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Economics –PT Shots

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TOPIC GENERAL STUDIES 3: ECONOMICS- ECONOMIC DEVELOPMENT- GOV POLICIES

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1) REIT and InvIT

The proposal in the Union Budget to tax dividend in the hands of unit holders/ investors would hurt future InvITs and REITs, say real estate and infrastructure industry officials and analysts.

Why and how?

• Such a decision is contrary to the government's move to encourage InvITs and REITs to provide tax stability to long-term infrastructure investors.

• Uncertainty in the tax regime would hurt the sentiment of foreign investors who are already wary of the stability of tax regime in India, they added.

• The resultant tax burden on the part of investors will put at risk plans for raising about $100 billion with regard to INVITs and REITs.

What are Infrastructure Investment Trusts (InvIT)?

It is like a mutual fund, which enables direct investment of small amounts of money from possible individual/institutional investors in infrastructure to earn a small portion of the income as return.

1. InvITs can be treated as the modified version of REITs designed to suit the specific circumstances of the infrastructure sector.

2. They are similar to REIT but invest in infrastructure projects such as roads or highways which take some time to generate steady cash flows.

What are Real Estate Investment Trusts (REIT)?

A REIT is roughly like a mutual fund that invests in real estate although the similarity doesn't go much further.

1. The basic deal on REITs is that you own a share of property, and so an appropriate share of the income from it will come to you, after deducting an appropriate share of expenses.

2. Essentially, it's like a group of people pooling their money together and buying real estate except that it's on a large scale and is regulated.

Why need InvITs and REITs?

1. Infrastructure and real estate are the two most critical sectors in any developing economy.

2. A well-developed infrastructural set-up propels the overall development of a country.

3. It also facilitates a steady inflow of private and foreign investments, and thereby augments the capital base available for the growth of key sectors in an economy, as well as its own growth, in a sustained manner.

4. Given the importance of these two sectors in the country, and the paucity of public funds available to stimulate their growth, it is imperative that additional channels of financing are put in place.

2) Vadhavan port and landlord model

The Union Cabinet has approved a proposal to set up a major port at Vadhavan near Dahanu in Maharashtra with a total cost of ₹65,545 crore.

Key facts:

1. This will be 13th major port in India.

2. With the development of this port, India will become one of the countries in the top-10 container ports in the world.

3. A special purpose vehicle (SPV) will be formed with Jawaharlal Nehru Port Trust (JNPT) as the lead partner, with equity participation equal to or more than 50% to implement the project.

4. The port will be developed on the landlord model.

How many major ports are there in India currently?

Currently, India has 12 major ports at Deendayal (erstwhile Kandla), Mumbai, JNPT, Mormugao, New Mangalore, Cochin, Chennai, Kamarajar (earlier Ennore), VO Chidambaranar, Visakhapatnam, Paradip and Kolkata (including Haldia).

What is landlord model?

1. In the landlord port model, the publicly governed port authority acts as a regulatory body and as landlord while private companies carry out port operations—mainly cargo-handling activities.

2. Here, the port authority maintains ownership of the port while the infrastructure is leased to private firms that provide and maintain their own superstructure and install own equipment to handle cargo.

3. In return, the landlord port gets a share of the revenue from the private entity.

4. The role of the landlord port authority would be to carry out all public sector services and operations such as the award of bids for cargo terminals and dredging.

Need:

• Currently, most major port trusts in India carry out terminal operations as well, resulting in a hybrid model of port governance.

• The involvement of the port authorities in terminal operations leads to a conflict of interest and works against objectivity. The neutrality of the landlord port authority is a basic requirement for fair competition between port service providers, particularly the terminal operators.

3) Railways' corporate train model

The Kashi Mahakal Express is the country's third 'corporate' train after the two Tejas Express trains between Delhi-Lucknow and Mumbai-Ahmedabad started over the past few months.

What is Corporate train model?

This is a new model being actively pushed by Indian Railways- to 'outsource' the running of regular passengers trains to its PSU, the Indian Railway Catering and Tourism Corporation (IRCTC).

How does the model work?

