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Changing Dynamics of India-China Relations and the Emerging World Order

Amina Reem &
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The rise of India and China, two Asian giants coupled with the asymmetric power gap between them has greater significance in the emerging regional and larger security architecture. The issues in India-China relations-growing rivalry at the borders, trade imbalances and disruption, power struggle in the Indo-Pacific marked by the US-China rivalry and India's partnership with USA is impacting India-China relations at a larger global scenario. The western world order that came into being after the Second World War is challenged by China and to some extent India as well. However, India as a partner of the USA collaborates with the US-led world order to contain the ever-increasing Chinese influence. The role India has to play as a swing state is particularly crucial in deciding the nature of the evolving international order. In this context, the article encapsulates the complexities of India-China divergences and India-US convergences in determining the course of international relations. We argue that the dynamics of India-China relations, have an impact on the emerging world order in the context of the growing competition between China and the U.S.

Introduction

The role of civilizational states in changing the course of world politics is not new. India and China have a rich civilizational culture along with a growing economic and political outlook in the region which makes them the drivers of regime change in international system. At the same time, the simultaneous rise of two Asian powers has led to some frictions in their relationship as well. Even though China doesn't consider India as an equal power in the region, it consistently tries to contain the growing profile of the latter through hard and soft power means. Despite the similar colonial history and shared culture, the trajectory of the economic and political rise of India and China is distinct and rapid for the latter. The traditional idea of global hegemony, unresolved border question, Chinese aggressiveness across the region, economic imperialism, the assertive foreign policy of China and the comprehensive diplomacy of India with the neighbour's as well as the great powers are the core aspects of the bilateral ties and it does have its repercussions on the global order as well. However, there are many commonalities between them like the dissatisfaction with the global North-South divide, western imperialism and interference in Asian affairs. The growing profile of both the nations economically, politically and strategically pushes them to demand a new world order reflecting the developing countries and its interests as well. But the divergence lies in the nature of the international system the respective countries advocates for. While India supports a world that is just and equal for all, China stands for a hegemonic position as it considers itself as a responsible power capable enough to solve the issues of Asia and the globe.

China balancing India at its borders to drive its maritime ambitions and projecting the power gap has only exacerbated the already complicated ties. Thus, the unfolding of India-China relations has regional as well as global implications given their primacy in South Asia and their growing international stature. Moreover, the dissatisfaction with the current world order and the urge for hegemonic ambitions leads to intense competitions and alignment strategies. The article examines the changing contours of India-China relations and its effect on the emerging world order by looking at their convergence and divergence on major issues. It further analyzes the implications of this relationship on the stability of South Asia in general and maritime domain in particular.

World Order

World order refers to the arrangement of power and authority to facilitate global governance. Even though the Second World War created a bipolar system led by the United States and the Soviet Union, the disintegration of the latter altered the balance of power globally. Therefore, the domination of American hegemony continued for almost two decades. However, the economic, political and geopolitical transformations since 1980s led to the relative decline of American power due to several domestic and international reasons. The rapid rise of China augmented by its economic and military prowess challenged this western hegemony led by the U.S. Thus, the shift from the West to East drastically changes the balance of power and China advocates for a world led by it, hence approving the Asian Century. The recent events in the world politics like the Ukraine war has significantly transformed the international order wherein a new Russia-China alliance is all set to counter the western dominance. The uncertain world order created by the war has its implications over the global supply chains, energy and food security. Thus, growing Russia-China nexus invariably leads to US-China rivalry, which fundamentally alters the dynamics of global politics.

India and China, as the two emerging powers, has taken proactive steps to showcase their leadership skills in global issues like climate change, trade etc. thereby leveraging the gap created by the American retreat from international affairs. Despite these efforts, Chinese hegemonic ambitions are countered by the West and many Asian countries. This is an opportune moment for India to portray its leadership potential as a worthy contender in the region. Even though handling China will have multiple consequences for India, especially at the borders, a more strategic hedging policy could help the country to make the uncertain global order in favour of it. There is no doubt in the role that China and India has to play in the emerging world order given their growing economy, demography and pivot to Indo-Pacific. However, the age-old border dispute stands at the centre of their bilateral relations which do have an impact on each other's foreign policy calculations and diplomacy. India's alignment with the U.S. creates even more complex India-China ties, which will have its repercussions over the new international order.

India and China as Emerging Powers

The simultaneous and sustained economic growth of India and China carves a major geopolitical significance for both countries regionally and globally. This marks the revival of age-old Asian politics back to the global system. While China is the largest economy in the world in terms of Purchasing Power Parity surpassing the USA, India holds the third rank in the category. This rapid economic growth is reflected in their growing political and military capabilities. This along with the pivot to Indo-Pacific and their respective geographic locations makes them the drivers of the changing world order. Both countries aims to reshape the current global order established under American hegemony. However, the stark divergences fueled by border skirmishes and geopolitical tensions results in different perceptions on the emerging world order. As the respective ideas of world order clashes and India is in a dilemma to counter China using military power, this brings us closer to the United States.

The transformation from a unipolar world to a Bipolar world, with an existing super power, that is the United States and a rising super power i.e., China, both accustomed to the prevailing international system, despite conflicting interests and foreign policies was evident until 2012. However, since Xi Jinping assuming power, he is trying to revive the Chinese vision of world order, wherein the country holds a central positioning and aims to re-shape the existing global economic, security and governance framework. For the legitimization of a China-led world, they try to regain the lost glory through historical and traditional Chinese notions of its empire. The concepts of 'Middle Kingdom' which assumes itself as a dominant kingdom in the region, 'Tribute System' which places itself at the centre of the world and 'Tianxia' meaning 'everything under heaven' legitimizes the role of China in a stable world order. To counter the deliberate attempts of the western world in general and that of the United States in particular, in obstructing their goals at home and abroad, China advocates a new international economic and political order with itself at the centre-an extension of traditional Chinese concepts.

China's perception of the global order has seen tremendous changes since its independence. From being a revolutionary power to accommodating to the international affairs through economic and political reforms, the outlook of China in the international system witnessed a radical transformation. A hostile attitude towards the western dominance/status-quo and their cultural imperialism became a hallmark of Chinese foreign policy. The end of cold war and the rise of China created a strategic position in the international arena so as to expand its footprints globally. The decline of the western world since the global financial crisis and the power shift towards the east and the Indo-Pacific adds to the growing glory of the rising super power. This opportune moment is leveraged to reform the existing global order - which is in favour of the developed and excluded the developing countries- into a world that is just and equal to all nations.

China envisages a new world order that is multipolar by protecting the sovereign rights of developing countries, making international economic and political institutions more representative, avoiding the unilateralism of the west and Cold war mentalities. The American interference in their 'internal matters' including the military aid to Taiwan, support to Dalai Lama, forming alliances in the Indo-Pacific etc. are countered economically, politically and militarily. With regard to reforming the global governance architecture, it has advocated the reform of the World Trade Organization (WTO), International Monetary Fund (IMF), and the World Bank wherein the west still holds dominant positions. Even though China has articulated the need to expand the UN Security Council (UNSC) membership to developing countries like, Japan and Germany, by upholding the geographical balance, it has to be read with caution due to the strategic silence on India's bid to the council.

The Chinese dream for a sustainable development financing, challenging the existing institutions founded by the west, led to the creation of some of new international financing institutions catering the needs of developing countries. The New Development Bank (NDB), formed on the sidelines of BRICS, provides economic assistance to developing countries and the Asia Infrastructure Investment Bank (AIIB) aids new infrastructural projects in Asia has helped the country to regain its centrality in the global governance institution's, thereby projecting itself as a responsible stakeholder of the world's interests and needs. The South-South Cooperation Fund and China Silk Road Fund under the Belt and Road Initiative (BRI) further concretizes the prominent position of China similar to that of the U.S and the west in investment projects too. This has even more increased the economic clout of China and led to a division in the international hierarchy into U.S-led and Chinese-led institutions.

Since independence, India's world view was characterized by liberal notions and support to decolonization of developing countries. The deadly world wars and our own national movement created hostility towards great power competition and natural support to Asian and African countries. The Non-alignment policies during the Cold war revealed this attitude. India's worldview also witnessed a shift from actively participating in the world affairs at the time of Nehru era to opposition to the system that is in favour of the developed countries only. The global economic, nuclear and humanitarian order emphasized by the west undermined its national interests and thereby making it a champion of the needs of the Global South. The Chinese interference in the internal matters is another threat. However, the rising economic and political profile, along with changing equations with the great powers helped India to carve a position of its own in the international system. Its emergence as a responsible nuclear power despite the oppositions and backlashes are an example for the same. India criticizes the protectionist tendencies of the developed nations, unequal say in economic and trade institution's and supports Common but Differential Responsibilities (CBDR) on aspects of climate change. India advocates for a structural change in world system to create a liberal international order.

India's rise and improved relations with the west over the years has enabled itself to be confident about its state sovereignty and territorial integrity. However, it is mindful of the interventions and its after effects in other countries conducted in the name of promoting democratic values and nation-building. Thus, as a responsible nation, India supports multilateralism and respecting sovereignty of every nation. This increasing

international stature is aided by the historical role that India played as a leader of the South as well as in Asia. The prominent role India plays in regional organizations like the South Asian Association of Regional Cooperation (SAARC), BRICS, G4 etc., make it an undisputed major power in Asia. However, China doesn't agree to it and projects the power gap between the two. In a world where the United States and China are competing for economic, military and political power, being the second contender in Asia, India's emerging global presence, alignments with America and geopolitical advantage in the Indo-Pacific adds to India's strategic significance in the global politics.

India-US relationship does have a greater role in making India seen globally, through the strategic partnerships and nuclear deals. However, India's demand for a permanent seat in UNSC, need for a South-South alliance on developmental issues reveals our independent stance on other issues as well. India leverages organizations like G-20 and its presidency for the year 2023 to make multilateral solutions to the major global challenges.

Quest for Asian Hegemony-India Versus China

The revival of China's imperial past in their current foreign policy implies its ambition to be a global power dominating Asia. The Tianxia and Tribute system assumes itself at the centre of the world, thereby being responsible for the betterment of the world. Paradoxically, while the nation stands for a multipolar world globally, in Asia it strives for being the dominant power. The Chinese dream in Asia is furthered through several strategic initiatives like the Belt and Road Initiative (BRI), String of Pearls in the Indo-Pacific, wolf warrior diplomacy, Cheque book diplomacy and so on. This fundamentally challenges India's security considerations in the region, especially in the Indo-Pacific as it upholds a free, open and inclusive maritime domain.

One of the recent developments in China's foreign policy is the pivot to South Asia and South East Asia which is called the 'mulin, fulin, anlin principle', meaning "establishing an amicable, secure and prosperous neighborhood". On the other hand, since 2014 India is following a well-calibrated Neighbourhood-first policy and Act East Policy which aims to leverage strategic engagements with South East Asia in the context of China's pivot to Asian and global leadership. Thus, the major hurdles for an integrated South Asia are :- 1) Political instability in countries like Pakistan, Nepal, Sri Lanka 2) Economic Instability 3) The China Challenge. Chinese ambitions in India's immediate and extended neighbourhood is based on its security considerations in Tibet and Xinjiang, emerging economic potential of the region, easy access to Indian Ocean bypassing the Strait of Malacca and containing American influence thereby legitimizing its global leadership.

The economic, political, geographical and security interests of China in the region diverts more of its attention to countries such as India, Sri Lanka, Myanmar, Afghanistan, Pakistan etc. The regional hegemonic ambitions further drive its focus to this geopolitical space. The increasing Chinese footprint in South Asia propels India to widen its cooperation with countries such as Vietnam and USA so as to counter its growing assertiveness in the region.

The main component of the changing dynamics of Chinese diplomacy is the huge economic assistance in the form of grants and preferential loans. This increasing economic presence, especially in countries such as Bangladesh and Sri Lanka is a security threat to India given their proximity to Indian borders. The opposition to India's Big Brother attitude in its neighbourhood and the lack of proper infrastructure and connectivity provided huge opportunity for China to increase its clout and potential. On security aspects, despite border clashes and tensions, the normalization of India-China bilateral relations were the focus since 2000s through various Confidence Building Measures (CBD). However, the enhancing India-US defense and strategic cooperation along with the rising economic and geopolitical status of the former regionally and globally, necessitated China to balance India at the border with an upgraded China-Pakistan tie and strategically encircle India via the String of Pearls strategy. The China-Pakistan Economic Corridor (CPEC) and the One Belt One

Road (OBOR) initiative threatens India's strategic space and existence. The massive infrastructural and investment projects initiated by China in many South Asian countries like Sri Lanka, Nepal and Bangladesh is part of Chinese Wolf Warrior diplomacy which actually erodes the state sovereignty and independence. Sri Lanka, for instance, had to lease its Hambantota Port to China for ninety-nine years which challenges India's maritime security. The docking of a Chinese submarine in the island nation only worsened the situation for India. The Galwan clash for instance worsened the already strained relationship, which has further increased India's strategic alignments with China-wary nations.

A complicated India-China relationship has its huge implications on the stability of South Asia and South East Asia. The market potential of the region makes it a domain for strategic conflicts and great power competition. While China opposes western interference in Asian affairs, India adopts strategic hedging and formation of alliances with like-minded countries. Thus, India and China should leverage opportunities like G20 and BRICS to resolve their differences and settle the disputes peacefully through deliberations and discussions.

India and China shares a common dissatisfaction with the polarized and biased world order and seeks to re-shape the same. The converging interests on many regional and global issues like financial governance, trade regimes, climate change, and state sovereignty brings them closer to counter the modern western imperialism. However, a rising India is a threat to Chinese ambitions in Asia and a resurgent China challenges the latter's aspirations. Thus, divergence balances the convergences leading to a strategic dilemma for India, given its power gap with the Northern neighbour. While China harnesses internal balancing to contain India, the latter seeks external alignments which further fuels the power competition creating an unstable and uncertain world order.

China Threat and India-US Convergence

China is a common threat to both USA and India. This brings India and the U.S together at multiple levels in maritime and continental dimensions that have mutual implications. China, on the other hand, wants to pin down India to balance India-China relations. Therefore, the escalation of border tensions is a product of the new geopolitics and pressures of a new world order.

The re-emergence of maritime domain for geopolitical and geo-economic competition is better explained with the evolving geographic construct-Indo-Pacific. The shift from Atlantic to Indo-Pacific and the latter being the most important sea lanes in the world re-shaped the global politics leading to major powers prioritizing maritime ambitions in the region. The usage of the Indo-Pacific construct itself reveals a new outlook towards Asia which is quite reflected in the renaming of the U.S military Pacific Command into Indo-Pacific Command. The great power competition between the US and China along with India-China conflict has given a new momentum to the region. Even though a stable Asia-Pacific is what both India and China wants, the diverging priorities creates a ridge in their respective foreign policy calculations. While India seeks strategic alignments with like-minded countries such as Australia, Japan, and the United States to counter Chinese aggression in the region, China vehemently opposes the interference of the U.S and the west in Asian security affairs.

Throughout history, maritime outlook has been an integral aspect of India's foreign policy to the extent that continental ambitions were complemented by a maritime focus. However, due to an unresolved land boundary and tense relationships with neighbouring countries such as China and Pakistan, maritime security was more or less overlooked. The re-appearance of maritime domain in India's foreign policy came with the increasing strategic interest of Indo-Pacific, to cater our own national interest as well as regional and global aspirations. In the context of rapidly changing balance of power equation, great power rivalry and increasing securitization, Indo-Pacific is the new strategic theatre for India as it envisages itself as a Net Security Provider. The development of the Indo-Pacific division in the Ministry of External Affairs (MEA) itself indicates the growing importance of the region in our foreign policy.

India's growing outlook in the region is facilitated by its rapid economic and strategic partnerships with South East Asian and East Asian countries, increasing Chinese footprint in the region and countries such as the U.S, Australia and Japan reiterating India's central positioning in the Indo-Pacific. The Comprehensive Economic Partnership Agreements with Japan, South Korea, and Singapore, and the Free Trade Agreements with ASEAN and Thailand reflects the increasing trade contacts in the region. On security aspects, India upholds a Free and Open Indo-Pacific, Common Rules-Based Order, Freedom of Navigation and dispute settlement through international maritime laws. The strong commitment to such norms and conclusion of Logistic Agreements with Australia, Japan and the U.S, are signals against Chinese aggression and unilateralism.

The regional hegemonic ambition of China pushes India for strategic cooperation with like-minded countries. On the other hand, the converging India-US collaboration in the Indo-Pacific is well countered by China at different stages. QUAD, an informal strategic dialogue between the United States, Australia, Japan and India, formed on the sidelines of ASEAN, aims to work for free, open, prosperous and inclusive Indo-Pacific. However, it remained dormant for over a decade due to the lack of clear objectives and fear of China. The re-emergence of QUAD in 2017 and it transcending beyond military dimension brings more resilience as well as risk. Though trade, climate change and security were the issues widely discussed in the first QUAD formal summit in 2021, the 'China challenge' remains at the core. All the QUAD members' leverages India's rising balance of power credentials in Asia to oppose China's economic imperialism in the region by deploying more investments and infrastructural developments. However, the lack of an institutional structure, exclusion of potential democracies with maritime interests like South Korea and the diverging interests of ASEAN countries hinders the effectiveness of the alliance.

For China, the relative decline of American power created opportunities to re-shape the world order and reform the international architecture by resolving economic, governance and security issues. This is legitimized through emphasizing the traditional notion of 'Middle Kingdom' to project itself as a responsible global power and discredit the western hegemony. The rise of China and increasing its interests in the Indian Ocean Region makes it the pivot of global politics of the 21st century. One of the reasons for this shift is the growing profile of India in the western Pacific.

China has condemned QUAD as well as the Malabar naval exercises as an attempt to contain its regional and global rise. The Chinese media has even termed the grouping as the "Asian version of NATO". To counter this narrative, the rising super power has brought alternatives to the existing security and economic frameworks of the west so as to project itself as a responsible global power. The 'Global Security Initiative' (GSI) is one such attempt to discredit the America's Indo-Pacific policy and its dominance and security issues as a result of their unilateral decisions and excessive pursuit of self interest in the Indo-Pacific. One can draw parallels between QUAD and GSI, but with two contrasting intentions. Just like the visions of India and the U.S, GSI too envisages peaceful resolution of conflicts, adherence to the principle of U.N charter, maintaining world peace and security. It further stresses on avoiding the Cold war mentality and splitting the world into small groups. The advancement of China's economic engagement with the world through energy, finance and foreign trade as well as shaping global security governance is the major goals of GSI. China leverages its traditional ideas of dominance to assert the revival of Middle Kingdom thereby reshaping regional and world order. Another initiative called the 'Global Development Initiative' along with GSI recognizes the pivotal role of China in ensuring global security and prosperity that is linked to its own internal policies.

China continues to balance India's maritime ambitions at the LAC through border conflicts and the U.S through its diplomatic and economic engagements. As a strategic theatre for the world's economy and security, the great power rivalry in the region primarily affects the existence of South East Asian and East Asian countries. The belligerent rise of China and its attempt to regain its lost glory creates a strategic dilemma leading to confrontations and tensions.

Conclusion

China's efforts to transform the world into a new world order and the United States' schemes to sustain the existing world order constitute a key feature of international relation. The Ukraine war was an inflection point for China to ally with Russia and change the existing status-quo. The ongoing border clashes between India and China are related to China-America competition and great power rivalry. China tries to balance India's engagement with the U.S by pinning down it at the border so that India partnering to contain China with the U.S, especially in the Indo-Pacific is minimized. In other words, China wants to minimize India's role as a swing state in the ensuing US-China competition. This could be a major reason why China is uncaring about the Indian demand for resolution of border issues on a priority basis or as a condition to improve relations at other levels. Keeping border issues alive, in the context of the power asymmetry between India and China, places India on the defensive vis-a-vis China.

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Inequities in Access to Healthcare: An Indian Perspective

Arya S &
Pradeep Kumar B

"It is health that is real wealth and not pieces of gold and silver."

-Mahatma Gandhi

Since the reforms in the 1990s, India has made significant economic progress, but its performance in health care has been woefully slow. Inequality, discrimination, and financial constraints that persist in our community had created obstacles to people accessing health services and benefits. While many of the neighbouring countries are advancing in human development indicators and health outcomes, lack of proper planning with inadequate funding and bureaucratic inaccuracies makes the situation further complicated along with the pre-existing caste, religious and social domination. A nation's wealth is always dependent on its access to an affordable and equitable health system. Delivering better health services to individuals, both public and private, more efficiently and at minimal cost is essential for the bright future of the nation. Health care is the intellectual right of every citizen and the nation must make it easily accessible to them.

Introduction

Despite the economic progress of India, since the reforms in the 1990s, performance in the field of health care is still very slow and meagre. Iniquities, discrimination, and financial constraints that persist in our community had created obstacles to people in accessing health services and benefits. Even though India's health care system is on the path of transformation due to consumerism, institutional transition and neo-diagnosis techniques, still the health care structure of India is not in a desirable condition. It faces the burden of limited health accessibility, low budget allocation, inadequate manpower and high out of pocket expenditure (Koner & Chetty, 2021). India was ranked 145 out of 180 in terms of health care access, far behind other countries. A consistent and comprehensive transition must be made in our health strategy. Delivering better health services to individuals, both public and private, more efficiently and at minimal cost is essential for the bright future of the nation. Health care is the individual right of every citizen and the nation must make it easily accessible to them.

Previous Studies

(Scheffler, Visagie, & Schneider, 2015) argues that a developed healthcare system can provide access to affordable primary healthcare, but if those services cannot translate in to the users' perspective, the situation becomes more challenging. To manage the balance between service delivery and users' demand, it is necessary to resurge a patient-oriented healthcare unit and to ensure its equitable access. Bhatt and Bathija (2018), discussed the characteristics and parameters of vulnerable communities with essential services that hospitals should strive to maintain in order to ensure their healthcare accessibility on American soil. Transformation hospitals and health centers pressurize to formulate strategies to reform the health care delivery and payment to support them. They give an outline of four out of nine emerging strategies proposed by the task force along with the proposition of revolutionary measures to transpose health delivery and payment systems. So to develop a healthier society, it is necessary to unite each and every health center and hospital under a single umbrella to understand the issues of people and to bring a sustainable solution. (Babu R. Acharya, Acharya,

Kumar, & Nagaraj, (2010) said that even after India's economic reforms and impressive performance, large scale inequities and segregation exist in accessing healthcare services across the states which has affected the community directly and indirectly. Mainly three types of inequities dominate in India, namely, historical inequalities, socio-economic inequalities, and finally inequities in availability. So it is imperative that the government should take bold decisions and steps to restructure the health service sector.

