

## Village India catching up healthy food habits

ENS Economic Bureau

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Health consciousness is catching up with rural households. A National Sample Survey Organisation (NSSO) survey on consumer expenditure for fiscal 2005-06, which was released today, has found that an average rural family spent 53 paise of every rupee on buying healthy food products like milk & milk products, eggs, meat, fish and vegetables while its urban counterpart spent 60 paise of every rupee on non-food items such as fuel and lighting (9paise), clothing and footwear (6paise), and the maximum of 14 paise on consumer services.

Rural per capita consumption of eggs saw an increase of nearly 60 per cent between 1993-94 and 2004-05. The percentage of rural households consuming eggs in a month rose from 22 to 33 per cent during the period. In urban areas, per capita consumption increase during the review period was just about 16 per cent.

However, the monthly per capita expenditure (MPCE) of an average urban family on cereals, milk & milk products, eggs, meat and fish was at least 58 per cent more than what a rural family spent in 2005-06. To meet the expenses of city life, the average urban family spent five times more (Rs 703) on non-food items than its rural counterpart, which spent just Rs 291 on education, entertainment, fuel & lighting, and clothing & footwear.

The average urban Indian spent just 9 paise of every rupee on cereals while the rural citizen spent 17 paise. The survey found that the urban Indian spent a smaller portion of the rupee than the rural Indian on every food group except

beverages, refreshments and processed food.

Rural and urban India exhibited variations in expenditure on food at the state level. For rural India, state-level food expenditure per person varied between Rs 251 and Rs 400, in which 13 of the 17 major states were fairly evenly spread out. It was the lowest in Chattisgarh (Rs 236), followed by Madhya Pradesh (Rs 250) and Orissa (Rs 260). The national average was Rs.333.

The share of food in total expenditure varied from 44 per cent for high MPCE states like Punjab and Kerala to 60 per cent in Assam and 61 per cent each in Bihar and Jharkhand.

# Good scope for export of rural products: Mani Shankar Aiyar

Special Correspondent

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## Rural Business Hub set up in Nagapattinam district

There is tremendous scope for manufacturing products from raw materials available in rural areas and exporting them to enable the people in rural areas to get employment and improve the economy in villages, said Mani Shankar Aiyar, Union Minister for Panchayati Raj, Youth Welfare and Sports, here on Wednesday.

Addressing a workshop on 'Rural Business Hubs' organised by the union ministry of Panchayati Raj, Youth Welfare and Sports, here on Wednesday.

Addressing a workshop on 'Rural business Hubs' organised by the Union Ministry of Panchayati Raj in coordination with the Tamil Nadu Government at the Collectorate here, Mr. Aiyar said Rural Business Hubs were being created in the country as suggested by Prime Minister Manmohan Singh.

A hub had been set up in Nagapattinam district and 51 agreements signed between entrepreneurs and village panchayats for starting rural industries,

A memorandum of understanding (MoU) was signed here on Wednesday between the Union Ministry of Panchayat Raj and Export and Import Bank of India (Exim Bank) at national level for exporting the products made by rural industries and also to get financial assistance from the Exim Bank.

S.R.Rao, Executive Director of Exim Bank and P.K.Kesavan, Director (Rural Business Hubs). Union Ministry of panchayat Raj, signed the memorandum in the presence of Mr. Aiyar and Jairam Ramesh, Union Minister of State for

- Entrepreneurs, village panchayats ink 51 agreements.

- Ministry, Exim Bank sign MoU to facilitate exports.

commerce, and Tenkasi S.Jawahr, Nagapattinam collector.

Mr. Aiyar pointed out that a scheme had been chalked out under which the National Bank for Agriculture and Rural Development (NABARD) would promote rural industries and provide training to entrepreneurs,

The MoU was inked in Chattisgarh last month and rural business hub started in 12 districts in the country.

Mr. Aiyar and Mr. Ramesh discussed with presidents and members of local bodies about the feasibility of local bodies about the feasibility of starting several rural industries using raw materials available in the district.

### **Export Centre**

Mr. Ramesh said a handloom export promotion centre would be set up in Nagapattinam district by September.

The Rajiv Gandhi Marine products research Centre, built at a cost of Rs.14 crore at Thirumullaivasal on the Nagapattinam coast would be inaugurated this year.

The Minister said there was good scope for starting several rural industries and export prospects were bright in the country.

## New rural bonds for tax saving purposes

Arnav Pandya

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There is an additional choice for investors for their tax saving investment under Section 80C. The introduction of the new rural bonds has made the decision about the choice of instruments important for individuals. A proper appraisal of the options is essential to ensure that the decision is made after taking into consideration the prevailing factors and also the requirements of the individual.

### **Tax benefit**

The new bonds that have been introduced are Rural bonds from NABARD where the investor gets a tax deduction based on the amount invested in the bonds. This deduction is part of the Rs 1 lakh benefit that a person can get when they invest in specified instruments under Section 80C of the Income Tax Act. The face value of the bond is Rs 1,000 and there has to be minimum investment of 5 bonds by an investor in order to qualify for a valid application. This allows the person to get the necessary tax deduction at the time of application. There is no benefit on the income is fully taxable.

### **Returns comparison**

The important point for consideration is how the return shapes up for an individual. This is at 8.25 per cent but is taxable. The return for senior citizens is higher at 8.75 per cent. The right way to compare this instrument would be look at several other options that are present.

In terms of debts options the fixed deposits from banks that are present in the market will offer returns around 8-8.5 per cent while the National Savings certificate also has a return of 8 per cent (Yield slightly higher). Both these are taxable so they are on the same level. On the other hand there is the public provident fund that has tax-free returns but this is not guaranteed and at the same time is accumulated to be paid at a later date. Senior citizens might find these bonds higher on the return chart than other instruments.

### **Lock-in and outflow**

The other factors that need to be considered by the individual also involve the mode of operation of the bonds. The first thing is that they are for a period of five years and this involves a lock in for that time period. This is comparable to the five-year lock in for the bank fixed deposits and at the same time the six-year feature for the NSC. The bonds cannot be traded and cannot be offered as a security for a loan.

The difference that will be seen is in terms of the pay out where unlike the NSC and the PPF the returns will not be accumulated but will be paid out to the individual. The payment will be made annually with the interest being received on 31 July and there is also a cumulative option if the investor desires.

### **REAPING BENEFITS**

- The newly introduced rural bonds provide a tax deduction under Section 80C.
- There is no tax benefit on the interest earned
- Minimum investment has to be for 5 bonds of Rs 1,000 each
- This instrument is not transferable and is not eligible as security
- Interest is received each year or it can be accumulated.