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Challenges towards Sustainable Development & Climate Change

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Sustainable development does not economic stagnation or giving up economic growth for the sake of the environment, it should entail environment and social problem. The link between climate change and sustainable development stems from the fact the climate change is a constraint to development, and sustainable development is a key to capacities for mitigation and adoption. It follows that strategies for dealing with sustainable development and climate change have many common elements so that applying them together creates synergies. Environmentalists have used the term sustainability in an attempt to clarify the descried balance between economic growth on the one hand and environmental preservation on the other. Basically sustainability refers to "meeting the needs of the present generation without compromising the needs of future generations". For economists, a development path is sustainable 'if and only if the stock of overall capital assets remains constant or rises overtime'. David Pearce and Jeremy Worford are offered an example of environmental accounting. Overall capital assets are meant to include not only manufactured capital (machines, factories, roads) but also human capital (knowledge experiences, skills) and environmental capital (forests, soil quality, and rangeland). By this definition, sustainable development requires that thee overall capital assets not be decreasing and that the correct measures of sustainable national income or sustainable net national product (NND) is amount that can be consumed without diminishing the capital stock, symbol can be consumed without diminishing the capital stock. Symbolically where

$$NNP^* = GNP - D_M - D_X$$

NNP^* = Sustainable National Income

D_M = Depreciation of manufactured capital assets

D_X = Depreciation of environmental capital

Climate change epitomizes the complexity of the development challenge in a globalizing but still highly unwater, scarcity and energy security. It is a daunting environmental threat that raises the most difficult issues of economic disparity, political power, and social justice. Climate change makes people & every nation citizens of one planet dependent on the actions of others. Hero nations and their people will come together to tackle this unprecedented challenges is likely to become a defining feature of our time, affecting the lives of the current and future generations.

India's commitment to environment and climate change, made at the highest political level, show the global way in supporting sustainable development goals while retaining reliance on cleaner energy, including cleaner, greener coal. India has strengthened its response to the threat of climate change in accordance with the principle of common but differentiated responsibilities and in the light of national circumstances with the "Paris Pledge" to reduce the emission intensity of GDP by 33-35 percent over 2005 levels by 2030. International support would greatly facilitate the pathway towards low carbon and climate-resilient development. India also looks forward to international cooperation on the development, deployment and commercialization of sustainable and climate friendly technologies in renewables as well as conventional sources.

Sustainable development goals (SDGs) otherwise known as the Global Goals, are a universal call to action to end poverty. Protect the planet and ensure that all people enjoy peace and prosperity. The SDGs work in the spirit of partnership and pragmatism to make the right choices now to improve life, in a sustainable way for future generations. They provide clear guidance and targets for all countries to adopt in accordance with their own priorities and environmental challenges of the world at large. The SDGs came into effects in January 2016, and they will continue guide UNDP policy and funding for the next 15 years. As the lead UN Development agency, UNDP is uniquely placed to help implement the Goals through our work in some 170 countries and territories. UNDP provides support to Governments to integrate the SDGs into their national development plans and policies. Achieving the SDGs requires the partnership of governments, private sector, civil society and citizens alike to make sure we leave a better planet for future generations.

The year 2015 witnessed two landmark international events: the historic climate change agreement under the UNFCCC in Paris in December 2015 and the adoption of the Sustainable Development Goals in September 2015. The Paris Agreement aims at keeping the rise in global temperatures well below 2°C,whichwill set the world towards a low carbon, resilient and sustainable future, while the Sustainable Development Goals, which replace the Millennium Development Goals, set the development agenda for the next fifteen years. On the domestic front too some important climate-related initiatives were taken, including the launching of the historic International Solar Alliance and the submission of the ambitious Intended Nationally Determined Contribution. As on date, Paris Agreement has been ratified by 153 Parties. In the pre-2020period, India's goal is to achieve the voluntary pledge of reducing the emissions intensity of GDP by 20- 25 per cent over 2005 levels by 2020, which, it is on course to achieve. The emissions intensity of India's GDP has been reduced by 12 per cent between 2005 and 2010, according to India's first Biennial Update Report communicated to UNFCCC. This has been possible on account of a number of policy measures undertaken to address climate change and sustainable development concerns. As a responsible country, it has delivered on its commitments and is well on track to achieve its ambitious climate goals and actions by 2020.

For the post-2020 period, India's Nationally Determined Contribution (NDC) has outlined the actions India intends to undertake. India's NDC targets to lower the emissions intensity of GDP by 33-35 percent by 2030 from 2005 levels, to increase the share of non-fossil based power generation capacity to 40 per cent of installed electric power capacity (cumulative) by 2030, and to create an additional carbon sink of 2.5-3 Gt CO2 e through additional forest and tree cover by 2030.At the national level, the roadmap for implementation of India's NDC is being prepared, by constituting an Implementation Committee and six Sub-Committees. The Committees are working to elaborate their respective NDC goals and identify specific policies and actions aimed at achieving them.

On November 30 2015, with India's initiative, the International Solar Alliance(ISA) was jointly launched by the Hon'ble Prime Minister of India, Shri Narendra Modi, and the then French President Mr. Francois Hollande in Paris at the 21st Conference of Parties to the UNFCCC (COP21).

The global community has committed to the Sustainable Development Goals (SDGs) in September 2015, as detailed in the UN Resolution, "Transforming our World: the 2030 Agenda for Sustainable Development." The 17 SDGs have 169 related targets to be achieved by 2030 and are expected to help organize and streamline development action for achievement of greater human well-being.

The Paris Agreement prescribes a multilateral framework for taking action on climate change in the post-2020 period. It recognizes that developed countries are responsible for the

cumulative historic stock of greenhouse gases (GHGs) in the atmosphere and therefore must take the lead in climate actions and also provide financial, technological and capacity building support to developing countries with respect to both mitigation and adaptation. Agreement continue to take cognizance of the fact that developing countries have unique vulnerabilities, special circumstances, and development priorities like eradication of poverty, food security, energy access etc. There would also be enormous climate finance requirements, as reflected in India's NDCwhich clearly underscores that provision of adequate means of implementation to developing countries is needed for effective implementation of NDCs.

One major recent development has been the US announcement on June 1, 2017 about its intention to withdraw from the Paris Agreement. The target the USA had chosen under the Paris Agreement is a cut in emissions by 26-28 per cent by 2025 compared to the 2005 level. The announcement is considered as a part of the unfolding of its own domestic energy polices in the last few years. However, till the formal withdrawal is complete, which would take another three years, the US continues to be a member of the Paris Agreement. As on date, 153 Parties have ratified covering around 85 per cent of emissions. USA covers around 18 per cent of emissions and therefore, its withdrawal does not affect the 55 per cent threshold number of the Paris Agreement.

According to the World Meteorological Organization, 2015 was the warmest year, with temperature 1°C above the pre industrial era. This was owing to El Nino and warming caused by greenhouse gases (GHG). Anthropogenic emissions have been increasing at an unprecedented rate since the industrial revolution. According to an International Energy Agency (IEA) report (2015), concentration of CO_2 in 2014 was 40 per cent higher than in the mid-1800s. The energy sector is the largest contributor to GHG emissions and, within this, CO_2 emissions from combustion of fuels have the largest share. The global emissions profile shows that emissions have been distributed very unequally among different countries. If historical CO_2 emissions from 1970 to 2014 are considered, India with 39.0 Gt is way behind the top three emitters – the USA, the EU and China. The USA's emissions, for example, were around six times India's.

Even if historical levels are discounted and only present levels considered, both in terms of absolute and per capita emissions, India is way behind the three major CO_2 emitters In 2014, in terms of absolute emissions, China was at the top, while in terms of per capita emissions, the USA was at the top. India's per capita emissions are among the lowest in the world.

From 1970-2014, Absolute CO_2 Emissions of Selected Economies in 2014

Selected Economies	Absolute CO_2 Emission (in Gigaton)
India	39.0
China	176.2
EU	190.2
USA	232

Source: Economic Survey, 2015-16, p. 177.

Per Capita Income Range and Per Capita CO_2 Emission in selected Economies

Per Capita Income Range in 2014 (Current US$)	Per Capita CO_2 Emission Rang in2014 Contribution (in ton)	Country
0-5000	0-2	India
5000-10000	7-8	China
30000-40000	6-7	EU-28
50000-60000	16-18	USA

Source: Economic Survey, 2015-16, p. 177.

CO_2 Emission from Fuel Combustion From different Sectors

Sectors	Selected Economics				
	World	China	India	EU28	USA
Electricity and Heat Production	42	49	51	38	42
Other Energy Industry own use	5	4	2	5	6
Manufacturing Industries and Construction	19	31	26	12	8
Transport	23	8	12	26	33
Others sectors	11	8	9	20	11

Source: Economic Survey, 2015-16, p. 177

India's GHG profile over time (in percent)

Sector	Profile over time			
	1994	2000	2005	2010
Energy	62	67	69	71
Industrial processes & product 29use	7	6	7	8
Agriculture	29	23	21	18
LULUCF	-	-	-	-
Waste	2	4	4	3

Source: Economic Survey, 2016-17, p. 121.

