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## A Gist of Kurukshetra Magazine (July 2019 Issue)

Non-Farm Sector in India

Handlooms and Handicrafts

Food Processing for Non-Farm Sector

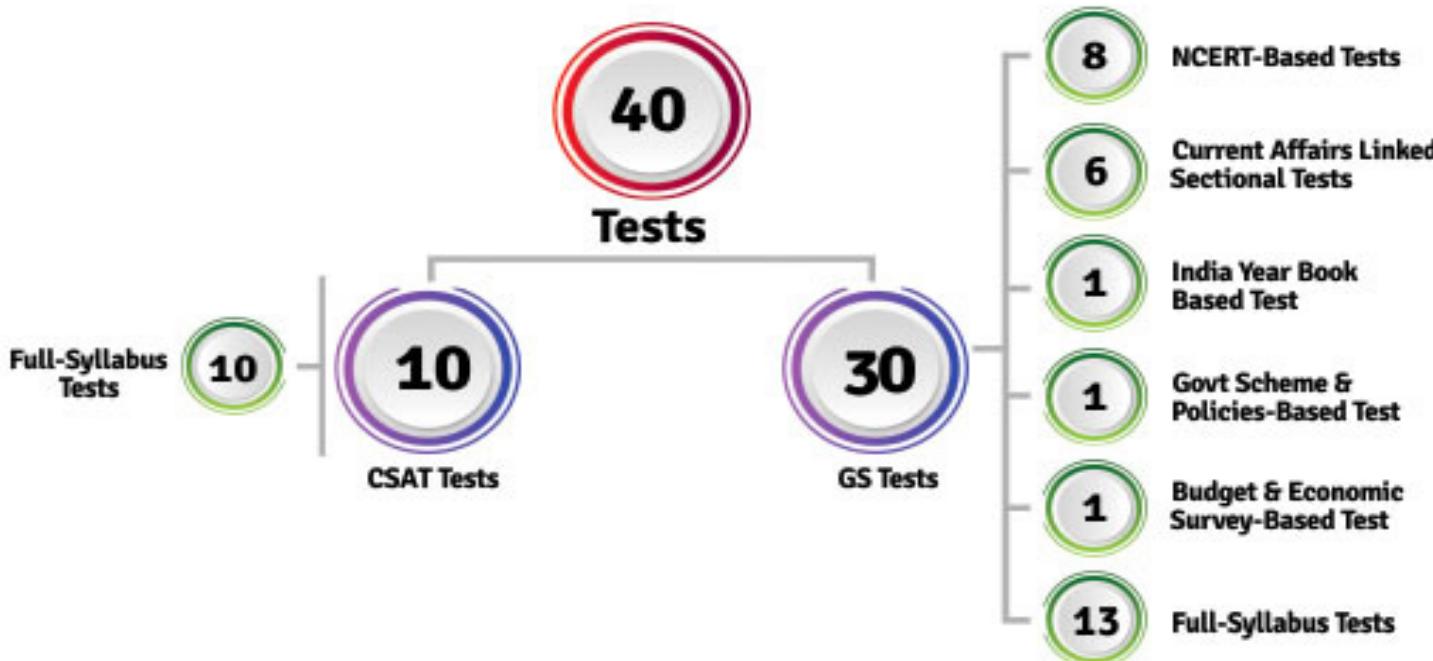
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# Kurukshetra Compendium

## July 2019

### NON-FARM SECTOR IN INDIA

- Rural-Non-Farm-Sector (RNFS) includes all economic activities viz., household and non-household manufacturing, handicrafts, processing, repairs, construction, mining and quarrying, transport, trade, communication, community and personal services etc. in rural areas.

#### **What's the need for RNFS**

- Reducing the dependence of rural masses on agriculture as a source of income will help improve the overall income of the rural population.

This has necessitated the involvement of the rural workers into the dynamic rural non-farm opportunities

- Different Rural Non-Farm Sectors
- Mining and Quarrying
- Household and non-household manufacturing
- Construction and Manufacturing
- Trade, Hotel and Restaurant
- Transport, Storage and Communication

#### **How to develop RNFS**

- In order to develop Rural Non-Farm Economy, heavy investments are needed for inclusive, sustainable and diversified rural development along with right governance system.