In this model, the corporation takes all the decisions of running the service– fare, food, onboard facilities, housekeeping, complaints etc. Indian Railways is free from these encumbrances and gets to earn from IRCTC a pre-decided amount, being the owner of the network. This amount has three components-haulage, lease and custody.

1. Haulage charge includes use of the fixed infrastructure like tracks, signalling, driver, station staff, traction and pretty much everything needed to physically move the rake.

2. Lease charges on the rake have to be paid as Indian Railways coaches are leased to its financing arm, the Indian Railway Finance Corporation (IRFC).

3. Custody charge has to be paid for keeping the rake safe and sound while it is in the custody of the PSU. IRCTC has to pay Indian Railways a sum total of these three charges, roughly Rs 14 lakh for the Lucknow Tejas runs in a day (up and down) and then factor

in a profit over and above this. This money is payable even if the occupancy is below expectation and the train is not doing good business.

Benefits and significance for customers and managers:

1. Being a corporate entity with a Board of Directors and investors, IRCTC insists that the coaches it gets from Railways are new and not in a run-down condition, as is seen in many trains. The quality of the coaches has a direct bearing on its business.
2. In this model, IRCTC also has full flexibility to decide the service parameters and even alter them without having to go to Railway ministry or its policies.
3. To that end, the business of running trains can be run with the independence needed to run a business with profit motive. This creates the environment for enhanced service quality and user experience for the passengers.
4. IRCTC gets the freedom to decide even the number of stoppages it wants to afford on a route, depending on the needs of its business model.

What is Indian Railways' benefit from this model?

Indian Railways doesn't have to suffer the losses associated with running these trains thanks to under-recovery of cost due to low fares and its own hefty overheads. The lease on its coaches is also taken care of.

4) FORMATION AND PROMOTION OF FARMER PRODUCER ORGANIZATIONS (FPOS)

Recently, Cabinet Committee on Economic Affairs, approved scheme titled "Formation and Promotion of Farmer Produce Organizations (FPOs)".

• The concept of FPO begun during 2011-12 when a pilot project was launched where in 2.5 lakh farmers were roped into 250 FPOs. Based on its encouraging results it was extended to other areas.

• The report of 'Doubling of Farmer's Income (DFI)' has recommended formation of 7,000 FPOs by 2022 towards convergence of efforts for doubling the farmers' income.

• In Union Budget 2019-20, creation of 10,000 new FPOs over the next five years was announced.

About the scheme

• It is a Central Sector Scheme under Department of Agriculture, Cooperation & Farmers Welfare (DAC&FW), Ministry of Agriculture & Farmers Welfare.

• Objective:

o 10,000 FPOs would be formed in five years period from 2019-20 to 2023-24 to ensure economies of scale for farmers.

o Handholding support to each FPO would be continued for 5 years from its year of inception for which support will continue till 2027-28.

• Beneficiaries: Small and marginal farmers who do not have economic strength to apply production technology, services and marketing including value addition.

• Implemented by- Small Farmers Agri-business Consortium (SFAC), National Cooperative Development Corporation (NCDC) and National Bank for Agriculture and Rural Development (NABARD). Also, States can nominate their Implementing Agency in consultation with DAC&FW.

• Other salient features

o Cluster Based Business Organizations (CBBOs) will be formed at cluster/state level for implementing the scheme.

o Minimum number of members in FPO will be 300 in plain area and 100 in North East & hilly areas.

o At least 15% of the targeted FPOs would be in aspirational districts with at least one FPO in each block of aspirational districts of the country.

o FPOs will be promoted under "One District One Product" cluster to promote specialization and better processing, marketing, branding & export by FPOs.

5) SOIL HEALTH CARD SCHEME

Soil Health Card scheme recently completed five successful years of implementation.

• Soil health and fertility is the basis for sustainable profitability of the farmers. Using optimal doses of fertilizers and cropping pattern as per the scientific recommendation is the first step towards sustainable farming.

• In India, the current consumption of Nitrogen, Phosphorus, and Potassium (NPK) ratio is 6.7:2.4:1, which is highly skewed towards nitrogen (urea) as against ideal ratio of 4:2:1.