Government and Financial Sector Steps towards Green Initiative

1. National Action Plan on Climate Change (NAPCC): The Government of India has been taking several steps in its action against climate change. The NAPCC, launched in June 2008, which includes eight national missions: Jawaharlal Nehru National Solar Mission, National Mission for Enhanced Energy Efficiency, National Water Mission, National Mission for a Green India, National Mission on Sustainable Habitat, National Mission for Sustainable Agriculture, National Mission for Sustaining the Himalayan Ecosystem and National Mission on Strategic Knowledge for Climate Change. Each mission is anchored under a Ministry, which is responsible for its implementation and lays down the budget provisions and actionable priorities for it.

2. National Green Corridor Programme: To address the fluctuations/variability in the renewable power supply, Government in 2013 announced a National Green Corridor Programme (NGCP). The Power Grid Corporation of India is developing the inter-state transmission corridor and the state transmission utilities are responsible for setting up and strengthening the intra-state transmission infrastructure. Intra State transmission schemes under Green Energy Corridors (GEC) are to be funded as 20 per cent equity of the State Govt., 40 per cent grant from National Clean Energy and Environment Fund (NCEEF) and 40 per cent soft loan, whereas, the inter State transmission schemes are to be funded as 30 per cent equity by Power Grid Corporation of India Ltd. (PGCIL) and 70 per cent as soft loan. The PGCIL has estimated that the cost to develop the corridor comes to $380 billion. The interstate transmission projects of the green corridor are likely to be completed by 2018.

3. R&D for Clean Coal Technologies: In 2016, R&D Project for "Development of Advanced Ultra Supercritical (Adv. USC) Technology for Thermal Power Plants" on a Mission Mode, at an estimated cost of $1554 crore has been approved by the Cabinet Committee on Economic Affairs.

4. National Green Highways Mission: The Ministry of Road Transport and Highways (MoRTH), has promulgated Green Highways (Plantations, Transplantations, Beautification and Maintenance) Policy – 2015 to develop green corridors along National Highways for sustainable environment and inclusive growth. Under the aegis of the Policy, development of green corridors is proposed along developed and upcoming National Highways in the width available in existing Right of Way (ROW) in the form of median and avenue plantations.

National Green Highways Mission (NGHM) under National Highways Authority of India (NHAI) has been entrusted with the task of planning, implementation and monitoring road side plantations along one lakh km network of National Highways.

5. Faster Adoption and Manufacturing of Hybrid & Electric Vehicles (FAME India): Under FAME-India Scheme, under the National Electric Mobility Mission Plan for 2020, Department of Heavy Industry has extended demand incentives of $127.8 Crore for purchase of 1,11,897 Electric/Hybrid vehicles since inception of the Scheme on 1st April, 2015 till February, 2017. To promote ecofriendly vehicles, the Government has been offering incentives on electric and hybrid vehicles of up to $29,000 for bikes and $1.4 lakh for cars under the scheme in pilot mode till February 2017.

6. National Clean Energy and Environment Fund: Through Finance Bill 2010-11 a corpus called National Clean Energy Fund (NCEF) was created out of cess on coal produced/imported ("polluter pays" principle) for the purposes of financing and promoting clean energy initiatives, funding research in the area of clean energy or for any other purpose relating thereto. Subsequently, the scope of the Fund has been expanded to include clean environment initiatives also. The coal cess which was collected at $50 per tonne of coal since June 22, 2010 was increased several times subsequently. The coal cess was increased to $400 per tonne in the Union budget 2016-17, and the same has been renamed as "Clean Environment Cess". Accordingly, the name of NCEF has been changed to National Clean Energy and Environment Fund (NCEEF). However, the Goods and Services Tax (Compensation to States) Act, 2017 which has been notified on 12.04.17, provides that coal cess, along with some other cess on pan masala, tobacco, aerated water etc. would constitute GST Compensation Fund and the same would be utilized to compensate the States for five years for potential losses on account of GST implementation. After five years any amount left would be shared on 50 per cent basis between Centre and States.

7. Reserve Bank of India (RBI) has been conscious of the role of banks in providing finance for sustainable development. As early as in December 2007, banks in India were sensitized to the various international initiatives including the Equator principles and were asked to keep abreast of the developments in the field of sustainable development and corporate social responsibility and dovetail/modify their lending strategies/ plans in the light of such developments.

8. A core of the financial policy in India is the Priority Sector Lending (PSL) requirement for banks to allocate 40 per cent of lending to key socially important sectors such as agriculture and small and medium-sized enterprises. In 2015, RBI included lending to social infrastructure and small renewable energy projects within the targets, thereby, giving a further fillip to green financing. In the renewable energy segment, as per the notification of the RBI in May 2016, bank loans of up to $15crore for solar based power generators, biomass-based power generators, wind mills, microhydel plants, etc. will be considered part of PSL.

9. The RBI has also recently introduced market for trading priority sector lending obligations, incentivizing lower cost delivery.

10. New Development Bank (NDB) is the first Multi-lateral Development Bank established by developing countries and emerging economies – Brazil, Russia, India, China and South Africa (BRICS) – in accordance with the agreement on New Development Bank signed on 15th July, 2014 in Fortaleza, Brazil. NDB's objectives are in line with the BRICS countries' own development goals, with an increased focus on sustainable development and hence NDCs. In 2016, the NDB has approved seven projects, of which two are in India, for a total of over US$ 1.5 billion, in the areas of renewable and green energy, and transportation. The two loans approved for India amount to US$ 600 mn. The renewable energy generation project in India will lead to generation of about 500 MW Renewable Energy thereby preventing generation of

815,000 tonne CO_2 per annum. US$ 250 million sovereign guaranteed loans will be given to Canara Bank in three tranches under this project.

11. The External Commercial Borrowing (ECB) norms have been further liberalized so that green projects can tap this window for raising finance across the borders. Extant guidelines permit useof ECB proceeds to retire outstanding Rupee loans provided minimum average maturity of ECB is 10 years or ECB is denominated in Rupees. ECB can also be raised to refinance existing ECB provided all-in-cost is lower than that of existing one and residual maturity is not reduced.

12. The Securities and Exchange Board of India (SEBI) has, in May 2017, put in place the framework for issuance of green bonds and the listing requirements for such bonds, which will help in raising funds from capital markets for green projects.

13. Large corporates integrating sustainability in their core businesses are included in the Bombay Stock Exchange's green indices, the GREENEX and CARBONEX. GREENEX was introduced in 2012 and comprises of 25 of India's biggest companies. The S&P BSE CARBONEX seeks to track the performance of the companies in the S&P BSE 100, based on their commitment to mitigating risks arising from climate change in the long run.

14. Companies Act 2013 directs companies having a certain level of profits, to spend 2 per cent of their annual profit on Corporate Social Responsibility (CSR) activities. Estimates indicate that a fair share of the available CSR funding of about $220 billion (US$ 3.5 billion) annually will be invested in environment initiatives from this window

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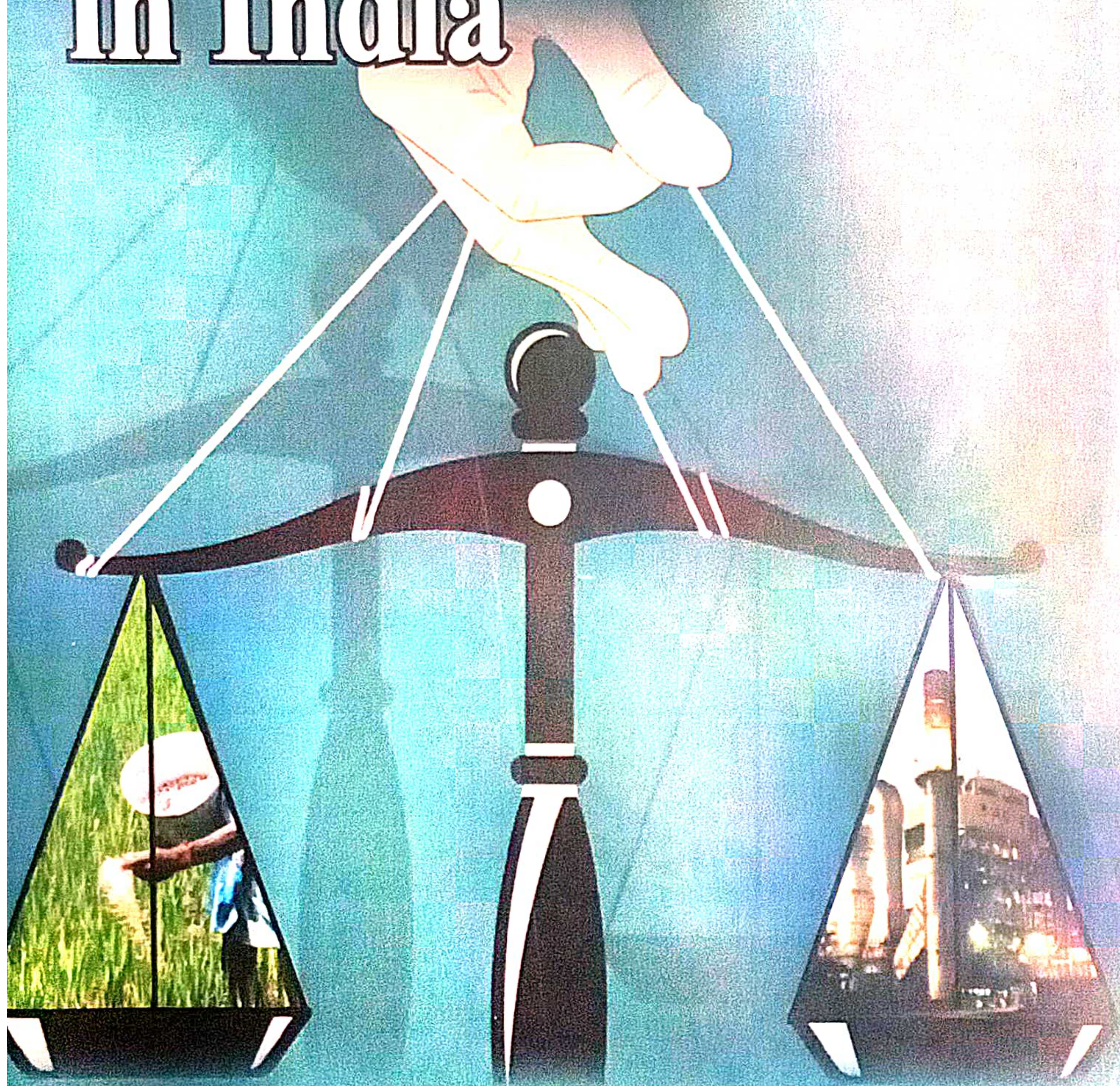
Issues of Land Acquisition in India



