Highlights of Economic Survey 2018 - Part III

Click here for Part II.

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What to look for?

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- Infrastructure
- Agriculture
- Climate Change
- Sustainable Development
- Air Pollution
- Social Expenditure
- Education
- Labour Reforms And Participation
- Pink-Colour Economic Survey - Gender Issues

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INFRASTRUCTURE

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- **Status** - The Economic Survey draws attention to the Global Infrastructure Outlook.
- It forecasts around **US$ 4.5 trillion** worth of investments for India till 2040 to develop infrastructure.
- This is said to be essential for both economic growth and community

wellbeing.
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- India certainly lags behind many emerging economies in terms of providing qualitative transportation related infrastructure.
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- **Roadways** - The primary agenda has been building new National Highways (NHs) and converting State Highways (SHs) into NHs.
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- But, States with lower Per capita GSDP have low density of Other Public Work Department (OPWD) Road/District Road.
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- Addressing this is essential to provide better access and thereby enhancing economic activities.
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- Government has taken steps for streamlining of land acquisition and environment clearances to expedite delayed projects.
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- The umbrella programme 'BharatmalaPariyojana' aims to achieve optimal resource allocation for holistic highway development.
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- **Railways** - Railways showed an increase of over 5% in revenue- earning freight traffic carrying during 2017-18 (upto Sep 2017).
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- The pace of commissioning Broad Gauge (BG) lines and completion of electrification have been accelerated.
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- Over 400 kms of metro rail systems are operational across the country.
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- And another 680 kms (appx.) are under construction in various cities across India.
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- **Ports** - The port-led development along Indian coast line is undertaken under SagarmalaProgramme.
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- Almost 289 Projects worth over Rs. 2 Lakh Crore are under various stages of implementation and development.
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- The cargo traffic handled at Major Ports has shown a marginal increase in the last year, valuing to around 500 million tonnes.
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- **Telecommunication** - The Survey made mention of programmes like 'Bharat Net' and 'Digital India'.
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- It expressed hope that these could convert India into a digital economy.

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- Out of around 1200 million total subscribers, roughly 500 and 700 million connections were in the rural and urban areas respectively.
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- **Civil Aviation** - Domestic airlines has showed a growth rate of 16% in 2017-18 (April - Sep 2017) over the previous year period.
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- This is in terms of increase in passenger carrying.
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- Initiatives like liberalization of air services, airport development and regional connectivity through scheme like UDAN are being taken up.
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- **Power** - All-India installed power generation capacity has reached well over 3.3 lakh MW till Nov, 2017.
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- The Ujjawal DISCOM Assurance Yojana (UDAY) has focused on enhancing the financial health of DIStribution COMpanies.
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- It has reduced their interest burden, cost of power and aggregated technical and commercial losses.
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- Electrification in 15,183 villages has been completed.
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- Saubhagya (Pradhan Mantri Sahaj Bijli HarGhar Yojana), was launched in September 2017.
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- This is to ensure electrification of all remaining willing households in the country in rural and urban areas.
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- **Logistics** - The Indian logistics industry has grown at a compound annual growth rate (CAGR) of 7.8% during the last five years.
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- The logistics sector provides employment to more than 22 million people.
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- In World Bank's 2016 Logistics Performance Index India improved to 35th rank in 2016 from 54th in 2014.
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- **Housing** - India's housing policies have been mostly focused on building more homes and on home ownership.
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- The Economic Survey suggests a more holistic approach taking into account rentals and vacancy rates.
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- In turn, this needs attention on contract enforcement, property rights and

spatial distribution of housing supply vs. demand.
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AGRICULTURE

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Feminisation

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- **Feminisation** - The Economic Survey points to a trend of 'feminisation' of agriculture sector.
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- This is a consequence of growing rural to urban migration by men.
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- There is an increasing number of women in multiple roles as cultivators, entrepreneurs, and labourers.
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- They make presence at all levels of the agricultural value chain.
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- It includes production, pre-harvest, post-harvest processing, packaging, and marketing.
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- **Significance** - Globally, empirical evidence suggests the decisive role of women in ensuring food security and preserving local agro-biodiversity.
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- Rural women are responsible for the integrated management and use of diverse natural resources to meet the daily household needs.
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- Importantly, the entitlements of women farmers will be the key to improve agriculture productivity.
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- **Measures** - The following measures have been taken to ensure mainstreaming of women in agriculture sector:
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i. earmarking at least 30% of the budget allocation for women beneficiaries in all ongoing schemes and initiatives
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ii. initiating women centric activities to ensure benefits of various beneficiary-oriented programs/schemes reach them

