

# INITIATIVES TO EMPOWER RURAL YOUTH

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The growth potential through demographic dividend depends upon shifting labour force from agriculture. The need of the hour is skilling large number of young labour force to benefit from the changing market and production structure. India can be the hub for other countries for their outsource work and manufacturing provided India improves its education system imparting right training and skills to the labour force.

Providing employment, securing livelihoods and improving incomes of people are among the most critical developmental outcomes that governments across the board strive to achieve. These include sector-specific policies (e.g. to improve agricultural productivity and incomes, or boosting textiles exports, etc.), ecosystem-wide development initiatives (e.g. improving financial inclusion, creating digital infrastructure, etc.) and entrepreneurship or self-employment schemes (e.g. Start Up India, MUDRA, etc.).

The biggest strength of Indian economy is its favourable demographic composition. India, 2<sup>nd</sup> most populous country with 1.35 billion population (UN, 2018), is the largest young nation having 877 million working age population, population between 15 to 64 years as percentage of total population. The working age population is expected to rise for next couple of decades where as all other big economies including China will have high dependency rate. According to IMF, India can improve upto 2 per cent annual growth rate, if the demographic dividend is harnessed appropriately (Sahoo, 2018)<sup>1</sup>.

However, the growth potential through demographic dividend depends upon shifting labour force from agriculture. The need of the hour is skilling large number of young labour force to benefit from the changing market and production structure. India can be the hub for other countries for their outsource work and manufacturing provided India improves its education system imparting right training and

skills to the labour force. In this context, 'Kaushal Bharat' program, which has the target of training 400 million citizens by 2022, is a welcome initiative. The initiative includes various programs such as *Pradhan Mantri Kaushal Vikas Yojana*, National Policy for Skill Development and Entrepreneurship 2015, Skill Loan Scheme, and the National Skill Development Mission.

Government has taken few important initiatives to give push to the rural youth. The rural youth push is even more important as more than half of India's 63 million MSMEs are in rural areas. It is common knowledge that MSMEs typically face credit constraints as well as market access issues.

## Various Initiatives

The following sections outline in brief the various initiatives which have the potential to empower rural youth through job creation and skill development.

**MUDRA** : The Micro Units Development and Refinance Agency (MUDRA) Bank was founded with the motto of "funding the unfunded" by extending financial support, including refinancing, to the micro segment of the Indian economy. In order to provide fund for those institutions and individuals (nearly 5.8 crore non-corporate small business sectors through last mile financial institutions like NBFCs, MFIs and banks etc.), MUDRA Ltd (initially an NBFC) has been recognized by official statement as MUDRA<sup>2</sup>. The scheme seeks to enhance the employability and



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## HARNESSING YUVA SHAKTI



Over **1 crore** youth being trained through Pradhan Mantri Kaushal Vikas Yojana

Self employment schemes like **MUDRA, Start-up India** and **Stand-up India** being implemented

India has become world's **second largest** start-up hub




self-employability of youth in India, in addition to protecting the non-banking financial companies (NBFC) lending to small business in the country. These will help to increase the confidence of young, educated or skilled rural youth who will now aspire to become first generation entrepreneurs. The existing small businesses, too, will be able to expand their activities.

Launched in April, 2015, Rs. 4.6 trillion (4.6 lakh crore) credit has been sanctioned under the scheme as on February, 2018 spread across 10.38 crore beneficiaries. Women's financial inclusion has massive implications on overall human development. For 2018-19, the loan disbursement target is set at Rs. 3 trillion (3 lakh crore).

**Pradhan Mantri Kaushal Vikas Yojana (PMKVY):** The PMKVY is a flagship program of the Ministry of Skill Development & Entrepreneurship (MSDE), GoI aimed at improving vocational skills of youth. In terms of scope and potential impact, this is a program with vast implications on rural youth of the country. The objective of this Skill Certification Scheme is to enable a large number of Indian youth to take up industry-relevant skill training that will help them in securing a better livelihood. Individuals with prior learning experience or skills are also assessed and certified under Recognition of Prior Learning (RPL). Short-term training, *kaushal* and *rozgar melas*, placement assistance are among the key components of the scheme.