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Chronological Milieu of Land Acquisition Act : Changing Scenario

*Dr. Surendra Kumar Gupta & **Dr. Vijay Kumar

The arguments related to the land acquisition bill in India in not new. Its existence can be sketched back to over 200 years now. In 1824 the British government in India enacted the first land acquisition legislation that applied to the entire "Bengal province subject to the presidency of Fort William (Bengal Resolution I of 1824)." The law allowed the government to obtain land or other immovable property required for roads, canals or other public purposes "at a fair valuation." After this in 1839 the Bombay presidency enacted an act similar to the Bengal Resolution which included parts of the present-day states of Maharashtra, Gujarat, and Karnataka. Further, in 1850 the British government then enforced Act XLII of 1850 in the country to acquire land for the purpose of building a rail network. In 1852 the Madras presidency passed an act XX in order to facilitate the acquisition of land for public purposes which included the present-day states of Tamil Nadu and Andhra Pradesh, parts of Odisha, Kerala, Karnataka, and Lakshadweep. Again in 1857 (Act VI of 1857) the government enacted legislation that brought the whole of British-ruled India under one uniform land acquisition law that

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stroke out all the previous enactments relating to land acquisition. Under this act, the collector had the power to fix compensation for the acquired land, while disputes were referred to arbitrators whose decision was final. In 1861 the legislation of 1857 was amended. Again in 1870 a new act was implemented that replaced arbitrators with civil courts for resolving disputes. After a long time gap Land Acquisition Act 1894 was created by the British to provide a law which will enable the State to acquire the land of others for public purposes and for companies.

But there were many drawbacks in above mentioned land acquisition bill. In the act of 1894 if project did not start, then acquired land was secretly sold/leased to private players at sky-high prices. There was no separate provision about fertile land in the act. It was on the government to decide how much money was to be paid to the owner for acquiring the land. Land could be acquired forcibly and the term "public purpose" was ambiguous and open to Government's discretion. After independence Indian government replaced the words "the whole of British India" with "all the provinces of India." The British-era act was used in the same form for several decades. First of all in 1998 NDA Government tried to amend the existing British-era land bill while in 2007 UPA Government decided to amend the land acquisition act and introduced a bill in the parliament. The bill mandated the social impact assessment and also proposed that the government, while acquiring the land, had to pay for losses or damages caused to the land and to provide compensation as per prevailing market prices. A Land Acquisition Compensation Disputes Settlement Authority was also to be constituted at the state and central levels for settlement of various disputes related to land acquisition. This bill was subsequently referred to a standing

committee on rural development and was cleared by the group of ministers, set up by the UPA government, in December 2008. The Lok Sabha passed the 2007 amendment bill as the Land Acquisition (Amendment) Bill, 2009 in February. The government introduced the bill in the Rajya Sabha but was unable to ensure its passage and it lapsed with the dissolution of the 14th Lok Sabha. After winning the general elections in 2009 once again, the UPA government introduced the Land Acquisition Rehabilitation and Resettlement Bill 2011, a new bill which traced its roots to the 2009 version. This bill was passed in 2013 and came into force from January 1, 2014.

NEEDED A CHANGE

The Land Acquisition Act, 1894 fully replaced by Right to Fair Compensation and Transparency in Land Acquisition, Rehabilitation and Resettlement Bill, 2013 which was passed by the Parliament on 29th August 2013 and this Act came into force from January 1, 2014. The Act has provisions to provide fair compensation to those whose land is taken away. It brings transparency to the process of acquisition of land to set up factories or buildings, infrastructural projects and assures rehabilitation of those affected. This paper is an attempt to explore issues related to land acquisition Act and challenges which are emerging before the government and the affected party. This new LARR has many issues and challenges related to compensation and resettlement.

SALIENT FEATURES OF LARR – 2013

Mainly this LARR Bill is trying to resolve the problems which obstacled the process of economic development and were not addressed in the old land acquisition law. Following are the salient features of the bill.

- It proposes to be obtained from the stakeholder. Social impact assessment (SIA) which includes consent of the affected people, laborers, share-croppers, tenant farmers, fishermen, small traders, etc. whose (sustainable) livelihood will be affected because of the given project.
- Compensation will be calculated on the market rates. It will be 4 times the market rate in rural area and 2 times in urban area. Affected artisans, small traders, fishermen etc. will be given one-time payment, even if they don't own any land.
- If project doesn't start in 5 years, land has to be returned to the original owner.
- Land can only be acquired for private project when 80% of the affected families agree to part with the property and for PPP project consent of 70% of the affected families must be taken.

With these features LARR has many discrepancies. For example a compensation criterion is ambiguous; compensation varies from place to place and compensation as per newly amended bill is not distributed in accordance to growing circumstances because many factors in rural and urban area are responsible for increasing the land cost due to increase base land cost. land is most essential component for any infrastructure. In this regard government again made changes in the land acquisition rules by an ordinance.

NEEDED A CHANGE AGAIN

After winning elections in May 2014, the NDA government made changes in the land acquisition rules by an ordinance. According to the amendment, the consent clause and the social impact assessment were not necessary if land was acquired for national security, defence, and rural and social infrastructure.

SALIENT FEATURES OF LARR (AMENDMENT) BILL, 2015

The Bill replaces the Right to Fair Compensation and Transparency in Land Acquisition, Rehabilitation and Resettlement (Amendment) Ordinance, 2014. Following points can be discussed as salient features.

- The Bill creates five special categories of land use: (i) defence, (ii) rural infrastructure, (iii) affordable housing, (iv) industrial corridors, and (v) infrastructure projects including Public Private Partnership (PPP) projects.
- There is no need of consent of land owners for above mentioned categories of land.
- The LARR Act, 2013 excluded the acquisition of land for private hospitals and private educational institutions from its purview. LARR (Amendment) Bill, 2015 removes this restriction.
- This bill not only provides for land acquisition but also for rehabilitation and resettlement (R&R).
- The provisions of this bill shall be applicable where the government acquires land either for its own use or for the use of any private company for public purposes. The earlier Act only allowed land acquisition by government for government owned companies.

With these features LARR (Amendment) Bill, 2015 has many objectionable provisions as the amended Act does not require consent of families which means that now only land owner would be compensated and those people who depend on the land are not considered. It may be also possibility that Government could acquire land for its own purpose. After some time government may change the mind and hand over it to the private company.

CONCLUSION

In India land is not only an asset or factor of production but also in most cases, a source of livelihood. Acquiring land without arrangement of alternate-livelihood often means a family does not have any source of income after the initial compensation money is exhausted and there is no provision to guarantee alternate employment in LARR Bill. Finally it can be codensed that with above mentioned issues and challenges, this LARR Bill secures land availability in accordance with economic development.

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अध्याय–18

Transparency and Financial Accountability in State Funding

Dr. Vijay Kumar *

India has the distinction of being the largest democracy of the world. One of the most important features of a democratic polity is elections at regular intervals. Elections constitute the signpot of democracy. The attitudes, values and belief of the people towards their political environment are reflected through these medium. Elections are the central democratic procedure for selecting and controlling leaders. Elections provide an opportunity to the people to express their faith in the government from time to time and change it when the need arises.