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iii. focusing on women self-help groups to connect them to micro-credit, ensuring representation in decision-making bodies
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iv. declaring 15th October of every year as Women Farmer's Day, acknowledging the role of women in agriculture
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- **Way ahead** - Women farmers' enhanced access to resources like land, seeds, water, credit, markets, technology and training is a necessity.
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- India needs an 'inclusive transformative agricultural policy' aimed at gender-specific intervention.
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Mechanisation

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- **Trend** - The survey highlights that Indian Farmers were adapting to farm mechanization at a faster rate in comparison to recent past.
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- Indian tractor industries have emerged as the largest in the world.
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- They account for about 1/3rd of total global tractor production.
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- The sale of tractors to a great extent reflects the level of mechanization.
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- In 1960-61, about 93% farm power was coming from animate sources, which has reduced to about 10% in 2014-15.
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- On the other hand, mechanical and electrical sources of power have increased from 7% to about 90% during the same period.
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- **Need** - According to the World Bank estimates, half of the Indian population would be urban by the year 2050.
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- It is estimated that the percentage of agricultural workers in total work force be around 25% by 2050.
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- This is a huge drop from about 58 in 2001.

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- Moreover, intensive involvement of labour in different farm operations makes the cost of production of many crops quite high.
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- All these call for a more enhanced level of farm mechanization in India.
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- **Suggestion** - Institutionalization through custom service or a rental model is suggested for availing high cost farm machinery.
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- It could be adopted by private players or State or Central Organization in major production hubs.
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- This is significant to reduce the cost of operation.
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Land Holdings Consolidation

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- There is predominance of small operational holding in Indian Agriculture.
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- The survey thus stresses the need for land holdings consolidation.
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- This is especially essential for reaping the full benefits of agricultural mechanization.
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Interest Subvention

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- A sum of around Rs.20,ooo crore has been approved in 2017-18 to meet various obligations arising from interest subvention.
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- This includes those provided to the farmers on short term crop loans and also loans on post-harvest storages.
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- These credits meet an important input requirement, especially those of small and marginal farmers who are the major borrowers.
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- The Survey adds that institutional credit helps delinking farmers from non-institutional sources of credit (at high rates of interest).

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- Moreover, the crop insurance under Pradhan Mantri Fasal Bima Yojana (PMFBY) is being linked to availing of crop loans.
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- Both of this would give farmers the combined benefit.
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Market Reforms

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- **e-Nam** - The electronic National Agriculture Market (e-NAM) was launched by Government on April, 2016.
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- It aims at integrating the dispersed APMCs (Agricultural Produce Market Committee) through an electronic platform.
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- It enables price discovery in a competitive manner to offer remunerative prices to farmers for their produce.
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- **KCC** - The Survey stresses the need for small and marginal farmers to hold their Kisan Credit Card (KCC).
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- This is to avail post-harvest loans by storing their produce in the accredited warehouses.
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- Loans at interest subvention of 2% on such storages for a period of upto 6 months are offered.
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- This is essential to supplement the market reforms and sell when the market is buoyant, and avoid distress sale.
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Farmers' Income

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- Economic Survey emphasizes the Government's goal to double farmers' income by 2022.
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- The credit from institutional sources will complement all government initiatives in this regard.

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- These include Soil Health Card, Input Management, Per Drop More Crop in Pradhan Mantri Krishi Sinchai Yojana (PMKSY), PMFBY, e-Nam, etc.
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Innovation

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- Agricultural R&D is reiterated as the main source of innovation for sustaining agricultural productivity growth in the long-term.
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- The actual expenditure of Department of Agricultural Research and Education/ICAR has increased during 2010-11 to 2017-18.
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- The compound annual growth rate of expenditure has been 4.2% over the years.
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- During the current year (2017-18), investment in Agriculture Research and Education protected new Agricultural innovation.
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- Evidently, there was significant number of patent applications at Indian patent Office (IPO).
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- Also, copyright and trademark applications filed by ICAR for products and processes.
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- New Varieties/hybrids tolerant to biotic and abiotic stresses were released for cultivation in different agro-ecologies of the country.
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- These have been developed for Cereals, Pulses, Oilseeds, commercial crops and Forage crops (for use as feed for animals).
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CLIMATE CHANGE

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- **Commitments** - Survey lays emphasis on India's commitment to environment and response to the threat of climate change.
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- This is in accordance with the principles of equity and Common But