*The government of India has introduced large number of schemes over the years to diversify the rural population into non-farm activities*

#### **Mahatma Gandhi National Rural Employment Guarantee Act (MGNREGA)**

- The pioneer scheme to diversify agricultural activities was MGNREGA. Started off in 2005, this scheme intended to provide at least 100 days of guaranteed wage employment in a financial year to every rural household whose adult member volunteers to do unskilled manual work.

#### **Deendayal Upadhyay Gramin Kaushal Yojana:**

- According to Census 2011, India has 55 million potential workers between the ages of 15 and 35 years in rural areas. At the same time, the world is expected to face a shortage of 57 million workers by 2020. This presents a historic opportunity for India to transform its demographic surplus into a demographic dividend. The Ministry of Rural Development implements DDU-GKY to drive this national agenda for inclusive growth, by developing skills and productive capacity of the rural youth from poor families.

#### **Aajeevika Gramin Express Yojana (AGEY):**

- The Government of India has launched a new sub-scheme named "Aajeevika Gramen Express Yojana (AGEY)" as part of the Deendayal Antyodaya Yojana National Rural Livelihoods Mission (DAY-NRLM).
- The Self-Help Groups under DAY NRLM will operate road transport service in backward areas.
- This will help to provide safe, affordable and community-monitored rural transport services to connect remote villages with key services and amenities (such as access to markets, education and health) for the overall economic development of backward rural areas

#### **Pradhan Mantri Mudra Yojana (PMMY)**

- It is a scheme to extend collateral free loans by Banks, Non-Banking Financial Companies (NBFCs) and Micro Finance Institutions (MFIs) to small/micro business enterprises in the non agricultural sector to individuals to enable them to setup or expand their business activities.

#### **Development of Rural Tourism:**

- India's rich cultural, historical, religious and natural heritage provide a huge potential for development of tourism and job creation.

- In due recognition of this potential, the Union Government, in the Budget Speech of 2014-15 decided to create tourist circuits around specific themes.
- Besides Ministry of Tourism is promoting Farm Tourism as niche products and is also encouraging Home Stay Facilities in rural areas.
- Many villages in India are gradually undertaking community development programmes to showcase their abilities to the outside world by organizing Home-Stay Facilities for couple of days.
- Around 70 per cent of Indian population still lives in rural areas with the major source of income continuing to be agriculture.
- However with increased urbanization and decrease in the agricultural land, Non-Farm Sector in rural India is gradually gathering momentum.
- This is supported by the implementation of different schemes of the Union Government like Skill India, Make in India, Digital India, etc. More livelihood and poverty alleviation programmes will bring in more participation in the non-farm activities, thus reducing the dependence on agriculture.
- Agriculture needs to be incentivized in its own way along with the development of non-farm activities to improve the economic situation of rural India. This can be co more facilitated by providing more financial/credit co facilities, research and development and increase
- It is clear that there is decline in share of employment in agriculture and increase in share of RNFS in the recent period. Construction along with trade and transport has propelled growth of employment in RNFS in the recent period
- However, productivity growth in these sectors remains important for a better life of rural workers. The study based on development experience argues that productivity growth in agriculture, manufacturing and tourism are important to trigger growth of productive employment in other sectors of rural economy.

## RURAL TOURISM - AN ASSET TO NON FARM SECTOR

- Rural non-farm activities may differ from one country to another and also from one geographical zone to another.
- Scholars suggest that even within the same country, the proportion and types of activities may vary among regions.

*Non-farm sector is being accorded wide recognition in recent years for the following reasons:*

- It may facilitate employment growth.
- It may prevent many rural people from migrating to urban areas.
- It offers more remunerative activities to supplement agricultural income.
- It provides a means for the rural poor to cope when farming fails.

India's National Tourism Policy 2002 identified Rural Tourism as one of its focus areas.

- Rural Circuit Development has been included among the thirteen thematic circuits identified under Swadesh Darshan' (Central Government scheme for integrated development of theme-based to circuits).