India's Elections are the world's biggest exercise in democracy but also the most expensive. India's campaign spend is only rivalled by the American presidential race the most expensive elections. Free and Fair Election is a mandate given by our constitution for a Parliamentary Democracy. Only free and fair elections to the various legislative bodies in the country can be guarantee to growth of a democratic polity. For free and fair election, it is necessary to stop the money power in election. It is widely believed that in many cases successfully contesting an election costs a significant amount of money that is often much greater than the prescribed limits. The high cost of elections creates a high degree of compulsion

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for corruption in the public arena, that the sources of some of the election funds are believed to be unaccounted criminal money in return for protection, unaccounted funds from business groups who expect a high return on this investment, kickback or commissions.

The that Electoral Compulsions for funds become the foundation of the whole super structure of contribution. Over time, money power thus acquired is used for building up contacts with bureaucrats, politicians and expansion of activities with impurity. The money power is used to develop a network of muscle-power, which is also used by the politicians during elections.

Disclosing sources (Transparency and Accountability) & Exemption:

Candidates for various levels of elections are funded by myriad sources: friends, individuals who believe in the cause or ideology a candidate/political party espouses, non-governmental organizations, corporates, NRIs, foreign governments and even criminal syndicates seeking patronage and protection. Any substantive initiative aimed at bringing transparency, accountability and cleanliness to the vexed question of political financing needs to address these aspects concurrently.

Under the existing legal dispensation, election candidate only to reveal their spending and keep it theoretically within limits prescribed by the Election Commission, a ceiling routinely violated with impunity by every candidate in every election. They are under no obligation to disclose how much money they have collected and where it has come from. This needs to change. All candidates must reveal the sources of their electoral funding statutorily. In addition to the expense statement, a daily collection statement detailing identity of the

donors with their PAN card, Aadhar card number, and full financial details must be filed with the expenditure observer overseeing every election.

Insofar as political parties are concerned, the Supreme Court must take suo motu congnizance of the recent Association of Democratic Reforms report that documented that 69% of the income of political parties between 2004-05 and 2014-15 came from unknown sources. This is happening because of a deliberately inserted exemption: Section 13 (A) subsection (b) of the Income Tax Act, 1961 that exempts political parties from even keeping a record of the source of donations below Rs.20,000. Read in conjunction with Section 29 (C) of the Representation of the people Act 1951, it provides the legal architecture and immunity for the opacity manifest in political and electoral financing processes. It is a bit of chicanery if not insidiousness that it was a previous National Democratic Alliance government that in 2003 had raised the limit of anonymous donations from Rs. 10,000 to Rs.20,000 and now the Finance Minster says in his Budget speech (2017) that it would be brought down to Rs. 2,000. This is nothing but a mere eyewash since the law mandates that no records of donations below this threshold need to be maintained. Therefore, any and every political party will now claim that a substantive bulk of their donations has come from donors who have contributed Rs. 2,000 or less.

Electoral Bond: Neither Transparent nor Accountable

In the public mind, political corruption is the source of most forms of corruption, No doubt, Finance Minister Arun Jaitley was seeking to address this concern about the lack of transparency and accountability in the funding of political parties when he announced measures in the Union Budget (2017) to cleanse the process of making donations toward

election expenses of parties. But his proposals are doomed to fail, not because they do not go far enough but because they go in the wrong direction. The ceiling of Rs.2,000 on cash donation by any individual to a party, slashed from the existing Rs.20,000, might inconvenience parties to some extent but is unlikely to stop the disguising of huge, off-the-books cash donations from corporate houses and vested interests as small contributions from ordinary party workers and sympathisers. All that the parties will now have to do is find more people to lend their names to these donations, or better still, find more names of unsuspecting people to be listed as cash donors. The proposal does not disrupt the flow of illicit political donations but only channels it differently, and will not reduce the proportion of cash from unverifiable sources in the total donations received. If Mr. Jaitley was indeed intent on getting the political class to truly account for their donations, he should have placed a cap on the amount a party may receive in cash as a donation. In any case, the declared income is only a small part of their funding, much of which is spent during elections and mobilisation efforts without coming under the radar of the Election Commission or the Income Tax Department.

The proposal to allow donors to purchase electoral bonds from banks against cheque and digital payments to be given to registered political parties for redemption, meant to cater to donors' needs to remain anonymous to rival political parties, hardly contributes to transparency. Indeed, donors should not enjoy any anonymity, before tax authorities or the general public. The absence of such anonymity, of course, will bring down the level of contributions from corporate houses and other entities to parties, not such a bad thing. Far from aiding transparency, the proposal only clouds the funding process. The Budget makes it mandatory for political parties to

file returns within a time limit, but in the absence of extreme penal provisions compliance is likely to be low. Mr. Jaitley, while raising visions of a crackdown on illicit funding, seems to have left the issue untouched in real terms. Half-measures will not go even halfway in achieving the purpose of bringing about transparency and accountability in political donations.

Three steps back

Electoral bonds must be seen in conjunction with: (1) lifting of the maximum limit of 7.5% on the proportion of the profits a company can donate to a political party, thus opening up the possibility of shell companies being set up specifically to fund parties; (2) amendment of the foreign Contribution (Regulation) Act (FCRA) opening the floodgates of foreign funding to political parties, especially those which have a foreign support base; and (3) the refusal of political parties to come under the RTI Act in order to conceal their sources of funding. These three things will end up strengthening the business-politics nexus. It goes against the position taken by various electoral reform committees that the existing pattern of political funding encourages lobbying and capture of the government by big donors. Far from making the funding process transparent, the bond scheme could provide a backdoor to corporate and other lobbies for shaping public policy to benefit their interests. There is thus a legitimate fear that policy decisions of political parties and politicians after being elected may be biased in favour of groups that fund them.

State Funding of election:

To check money power, huge expenses, black money, corruption, criminalization of politics, corporate donations, biased public policy and bring transparency and financial accountability state funding of elections (in a various from) is a potential solution for above problem.

State funding means that government gives funds to political parties or candidates for contesting elections. Its main purpose is to make it unnecessary for contestants to take clean. For this to happen, state funding needs to be accompanied by strict accounting and transparency. There are two types of funding; First one is direct funding means giving funds directly to political parties or candidates through electoral bonds etc. Second one is Indirect funding, It takes the form of various subsidies or access. Indirect funding can take the form of subsidized or free media access, tax benefits, free access to public spaces for campaign material display, provisions of utilities and travel expenses, transport security etc. It both these types are included then very few countries in the world remain with absolutely no state funding direct or indirect.

Way of State funding:

The topic of electoral reforms has been taken up by numerous government committees in the recent past, they are-

1. Tarkunde Committee (unofficial committee) 1974 on electoral process.
2. Dinesh Goswami Committee on electoral reform (1990).
3. Vohra Committee on the nexus between crime and politics (1993).
4. Indrajit Gupta Committee on State Funding of Elections (1998).
5. Law Commission of India Report on Refrom of the Electoral Laws (1995).
6. National Commission to Review the Working of the constitution, it was headed by M.N. Venkatachaliah (2005).
7. The Second Administrative Reforms Commission of India Report on Ethics in Governance (2008). It was headed by Veerappa Moily.
8. Tankha Committee on to look into the whole gamut of the election laws and Electoral Reforms (2010).

(A) Indrajeet Gupta Committee on State Funding of Elections (1998):

The recommendations of the Committee are:

1. State funding of elections is fully justified- constitutionally, legally and also in the larger public interest.
2. State funding should be confined only to the parties recognised as National or State parties by the Election Commission of India, and to the candidates set up by such parties.
3. Any State funding should be in kind, and not in cash.
4. To begin with, the recognised National and State parties and their candidates may be granted the following facilities, at State cost:
   (i) Every recognised National party may be allotted rent-free accommodation in the National Capital at Delhi, with one rent-free telephone.
   (ii) Similar facility of rent- free accommodation and rent-free telephone may be given to each recognised State party in the State in which its headquarters is situate.
   (iii) At the time of every general election to the House of the people or to a State Legislative Assembly, the recognised National and State parties may be granted sufficient free air time on State owned Doordarshan and All India Radio for their election propaganda over the electronic media.
   (iv) Each candidate of a recognised political party may be provided with-
   (a) A specified quantity of petrol or diesel for vehicles used for his election campaign:

(b) A specified quantity of paper for printing his election literature and the unofficial identity slips for distribution to voters.

(c) Postal stamps of a specified amount.

(d) Five copies of electoral roll of his constituency.

5. In order to curb the mounting election expenses of parties and candidates and ostentatious show of money power by them, reasonable restrictions may be placed by law on all or any of the following matters.

    (i) wall writings

    (ii) display of cut-outs, hoardings, banners

    (iii) announcements or publicity by more than a specified number of moving vehicles.

    (iv) holding of public meetings beyond the specified hours.

6. Political parties should compulsorily submit their annual accounts regularly to the Income Tax authorities, showing all details of their receipts.