Differentiated Responsibilities.
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- Also, with the “Paris Pledge” to reduce the emission intensity of GDP by 33-35% over 2005 levels by the year 2030.
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- **Measures** - The survey mentions the establishment of 8 Global Technology Watch Groups to keep track of the state-of –the-art technologies emerging globally.
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- It is part of the National Mission on Strategic Knowledge for Climate Change (NMSKCC).
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- This is one of the 8 missions under the National Action Plan on Climate Change.
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- Also, the extension of Climate Change Action Programme launched in 2014 for the period 2017-18 to 2019-20.
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- It also make note of the continuation of National Adaptation Fund on Climate Change till 31st March 2020 with additional financial allocation.
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SUSTAINABLE DEVELOPMENT

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- **Urban India** - India’s urban population is projected to grow to about 600 million by 2031.
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- How cities, the centres of economic activity, deliver on varied basic services will determine the path and progress of sustainable development.
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- The survey thus suggests Urban Local Bodies to generate resources through varied financial instruments.
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- These include municipal bonds, PPPs and credit risk guarantees.
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- **Renewable energy** - The Survey states access to sustainable, modern and affordable energy as the basis of achieving Sustainable Development Goals.
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- The increasing share of renewables has tripled in the last 10 years.
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- As on 30th November 2017, the share of renewable energy sources was 18%

in the total installed capacity of electricity in the country.
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- International Solar Alliance (ISA) entered into force in December, 2017.
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- The coalition paves the way for future solar generation, storage and good technologies for each member country's individual needs.
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AIR POLLUTION

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- **Delhi** - The Survey expresses concern over air pollution in Delhi with the onset of winter due to various factors.
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- It ascribes four main reasons for Delhi's worsening air quality:
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i. crop residue, biomass burning
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ii. vehicular emissions and redestributed road dust
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iii. industries, power plants
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iv. winter temperature inversion, humidity and absence of wind
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- **Suggestion** - Coordination between agencies and Central and State, sustained civic engagement is recommended.
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- Using satellite-based tools to detect fires, penalties on burning of agricultural waste, congestion pricing for vehicles are taken up.
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- Improving public transport system and modernized bus fleets, phasing out old vehicles, accelerating BS-VI are other measures.
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- Further, use of technology to convert agricultural waste into usable fodder or bio-fuels, shift to non-paddy crops, straw management system are also suggested.
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- Agricultural cooperatives and local bodies are called for increased roles in implementation.
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- **Indoor pollution** - The survey mentions the adverse impact of indoor pollution on women and children.
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- It accentuated the need for access to modern energy sources.
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- **Measures** - Pradhan Mantri Ujjwala Yojana was launched in 2016 to provide 80 million LPG connections by 2020 to BPL households.
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- Ujjwala Plus complements the above, to address the cooking needs of deprived people not covered under the Socio-Economic Caste Census (SECC) 2011.
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- The Deen Dayal Upadhyaya Gram Jyoti Yojana was launched in 2015 to achieve 100% village electrification.
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SOCIAL EXPENDITURE

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- **Expenditure on Social services** by the Centre and States as a proportion of GDP stands at **6.6%** in 2017-18 (BE).
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- Components-based expenditure on social services in relation to GDP in 2017-18 (BE):
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i. **Education - 2.7%**
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ii. **Health - 1.4%**
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iii. **Others - 2.6%**

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- **Significance** - Priority to social infrastructure are stated as essentials to inclusive and sustainable growth.
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- Bridging the gender gaps in education, skill development, employment earnings, reducing social inequalities find mention in the survey.
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- These are emphasized as underlying goals of development strategy and to grow as a leading knowledge economy.
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EDUCATION

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- The Survey highlights India's commitment to achieve the Sustainable Development Goal (SDG- 4) for education.
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- RTE Act, 2009 is an initiative towards the goal of universalization of elementary education.
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- There is substantial improvement in the enrolment and completion rates of education in both primary and elementary school.
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- There is also an increased percentage of schools which comply with Student Classroom Ratio (SCR) and Pupil Teacher Ratio (PTR) at the all India level.
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- However, there are inter-state variations in adherence to SCR and PTR norms.
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- Gender Parity Index (GPI) at the primary and secondary levels of school has shown improvement.
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- This is attributed to the success of programmes like Beti Padhao, Beti Bachao in addressing gender bias in access to education.
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LABOUR REFORMS AND PARTICIPATION

