

# YK GIST

DECEMBER 2019

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urbanisation





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**KANISHAK KATARIA -  
AIR 1 (UPSC 2018)**

## Preface

This is our 57<sup>th</sup> edition of Yojana Gist and 48<sup>th</sup> edition of Kurukshetra Gist, released for the month of December 2019. It is increasingly finding a place in the questions of both UPSC Prelims and Mains and therefore, we've come up with this initiative to equip you with knowledge that'll help you in your preparation for the CSE.

Every issue deals with a single topic comprehensively sharing views from a wide spectrum ranging from academicians to policy makers to scholars. The magazine is essential to build an in-depth understanding of various socio-economic issues.

From the exam point of view, however, not all articles are important. Some go into scholarly depths and others discuss agendas that are not relevant for your preparation. Added to this is the difficulty of going through a large volume of information, facts and analysis to finally extract their essence that may be useful for the exam.

We are not discouraging from reading the magazine itself. So, do not take this as a document which you take read, remember and reproduce in the examination. Its only purpose is to equip you with the right understanding. But, if you do not have enough time to go through the magazines, you can rely on the content provided here for it sums up the most essential points from all the articles.

You need not put hours and hours in reading and making its notes in pages. We believe, a smart study, rather than hard study, can improve your preparation levels.

**Think, learn, practice and keep improving! You know that's your success mantra 😊**

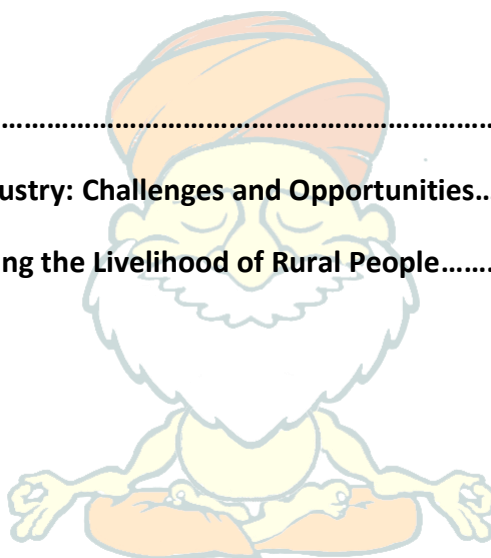
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## URBANISATION

*Urbanisation can be prevented from turning ugly not by keeping people away the cities but by taking cities to where people already live.*

### What is Urbanisation?

The Census of India, 2011 defines urban settlement as, all the places which have municipality, corporation and cantonment board or notified town area committee. Additionally, all the other places which satisfy following criteria:

- A minimum population of 5000 persons ;
- At least 75 % of male main working population engaged in non-agricultural pursuits ; and
- A density of population of at least 400 persons per square kilometre

### Urbanisation: A transformative force

By 2030, 600 million Indians, or 40 per cent of the country's population, would be residing in urban areas. If this urbanisation is to happen in a planned manner, we will need to build 700 to 900 million square meters of properly designed residential and commercial space in urban areas every year from now to 2030. It is imperative that the country moves from being a "reluctant urbaniser" to one that embraces urbanisation as a transformative force that can deliver an improved quality of life for all its citizens.

### Missions at the forefront of the urban transformation

**Swachh Bharat Abhiyan or Clean India Mission**, the objective of which is 100 per cent open-defecation-free India and 100 per cent solid waste management; to be achieved through a multi-level, multi-stakeholder model, where the Union government works in close partnership with state governments as well as civil society and the private sector. While a key objective of the Mission is to build adequate sanitation infrastructure, at its core it is about a behavioural change in the mindset of the average Indian.

**The PM Awas Yojana (PMAY) or Housing for All** attempts to fulfil a dream common to all Indian citizens: Owning a house of their own. Significantly, the ownership title will be solely or jointly in the name of the woman of the house, a step that has already provided a great fillip to gender empowerment. Two key factors prevented Indians from this basic need:

Callous urban management led to the creation of slums that were at the mercy of vote-bank politics; and a corrupt builder-politician nexus cheated home-buyers of their money.

Those who move to urban centres in search of livelihoods, access to services and a better quality of life, often end up in poorly constructed slum dwellings due to lack of funds and distorted real estate prices. Under the PMAY, the government is committed to building affordable homes for this entire section of society, allowing them to live a life of dignity. By categorising housing as “infrastructure”, lowering rates under GST and providing credit-linked subsidies, the government has mobilised the real estate industry to supply housing for low-income and economically weaker sections. The process of in-situ development of slums allows the residents to retain their links with jobs, schools and medical facilities and protects them from the displacement caused by eviction.