Rs. 3,044 crore has been allotted to train the Indian youth under this scheme with coverage

reaching 19.58 lakh youth so far. According to the data provided by the Skill Development Management System (SDMS), 19.58 lakh candidates were certified under Short Term Training of PMKVY 2016-20 till November 30, 2018. Out of these candidates, 9.99 lakh candidates have been placed in various sectors which accounts for 54.9 per cent placement record of the skill project running throughout the nation.

The PMKVY Pradhan Mantri Kaushal Vikas Yojana (PMKVY) scheme has the potential to drive up employability, undercut unemployment and underemployment, as well as improve productivity and incomes. This will be hugely complementary to the self-employment drive by way of MUDRA and Start-Up India.

**Start Up India:** Start Up India aims at fostering a favourable environment for startups<sup>3</sup> in view of boosting economic growth and bringing about job creation. The campaign is centred on an action plan with three pillars: (1) simplification and handholding, (2) funding support and incentives, and (3) industry-academia partnerships and incubation.

The Ministry of Human Resource Development and the Department of Science and Technology have agreed to partner in an initiative to set up over 75 start-up support hubs under the program. The Reserve Bank of India will also take steps to contribute to an ecosystem that is conducive for the growth of start-up businesses.

Under the scheme, a Start Up India hub has been created (pan-India) as a single contact point for start-up foundations in India, which will help the entrepreneurs to exchange knowledge and access financial aid. Patent protection, which is important to incentivize innovations, will also be ensured through a fast-track system for patent examination at lower costs. The system will promote awareness and adoption of the Intellectual Property Rights (IPRs) by the start-up foundations.

Policies and incentives include extending tax exemption, patent grants, and self-certification facilities to start-ups. These recognition have enabled the 14K start-ups from across 484 districts of India. 55 per cent of the start-ups are located in Tier 1 cities while 27 per cent and 18 per cent are based out of Tier 2 and 3 cities.

**Make in India:** Although not specifically an MSME scheme, 'Make in India' is the leading initiative for industrial development and has profound implications for manufacturing sector job creation. It has the potential to shift agricultural labour to manufacturing through investments in labour-intensive manufacturing including through MSMEs which contribute more than 40 per cent to the country's GDP. In particular, the scheme can potentially create employment opportunities in rural India through convergence with schemes such as MUDRA and PMKVY. While actual investments will be contingent on the business climate (gauged through indices like the Ease of Doing Business Index, etc.), the scheme can increase employment through backward linkages, improved supply chains linking micro-enterprises in rural India with national and global supply chains.

Investments such as TCL's manufacturing unit in Tirupati, or smartphone manufacturing plant in NCR have possible direct and indirect impacts on job creation. Cluster development initiatives such as mega textile units in Uttar Pradesh have higher job creation potential for rural youth due to their labour intensive nature, and relatively lower skill requirements.

Moreover, fast moving consumer goods, as well as white goods, including electrical appliances are sectors which speak well to the potential of not just boosting investments under Make in India, but also delivering on PM's job promise on a large scale. Through better convergence with PMKVY (which imparts vocational training), trainees may benefit from placements in large industrial units.

**Mahatma Gandhi National Rural Employment Guarantee Act (MGNREGA):** The Act came into force initially in 200 districts, and was extended gradually to other areas notified by the Central Government<sup>4</sup>. This is one of the continuing flagship programs of the Government to provide minimum number of days of employment to rural people including youth.

**Deen Dayal Upadhyay Gramin Kaushal Yojana (DDU-GKY):** It caters to rural youth employment opportunities. One positive attitude towards this initiative is that the funds are disbursed through a digital voucher directly into the qualified applicant's



bank account. It seeks to reposition rural India as a resource that can support the needs of the global manufacturing industry.

**Self-Employment and Talent Utilisation (SETU):**

It is a techno-financial, incubation and facilitation programme to support all the aspects of start-up business and other self-employment activities, particularly in technology-driven areas.