7. No State funding should be provided to any party or its candidates if the party has failed to submit its annual return for the previous assessment year under the Income Tax Act.

8. Political parties should also file a complete account of their election expenditure at every general election to the Election Commission of India. Such account should show the receipts and expenditure, both on the general party propaganda and on individual candidates.

9. To bring transparency in party accounts, all donations received by political parties above the amount of Rs.10,000/- (ten thousand) should be accepted only by

means of cheques/drafts and the names of such donors should be fully disclosed in their accounts.

10. Ban on donations by Government companies for political purposes should continue.

11. The question whether there should be any ban on donations by other companies and corporate bodies for political purpose may be decided by Government and parliament in their collective wisdom.

12. The question whether election expenses of political parties and other bodies or associations and individuals should be included or not in the accounts of election expenses of candidates may also be decided by the Government/ Parliament in their collective wisdom. However, apparent contradiction between the provisions of section 77(1), Explanation (1), Representation of the people Act, 1951 and section 171 H, IPC, needs to be resolved.

13. Periodic revision of election expenses may continue to be done by the Central Government, in consultation with the Election Commission of India, as at present.

14. A separate Election fund may be created for meeting the expenses on State funding of elections. To begin with, the Central Govt. may contribute RS. 600 crores annually, at the rate of Rs. 10/- per elector for the total electorate of about 60 crores in the country, towards the corpus of the fund. The State Govts., all takes together, may also contribute proportionately a matching amount of Rs. 600 crores annually, in accordance with the present financial arrangement between the Centre and State whereby all capital expenses on election items are shared by them on 50:50 basis.

(B) Funding parties post-election

According to S.Y Quraishi, is a Former Election Commissioner Vidhan Sabha elections, there is a ceiling of Rs. 28 lakh but we all know how that is breached just as we are aware of how money is spent in contesting these elections. We also know that politics cannot be run without money. So, I suggest that it is easier to monitor the funding of political parties which is a far more realistic goal than seeking state funding of elections. Political parties can be funded post-election based on their actual performance. We could arrive at some calculations based on the performance. We could, for instance, agree that for every vote obtained, Rs. 100 be given. Since the number of votes polled cannot be fudged, reimbursement based on polled votes would be accurate. As we know, the number of votes polled for each candidate, the actual votes cast, cannot be contested at all. So, if a candidate gets one vote, I will say, you take Rs. 100 and you will have no cause for complaints as the amount is based on your performance. No serious candidate, regardless of the number of votes cast in his favour, will bear a grudge.

In the last general election, 55crore votes were cast. So, at the rate of Rs. 100 per vote it comes to around Rs. 5,500 crore. Is this adequate: I'd say yes. This roughly corresponds to the amount raised by all political parties together in five years. This money can be distributed among the parties based on their poll performance and must be paid by cheque. No extortion. No bribes. No quid pro quo Also, all private donations will be totally banned if we follow this system. And the party accounts will be subject to audit by the Comptroller and Auditor General.

(C) Infusing white money

According to Yogendra Yadav, is National President of Swaraj India, a political party/ candidate which/ who enjoys political support should not be thrown out of the political arena simply because of lack of funds. Any scheme of state funding of elections should be designed in such a way that it infuses a substantial amount of white money into politics in ways that are transparent and flexible. I have a simple proposal: at the end of every election, every candidate should be reimbursed at the rate of Rs. 100 for each vote secured by that candidate in the elections.

The money may be divided equally between the candidate and her party, to be deposited in a special bank account for this purpose. There could be a minimum qualifying cut-off of, say, 1% of valid votes polled, so as to deter non-serious candidates. There could also be a ceiling on reimbursement, say, twice the maximum permissible expenditure for a candidate in a constituency, so that a candidate and her party do not get more than what they need. The candidates should be allowed to adjust any permissible item of their election expenses against this amount. A party should be free to use their share on any expense already incurred on lections or any expense on political activity till next election.

Would it cost a bomb? Over a five-year period, across one round of parliamentary and Assemble elections, it would cost around Rs. 5,000 crore. That is about 0. 05% of the Central government's Budget for five year. What about black money? Yes, it won't disappear. But the dependence of political leaders and parties on black money will reduce.

State Funding Election in the World

A study, 'Political Finance Regulations Around the World', by the International Institute for Democracy and Electoral Assistance, Stockholm (2012), in 180 countries shows 71 nations have the facility of giving state funds based on votes obtained. This includes 86% countries in Europe, 71% Africa, 63% of the Americas and 58% of Asia. If it works well in so many countries, there is no reason why it cannot be implemented in India.

Political funding (Finance) reforms.

1. Prescribe a ceiling for political parties, expenditure like that for the candidate.
2. Consider state funding of political parties (not elections) with independent audit and a complete ban on private donations.
3. Set up an independents national election fund where all tax froe donations could be made.
4. Enforce internal democracy and transparency in the working of political parties and bring them under RTI.
5. Accept the EUs proposal to legally empower it to cancel elections where credible evidence of abuse of money is fund.
6. Debar persons against who cases of heinous offence are pending in the court from contesting elections.
7. Embower the EC to deregister those political parties that have of contested any election for 10 years and yet benefited from tax exemptions.
8. Make paid news on electoral office with two years imprisonment by declaring it a corrupt practice (sec. 10 RP Act) and undue influence (Sec 132 (2))

Conclusion

Although, all the political parties are not tired of saying that there should be transparency and accountability in the

election funding but these political parties do not take any concrete steps in this direction when they came into the power. In present times, the provision made to make the election funding transparent and accoutable, instead of increasing transparency and accountability it has made the process more ambiguous. In order to increase transparency and accountability in electoral funding suggestions of various committees personal views and international experiences presented state funding as an option but presently, no government has reached to the consensus regarding state funding provisions yet. It is not a new idea. Today most countries in European, an African and Asian continent have adopted the option of the state funding. So, why is the country (India) identified as the watchdog of democracy not adopting the option of state funding to increase transparency and accountability in India? It needs to mephasis when funding becomes transparent and accountable will government policies be made for common people. Otherwise, the public platform will only talk to the poor, but policies will continue to be in favour of the funding companies/persons.

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An Appraisal of Financial Inclusion and Socio-Economic Development of India

Dr. Mayank Kumar Singh & Dr. Vijay Kumar***

Introduction

Sustainable development is a basic parameter for developing nation, likes, India. India's government aims to create a healthy and prosperous economic environment for achieving socio-economic development. For this aforesaid goal 'Financial Inclusion' is a very innovative idea which has been adopted by the government of India (GoI) since 2004. Financial inclusion means not excluding any section of society especially the weaker and lower sections. Since 2005, the Reserve Bank of India (RBI) and the Government of India (GOI) have been making efforts to increase financial inclusion. Measures such as SHG-bank linkage program, use of business facilitators and correspondents, easing of Know Your Customer (KYC) norms, electronic benefit transfer, separate plan for urban financial inclusion, use of mobile technology, bank branches and ATMs, opening and encouraging 'no-frill-accounts' and emphasis on financial literacy have played a significant role for increasing the use of formal sources for availing loan/ credit. Financial inclusion operations in India have three basic dimensions such as, branch, deposit and credit penetration. We can evaluate the process of financial inclusion by the steps which have been taken by the RBI and GoI. According to the All-India Rural Credit Survey (1950), rural farmers relied heavily on non-institutional sources. However, urban areas had large number of bank branches compared to rural areas. Under these circumstances, the RBI has taken many initiatives after independence to meet the credit requirement of the people. Nationalization of banks (1969, 1980), Priority Sector Lending, Establishment of NABARD (1982), Establishment of Regional Rural Banks (1976), Service area approach (1989), Self-help group-bank linkage program (1989, 1990) are some of the appropriate examples of measures which prove the intension of the government to ensure socio-economic development through financial inclusion. The GoI has been also running many exclusive schemes for financial inclusion, such as Pradhan Mantri Jan Dhan Yojana (PMJDY), Atal Pension Yojana (APY), Pradhan Mantri Mudra Yojana (PMMY), Sukanya Samriddhi Yojana (SSA) and Varishtha Pension Bima Yojana (VPBY), etc. A part of these the socio-economic development is the overall development scenario of any country. After 2004, the HDI is the appropriate indicator to measure the economic development

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which is not only involved the economic indicator (GDP per Capita) as well as social indicator (Life Expectancy and Adult Literacy Rate). As a welfare state, GoI should make efforts to the quality of life and to create a peaceful environment for conducting economic operations. These developmental goals cannot be achieved without financial inclusion. So, financial inclusion is an ultimate technique for achieving a sustainable growth path which would make India the'*Vishwa Guru*'.Undeniably, the RBI and GoI have engaged in many operations for financial inclusion. Hence, there is a need to make an appraisal of financial inclusion and its effect on social and economic developmental indicators. In this connection, the main objective of this paper is to understand the effectiveness of financial inclusion over the year and also to examine whether there is a relation with the socio-economic development of the country.

