

AIR Spotlight - Discussion on Cabinet Decisions

AIR Spotlight is an insightful program featured daily on the All India Radio Newsonair. In this program, many eminent panelists discuss issues of importance which can be quite helpful in the [IAS exam](#) preparation. In this article, the discussion is on recent Cabinet discussions.

Participants:

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Context:

The Cabinet has taken certain important decisions. This article will discuss all those decisions and their implications for the Indian economy.

Decision – PLI Scheme

What is the Production Linked Incentive Scheme?

- As the name suggests, the scheme provides incentives to companies for enhancing their domestic manufacturing apart from focusing on reducing import bills and improving the cost competitiveness of local goods.
- PLI scheme offers incentives on incremental sales for products manufactured in India.

Read more on the [Production Linked Incentive Scheme \(PLI\)](#) in the linked article.

PLI and textile sector:

- India has performed well in the textile sector but it is a niche area.
- Hence, to expand the scope of the textile sector in terms of increasing the number of jobs, and adding value to the export market, the union cabinet has approved the Production Linked Incentives (PLI) scheme worth Rs 10,683 crore for the textile sector.
- PLI scheme for textiles is part of the overall announcement of PLI Schemes for 13 sectors made earlier during the [Union Budget 2021-22](#), with an outlay of Rs 1.97 lakh crore.

PLI Scheme Benefits:

- The PLI scheme for textiles will promote the production of high-value Man-made fibre (MMF) fabrics, Garments, and Technical Textiles in the country.
- The incentive structure has been so formulated that the industry will be encouraged to invest in fresh capacities in these segments.
- This will give a major push to the growing high-value MMF segment which will complement the efforts of cotton and other natural fibre-based textiles industry in generating new opportunities for employment and trade, resultantly helping India regain its historical dominant status in global textiles trade.

- The Technical Textiles segment is a new age textile segment, whose application in several sectors of the economy, including infrastructure, water, health and hygiene, defense, security, automobiles, aviation, etc. will improve the efficiencies in those sectors of the economy.
- The factories based around aspirational districts or Tier-3 & Tier-4 cities will be given priority, which will especially benefit states like Gujarat, Uttar Pradesh, Maharashtra, Tamil Nadu, Punjab, Andhra Pradesh, Telangana.
- Cabinet Minister Mr. Piyush Goyal said, "We hope that this decision will produce some global champions."
- The textiles industry predominantly employs women, therefore, the scheme will empower women and increase their participation in the informal economy.

Also read: [National Technical Textiles Mission \(NTTM\)](#)

Investment Structure of the scheme:

There are two types of investments possible with different sets of incentive structures:

- **The first part of investment:**
 - - Any person, (which includes firm/company) willing to invest minimum Rs 300 crore in Plant, Machinery, Equipment and Civil Works (excluding land and administrative building cost) to produce products of Notified lines (MMF Fabrics, Garment) and products of Technical Textiles, shall be eligible to apply for participation in the first part of the scheme.
- **The second part of investment:**
 - - In the second part, any person, (which includes a firm/company) willing to invest a minimum of Rs 100 Crore shall be eligible to apply for participation in this part of the scheme. In addition, priority will be given for investment in Aspirational Districts, Tier 3, Tier 4 towns, and rural areas, and due to this priority, the industry will be incentivized to move to the backward area.
- **Prediction of five years:**
 - It is estimated that over a period of five years, the PLI Scheme for Textiles will lead to a fresh investment of more than Rs 19,000 crore, cumulative turnover of over Rs 3 lakh crore will be achieved under this scheme and, will create additional employment opportunities for more than 7.5 lakh jobs in this sector and several lakhs more for supporting activities.

Decision – Free Trade Agreements with Western countries

- After the Modi government came into power, several initiatives on Free Trade Agreements, Comprehensive Economic Partnership, etc. have been taken with an idea to boost exports.
- Mr. Piyush Goyal said that the government is working on free trade agreements (FTAs) with advanced economies such as the UK, the US, EU that will help the country in both getting requisition imports as well boosting exports.

- FTAs would also help the textile sector in getting a level playing field that faced unequal duties in some of these markets.

Decision – Increase in the Minimum Support Price for Rabi Crops

- The Cabinet Committee on Economic Affairs (CCEA) chaired by Prime Minister Narendra Modi has approved the increase in the [Minimum Support Prices \(MSP\)](#) for all mandated Rabi crops for Rabi Marketing Season (RMS) 2022-23 in a bid to encourage diversification in production.
- It may be noted that MSP is the rate at which the government buys grains from farmers. As per the norm, the government fixes MSPs for 23 crops grown in both Kharif and Rabi seasons.
- The MSP hike comes before the sowing of Rabi (winter crop) that begins from October, immediately after the harvest of Kharif crops.
- The MSPs have been aligned in favour of oilseeds, pulses, and coarse cereals.