**The Smart Cities Mission** brings a fundamentally different outlook to urban planning, management and finance. Over the past 70 years, the absence of citizen participation coupled with the absence of vision and the lack of spatial, physical and economic planning, was largely responsible for the confounding mess that has defined Indian cities. The Smart Cities Mission looks to address the trust deficit between citizens and their municipal bodies, by ensuring proper delivery of infrastructure and services. It is participatory in nature and citizens define the choices and decisions made by the city. The Mission establishes an integrated approach where all departments of a city’s administration work together to offer holistic solutions by using information and communication technology, by bundling projects that can be executed together in the same area and making best use of the funds available from different sources, public and private.

### **AMRUT Scheme:**

Aims to provide urban infrastructure for universal coverage of piped drinking water, sewerage, and green spaces

### *Reforms proposed include*

- Development of e-governance at the urban local body (ULB) level
- Constitution and professionalization of municipal cadres, urban and city-level planning,
- Review of building by-laws, municipal tax and fee improvements
- Collection of user charges
- Credit ratings of ULBs
- Audits for utility services such as electricity and water

## The Challenges

India's cities need to address five systemic challenges in order to deliver better quality of life to citizens in a sustainable manner –

1. Lack of viable spatial planning and design standards for public utilities – India has 1 urban planner per 400,000 people compared to UK's 148 for the same
2. Weak finances, both in terms of financial sustainability and accountability – more than half of the municipalities do not generate enough money to pay their salaries, 70% of the cities' budget vary by 30%
3. Poor human resource management – 35% average staff vacancy
4. Powerless mayors and city councils, severe fragmentation of governance – multiple civic bodies, parastatals – multiple civic bodies with frequent change of toothless mayors, commissioners. Local government has the least amount of capability, quality of delivery and poor processes that are being followed. Most of the laws and policies that they are following are archaic.
5. Total absence of systematic citizen participation and transparency – Only two cities have ward committees

## The Way Ahead

**Cities and their Foundation:** There is a need to focus on building stronger foundations – not just focus on outcomes but also policies. Policies are very important and nobody talks about it. There is an urgent need of giving the highest importance to 'urban designing' and not just planning. Cities need to be seen as a unit of empowerment at the systems level.

**Cities and Reforms:** Reforms in the big cities have been painfully slow also due to political instability. Smaller cities under AMRUT are witnessing better transparency, accountability and participation. Finances need to not just be generated but also be managed and accounted for.

**City people and City government:** Government needs to meaningfully engage with the citizens. They need to update the citizens and push the envelope on the issue of discussions being done at the systemic level.

### City and local body of governance:

- There is a need to strengthen local body's capability and capacity to deliver.
- A discussion on autonomy and devolution of power is long pending.
- Mayors need to be empowered with decision, and be trusted for the same.



- Institutional reforms in spatial planning (by overhauling town and country planning acts).
- Fiscal decentralization
- Overhauling cadre and recruitment rules for municipalities
- Instituting decentralized platforms for citizen participation (ward committees and area sabhas).

**Absence of participatory citizen platforms:** Citizens need to be involved and sensitized. More awareness programs in public places, schools and colleges need to be conducted.

**Putting in place city blueprints:** The blueprint must have following component-

- Quantitative goals for a five-year period, e.g. number of kilometres of walkable footpaths in the city or number of households for whom piped water supply would be extended.
- Detailed activity road maps with quarterly milestones (comprising both reforms and projects), on how the quantitative goals are proposed to be achieved and how simultaneously institutional strengthening would happen.
- Single owners at the city level to be appointed in whom accountability can be vested for various sectors rather than having multiple agencies handle parts of the same quality of life area.
- Performance dashboards which are published quarterly and show progress against quantitative goals and activity milestones.
- An institutional structure that overcomes the significant challenge of fragmentation of governance in a city across the municipality, agencies such as the transport corporation, the development authority, the water board, state departments such as traffic police, etc.

Countries such as Brazil, South Africa, Indonesia and the Philippines have accomplished much in their cities through city blueprints, led by state- and city-level political leaders.

*India cannot achieve double-digit growth and cannot become the world's third-largest economy worth an estimated \$10 trillion by 2030, if it's long overdue urbanisation is further delayed. Indian cities must become safe, resilient and sustainable hubs of vibrant economic activity, enabled and regulated by appropriate planning and governance. The measure of our success will be the achievement of the sustainable development goals by 2030 and the delivery of a New India, where every citizen enjoys the "Ease of Living" that they truly deserve after 70 years of Independence.*

## Connecting the Dots

1. Bring out the significance of sustainable urban planning for Indian cities. What have we missed out in its absence? Discuss.
2. Urbanisation in India is taking place at a much faster pace. All of it being done without paying heed to ecological principles. This is a cause of concern. Discuss why. Also analyze what needs to be done so as to make our cities climate change proof.