### Rural tourism

- Any form of tourism that showcases the rural life, art, culture and heritage at rural locations, thereby benefiting the local community economically and socially as well as enabling interaction between the tourists and the locals for a more enriching tourism experience can be termed as rural tourism . Rural Tourism is essentially an activity which takes place in the countryside.
- It is multi-faceted and may entail farm /agricultural tourism, cultural tourism, nature tourism, adventure tourism, and eco-tourism.
- As against conventional tourism, rural tourism has certain typical characteristics like; it is experience oriented, the locations are sparsely populated, it is predominantly in natural environment, it meshes with seasonality and local events and is based on preservation of culture, heritage and traditions.
- Rural Tourism has the capability to make tourism more inclusive by invoking entrepreneurial pursuits and focusing on human resource empowerment.
- Community mobilization and building capacities in rural areas are very important as rural tourism can provide livelihoods to those who can participate in tourism, whether in hospitality or in craft or in any other allied services that a tourist requires.

## **Benefits of Rural industries**

- Rural industries are generally less capital-intensive and more labour absorbing.
- Rural industrialization has significant spin-offs for agricultural development as well.
- Rural income distribution is much less unequal in areas where a wide network of non-farm avenues of employment exists

## **Steps taken by the government and what more to be done**

- Schemes of central government like National Rural Livelihood Mission, Deen Dayal Upadhyay Grameen Kaushal Yojana and similar schemes of the state governments can offer significant help in conducting training programs in hospitality, housekeeping, catering, basic accounting etc. Hunar Se Rozgar Scheme and regional level tourist guides training programme executed can also assist in capacity building. As tourist sites are state specific, therefore assistance of tourism departments in various state universities can also be taken for imparting skills.

## **What's the way forward**

- There is an urgent need to improve the economic scenario in rural India to sustainable growth model for the country as a whole. Rural tourism res could be instrumental in bringing out the mu needed turnaround of rural communities and at the same time provide visitors a wholesome tourism experience. When developed to its fullest potential.it could provide jobs to villagers who otherwise are increasingly migrating to cities. It can revive many traditional crafts which are dying slow death migrating to having a slow Socially, it can open rural mindset to new thoughts and ideas from the outside world. Urban areas are characterised by monotony, fatigue, job stress, pollution; rural tourism can act as stress buster.

## **NGOS AND PRIVATE SECTOR IN NON FARM SECTOR**

- Villagers earn their living mainly through agriculture However, since the land available to each family has remained the same and the number of members in the family has grown, supporting all of them through agriculture alone is becoming difficult.
- Rural India has witnessed a sharp decline in its workforce at 6.4 percent compared to the 4.7 percent reduction in the urban Indian workforce.
- There is also continuous increase in the population which is adding to the labour force. Due to this increase in population, there are many more mouths to feed and the agricultural sector is unable to take care of all the people residing in rural areas.
- It is in this context an alternative employment opportunity is imperative, activities which are not based on agriculture alone, known as nonfarm activities, can be a game changer.

## **Farm and Non- Farm activities**

- Farm activity means agricultural activities, whereas Rural-Non-Farm-Sector (RNFS) includes all economic activities viz., household and non household manufacturing, handicrafts, processing, repairs, construction, mining and quarrying, transport, trade, communication, community and personal services etc. in rural areas.
- Non-farm employment includes regular employment, self-employment and casual employment Activities somehow related to agriculture itself, like fishing, forestry, animal husbandry etc. are commonly included in the non -farm activities sector
- The heavy dependence on agriculture and consequent poverty and unemployment can be reduced by encouraging non-farm activities inrural sector.
- These non-farm activities can provide forward and backward linkages to agricultural. This would result in growth of both farm and non-farm sectors, boosting income and growth in the rural areas.
- Once the non-farm activities and the consequent economic activities are sufficiently developed, this would also reduce the migration from rural areas to urban areas, reducing thereby the immense pressure of planning, development and provisioning of services in the urban areas.
- A proper integration of farm and non-farm activities in rural areas would also enhance the quality of life in rural areas and contribute significantly to the national income. One big way in which farmers income can get a boost is by improving farm productivity

