typical mixtures are 95% nitrogen and 5% ethylene or 95.5% nitrogen and 4.5% ethylene. The measured quantities of ethylene are introduced in ripening room at regular intervals and the flow is regulated through metering device or flow meter.

**ii) Ethylene generator:** This is a portable device, which is placed inside the ripening room. A liquid (ethyl alcohol) is filled into the tank fitted with ethylene generator and it is connected to an electric power source. The ethyl alcohol gets heated in a controlled manner in the presence of a catalyst and produces ethylene gas. By introducing ethylene gas into the ripening room under controlled temperature conditions, the ripening time can be considerably reduced. This technology can meet the increased consumer demand for properly ripened fruits and also enable the high volume retailers, especially supermarkets to better supply their customers and control the postharvest losses. It guarantees uniform ripening with development of good flavour and colour.

**Concern:** Though the demands of the consumers is met to a great extent with the help of these ripening chemicals, but several health hazards are associated with it. Most of the ripening agents are toxic and their consumption can cause serious health problems, such as heart disease, skin disease, lung failure and kidney failure. To address the increasing health related concerns, different countries have issued and implemented different acts and laws to control or to prohibit the production, selling and distribution of artificially ripened fruits.

**Laws and Legislatives:** The use of calcium carbide has been prohibited for ripening of fruits under **Rule 44-AA of the PFA Rules, 1955**. Since use of carbide gas is prohibited in ripening of fruits under PFA, no tolerance limit for its residue is permitted. The violators are liable to undergo a six-month imprisonment and pay a fine of Rs 1,000. But there are hardly any cases where the traders or retailers have been booked for accelerating ripening by the use of harmful chemicals.

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The Ministry of Agriculture has clarified that the fruits are exposed to ethylene gas (fruit ripening plant hormone) in low concentration of 10-100 ppm exogenously to trigger their ripening. It is considered safe in the concentration varying from 0.001- 0.01% depending upon the crop, variety and maturity.

## Choosing the Right Fruits to Consume – Advice to consumer:

- The external color and the texture are usually taken into consideration when it comes to choosing the right fruits. The naturally ripened fruits are often uneven in color.
- It is advisable to choose fruits during the season when it turns ripe naturally. For instance, in Punjab, July is the ideal period when naturally ripened mangoes occupy the market.
- Ripening also induce the taste of the fruits and also contributes to their weight loss. If the fruit is uniformly coloured, or if black blotches appear on the skin in two or three days, you could suspect chemical ripening.
- The skin of the fruit should "look" thin and soft. Chemically ripened mangoes look yellow and they have a hard feel.
- Mangoes should not show wrinkles. The fact is that mangoes show wrinkles if they are over-ripe. If mangoes are wrinkled, yet green, avoid them. This means they were harvested immature.
- Natural ripening of fruit occurs from the inner layer to the outer layer, while artificial ripening occurs from the surface to the inner areas. Therefore, naturally-ripened mangoes would be sweeter at the centre, while artificially-ripened ones would be sweeter on the surface.
- Wash fruits thoroughly with water (preferably) running potable water before eating.
- Purchase fruits from known dealers.
- Peeling of fruits before consumption will reduce exposure to chemical agents.
- Ensure the quality of fruits by sending them to voluntary testing laboratories.

**Conclusion:** Artificial fruit ripening is a complex issue especially in developing countries like India and requires the combined involvement of the government agencies, policymakers, fruit-sellers, farmers, scientists and consumers for an effective solution to this matter. Instead of generalizing the issue, it is important to assess different aspects of artificial fruit ripening, investigate standard practices and carry out extensive scientific studies to improve the situation.

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