Research Problem

According to the "Global Burden of Diseases: 2016, India ranks 154 out of 195 nations, and neighbouring nations like Bhutan, Bangladesh, Sri Lanka, and Nepal, all have secured higher ranks than India. It is common knowledge that despite a vast network, India exhibits a number of crippling disparities across various parameters in healthcare (GnY, 2018). This malfunction keeps people away from seeking better health care. In India, one million doctors are qualified for approximately 1.3 billion of the population which can form a doctor-patient ratio of 1:10200, which is much lower compared to other developing nations. Similar shortages could be noticed in public medical infrastructure creating hesitations in seeking healthcare facilities. People who are stumbled by the indifference to the state public system often rely on private hospitals, even if their out-of-pocket expenditure is exorbitant, it is unaffordable and inaccessible to the majority of the population. In India, the government allocates about 1.28 % of the total budget for the development of health facilities and it is generally insufficient to meet the medical requirements and expenses of the public. This negligence holds back India in providing adequate health care and obscures the overall future of the nation. Therefore, this paper gives an overview of the issues of healthcare accessibility and its reasons.

The Objective of the paper is to evaluate the factors concerning health care accessibility. The study relies on secondary data records available in the Economic Survey 2020-21.

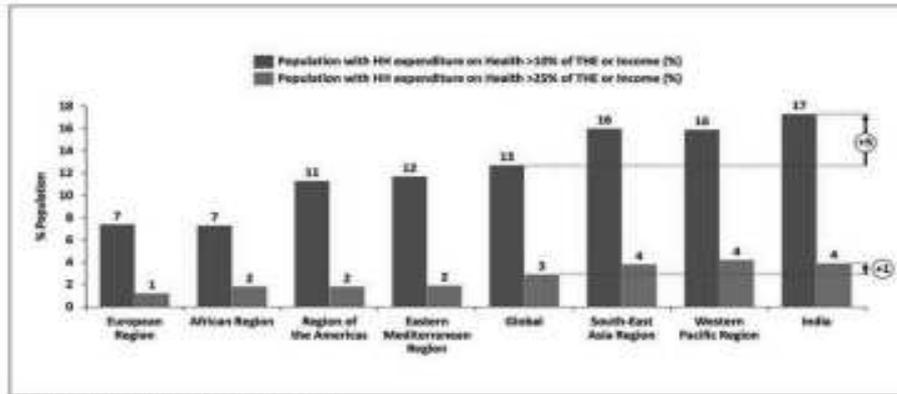
Analysis

Equitable access to health care means providing equal access to healthcare for all, regardless of socioeconomic and geographical status. Although universal health care is being discussed and recognized by the authorities, access to health care is still a distant dream for Indians. People often have to spend more on health care than they can afford, pointing towards the flaws in the country's public health system. Despite all advancements of India in the health indicators, over the past two decades, it is relatively dismal compared to many other countries. Especially after the economic reforms, the budget allocation for health management is near one percent, which is seen as an impediment to the long-term sustainable growth of the country and well being of people. It is the duty and responsibility of each country to provide easy access to health care, and this paper is focused on India's current status in health care.

1. Healthcare Expenditure

In many cases in India, people are increasingly relying on the private sector beyond their ability making India's out-of-pocket spending more than other countries. As per figure 1 below India is one of the nations with the highest out-of-pocket expenditure in the world. In India government funding for health care expenses is less than 30 to 35 % and the remaining 60 to 70 % is to be met from the out-of-pocket expenditures of patients. To Garg and Karan, about 32.5 million people here come under the poverty line because of the spiking health expenses, which rose at the rate of 3.2% during the period of 2010-2015. The poor people spend nearly 15 percent of their income on healthcare expenses compared to the richest households who spend less than 1% of their income, which is a sign of inequality and exploitation (Barik & Thorat, 2015). A small increase in public health care expenditure by 2-3 %, can reduce the out-of-pocket expenditure.

Figure 1 : Comparison of health expenditure across different regions

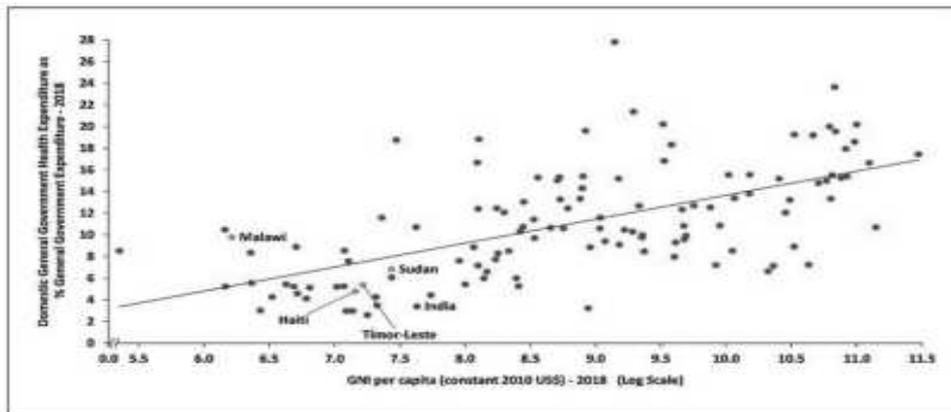


Source: World Health Statistics 2020

2. Budget Allocation

Even though in India, health care expenditure comes under the joint purview of the state and the center, spending through the state weighs nearly 66 percent. India ranks 179th position out of 189 countries in prioritization accorded to health in its government budgets(Economic Survey-2021). According to figure 2, the health care spending of India is near to that of the backward nations like Haiti and Sudan.

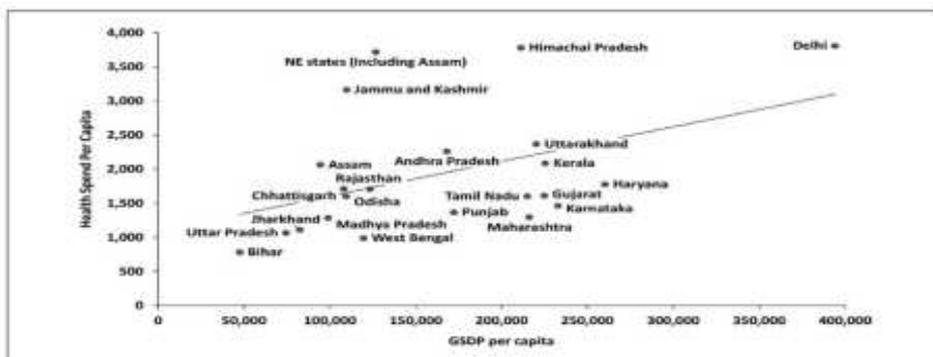
Figure 2: Public Health Spend as percentage of Total Government Budget for different countries (centre and state combined)

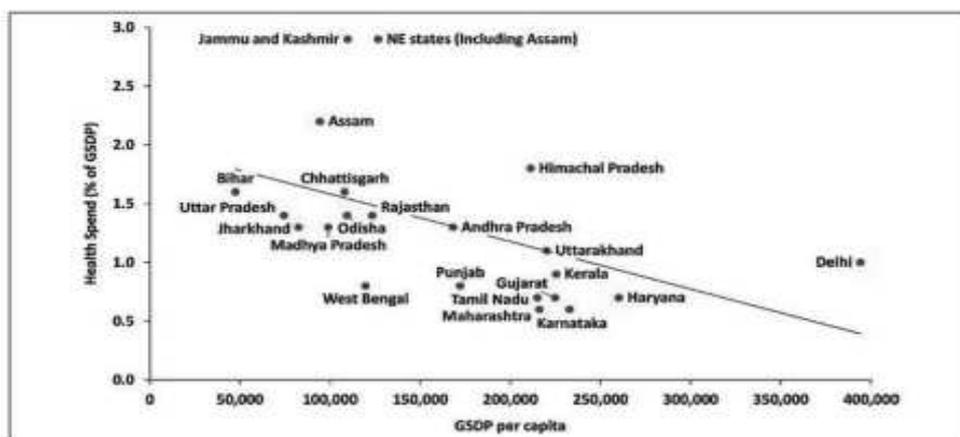


Source: World Bank and WHO (Global Health Expenditure Data Base)

The state healthcare expenditure, as explained above is highly variable and does not depend on the GSDP. Even though the Per capita health spending rises with the GSDP, figure 3 illustrates that the richer states with high GSDP spend lesser proportion of their income on health care and the rate of budget allocation for health care is not in the proportion of rising GSDP. This phenomenon mainly reflects the government's neglect towards the health sector in India and points to the need to bestow more attention on the medical sector

Figure 3 and Figure 4: Healthcare spending across different Indian States





Source: National Health Systems Resource Centre 2017

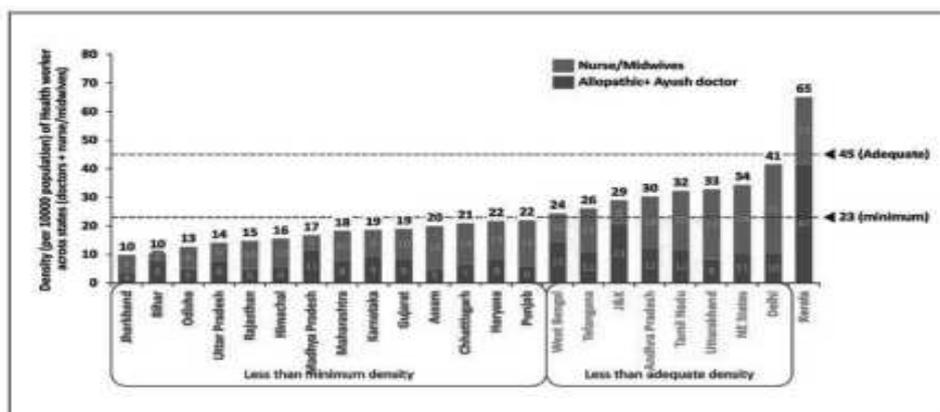
3. Shortage of Human Resource and other Infrastructure Facilities

Deficiencies in infrastructure and health workers play an important role in the backwardness of the health sector.

3.1 Shortage of Doctors, Nurses, and Midwives

As per several international studies, there is a positive correlation that exists between the availability of health workers in the health care system and health outcomes. According to the estimation of WHO, about 44.5 percent of healthcare workers are needed to take care of 10000 people and an adequate skill mix of health workers to achieve a composite SDG tracer indicators index by 2030 (WHO 2019). In the case of India, the distribution of health workers is varied across states and lopsided variations can be identified in the allocation of health workers across states. Acute shortage of doctors is prevalent in different states in India. But in Kerala and Delhi, the picture is different, as they maintain the WHO standards in this count. On the other hand the situation in Bihar, Jharkhand, and Odisha is dismal and less than the specified range by WHO, i.e., 23 health workers per 10000 population. Therefore government should take urgent measures to improve the availability of human resources to boost the health status of the nation.

Figure 5 : Density of doctors and Nurses/Midwives in different Indian states



Source: Periodic Labour Force Survey 2017-18 (Ministry of Statistics and Programme Implementation 2019 and Population Projection for 2018 (Census of India 2020))

3.2. Shortfall in Infrastructure

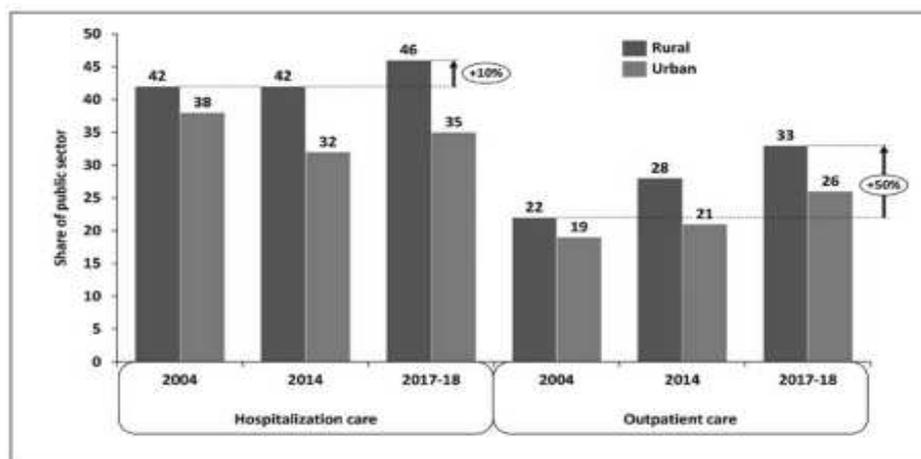
Similar to the shortage of healthcare workers hospital infrastructure also falls too short compared with international standards. As of January 2017, the total number of government hospitals in India is only 14379 and the available number of hospital beds is 633879, which is inadequate for the population of 1.3 billion.

According to the health statistics, the bed patient ratio in India is 1: 2496. The states like Assam, Kerala, Goa, and Meghalaya show a better ratio of 1:1000, while in other states like Bihar it is 1;8000. This unbalanced lopsided distribution shows unequal and inadequate access to health care in India. Similarly these figures underline the shortcomings of a three-tier healthcare network. About 70% of India's community health care centres do not have emergency obstetric or gynaecological services or emergent needs of any health care centre. Government has a number of programmes to improve the performance and functioning of the health centres and to bring them on par with international standards. For this tremendous effort is needed.

4. Domination of Private Sector

Despite increasing participation of public hospitals and outpatient care, the private sector nevertheless dominates our healthcare system in all norms. About 75% of outpatient care and 64% of inpatient care facility is provided by the private sector, which is one of the reasons for India's growing out-of-pocket expenditure. The average medical expenditure due to hospitalization in India has increased from Rs 5965 and Rs 8851 in Rural and Urban areas respectively in 2004 to Rs 16956 and Rs 26455 by 2014, respectively. This phenomenon shows the shifting of the health care system from public to private health care and it is sure that this will further complicate our health agenda and the inter-sectorial ratio between public and private sector participation in the health scenario of India. Asymmetric health disparities can also be figured out in rural and urban areas of India. Approximately 70% of India's healthcare institutions and facilities are situated in cities or other urban areas, and it will increase the healthcare expenditure of the village community in availing medical facilities accessible in cities far away from villages.

Figure 6: Share (per cent) of public sector in total healthcare, hospitalisation care and outpatient care



Source: NSSO, various rounds.

Conclusion

Even after seventy years of Independence, the Indian health sector has remained inaccessible to the poor sections of the population. Lack of quality health practitioners, and poor infrastructure facilities, at the village level, shoot up out-of-pocket expenditure. There is negligence on the part of the central and state governments. Government intervention in private and public sectors is necessary to ensure better healthcare facilities. The unrestrained growth of health care costs is hampering medication and treatment of the common man who belongs to the lower strata of society. The government of India has formulated and implemented a number of schemes such as Ayushman Bharat, Aam Aadmi Bima Yojana, National health mission, etc., to address the demands of this sector. If the central government can fund the states, they can perform better in the health sector.

The recent COVID pandemic highlights the importance of the healthcare sector and underlines the fact that health disasters have an impact on the growth of the economy. Therefore fresh and more efforts

are necessary to improve the accessibility and affordability of healthcare at a marginal expense. The healthcare policy of India should be framed on its long-term and short-term priorities. Every hospital, both in the public or private sector should be equipped and technologically enabled to respond to national health emergency situation. In order to restructure our existing healthcare system and make it more people-oriented, especially for the common man, central and various state governments should increase their budget allocation and develop more feasible policies and plans in consultation with international experts in the field.

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V.K. Krishna Menon

A Patriot and a World Statesman*

B. Vivekanandan

Professor M.S.Rajan, Director of the Indian School of International Studies (ISIS), met V.K. Krishna Menon and requested him to write his memoirs. He offered Menon that, to facilitate the writing of it, the ISIS would provide him with a permanent stenographer, attached to him exclusively, for the purpose. But, Menon declined the request and the offer of assistance. He said: "Thanks for the offer of assistance. But I would not write my memoirs. Let all secrets get buried with me". Professor Rajan returned deeply disappointed. Thus, the posterity has lost a mine of information about the invaluable role Krishna Menon played in London during India's freedom struggle, under trying circumstances, and, subsequently, as part of the government headed by Jawaharlal Nehru.

Introduction

India's independence movement witnessed the glow of two outstanding overseas freedom fighters - V.K.Krishna Menon and Subhash Chandra Bose. Of the two, Subhash Chandra Bose chose the path of war against the British colonial power to make India free, and created the Indian National Army (INA) to achieve it. But, Krishna Menon chose the path of waging a peaceful struggle in the citadel of the British Empire, London, by building up political support in Britain in favour of India's independence. The inspiration to choose the methodology of appealing to the reason of the British political mind, came largely from his mentor in London, Professor Harold J.Laski, a Fabian Socialist, political thinker and philosopher, who was the Director of London School of Economics (LSE) and, at the same time, was also the Chairman of the British Labour Party, ever since Menon joined the LSE in 1925 as a student of Laski. Krishna Menon was a diligent and hardworking student of this revered genius, who made a great impact on shaping the political outlook and approach of a young Menon. And, Laski had no hesitation to rate Krishna Menon as "the best student" he ever had. Being the Chairman of the British Labour Party, he introduced Krishna Menon to a large number of important Labour Party leaders, and intellectuals, in the British Parliament and outside.

An objective evaluation of the role Krishna Menon played in London during India's struggle for independence would underline the fact that in the galaxy of India's legendary freedom fighters, V.K.Krishna Menon belongs to the class of venerated leaders like Mahatma Gandhi, Subhash Chandra Bose and Jawaharlal Nehru. He has become legendary for the reason that his chosen arena of that epic struggle was London, the citadel of the British Empire. In addition, his contribution to advance India's freedom struggle from England between 1928 and 1947, and the sacrifices he made all along in pursuit of it, almost alone, in the fortress of the British Empire, was unique.

REMINISCENCES

Lord Mountbatten's Tribute

When I reminisce V.K.Krishna Menon, my memory takes me back to a function organised by Edwina Mountbatten Trust, at the Senate Hall of the University of London, on 12 November 1970, to commemorate Jawaharlal Nehru, former Prime Minister of India, with a Memorial Lecture. V.K. Krishna Menon was the Speaker. The title of the Lecture was "Personal Memories of Jawaharlal Nehru". The Chairman of that function

**Revised version of V.K. Krishna Menon Memorial Lecture delivered on 05-12-2022 at Thiruvananthapuram Press Club*

was Lord Louis Mountbatten, First Governor General of India. The Hall was jam - packed. I was in London at that time, doing my PhD Thesis on British Foreign Policy.

Before the start of his Lecture, I saw Krishna Menon placing on the podium, a small post card size paper, which apparently contained the synopsis of his Lecture. But, basically, it was an ex-tempore speech lasted for about an hour. The lecture was brilliant in all respects - well structured, well worded and captivating. In the speech Menon gave a brilliantly drawn panorama of Jawaharlal Nehru's political and literary activities ever since he returned to India, at the age of 22, after spending seven years in England as a student. He gave a graphic account of the role Nehru played in India's freedom struggle, and subsequently upto the enactment of the new Indian Constitution and the decision of India, to remain in the Commonwealth of Nations as a Republic, in 1949. He did not say anything beyond because, in his words "then you would say I was controversial". The entire audience listened to him with rapt attention.

How dazzling was that extempore lecture of V.K. Krishna Menon is beyond description. However, that Lecture of Krishna Menon stimulated Lord Mountbatten to reminiscence, the way Jawaharlal Nehru made his famous extempore speech "The Light Has Gone Out" in the All India Radio, immediately after Mahatma Gandhi was assassinated on 30 January 1948. As revealed by Lord Mountbatten at that function, as soon as Nehru got the shocking news of Gandhiji's assassination within six months of India's independence, Prime Minister Nehru ran to Lord Mountbatten, then India's Governor General, requesting him to go to the All India Radio and address the nation. But Mountbatten told Nehru that the people of India were waiting not to hear his voice but the voice of Nehru. Then Nehru said that his mind was not working. But, Mountbatten insisted, and Nehru gave his extempore speech "The Light Has Gone Out" in the All India Radio, which became Nehru's most famous speech. Lord Mountbatten compared that speech of Jawaharlal Nehru, with V.K. Krishna Menon's extempore Nehru Memorial Lecture that day, and commended that "after that speech of Jawaharlal Nehru in 1948, today I heard a similar brilliant extempore speech from Mr. V.K. Krishna Menon". Then he added; "These Indians some times come and deliver Lectures without any written script, and perhaps, unsure of what they were going to say in the lecture. But when they make the Lecture, it turns out to be luminous, as we have heard from Mr Krishna Menon today". That was the tribute Lord Mountbatten paid to that Nehru Memorial Lecture of V.K. Krishna Menon that day.

Partition of Sapru House Library

Two years later, in 1972, I met V.K. Krishna Menon in New Delhi, at his residence in 19 Teen Murti Marg, to seek his support to stop the division of the famous Sapru House Library, the best Library on International relations and area studies in Asia, jointly built up by the Indian Council of World Affairs and the Indian School of International Studies, a Deemed University, on the pattern of the Library of the Royal Institute of International Affairs, at Chatham House in London. The demand for division of Sapru House library was occasioned by the merger of the Indian School of International Studies with the newly established Jawaharlal Nehru University (JNU) in New Delhi. The move was to divide the books and journals of the Library on the basis of their ownership, which meant that broadly, every second book, and journal, in all Sections of the library, would be separated and taken 15 Kms away, which would amount to the destruction of that prestigious library. The proposal of division was made by G.Parthasarathi, Vice Chancellor of JNU, with the support of then Education Minister, Prof. Nurul Hassan. When I met V.K. Krishna Menon, I explained the situation and implications of it on the study and research on international relations and area studies in detail, and requested him to speak to Prime Minister Indira Gandhi and stop this partition move. After patiently listening to me, Krishna Menon prophetically told me: "I will speak to Indira about it. But, take it from me. They will divide it, because partition is in their blood". Menon's prophesy proved right. Sapru House Library was divided with half of the books, and bound journal volumes, separated, and carted away to the JNU Library, located 15 Kms away from the Sapru House.