## **Government Programme and Policies**

- Government is actively working to support livelihood opportunities for the rural people, for wage employment as well as for skill development.
- The skills Government of India has launched programmes like of Skill India (a campaign launched in 2015 to train 40 crore people in different skills by 2022), National Skill Development Mission, the National Skill Qualification Framework (NSQF), Pradhan Mantri Kaushal Vikas Yojna (to enable Indian youth to take up industry relevant skill training), National Apprenticeship Promotion Scheme (to promote apprenticeship) and Community Colleges (offering short-term and long-term job-oriented courses).
- The National Rural Livelihood Mission (NRLM) also known as Aajeevika, is going to create platforms to enable rural poor to access sustainable livelihood opportunities and financial services.
- Its flagship scheme Deen Dayal Upadhyaya Grameen Kaushalya Yojana trains youths under BPL category in various skills with a view to make them employable.
- NRLM aims at reducing rural poverty. The idea is to enable poor households have an access to self-employment and skilled wage employment opportunities. The programme aims to strengthen community institutions so that there is a sustainable improvement in the livelihoods of the poor people.
- The central objective of the Mission is to “establish efficient and effective institutional platforms for the rural poor which would enable them to increase household incomes through livelihood enhancements and improved access to financial and public services” Young Professionals (YPs) scheme was developed under the NRLM with an objective to provide a well structured exposure to Young Professionals in different thematic operations of NRLM.
- “Aajeevika Skills” was introduced to skill rural people who are poor and to provide them with jobs.
- This cluster of initiatives of the Ministry of Rural Development, Government of India (MORD) aims to promote rural livelihoods.
- The focus of this programme is on skilling and placement of poor rural population in the formal sector. This is very relevant in the present scenario of India for around 430 million people, who are in the age group 15-34 and who constitute 35 per cent of the population (Census 2011). This age group is projected to increase to 464 million by 2021.
- Pradhan Mantri MUDRA Yojana (PMMY) is introduced to provide loans up to Rs 10 lakh to the non-corporate, non-farm small/micro enterprises.
- These loans are given by the Commercial Banks, RRBS, Small Finance Banks, Cooperative Banks, MFIs and NBFCs. Under the guidance of PMMY, three products have been created viz, ‘Shishu’, ‘Kishore’ and ‘Tarun’ to signify the stage of growth/development
- It is important that all stakeholders come together and develop an integrated farm and non farm sector development plan with a common goal of enhancing the rural household income. Governmental Organisations, Non-Governmental Organisations (NGOs), Policy makers, Private Sector CSR representatives, Academician, Researchers and the Rural Residents themselves, can play a significant role in this context.
- They can help identify viable non-farm activities and linkages of these non farm activities with the farm activities already being undertaken in the rural areas.
- The Rural Non-Farm Sector is not an iterative to employment in agriculture. It is a commentary measure. Though agriculture still play important role in the development of rural areas, contribution to the economy is declining. This makes non-farm sector an important provider of employment and income to rural population.

## **HANDLOOMS AND HANDICRAFTS: POTENTIAL EMPLOYERS IN NON FARM SECTOR**

- Non farm sector in the rural context implies the activities that are not associated with agriculture and taken up in non-agriculture season. Handlooms and handicrafts are among such skills or occupations of non-farm sector of rural areas
- Significance of handicrafts and handlooms has grown multi fold in rural areas because of our agricultural system being mainly a rain fed farming system. Due to its seasonal nature, Indian agriculture system provides seasonal unemployment to the farmers and agricultural laborers.

- By bridging the employment gap, these two genres contribute to the cycle of consistent employment and thus minimizes the risk of food insecurity in rural areas.
- Preventing migration of artisans, weavers and small marginal farmers from rural to urban areas is their other contribution in the rural economy.
- By addressing the economic issues, these handworks also help in getting social recognition to the respective producer communities and thereby in maintaining a social stability and harmony in the rural society.