**Self-employment in Horticulture:** It provides funds up to 10 lakhs for starting-up a horticulture farms. The scheme has enhanced horticulture production, improved nutritional security and income support to farm households and others; has established convergence and synergy among multiple on-going and planned programmes for horticulture development. The scheme has also helped in generating employment for skilled and unskilled persons, especially unemployed youth.

**National Rural Livelihood Mission (NLRM)/ Aajeevika:** It is designed as a special programme for rural development. For basic skill development for the BPL rural youths, the Rural Self Employment Institutes (RSETIs) under NRLM have been set up which enables them to undertake micro-enterprises and wage employment. It also skills the rural youth and provides them jobs with regular monthly wages at or above the minimum wage rates. It was one of the cluster of initiatives of Rural Development Ministry aimed at promoting rural livelihoods. Aajeevika Skills involve few distinct steps like awareness building about opportunities, identifying rural youth for, mobilising who are interested, counselling of youth and parents, selection based on aptitude, and imparting knowledge industry linked skills to improve their employability.

**The Sampoorna Grameen Rozgar Yojana:** This scheme of the Ministry of Rural Development

## Deendayal Antyodaya Yojana National Rural Livelihood Mission (DAY:NRLM)

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provides additional wage employment in the rural areas and thereby provides food security and improve nutritional levels.

**Swarnjayanti Gram Swarozgar Yojana (SGSY):** It was introduced by the Ministry of Rural Development to assist the poor families living below the poverty line in rural areas for taking up self-employment. This Central Government funded scheme helps users in providing information and guidelines for setting up the *Haats*, credit related issues, etc.

### Steps for Small and Medium Enterprises

MSMEs are employment intensive and the backbone of Indian economy. India has a total of 633.9 lakhs MSMEs comprising 630 lakhs of micro units, 3.3 lakhs of small units and 0.05 lakhs medium units (GOI, 2017-18). MSMEs contribute 32 per cent of total value added and employ 111 million workers. MSMEs have a great role to play for 'Make in India' to succeed as one-third of Indian MSMEs are engaged in the manufacturing activities and they contribute about half of the manufacturing output. MSMEs are labour intensive and carry huge potential to generate employment. There are very specific initiatives taken by the Government in recent years to help SMEs which would provide

employment opportunities to rural youth.

There has been enhanced disbursement of funds for MSMEs sector. Budgetary allocation has gone up from Rs. 6481.96 crore in 2017-18 to Rs. 6552.61 crore in 2018-19 for MSMEs. In October, 2017, the Ministry of MSMEs set up an online portal aimed at monitoring cases of delayed payments to SMEs and enforcing provisions under the MSMED Act, 2006 – MSME Samadhaan. A mandatory online census of MSMEs in India is taking place, following the launch of the web-based MSME Databank. In January, 2016, Ministry of Textiles introduced 'Amended Technology Upgradation Fund Scheme' with provision of one-time capital subsidy for eligible benchmarked machinery. Scheme of Solar Charkha Mission proposes to harness non-conventional solar energy to further

employment generation.

### Footnote

- 1 Sahoo, P, "Economy: How to Move from Sixth to Third by 2030?" Deccan Herald, 16th July, 2018.
- 2 The Bank is initiated and set up with a corpus of Rs. 20,000 crore and a credit guarantee fund of Rs. 3,000 crore. Along with an additional provisioning of fund amounting to 1 lakh crore, the given allotments are decided by the government: 40,000 crore rupees under the Mudra Bank Shishu Loan Scheme, 35,000 crore rupees under the Mudra Bank Kishor Loan Scheme and 25,000 Crore Rupees under the Mudra Bank Tarun Loan Scheme.
- 3 A startup in India is an entity which was opened less than seven years ago and has an annual turnover of less than INR 250 million (USD 3.9 million) (Ministry of Commerce and Industry, 2017).
- 4 <https://www.india.gov.in/policies-and-acts-ministry-rural-development>

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