• According to the estimates, fertilizers subsidy amounts to around Rs.5000/hectare of net cropped area, resulting in excessive use of fertilizers, especially NPK at the cost of micro-nutrients and manure. o India spent nearly Rs 80,000 crore on fertilizer subsidy in 2018.

• In keeping with the need for balanced use of fertilizers government of India introduced Soil Health Card (SHC) Scheme across India in 2015.

About the scheme

• It aims to promote soil management practices and restore soil health by ensuring judicious use of inputs/soil nutrients.

• Under this, SHC is a printed report that a farmer will be handed over for each of his holdings.

o It is provided to all farmers in the country at an interval of 2 years to enable the farmers to apply recommended doses of nutrients based on soil test values to realize improved and sustainable soil health and fertility, low costs and higher profits.

• The scheme is being promoted by Department of Agriculture, Cooperation and Farmers welfare under Ministry of Agriculture and Farmers Welfare and implemented by respective Department of Agriculture in States & UTs.

• Farmers can also track soil samples on the Soil Health Card Portal.

• The cost of sampling, testing and reporting is borne by Central Government. It provides the sum to the state governments.

• Soil samples are tested with respect to 12 parameters:

o Macro nutrients: Nitrogen (N), Phosphorus (P), Potassium (K);

o Secondary nutrient: Sulphur (S);

o Micro nutrients: Zinc (Zn), Iron (Fe), Copper (Cu), Manganese (Mn), Boron (B);

o Physical parameters: pH, EC (electrical conductivity), OC (organic carbon).

• Based on this, SHC provides two sets of fertilizer recommendations for six crops including recommendations of organic manures. This database is available in 21 languages. o Farmers can also get recommendations for additional crops on demand.

• Setting up soil testing labs: Under the scheme village youth and farmers up to 40 years of age are eligible to set up Soil Health Laboratories and undertake testing.

o A laboratory costs up to 5 Lakhs, 75% of which can be funded by the Central and State Governments.
o The same provisions apply to Self Help Groups, Farmers' Cooperative Societies, Farmers Groups and Agricultural Producing Organisations.
• Benefits: Soil testing reduces cultivation cost by application of right quantity of fertilizer.
o It ensures additional income to farmers by increasing yields. In the long term, it will ensure food security.
o It promotes crop diversification and sustainable farming.
o It is also creating jobs for the agrarian youth through provision of subsidy for setting up labs.
• Recent addition is the pilot project of 'Development of Model Villages' which encourages sampling and testing of cultivable soil in partnership with the farmers.
o Under the pilot, one village per block is adopted to collect soil samples at the level of individual farm holdings rather than at grid level.

Challenges

• Inadequate infrastructural backing: There are limited availability of testing equipment, old soil testing labs, non-functional equipment, lack of appropriate power back-up, lack of internet connectivity and physical assets.
• Deficit of human resources: Lack of trained and skilled manpower for testing and IT trained personnel for interpretation of analysis reports, preparation of recommendations and their online communication. This affects the quality of services and the credibility of the scheme.
• Policy design constraints: SHC related extension services are constrained, which limits the scope of advisories given to farmers.
o Physical and micro-biological indicators (such as soil texture, water holding capacity, and water quality and bacterial content) are not tested.
o The grid size (for taking sample) is fixed and not based on the soil variability index (soil variogram). Ideally, if variability is high, GRID size should be less and vice versa.
• Suitability of recommendations: Sometimes farmers are not able to understand the recommendations. In some cases, recommended fertilizers and bio-fertilizers are not available at village level at reasonable prices.
• Implementation lags: Although some southern and western states performed better, in some states even allocated resources are not being spent or utilized due to lack of capacities.