Methodology

In this paper an attempt has been made to evaluate and analyze the operation of financial inclusion on the socio-economic development of Indian economy. This paper also try to analyze the contribution of different financial agencies and identify the challenges by these agencies for achieving the sustainable growth through financial inclusion. The present study is a work to analyze the financial inclusion initiatives in India. All the data has been collected from RBI website and they are in the form of yearly basis. The data analyzes the period from 2005 to 2021. The justification of data period is strictly availability basis for all variables in the single platform (RBI data publication). The advance statistical tools were used for analysis.

Findings

There are a number of indicators available which could draw a clear view about financial inclusion in India. However, for the sake of simplicity, we started our analysis by giving the data of branch network of financial institutional in India. The table -1 reports that in 2021, the commercial banks are conducting their operations in 157886 branches all over India. After CBs, the total number of branches of Regional Rural Banks is 14494. There are 1574 branches of Urban Primary cooperative banks and 93913 branches of Rural Primary Cooperative Bank in India

Table – 1: Number of Functioning offices of Multiple financial agency in India as on 2021

Sl. No.	Agency	Number of Branches
1.	Nationalized Commercial Banks	85166
2.	Regional Rural Banks	14494
3.	Urban Co-operative Credit Structure (Primary) Urban	1574
4.	Rural Co-operative Credit Structure (Primary)	93913

The biggest challenge against financial inclusion is to cover the rural population specially dalit and backwards classes. According to World Bank's Global Financial Inclusion database, 80 percent of adults in India have a bank account in 2017, which is a biggest achievement. Despite of this the rest 20 percent adult population is not availing the banking and financial services, which has a big challenge for policy makers. As per a World Bank report 2018 and RBI's Bulletin

2020, the total volume of digital transactions in India (including various payment channels and mechanisms, such as net banking, mobile banking, debit cards, credit cards, prepaid instruments, mobile wallets, among others) grew by compound annual growth rate (CAGR) of 30% from 1,142 million in April 2015 to 1,928 million in April 2017. On the other hand, mobile banking transactions grew more than five times, from 19.75 million in April 2015 to 106.18 million in April 2017. Similarly, mobile wallet transactions grew from 11.96 million transactions in April 2015 to 387.6 million transactions worth Rs 15,408 crore in January 2020 (World Bank 2018; RBI 2020).Since 2002, the GoI adopted the SHGs-Bank Linkage programme for promoting the women empowerment, poverty alleviation, self-employment generation. According to the RBI report, in 2020-21, 2887394 SHGs have been facilitated by different financial agencies. The total bank loan which disbursed by these institutions is 58071 crore in year 2021. This aforesaid figure is quite impressive which make a milestone in the path financial inclusion initiatives of GoI. For the better understand and evaluate of objective, we need to give the achievement of Financial Inclusion Plans (FIPs): 2019-24, which is sketch by RBI to its report. Table – 2 gives the complete information about the achievement of financial inclusion. These FIPs capture banks' achievements on parameters such as the number of outlets (branches and BCs), Basic Savings Bank Deposit Accounts (BSBDAs), overdraft facilities availed in these accounts, transactions in KCCs and General Credit Cards (GCCs) and transactions through the Business Correspondents - Information and Communication Technology (BC-ICT) channel. The progress made on these parameters as at the end of December 2020 is set out in Table – 2.

Table - 2: Financial Inclusion Plan: A Progress Report

Particulars	Mar 2010	Dec 2020
Banking Outlets in Villages- Branches	33,378	55,073
Banking Outlets in Villages >2000*-BCs	8,390	8,51,272
Banking Outlets in Villages <2000*-BCs	25,784	3,85,537
Total Banking Outlets in Villages - BCs	34,174	12,36,809^
Banking Outlets in Villages - Other Modes	142	3,440
Banking Outlets in Villages -Total	67,694	12,95,322
Urban Locations Covered Through BCs	447	3,24,345
BSBDA - Through Branches (No. in Lakh)	600	2,891
BSBDA - Through Branches (Amount in Crore)	4,400	1,25,898
Progress of Financial Inclusion Plan		
BSBDA - Through BCs (No. in Lakh)	130	3,601
BSBDA - Through BCs (Amount in Crore)	1,100	77,163
BSBDA - Total (No. in Lakh)	735	6,492

BSBDA - Total (Amount in Crore)	5,500	2,03,061
OD Facility Availed in BSBDAs (No. in Lakh)	2	59
OD Facility Availed in BSBDAs (Amount in Crore)	10	500
KCC - Total (No. in Lakh)	240	490
KCC - Total (Amount in Crore)	1,24,000	6,79,136
GCC - Total (No. in Lakh)	10	199
GCC - Total (Amount in Crore)	3,500	1,73,968
ICT-A/Cs-BC-Total Transactions (No. in Lakh)	270	35,183
ICT-A/Cs-BC-Total Transactions (Amount in Crore)	700	8,28,795

Source: FIP returns submitted by banks to RBI

The table–2, shows that the rural branches increased by 64 percent from 2010 to 2020. The 490 lakhs Kisan Credit Cards (KCC) have been issued by different lending agencies and approximately 6.79 Lakh crore credit disbursed by KCC upto 2020. As at end-March 2021, 12 public sector banks and one private sector bank were assigned lead bank responsibility, covering at present 730 districts across the country. Providing banking access to every village within a 5 km radius/hamlet of 500 households in hilly areas is one of the key objectives of the National Strategy for Financial Inclusion (NSFI) for the period 2019-24. As per the status reported by the concerned State/Union Territory Level Bankers' Committees' (SLBC/UTLBC) convener banks, the milestone has been fully achieved in 22 states and 6 UTs as on March 31, 2021. The percentage of coverage of all identified villages/ hamlets across the country is 99.87 per cent.

As per the report of RBI, at the end of December 2020, there were 1,478 Financial Literacy Centers (FLCs) in the country. While 1,48,444 financial literacy activities were undertaken during 2019-20 (April-March), a total of 45,588 financial literacy activities were conducted by the FLCs during the period April-December 2020. The restrictions towards mass gathering of people at public places have hampered conduct of physical financial education programmes across the country. With a view to ensure continued dissemination of financial education programmes across the country, regional offices of the Reserve Bank undertook financial education programmes through virtual mode and also leveraged local cable TV and community radio to spread financial awareness messages.

A Task Force (TF) was constituted by Government of India in October 2017, wherein all the stakeholders were represented, to suggest various dimensions and aspects for creation of an Index of Financial Inclusion. The TF submitted its report in August 2020. While the methodology suggested by the TF was retained, inter alia, a number of indicators under various sub-indices were added and a dimension of 'Quality' was introduced, in addition to determining weighting distribution, target values, etc.

Table – 3: FI-Index and Sub-indices

Year	Access	Usage	Quality	FI-Index
Mar-17	61.7	30.8	48.5	43.4
Mar-18	63.9	33.7	51.4	46
Mar-19	67.5	38.7	52.6	49.9
Mar-20	71.6	42	53.8	53.1
Mar-21	73.3	43	50.7	53.9

Source: FIP returns submitted by banks to RBI

The table -3, reveals that the financial inclusion index increased continuously from 43.4 in 2017 to 53.9 in 2021. The above draws a satisfactory result about the financial inclusion initiatives by RBI, NABARD and GoI. In the modern era financial inclusion is much important for the socio-economic development. In this connection, we examine the socio-economic development through Human Development Index (HDI) of India from 2011 to 2019. The table – 4, shows the HDI index as a whole and also component-wise. The data explained that form 2005 to 2020 the HDI is increase continuously which gives the satisfactory situation of Indian economy. The HDI is a modern concept to measure the development of any country. It not only involved the monetary variable (GDP per Capita) but also the social indicators (Literacy Rate & Life Expectancy).

Table-4: HDI and Its Components

Year	Health Index	Income Index	Education Index	HDI
2011	0.723	0.578	0.494	0.591
2012	0.729	0.584	0.506	0.596
2013	0.734	0.591	0.516	0.607
2014	0.738	0.600	0.534	0.618
2015	0.743	0.610	0.543	0.627
2016	0.748	0.619	0.555	0.636
2017	0.751	0.627	0.555	0.640
2018	0.760	0.629	0.556	0.643
2019	0.765	0.635	0.556	0.646

HDI of India is 0.646 in 2019, which give the satisfactory result. This increasing trend shows that the social and economic upliftment is taken place in Indian economy. From 2011 to 2019, the HDI and its components are gradually increasing and set a solid finish of overall development feature of Indian economy.