Menon's Early Years

V.K. Krishna Menon was born on 3 May 1896 in a rich aristocratic family in Tellichery, near Calicut in Kerala. His father, Komath Krishna Kurup, was a rich lawyer. His mother, Lakshmi Kutty Amma, also belonged to a wealthy family. Menon did his early education in Zamorin college, Kozhikode, and, then, did his graduation in History and Economics, from the Presidency College, Madras, in 1918. Then he joined the Madras Law College to do his Law. While he was in the Law College he got associated with the Theosophy and Home Rule movements, spearheaded by Annie Besant. In Madras, he became an active member of the "Brothers of Service", founded by Annie Besant. A notable feature in Krishna Menon was that through out his college career, in Calicut and Madras, he distinguished himself as an outstanding orator and a debator, and won prizes in competitions. Impressed by the potential in V.K. Krishna Menon, Annie Besant sent him to England to teach in a Theosophical School, St.Christopher School, in Letchworth. After teaching there for a year in 1925 he took admission in the London School of Economics. He was in England for the next 28 years.

In London

After he joined the LSE in 1925, Krishna Menon acquired a string of academic qualifications, which none of his co-freedom fighters in India could obtain. As mentioned in the beginning, in the London School of Economics (LSE) he became a student of the famous Fabian Socialist, Harold J. Laski. Indeed, Professor Laski and his wife Frida Laski treated Krishna Menon like their son. From LSE he got his BSc. In 1930 he got his MA in Psychology from the University College, London. He rejoined the LSE again and got M.Sc in 1934, from the LSE, with First Class Honours, for his thesis "English Political Thought in the Seventeenth Century". He also did his Bar-at-Law in the Middle Temple in 1934. Thus, he became the most academically qualified leader in Indian freedom struggle. When he finished his studies, he was 37. Simultaneously, he did editing of books for publication. In 1930s, he and Sir Allen Lane, founded the Penguin Books and remained its Editor. During this period, Krishna Menon launched a new idea of publishing cheap paper-back editions of serious non-fiction books, which made a revolution in the field of publishing.

Politically, Krishna Menon joined the British Labour Party and became active in St.Pancras Borough. He was a Fabian Socialist. He was an elected member of the St. Pancras Borough Council from 1934 to 1947. He was elected Chairman of Library Committee of the Borough Council. He founded St. Pancras Art and Civil Council, which became a model for other Boroughs in Britain. Later, the St. Pancras Borough conferred on him the "Freedom of the Borough". The other dignitary whom the Borough honoured similarly was George Bernard Shaw.

A Patriot

But, V.K. Krishnan Menon's main political activity in England was to galvanise support for India's independence. For that, he founded the India League in 1928, in London, and remained its Founder Secretary till 1947. He became the main lobbyist for India's independence among the British Political Circles. A group of well-to-do Indians in England, mostly doctors, provided funds to the India League, besides his own earning. In addition, he got the support of eminent British intellectuals, like Bertrand Russel, Sir Stafford Cripps, E.M. Forster, J.B.S. Haldane, Michael Foot and Aneurin Bevan for his activities in the India League. Russel and Cripps were Chairmen of the India League. Later, India League opened its branch offices in Bournemouth, Birmingham, Sheffield and Southampton. In 1932, he organised a Fact-Finding Mission, composed of three British Labour Party MPs – Ellen Wilkinson (leader), Monica Whately and Leonard Masters to visit India and present a Report on "Conditions in India". On 17th August 1932, the Fact-Finding Mission along with India League's Secretary, V.K.Krishna Menon arrived in India, and travelled across the country, for about three months, to collect facts to prepare its Report on the "Condition of India". In the end, the Mission presented a 534-page Report on the Condition of India, directed to educate the British public regarding the situation in India. Menon edited that Report and published in London in 1933. The Report, *Condition of*

India, made a tremendous impact on the British public. It also confirmed India League's position as the central lobby for India's independence in England. It was a big achievement for V.K. Krishna Menon and the India League. Menon edited that Report and got Bertrand Russell to write a "Preface" to it.

Indeed, in England Krishna Menon became the face of the India League, which was spearheading India's freedom struggle in England. He built up the India League as the most influential Indian lobby in the British Parliament, and actively turned the British popular sentiment in favour of India's independence. Indeed, in London, Menon symbolised the torchbearer of Indian independence. He organised the India League meetings in Indian Restaurants and Cafes, which were seen as hubs attracting the British Indians. In 1935, Nehru made Krishna Menon the spokesman of the Indian National Congress in London. Indeed, Menon led the de facto Overseas Wing of India's freedom movement. He aggressively campaigned within Britain to win public support for India's independence. From a small India League Office, in 165 Strand, London, he flooded London with pamphlets and periodicals like *India Today*, *India Speaks*, etc. for India's independence. He delivered Lectures on India's freedom wherever he was invited. He used to go to the Hyde Park, in London, regularly on Sundays, with a box slung on his back, as his makeshift platform and spoke to the public gathered there for India's independence. Being an orator, he generally attracted a good audience. He worked hard to win over as many members of the Labour Party as he could, to support India's freedom since he was confident that a Labour Party government in London would give India independence.

Menon and Nehru

V.K. Krishna Menon's relationship with Jawaharlal Nehru began with their first brief meeting in London, when Nehru visited England in 1926. But their relationship got off well following Krishna Menon's visit to India, in 1932, as the Secretary of the India League Delegation (Fact-Finding Mission) composed of three British Labour M.Ps - Ellen Wilkinson (leader), Monica Whately, and Leonard Masters - to report "Conditions in India", during which Menon had an interview with Nehru. But their relationship became strong when Nehru visited London in 1935-36, during Kamala Nehru's treatment in Switzerland. During this period it was Krishna Menon who organised Nehru's programme in London. Nehru took the help of Menon to get his autobiography published in London. Pertinently, in 1937, Nehru affirmed to the potential publisher of his autobiography that "Krishna Menon has full authority to deal with you in this matter on my behalf." Subsequently, in 1938 they journeyed together from London to Spain, and toured Spain together for five days.

On their return to London from Spain, Krishna Menon introduced Jawaharlal Nehru to a number of British leaders and intellectuals, which gave Nehru a glimpse Krishna Menon's standing in London. Meanwhile, Krishna Menon sponsored Jawaharlal Nehru's writings to British publishers. As a result of these close interactions between them, Nehru developed respect and confidence in Menon's stimulating intellectual prowess, organisational abilities and high standards of his public life. They regularly exchanged personal letters between 1936 and 1946. 47 years ago, I saw, in Teen Murti Library, one of those handwritten letters of Nehru to Krishna Menon in which he sought Menon's assistance for Feroze Gandhi's admission for his higher studies in England. The letter began with a significant introduction: "Dear Krishna, The bearer of this letter is Feroze Gandhi. Though the name carries Gandhi in it, he is in no way related to Mahatma. He is a Parsi...." That is the kind of liberty they took between them in their personal letters.

India's High Commissioner

During India's freedom struggle, Menon was a marked person of the British administration, in London, because of his active campaign in London for India's independence through the India League. Though he was a Fabian Socialist in the British Labour Party, the British Intelligence, the MI5, tried to paint him as a Communist, as part of its disinformation campaign against him, to thwart his future prospects, which it deftly pursued even to stop V.K. Krishna Menon's appointment as India's first High Commissioner in London. It

tried to depict Menon as a ‘security risk’, their last weapon. Since MI5’s contention was fallacious, it did not succeed.

Menon’s moment of fulfilment came when on 15 August 1947, at midnight (IST), Krishna Menon hoisted the Indian tricolour in front of the India League Office at 165 Strand, London synchronised with the chanting of *Jana Gana Mana*, at the very same spot, from where he launched his struggle in London for India’s Independence in 1928, proclaiming India’s independence from the citadel of the Empire.

Soon, Krishna Menon became India’s first High Commissioner in London, in 1947, and remained in that position for five years till 1952.

A Bit of Gandhiji in Krishna Menon

Though Gandhiji knew Krishna Menon little, Krishna Menon carried a bit of Gandhiji with him. Menon was a man of frugal habits. He was a Vegetarian and a teetotaler. He abstained from tobacco, alcohol and meat. He stayed away from ostentation and luxury, and adopted a simple way of living. He spent much of his income for the India League. When he was India’s High Commissioner in London, he forewent his official luxury house in Kensington Palace Gardens, and decided to stay in a single room in the Indian High Commission, throughout his official tenure in London. He entertained his guests in the subsidized Canteen of the India House - the Indian High Commission Office. As the High Commissioner, he took only one rupee per month as his token salary. Though the High Commission maintained limousines, as far as possible, he travelled by the double-decker buses of the London Transport.

As soon as the Interim Government was formed in India in September 1946, with Jawaharlal Nehru as its Vice-President, Nehru appointed Krishna Menon as the personal representative of the Vice-President, to visit European capitals, except Moscow, to facilitate the establishment of India’s diplomatic relations. Moscow was excluded from Menon’s itinerary, apparently due to opposition from Sardar Vallabhbhai Patel. As a result, discussions regarding the establishment of diplomatic relations between India and the Soviet Union took place in New York, between the Soviet Foreign Minister Molotov and V.K. Krishna Menon, Vijaya Lakshmi Pandit and K.P.S Menon, when they went to New York to attend the UN General Assembly Session. Interestingly Krishna Menon never visited Moscow during the life time of Jawaharlal Nehru. His first visit to Moscow was in 1967, to attend a meeting of the World Peace Council.

A Spring Board of New Ideas

V.K.Krishna Menon’s intellectual prowess was of time – tested quality, which was manifest also in free India’s decisions on certain important subject. A Constituent Assembly for India was Krishna Menon’s idea, drawn in consultation with Harold J. Laski, and shared with Jawaharlal Nehru since 1933. Similarly, he was the author of the ‘Preamble’ of the Indian Constitution. This he did at the request of Jawaharlal Nehru. Nehru made a few verbal changes in it, before he presented it at the Constituent Assembly and passed it. Similarly, India’s non-alignment policy is the brain-child of V.K. Krishna Menon, when the world got divided between the two military blocs.

A New Commonwealth Formula

Krishna Menon had a tremendous capacity to find formulas to resolve difficult international questions. A question India faced soon after its independence, was the issue of India’s continued relationship with Britain through its membership in the Commonwealth, especially when India would become a Republic. Deliberations took place on the matter at various levels, which brought together Lord Mountbatten, Jawaharlal Nehru and V.K. Krishna Menon. The amicable solution found to resolve the issue carried the stamp of Krishna Menon’s genius. Indeed, Krishna Menon and Mountbatten worked together to find a solution to it. It may be noted that when Jawaharlal Nehru reached London in 1949 to attend the Commonwealth Prime Ministers’ Conference, Nehru and Krishna Menon paid an unscheduled visit to Mountbatten’s residence, though the hour was well past mid-night. Nehru spent the crucial week-end of 23 and 24 April 1949 with Mountbatten,

discussing the formula. In a letter, Lord Mountbatten wrote to me, on 29 November 1970, he said: "I was closely associated with Mr Krishna Menon in finding a formula by which India could remain within the Commonwealth after becoming a Republic. The formula was basically that India would accept the King as the Head of the Commonwealth". Indeed, Lord Mountbatten was the intermediary between Prime Minister Clement R. Attlee and Prime Minister Jawaharlal Nehru, and V.K. Krishna Menon drafted the formula. Subsequently, in 1971, Krishna Menon said that one of the main objectives of India's continued association with the Commonwealth was to help the colonies in achieving independence, and to persuade them to retain the Commonwealth link. Promotion of racial harmony was another major Indian objective in the Commonwealth. Menon later paid tribute to the liberalism characterising Britain's colonial policy.

In the United Nations

Similarly, in the United Nations, as the Leader of the Indian Delegation, Menon's Statesmanly contribution to find solutions to outstanding international issues, like the Korean Crisis of 1950-54, Geneva Conference on Indo-China, the French withdrawal from Algeria, and the Suez Crisis of 1956, have been widely recognised. In UN, he was an active participant in negotiations on nuclear disarmament, struggle against colonial rule in Africa, campaign against apartheid in South Africa, Crisis in Congo, and so on.

In the UN Security Council, V.K. Krishna Menon made an 8-hour long speech in defence of India's Sovereignty over Jammu and Kashmir, on 23-24 January 1957, which is a record in UN history. On the first day, 23 January, when he was speaking, after five hours he fainted due to exhaustion, and was hospitalised. He continued his speech next day, 24th January, for another two hours and forty-eight minutes. His passionate defence of India's sovereignty over Jammu and Kashmir widened his popular support base in India and made him a national hero. It caused disquiet in certain quarters who assumed that Krishna Menon might succeed Jawaharlal Nehru as Prime Minister. They started conspiring against such a thing happening.

As Defence Minister

In 1956, Krishna Menon joined the Union Cabinet as a Minister without portfolio. Soon after his performance in the UN Security Council on Jammu and Kashmir, in April 1957 he was made the Minister of Defence. As Defence Minister, he approached the issue of equipping of India's defence forces with a long-term vision. He brought into the Defence ministry an intellectual perception, and a fresh outlook. In order to make the defence forces more efficient, he restructured the promotion system. Seniority based promotion system was replaced by a merit based promotion system. He built up an indigenous military-industry complex in the public sector, to provide the Indian armed forces with arms and ammunitions produced in India. In order to build up the Indian Air Force, during a visit to see the Farnborough Air Show in England, he was attracted by the performance of a Smart Folland fighter Plane, and got its proto-type from Britain, and gave it, under a new name, 'Gnat', to the Government owned Hindustan Aircraft Limited, for large-scale indigenous production. Though 'Gnats' were not ready when the Chinese aggression took place, unexpectedly, in 1962, they were ready for successful use during the Indo-Pakistan War in 1965, when Gnats shot down several Sabre Jets acquired by Pakistan from the United States.

Sainik Schools

V.K. Krishna Menon launched Sainik Schools in India when he was India's Defence Minister. Being an intellectual politician, Krishna Menon was fascinated by the idea of Sainik Schools as feeder Schools for the National Defence Academy (NDA), and for the Indian Military Academy (IMA) to produce highly professional defence personnel for Indian defence forces. And, Sainik Schools were established in various parts of India, and gave it the semblance of a movement to create a highly efficient defence forces for India. Thus Krishna Menon brought a fresh outlook and a political as well as intellectual perception. Since a traditional military commander like General Thimmayya, could not rise up to appreciate the larger vision of Krishna Menon behind the changes he made, in a huff he resigned, in 1959, from the position of the Army Chief.

Krishna Menon was a man of vision, which he had demonstrated during his tenure as India's Defence Minister. As minister, he brought in a fresh outlook in the ministry. He built up arms industry in the public sector to make India self-sufficient in almost everything, from small arms to heavy tanks and jet fighters. Although they were not ready for use against the Chinese aggression in 1962, they became valuable during Pakistan's wars with India in 1965 and 1971. Similarly, it was during his tenure as Defence Minister that defence institutions like the Defence Research and Development Organisation (DRDO), Indian Space Research Organisation (ISRO), National Defence College (NDC), National Defence Academy (NDA) and Sainik Schools have been established. Notably, Menon established DRDO in 1958, bypassing the opposition from the service Chiefs. He started 15 new ammunition factories in India. *Avadi* Tanks, *Shaktiman* Trucks, AVRO, and HF-24 supersonic fighter aircraft were being produced during his ministership. Defence equipments like the 'Gnat' aircrafts, MIGs, and *INS Vikrant*, which India used during the wars in 1965 and 1971 were procured by V.K. Krishna Menon when he was Defence Minister.

Menon made an outstanding contribution towards building India's defence production in the public sector so that India would not be subject to big power politics in defence supplies. He provided an intellectual underpinning to India's defence effort, by establishing the National Defence College. It will take more decades to really understand and appreciate the value of Krishna Menon's contribution to India's defence.

The Chinese Aggression

In 1959, the Tibetan spiritual leader, H.H. The Dalai Lama, sought asylum in India. And, China made use of it as an excuse to prepare for a war with India and occupy Indian territories which China wanted to grab. China did it incrementally, in secrecy, since 1960, after the failed summit between Jawaharlal Nehru and Chou En-lai in New Delhi. The Chinese move was based on its traditional deception strategy contained in Sun Tzu's *Art of War*. India knew about the Chinese occupation of Indian territories only in October 1962. For Nehru, it was like a bolt from the blue. And, India was totally unprepared for a war with China in the borders. So, the set back in the battle front was inevitable. It was not due to the fault of Krishna Menon, but because Nehru believed in China's deceptive *Hindi-Chini Bhai-Bhai* slogan. When the situation was getting worse, on 19 November 1962, Nehru requested Britain and United States to send 15 Squadron air force to counter the Chinese. Britain and America decided to send their air force, which panicked China. And China declared a unilateral cease-fire on 21 November 1962, and saved itself without any withdrawals from the newly occupied Indian territories. By the time of the cease-fire declaration, China had already occupied 45,000 square kilometres of the Indian territory.

Menon's Resignation

Meanwhile, the anti-Krishna Menon lobby in the Government exerted extreme pressure on Nehru, and got Krishna Menon's resignation from the Union Cabinet, on 31 October 1962, to ensure that Menon would not be there in office as a Union Minister to succeed Jawaharlal Nehru as the next Prime Minister of India. Following the Chinese betrayal, Nehru suffered a stroke. After a year-and-a-half, he passed away on 27 May 1964. That was practically the end of Krishna Menon's political career too. The new leadership of the Congress Party cold-shouldered him, and even refused him a party ticket to contest the 1967 Parliament election. Thereby, he resigned from the Congress, and contested election as an Independent, from Bombay, and lost. Subsequently, in a by-election in 1969, he contested from Midnapur, in West Bengal, as an Independent, and won. In 1971 Parliament elections, he contested as an Independent candidate from Trivandrum, in his native State Kerala, and won. He was a Member of the Lok Sabha, when he passed away on 6 October 1974, at the age of 78.

The Question of Memoirs

Sometime in late 1960s, my esteemed teacher, Professor M.S.Rajan, Director of the Indian School of International Studies (ISIS), met V.K. Krishna Menon and requested him to write his memoirs. He offered Menon that, to facilitate the writing of it, the ISIS would provide him with a permanent stenographer, attached

to him exclusively, for the purpose. But, Menon declined the request and the offer of assistance. He said: "Thanks for the offer of assistance. But I would not write my memoirs. Let all secrets get buried with me". Professor Rajan returned deeply disappointed. Thus, the posterity has lost a mine of information about the invaluable role Krishna Menon played in London during India's freedom struggle, under trying circumstances, and, subsequently, as part of the government headed by Jawaharlal Nehru.

A Prime Mover of Independent India

Undoubtedly, V.K. Krishna Menon was a prime mover of independent India. He was one of the most erudite Indian nationalist, and a world statesman. From the point of view of erudition among India's freedom fighters, Krishna Menon was academically the most accomplished person, endowed with oratory and brilliance, which he had shown in abundance throughout his life. Unlike those who fought for India's independence from their home turf, in the company of millions of compatriots around, Krishna Menon, fought for India's freedom in the citadel of the British Empire, London, almost alone, under extremely difficult circumstances. In London, he garnered support from leading British intellectuals and Labour Party leaders for India's independence, much before he developed friendship with his compatriots in India, like Jawaharlal Nehru. To pursue his fight for India's freedom in Britain, Menon founded the India League in London, and used every opportunity in England to promote the cause of India's freedom. His situation in London, at that time, was like that of one fighting in a lion's den, undaunted by the MI5's disinformation campaign against him. He spent all his income for the activities of the India League. He spoke regularly in Hyde Park on Indian independence, whose oratory invariably attracted a large number of listeners. Being a member of the British Labour Party, Menon enlisted the support of many Labour Party leaders in the British Parliament and outside for India's independence. He was a favourite of eminent British luminaries like Bertrand Russel, George Bernard Shaw, Harold J. Laski, Lord Mountbatten, Stafford Cripps, Annie Besant, and so on. He could get some of them associated with the activities of the India League also. Taking into account all facets of his activities as India's freedom fighter in London, in the post-Gandhian political scenario in India, V.K. Krishna Menon, besides Jawaharlal Nehru, ranked the tallest and intellectually most equipped leader, in the annals of India's freedom struggle. If he did not succeed Jawaharlal Nehru as India's next Prime Minister, the loss is not for him, but for the country and its people.

The point is that V.K. Krishna Menon has a right of his own to be there in the pantheon of India's great freedom fighters, along with other luminaries like Mahatma Gandhi, Subhas Chandra Bose and Jawaharlal Nehru. While that remains the matter of fact, it is disquieting to see a cultivated tendency, among some novice writers on V.K. Krishna Menon, to belittle Menon and present him to the readers mainly as a close friend, aid and trusted adviser of Jawaharlal Nehru. While that description of Menon also has validity, that does not convey the correct picture of V.K. Krishna Menon as the overseas torch-bearer of India's freedom struggle in the heart of the British Empire.

The World Statesman

Krishna Menon was a great world statesman, which was manifest in his performance in the United Nations. In the UN, he was famous for his intellectual brilliance, who could reel out elegant solutions to difficult international issues. He was the spring-board of the policy of non-alignment which has changed the texture of international relations, in a bi-polar world. Similarly, by producing a brilliant formula for India's continuation in the Commonwealth after becoming a Republic, Menon paved the way for the expansion of the Commonwealth as a multi-racial and multi-cultural international, and inter-continental, organisation. Indeed, few politicians in India have such a commendable record of active involvement in international issues as Krishna Menon had. He founded the Indian Society of International Law in New Delhi, in 1959 and got it inaugurated by Jawaharlal Nehru. In the global arena he straddled with superb confidence, keeping his head always high.

A Notable Lapse

Way back in 1986, when my good friend, late Professor K.Raman Pillai was the Head of the Kerala University's Department of Politics at Karyavattom, Trivandrum, he established a "V.K.Krishna Menon Study Centre For International Relations" under the Department of Politics, to perpetuate the memory of the legend V.K.Krihna Menon, and made it a vibrant Centre of activities. But, regrettably, despite the existence of such a Study Centre in the Department, with a designated faculty member in charge of it, the Department of Politics at Karyavattom in Trivandrum turned a blind eye to the 125th Birth Anniversary of V.K.Krishna Menon, in 2021, when it was appropriately celebrated in England, and in other parts of India as well. The disdain on the part of the Department of Politics is indefensible, to say the least.