## Building Urban Infrastructure through AMRUT

### Key Statistics:

- As per the **United Nations World Urbanization Prospects Report 2018**, around 34% of India's population lives in cities. By 2031, it is expected to grow by another 6% and by 2051, more than half of nation's population will be living in cities.
- At present, cities **contribute nearly 65% of the country's GDP**, which is likely to go up by 70% by 2030.

Therefore, presence of basic infrastructure will play a vital role in enabling the cities to adequately provide civic services to improve quality of life of its citizens.

While 70% of urban households had **access to water supply**, only 49% had **access to water supply within premises**.

More than 65% of the **wastewater was being discharged untreated** in the open drains resulting in **environmental damage and pollution of water bodies**

The total annual economic impact of **inadequate sanitation** in India amounted to a loss of Rs. 2.4 trillion in 2006, which is equivalent to about 6.4% of India's GDP

### **SDG6**

Access to safe drinking water and scientific treatment of wastewater including septage

### **Atal Mission for Rejuvenation and Urban Transformation (AMRUT)**

Atal Mission for Rejuvenation and Urban Transformation (AMRUT), which 'replaces' the Jawaharlal Nehru National Urban Renewal Mission, will give the States and the Union Territories **the liberty and flexibility** in formulation, approval and execution of projects.

AMRUT adopts a **project approach** to ensure basic infrastructure services relating to water supply, sewerage, storm water drains, transport and development of green spaces and parks with special provision for meeting the needs of children.

Implementation of this mission will be **linked to promotion of urban reforms** such as e-governance, constitution of professional municipal cadre, devolving funds and functions to urban local bodies, review of building bye-laws, improvement in assessment and collection of municipal taxes, credit rating of urban local bodies, energy and water audit and citizen-centric urban planning in cities other than the 100 smart cities.

Under this project, 10% of the budget allocation will be given to states/union territories as **incentive based** on achievement of reforms during the previous year.

### Aligned with the needs of Urbanising India

**Co-operative Federalism:** State Governments have been empowered to appraise, approve and sanction projects for their AMRUT cities – a departure from the erstwhile Jawahar Lal Nehru National Urban Renewal Mission (JnNURM) wherein individual projects were sanctioned by the then Ministry of Urban Development.

**Framework for institutional reforms:** AMRUT lays major emphasis on institutional reforms which aim to provide governance and institutional capacities of ULBs.

**Principles of 'incrementalism' and prioritisation:** A step-wise approach towards service-level benchmarking by the ULBs, a principle of 'incrementalism' has been introduced under the Mission, which is the gradual process of achieving the benchmarks. Recognising the urgent water and sanitation needs, states had to prioritise water supply and sewerage projects- water supply being the first priority.

**Incentivising over penalising:** In order to encourage states and reward their initiatives constructively, reform implementation is incentivised under AMRUT- 10% of the budgetary allocation is earmarked for reform incentive and it is over and above the allocation for projects. This amount is untied and can be used on any item recognized under AMRUT with or without state/ULB share.

**Monitoring of the Mission:** The programme monitoring is being taken care of, at various levels. At state level, State High Power Steering Committee chaired by the Chief Secretary monitors and approves the mission projects in its entirety. At Central level, Apex Committee chaired by the Secretary, MoHUA, approves State Annual Action Plans and **monitors the progress**. Also, projects are monitored on **real- time basis** via Mission MIS Dashboard with **geo-tagging** of all projects.

Let us check out some of the significant reforms –

## Online Building Permission System (OBPS)

With a view to facilitate Ease of Doing Business in construction permits, OBPS has been operational in Delhi and Mumbai since April 2016. Targeted is to get OBPS implemented in all cities/towns by 31st March 2020.

## Replacements of Street Lights with LED lights

Has led to energy savings and reduction in CO2 emission

## Credit Rating

469 AMRUT cities have been credit rated out of the total 485 cities where the credit rating work has commissioned. Cities with lower rating are following measures to improve their performance so that they become credit worthy and raise funds for their projects.

## Municipal Bonds

Rs. 3,390 crore have been raised for upgrading urban infrastructure by 8 mission cities - Ahmedabad, Amravati, Bhopal, Hyderabad, Indore, Pune, Surat and Vishakhapatnam.