New MSPs for Rabi Crops:

The hike in MSP for different crops are mentioned below:

Crops	2021-22	2022-23	Hike (Rs)	Hike (%)
Wheat	1975	2015	40	2%
Safflower	5327	5441	114	2.1%
Barley	1600	1635	35	2.2%
Gram	5100	5230	130	2.5%
Lentil	5100	5500	400	7.8%
Mustard	4650	5050	400	8.6%

- The highest hike to mustard and rapeseed is in sync with the government's increasing focus on oilseeds in order to reduce the country's dependence on imports.
- Similarly, a good hike in MSP of lentils (Masur) too reflects the priority on pulses, the price rise of which invariably causes heartburn among consumers.

Hike in the MSP of wheat:

- Wheat and mustard are major Rabi crops. The MSP for wheat has been increased by Rs 40 to Rs 2,015 per quintal and by Rs 400 to Rs 5,050 per quintal for mustard seed in the current crop year.
- However, the MSP hike for wheat (2 percent) is the lowest in a decade. It is worth mentioning that India is the world's second-biggest wheat consumer and the prices are set each year to protect farmers from panic selling.

- The production of wheat and rice in 2021-22 is expected to be around 305 metric tonnes and it is estimated that the demand for food grains in India by 2030 will be around 345 metric tons. Hence, it gives a kind of satisfaction but there are other issues as well in front of the government such as the problem of storage, procurement, etc.
- Hence, the government is trying to balance the requirement of demand and supply for foodgrains and the stability of price level.
- The increase in MSP of Rabi crops will ensure remunerative prices for farmers, according to the government.

Efforts of the government:

- The government is making continuous efforts to diversify the crop pattern so that farmers can shift to more profitable processes whether it is horticulture, floriculture, pisciculture, and so on and so forth.
- The traditional farming practices followed by the farmers for a long time are causing issues such as waterlogging, salinization, overdraw of natural resources, etc. and these have created other problems as well.
- The government is trying to tackle the problems of supply-demand imbalance, and the government is also trying to incentivize the farmers so that they can avail themselves of a decent standard of living.

Pradhan Mantri Annadata Aay SanraksHan Abhiyan (PM-AASHA):

- - If we look at agriculture in the 1960s and 1970s, the farmers had put their hearts in making the country self-sufficient.
 - But, there are some issues involved with the small and marginal farmers such as fragmentation of their landholdings, not benefitting from the economies of scale, etc.
 - The government was trying to address these issues in the past and is still making a lot of efforts to provide benefits to these small and marginal farmers.
 - Pradhan Mantri Annadata Aay SanraksHan Abhiyan' (PM-AASHA) is one of the schemes which is focused in this direction.
- **PM-AASHA**
 - It is an umbrella scheme to ensure Minimum Support Price (MSP) to farmers. It comprises the erstwhile Price Support Scheme (PSS) with certain modifications and rolling out of new schemes such as the Price Deficiency Payment Scheme (PDPS) and a pilot of the Private Procurement and Stockist Scheme (PPSS).
 - Under PM-AASHA, States/UTs are offered to choose either PSS or PDPS (Price Deficiency Payment System) in a given procurement season with respect to particular oilseeds crop for the entire State.
 - Pulses and Copra are procured under PSS. Only one scheme i.e. PSS or PDPS may be made operational in one State with respect to one commodity.
 - Further, states have the option to roll out PPSS on a pilot basis in districts/selected APMCs of districts involving the participation of private stockists for oilseeds.

- Further, wheat paddy and coarse grains are procured under the existing schemes of the Department of Food and Public Distribution and cotton is procured under the existing schemes of the Ministry of Textiles.
- It is helping farmers in getting increased MSP which provides adequate returns over the cost of production.

Decision: Memoranda of Understanding

Mou between ICAI and CAAR:

- The Union Cabinet, chaired by Prime Minister Shri Narendra Modi, has approved the signing of a Memorandum of Understanding between the Institute of Chartered Accountants of India (ICAI) & the Chamber of Auditors of the Republic of Azerbaijan (CAAR).
- The signing of this MoU would help in establishing mutual cooperation in the areas of Member Management, Professional Ethics, Technical Research, CPD, Professional Accountancy Training, Audit Quality Monitoring, Advancement of Accounting Knowledge, Professional and Intellectual Development.
- With this MoU, ICAI would be able to strengthen partnership with Azerbaijan by providing the export of services in the accountancy profession.

MoU on Cooperation in the field of Geosciences:

- The Union Cabinet has approved the signing of a Memorandum of Understanding (MoU) on cooperation in the field of Geosciences between the Joint Stock Company Rosgeologia (State holding Company) (referred to as ROSGEO), a legal entity incorporated under the laws of the Russian Federation and the Geological Survey of India (GSI), Ministry of Mines, Government of India.
- The main objective of this MoU is to extend mutual cooperation for technological collaboration on exploration for deep-seated and/or concealed mineral deposit; analysis and interpretation of the aero-geophysical data; PGE and REE Exploration and Research; Joint development of the Indian Geoscience Data repository with the Russian state-of-the-art Information Technology; exchange of technology & knowledge in the field of drilling, sampling, and laboratory analysis to achieve data accuracy, and cost optimization; and training and capacity building of scientific personnel, etc., between “both the parties in the fields of Geosciences”.

Conclusion:

The government is introducing measures to boost the Indian economy and it is expected that the above-mentioned initiatives will provide fruitful results.

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