### ***Initiatives taken by the government***

- Block Level Clusters (BLCs) are one of the components of National Handloom Development Programme (NHDP) / Comprehensive Handloom Cluster Development Scheme (CHCDS).
- Financial assistance is provided upto Rs.2.00 crore per cluster for various interventions like skill up-gradation, Hathkargha Samvardhan Sahayata, product and design development, construction of work shed, lighting unit and setting up of Common Facility Centre (CFC).
- Under the Weaver Mudra Scheme, credit at concessional interest rate of 6% is being provided to the handloom weavers. Margin money assistance to a maximum of Rs. 10,000 per weaver and credit guarantee for a period of 3 years is also provided.
- Handloom Weaver Mudra Portal – This portal is in operation from 1st of April, 2017, in association with Punjab National Bank to cut down delays in disbursement of funds for financial assistance. Bank claims worth Rs. 25 crore have been settled through this portal.
- Bunkar Mitra - A toll free helpline no. 18002089988 was set up to deal with queries of handloom weavers concerning wide range of issues like technical, supply of raw material, quality control, credit facility, access to market.,etc.,
- Participating banks submit the claim for margin money, interest subvention and credit guarantee fee on the portal and the margin money is transferred directly to loan account of the weaver and interest subvention and credit guarantee fee is transferred to banks in electronic mode.
- Handlooms Promotion through eMarketing - To promote e-marketing of handloom products, 21 e-commerce entities have been engaged for on – line marketing of handloom products.
- The India Handloom Brand was launched for branding of high quality handloom products, authentic designs with zero defect and zero effect on environment.
- The Government implements various schemes for promotion and development of handicrafts sector under “National Handicraft Development Programme (NHDP)” and Comprehensive Handicrafts Cluster Development Scheme (CHCDS).
- To preserve all the antique handicrafts products of the country, the Government has established crafts Museum at Pragati Maidan, New Delhi, which is popularly known as National Handicrafts and Handloom Museum.
- Government has also established 18 Museums throughout the country under Infrastructure and Technology Support scheme to preserve traditional art and craft products of the country including 35 endangered crafts for which Government provides financial, technical assistance under Guru Shishya Parampara, Skill Upgradation Training, Marketing Support and Infrastructure Support for development of artisans.

## **FOOD PROCESSING FOR NON FARM SECTOR**

- The food processing activities are critical to India's growth and the government is focused on providing adequate thrust to the sector and is trying to engage more rural farmers in this sector.
- A well-developed food processing sector will help in facilitating various opportunities such as modern processing techniques for processing food which will result in improved shelf-life of the agricultural produce and ensure steady revenue to farmers.
- With the correct set of policy implementation and support, the sector can grow profoundly, taking India to a new position of strength and prosperity in the global economy.

### ***Food processing***

- Food processing is the set of methods and techniques used to transform raw ingredients into food or food into other forms for consumption by humans or animals either in the home or by the food processing industry.

- Food processing typically takes clean, harvested crops or slaughtered and butchered animal products and uses these to produce attractive, marketable, and often long-life food products and animal feeds.
- The Indian food processing industry accounts for 32 per cent of the country's total food market, one of the largest industries in India and is ranked fifth in terms of production, consumption, export and expected growth. The Indian food and grocery market is the world's sixth largest, with retail contributing 70 per cent of the sales.
- It contributes around 8.80 and 8.39 per cent of Gross Value Added (GVA) in Manufacturing and Agriculture respectively, 13 per cent of India's exports and six per cent of total industrial investment.
- The Indian gourmet food market is currently valued at US\$ 1.3 billion and is growing at a Compound Annual Growth Rate (CAGR) of 20 per cent. India's organic food market is expected to increase by three times by 2020.