## Improved

- governance
- accounting systems
- finance
- transparency
- accountability
- delivery of services in the ULBs
- enhance their self-dependence & confidence to be able to serve the citizens

## Jal Shakti Abhiyan (JSA)

Jal Shakti Abhiyan (JSA) is a time-bound, mission-mode water conservation campaign. Ensuring India's water security and providing access to safe and adequate drinking water to all Indians is a priority of the government. The Jal Shakti ministry will look at the management of country's water resources and water supply in an integrated and holistic manner, and will work with states to ensure Har Ghar Jal (piped water supply) to all rural households by 2024 under the Jal Jeevan Mission

During the campaign, officers, groundwater experts and scientists from the Government of India will work together with state and district officials in India's most water-stressed districts for water conservation and water resource management by focusing on accelerated implementation of five target intervention.

The JSA aims at making water conservation a Jan Andolan through asset creation and extensive communication.

**Nodal agency for Urban Renewal:** Ministry of Housing and Urban Affairs

**The JSA will run in two Phases:**

- Phase 1 from 1st July to 15th September 2019 for all States and Union Territories
- Phase 2 from 1st October to 30th November 2019 for States and UTs receiving the retreating monsoon (Andhra Pradesh, Karnataka, Puducherry and Tamil Nadu).

- As many as 600 million people are already estimated to face “high-to-extreme” water stress every year.

### Why was it required?

- One Ministry will lead to one integrated data management system and understanding the gaps present.
- The need of the hour is the creation of water availability data from various resources on both quality and quantity at one platform.

### Intervention Areas

1. Water conservation and rainwater harvesting
2. Renovation of traditional and other water bodies/tanks
3. Reuse and recharge structures
4. Watershed development
5. Intensive afforestation
6. Development of Block and District Water Conservation Plans (To be integrated with the District Irrigation Plans)
7. Krishi Vigyan Kendra Melas to promote efficient water use for irrigation (Per Drop More Crop), and better choice of crops for water conservation
8. Urban Waste Water Reuse: In urban areas, plans/approvals with time-bound targets to be developed for waste water reuse for industrial and agriculture purposes. Municipalities to pass by-laws for the separation of grey water and black water. Every urban local body has been asked to first constitute a rainwater harvesting cell which would monitor ground water extraction, water harvesting potential of the city and oversee projects on rainwater harvesting.
9. Scientists and IITs to be mobilised at the national level to support the teams
10. 3D Village Contour Mapping: 3D Village Contour Maps may be created and made accessible for efficient planning of interventions

### Budget 2019 India:

- The Jal Shakti Ministry, which is executing the government’s mission to provide clean and piped drinking water to every household in the country, has been earmarked Rs 28,261.59 crore in the budget 2019-20.
- The Ministry of Drinking Water and Sanitation and Ministry of Water Resources and Ganga Rejuvenation have been merged into the Jal Shakti Ministry.
- The National River Conservation Directorate (NRCD), which was under the purview of Ministry of Environment, Forest and Climate Change (MoEF&CC), will also be brought under this umbrella. It majorly implements pollution abatement works in polluted stretches of various rivers under the National River Conservation Plan (NRCP) and provides assistance to various state governments in this sector. So far it has covered 33 rivers in 76 towns of 15 states.
- The government has also identified 1,592 blocks which are critical and over exploited, spread across 256 districts for the Jal Shakti Abhiyan. Besides using funds

available under various Schemes, the government will also explore possibility of using additional funds available under the Compensatory Afforestation Fund Management and Planning Authority (CAMPA) for this purpose.

### Achievements of JSA

1. 52344 new rainwater harvesting structures installed
2. 1372 water bodies across the country rejuvenated
3. More than 6.7 lakh saplings have been planted
4. 40099 establishments have started using Treated Waste Water
5. More than 3.3 crore participants have been part of the Jan Andolan

### Slums in India

- **Census 2011:** First to look at this category of settlements in all urban centres
- **UN- Habitat employs five criteria to identify slums - each related to a living condition that households in slums usually lack:**
  - Durable housing of a permanent nature
  - Sufficient living space
  - Easy access to safe water
  - Access to adequate sanitation
  - Security of tenure
- **Census towns**
  - a) A minimum population of 5000
  - b) At least 75 per cent of the male workers are engaged in non-agricultural pursuits
  - c) A density of population of at least 4000 per square Km
- **Relationship between Slums & Migration**
  - **Growth**
    - ✓ As they are mostly situated in the neighbourhood of very large cities, these towns may be treated as the satellite towns growing in response to the spur of economic activities.
    - ✓ Urbanisation as a whole seems to be expanding from the spill-over of the existing urban localities into the hinterland
    - ✓ Leads to saturation in terms of residential & infrastructural facilities - do not have enough living space to accommodate the migrant workers
    - ✓ Surplus labour end up getting residually absorbed in low productivity jobs
    - ✓ Generation of resources is a major issue
  - **Positives**
    - ✓ Higher rural literacy and improvements in educational level has raised the rural-to-urban migration rate.
    - ✓ Disadvantaged social categories in the rural areas migrate to escape their



vulnerability.