Rising Non-Performing Assets of Educational Loans in India

Chithralekha.S S &
Sunija Beegum.N

Student loans alleviate the problem of growing cost of higher education all over the world. The recent trends in the growth of educational loans in India show that it has been increasing over the past 15 years. However the number of accounts has been falling in the recent period. The stringent conditions tied to loans dispirit students especially from lower economic backgrounds from availing it. Banks have reported a steep rise in education loans going bad. Banking sector withstands the problem of rising non-performing assets. The present study tries to analyse the trends in educational loans in India and the rising NPAs in educational loan in India. The study uses secondary data from official reports of RBI and Government of India. The total outstanding loans issued show an increasing trend from 2005-06 onwards. The outstanding loans which stood at 6713 crore increased to 81919 crore in 2020-21. The percentage of NPAs to amount outstanding which stood at 4 in 2010-11 increased to 7 in 2015-16 and further increased to 10 in 2020-21. Defaults were rising because several students had not got better jobs. The region wise distribution of NPAs in educational loans showed that it is skewed towards southern states.

Introduction

Education is the process of instruction meant for the all-round development of individuals, providing with necessary tools to participate in day-to-day activities. It is the stepping stone to a successful career. As with the changing times, quality education has turned more and more expensive. This might be beyond the reach of a common man. Educational loans play a significant role by providing funds through banks and other specialised educational finance institutions. The total outstanding education loans of Public Sector Banks (PSBs) as on March 31, 2019 stood at Rs. 72,800 crore in 21,94,977 accounts and it increased to Rs 75,939 crore in 20,16,525 accounts as on December 31, 2019. This reflects increase of Rs. 3,139 crore in total outstanding loans over March, 2019 (GOI, 2019-20).

According to Ziderman (2004), the main objectives of Student Loan Schemes worldwide are facilitation and expansion of higher education, cost sharing and cost recovery, easing the financial burden of the students and their families, stopping in-egalitarian consumption of higher education, saving scarce national resources for education at compulsory level, increasing investment in human capital, inculcating a sense of responsibility amongst the recipients of higher education, enhancing the utility and relevance of higher education by putting pressures in the form of value of money and value for time and help in capacity building at the individual, social and national level.

Paradoxically in spite of increasing demand for higher education, the governments all over the world are finding it difficult to finance this social demand. Consequently, the government expenditure on higher education per student in real terms is declining. The declining share of government funding has thus resulted in the exploration of alternative ways of financing higher education. Such financial innovations range from a shift of free to fee-levying higher education; from provision of public subsidies such as grants-in-aid to the institutions like block grants and maintenance grants getting translated into performance-based grants, efficiency-related grants, outcome-based grants and educational loans (Geetha Rani, 2014).

Due to the increase in cost of higher education students sought for alternative funding mechanisms

such as student loans. Not all the students are fortunate to get the benefit of educational loans from banks. Banks are reluctant to extend the study loans as it is not a profitable business idea. According to a study by ASSOCHAM, less than 3 percentage students, mostly belonging to middle income families in India avail of education loans against 85 per cent in the UK, 77 per cent the US and 70 per cent in Germany and France.(Srinivasan and Das, 2011).

A study on non-repayment of the loan among university students after they have graduated in Malaysia becomes a major problem to the government since the total amount of loan available to the students is dependent on the loan repayment. This study seeks to examine the students' knowledge and attitude regarding the loan. This study also analyzes the legal literacy of students towards the National Higher Education Fund Agreement. A total of 1,500 students of University Putra of Malaysia participated in the study and data were collected using self-administered questionnaire. The findings disclose that students have good knowledge about loan agreement but there were a significant proportion of students with negative attitudes towards the repayment of the loan. Majority of them see the loan as a burden to them and it limits many options of their life after graduation (Abu Bakar,et.al, 2006).

There are considerable issues with the current student financing system in the country. Majority of Indian students do not take educational loans. Lack of awareness, complexity of application process and unfavourable loan terms are some of the reasons. Lack of standardization norms makes the loan application process complex, long and difficult. This is so because the problems of the Indian system of higher education are deep and relate to a range of dilemmas arising out of the historical constitution of Indian higher education and to the organizational traditions and cultural attitudes about its nature and functions in society (Sanjivani Sonavane – Shelke, 2017).

Ipseeta Satpathy & A.K Mohapatro (2011), makes an attempt to analyse the causes of default by surveying defaulters. They focus on the factors responsible for growth of NPAs in rural and urban areas. The fresh incidences of NPAs should be avoided but not at the cost of fresh deployment of credit. A study on determinants of default in education loans in Tamil Nadu using data of over two lakh borrowers from two public sector banks and one private sector bank suggests that loan accounts with higher interest rate and of lower duration have higher default probability while loans extended to accounts with Aadhar information, collateral backing or some subsidy element have lower risk of default (Ganguly and Raj, 2020).

Paul Murugan M (2011) in his study focuses on the sanctioning, disbursement and repayment of educational loans of commercial banks, from the point of both the bankers and beneficiaries. Majority of the beneficiaries are males and are from OBC and from semi-urban areas. The objectives of this study are the commitment of commercial banks in the disbursement of education loan in Kerala, to ascertain the adequacy of financial assistance provided to the beneficiaries and to study the repayment pattern of beneficiaries, and to analyse the impact of the educational loans on the economic and social conditions of the beneficiaries.

Research problem.

In India educational loan was introduced in 1992 with the aim of providing financial support to those students who have not been able to continue education due to financial constraints. It is argued that no deserving students are denied an opportunity to pursue higher education for want of financial support. An education loan can be availed to pursue higher education either in India or abroad. The sky-rocketing fees in self-financing colleges lead the students to take education loan. Most of the beneficiaries take loan with the expectations of repaying it after their graduation. However they struggle to repay the loans due to unemployment or underemployment. Recovery of any loan is a challenging task. Education loan is not an exception. The present study which focuses on the rise in educational loans point out that non-repayment in educational loans is increasing. It shows the borrower's inability to repay the loans. It is due to various reasons such as academic failure, non-professional courses, unavailability of suitable job, low-salaried jobs and other unfavourable family conditions. Banks have reported a steep rise in education loans going bad. The loans taken for higher education have a greater influence on the whole life of students and for the economy as a whole.

Objectives

1. To analyse the growth of educational loans in India
2. To discuss the rising NPAs of educational loans in India and its implications

Methodology

Secondary data is used for the study. Data is collected from official reports of RBI, Government of India and State Level Banker's committee. Simple statistical tools are used for analysing data.

Discussion

Indian Banks' Association (IBA) had prepared the Model Educational Loan Scheme and circulated to banks in the year 2001. The Scheme is for all students including students belonging to the economically weaker sections. Indian Nationals who have secured admission to a higher education course in a recognised institution in India or abroad through an entrance test/merit based selection process are eligible for educational loans under the Scheme. It has been modified from time to time keeping in view the changing needs of the students. The last revision of the Model Educational Loan Scheme was carried out on 17.08.2015 and circulated to Banks (GOI, 2019-20).

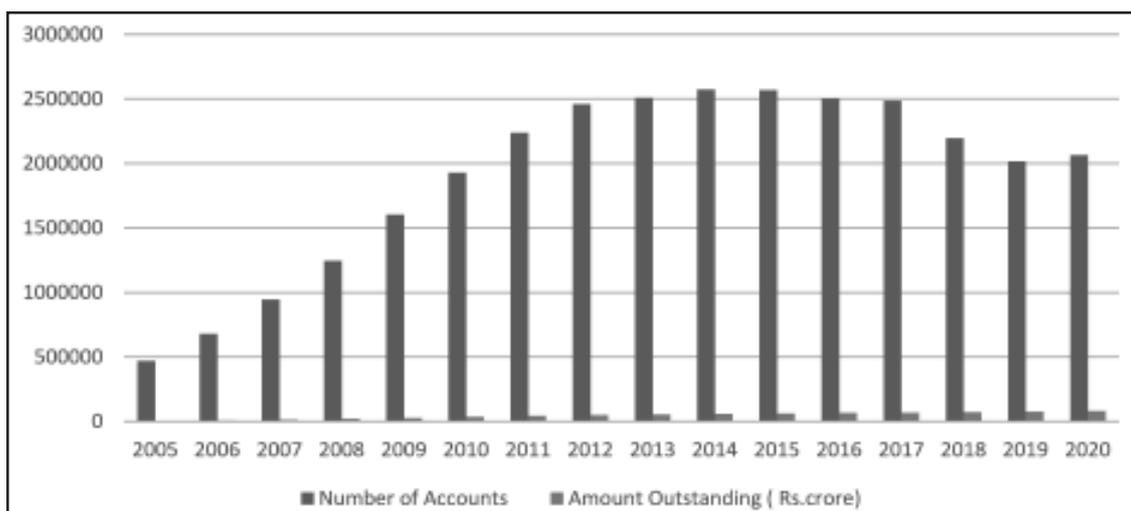
Trends in Educational Loans in India

The total outstanding educational loans of Public Sector Banks (PSBs) increased from 6,713 crores in 2005-06 to 58,256 crores in 2014-15 and further increased to Rs.81,919 crores in 2020-21. The number of accounts which stood at 4,68,207 in 2005-06 increased to 25,09,465 in 2013-14. However Number of accounts falls from 25,02,183 in 2016 to 24,84,349 in 2017. Afterwards the number of accounts shows a decreasing trend till 2019-20. It increased from 20,16,525 in 2019-20 to 20,64,484 in 2020-21.

Table.1 : Trends in Educational Loans in India

Year	Number of Accounts	Amount Outstanding (Rs.crore)
2005-06	4,68,207	6,713
2006-07	6,79,945	10,012
2007-08	9,44,397	14,283
2008-09	12,46,870	19,847
2009-10	16,03,385	27,646
2010-11	19,28,350	35,628
2011-12	22,37,031	43,074
2012-13	24,60,493	49,069
2013-14	25,09,465	53,520
2014-15	25,72,716	58,256
2015-16	25,68,586	61,967
2016-17	25,02,183	65,464
2017-18	24,84,349	68,783
2018-19	21,94,977	72,800
2019-20	20,16,525	75,939
2020-21	20,64,484	81,919

Figure.1 : Number of Accounts and Amount Outstanding of Educational Loans in India



(Source: Annual Reports, Ministry of Finance, GOI, various years)

Figure.1 shows the number of accounts and amount outstanding of educational loan from 2005-06 to 2020-2021. In 2005-06 both accounts and outstanding loan was very low. It shows an increasing trend in the succeeding years. In 2017-18 number of accounts starts to fall but outstanding loan continues to rise. In 2019-20, there is a steep fall in accounts especially due to covid-19 pandemic. The percentage change in number of accounts reveals that both number of accounts and amount of outstanding loans has fallen during the 2010-2014 compared to 2005-2009. Nevertheless, during the period 2015-19 number of accounts became negative and amount outstanding falls to 4 (Table.2).

Table.2 : Percentage change in Number of Accounts and Amount Outstanding

Particulars	2005-2009	2010-2014	2015-2019
Number of Accounts	28	6	-5
Amount outstanding	33	10	4

(Source: GOI, Annual Reports, Ministry of Finance, various years)

The overall education loan portfolio in 2020-21 is about 80000 crore comprising mainly of scheduled commercial banks (Rs.73000 crore) co-operative banks (Rs.2000 crore) and NBFCs (Rs.5000 crore). While nationalised banks constitute about 95% of the education loan portfolio, co-operative banks and NBFCs form minimal share. However the participation of foreign banks and private sector banks are nominal. There exists regional disparities in the distribution of education loan portfolio. Southern India forms around 56% of the total education loan portfolio of the banks. Amongst the states, Tamilnadu and Kerala together account for 36% of the outstanding education loan portfolio. The other states which contribute higher to the education loan portfolio of banks include Maharashtra, Karnataka, Andhra Pradesh and Telangana. The education loans are skewed towards some regions mainly on account of higher literacy levels and students' inclination to pursue higher education mainly professional courses (Care Ratings, 2020).

Rising NPAs in Educational Loans

According to the Reserve Bank of India, NPA is defined as a credit facility in respect of which the interest and/or instalment of principal is past due for a specified period. Generally, if the loan re-payments have not been made for a period of 90 days, the asset is classified as non-performing asset. On the basis of how long the asset has been non-performing it can be classified into sub-standard asset (if an asset has been non-performing for less than 12 months), doubtful asset (if an asset has been non-performing for more than

12 months) and loss assets (assets where losses have been identified by the bank, auditor or inspector and have not been fully written off) (VarunaAgrwala and Nidhi Agarwala, 2019).

A study in Kerala on Non-Performing Assets in education loans (Navas Jalaludeen and Nithya Mohan, 2013) reveals that majority of the students who have availed education loan are under tremendous pressure as they are unable to service their loans mainly due to unemployment or low salary. It studies the effect of various factors such as academic background of the student, socio economic status of the family, the type of course and institution chosen by the student, loan characteristics such as size, interest rate, and economic condition such as recession on NPA in education loan based on a sample of 300 education loans. The impact is studied through a logistic regression model with loan status (NPA or not) as binary dependent variable. The study shows that NPA is higher among students pursuing nursing, students from institutions located outside the state, students with low mark in qualifying examinations, students secured admission under management quota, students from economically backward families, students who availed loan less than Rupees 2 lakh and most significantly those who have passed out during recession. The study suggested that the IBA model education loan scheme needs to be made more stringent by restricting collateral free loans only to really meritorious students from economically backward families for pursuing selected courses at selected institutions having good job prospect. Due to the advent of self- financing colleges, the cost of education became very high. Education loans have been a great assistance to those students who have not been able to pursue professional education due to financial constraints. But loan programmes turned out to be disappointing in terms of repayment status (Minu John, 2016).

Table.3 : The Status of NPAs in Educational Loans in India (Rs. in crores)

Year	Amount Outstanding	Amount of NPAs	Percentage to amount outstanding
2010-11	35,628	1,600	4
2011-12	43,074	2,241	5
2012-13	49,069	2,972	6
2013-14	53,520	3,439	6
2014-15	58,256	3,385	6
2015-16	61,967	4,395	7
2016-17	65,464	4,495	7
2017-18	68,783	5,834	8
2018-19	72,800	6,743	9
2019-20	75,939	7,121	9
2020-21	81,919	8,587	10

Source: Finance Ministry response in Parliament, RBI.

The amount of NPAs during the period from 2010-2020 shows an increasing trend. The percentage of NPAs to amount outstanding which stood at 4 in 2010-11 increased to 7 in 2015-16 and further increased to 10 in 2020-21 (Table.3). This is the major reason for fall in number of accounts and outstanding amount of educational loans. The stream-wise disbursement of educational loans reveal that the nursing stream has turned out to be the highest number of NPAs, followed by engineering (See Table.4). The CARE rating report states that rising tuition costs have made education loans a necessity. The lower salaries for nurses and bottlenecks in going abroad for work are the factors leading to higher NPAs. In Engineering, the placement record in recent years has been declining. Only about 46% of the students who graduated from government and private engineering colleges across the country in 2016-17 managed to get a job placement, according to data given in the Rajya Sabha in July 2018.

Table. 4 : Stream-wise Education Loans Outstanding and NPAs, 2020-21

Stream	Loan Outstanding (Rs. Crores)	NPA amount (Rs. in crores)	% of NPAs
Nursing	3,675	520	14
Engineering	33,316	4,042	12
MBA	9,541	685	7
Medical	10,147	633	6
Others	28,286	2,383	8
Total	84,965	8,263	9

Source: SLBC April-December 2020

Regions With High Default Rates

The Eastern and southern states have highest NPA in education loan. In eastern states like Bihar and Bengal, NPA stood at 14.2% and in southern states like Tamil Nadu and Karnataka, it was 11.9%. NPAs remained at 3.3% in Northern states and 3.9% in western states of India.

Conclusion

The study focuses on the trends in the growth of educational loans over the past 15 years as well as rising NPAs in educational loans. The total outstanding loans issued show an increasing trend from 2005-06 onwards which stood at 6713 crore increased to 81919 crore in 2020-21. However, the percentage change in the quantum of outstanding loans fell from 33 over a 5 year period from 2005-09 to 10 in 2010-14 further falls to 4 in 2015-19. The number of accounts fell from 33 to 10 in 2010-14 and comes to negative during 2015-19. The negative growth was mainly due to the recent outbreak of the covid-19 pandemic. A glance of rising NPAs in educational loans reveals that it is accumulating over the past 10 years. The percentage of NPAs to amount outstanding stood at 4 in 2010-11. It increased to 7 in 2015-16 and further increased to 10 in 2020-21. The stream-wise disbursement of loans uncovers that the nursing stream has turned out the most number of NPAs, followed by engineering. The salaries of nurses are meagre compared to those of engineering professionals. However, in India only less than half the engineering graduates could manage to get placement.

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Towards an Alternative Vision of Development in Tribalscapes

Saurav Kumar Rai

**Manjula Bharathy, R.K. Suresh Kumar, and P. Sukumaran Nair (eds.),
Tribal World: Shifting Boundaries and Contested Terrains,
Manak Publications, New Delhi, 2022, xxvii+290 pages, Rs. 1500/-**

By the nineteenth century, argues historian Biswamoy Pati, a 'tribe' came to be seen not only as part of a particular type of society, but also a particular 'stage of evolution'. Hence, any modern governmentality felt its 'sacred duty' to bring these tribes in tune with the 'mainstream' by launching various development activities in what may be termed as 'tribalscapes'. However, these development activities bred severe discontent within tribalscapes leading to widespread contestation including armed struggle. In other words, tribalscapes turned into spaces with shifting boundaries and contested terrains which constitute the central theme of analysis of the present volume edited by Manjula Bharathy, R.K. Suresh Kumar, and P. Sukumaran Nair. In this course, the articles contained in this volume radically redefine the standing notion of development as well.

The volume emerged out of a three day national seminar on 'Tribal World and Development: Shifting Boundaries and Contested Terrains' organized by the C. Achutha Menon Foundation in March 2018 at Trivandrum. The participants included tribal activists, academicians, policy makers and representatives from the NGOs. The seminar addressed the issues and challenges of survival of the socially vulnerable tribal groups from theoretical and empirical perspectives, transcending disciplinary boundaries. Actually, as M. Kunhaman, one of the contributors to the volume, argues that the modern concept of development is a 'bourgeois concept', which is nothing but a 'state-centric/state-led, bureaucratic soap opera' where people have no role in their own development (pp. 18-19). Such development strategy creates prosperous adivasi areas with pauperized adivasis.

This volume emphasizes that development is not a mono-dimensional process. It should not be one planted from the top, disregarding the diverse cultural identities and organic continuity of different sections of the people. In other words we should move away from the capital-intensive paternalistic development policies which grossly undermine the community strength and perspectives of the indigenous tribes. It is in this context that Kanam Rajendran in his foreword to the volume categorically states that 'What we need is not alternative development models, but a perception of alternatives to development' (p. viii). He lays emphasis on the need to enlarge the scope of development by linking its potential with the needs and rights of the people.

The entire volume has been divided into three sections. The first section contains three essays by Virginius Xaxa, M. Kunhaman and Malli Gandhi, respectively. These essays deal with theoretical issues involving the modern idea of development and accompanying precariousness. Here Virginius Xaxa convincingly shows that in spite of the fact that tribal development programmes have definite guidelines, including binding provisions to ensure full participation of the user groups in the different stages of each scheme, tribal development remained a mirage, adding different layers of exploitation and marginalization over time. Similarly, Kunhaman in his essay urges for revisiting tribal development strategy that would enable 'tribals to shift from low productivity, low income activities to high productivity, high income ones' and wants tribals to become 'job-givers' rather than 'job-seekers' in the tribalscapes.

Second section of the volume comprises of vignettes from the field including a thought-provoking interview of Soni Suri, the noted tribal activist from Chattisgarh, that has been transcribed by Manjula Bharathy. Suri provocatively argues, ‘there is development, but we remain underdeveloped. Development develops the corporates, makes the rich richer, and makes us further impoverished and starved. The Corporate Social Responsibility (CSR) is to extract and exploit our mines full of iron and bauxite and make us beggars and trespassers in our rich land’ (p. 55). The other essays in the section include extensive field-based articles by Manjula Bharathy (on tribals of Leh), Shamim Modi, Shylaja Devi and Nandakumar (on the tribal community of Nilgiris), B.L. Biju and Gladson Dungdung.

The third and final section includes five essays on tribal issues and case-studies specific to Kerala by Manjula Bharathy, S.M. Vijayanand, K.B. Valsala Kumari, Abhilash Thadathil and Reghu Rama Das, respectively. These essays critically examine the tribal development strategy in Kerala including the much acclaimed People’s Planning Campaign (PPC). As Manjula Bharathy’s essay points out that although the planning strategy of the PPC was designed, and later redesigned, as an intentional development intervention among tribals, its concept of decentralized planning turned on modernist presuppositions which were at odds with the tribal life (p. 180). Nor did the PPC consider the prolonged effects of colonization, oppression, and subordination of Scheduled Tribes. Resultantly, the development strategy of the PPC, argues Bharathy, could not strike empathy with tribals, causing the whole strategy to fall flat.

Overall, this volume is a courageous endeavour to develop an alternative vision of development strategy for tribals and tribalscapes. It is of equal interest to academicians, social workers, policy makers and tribal activists.

Union Budget 2023-24 Expectations Propelled

Mary George

Budget focusses on ‘Saptarishi’ priorities with programmes for empowering and tapping the youth power through varied methods of job creation tactics while the country moves towards 100 years of freedom by 2047. When the Periodic Labour Force Survey 2022 reported that the urban unemployment stands at 7.2% in the quarter ending September 2022, job creation through investment in Research and Development (R&D), infrastructure, green growth, start-ups etc are resorted to in the budget. ‘Saptarishi’ priority promises an inclusive budget. Only by an examination of the sector-wise allocation of expenditures, it would be clear whether the budget is really inclusive as it claims. The socially important sectors get much less than what they deserve. It is also necessary that the development of physical infrastructure covering highways, railways, air-ways, sea-ways and waterways should become a reality. Therefore Rs. 10 Lakh crore agenda is justifiable.

Budget is a constitutional obligation as per Article 112 of the constitution of India. It is a description of fiscal policies of the government, i.e., taxation and public expenditure policies and the financial plans corresponding to these. In a democracy citizens have the right to know the tax and non-tax revenue raised during any given period and the priorities with which such revenues were apportioned among various sectors. In addition, the budget document contains details with regard to resources devoted to states and union territories with legislature. In any democracy budget is a legitimate legal weapon to fight poverty and inequality and to attain development which is substantive freedom as Nobel Laureate Amartya Sen envisaged. Past and present budget analysis will give us an indication as to whether budget promises are fulfilled or not. Fulfilment of budget promises is considered the hallmark of the success of a democratically chosen government failure of which will be questioned in the next election. Following table gives a birds’ eye view of the budget 2023-24.