### **Government Initiatives for promoting Food Processing Sector**

- India's food ecosystem offers huge prospects for investments with stimulating growth in the food retail sector, economic policies and monetary incentives.
- The Government of India through the Ministry of Food Processing industries has also taken steps to boost investments in the food processing sector through Pradhan Mantri Kisan Sampada Yojana (PMKSY).
- Major activities covered under the Yojana are establishment of mega food parks, integrated cold chain and value addition infrastructure, expansion of food processing & preservation capacities, infrastructure for agro-processing, creation of backward and forward Linkages, food safety and quality assurance infrastructure, generation of human resource and Institutions.
- SAMPADA is an umbrella scheme incorporating ongoing schemes of the Ministry like Mega Food Parks, Integrated Cold Chain and Value Addition Infrastructure, Food Safety and Quality Assurance Infrastructure, etc. and also new schemes like Infrastructure for Agro processing Clusters, Creation of Backward and Forward Linkages, Creation / Expansion of Food Processing & Preservation Capacities.
- The allocation for food processing sector under PMKSY is Rs. 6,000 crore for the period 2016-20 co-terminus with the 14 Finance Commission PMKSY expected to influence investment of Rs.31,400 crore for handling of 334 lakh million ton agro produce valued at Rs.1,04,125 crore, helping 20 lakh farmers and generating 5,30,500 direct and indirect employment in the country by the year 2019-20.
- Further, the PMKVY scheme will assist in building modern infrastructure with a well-organized supply chain management from farm gate to retail outlet
- The govt. has allowed 100% FDI in trading including through e-commerce, in respect of food products manufactured and / or produced in India. This will benefit farmers immensely and will create back – end infrastructure and significant employment opportunities.
- The govt. has also set up a Special Fund of Rs. 2000 crore in NABARD to make available affordable credit at concessional rate of interest to designated food parks and agro processing units in the designated food parks.
- Food and agro-based processing units and cold chain infrastructure have been brought under the ambit of Priority Sector Lending (PSL) to provide additional credit for food processing activities and infrastructure thereby, boosting food processing, reducing wastage, create employment and increasing farmers' income.

### **Way forward**

- The key challenges identified overall for the food processing sector in India are capital intensive functions, poor supply chain linkages, infrastructure bottlenecks, lack of skilled manpower and low adherence to quality standards due to low competition.
- It has been observed that there are many factors that lead to the growth of food processing industries in India. Despite huge development in this sector, there are several constraints that hinder the development of food processing industries.
- These challenges can be minimized by making awareness programmes related to food processing to rural farmers who are primarily engaged in agricultural activities which in turn will help them to improve their livelihood mechanism and hence economic status.

### **SWACHH BHARAT MISSION (GRAMIN)**

- Swachh Bharat Mission Was launched on October 2, 2014 on the occasion of Gandhi Jayanti to achieve "Clean India" by 2019.

- This mission was premeditated to accomplish the mark of 150th birth anniversary Mahatma Gandhi, the Father of Nation.
- Swachh Bharat Mission has got a Nation-wide acceptance and has mobilised masses and public-private sector corporations alike. The Swachh Bharat Mission-Gramin has become a peoples' movement, through which our Prime Minister has evoked a sense of responsibility among the people towards Clean India.
- The mission is a community-led movement focused on building toilets and educating people about the importance of sanitation and cleanliness

### **Swachh Bharat Mission-Gramin**

- Swachh Bharat Mission-Gramin (SBM-G), was launched focusing on 'transforming and changing behaviour in rural India. The main objective of this movement is to make India Open Defecation Free (ODF) by October 2, 2019.
- The SBM-G is administered by the Ministry of Drinking Water and Sanitation (MDWS).
- Swachh Bharat Mission-Gramin will improve quality of life of people of rural areas by promotion clean and hygienic environment.
- A country can Progress only if the citizens of the nation are healthy and sanitation plays a key role it. Healthy citizens significantly contribute in the socio-economic Development of a nation.
- SBM-G is one of the largest behavioural change programme initiated by government in the world covering 18 per cent of the world population. It strengthens the safety of women, girls and children and increases their workforce participation because of better health and hygiene.
- A better and healthier tomorrow is not only the government's responsibility but a collective duty to be equally shared between the citizens and government.

### **Way forward**

- Government has been taking significant steps to improvise the environment of the nation, however, even the citizens need to buckle up their shoes and contribute in making the dream of "Clean India" a success.
- The outcome and achievement of sanitation initiatives should not be assessed only in terms of number of toilets constructed but should ensure that there is proper and regular use of it and thus, leading to cleanliness and hygiene in the mind.
- The primary necessity is for strong behavioural changes and strong motivation in making the mission not only a success but also self-sustainable. The intent, endeavour and achievement of the government on sanitation is truly a milestone.

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