- ✓ Reduces both rural and urban poverty
- ✓ Migrated workers continue to remain in the workforce
- ✓ Urban informal sector provides better sources of livelihood
- ✓ Rural transformation is faster as the positive spillover effects initiate new activities and opportunities

▪ **Negatives**

- ✓ Not growing in response to the dynamics of agriculture growth or other non-agriculture activities
- ✓ Negative change in land use patterns that may pose threat: food security as well as sustainable livelihood for those who lose their agricultural land
- ✓ Lead to mismatch between the demand for and the supply of labour

### Consumer Protection Act, 2019: A New Milestone in Empowering Consumers

**Aim:** To protect the rights of consumers by establishing authorities for timely and effective administration and settlement of consumers' dispute

- ✓ The Bill will replace the more than three decades old Consumer Protection Act, 1986, and will provide a better mechanism to dispose consumer complaints in a speedy manner and will help in disposal of large number of pending cases in consumer courts across the nation.
- ✓ Proposes setting up of a Central Consumer Protection Authority (CCPA) to promote, protect and enforce the rights of consumers as a class. The CCPA would make interventions to prevent consumer detriment arising from unfair trade practices. The agency can also initiate class action, including enforcing recall, refund and return of products.
- ✓ The Bill also envisages simplified dispute resolution process, has provision for Mediation and e-filing of cases. The Consumer will be able to file cases in the nearest commission under the jurisdiction of which he resides.
- ✓ For the first time there will be an exclusive law dealing with Product Liability. A manufacturer or product service provider or product seller will now be responsible to compensate for injury or damage caused by defective product or deficiency in services.
- ✓ Additional swift executive remedies are proposed in the bill through CCPA. There are provisions for deterrent punishment to check misleading advertisements and adulteration of products. Product liability provision to deter manufacturers and service providers from delivering defective products or deficient services. The Bill also enables regulations to be notified on E-commerce and direct selling with focus on protection of interest of consumers.

## Dairy Industries of India

Milk production is a very important element of the whole dairy chain. Dairy cooperatives, helped to create strong network and linkages in millions of rural households scattered across the country. Milk contributes close to the 1/3rd of gross income of rural households. The livestock sector contributes to 4% of India's GDP and the dairy sector comprises majority of share.

A sustained growth of milk production in India, growing at a CAGR of 5 per cent between 2010-16, and the leading position of milk among all the agricultural commodities have placed dairy in the forefront of the government's commitment to double farmers' income by 2022. Indian dairy sector is struggling with low productivity of animals which is estimated as 1806 kg per year, as against the world average of 2310 kg.

*Dairy sector is uniquely characterised more by 'production by masses' rather than 'mass productivity'.*

### Key Challenges of the Dairy Sector in India

**Quality a big concern:** More than 70% of marketable surplus goes through informal channel where quality is a big concern. Sometimes quality is an issue in the formal channel as well. Quality of milk or value-added products are a barrier to entry to the export market, especially the USA and the EU.

**Poor governance of cooperatives:** Prices decided by cooperatives are not based on fat measurement, which affects farmer's profitability. In addition, lower prices declared by cooperatives, results in low prices of milk paid by all the players in the industry.

**Non-existent of extension facilities:** Lack of adequate breeding and preventive care services to improve animal health, along with low access to credit and risk-taking ability makes farmers unable to increase their herd size.

**Taxation on value added products:** Taxation on value added products would cause the industry to reduce the milk prices paid to the dairy farmers. High rate might also increase the consumer prices of dairy products substantially.

### Steps Taken:

- Intervention of dairy co-operatives has increased farmers' income, created employment opportunities, eased availability of credit to poor farmers, led to empowerment of women, enhanced nutritional security, and also increased flow of new technology.
- Women members of the dairy co-operative are also being encouraged to assume leadership roles.