Conclusion and Sggestions

Financial inclusion is needed help the economic improvement of the country. It will help to empower women, reduce poverty andgenerate employment in the society by making

the people self-reliance. The initiatives of financial inclusion are quite impressive in India. However, the outcome of financial inclusion is not much striking due to some major constraints. Financial illiteracy, non- accessibility of financial service in remote area, the administration and institutional backwardness are main causes which hamper the achievement of desired result aimed at by the by the GoI. So, there is a need to redesign business strategies to incorporate specific plans to promote financial inclusion of low income groups treating it both as a business opportunity as well as a corporate social responsibility. Financial inclusion provides not just credit but also other financial services such as savings and insurance which are key priorities, especially in rural India. In this connection, the financial literacy and promotion of financial services are key measures on which the success of financial inclusion depends. However, financial education, financial inclusion and financial stability are three elements of an integral strategy. Financial inclusion works from supply side of providing access to various financial services; financial education feeds the demand side by promoting awareness among the people regarding the needs and benefits of financial services offered by banks and other institutions. For these purposes, RBI has issued revised guidelines on Financial Literacy Centres (FLC) on June 6, 2012 to promote financial awareness among the people. In short, we can say that if the Government of India, RBI and NABARD can restructure the financial institutions in such a way that the financial inclusion can emerge as commercial profitable business then the social and economic upliftment of society can take place.

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Message

Dear Colleagues,

As you know, the last two years have been full of Challenges for the Country and also for the Association. in Spetember2020, the Association lost Prof. Shyam Kartik Mishra to Covid-19. Prof. Mishra had built the Association from scratch with the active support of all of you. His loss was immeasurable. The Association picked up the pieces and organized a very successful conference at **Dr. Rammanohar Lohia Avadh University, Ayodhya**, in April 2021. However, soon afterwards, the second wave of Covid-19 wreaked havoc throughout the country. With the lessons learnt from the first wave, the economic consequences of the pandemic disaster were mitigated. At the aggregate level, the economy recovered to the pre-Covid level, but there is a growing consensus now that the recovery is K shaped.

In the journey of the Association, the year after the Ayodhya conference has proved even more challenging than the preceding one. But the Association has moved from strength to strength. During the year, a foundation lecture was delivered by Prof. A. K. Singh and the S. K. Mishra memorial lecture was delivered by Prof. A. D. N. Bajpai.

We are now very privileged that Sharda university had decided to host the 17th Annual Conference under the able leadership of Prof. Jayanthi Ranjan, Dean SBS, and Professors Emeriti Prem S. Vashishtha and V. P. S. Arora. The Conference will provide us with an opportunity to review or strengths and weaknesses and deliberate on how to further improve the Association's contribution to building a quality oriented profession and an outstanding journal.

We look forward to meeting you in Sharda University during the Annual Conference.

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General Secretary, UPUEA

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THEME 4

Development Experience and Challenges, and Strategies for India@75

An Appraisal of Financial Inclusion and Socio-Economic Development of India

Dr. Mayank Kumar Singh* & Dr. Vijay Kumar**

Introduction

Sustainable development is a basic parameter for developing nation, likes, India. India's government aims to create a healthy and prosperous economic environment for achieving socio-economic development. For this aforesaid goal 'Financial Inclusion' is a very innovative idea which has been adopted by the government of India (GoI) since 2004. Financial inclusion means not excluding any section of society especially the weaker and lower sections. Since 2005, the Reserve Bank of India (RBI) and the Government of India (GOI) have been making efforts to increase financial inclusion. Measures such as SHG-bank linkage program, use of business facilitators and correspondents, easing of Know Your Customer (KYC) norms, electronic benefit transfer, separate plan for urban financial inclusion, use of mobile technology, bank branches and ATMs, opening and encouraging 'no-frill-accounts' and emphasis on financial literacy have played a significant role for increasing the use of formal sources for availing loan/ credit. Financial inclusion operations in India have three basic dimensions such as, branch, deposit and credit penetration. We can evaluate the process of financial inclusion by the steps which have been taken by the RBI and GoI. According to the All-India Rural Credit Survey (1950), rural farmers relied heavily on non-institutional sources. However, urban areas had large number of bank branches compared to rural areas. Under these circumstances, the RBI has taken many initiatives after independence to meet the credit requirement of the people. Nationalization of banks (1969, 1980), Priority Sector Lending, Establishment of NABARD (1982), Establishment of Regional Rural Banks (1976), Service area approach (1989), Self-help group-bank linkage program (1989, 1990) are some of the appropriate examples of measures which prove the intension of the government to ensure socio-economic development through financial inclusion. The GoI has been also running many exclusive schemes for financial inclusion, such as Pradhan Mantri Jan Dhan Yojana (PMJDY), Atal Pension Yojana (APY), Pradhan Mantri Mudra Yojana (PMMY), Sukanya Samriddhi Yojana (SSA) and Varishtha Pension Bima Yojana (VPBY), etc. A part of these the socio-economic development is the overall development scenario of any country. After 2004, the HDI is the appropriate indicator to measure the economic development

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which is not only involved the economic indicator (GDP per Capita) as well as social indicator (Life Expectancy and Adult Literacy Rate). As a welfare state, GoI should make efforts to the quality of life and to create a peaceful environment for conducting economic operations. These developmental goals cannot be achieved without financial inclusion. So, financial inclusion is an ultimate technique for achieving a sustainable growth path which would make India the'*Vishwa Guru'*.Undeniably, the RBI and GoI have engaged in many operations for financial inclusion. Hence, there is a need to make an appraisal of financial inclusion and its effect on social and economic developmental indicators. In this connection, the main objective of this paper is to understand the effectiveness of financial inclusion over the year and also to examine whether there is a relation with the socio-economic development of the country.

Methodology

In this paper an attempt has been made to evaluate and analyze the operation of financial inclusion on the socio-economic development of Indian economy. This paper also try to analyze the contribution of different financial agencies and identify the challenges by these agencies for achieving the sustainable growth through financial inclusion. The present study is a work to analyze the financial inclusion initiatives in India. All the data has been collected from RBI website and they are in the form of yearly basis. The data analyzes the period from 2005 to 2021. The justification of data period is strictly availability basis for all variables in the single platform (RBI data publication). The advance statistical tools were used for analysis.

Findings

There are a number of indicators available which could draw a clear view about financial inclusion in India. However, for the sake of simplicity, we started our analysis by giving the data of branch network of financial institutional in India. The table -1 reports that in 2021, the commercial banks are conducting their operations in 157886 branches all over India. After CBs, the total number of branches of Regional Rural Banks is 14494. There are 1574 branches of Urban Primary cooperative banks and 93913 branches of Rural Primary Cooperative Bank in India

Table – 1: Number of Functioning offices of Multiple financial agency in India as on 2021

Sl. No.	Agency	Number of Branches
1.	Nationalized Commercial Banks	85166
2.	Regional Rural Banks	14494
3.	Urban Co-operative Credit Structure (Primary) Urban	1574
4.	Rural Co-operative Credit Structure (Primary)	93913

The biggest challenge against financial inclusion is to cover the rural population specially dalit and backwards classes. According to World Bank's Global Financial Inclusion database, 80 percent of adults in India have a bank account in 2017, which is a biggest achievement. Despite of this the rest 20 percent adult population is not availing the banking and financial services, which has a big challenge for policy makers. As per a World Bank report 2018 and RBI's Bulletin

2020, the total volume of digital transactions in India (including various payment channels and mechanisms, such as net banking, mobile banking, debit cards, credit cards, prepaid instruments, mobile wallets, among others) grew by compound annual growth rate (CAGR) of 30% from 1,142 million in April 2015 to 1,928 million in April 2017. On the other hand, mobile banking transactions grew more than five times, from 19.75 million in April 2015 to 106.18 million in April 2017. Similarly, mobile wallet transactions grew from 11.96 million transactions in April 2015 to 387.6 million transactions worth Rs 15,408 crore in January 2020 (World Bank 2018; RBI 2020).Since 2002, the GoI adopted the SHGs-Bank Linkage programme for promoting the women empowerment, poverty alleviation, self-employment generation. According to the RBI report, in 2020-21, 2887394 SHGs have been facilitated by different financial agencies. The total bank loan which disbursed by these institutions is 58071 crore in year 2021. This aforesaid figure is quite impressive which make a milestone in the path financial inclusion initiatives of GoI. For the better understand and evaluate of objective, we need to give the achievement of Financial Inclusion Plans (FIPs): 2019-24, which is sketch by RBI to its report. Table – 2 gives the complete information about the achievement of financial inclusion. These FIPs capture banks' achievements on parameters such as the number of outlets (branches and BCs), Basic Savings Bank Deposit Accounts (BSBDAs), overdraft facilities availed in these accounts, transactions in KCCs and General Credit Cards (GCCs) and transactions through the Business Correspondents - Information and Communication Technology (BC-ICT) channel. The progress made on these parameters as at the end of December 2020 is set out in Table – 2.