Table 1 : Selected Indicators of Union Budget 2023-24

Sl.No	Item (Year)	2022-23 RE	2023-24 BE	% change of BE over RE
1	Revenue Receipts	2348413	2632281	12.08
2.	Capital Receipts	1838819	1870816	1.74
3.	Total Receipts	4187232	4503097	7.54
4.	Total Expenditure	4187232	4503097	7.54
5.	Total Expenditure on Revenue Account	3458959	3502126	1.25
6.	Total Exp. on interest payments	940651	1079971	14.8
7.	Total Exp. on Capital Account	728274	1000961	37.44
8.	Revenue Deficit	1110546	869855	-21.6
9.	Revenue Deficit as % of GDP	4.1	2.9	-
10.	Fiscal Deficit	1755319	1786816	1.79
11.	Fiscal Deficit as % of GDP	6.4	5.9	-
12.	Primary Deficit (11-6)	814668	706845	-13.2
13.	Primary Deficit as % of GDP	3.0	2.3	-
14.	Gross Domestic Product (Nominal)	27307751	30175065	10.5

Source : Budget documents, various years, GOI

Last row of the table presents the Nominal Gross Domestic Product (GDP) of India which is Rs.3,01,75,065 crore. This depicts a 10.5 per cent increase over the revised GDP of 2022-23 (Rs.27307751 crore). The size of the budget is revealed by the total expenditure which is Rs.4503097 crore which shows 7.5% increase over the revised budget 2022-23 (Rs.4187232 crore). Total expenditure and total receipts will always be kept at the same level which is clear from rows 3 and 4 in the table. When total expenditure on revenue account records only 1.25 per cent increase over the previous year's revised budget, Capital expenditure shows 37.44% increase. This shows the big push given to capital expenditure in the budget. Similarly the budget gives the impression that the government is on a fiscal consolidation path.

Attempt at Fiscal Consolidation

Fiscal Responsibility and Budget Management (FRBM) Act, 2002 mandates.

- Revenue balance ie, equalisation of revenue receipts and revenue expenditure within a period of five years which could not be attained even after two decades of the FRBM Act.
- Mandates to peg fiscal deficit at 3 per cent of GDP and
- Outstanding debt of the centre and the states should be kept at 29 % of GDP/GSDP.

Following table highlights the present position of fiscal consolidation.

Table 2

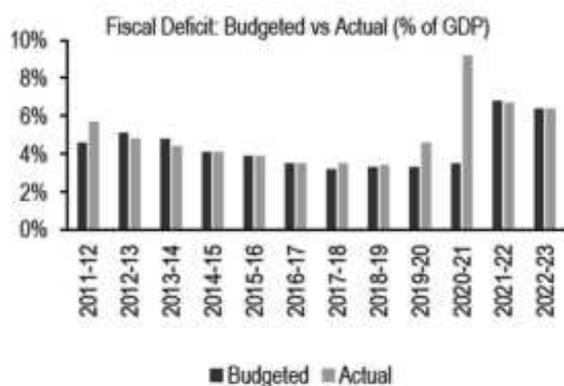
FRBM targets for deficits (as % of GDP)

	Actuals 2021-22	Revised 2022-23	Budgeted 2023-24
Fiscal Deficit	6.7%	6.4%	5.9%
Revenue Deficit	4.4%	4.1%	2.9%
Primary Deficit	3.3%	3.0%	2.3%

Sources: Medium Term Fiscal Policy Statement, Union Budget 2023-24; PRS.

Primary deficit is the difference between fiscal deficit and interest payments. It is estimated to be 2.3% of GDP in 2023-24.

Graph 1



Graph 2



Note: Data for 2022-23 is revised estimate.

Sources: Budget at a Glance, Union Budget (multiple years); PRS.

Source : Govt. of India Key Features of the Budget.

While one observes the table above it is clear that revenue deficit which was 4.1 per cent of GDP in the revised estimate of Budget 2022-23 is reduced to 2.9% of GDP in the 2023-24 budget. Similarly, fiscal deficit

is reduced from 6.4% to 5.9% of GDP. Further Medium-Term fiscal policy statement asserts that fiscal deficit would be kept at 4.5% of GDP by 2025-26. This statement does not tally with the Economic Survey Report 2022-23 placed in the Parliament. Survey projects a picture of a baseline GDP growth of 6.5 per cent in real terms in 2023-24. This projection is broadly comparable to the estimates provided by multi-lateral agencies such as the World Bank, the IMF and the ADB and the RBI.

Graphs given above give information regarding fiscal and revenue deficits, actual and budgeted from 2011-12 to 2022-23. It was from 2020-21 that fiscal situation became more vulnerable.

Revenue profile of the budget 2023-24

Table 3 : Receipts Profile in the Budget 2023-24

Break up of central government receipts in 2023-24 (Rs crore) Actuals 2021-22	Budgeted 2022-23	Revised 2022-23	Budgeted 2023-24	% change 2022-23 RE to 2023-24 BE	
Gross Tax Revenue	27,09,135	27,57,820	30,43,067	33,60,858	10.4%
<i>of which:</i>					
Corporation Tax	7,12,037	7,20,000	8,35,000	9,22,675	10.5%
Taxes on Income	6,96,243	7,00,000	8,15,000	9,00,575	10.5%
Goods and Services Tax	6,98,114	7,80,000	8,54,000	9,56,600	12.0%
Customs	1,99,728	2,13,000	2,10,000	2,33,100	11.0%
Union Excise Duties	3,94,644	3,35,000	3,20,000	3,39,000	5.9%
Service Tax	1,012	2,000	1,000	500	-50.0%
A. Centre's Net Tax Revenue	18,04,794	19,34,771	20,86,662	23,30,631	11.7%
Devolution to States	8,98,392	8,16,649	9,48,405	10,21,448	7.7%
B. Non Tax Revenue	3,65,112	2,69,651	2,61,751	3,01,650	15.2%
<i>of which:</i>					
Interest Receipts	21,874	18,000	24,640	24,820	0.7%
Dividend	1,60,647	1,13,948	83,953	91,000	8.4%
Other Non-Tax Revenue	1,79,540	1,34,276	1,48,342	1,81,382	22.3%
C. Capital Receipts (without borrowings)	39,375	79,291	83,500	84,000	0.6%
<i>of which:</i>					
Disinvestment	13,627	65,000	50,000	51,000	2.0%
Receipts (without borrowings) (A+B+C)	22,09,281	22,83,713	24,31,913	27,16,281	11.7%
Borrowings	15,84,521	16,61,196	17,55,319	17,86,816	1.8%
Total Receipts (including borrowings)	37,93,802	39,44,909	41,87,232	45,03,097	7.5%

Source: union budget GOI.

As per the table Receipts (excluding borrowings) in 2023-24 is estimated to be Rs 2716281 crore which shows an increase of 11.7% over the revised estimates of 2022-23. Capital receipts (excluding borrowings) are

targeted at Rs.84,000 crore, a marginal increase of 0.6% over RE 2022-23. Major item wise examination of revenue and capital receipts is done with Table 3. Both direct and indirect taxes in table 3 are expected to grow within a range of 5% to 12% while one among them, service tax, tends to grow -50%. When the economy is in resilient path of recovery better tax buoyancy could be expected. This low tax buoyancy points to the fact that our taxation zone is beset with unsolved problems. Tax expert Shome (2017)¹ remarked that “in India there remains much work to design a good GST. Otherwise, it can be called GST but neither will price distortions reduce, nor business decision or consumption reflect demand driven prices nor administration or compliance be simplified, nor GDP be impacted positively, nor revenue excel, nor the world accept it in a global pantheon of GST’s”. “Buoyancy” of a tax reflects its revenue generating capacity. Shome² further observes that “the economy contends with lower revenue buoyancy until the tax administration is able to significantly expand the base of income tax payers.”

In table -3, row 4 presents the revenue contribution by GST as 9,56,600 crore which is only 11.14 per cent of GDP. This shows the poor level of ‘one tax one nation’ achievement of India. Sourced from IMF Government Financial Statistics and World Bank Data Bank Shome reported the Tax /GDP ratio of 18.01 in pre GST era in India in 2009. With regard to GST the observation of The Hindu Editorial “of greater concern is the stalling rationalisation of the complex GST rate structure with multiple slabs, and critical inputs left out”³ is vital and make us remember the observation made by Shome that “If petroleum is out, it is not GST.”⁴ GST Revenue growth rate as per the budget estimate 2023-24 is around 11 per cent of GDP which is much below the 15.5% revenue neutral rate envisaged originally by the GST framers. In spite of that much awaited demand for including on-line games and casinos in GST basket goes without response. At the same time, cement which is quintessential in the building up of a nation belongs to 28% tax category of GST. How can such a tax system be buoyant anywhere in the world or sensible to any GST Council?

Similarly, when budget 2023-24 projects centres’ Net Tax Revenue growth at 11.7% over 2022-23 budget, devolution to states records only 7.7% increase which does not auger well for any federalism.

Focus on Amrit Kaal

Budget focusses on ‘Saptarishi’ priorities with programmes for empowering and tapping the youth power through varied methods of job creation tactics while the country moves towards 100 years of freedom by 2047. When the Periodic Labour Force Survey 2022 reported that the urban unemployment stands at 7.2% in the quarter ending September 2022, job creation through investment in Research and Development (R&D), infrastructure, green growth, start-ups etc are resorted to in the budget. ‘Saptarishi’ priority promises an inclusive budget. Only by an examination of the sector-wise allocation of expenditures, it would be clear whether the budget is really inclusive as it claims. Let us examine the following table.

Table 4 : Ministry wise Expenditure and Major Sectors (2023-24)

Sl.No.	Item (Year)	2022-23 (RE)	2023-24 (BE)	% of Total Expenditure
1	Defence	584791	593538 (1.5%)	13.2
2	Road *** Highways	217027	270435 (24.6)	6.05
3	Railways	162312	241268(4.84)	6.02
4	Food & Public Distribution	296523	205765 (-30.2)	4.57
5	Home Affairs	193912	196035 (1.1)	4.35
6	Chemicals & Fertilizers	227681	176482 (-21.0)	3.96
7	Rural Development	182382	159964 (-12.3)	3.55
8	Agriculture & Farmers Welfare	118913	125036 (5.1)	2.78

9	Communications	105478	123393 (17.0)	2.74
10	Education	99881	112899 (13.0)	2.50
11	Health & Family Welfare	79145	89155 (12.6)	1.97
12	Jal Shakti	74029	97278 (31.4)	2.16
13	Housing Urban Affairs	75546	76432 (2.5)	1.70
14	Other Ministries	1770613	2033419 (14.8)	45.15
15	Total Expenditure	4187232	4503097(7.5)	-

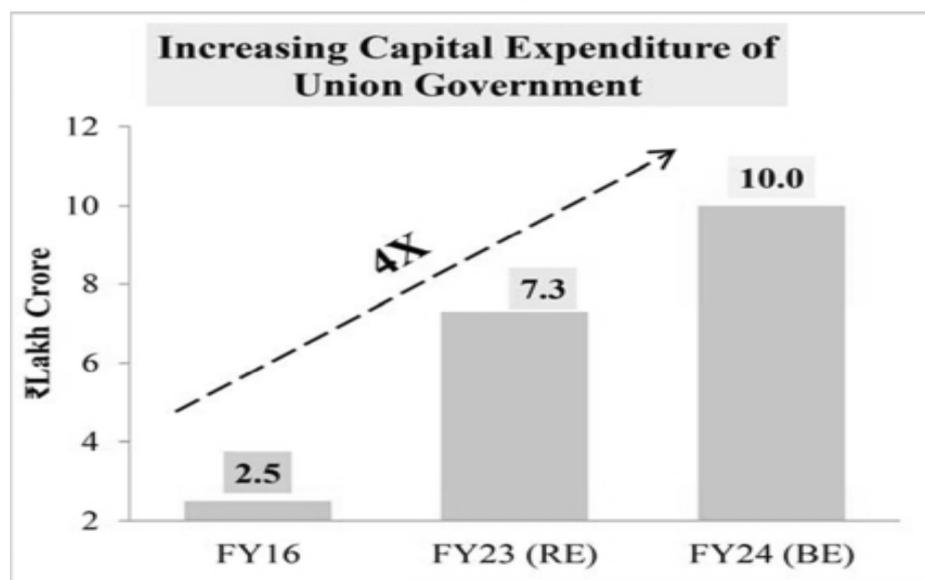
NB : RE (Revised Estimate) BE (Budget Estimate)

*Given in brackets are percentage change over the revised estimate of 2022-23.

Source : Expenditure Budget, Union Govt.

The budget 2023-24 projects total expenditure at Rs.45,03,097 crore which shows an increase of 7.5 per cent over the revised budget of 2022-23. When the economy is on the path of recovery this small increase in total expenditure is insufficient at any standard. When sector-wise allocation is examined, 13.2% of the total expenditure is ear-marked for defence, which could not be criticised when neighbours are unfriendly. Six per cent each is apportioned to roads and railways. This is also inevitable when India is badly in need of a world class infrastructure. Budget emphasizes infrastructure investment as one among the ‘Saptarishi-7 priorities’ focus on AmritKaal. In line with this, total capital expenditure projected during 2023-24 is 10 lakh crore which is presented in graph-3.

Graph 3 : Increasing Capital Expenditure of Union Govt.



Graph 3 highlights the sharp increase in capital expenditure over the period 2016 to 2024. While the budget 2016 witnessed an allocation of 2.5 lakh crore on capital expenditure (capex), it steadily increased to 7.3 lakh crore in financial year 2022-23 and to 10 lakh crore in budget 2023-24.

When we examine table 4, we observe that defence attracts the highest share of expenditure followed by physical infrastructure. Food and Public Distribution System, though gets 4.57 per cent of the total expenditure, there is a drastic cut of -30.6% over the revised estimate of the budget 2022-23. It is even a challenge to the National Food Security Act of 2013. The warning on global food security threat given by FAO in June 2022 is still active as Russia-Ukraine tension still persists. With this, we also have to read row-8 on Agriculture and Farmers Welfare. Though 2.78 per cent of the total expenditure is set apart for agriculture, is it enough where 48 per cent of the population of 140 crore or more (2021 population census is still not undertaken) finds a living in agriculture, keeps India food self- sufficient, and brings large export earnings. At this juncture, also

we have to examine row-6 on chemicals and fertilizers. Though the sector gets 3.96 per cent of the T.E., the allocation this year is 21% less than the revised budget 2022-23. Sri-Lanka's experience of what happened to its agriculture and food security when chemical fertilizers were banned, should be a food for thought for any government. Chemicals are human-friendly unless they are over used and abused proved way back in 1840's by Rothamsted Experimental Station, Great Britain. However, Promise to build a high-tech digital public infrastructure to agriculture is progressive. Similarly, "Sree Anna" project for making India global hub for millets, is appreciable because that may help reduce the alarming level of malnutrition in India, especially among children and women. Further, in order to promote agro-based high-tech value addition start-ups in rural areas, Agriculture Accelerator Fund is promised. Similarly, credit facility worth 20 lakh crore is earmarked for animal Husbandry dairy and fisheries. Though India, with 7500 kilo metres of sea coast, is a blue economy rich country, unscrupulous encroachment of sea coast has done damages beyond reparation. The amount allocated for sea-coast mangrove cultivation and other development activities are highly insufficient. Poor fund allocation means poor understanding of blue economy and poor priority accorded to this vital sector.

When focus is shifted to education, its share in total expenditure is focused as 2.50 per cent. But this amount is only 0.37% of GDP. University Education Commissions right from the late President of India Dr.S.Radhakrishnan Commission onwards reiterated the centrality of investing 5% or more of GDP on education. As per the study advanced by the Pratham (NGO) in January 2023, the percentage of children in class 3 in government or private schools who were able to read at the level of class 2 dropped from 27.3% in 2018 to 20.5 in 2022. With several indicators, the study paint the picture of fast falling quality of elementary education, which is the base of any level of learning afterwards. Kerala belongs to the list of states which depicted 10 percentage units or more fall in the standards.

Scheme for Youth

At a time of high unemployment, budget prepares internship facility with stipend for three years, 100 labs will be set up in engineering institutions for developing applications using 5G services.

Row 11 of Table 4 gives us a glimpse the health sector. Though health and family welfare gets 1.97% of the total budgetary expenditure, it is only 0.29 per cent of GDP as if the Finance Minister is unaware of the National Health Policy 2017. This policy mandates states to set apart 8% of GDP for health by 2020 (so far no state has reached the target) and the centre 2.5% of GDP by 2022. This fault line in the budget pinpoints the cleavage between the promise and the outcome of democratic budget promises in India. Jal Shakti (Row-12) is another area of concern, since India is hosting more than 17 per cent of the World Population with hardly 4% of world water resource. This vital sector is given 2.16 per cent of the total expenditure. Conservation of water is very crucial for two reasons; (1) the availability of drinking water to the most populous country of the world and (2) Indian agriculture is still a gamble in the monsoons. An examination of the scheme-wise allocation of funds will give a better picture of the priority in budgetary expenditure.

Table-5 : Expenditure on Major Scheme

Scheme wise allocation in 2023-24 (Rs crore) Actuals 2021-22	Budgeted 2022-23	Revised 2022-23	Budgeted 2023-24	% change (2022-23 RE to 2023-24 BE)	
Pradhan Mantri AwasYojana	90,020	48,000	77,130	79,590	3.2%
JalJeevan Mission/National Rural Drinking Water Mission	63,126	60,000	55,000	70,000	27.3%
PM-KISAN	66,825	68,000	60,000	60,000	0.0%
MGNREGS	98,468	73,000	89,400	60,000	-32.9%
National Education Mission	25,305	39,553	32,612	38,953	19.4%
National Health Mission	32,958	37,160	33,708	36,785	9.1%

Modified Interest Subvention Scheme*	-	19,500	22,000	23,000	4.5%
Saksham Anganwadi and POSHAN 2.0	18,382	20,263	20,263	20,554	1.4%
Pradhan Mantri Gram Sadak Yojana	13,992	19,000	19,000	19,000	0.0%
AMRUT and Smart Cities Mission	13,868	14,100	15,300	16,000	4.6%
National Livelihood Mission-Ajeevika	10,177	14,236	13,886	14,129	1.7%
Guarantee Emergency Credit Line to MSME borrowers	7,445	15,000	10,500	14,100	34.3%
Pradhan Mantri Fasal Bima Yojana	13,549	15,500	12,376	13,625	10.1%
Swachh Bharat Mission	5,050	9,492	7,000	12,192	74.2%
Reform Linked Distribution Scheme	814	7,566	6,000	12,072	101.2%

When table -5 is examined major scheme-wise allocation is provided. Fairly due weightage is given to National Rural Drinking Water Mission with 27.3% increase in allocation over 2022-23. While PM-KISAN does not receive any increase in allocation Pradhan Manthri Awas Yojana got only 3.2% increase which means 'house to all' promise of the Modi-Government is getting side-tracked, as this is the last full budget of the present government. Unfortunately, there is 32.9% decline in the allocation for MGNREGP in the budget 2023-24. After the enactment of MGNREGP Act in 2005, several studies have proved the impact of it on those who live below the poverty line. The Hindu editorial⁵ observed that "from reducing penury through providing off season employment, and thereby improving house-hold consumption among the invariably poor citizens who avail the scheme to acting as insurance during monsoon deficient seasons, besides allowing for greater food security through increased productivity helped by the works generated, the scheme continues to be a robust welfare tool. This was even clearer during the pandemic, when thousands of migrant workers who left urban areas due to the lockdown took up work under the MGNREG's in rural areas where demand for menial but arduous work peaked."

Mahatma Gandhi National Rural Employment Guarantee Act (MGNREGA) is a demand driven law. Everyone who demanded work should get work in 15 days, failing which the workers are legally entitled to get unemployment allowance. Management Information System (MIS) is the software which manages MGNREGS work. Different methods of manipulation of this software is done to manipulate the "demand for work" and to subvert the work. Nanditha et al (2023)⁶ studied the demand for MGNREGP work using Bayesian Hierarchical Modelling method. The study covered samples from 7 states including Kerala and estimated that the weighted average person days of unmet demand for these states was 34%. But the National MIS reports show that the house hold level unmet demand for these states was 11% to 13% in the last four years. Azim Premji University study of MGNREGA (2022) also showed 39% unmet demand during 2019-20 period. The claim of Finance Minister that reduced budget provision for NREGA is due to low demand for work is thus proved a falsehood. The ground report even from Kerala suggests that the recent introduction of an app to register workers' attendance is adding fuel to fire and make MIS easy to manipulate.

When we examine the allocation for health and family welfare a dismal picture of the budget is noticed. Any development especially inclusive development begins with health. However, in the budget 2023-24 when defence is given 13 per cent of the total expenditure and infrastructure 33 per cent, health and family welfare is given 89,155 crore which is 1.98% total expenditure and is 0.295% of GDP. Out of this, Health Mission gets Rs.36785 crore which is meagre 0.865% of the total expenditure and 0.12% GDP. World Health Organisation (WHO) insists that every 1000 patients should be helped by 3 nurses. But in India, while we supply nurses to the global needs our patient nurse proportion in India is 1000:1.7. In this context, this budget has earmarked 157 nursing colleges along with existing Medical colleges is a welcome step, though not enough. As per National Family Health Survey-5 (2019-21), every second Indian woman is anaemic, every third child is stunted (35.5% children under 5 years stunted) and malnourished and 32.1% children under weight or wasted.

Food and Agricultural Organisation (FAO) survey 2021 of 116 countries regarding hunger, India's Index is 101 and Global Hunger Index also identified that India with 15.3% under nourished population of the world accommodates the highest proportion of stunted children (30%), and Wasted Children (17.3%).

Sujatha Rao (8.2.23)⁷ highlights certain fault lines of Indian Health sector right from independence. The lack of financial risk protection is one among them which causes high out of pocket expenditure on health (eg Covid-19 Pandemic lessons). A second fault line lies in the absence of primary health system which accounted for large number of avoidable deaths due to Covid-19 and a third fault line is the absence of well- equipped and functioning district hospitals to cope with demand. This budget does not find any solution for such fault lines which means deliberately avoiding the centrality of inclusive development.