Suggestions and Recommendations

• A significant impact of the scheme is the increase in the use of gypsum and other micro nutrients. Subsidy on recommended dose of micro-nutrients, bio-fertilizers and organic inputs should be encouraged.
• Overall, the progress of SHC scheme in terms of coverage is satisfactory, now quality of soil sample collection; testing and timely distribution of SHCs to farmers should also be focused.
o NPC recommended the government to develop standard operating practices for labs for storage of soil samples, their analysis and distribution of soil health cards efficiently.
o Accreditation of testing labs as per National/international standard institutes should be initiated.
• Financial backing needs to be improved to fill the infrastructural gaps and to expand the

network of testing facilities as well as improve its quality and efficiency.
o Incentivise the manpower involved in implementation of the scheme. For example, honorarium for collecting soil samples can be increased to encourage personnel.
• Ensure uniform performance across states: Some states like Karnataka, TN, Chhattisgarh, UP, etc. were better performers compared to other states. This inequity should be effaced by focusing on weaker areas.
• Convergence of similar state schemes that support strengthening of the soil testing infrastructure for efficient use of resources.
• Other policies like water exploitation, electricity, etc. should be in line so that crop diversity can protect soil health in the long run.

6) EASE OF LIVING INDEX AND MUNICIPAL PERFORMANCE INDEX 2019

Ministry of Housing & Urban Affairs launched two Assessment Frameworks, viz. Ease of Living Index (EoLI) and Municipal Performance Index (MPI) 2019.

Objective of these frameworks

• Indices will help to assess the progress made in cities through various initiatives and empower them to use evidence to plan, implement & monitor their performance.
• Both these indices are designed to assess quality of life of citizens in 100 Smart Cities and 14 other Million Plus Cities.

About MPI, 2019

• It will assess performance of municipalities on five enablers- Service, Finance, Planning, Technology and Governance which include 20 indicators (Education, Health, Water & Wastewater, SWM & Sanitation, Registration & Permits, Infrastructure, Revenue Management, Expenditure Management, Fiscal Responsibility, Fiscal Decentralisation, Digital Governance, Digital Access, Digital Literacy, Plan Preparation, Plan Implementation, Plan Enforcement, Transparency & Accountability, Human Resource, Participation and Effectiveness).
• This will help Municipalities in better planning and management, filling gaps in city administration and improving liveability of cities.

About EoLI

• It is aimed at providing a holistic view of Indian cities -services provided by local bodies, effectiveness of administration, outcomes generated through these services in terms of liveability within cities and citizen perception of these outcomes.
• Key objectives
o Generate information to guide evidence-based policy making;
o Catalyse action to achieve broader developmental outcomes including the SDG;
o Assess and compare the outcomes achieved from various urban policies and schemes
o Obtain the perception of citizens about their view of the services provided by the city administration.
• EoLI 2019 will facilitate the assessment of ease of living of citizens across three pillars: Quality of Life, Economic Ability and Sustainability which are further divided into 14 categories (Education, Health, Housing & Shelter, WASH & SWM, Mobility, Safety & Security, Recreation, Economic Development, Economic Opportunities, Gini coefficient, Environment, Green spaces & building, Energy Consumption and City Resilience) across 50 indicators.
• For the first time, as part of the Ease of Living Index Assessment, a Citizen Perception Survey is being conducted (which carries 30% of the marks of the EoLI).

• This will help in directly capturing perception of citizens with respect to quality of life in their cities.

7) CRR LEEWAY FOR NEW RETAIL AND MSME LOANS

• Reserve Bank of India (RBI) asked banks to avail cash reserve ratio (CRR) exemption on incremental retail loans given to MSME, housing and auto sectors between January 31 and July 31, 2020 for a period of five years. • RBI also decided to link pricing of loans by scheduled commercial banks for the medium enterprises to an external benchmark effective April 1, 2020.

• Banks can deduct the equivalent amount of incremental credit disbursed by them as retail loans to these sectors, over and above the outstanding level of credit to these segments as on January 31, 2020, from their net demand and time liabilities (NDTL) for maintenance of the CRR.

Maintenance vs. Non-maintenance of CRR

• All Scheduled Commercial Banks are at present required to maintain with RBI a Cash Reserve Ratio (CRR) of 4% of the Net Demand and Time Liabilities (NDTL) (excluding liabilities subject to zero CRR prescriptions) under Reserve Bank of India Act, 1934.