- Despite immense utility and impact, dairy co-operatives are facing several constraints and challenges mainly due to state co-operative laws. Hence, Government of India launched a central sector scheme in 2016-17 to support state co-operative dairy federations in providing a stable market access to farmers.
- A corpus fund of Rs 300 crore has been kept in perpetuity with National Dairy Development Board (NDDB) to provide soft loan as working capital to dairy federations.
- Moving further, formation of Farmer Producer Companies in dairy sector has mobilized farmers to enhance their capacity as producers and marketing professionals
- In order to boost **dairy processing and infrastructure**, a special fund (**Dairy processing and Infrastructure Development Fund, DIDF**) was created for the period from 2017-18 to 2028-29. The project is being implemented by **National Dairy development Board** and **National Dairy Development Corporation**. This fund is helping build an efficient milk procurement system by setting up chilling infrastructure, modernization of processing infrastructure, and adding manufacturing facilities for value added products for the milk unions and milk producer companies.
- Beside this fund, additional cold chains and processing infrastructure is being created under **Kisan SAMPADA Yojana** run by **Ministry of Food Processing Industries**.

### The Way Forward

- Milk is highly perishable, therefore value addition such as processing, packaging, and conversion to long life products, such as sterilized milks (UHT), dahi, paneer, chhachh, lassi, shrikhand and so on, is more a necessity than a luxury. It is crucial that a softer view is taken while imposing GST and imperative to create special class for dairy products with minimum value-addition.
- The government should have a farmer-centric approach, as perhaps milk is the only industry that is able to pay to the dairy farmers more than 2/3 of price charged to the consumer. No other food processing industry in India is able to meet such high expectations of the farmers. Tax exemption on dairy industry should not be considered as a loss to the national exchequer but an investment that would spur growth in milk production, which eventually would enhance rural prosperity and increase the farmer's income.
- In addition, there should be level playing field for private players and the cooperatives. There is very low competition to cooperatives because private sector was not allowed to participate until recently.

- Lastly, grants to be provided to strengthen extension services in areas of animal husbandry. Budget allocation to develop infrastructure setup in the milk procurement area for small and medium size operations, and subsidies to encourage rural entrepreneurship in areas of milk procurement such as collection center setup and credit correspondents.
- The government should establish formal breeding centres and subsequent sale of such cows and buffaloes to the farmers. It falls upon the government to bring some of the best technologies from Israel, as the private sector will never be making such investments. In addition to the breeding centres, formal cow hostels, with the best milking technologies from Israel should be established.

### Note:

### Vision 2022: National Action Plan on Dairy Development (NAPDD)

Objective: To bring dairying in sync with its grand vision of doubling farmers' income

- Envisages increasing milk production to 300 million tonnes by 2023-24.
- To realise the desired milk production targets, the plan projects to increase the in-milk bovine population from 88 million to 116.38 million and average milk yield per bovine from 4.35 kg/day to 7kg/day between 2015-2023

Recently, Prime Minister has launched '**National Artificial Insemination Program**' to cover entire country with quality Artificial Insemination (AI) services. Various breed development interventions are being implemented under Union Government Schemes, such as National Dairy Plan (phase 1) and Rashtriya Gokul Mission.

Further, a **National Bovine Genomics Centre for Indigenous breeds (NBGC-IB)** is being set-up to pave way for systematic and fast paced improvement of the precious indigenous animal resources using highly precise gene technology.

Government of India launched an ambitious '**Dairy Entrepreneurship Development Scheme**' with the objective to promote entrepreneurship by generating opportunities for self-employment in dairy sector. NABARD is the nodal agency.

### Connecting the Dots:

1. Dairy farming can't sustain itself without a vibrant livestock processing industry. Comment.
2. Dairy farming is a source of income and nutrition to a large number of Indian families. What are the typical features of the dairy sector in India? What are the problems being faced by the sector? Also, suggest a roadmap for improving the performance of the dairy sector.

## Textile and Clothing Industry: Challenges and Opportunities

India's textiles sector is one of the oldest industries in Indian economy dating back several centuries. The Indian textiles industry is extremely varied, with the hand-spun and hand-woven textiles sectors at one end of the spectrum, while the capital intensive sophisticated mills sector at the other end of the spectrum. The decentralised power looms/ hosiery and knitting sector form the largest component of the textiles sector. The close linkage of the textile industry to agriculture (for raw materials such as cotton) and the ancient culture and traditions of the country in terms of textiles make the Indian textiles sector unique in comparison to the industries of other countries.