Table - 2: Financial Inclusion Plan: A Progress Report

Particulars	Mar 2010	Dec 2020
Banking Outlets in Villages- Branches	33,378	55,073
Banking Outlets in Villages >2000*-BCs	8,390	8,51,272
Banking Outlets in Villages <2000*-BCs	25,784	3,85,537
Total Banking Outlets in Villages - BCs	34,174	12,36,809^
Banking Outlets in Villages - Other Modes	142	3,440
Banking Outlets in Villages -Total	67,694	12,95,322
Urban Locations Covered Through BCs	447	3,24,345
BSBDA - Through Branches (No. in Lakh)	600	2,891
BSBDA - Through Branches (Amount in Crore)	4,400	1,25,898
Progress of Financial Inclusion Plan		
BSBDA - Through BCs (No. in Lakh)	130	3,601
BSBDA - Through BCs (Amount in Crore)	1,100	77,163
BSBDA - Total (No. in Lakh)	735	6,492

BSBDA - Total (Amount in Crore)	5,500	2,03,061
OD Facility Availed in BSBDAs (No. in Lakh)	2	59
OD Facility Availed in BSBDAs (Amount in Crore)	10	500
KCC - Total (No. in Lakh)	240	490
KCC - Total (Amount in Crore)	1,24,000	6,79,136
GCC - Total (No. in Lakh)	10	199
GCC - Total (Amount in Crore)	3,500	1,73,968
ICT-A/Cs-BC-Total Transactions (No. in Lakh)	270	35,183
ICT-A/Cs-BC-Total Transactions (Amount in Crore)	700	8,28,795

Source: FIP returns submitted by banks to RBI

The table–2, shows that the rural branches increased by 64 percent from 2010 to 2020. The 490 lakhs Kisan Credit Cards (KCC) have been issued by different lending agencies and approximately 6.79 Lakh crore credit disbursed by KCC upto 2020. As at end-March 2021, 12 public sector banks and one private sector bank were assigned lead bank responsibility, covering at present 730 districts across the country. Providing banking access to every village within a 5 km radius/hamlet of 500 households in hilly areas is one of the key objectives of the National Strategy for Financial Inclusion (NSFI) for the period 2019-24. As per the status reported by the concerned State/Union Territory Level Bankers' Committees' (SLBC/UTLBC) convener banks, the milestone has been fully achieved in 22 states and 6 UTs as on March 31, 2021. The percentage of coverage of all identified villages/ hamlets across the country is 99.87 per cent.

As per the report of RBI, at the end of December 2020, there were 1,478 Financial Literacy Centers (FLCs) in the country. While 1,48,444 financial literacy activities were undertaken during 2019-20 (April-March), a total of 45,588 financial literacy activities were conducted by the FLCs during the period April-December 2020. The restrictions towards mass gathering of people at public places have hampered conduct of physical financial education programmes across the country. With a view to ensure continued dissemination of financial education programmes across the country, regional offices of the Reserve Bank undertook financial education programmes through virtual mode and also leveraged local cable TV and community radio to spread financial awareness messages.

A Task Force (TF) was constituted by Government of India in October 2017, wherein all the stakeholders were represented, to suggest various dimensions and aspects for creation of an Index of Financial Inclusion. The TF submitted its report in August 2020. While the methodology suggested by the TF was retained, inter alia, a number of indicators under various sub-indices were added and a dimension of 'Quality' was introduced, in addition to determining weighting distribution, target values, etc.

Table – 3: FI-Index and Sub-indices

Year	Access	Usage	Quality	FI-Index
Mar-17	61.7	30.8	48.5	43.4
Mar-18	63.9	33.7	51.4	46
Mar-19	67.5	38.7	52.6	49.9
Mar-20	71.6	42	53.8	53.1
Mar-21	73.3	43	50.7	53.9

Source: FIP returns submitted by banks to RBI

The table -3, reveals that the financial inclusion index increased continuously from 43.4 in 2017 to 53.9 in 2021. The above draws a satisfactory result about the financial inclusion initiatives by RBI, NABARD and GoI. In the modern era financial inclusion is much important for the socio-economic development. In this connection, we examine the socio-economic development through Human Development Index (HDI) of India from 2011 to 2019. The table – 4, shows the HDI index as a whole and also component-wise. The data explained that form 2005 to 2020 the HDI is increase continuously which gives the satisfactory situation of Indian economy. The HDI is a modern concept to measure the development of any country. It not only involved the monetary variable (GDP per Capita) but also the social indicators (Literacy Rate & Life Expectancy).

Table–4: HDI and Its Components

Year	Health Index	Income Index	Education Index	HDI
2011	0.723	0.578	0.494	0.591
2012	0.729	0.584	0.506	0.596
2013	0.734	0.591	0.516	0.607
2014	0.738	0.600	0.534	0.618
2015	0.743	0.610	0.543	0.627
2016	0.748	0.619	0.555	0.636
2017	0.751	0.627	0.555	0.640
2018	0.760	0.629	0.556	0.643
2019	0.765	0.635	0.556	0.646

HDI of India is 0.646 in 2019, which give the satisfactory result. This increasing trend shows that the social and economic upliftment is taken place in Indian economy. From 2011 to 2019, the HDI and its components are gradually increasing and set a solid finish of overall development feature of Indian economy.

Conclusion and Sggestions

Financial inclusion is needed help the economic improvement of the country. It will help to empower women, reduce poverty andgenerate employment in the society by making

the people self-reliance. The initiatives of financial inclusion are quite impressive in India. However, the outcome of financial inclusion is not much striking due to some major constraints. Financial illiteracy, non- accessibility of financial service in remote area, the administration and institutional backwardness are main causes which hamper the achievement of desired result aimed at by the by the GoI. So, there is a need to redesign business strategies to incorporate specific plans to promote financial inclusion of low income groups treating it both as a business opportunity as well as a corporate social responsibility. Financial inclusion provides not just credit but also other financial services such as savings and insurance which are key priorities, especially in rural India. In this connection, the financial literacy and promotion of financial services are key measures on which the success of financial inclusion depends. However, financial education, financial inclusion and financial stability are three elements of an integral strategy. Financial inclusion works from supply side of providing access to various financial services; financial education feeds the demand side by promoting awareness among the people regarding the needs and benefits of financial services offered by banks and other institutions. For these purposes, RBI has issued revised guidelines on Financial Literacy Centres (FLC) on June 6, 2012 to promote financial awareness among the people. In short, we can say that if the Government of India, RBI and NABARD can restructure the financial institutions in such a way that the financial inclusion can emerge as commercial profitable business then the social and economic upliftment of society can take place.

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PRESENT SCENARIO AND CHALLENGES OF SUGAR INDUSTRY IN UTTAR PRADESH: A TIME SERIES ANALYSIS

DR. VIJAY KUMAR[1]
DR. MAYANK KUMAR SINGH[2]

ABSTRACT:-

The sugar Industry is the second largest agro-processing industry in the country, with a total employed capital of Rs. 50000 cr. and an annual turnover of Rs. 80,000 crores. It plays a key role in rural development by creating indirect employment for over 7.5 percent of the rural population engaged in sugarcane cultivation, the rural livelihood of about 50 million sugarcane farmers, harvesting and ancillary activities, and direct employment to 5 lakh skilled and unskilled workers. It contributes more than Rs. 2500 crores. annually to the Centre and State exchequers in the form of taxes (ISMA, 2021). For the time series analysis, we have checked the stationarity test for all selected variables in the. We have found that all the variables are non-stationary at levels from the ADF test and all are stationary at the first difference I (1). Therefore, the Johansen co-integration procedure and FMOLS are applied to examine long-run equilibrium relationships and obtain long-run co-integrating co-efficient. The co-integrating results confirm the long-run association between sugarcane yields, sugar recovery, crushing days, and sugar factories on sugar production. In conclusion, the sugar industry in Uttar Pradesh faces a multifaceted set of challenges that demand a holistic and integrated approach. Policymakers and stakeholders must collaborate to address issues related to agricultural practices, market dynamics, and infrastructure. Embracing technological advancements and implementing strategic reforms are crucial for sustaining and enhancing the competitiveness of the sugar industry in the state.

Keywords: Sugar Production, Sugarcane Production, Crushing days, Sugar recovery, Fair and Remunerative prices

INTRODUCTION:-

The sugar industry in India is a significant contributor to the nation's agricultural and economic landscape. India ranks among the world's top sugar producers second after Brazil, with a vast sugarcane cultivation base spread across various states. This industry plays a vital role in rural employment generation and income for millions of farmers. The Indian sugar industry comprises about 20 per cent of sugar mills and 15 per cent of sugar production in the world. It is the second largest agro-processing industry in the country, with a total employed capital of Rs. 50000 crores and an annual turnover of Rs. 80,000 crores. It plays a key role in rural development by creating indirect employment for over 7.5 percent of the rural population engaged in sugarcane cultivation, the rural livelihood of about 50 million sugarcane farmers, harvesting and ancillary activities, and direct employment to 5 lakh skilled and unskilled workers. It contributes more than Rs. 2500 cr. annually to the Centre and State exchequers in the form of taxes (**ISMA, 2021**). The industry has remained a focal point for socio-economic development in rural areas by mobilizing rural resources, generating employment and income, and creating transport and communication facilities (**GOI, 2022**). It generates its replenishable biomass and uses it as fuel without much depending on fossil fuel. The Indian sugar industry has witnessed both progress and challenges in recent years. Technological advancements and modernization of sugar mills

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