• Non-maintenance of CRR on new loans for specified condition implies that Banks can claim deduction equivalent to these loans from their Net Demand and Time Liabilities (NDTL).

• This step could indirectly decrease interest rates for auto, housing and MSME sector due to fiscal room provided by non-maintenance of CRR on such loans.

• This is only for the purpose of computing the CRR for a period of five years from the date of origination of the loan.

• Also, the leeway is given only on new loans (i.e. incremental credit) in these sectors post specified date- 31 January 2020. (Loans before this date under these sectors are not eligible.) Rationale behind relaxing norms for CRR

• The primary aim is to revitalise the flow of bank credit to productive sectors having multiplier effects to support overall growth impulses in the economy.

• In the light of prevalent liquidity crunch, it is being seen as an additional liquidity measure and also to nudge banks to lend more to the needy segments.

• Apart from above, the RBI expects that the special window will reinforce monetary transmission, strengthen regulation and supervision, broaden and deepen financial markets; and also improve payment and settlement systems.

Rationale for External Benchmark for MSME loans

• RBI has not been satisfied with the way monetary transmission works as financial institutions tend to not pass on the benefit to the consumer.

• The current paradigm for determination of interest loans is based on Marginal Cost of Lending Rate (MCLR) which is determined by the respective bank.

• RBI aims to directly link the interest on loans with an external benchmark so that any change can be directly transmitted to the consumer.

• To effect this, RBI has proposed to the use of external benchmark rates.

• Earlier, all new floating rate personal or retail loans and floating rate loans to micro and small enterprises (MSEs) extended by banks were linked to external benchmarks since October 1, 2019. o External Benchmarks include policy repo rate; or any benchmark market interest rate produced by the Financial Benchmarks India Private Ltd. (FBIL), including Treasury bill rates

Cash Reserve Ratio (CRR)

• It is a specified minimum fraction of the NDTL, which commercial banks have to hold as reserves either in cash or as deposits with the central bank.

• This money is parked with the Central Bank without any interest.

• Net Demand and Time Liabilities (NDTL): It shows the difference between the sum of demand and time liabilities (deposits) of a bank with the public or the other banks and the deposits in the form of assets held by the other bank.

o Bank's NDTL = Demand and time liabilities (deposits) – deposits with other banks.

8) DECLINING INVESTMENTS IN P-NOTES

Investments in the Indian capital market through participatory notes (P-notes) have hit a nearly 11-year low by the end of December 2019. The use of P-notes has been on a decline since 2017.

Reasons of such declining trend

• Tightening of rules on P-notes:

o Recently, Securities and Exchange Board of India (SEBI) mandated that some of the existing FPIs will have to get separate registrations if they want to issue p-notes based on derivatives.

o Less favourable treatment of non-FATF member jurisdictions, such as Mauritius, from the perspective of higher KYC restrictions.

o Issuers will also have to file suspicious transaction reports with the Indian Financial Intelligence Unit on P-Notes.

o Carry out reconfirmation of the P-Note position on a semi-annual basis besides carrying out KYC reviews every year.

o Until 2016, P-Note subscribers were not required to seek the issuer's prior permission for transferring the instrument to another investor offshore. But since then, the regulator needs to be updated with the complete transfer trail of P-Notes on a monthly basis.

o In July 2017, SEBI notified stricter P-notes norms stipulating a fee of USD 1,000 that will be levied on each instrument to check any misuse for channelising black money.

• Liberalised norms for foreign portfolio investors (FPIs) based on recommendations of H.R. Khan committee: these have been impacting investments through P-notes which were earlier preferred for their simplified nature. o Under the new rules, FPIs have been divided into two categories and around 80 per cent falls under Category-I and investors planning to set up shop as Category-I is required a simple application form.

o Further, SEBI has allowed entities registered at an international financial services centre to be automatically classified as FPIs.

o Mutual funds with offshore funds too can invest in India as FPIs to avail certain tax benefits now.

o Central banks that are not members of the Bank of International Settlements are also allowed to register as FPIs and invest in the country.