### The Textiles and Clothing (T&C) Sector

- Contributes about 10 per cent in industrial production, about 12.5 per cent to the export earnings and 2 per cent in GDP.
- The National Household Survey 2017 to assess market for textiles and clothing carried out by the Textiles Committee estimates overall market size of **USD 163.70 billion**
- Has potential to grow significantly and to contribute to the Government's ambitious target of achieving USD 5 trillion economy by 2024-25.



### Uniquely Positioned in Creating Virtuous Cycle: Macro Perspective

- Is playing a catalytic role in shifting surplus labour from agriculture sector to more productive industrial activities
- Mainly driven by export demand, as domestic demand is usually limited
- One of the main reasons for the ubiquitous characteristic of textile industry is the **high proportion of wage component in overall value of output**. The wage fund so generated releases significant income in the hands of workforce to create demand

for goods and services and accelerate cycle of economic activities in associated areas.

### India's Industry will be driven by Cost Comparative Advantages

- The International experience shows that the window for growth of textiles and clothing industry is opened till per capita income reaches a threshold level and beyond that industry relocates out of such high cost location.
- Keeping in view, the present per capita income of India, which is Rs. 1,26,406 in 2018-19 (about USD 1800), the window for high growth of textile and clothing exports is open for next about 15-20 years.

### So, what is the growth potential?

India is well poised to gain from world trade in textile and clothing. A part of the gain may come from **relocation of textile industry** especially cloth manufacturing outside China in sync with China's increasing per capita income.

Another way to assess the growth potential of industry is by way of its correlation with fiber consumption. The textiles fiber consumption growth in India is high and it is expected to reach at about 32 mn tons (from about 12mn tons presently) in next 12-15 years. This scenario corresponds to achieving about **10 per cent share** in world trade of textile and clothing by 2032.

### Areas of Concern:

- **Technology Up-gradation Fund Scheme (TUF)** – a credit linked subsidy scheme was introduced in 1999 to catalyze capital investments for technology up-gradation and modernization of the textile industry. The present scheme is known as Amended TUF (ATUF), which was launched in January 2016. Still, **modernization of weaving and processing segments** continues to be area of concern.
- **Fabric sector** – It suffers from **weak global competitiveness** in terms of quality, scale and price of fabric segment of India's textile value chain
- **Infrastructure and Logistics:** The **Scheme for Integrated Textiles Park (SITP)** was launched in 2005 to neutralize the **weakness of fragmentation** in the various sub-sectors of textiles value chain, and the non-availability of quality infrastructure. This again continues to be an area of concern.
- **Cotton Sector:** The **Technology Mission of cotton (TMC)** by 2012 achieved reduction in trash content in Indian cotton. However, cotton fiber production, productivity and quality need focused attention.
- **Environmental Concerns:** The major challenges faced by the textiles processing are availability of water, effluent treatment and disposal of the treated water and soil effluents.



- **Low FDI** in the Sector
- **Lack of commensurate growth in textile machinery** sector in India

### Policies Matter

- Facilitated by **globalization forces under WTO**, reduction in import tariffs and easy movement of capital and intermediate goods, across each segment of the textile value chain has emerged. This makes it necessary for each segment of the textile value chain to be **globally competitive**.
- Such an approach becomes more relevant due to the fact that global value chains are becoming more knowledge intensive. Therefore, the advantages created at the end product exclusively through various policy supports and other means have been found to be **proving ineffective**.

### Areas that need Immediate Attention:

- **Cotton Continues to Be Fiber of Privilege Especially in Wearable Segments:** Calls for focused efforts to increase the cotton productivity, cotton quality and even branding of Indian cotton to fetch premium.
- **High Energy Cost Burdened With Cross Subsidy:** The electricity prices for industry, with cross subsidy burden of about 15 per cent to 20 per cent and other factors, compare unfavorably in India.
- On the export front, **the relatively higher tariff rates** faced by Indian exporters in most major markets vis a vis exports from competing exports from Bangladesh, Vietnam and similarly positioned countries calls for further cost competitiveness. The challenge in this direction is to further **simplify the ease of doing business** and to remove disadvantage on account of input factors including logistics. Further, the recent WTO ruling against India in **a crucial trade dispute with the US**, ordering all export promotion schemes to be stopped within the next four months has thrown a challenge to expeditiously come out with WTO consistent measures at the earliest. There is absence of competitive manufacturing capabilities capable of delivering world class quality at desired speed and scale.
- **Growth of Man Made Fiber (MMF)** in India is must to increase global share in T&C exports.

### Looking Forward:

- An invigorated textile and clothing industry is best suited and can give Indian economy necessary impetus to shift to more value added industrial activities and achieve higher per capita income level.