National Health Policy 2017 insists that by 2020 states should allocate 8% of their Gross State Domestic Product for health and by 2022, the Union Government should allocate 2.5 per cent of GDP for health. However, neither the states nor the Union Government bothered to do justice to that Health Policy enunciated by the NDA government. Education is another major area of concern. Govinda et.al⁸ finds that "state governments, continue to provide a major share of recurring financial expenditure, but the pro- active manner in which the government of India has acted following the adoption of the National Policy on Education 1986, stands out as a land mark innovation in educational policy. This changed the role of the centre and has virtually made the central government the prime mover in designing and implementing development initiatives in elementary education in states. More emphasis on rights based education is placed by Dakar Declaration 2000. Amount apportioned to this vital sector is Rs.112899 crore which shows an increase of 2.5% of the total expenditure. This amount is 0.37 of GDP. This is the reality of a budget which received accolade for promoting technology, ICT and digital way forward. Education Commission Reports right from S.Radhakrishnan onwards reiterated the centrality of investing 5 per cent or more of GDP in education. When advanced and many of the developing countries spend much more than 5% of GDP on education, the present India which utters the slogan "we have democracy, demography and demand, come, make in India" is shameless to make such poor allocation to education sector. If there is demography that should be converted into dividend by investing in education and R&D. Jagriti Chandra⁹ highlights the Annual Status of the Education Report (ASER) 2022, released in Pratham an NGO in January 2023. As per the study the percentage of children in class 3 in government or private school who were able to read at the level of class 2 dropped from 27.3% in 2018 to 2.5% in 2022. The study also reported the growing tendency of withdrawing students from private schools to save money on fees, and invest in private tuitions. The proportion of such students rose from 26.4% in 2018 to 30.5% in 2022 in private and government schools. The status showing a decline of more than 10 percentage points include Kerala (from 52.8 in 2018 to 38.7 in 2022), Himachal Pradesh (47.7% to 28.4%), Haryana (46.4% to 31.5%), Andhra Pradesh (22.6% to 10.3%), Telangana (18.1% to 5.2%). Jean Dreze (2016)¹⁰ aptly observed that "the National Democratic Alliance (NDA) government led by Narendra Modi has made no secret of the fact that its first priority is physical infrastructure not social development. Large cuts in allocations for many social programmes became a habit on the grounds that the state governments were receiving a higher share of the divisible pool of taxes in line with the recommendations of the Fourteenth Finance Commission. However, the commission did not recommend anything like these abrupt and unilateral cuts in budget allocation for centrally sponsored schemes as a quid pro-quo. On the contrary, it stressed the need for continuation of central support in critical fields including education, health, water supply and sanitation, and child nutrition. The Central Government seems to have embarked on an ill planned delegation of social policy to the states that is likely to cause some short term disruption at the very least". Disruption would be worst at the primary school level

NeelamSood (2011)¹¹ found that children who suffered from early malnutrition were found to have greater behavioural problems. Deficiency of micro nutrients such as iron, iodine, zinc and other nutrients has been associated with a lower attention span, poor memory, mental retardation and poor school achievements". Sizeable investment at the bottom level of education is needed. Disruption would be worst at the elementary school level. Further, Banerji et.al (2019)¹² observed that the "The Right to Education Act focuses on input

requirements for schools that have little bearing on learning outcomes, which have deteriorated alarmingly. Learning must be our central focus, with all schools, public and private, responsible for delivering a minimum level of basic skills to every child. Bringing those falling behind up to par through remedial teaching will be critical.” All the tips mentioned above elaborates the poor base upon which the super structure of our education is built. It is with this that we have to participate in the high-tech race in the twenty first century.

When Table 5, row 8 is examined we get data on Saksham Anganwadi and POSHAN 2.0. There is a meagre 1.4% increase of amount allotted over the revised allocation of 2022-23. According to Sirimavo¹³ the picture the global nutrition Report 2021 is a cause of concern, noting that stunting among children in India is significantly higher than the Asian average of 21.8%. Anganwadi and ICDS programme, if well planned can solve this malnutrition programme. But the amount allocated would definitely be insufficient. In order to rectify global mal nutrition problem FAO has declared 2023 as the International Year of Millets. Madhura Swaminathan¹⁴ identifies that “millets have special nutritive properties (they are high in protein, dietary fibre, micro nutrients and antioxidants) and special agronomic characteristics (drought resistant and suitable for semi-arid regions”. If government rises to the occasion and procures and provides sufficient millets through PDS and to Anganwadies, malnutrition can be answered up to a great extent. Procuring more millet means, giving farmers’ assurance of a certain source of income in the future.

Subsidies in 2023-24 : Budget Short-sighted and Highly Exclusive

The first Ministry of NarendraModi, in its first budget itself announced that subsidies would be put an end to in a phased manner. A very clear picture of its indication is visible in Table-6 below.

Table-6

Table 6: Subsidies in 2023-24 (Rs crore)

	Actuals 2021-22	Budgeted 2022-23	Revised 2022-23	Budgeted 2023-24	% change (2022-23 RE to 2023-24 BE)
Food subsidy	2,88,969	2,06,831	2,87,194	1,97,350	-31.3%
Fertiliser subsidy	1,53,758	1,05,222	2,25,220	1,75,100	-22.3%
Petroleum subsidy	3,423	5,813	9,171	2,257	-75.4%
Other subsidies	57,758	37,773	40,495	28,377	-29.9%
Total	5,03,907	3,55,639	5,62,080	4,03,084	-28.3%

Sources: Expenditure Profile, Union Budget 2023-24; PRS.

As per the table, the amount allocated for food subsidy depicts 31.3% reduction Another act of subsidy cut with serious ramifications over the entire economy, is the cut in fertilizer subsidy by 22.3 per cent. It is pseudo environmentalists who bark at the use of chemical fertilizers. Chemical fertilizers were the back bone of green revolution anywhere in the world with which food self- sufficiency was attained, including in India. Abuse and overuse of chemicals, whether fertilizers or pesticides is not the fault of the chemical, but of the user. In a growing population as in India, food self -sufficiency very much depends on the incremental increase in food grains production. ‘Millet revolution’ era intends to reduce malnutrition by adding more millets in daily food intake, which means more intensive cultivation of millets within the available area under food grains production. Therefore, a drastic cut in fertilizer subsidy will lead to drastic cut in fertilizer use and drastic decline in agriculture production, both food and non -food crops. Desai and Vaidyanathan¹⁵ lead us to the fact that “the intensity of fertilizer use has gradually gone up from about 3 kilograms per hectare in the early 1960s to about 16 kilograms per hectare in the early 1970s to 34 kilograms per hectare in the early 1980s to more than 70 kilograms per hectare in the early 1990s. It has been relatively higher in irrigated regions (129 kilograms per hectare by 1988-89)” The food self- sufficiency journey of India is started from 50.8 million tonnes in 1950 to 316 million tonnes in 2022. Policy makers who forget this will lead India again to food dependency and famines.

Petroleum subsidy cut in the 2023-24 budget by 75.4 per cent is another area of concern. Petroleum is considered as a catalytic agent in economic development. Therefore, detaching from market vagaries petrol prices were bought under Administrated Pricing Mechanism from 1977 till 1997. During this period domestic petroleum prices were detached from the international price movements of crude. From April 1, 2002, the Administrated Pricing Mechanism of Petroleum products gave way to market determined price as per government of India gazette notification Ref : 20029/22/2001-pp dated 28 March 2002, during the regime of late Prime Minister Vajpayee. Between 2014 and 2021, there was 247% increase in central excise on petrol (from Rs. 9.48 to Rs.32.90) and 793 per cent increase in central excise on diesel (from Rs.3.56 to rs.31.80). This gives the recent trend in petroleum price policy. When a drastic subsidy cut is envisaged in this year's budget, the possibility of skyrocketing prices of petroleum products and the ensuing hike in general price level is on the anvil.

The budget 2023-24 challenges the National Food Security Act 2013, by cutting food subsidy by about 31.3 per cent. FAO, in 2022 January itself pointed out the probability of a global food crisis accounted for by the Russian war on Ukraine. Further, Indian Agriculture is still a gamble on the monsoons. Therefore, the significance of the National Food Security Act should not be undermined by the government as domestic and global factors are alarming as mentioned.

Budget Allocation for Women Children SCs, STs and North Eastern Region

Table 8: Allocations for women, children, SCs, STs and NER (Rs crore)

	Actuals 2021-22	Revised 2022-23	Budgeted 2023-24	% change (2022-23 RE to 2023-24 BE)
Welfare of Women	2,09,528	2,18,487	2,23,220	2.2%
Welfare of Children	73,199	89,008	1,03,791	16.6%
Scheduled Castes	1,21,614	1,52,604	1,59,126	4.3%
Scheduled Tribes	83,921	94,293	1,19,510	26.7%
North Eastern Region (NER)	-	72,540	94,680	30.5%

Sources: Expenditure Profile, Union Budget 2023-24; PRS.

It is 'UN Women' which suggested that every member country of the United Nations must set apart a certain portion of the budgetary expenditure for women and children specific activities. It was P.Chidambaram, the then Finance Minister, who initiated the first gender sensitive budget in India in the 1996-97 budget. In the words of Ministry of Women and Child Development (MOWCD) "it is an ongoing process of keeping a gender perspective in policy, programme formulation, its implementation and review". The size of India's gender budget varies between 4% to 6% of the total expenditure of the budget and less than 1% of GDP. Allocation for gender budget is Rs. 223220 which is 2.2 per cent higher over the revised budget 2022-23 and the amount is only 0.74% GDP. All women and child specific schemes are crowded under this. Schemes like BetiBachaoBetiPadhao, Women Helpline, One Stop Crisis Centre, Pradhan MantriMatruVandanYogana etc all come under this. However, plight of women continues to be getting worse every day. Nirbhaya fund continues to be underutilized. Assaults against women and children are on the increase. On September 14, 2020 a 19 year old Dalit girl was gang-raped and assaulted in Hathras district of Uttar Pradesh. She died later. Further on September 14, 2022, gang raped and murdered two Dalit girls in Lakimpur Keri, Lucknow. It was in August 2022 that eleven convicts in the BilkisBano gang rape case were released under the Gujarat Government's remission Policy. Release of victims of gang rape, persuades people to engage in such heinous crimes fearlessly. Thus gender budget itself becomes a mockery. Further, when, in the Second Narendra Modi government, BJP has single clear majority both in the Lok Sabha and in the Rajya Sabha. If the government were women-friendly it could easily pass the Women's Reservation Bill of 1996 which it has not bothered so far. This means that emancipation of women is a mere rhetoric of the BJP government.

When we examine the allocation for the welfare of children, the amount allocated for it is Rs.103799 crore which is 2.30% of the total expenditure earmarked in the budget. National plan of Action for Children 2016 mandates 5% of budgetary expenditure for children in each budget. But the amount allotted this year is less than half of it. Mission Vatsalya, a composite scheme including Child Protection Services and Child Welfare Services shows persistent poor utilization. In India, one POXO case need 509 days to reach the final court verdict. This helps settlement outside the court, which makes the criminals unscrupulous and fearless. M.P from Kerala Dean Kuriakose asked Smriti Irani, Minister MOWCD, the rate of punishment in POXO cases. She replied that in Kerala it is 4.4 per cent while at the all the India level, it is 11.87 per cent. These rates show the futility of the funds allotted for the welfare of children who in India, are ill-treated from the stage of embryo onwards.

Scheduled Castes and Scheduled Tribes get Rs. 159126 and Rs.119510 respectively in this year's budget. These amounts are 3.53% and 2.55% respectively for Dalits and Tribals of total budgetary expenditure. These funds are not appropriately and efficiently utilized for their welfare. Very often corruption eats up a major chunk of what is provided for them in the budget. Tribal fund misappropriation stories are many and varied. Of late such cases are detected in Kerala, including in the Corporation of Thiruvananthapuram in 2022-23. It was hunger which tempted Madhu, a tribal of Palakkad district of Kerala during the LDF rule of 2016-21, to steal some food materials from a wayside shop which ended up in his cold blooded murder. If Dalits and Adivasis could enjoy their due, Hathras, Lakhimpur Kheri etc. would not have happened. Similarly, Forest Right of the Adivasis is under threat. They are not accommodated in the mainstream either. Their housing problem is still on flames. Their children are drop-outs. Many of the tribal communities are in the process of extinction. Wild animals are treated better than Tribals.

To conclude, our late President A.P.J. Abdul Kalam innovated his 'pura project', after understanding that half the world's population are below the poverty line, and 70 per cent of the world's poor live in rural areas and sustainable development needs eradication of rural poverty and the empowerment of the rural sides. Sam Pitroda in his seminal work 'Redesign the World; a Global Call to Action.'¹⁶ highlights that capitalism has distorted opportunities. Socialism has suffocated human potential. Consumption has been carried too far and has choked conservation and sustainability. The military has become war-centric and not peace-centric and not health, well-being, education, culture or human - centric." Under crony capitalism in the absence of affirmative action based on social criteria. Thomas Pickety¹⁷ observes that "when democracy is less transparent the success of such a process requires the participation of citizens, associations, labour unions, elected government officials, and political parties, who must demand full access to data and use it constructively to make policy proposals for improvement. Things will really change only when this new democratic space for public participation has been fully occupied." When visionaries like late A.P.J. Abdul Kalam struggled to innovate programmes like "Pura" to eradicate poverty and bring sustainable development, policy makers without vision and mission think about growth in terms of GDP from 3 trillion US Dollars to 5 trillion to 10 trillion etc leaving behind the unhealthy, illiterate, half- starved and half-naked as such and that development is characterised inclusive with 'Saptarishi - 7 priorities with focus on AmritKaal. "I was disappointed", says Subbarao¹⁸ former RBI Governor that there was not sufficient emphasis on jobs in the budget 2023-24.... Mere growth will not do, we need job intensive growth. Roughly a million people join the labour force every month and India is not able to create even half as many jobs. As a result the unemployment problem is not just growing but is becoming a crisis". This crisis can be overcome if the dreams of Abdul Kalam are allowed to make real. Late APJ Abdul Kalam points out that "our Agriculture sector has to graduate from a mere low-value employment provider to a vertically integrated chain which will provide employment and opportunities for entrepreneurship at all levels of the value chain, including the services in the rural sector." (P.93)¹⁹ It is highly pertinent to quote Pop Francis that "the health of a society can be judged by its periphery. A periphery that is abandoned, side lined, despised and neglected shows an unstable, unhealthy society that cannot long survive without major reforms".²⁰

Thus, though Finance Minister reiterates that the budget 2023-24 is an inclusive budget, facts and figures

show that it is not. All the socially important sectors which we examined here get much less than what they deserve. Of course, the dream of an internationally competitive physical infrastructure covering highways, railways, air-ways, sea ways and water ways should become a reality. Therefore Rs.10 lakh crore agenda is justifiable. But as Sujatha Rao²¹ observes “equity and justice are values that must guide a polity to build a nation. Measuring policy and money allocation only in terms of political expediency is short term and unsustainable. When such structures collapse, as they will it is the poor and marginalised who will suffer disproportionately”.

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Financial Inclusion through Regional Rural Banks

Sanoop.S

Financial inclusion has become one of the most critical aspects in the context of inclusive growth and sustainable development in developing countries like India. Regional Rural banks (RRBs) are being regarded as a significant rural financial institution for promoting sustainable economic growth. Regional rural banks are developed with a view to developing the rural economy as well as to create an alternative channel to co-operative credit structure in order to ensure sufficient institutional credit for rural and agricultural sector. Role of regional rural banks (RRBs) is very important in the real last mile financial inclusion. They can play a greater role than scheduled commercial banks (SCB's) in achieving the goals of financial inclusion. The concept of financial inclusion generates greater economic benefit to backward people, which also makes positive contribution to rural development. This paper attempt to analyse role of RRBs in India in financial inclusion and find out whether RRBs has made any progress towards ensuring broader banking services for the rural poor people in strengthening India's position in relation to financial inclusion.

Introduction

The nationalization of banks in 1969 boosted the confidence of the public in the banking system of the country. However, in the early 1970s, there was a feeling that even after nationalization, there were cultural issues which made it difficult for commercial banks, even under government ownership, to lend to farmers. This issue was taken up by the government and it set up Narasimham Working Group in 1975. On the basis of this committee's recommendations, a Regional Rural Banks Ordinance was promulgated in September 1975, which was replaced by the Regional Rural Banks Act 1976. The rural banks had the legislative backing of the Regional Rural Banks Act 1976. This Act allowed the government to set up banks from time to time wherever it considered necessary. The RRBs were owned by three entities with their respective shares - Central Government - 50%, State government - 15% & Sponsor bank -35%. Regional Rural Banks were conceived as low-cost institutions having a rural ethos, local feel and pro poor focus. Every bank was to be sponsored by a "Public Sector Bank", however, they were planned as the self sustaining credit institution which were able to refinance their internal resources in themselves. The RRB concept was based upon the policy that they would lend only to the weaker sections of rural society, charging lower interest rates, opening branches in remote and rural areas and keep a low-cost profile.

Regional disparities in India's banking infrastructure have significantly decreased as a result of RRB's rapid expansion. The RRB has made commendable efforts in branch expansion, deposit mobilisation, rural development, and credit deployment in rural areas with the lowest income levels. RRB has been successful in achieving its goals by bringing banking to rural households' doorsteps, especially in banking deficient rural areas. This has allowed it to provide easy credit access to vulnerable rural populations that depend on private lenders, encourage rural savings for productive activities, create jobs, and lower the cost of credit distribution in rural areas. As a policy measure to combat poverty, financial inclusion would provide avenues for people. Over two billion people are thought to be denied access to financial services globally, with India accounting for a third of those people. The poor have access to various financial services, which allows them to take part in the expansion of the economy. Only a small number of banks are actively engaged in financial inclusion to support economic growth. While implementing financial inclusion, the banks have run into a number of issues, such as improper repayment, the need for additional staff, increased time

commitment, a heavy workload, high costs, etc. As a result, many banks are not supporting fully developed financial inclusion plans to speed up the nation's growth. RRB's is an important player in Indian financial System because of penetration and the increasing amount of loans and customers. The dream of inclusive growth is still a dream but will be overcome with continual growth of RRBs and effective financial services. RRBs are expected to mobilise more resources and deploy the same locally, thus playing a significant role in developing agriculture and rural economy.

Objectives

- To examine the role of Regional rural banks in financial inclusion.
- To analyse the performance of Regional rural banks in India.
- To make suggestions for the improvement in the performance of RRB's

Data Base and Methodology

The present study is empirical in character and based on analytical method. The study is based on secondary data which is collected, compiled and calculated mainly from annual reports of the NABARD and RBI. Other related information were collected from journals, conference proceedings, books and websites.

Role of Regional Rural Banks in Financial Inclusion-Analysis of Key Performance Indicators

The basic objective of RRBs is to function as professionally managed alternative channel for credit dispensation to small and marginal farmers, agricultural labourers, socio-economically weaker section of population for development of agriculture, trade, commerce, small scale industry and other productive activities in rural areas.

Table-1 : Comparative position of key performance indicators

Parameters	2018-19	2019-20	2020-21	Growth
No. of RRB's	82	82	64	—
No. of Branches	16001	16909	17856	—
				(in crores)
Deposits	166232.64	186336.07	211457.80	13.48
Borrowings	26490.80	30288.84	38267.73	26.34
Investments	86510.44	95974.93	110683.47	15.33
Gross Loan (o/s)	98917.43	116384.97	139837.00	20.15
Loan issued	71724.19	82538.39	102161.71	23.77
CD ratio	59.51	62.46	66.13	—
Accumulated Losses	1532.39	1332.57	1011.78	-24.07
Profit (before tax)	2420.75	2549.40	3280.81	28.69
Loss	71.32	28.87	20.07	—
Tax Paid to GOI	634.22	663.24	896.22	35.13
Gross NPA %	3.75	5.03	5.65	—
Net NPA %	2.05	2.98	3.40	—
Branch Productivity	16.57	17.90	19.67	9.89

Source: Reports of NABARD & RBI

Major Observations

- Sources of Funds

The sources of funds of RRBs comprises of owned fund, deposits, borrowings from NABARD, Sponsor Banks and other sources including SIDBI and National Housing Bank.

1. Deposits

Deposits of RRBs increased from 16232.64 crores (2018-19) to 211457.80 crores (2020-21) registering a growth rate of 13.48%.

2. Borrowings

Borrowings of RRBs increased from 26490.80 crore as on 31 March 2019 to 38267.73 crore as on 31 March 2021 registering an increase of 26.34%. Borrowings viz-a-viz the gross loan outstanding constituted 26.8% as against 22.7% in the previous year.

- Uses of Funds

The uses of funds of RRBs comprise of Investments, loans and advances & Loans issued

1. Investments

The investment of RRBs increased from 86510.44 crore (2018-19) to 110683.47 crore (2020-21) registering an increase of 15.33%.

2. Loans & Advances

Loans outstanding increased from 98917.43 crores in 2018-19 to 139837 crores in 2020-21 registering a growth rate of 29.26%

3. Loans Issued

Total loans issued by RRBs increased to 102161.71 crores (2020-21) from 71724.71 crores (2018-19) registering a growth of 23.77%.

- Working Results

1. Profitability

75 RRBs (out of 82 RRBs) have earned profit (before tax) to the extent of 2420.75 crore during the year 2018-19. Profitability has been increased from 2420.75 crore (2018-19) to 3280.81 crore (2020-21), % increase is 28.69%.

2. Accumulated Losses

Accumulated loss shows a reduction from 71.32 crores (2018-19) to 20.07 crores in 2020-21

Status of Financial Inclusion

RRB's as a group have become a strong intermediary for financial inclusion in rural areas by opening a large number of "No frills" accounts and by financing under General Credit Card (GCC), as per RBI guidelines. Total number of accounts stood at 1885.71 lakhs in March 2021 which was 1310.17 lakhs in March 2019.

Table-2

Year	Deposit Account		Total Loan Accounts						Grand total of business accounts
	Total	No frills		GCC	SHG	KCC	Tenant	SSI/Artisan/SCC&Retail traders	
2019	1112.30	255.06	197.87	4.59	9.34	90.33	1.09	20.89	1310.17
2020	1180.20	251.25	203.34	5.16	8.27	96.59	1.88	23.11	1383.54
2021	1348.25	319.59	217.87	6.01	9.59	104.93	1.97	21.44	1885.71

Source: Reports of NABARD and RBI

Credit flow to Agriculture

RRB'S are actively participating in the credit flow to agriculture sector. Disbursement of agricultural credit with reference to the total credit from 2018-19 to 2020-21 is depicted in Table -3. Agricultural credit growth rate has kept pace with the total credit deployment. The share of agricultural credit to total credit comes to 57% during 2020-21 from 61% (2018-19).