• Declining equity inflows: Inflows to India accounted for only approximately 7% of FPIs equity inflows of the last five years (CY14-18), compared with around 20% share in the previous five years (CY09-13).

Reasons:

o Turbulence in global markets: including trade war leading to spike in global risk aversion. In such situations, foreign portfolio money tends to move out of riskier assets such as emerging market equities.

o Profitability of Indian corporates has worsened over the last decade. So, the poor performance on Indian equity market vis-à-vis other equity markets, the steep valuation, when compared to other emerging markets and the poor earnings growth in recent quarters could have had a greater impact on FPI decision to invest in Indian equity.

About Participatory Notes

• P-notes are offshore derivative instruments of underlying Indian assets. These are issued by registered Foreign Portfolio investors (FPIs) to overseas investors or hedge funds who wish to be part of the Indian stock market without registering themselves with SEBI directly. E.g. Citigroup and Deutsche Bank

• **Benefits**: They provide access to quick money to the Indian capital market. Moreover, it enables the investors to avoid the cumbersome regulatory approval process. Investors save time, money and scrutiny associated with direct registration.

• **Concerns**: Often P-notes have been seen as an instrument that is being misused to launder money or fund illegal activities because of the anonymity involved. Moreover, hedge funds acting through P-notes may cause economic volatility in India's exchanges.

9) TECHNICAL TEXTILES

Cabinet Committee on Economic Affairs (CCEA) has recently approved the setting up of a National Technical Textiles Mission with a total outlay of ₹1,480 Crore.

About Technical Textiles

• Technical textiles (TT) are textiles materials and products manufactured primarily for technical performance and functional properties rather than aesthetic or decorative characteristics.

• Other terms used for TTs include industrial textiles, functional textiles, performance textiles, engineering textiles, invisible textiles and hi-tech textiles.

• They are used individually or as a component/part of another product to enhance its functional properties.

• They are not a single coherent industry and market segment is diverse and broad based. o Its usage is in diverse industries from aero space to railways to construction etc. and is developing in other industries also due to technological advances.

• They have been divided into 12 major segments (see infographic).

Indian Scenario

• TT is a knowledge based research oriented industry and has been slowly but steadily gaining ground due to reasons such as: functional requirement, health & safety; cost effectiveness; durability; high strength; light weight; versatility; customization; user friendliness; eco friendliness; logistical convenience etc.

• Indian technical textiles segment constitutes around 6% of the $250 billion global technical textiles market.

• TT constitute 12-15% of the total textile value chain in India (in European countries it is 50%).

• The annual average growth of the segment in India is 12% as compared with world average growth of 4%.

Prospects of Technical Textiles

• Push domestic production and unlock export potential: While conventional textiles is export intensive, technical textiles is import intensive industry.

o One of the factors for low consumption of technical textiles is import intensive nature of many products which makes them cost prohibitive, restricting their consumption.

o With increase in indigenous production, there is a huge potential of export of technical textiles particularly in the SAARC countries, where also this industry is not well developed and depends on import to meet their domestic demand.

• Scope for small scale and cottage industries: While production of specialized yarn and fabrics takes place in the large and medium scale but the conversion of these fabrics into finished goods is done in small scale sector and even in cottage sector.

• Disposable income factor: The consumption of disposable segment of the technical textiles is directly related to the disposable income (DI). With increase in DI, the consumption of disposable items like, wipes, sanitary napkins, baby diapers, adult diapers, and health care products is expected to increase at an exponential rate.

• Inherent strengths of textile sector: India's textile industry has fundamental strengths which can be utilized for gaining advantage in commodity market of technical textiles through cost competitive manufacturing structure.

o In the high-end niche areas also Indian textile industry has an edge through networking with research institutes and final consumers for development of new technologies.

• Use of new technologies: With new developments taking place in fiber/yarn technology the scope of this industry is expanding at a very fast pace. o New technologies like nano technology, plasma coating, intelligent textiles, composites, soft shell technology, retro-reflective material have important bearing on the growth of the technical textile industry.

About the National Technical Textiles Mission

• The aim of the mission is to position the country as a global leader in technical textiles and increase domestic use as well.