- India needs to work with an **approach of holistic development** of the complete textile value chain acknowledging its integration with global value chain at each stage.
- Need to address reasons behind high cost structure
- Achieving 10-15 per cent share in world textile and clothing trade and thereby channelizing trickle down impact towards rural sector through cotton connection and shifting of disguised unemployed workforce in agriculture and allied sectors towards more productive usages in industrial activities, should be the utmost priority.

### Bamboo Industry: Crafting the Livelihood of Rural People

*Around 80% of bamboo forests lie in Asia with India, China and Myanmar having 19.8 million hectares of bamboo.*

#### Bamboo Production

- India has one of the richest bamboo resources in the world, second only to China in bamboo production. It grows on nearly 13% of the country's forest land.
- The annual bamboo production in the country is estimated at 3.23 million tonnes. However, the country's share in the global bamboo trade and commerce is only 4%.
- 2015-16 and 2016-17 data shows that India is a net importer of bamboo despite having growing stock both within and outside forests.
- Mizoram has the largest bamboo cover in India as compared to the geographical area covered by other states. More than half of Mizoram's land has bamboo forests.
- Northeast part of India grows 67% of India's bamboo. Nearly 35 species of superior quality bamboos are found in the region.

#### Importance of Bamboo (Green Gold)

- For tribal and forest dwellers "bamboo for living and living with bamboo" is still a norm. This offers an excellent starting point in increasing employment, income generation and improving nutritional status of rural poor.
- Bamboo can provide the basis for an expanding small and medium enterprise sector and hence can act as a tool for poverty alleviation in rural areas.
- Unlike hardwood trees, bamboo can be harvested without adverse effect on the environment.
- Bamboo can tolerate both heavy and low rainfall.

- Bamboo releases 35% more oxygen than other plants and absorbs 20% CO<sub>2</sub> from the environment. Scientific plantation of bamboo could dramatically improve air quality with the release of more oxygen and sequestering of more CO<sub>2</sub>.
- Bamboo gained importance as a raw material not only for cottage industry but also for large scale industry.
- Bamboo has great potential as construction and structural material. Pulp and paper industry and bamboo craft sector are the two major users of bamboo resources.
- With its unique ability to stitch and repair damaged soils, bamboo is ideal for rehabilitating degraded soil.

### Schemes by the Government

- **The Indian Forest Act, 1927 defined Bamboo as tree** – a contradiction in the law that has deterred the growth of bamboo plantations particularly in non-forest areas. To facilitate the benefit flow to farmers, bamboo stock outside forest areas has been excluded from the definition of tree by amending Section 2(7) of the act in November 2017.
- **SFURTI (Scheme of Fund for Regeneration of Traditional Industries)** is being implemented by Ministry of MSME in order to boost traditional industries and bamboo artisans.
- Japanese Government is planning to extend help to Mizoram in the development of its bamboo industry and road construction projects.
- TRIFED, an apex body, under Ministry of Tribal affairs would open establishments to train tribal people in using bamboo optimally with zero waste and make agarbatti, matchbox and even textiles.
- **Bamboo Technology Parks**
  - Union Ministry of Development of North Eastern Region (DoNER) announced that Bamboo Technology Parks would be set up in the two new Union Territories of Jammu & Kashmir and Ladakh.
  - **The Cane and Bamboo Technology Centre (CBTC) under North Eastern Council (NEC)** will implement the project.
  - The model for bamboo cultivation, harvesting and utilisation currently existing in the North Eastern Region shall be replicated in the two new Union Territories to give a fillip to the sector.
  - The project for setting up three new Bamboo Technology Parks in Jammu, Srinagar and Leh would be in consonance with the National Bamboo Mission (NBM).
  - A Bamboo Industrial Park has already been approved to be set up in the Dima Hasao district of Assam.

- **Restructured National Bamboo Mission (NBM)**

The Mission is expected to establish about 4000 treatment/ product development units and bring more than 100000 ha area under plantation during the period 2018-19 & 2019-20.

*The restructured NBM strives to –*

1. To increase the area under bamboo plantation in non-forest Government and private lands to supplement farm income and contribute towards resilience to climate change.
2. To improve post-harvest management through establishment of innovative primary processing units, treatment and seasoning plants, primary treatment and seasoning plants, preservation technologies and market infrastructure.
3. To promote product development at micro, small and medium levels and feed bigger industry.
4. To rejuvenate the under developed bamboo industry in India.
5. To promote skill development, capacity building, awareness generation for development of bamboo sector.