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- **Initiatives** - The Survey mentions the technology enabled transformative initiatives such as:
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i. Shram Suvidha Portal (facilitate reporting of Inspections, and submission of Returns)
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ii. Ease of Compliance (to maintain registers under various Labour Laws/Rules)
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iii. Universal Account Number
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iv. National Career Service portal (linking all employment exchanges)
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- These aim at reducing complexity in compliance and bringing transparency and accountability in labour laws enforcement.
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- Maternity Benefit (Amendment) Act, 2017, offers women entitlement to enhanced maternity leave for a period of 6 months.
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- Mahila E-Haat is launched to provide e-marketing to products made/manufactured/sold by women entrepreneurs/SHGs/NGOs.
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- **Legislation** - The legislative reforms in Labour sector include rationalizing 38 Central Labour Acts into 4 labour codes.
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- They are the Codes on Wages, Safety and Working Conditions, Industrial Relations, Social Security and Welfare.
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- Creation of employment opportunities and providing sustainable livelihoods for those in informal economy are the prime objectives.
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- **Gender Gap** - India's gender gap in labour force participation rate is more than 50 percentage points.
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- This is relatively high among many developing countries.
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- Women workers are the most disadvantaged in the labour market as they:
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i. constitute a very high proportion among the low skilled informal worker category
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ii. engaged in low-productivity and low paying work
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- The lower participation of women in economic activities adversely affects the growth potential of the economy.
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- **Political participation of women**, in a country like India with around 49% of women in the population, has been low.
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- As per the 'Women in Politics' 2017 report:
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i. Lok Sabha - 11.8% women MPs
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ii. Rajya Sabha - 11% women MPs
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- Moreover, only 9% of MLAs across the country are women.
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- Notably, there are developing countries like Rwanda which has more than 60% women representatives in Parliament.
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- Nai Roshni (leadership development programme for benefiting the women belonging to minority communities) is operational.
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- Mahila Shakti Kendra scheme has been launched for leadership development and to address women's issues at village levels.
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- **MGNREGA** - The Survey mentions that there has been highest ever budget allocation under MGNREGA during 2017-18.
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- About 4.6 crore households were provided employment under the Mahatma Gandhi National Rural Employment Guarantee Act.
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- Out of this, 54% were generated by women, 22% by Schedule Castes and 17% by Schedule Tribes, indicating the social reach.
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PINK-COLOUR ECONOMIC SURVEY - GENDER ISSUES

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- **Pink** - The colour was chosen as a symbol of support for the growing movement to end violence against women.
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- The survey lays special emphasis on Gender and Son meta-preference.
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- Implicit in adopting pink is the assumption that it is the colour preferred by women.
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- However, this in itself is argued as a gender stereotype.
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- Various studies have proven wrong the notion that pink colour was the favoured colour of women.
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- **Multi-dimensional Assessment** - Assessments have been made based on three specific dimensions of gender namely:
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- Agency (women's ability to make decisions on reproduction, spending on themselves and on their households, their own mobility and health).
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- Attitudes (attitudes about violence against women/wives, ideal number of daughters preferred relative to the ideal number of sons).
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- Outcomes ('son preference' measured by sex ratio of last child, female employment, choice of contraception, education level, age at marriage, age at first birth, physical or sexual violence experienced by women).
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- In the last 10-15 years, India's performance improved on 14 out of 17 indicators of women's agency, attitudes, and outcomes.
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- India lags on indicators such as employment, son preference and use of reversible contraception (contraception for an extended period without requiring user action).

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- **Heterogeneity** - The North-Eastern states continue to be a model for the rest of the country.
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- Hinterland states are lagging behind in aspects of gender equality.
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- Worryingly, some southern states do less well than their development levels would suggest.
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- **Son preference** - 'Son Meta-Preference' is where parents continue to have children until they have the desired number of sons.
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- Meta-preference was measured using an indicator called sex ratio of the last child (SRLC).
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- Certainly, SRLC was heavily skewed in favour of boys.
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- This meta-preference leads to the notional category of 'unwanted' girls which is estimated at over 21 million.
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- The adverse sex ratio of females to males has led to 63 million "missing" women (difference in actual and expected number of women).
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- Beti Bachao, Beti Padhao, Sukanya Samridhi Yojana schemes, and mandatory maternity leave rules are all steps in addressing these shortfalls.
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Source: PIB

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Note: The next and the final part will be on Health and sanitation, Science and Technology, Fiscal federalism, Investment and Savings situation, idea of 'Late Converger Stall' for India, etc as dealt in Economic Survey 2018.

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