• It envisages a domestic market size to reach $4050 billion by 2024, which is valued at $16 billion presently.

• Mission Directorate will be operational in the Ministry of Textiles.

• The Mission will be implemented from 2020 to 2024 and will have four components:

o Research, development and innovation: It will have an outlay of ₹1,000 crore. The research will be at fibre level and application-based. Research activities will also focus on development of indigenous machinery and process equipment.

o Promotion and market development: The focus will be on usage of technical textiles in key flagship mission and programmes of the country, including the strategic sectors of agriculture, defence, water and infrastructure, along with Jal Jivan Mission; Swachch Bharat Mission; Ayushman Bharat among others.

o Export promotion: An export promotion council for technical textiles will be set up. It aims to ensure that technical textile exports from the country grow from the present

₹14,000 crore to ₹20,000 crore by 20212022 with a 10% average growth every year.

o Education, training and skill development: It will promote technical education at higher engineering and technology levels related to technical textiles and its application areas.

Conclusion

Indian technical textile industry has presence in all the 12 segments, which needs to be intensified in order to tap the potential of the industry. India has the ability to gain global leadership in the sector. The mission has been a long awaited step in the right direction. Implementation, monitoring and review are crucial going forward.

Challenges and Weaknesses of the sector

• Lack of specifications and standardization of technical textiles: As the sector is emerging eventually, relevant policies and standards have not yet been developed. There is no quality benchmark for technology for technical textiles.

• Lack of awareness about the utility of the products.

• Non availability of raw materials: It adds to the cost of the products, and restricts the growth of the sector.

• Lack of infrastructure: It includes basic infrastructure as well as lack of technology.

• Deficit of skilled manpower, training and educational facilities: There is a lack of skill development in the sector, as this aspect has not been focused upon so far. It needs to be dealt with coherently.

Other steps taken by Government

• National Textile Policy, 2000: It stated that considering the growing prospects for technical textiles worldwide, priority will be accorded for their growth and development in the country.

• Expert Committee on Technical Textiles: It was created by central government, comprising of experts from all the segments of the technical textile industry to:

o Assess the market size and potential of technical textiles,

o Identify and prepare project profiles for the potential items to enable the entrepreneurs to take investment decisions,

o Formulate an action plan to promote the growth of technical textiles.

• Scheme for Growth and Development of Technical Textiles (SGDTT): It was launched in 2007-08, comprising of three main components- Baseline Survey, Awareness Campaigns and Creation of Centres of Excellence.

• Technology Mission on Technical Textiles (TMTT): It was launched in 2010-11. Its first component includes standardization, creating accredited common testing facilities and maintaining a resource centre with IT infrastructure. Second component is development of domestic & export markets for technical textiles.

• Coverage of technical textiles under Technology Upgradation Fund Scheme (TUFS): All the machinery for production TTs has been covered under TUFS. Projects costing $ 216 million have already been sanctioned under TUFS.

• Fiscal duty:

o Concessional custom duty: Major machinery for manufacture of TTs has been covered under the concessional list of 5% basic customs duty.

o Excise duty on man-made fibre / yarn (TT) was reduced from 16% to 8% which is in line with the 8% duty at fibre stage. It has provided a level playing field to this industry.

• De-reservation of sanitary napkins / baby diapers: They were earlier reserved for Small

Scale Industry sector. It was hindering the setting up of large scale units in this segment.

• Institutional mechanism: Inter-Ministerial Committee (IMC) and Steering Committee for Growth and Development of Technical Textiles (SCGDTT) have been setup to constantly review, monitor and take necessary action for promoting the technical textiles.

<u>10) BOOST FOR DAIRY SECTOR</u>

Central government has made some changes in Dairy Processing and Infrastructure Development Fund (DIDF) scheme to take the white revolution (associated with milk production) to the next level.

• Government increased the interest subvention or subsidy on loans given to the dairy sector from 2 per cent to 2.5 per cent.

• The funding period of the scheme is revised (earlier 201718 to 2019-20: now 2018-19 to 2022-23) and the repayment period has been extended up to 2030-31.