Table-3

Year	Total credit	Agricultural credit	% of Agri credit to total credit	% Growth in Agricultural credit	% Growth in Total credit
2018-19	71724.19	43965.43	61	26.92	27.90
2019-20	82538.39	53058.14	64	20.68	15.08
2020-21	102161.70	64902.91	57	22.32	23.77

Source: <http://financialservices.gov.in/banking>

Suggestions

- Efforts should be made to ensure that the non-interest cost of credit to small borrowers is kept as low as possible.
- Policy should be made by government for opening more branches in weaker and remote areas.
- Productivity can be improved by controlling the costs and increasing the income.
- Government should take firm action against the defaulters and shouldn't make popular announcements like waiving of loans.
- The RRBs have to make an important change in their decision making with regard to their investments.
- The RRBs have to be very careful in the reduction of the operating expenses, because it was evident from the study that these expenses have increased the total expenditure of the banks.
- The RRB's have to give due preference to the micro-credit scheme and encourage in the formation of self-help group.
- A uniform pattern of interest rate structure should be devised for the rural financial agencies.
- The RRB's must strengthen effective credit administration by way of credit appraisal, monitoring the progress of loans and their efficient recovery.

- The credit policy of the RRB's should be based on the group approach of financing rural activities.
- The RRB's may relax their procedure for lending and make them easier for village borrowers.

Conclusion

Financial inclusion is now accepted as a significant step for achieving inclusive growth, which itself is required for ensuring overall sustainable growth. Recognising the importance of inclusive growth in India, efforts are being taken by the Government of India (GOI) and RBI to make the financial system more comprehensive. The focus of financial inclusion is on promoting sustainable development and generating employment for a vast majority of the population especially in the rural areas. As a supporting agent for the commercial banks and the co-operatives, RRBs are serving a class of clientele belonging to the rural poor like rural artisans, petty shopkeepers, small traders, village entrepreneur and people engaged in service sector and also people belonging to the lower income group in these rural areas, physically handicapped persons and widows as well. Regional Rural Banks plays a key role as an important vehicle of credit delivery in rural areas with the objective of credit dispersal to small, marginal farmers and socio economically weaker sections of population for the development of agriculture, trade and industry. But still its commercial viability has been questioned due to its limited business flexibility, smaller size of loan and high risk in loan & advances. Rural banks need to remove lack of transparency in their operation which leads to unequal relationship between banker and customer. Banking staff should interact more with their customers to overcome this problem. Banks should open their branches in areas where customers are not able to avail banking facilities. In this competitive era, RRBs have to concentrate on speedy, qualitative and secure banking services to retain existing customers and attract potential customers.

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A Study of Farmer Collectives in Kerala Focussing on Farmer Producer Organisation and Fair Trade

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Collectivisation of farmers, especially small and marginal farmers, into producer organisations is crucial for addressing many challenges in agriculture but, most importantly, for improving access to investments, technology, inputs, and markets. Farmer Producer Organisation is one type of Producer Organisation where the members are provided end-to-end support and services for production, marketing, processing, and other aspects of post-harvesting. Fairtrade works with agricultural cooperatives, businesses, and governments to make trade fair. This paper examines farmer collectives in Kerala through the lens of the Farmer Producer Organisation and FairTrade. Sanghamaithri Farmer Producer Company Ltd Kerala (SFPCCK) and FairTrade Alliance Kerala are taken as case studies.

Introduction

The International Cooperative Alliance defines Cooperatives as “people-centred enterprises jointly owned and democratically controlled by and for their members to realise their common economic, social and cultural needs and aspirations. As enterprises based on values and principles, they put fairness and equality first, allowing people to create sustainable enterprises that generate long-term jobs and prosperity. Managed by producers, users or workers, cooperatives are run according to the ‘one member, one vote rule.’” Collectivisation of farmers, especially small and marginal farmers, into producer organisations is crucial for addressing many challenges in agriculture but, most importantly, for improving access to investments, technology, inputs, and markets. The small farmers with weak bargaining powers suffer from greater dependency on cultivation and monopolistic exploitation under formal contracts. In agricultural marketing, there is a long chain of intermediaries who often don’t work transparently, leading to the producer receiving only a lesser part of the value that the ultimate consumer pays. Through collectivisation, the primary producers can benefit from economies of scale. Farmers’ collectives, such as cooperatives, play an important role in increasing market participation and reducing transaction costs through collective action. In the words of Lilian Maina, “There is power in numbers, but there is also power in knowledge. Farmers in cooperatives have a greater bargaining advantage compared to individual farmers. They also have the advantage of sharing information and building skills together.” It is essential to have producers; farmers earn secure and sustainable livelihoods.

To ensure this, Fairtrade works with agricultural cooperatives, businesses, and governments to make trade fair. Fair Trade Alliance Kerala (FTAK) was formed in 2006, it’s a movement led by farmers whose members are located in four districts of Kerala. FTAK was created to enable farmers to have access to the global market and improve their income through Fairtrade. One of the important initiatives to collectivise farmers is the Farmer Producer Organisation. Farmer Producer Organisations were created in India more than a decade ago, and FTAK has been functioning in Kerala since 2006. Thus, it is relevant to look deeply into the structure, design, and status of policies and programmes relating to Farmer Producer Organisations in the state of Kerala. Sanghamaithri Farmer Producer Company Ltd Kerala (SFPCCK) is taken as a case study to understand the principles of a Farmer Producer Organisation and FTAK to understand the functioning of fair trade.

Objectives

This paper aims to study two forms of farmer cooperatives, the Farmer Producer Organisation and Fair Trade Alliance Kerala. This paper examines the status of policies and programmes relating to Farmer Producer Organisations in Kerala. Sanghamaithri Farmer Producer Company Ltd Kerala (SFPCCK) is taken as a case study to understand the Farmer Producer Organisation. The paper is divided into four sections. Section I explains the background for forming cooperatives. Section II explains the definition, structure, and status of policies and programmes for the Farmer Producer Organisation and Fair Trade Alliance in Kerala is done in section III. In Section IV, an analysis of the Sanghamaithri Farmer Producer Company Ltd Kerala and FTAK is done.

Methodology

The study relies upon both primary and secondary data. The definition, structure, and status of policies and programmes of Farmers Producer Organisation (FPOs) were studied using secondary data. Small Farmers' Agribusiness Consortium (SFAC) and National Bank for Agriculture and Rural Development (NABARD) statistics on the number of FPOs registered in the state, the number of farmers associated with FPOs, and various initiatives fostering the expansion of FPOs were gathered. The inferences got from interviewing farmers with the help of an interview guide during field visits have also been used to understand the principles working in a Sanghamaithri Farmer Producer Company Ltd Kerala (SFPCCK).

Section I

The Beginning of Farmer Cooperatives

The Cooperative movement and approaches of group-based activities were started to address small and marginal farmers' problems. Farmer cooperatives are not a new concept; always there have been farmer collectives by different names in the history of agriculture. Since the 1980s, a rapid increase in agricultural cooperatives took place. Agricultural cooperatives play an important role in achieving sustainable farming practices and livelihood for small-scale farmers. Small farmers can take collective action and enjoy economies of scale by forming producer groups and cooperatives. According to International Labour Organization, "A cooperative is an autonomous association of women and men, who unite voluntarily to meet their common social, economic and cultural needs and aspirations through a jointly owned and democratically controlled enterprise". There exist numerous examples of how agricultural cooperatives brought changes in communities. Lempira Sur in southwest Honduras was one of the poorest regions of the Central American country, the Rural Development and Food Security FAO project in the 1990s turned the whole community into a cooperative with Community development councils, which like conventional cooperatives, were membership-based and democratic. In 1986, a company called Swift Co. Ltd. began contracting farmers' groups in Thailand who had no direct access to markets and had to depend on intermediaries. Due to a lack of storage and transportation facilities, their products got spoiled. Farmers were asked to grow predetermined types and quantities of fruits and vegetables. Swift set out to remove other intermediaries by agreeing a fair fixed price to farmers for every kind of product, to be renegotiated annually. Another example is in Benin in 1976 when herders formed self-managed markets. Sales increased, and herders' incomes rose. Encouraged by this success, herders developed more extensive networks. In 2001, its Benin's traditional herding communities formed the proto-cooperative Borgou-Alibori Departmental Union of Professional Ruminant Herders' Organizations or UDOPER.

Indian Scenario

The history of Indian agriculture goes back to Indus Valley Civilization (3500 BC to 2800 BC). Though trade was integral to the Indus Civilization, its citizens practised agriculture, domesticated animals, and made sharp tools and weapons from bronze, copper and tin. Thus, the history of Indian agriculture dates back to Indus Valley Civilization. But there have been studies that state Indian agriculture dates back to 9000 BC,

the Vedic age. In his book *Indika*, the Greek diplomat Megasthenes (300BC) mentions Indian agriculture during the Mauryan era, where they categorised soil and made meteorological observations along with the construction of dams. In south India, major crops cultivated during that time were rice, sugarcane, millets, black pepper, various grains, beans, cotton, tamarind, sandalwood, jackfruit, coconut, palm, areca and plantain trees, etc. Systematic ploughing, manuring, weeding, irrigation and crop protection were practised for sustained agriculture in South India. During the Chola era, a more advanced agriculture system was practised with systematic irrigation facilities and a collective landholding form of farming. The British rule in India can be divided into two periods: the power of the East India Company from 1757 to 1858 and the power of the British Government in India from 1859 to 1947. If the New land revenue system was a feature of the former period, then the commercialisation of Indian agriculture was of the latter period. This has resulted in the depletion of the Indian agriculture sector, significantly decreasing food grains production. With Independence, priority was given to the revival of Indian agriculture.

After Indian Independence, the economy started rebuilding, and investments were made to improve irrigation facilities, construction of dams, and building infrastructure. However, India still depended on imports and food aid to meet domestic requirements. Severe drought and wars with other countries pressed the need for food security and food sustainability. The green revolution is the most celebrated moment or twist in Indian agriculture. The green process gave Indian agriculture a new face. With the green revolution, food production increased. India is now the largest producer of many vegetables and fruits; it is also one of the world's largest and fastest-growing markets for food and agricultural products. Indian agriculture has registered impressive growth over the last few decades. According to the Economic Survey of India 2020-21 report, the total food grain production was recorded at 296.65 million tonnes in 2020 compared with 285.21 million tonnes in 2019 in India. As per third advance estimates, the production of horticulture crops was estimated at a record 326.6 million metric tonnes (MMT) in 2020. India has the largest livestock population, around 535.78 million, which translates to about 31% of the world's population. Sugar production reached 26.46 MT between October 2019 and May 2020 sugar season, according to the Indian Sugar Mills Association (ISMA). According to FAO (2019), India is the world's largest producer of milk, pulses, and jute and ranks as the second largest producer of rice, wheat, sugarcane, groundnut, vegetables, fruit, and cotton. It is also one of the leading producers of spices, fish, poultry, livestock, and plantation crops. As of the last decade, it also produced 25% of the world's pulses. India is among the fifteen leading exporters of agricultural products in the world.

Despite these achievements, the agricultural sector in India faces numerous challenges that have always been a concern for India with its high population and diverse climatic conditions, diverse cultures, and different food patterns. India's transition from an agrarian economy to a service economy is a particular phenomenon because of reasons like its slow pace of structural transformation, low labour productivity and, most notably, India's agriculture sector still accommodates 41.49 per cent of the workforce in India, but the agricultural sector's contribution to GVA is only about 17 % for the year 2019-20 as per the Economic Survey 2020-21. Another challenge the Indian agricultural sector face is a fragmented land use pattern; according to Agricultural Census India, 2016 marginal and smallholder farmers account for 85 per cent of cultivating only 45 per cent of the total cropped area, whereas only 5 per cent of farmers have holdings more significant than 4 ha. They occupy 32 per cent of all arable land. Along with this, supply chains are long and fragmented, causing losses and negatively affecting farmers' income. Lack of Irrigation facilities is still a significant challenge for most Indian farmers, tiny and marginal farmers. To address these issues, collectivising farmers through farmer cooperatives were given importance.

History of Cooperatives and FPOs in India

The Co-operative Credit Societies Act of 1904 set forth the functioning of cooperatives or Primary Agricultural Credit Societies (PACS) in India. According to RBI, there are about 95238 registered PACS as of march 2018, with a membership of more than 120 million farmers, of whom thirty-two per cent are small,

and forty-two per cent are marginal farmers (National Co-operative Union of India,2012). The performance of PACS in collectivising small and marginal farmers has mixed results. India has only a few successful cooperatives, mainly in the dairy and sugar industry (Nalini Bikkina,2017). But cooperatives failed in India due to a lack of funds, poor management, inward-looking policies, failure to incentivise shareholders, lack of skill and capacity-building activities, undue interferences, mismanagement and manipulation, lack of awareness, and limited coverage (Ramappa and Yashashwini,2018). The search for alternatives ended in the Farmer Producer Organisation. Farmer-producer organisations are modern-day agricultural cooperatives envisioned to empower small and marginalised farmers.

Section II

Farmer Producer Organisation

As per NABARD's (2015) definition, a Producer Organisation (PO) is a legal entity formed by primary producers, viz. farmers, milk producers, fishermen, weavers, rural artisans, and artisans. Ownership and membership of such companies are held only by 'primary producers' or 'Producer Institutions', and members' equity cannot be traded. However, it may be transferred only with the approval of the Board of Directors of the producer's companies. Producer organisations are "membership-based organisations or federations of organisations with elected leaders accountable to their constituents" (World Bank, 2008). They have been viewed as a hybrid of private companies and cooperative societies (Trebbin and Hassler, 2012).

Farmers are mobilised into groups of between 15-20 members at the village level (called Farmer Interest Groups or FIGs) and will be clustered into Farmer Producer Companies consisting of 50-70 FIGs. Each FPO consists of a General Body and an Executive Body (2 Representatives per FIG), planning, Implementation, and Monitoring between the Board of Directors, General Manager, and FPO Staff. A Producer Company must have ten producers in order to be formed; however, there is no maximum number of members. The producing company's obligations are restricted to the amount of the issued share capital. Additionally, the member's responsibility is capped to the amount of share capital they actually own. Five lakhs should be the minimum amount of authorised capital at the time of producer company incorporation.

Building a thriving and sustainable agriculture sector is the goal of Farmer Producer Organization, which promotes and supports member-owned Producer Organisations that help farmers increase productivity through effective, affordable, and sustainable resource use and realise higher returns for their produce through government-supported collective action and fruitful cooperation with academia, research organisations, civil society, and Self-help, self-responsibility, democracy, equality, equity, and solidarity are the foundational principles of FPOs. The ethical principles of transparency, honesty, social responsibility and compassion must be held dear by FPO members.

The primary objective of mobilising farmers into member-owned producer organisations or FPOs is to enhance agriculture's production, productivity, and profitability, especially for small farmers in the country. And to create backward and forward linkages to collectivise farms, such as backward links for inputs like seeds, fertilisers, credit, insurance, knowledge, and extension services and forward connections such as collective marketing, processing, and market-led agricultural production.

NABARD, SFAC, Government Departments, Corporates, and Domestic & International Aid Agencies provide financial and technical support to the Producer Organisation Promoting Institution (POPI) for promotion and hand-holding of the PO. NABARD provides financial and development support to POs through four funds: Producers Organization Development Fund (PODF), 'Producers' Organization Development and Upliftment Corpus' (PRODUCE) Fund, Central Sector Scheme for Promotion and Nurturing of Farmers Producers Organisations (FPOs) and Credit Guarantee Scheme for Farmers Producers Organisations (FPOs). Besides, NABARD is running an awareness campaign on the role of FPOs in building resilience against climate change and increasing productivity and optimal efficiency in the Agri value chain. The Ministry of

Agriculture has nominated the small Farmers' Agribusiness Consortium (SFAC) to act as a nodal agency to coordinate with various State governments, civil society partners, the private sector, financial institutions, resource persons, and other stakeholders to help in the conduct of baseline studies, promote Farmer Producer Organisations (FPOs) across the country and link producer groups (both existing ones and newly formed institutions) to marketing opportunities.

Indian agriculture sector, with its large proportion of marginalised and small farmers, along with the poor performance of traditional cooperatives, paved the way in 2002 for the amendment of the Companies Act 1956. The Government of India enacted the Producer Companies Act by incorporating a new section IX-A in the Indian Companies Act as per the recommendation of the Y.K Alagh Committee. The Union Finance Minister announced two essential steps to promote Farmer Producer Companies (FPCs) in his Budget Speech for 2013-14: support for FPCs' equity basis by giving matching equity grants and Credit Guarantee support for allowing collateral-free lending to FPCs.

Focus on FPOs in Union Budgets

In order to encourage FPOs, which enable farmers to boost productivity through efficient, affordable, and sustainable resource use and realise higher returns on their produce, the Government of India announced the following policies in the Union Budget 2018-19; (i) In a similar manner as Operation Flood, "Operation Greens"—with a budget of Rs. 500 crores—will be started for the tomato, potato, and onion crops. The endeavour to lessen vegetable price fluctuations will benefit both farmers and consumers. Promotions will be made for FPOs, agrilogistics, processing facilities, and professional management. (ii) The government announced a 100% tax discount for FPOs with an annual turnover of up to Rs.100 crores to promote an environment that allows farmers to group together as FPOs and benefit from economies of scale.

With a budgeted commitment of Rs 6865 crore from the Union budget for 2021, the government of India has announced a new Central Sector Scheme dubbed "Formation and Promotion of 10,000 Farmer Produce Organisations (FPOs)". The programme has dedicated resources and a defined plan to create and promote 10,000 new FPOs across the country. 2200 FPO produce clusters in total, including specific FPO create collections like 100 FPOs for Organic, 100 FPOs for Oilseeds, etc., have been set aside for making FPOs between 2020 and 2021. In the current fiscal year, 369 FPOs will be established in 115 aspirational districts.

Approximately 8,500 FPOs had been promoted in the nation as of January 2021, 4,868 of them by NABARD alone. According to the data from NABARD, there are about 121 FPOs in Kerala, of which 105 FPOs are under the PRODUCE fund, 16 FPOs are under the NABARD promotional fund. The state of Kerala has devised a new plan for the opening of the 100 Farmer Producer Organisations (FPO) in the state. Sarma and Roy (2019) observed that from 2004 to 2012, there was only moderate growth in the number of FPOs in India. From 2014-15 there was a sudden increase in the number of FPOs in India, and in 2018 the growth slowed down. The study finds that three states, Goa, Maharashtra, and Gujarat, have the most significant number of FPOs registered in India as of April 2019. The lowest number of FPCs were registered in Union Territories. According to Anirban Mukherjee (2018), five states (Uttar Pradesh, Madhya Pradesh, Karnataka, Maharashtra, Tamil Nadu, and West Bengal) account for more than fifty per cent of the total number of FPCs in India. The study found that there has been an increase of 44 per cent in the number of registrations since 2004, the more significant part of FPOs in India grow high-value crops, and around 25 per cent of FPCs are engaged in post harvest processing, About 20 per cent FPOs apply organic production methods. From the beginning of agriculture practices in Kerala, it has been intertwined with social, cultural, heritage, and religious factors. Agriculture has been the primary source of livelihood for the majority of the state. The traditional system of farming food crops and export-oriented cash crop production system is a feature of Kerala agriculture. The transition from agrarian to service economy was a rapid process in Kerala. The area under food crops has decreased from 45 per cent in 1960-61 to 10 per cent in 2013-14; this has resulted

in Kerala being dependent on other states for food crops. The population pressure on land in Kerala is very high and has shifted from the position of a resource for production to the level of an asset. Thus, the salient features of the agricultural sector in Kerala are the predominance of small and marginal farmers (92%), less area under food crops with low productivity, and predominance of perennial and plantations crops like coconut, rubber, tea, coffee, cashew, pepper, spices, etc., high cost of production mainly due to high labour cost and highly erratic monsoon rain.

Small and marginal farmers account for 92 per cent of Kerala's total operational land holdings. The small farmers with weak bargaining powers suffer from greater dependency on cultivation and monopolistic exploitation under formal contracts. Small producers who do not have the volume individually (both inputs and produce) to benefit from economies of scale. Besides, in agricultural marketing, there is a long chain of intermediaries who work non-transparently, leading to the producer receiving only a tiny part of the value that the ultimate consumer pays. Through collectivisation, the primary producers can benefit from economies of scale. Even though they were successful in their initial phases, cooperatives were unsuccessful in linking the smallholder farmers to the globalised markets. Cooperatives could not address the problem of smallholder farmers due to their inward orientation, financial constraint, free-rider issue, *etc.*, with few exceptions of cooperatives dealing with high-value crops and the dairy sector. Farmers' collectives, such as Farmer Producer Organisations, are emerging as alternatives for increasing market participation and reducing transaction costs through collective action. The Farmer Producer Organisations (FPOs) in the country are gaining momentum. It's almost a decade and a half since the FPOs were formulated in Kerala. Institutions like NABARD, SFAC, SHM, etc support Farmer Producer Organisations in Kerala. According to the data from NABARD (2019), there are about 121 FPOs in Kerala, of which 105 FPOs are under the PRODUCE fund, and 16 FPOs are under the NABARD promotional fund.

Section III

Fairtrade

Fairtrade plays an important and powerful role in socially regulating global markets in recent years. Fairtrade emerged as an alternative to unbalanced and exploitative trade. Since under the existing distribution system in world trade, little of the final price reaches the less developed countries' producers. Alternative trading relations based upon solidarity and value-based cooperation gained momentum and resulted in the emergence of 'alternative trade' movements during the 1970s and 1980s. The main objectives of Alternative trade organisations (ATOs) are to pay fair prices for the goods they import and to encourage sustainable development in the Third World. Thus, Alternative Trade Organizations (ATO) established trade networks connecting marginalised producers in developing countries with socially aware customers in developed markets. This movement aims to address historically unequal international trade relations and promote social justice and environmental sustainability in global production.

Benjamin and Freedman (1989) characterise the ATO movement as being the result of three distinct social trends. One is church-related, another is an outgrowth of economic development efforts, and the third is based on political criteria. According to Ali (1998), alternative trade, fair trade, and cooperative trade are all terms for an exchange of goods based on principles of economic justice, especially for the poor and powerless in the less developed countries. Numerous organisations, called alternative trade organisations, import farm products and handicrafts from these Third World nations and market them in the (over) developed countries. According to this Fairtrade Charter, Raynolds (2015) the objective of fair trade is to create a world in which sustainable development and justice are at the heart of trade structures and practices so that everyone, through their work, can maintain a dignified livelihood . It presents a strategy for achieving this vision, in five core principles: (i) market access for marginalised producers; (ii) sustainable and equitable trading relationships; (iii) capacity building and empowerment; (iv) consumer awareness-raising and advocacy; and

(v) fair trade as a 'social contract' between buyers and producers. In short fair trade is envisioned as a partnership that utilises trade as a vehicle for promoting progressive growth and international development. As per the Fairtrade International Annual report, 2020-2021, 1.9 million farmers and workers in seventy-one countries are members of 1,880 Fairtrade certified producer organisations. Fairtrade farmers and workers earned € 179.4 million in Fairtrade Premium in 2020 for the top seven products. Women represented 17% of Fairtrade farmer members and 41% of Fairtrade workers in 2020. Global Fairtrade Sales reached € 8.49 Billion in 2017 and it was increased to € 9.8 billion in 2018,

In 1946, a woman named Edna Ruth Byler began importing needlecrafts from low-income women in South America, marking the beginning of the Fairtrade movement. She laid the foundation for the Mennonite Central Committee, the first Fair Trade organisation. SERRV International came closely behind in 1949, with the purpose of building fair trade supply networks in poor countries. Almost all of the items were handcrafted and sold by volunteers in "Charity Stores" or "Ethnic Shops." These led to the beginning of the first formal "Fair Trade" shop in the United States. The modern fairtrade movement began in the United States while it truly took off in Europe in the 1960s, where it became popular in short span of time. By 1968, the slogan "Trade not Aid" had gained international recognition since the price is directly related to actual production costs and all producers have fair and equitable access to markets.

Fair Trade in Europe dates back to the late 1950s, when Oxfam UK began selling products manufactured by Chinese refugees in their stores. It founded the first Fair Trade Organization in 1964. In the Netherlands, parallel attempts were underway, and the importing organisation Fair Trade Original was founded in 1967. At the same time, Dutch organisations began selling cane sugar with the slogan that "by purchasing cane sugar, you are providing a place in the sun of prosperity for people in needy nations." These organisations moved on to market southern handicrafts, and the first "Third World Shop" opened in 1969. World Shops, also known as Fair Trade shops in other parts of the world, have played (and continue to play) an important role in the Fair Trade movement. They are not only points of commerce, but they are also quite active in campaigning and promoting awareness.

The advent of Fairtrade labelling and certification in the late 1980s, which marks the transition from alternative trade to Fairtrade, introduced a new dynamic in efforts to link small producers more directly to Northern consumers. While producers favored their value-based, alternative trade relations with Northern cooperative retailers and intermediaries, low levels of demand led them to explore the prospects for distributing their products through conventional retail outlets under more favorable conditions. Certification facilitated this by generating an ethical market based upon interest-based cooperation.

The World Fair Trade Organization (WFTO), formerly the International Fair Trade Association (IFAT), was founded in 1989, and the Fair Trade Federation (FTF), formerly the North American Trade Organization, was founded during late 1970s when individual alternative trade organisations began holding yearly conferences for fair trade groups. Both organisations adhered to the globally recognised Fair Trade principles of a living wage, gender equality, long-term relationships, environmental stewardship, democratic decision-making, safe working conditions, cultural respect, and the prohibition of child exploitation.

Fair Trade USA, formerly known as TransFair, established its first "National Headquarters" in 1998 and has since grown to become the United States' largest third-party certifier of Fair Trade products. The international "FairTrade" certification mark was launched by Fairtrade International (FLO) in 2002. The Fair Trade Federation is the largest network of organisations in North America entirely committed to Fair Trade, and these two organisations are now the two main organisations that certify Fair Trade products. Coffee and tea were the first fair trade agricultural products. Dried fruits, chocolate, sugar, rice, cereals, spices, and nuts were rapidly followed.

At the turn of the century, fair trade expanded, with the vast majority of this expansion taking place

in the realm of Fairtrade certified products. The number of Fairtrade commodities increased from seven to eighteen between 1998 and 2004, the number of certified producer groups increased from 211 to 433, and the volume of certified sales increased from 28 902 to 125 595 metric tonnes (Raynolds and Long 2007, 25). As per the Fairtrade International Annual report, 2020-2021, 1.9 million farmers and workers in seventy-one countries are members of 1,880 Fairtrade certified producer organisations. Fairtrade farmers and workers earned € 179.4 million in Fairtrade Premium in 2020 for the top seven products. This remarkable increase explains why fair trade has caught the interest of consumers, producers, campaigners, corporations, and the media.

Fairtrade International

Fair Trade was created to address the discrepancies between the situations of small farmers in poor nations (the “Global South”) and those of subsidised farms in developed countries (the “North”), which have more access to financing, and crop insurance, and other benefits. The idea was to encourage farmers to stay on their land and establish rural solid communities rather than being forced to leave and work on plantations. These farmers are mainly self-sufficient and face a variety of economically and politically marginalising situations, as well as environmental concerns. Fairtrade pioneers agreed that providing small farmers in the Global South with direct access to industrialised countries’ markets, crop financing, and a price floor was the best way to help them.

Fair trade at its core, is about using market mechanisms to achieve social change and is thus a natural field for the development of social enterprises. This connection is particularly evident in the United Kingdom as fair trade organisations, together with other initiatives such as work integration enterprises, have fed the conceptualisation of social enterprise. Fair trade is a global movement with a strong and active presence in the UK, represented by the Fairtrade Foundation. It functions directly with businesses, consumers and campaigners to make trade fair for farmers and workers. The International Fair trade system represents the world’s largest and most recognised fair trade system. The dominant entities in the global Fair trade system are Fair trade International, which is responsible for setting and maintaining standards for all commodities, and FLO-CERT, an independent certification company that is in charge of inspecting and certifying producers and traders. The Fair trade Foundation is an independent non-profit organisation that focuses on four main areas in the UK: licencing the Fair Trade mark, supporting producer organisations and their networks, increasing demand for Fair trade products, enabling small farmers to sell to traders and retailers, and finally raising awareness of the importance of Fair trade and its role in making trade fair. The National Federation of Women’s Institutes, Christian Aid, Oxfam, Traidcraft, and Global Justice Now collaborated to form the Foundation in 1992. The Foundation is a member of Fair trade International, which includes networks of producer organisations from Asia, Africa, Latin America, and the Caribbean and more than 20 labelling efforts from Europe, North America, Japan, Mexico, and Australia/New Zealand.

According to Laura Raynolds, ‘Fair Trade represents a critique of historically rooted international trade in equalities and efforts to create more egalitarian commodity networks linking marginalised producers in the global South with progressive consumers in the global North’. It is mandatory for Fair trade producers to organise collectively, either in cooperatives or workers’ organisations with a democratic structure and transparent administration, so that they have greater bargaining power and control over their own businesses. One of the major distinguishing features of Fair trade is that 50 percent is owned by farmers and workers themselves. Also, Fair trade offers some of the highest Premiums in the industry for producers. 2017, Fair trade Premium earnings for farmers and workers were € 178 million. Whereas in 2018, Farmers and workers earned only € 176.5 million in Fair trade Premium for the top 7 products. From this fair trade premium, small-scale producer organisations spend forty-eight percent on Services for farmer members, forty-one percent for investments, eight percent on services for communities, and three percent for others. While during 2019, Fair trade Premium has increased and farmers and workers earned € 190.6 million in Fair trade Premium for the top 7 products. But during the 2020-21 period, Fair trade Premium has again decreased, and Fair

trade farmers and workers could earn only € 179.4 million in Fair trade Premium for the top 7 products. From this fair trade premium, small-scale producer organisations spend forty-eight percent for Services for farmer members, forty-four percent for investments and eight percent for services for communities.

As per Annual reports of Fair Trade, from 55 producer organisations representing 122000 farmers in 2010 to 1599 producer organisation in seventy-five countries by 2017-18 shows the growth of Fair trade International. 1,707 Fair trade certified producer organisations in 2018 has been increased to 1,822 Fair trade certified producer organisations in 2019. By 2020-21 it has expanded to 1.9 million farmers and workers in 71 countries who are members of 1880 fair trade certified producer organisations. Banana, coffee, cocoa, sugar, flowers and plants, tea and cotton constitute ninety per cent of fair trade products.

Section IV

Sanghamaithri Farmer Producer Company Ltd Kerala

Under the Companies Act of 1956, the Sanghamaithri Farmer Producer Company Ltd. of Kerala (SFPCCK) was established in 2011. Production, sourcing, marketing, and value addition are among SFPCCK's key functional areas. SFPCCK primarily conducts business in Thiruvananthapuram's 50 panchayats. Around 16 lakh rupees are made daily and 50 crore rupees are made annually by SFPCCK. The primary crop grown is the banana, which is added value by being made into banana chips. Under SFPCCK, vegetables, tubers, and medicinal plants are also grown. Most farmers are modest landowners who lease land for cultivation and possess only a few cents to ten cents of land in total. The majority of farmers cultivate on leased land. Collectively SFPCCK has 500 hectares of vegetable cultivation, 300 hectares of minor tubers, 100 hectares of medicinal plants and 1500 hectares of banana plants.

Origin and Leadership

By registering under the Companies Act of 1956 at the ROC Ernakulam (Kerala) Registrar Office, Sanghamaithri Farmer Producer Company Ltd Kerala (SFPCCK) started its journey as a Farmer Producer Company in 2011. Under the Travancore Cochin Charitable Societies Act of 1952, it was established as Sanghamaithri Karshikolpanna Sambharana Vipana Sangham in 2003 with a Rs. 12,000 initial investment and 12 members. Currently, SFPCCK has 55 owners and roughly 6500 members, with an authorised capital of Rs. 50 crores. M. James serves as SFPCCK's managing director, and R. Balachandran Nair serves as the organization's chairman. The SFPCCK has its annual general meeting on March 31st. The SFPCCK Head Office, a 10500 square foot structure, is located in Pallichal, Thiruvananthapuram. The head office consists of grading and marketing yard, artificial ripening chamber, chips making unit, training centre, and library. The ripening centre is fully automatic with the capacity to ripe 20 tons per day using natural ethylene gas, and the chips liner can make 50 kilograms of chips per hour. The training centre and farmer's library are a result of support from the State Horticulture Mission and NABARD. SFPCCK also receives support from the Cochin shipyard, Rashtriya Krishi Vikas Yojana (RKVY) and other government schemes. SFPCCK is one of the best-performing Farmer Producer Companies operating in the Thiruvananthapuram district. It was started to address the problems faced by the small farmers such as small landholdings, lack of fair prices for their agricultural products, lack of technical support, lack of credit facilities, and lack of access to the market. The main challenge faced by the farmers was market access and obtaining a fair price. The formation of Sanghamaithri Farmer Producer Company Ltd Kerala (SFPCCK) is a great example of the collectivisation of farmers for obtaining the benefits of bulk input procurement and distribution, aggregation and marketing of output, agro-processing, pre-harvesting, and post-harvesting activities, and for activities like organic farming, value addition, seed production and marketing, and other allied activities. Another important aspect about Sanghamaithri Farmer Producer Company Ltd Kerala (SFPCCK) is its leadership; it's fully run by farmers themselves under the chairmanship of R. Balachandran Nair who is also a farmer.

Membership

The membership is open to farmers who can produce 10-ton products annually or produce worth Rs.25000 annually. SFPCCK includes only farmers since Farmer Producer Companies can only include primary producers so that outsiders do not capture control of the company. SFPCCK has about 6500 members and 55 shareholders with an authorised capital of Rs.50 crores. Member of SFPCCK receives bonus during festival times. Besides, SFPCCK provides training to its member farmers. The members have received training from many prestigious institutions like Pusa Institute of Technology, New Delhi, Indian Institute of Vegetable Research (IIVR) Varanasi, Sub Tropical Mango Research Institute Lucknow, Indian Institute of Horticultural Research (IIHR) Bengaluru, Central Food Technological Research Institute (CFTRI) Mysore, National Research Centre for Banana (NRCB) Trichy, etc. The farmers have also participated in many exhibitions conducted by the Government of India. Farmers received training in cultivation aspects of vegetables and familiarisation of varieties from IIHR, Bangalore. From NRCB, Trichy farmers received training in cultivation and value addition in Banana. They also received training for value addition from CFTRI, Mysore. Being a member of SFPCCK, farmers enjoy assured and timely procurement prices, bonus during festival times, training, etc. This has indeed enhanced the negotiating powers of farmers with market access.

The reason behind the success of SFPCCK can be attributed to the solidarity among its member farmers. The membership of SFPCCK has increased from 20 farmers to around 6500 farmers over the years. SFPCCK is an example of a collective that was self-organised by farmers to sustain their livelihood. Solidarity among farmers in SFPCCK can be observed from their daily activities, starting from bulk procurement of inputs, distribution, aggregation, and marketing of output, agro-processing, pre-and post-harvesting activities, storage, and transportation to markets. SFPCCK is a democratic organisation; each member farmer has only one vote regardless of his number of shares in the Farmer Producer Organisation; its share is not tradable but transferable with prior approval of the company. SFPCCK conducts an annual general meeting every year. Economic and social affairs within SFPCCK are coordinated democratically. Another important principle of SFPCCK is collective ownership and organisation by farmers themselves. Farmers are both owners and workers at SFPCCK. At SFPCCK, farmers themselves organise all activities, including management of the Farmer Production Organisation, procurement and production of agricultural commodities, marketing, processing, etc. Through SFPCCK, farmers are encouraged to do organic farming. Through collectivisation and bulk procurement of inputs, the cost of organic agricultural production is minimised. Cultivation through the traditional knowledge system is given importance at SFPCCK. Medicinal plants are also cultivated under SFPCCK. The major difference before and after the formation of SFPCCK is that farmers are now able to gain more prices for their products and they get the amount at the time of procurement itself. Before joining SFPCCK, farmers had to wait for long periods for payment, and the situation changed after joining SFPCCK. Timely payments have enabled farmers to meet their expenses and have encouraged them to continue farming. The absence of middlemen has made it a more farmer-friendly organisation. Another reason behind the success of SFPCCK can be attributed to the importance it gives to training its member farmers. The members have received training from many prestigious institutions like PUSA Institute, New Delhi, IIVR Varanasi, Sub Tropical Mango Research Institute Lucknow, IIHR Bengaluru, CFTRI Mysore, NRCB Trichy, etc. The farmers have also participated in many exhibitions conducted by the Government of India. Farmers received training in cultivation aspects of vegetables and familiarisation of varieties from IIHR, Bangalore. From NRCB, Trichy farmers received training in cultivation and value addition in bananas. They also received training for value addition from CFTRI, Mysore. At present, across fifty panchayats, two municipalities, and Thiruvananthapuram corporation, SFPCCK has twenty-eight collection centres and fifteen retail shops, and five mobile units. Through SFPCCK, farmers were able to overcome the problem of market access. With the creation of collection points, farmers could sell their products at the proximity of their farms, and with collectivisation, they could save transportation costs. The ripening centre is fully automatic, with a capacity to ripen 20 tons per day using natural ethylene gas, and the chips liner can make 50 kilograms of chips per hour.

SFPCK, through the collectivisation of these farmers, could gain negotiating power in the market. Farmers now receive more social recognition since they are now members of a reputable producer organisation. Farmers opined that they felt an increase in their social recognition since they joined SFPCK as they visited agricultural institutes and outlets. SFPCK provides farmers fair prices for their products at the time of procurement itself. Timely payments by SFPCK are the most significant benefit for farmers from SFPCK. SFPCK charges a six per cent commission from farmers and half of that is given back to farmers as a bonus during festivals and the remaining is used for operating expenses of the company.

All farmers interviewed opined that direct sale of farm produce for maximum profit and instant payment for the product was the foremost reason for joining the company and followed by the availability of farm inputs at reasonable rate and benefits from various government schemes through the producer company, all these made possible by being a part of a democratic collective.

FairTrade Alliance Kerala

FairTrade Alliance Kerala is one of the important collectives of small farmers to gain access to the global market on fair trade equitable trading terms. Fair trade Alliance Kerala was formed in 2006; Four hilly districts of Kerala's Western Ghats are home to the members of the farmer-led Fair Trade Alliance Kerala. To help farmers gain access to the global market and increase their revenue through Fair trade, FTAK was founded. Fair Trade was established primarily to address the problem of how unstable market pricing affects small producers' capacity to make a secure and respectable living. For its economic and environmental advantages, FTAK placed a high value on organic farming, and all of its members are now switching to certified organic production. Additionally, FTAK is crucial in helping its member farmers receive access to government-funded programmes, including crop insurance, the provision of organic inputs, and farmer training. The goal of FTAK is to make small-scale farming a viable profession. The main goals of FTAK are to (i) improve farmer unity, introduce agricultural operations for the environment and the human community, and ensure that farmers participate in the production, processing, and distribution of agricultural products; (ii) introduce plans and programmes for farmers to market their products at a reasonable price; (iii) promote ancillary activities to make agriculture profitable; and (iv) promote the overall welfare of farmers.

Approximately 4500 farmers from the regions of Kannur, Kasaragod, Wayanad, and Kozhikode created the Fair Trade Alliance (Karunakaran and Silna Thomas, 2017). It is uniquely positioned to provide fair trade markets for goods, including cocoa, coffee, cinnamon, turmeric, cashew nuts, ginger, pepper, and cardamom. Additionally, FTAK sought to increase farmers' incomes through fair trade and give them access to the global market. This is based on various fair trade concepts, including fair price, fair labour conditions, direct trade, commodity development, and environmental sustainability. The core idea is to promote sustainable development through trade (Chamorro, 2005).

Currently, around 34500 farmers in Kerala's Kasaragod, Kannur, Wayanad, and Kozhikode districts are members of FTAK. Comparing all the districts, Kannur has the most farmers (1870) and the largest total area (3008 hectares). There were 5804 hectares of land, of which 1572 hectares are organic, and 2255 hectares are being converted. Approximately 5,800 hectares are used to raise crops, with a 1.47 ha average farm size. The main product by volume is coconuts (3,934 tonnes), which are followed by cashew nuts (1,124 tonnes), coffee (514 tonnes), and spices such as turmeric (66 tonnes) and cinnamon (500 kilogrammes). Elements Homestead Products, a partner company of FTAK, buys the goods that farmers send to neighbourhood depots. A 44% stake in the UK-based Fairtrade nut company Liberation Foods is jointly owned by FTAK and 11 producer cooperatives from Bolivia, Nicaragua, and Malawi. Since they are the company's owners, they have a voice in its governance and more influence inside its supply chain. Additionally, FTAK is putting programmes in place to assist its members who are in the least developed economic sectors. Women take responsibility of their families' food by recognising the importance of homestead farming and encouraging it. Small farms produce a wide variety of foods, considerably enhancing the food security of their family.

Karunakaran (2017) points out that Fair Trade Alliance Kerala increased the production of organic crops by giving fair prices, premiums and different schemes and methods in Kerala. It also provides different policy measures to support organic farmers by increasing their production. In fairtrade, farmers earn high price for the commodities and helps to market the products to foreign countries with no intermediary. The study by Karunakaran (2019) revealed that fair trade farmers earned higher prices (20 to 50 per cent) for commodities and marketing of products to foreign countries without intermediaries, and organic farming is a better option for increasing farmers' income in India.

Additionally, FTAK offered many programmes to increase farming, such as (i) promoting organic farming, (ii) distributing tools, (iii) offering training, (iv) providing a community kitchen for students, (v) providing solar fences for farmers, (vi) giving monetary rewards to farmers, (vii) supplying communal water, and (viii) offering a programme for women's empowerment. We can conclude that Kerala's fair trade coalition has facilitated farmers' social and economic advancement. Because the farmers in the study area did not use any kind of chemical pesticides or fertilisers for the crops, the quality of the crops is quite high. Fair trade is aimed at social advancements like women's empowerment, environmental protection, and sustainable development in addition to the financial uplift of farmers.

The analysis shows that the FTAK programmes promoted agricultural productivity and production. The farmers benefit from the high-quality organic products, which include pepper, cashewnuts, coconut, ginger, turmeric, and cocoa. This promotes social advancement, women's empowerment, and environmental protection. Organic farmers were given awareness training by FTAK, who supported them by guaranteeing high crop prices. Additionally, FTAK assisted the farmers in promoting their goods internationally in order to enhance sales and income.

Summary

FPO is viewed as modern agricultural cooperatives envisioned for tackling the issues like lack of market information, access to credit facilities and markets, low negotiable power, and lack of institutional support and training. Whereas Fair Trade Alliance Kerala is seen as one of the important collectives of small farmers to gain access to the global market on fair trade equitable trading terms. Small and fragmented holdings are more important in a densely populated and intensively cultivated state like Kerala. The current situation of policies and initiatives pertaining to Farmer Producer Organizations in Kerala and the FairTrade Alliance Kerala was examined in this report. To comprehend the fundamentals of a Farmer Producer Organization, the Sanghamaithri Farmer Producer Company Ltd. of Kerala (SFPCCK) was used as a case study. A total of 8,500 FPOs had been promoted in the nation as of January 2021, 4,868 of them by NABARD alone, according to the research. According to Sarma and Roy (2019), the number of FPOs in India slightly increased between 2004 and 2012. The number of FPOs in India suddenly increased between 2014 and 2015, and then the growth decreased in 2018. According to the survey, Goa, Maharashtra, and Gujarat are the three states with the most FPOs registered as of April 2019. The Union Territories has the fewest FPCs registered. Five states - Uttar Pradesh, Madhya Pradesh, Karnataka, Maharashtra, Tamil Nadu, and West Bengal - account for more than 50% of all FPCs in India, according to Anirban Mukherjee (2018). According to NABARD data, Kerala is home to roughly 121 FPOs, of which 105 are funded by the PRODUCE fund and 16 by the NABARD promotional fund. Kerala has the most FPOs in the districts of Idukki, Palakkad, and Kozhikode. From the analysis, SFPCCK functions on principles namely, solidarity, democracy, equity, sustainability, worker and collective ownership, ongoing education and learning for progress, self-managed enterprises and economic and social functions. The primary motivation for joining the company, according to all farmers interviewed, was the direct sale of farm products for maximum profit and immediate payment for the product. This was followed by the availability of farm inputs at reasonable prices and benefits from various government programmes, all of which were made possible by belonging to a democratic collective. Farmers who join SFPCCK benefit from training, guaranteed and prompt procurement prices and bonus during festival times. Farmers who have access to markets have now more negotiating leverage as a result of this. We can conclude

that Kerala's fair trade coalition has facilitated farmers' social and economic advancement. Because the farmers in the study area did not use any kind of chemical pesticides or fertilisers for the crops, the quality of the crops is quite high. Fairtrade aims at social advancements like women's empowerment, environmental protection, and sustainable development in addition to the financial uplift of farmers.

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