• It also proposed to intensify the Quality Milk Programme for both cooperative and private sector with fund sharing basis to improve quality of milk.

About the scheme

• Ministry: This Central Sector Scheme was launched by Department of Animal Husbandry and Dairying, Ministry of Fisheries, Animal Husbandry & Dairying.

• Aim: To create additional milk processing capacity, invest in infrastructure to modernize and bring efficiency in dairy processing plants and machinery.

• Beneficiaries: End Borrowers such as Milk Unions, State Dairy Federations, Milk Cooperatives, Milk Producer Companies etc.

• Under the scheme, fund has been set up under NABARD. Funding will be in the form of interest-bearing loan, implemented by National Dairy Development Board (NDDB) and National Dairy Development Cooperation (NCDC) directly through the End Borrowers.

o The respective State Government will be the guarantor of loan repayment.

• Expected Benefits: o It will benefit 95 lakh milk producers covering 50,000 villages. o There will also be the creation of an additional 210 tonnes per day milk drying capacity, modernisation, expansion and creation of milk processing capacity of 126 lakh litre per day.

A brief overview of dairy sector in India

• India ranks first in milk production since 1998 accounting for 20 per cent of world production and with milk production of 176.3 million tonne in 2017-18.

• India also has the largest bovine population in the world.

• A government initiative known as Operation Flood (1970–1996) helped India to boost its milk production. India's milk production has grown by over 10 times since 1950.

• According to National Sample Survey Office's (NSSO) 70th round survey, more than one-fifth (23 per cent) of agricultural households with very small parcels of land (less than 0.01 hectare) reported livestock as their principal source of income.

• As per 2018-19 Economic Survey, of the total milk produced in rural areas around 52% is the marketable surplus. o Of this surplus, about 36% of the milk sold is handled by the organized sector (evenly shared by Co-operative & Private Dairies) and the rest by the unorganized sector.

• Budget 2020 aims to double the country's milk processing capacity by 2025. (from 53.5 million tonne to 108 million tonne)

• In India milk production is growing by 6.4% during the last 5 years and as increased from

146.3 million tonnes (mt) in 2014-15 to 187.7 mt in 2018-19.

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ASPIRE IAS UPCOMING EXCLUSIVE sessions FOR MAINS-2019

1. Geography OPTIONAL and RRVAP (Rapid round value addition programme with TEST SERIES)

- For the last 5 years favourite programme among students.
- Where you are lacking we are working upon like, Paper-2 in contemporary and geographical manner, Mapping and its application, special emphasis on Thoughts-Regional planning and biogeography.
- Full coverage of geography with writing skill development
- 2013 when the average score was 140 in Geo our students scored 200+ (Isha Dhuna, Nitin Agarwal and Aditya uppal)
- 2014 when average score is 230 our students scored 280-300 (Aditya uppal RANK-19 309 marks)
- Same trend in 2015-18
- Starts from 10th June 2019 evening session.
- Writing skills in Geography from 17th June.

2. Our best and SUCCESS GRADE course Newspaper analysis and writing skill programme.

** Our TM and most successful programme start from 11th June with the coverage of last **5 years issues** highly helpful in P-2&3 (Seats are limited). ***FOR FRESHERS AS WELL AS THOSE WHO WANT TO SCORE 450+ IN MAINS 2019***

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3. Writing skill development, enhancement and management programme.

- Best developed programme to enhance the writing skills at individual level
- Yield a fantastic result: RANK-22 (Saloni Rai) and Rank 1 Nandani others….

32 sessions till SEP 2019 with same day discussion, feedback and evaluation of the copies.

4. Special batch for ETHICS and 150 CASE STUDIES. (15 days with the guidance to score 110+ by DIRECTOR sir)

5. Geography for GS MAINS

6. Sociology, political science and Public administration full course and crash course with writing skills.

7. Ncert Foundation btach.

8. GS-FOUNDATION batch for 2020… from 15th June 2019.

All the Best to all my Economics students… God bless…

Hope this material will help you. JaiHind ☺