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Bharat Audyogik Vikas Yojana Rasayan (BHAVYA Rasayan) Scheme

24-07-2026

CABINET DECISION

Cabinet approves **BHAVYA - Rasayan Scheme** for establishing **3 dedicated Chemical Parks** in the country

Total financial outlay: **₹ 3,030 crore**

Scheme will run for a period of 5 years from **FY 2026-27 to FY 2030-31**

Parks to provide **plug-and-play infrastructure**, in the form of Common Infrastructure Facilities and Basic Utilities for the chemical industry

Each such park will have a minimum contiguous area of **8 sq. km.** (minimum 2,000 acres) of encumbrance-free land

Cabinet approves scheme of Chemical Parks "Bharat Audyogik Vikas Yojana Rasayan (BHAVYA Rasayan)

Posted On: 24 JUL 2026 4:12PM by PIB Delhi

The Union Cabinet chaired by the Prime Minister Shri Narendra Modi has approved **Bharat Audyogik Vikas Yojana Rasayan** or **BHAVYA - Rasayan Scheme** for establishing three dedicated Chemical Parks in the country. The Scheme was announced in the Union Budget of FY 2026–27.

The Scheme will have a total financial outlay of **Rs.3,030 crore**, with Rs.3,000 crore towards meeting the cost of establishing the Common Infrastructure Facilities and Basic Utilities inside the park and Rs. 30 Crores as administrative expenditure. The scheme would run for a period of 5 years from FY 2026-27 to FY 2030-31.

In terms of the said scheme, **the Centre would provide a grant of up to Rs.1,000 crore per park**. This will be subject to **minimum contribution of Rs.500 crore** by the concerned State Government.

BHAVYA Rasayan Scheme is expected to bring the following benefits to the economy:

- It will promote development of the Chemical industry along the whole value chains including upstream, downstream and ancillary industries promoting efficient utilization of resources, leading to lower logistics cost.
- Through shared Common Infrastructure Facilities and Basic Utilities, keeping the needs of chemicals industry in mind, it will lead to enhanced cost competitiveness and will make the Indian Industry globally competitive.
- It will help the Indian Chemical industry better integrate in Global Value Chains leading to greater exports and higher import substitution.
- It will promote development of Indian Chemical industry in a sustainable way by creating an environment friendly ecosystem which will consist of centralized facilities such as Common Effluent Treatment Plant, Treatment, Storage, and Disposal Facility, and Hazardous Waste Management infrastructure. It will ensure better compliance management with environmental regulations, thereby promoting development of industry in eco-friendly manner.
- Development of Chemical sector will lead to a cascading effect through enhanced development of downstream sectors of the economy as well, thereby leading to higher employment generation and greater development of the economy, helping achieve the goal of Viksit Bharat @ 2047.

Recognising that this sector produces Chemicals and Petrochemicals which are used in various downstream industries such as Agriculture, Textiles, Pharmaceuticals, Nutraceuticals, Construction, Automobile, Electronics, introducing BHAVYA Rasayan Scheme shall facilitate development of the sector by attracting domestic and foreign investments, enhancing domestic production capacity and generating employment. It will boost the global competitiveness of the sector thereby, promoting Atmanirbharta.

In terms of the said Scheme, the Centre will facilitate development of three dedicated Chemical Parks by the State Governments under Challenge Route. Each such park will have a minimum contiguous area of 8 sq. km. (minimum 2,000 acres) of encumbrance-free land. These parks will provide plug-and-play infrastructure, in the form of Common Infrastructure Facilities and Basic Utilities for the chemical industry such as:

- Common Effluent Treatment Plant (CETP),
- Treatment, Storage, and Disposal Facility (TSDF),
- Water supply and distribution systems,
- Solvent recovery and distillation facilities,
- Steam generation and distribution network,
- Interconnected pipeline network,
- Logistics and warehousing facilities.

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MJPS

1. Context (GS-3: Industrial Development & Infrastructure)

I. BHAVYA (Bharat Audyogik Vikas Yojana Rasayan) is a Scheme to establish 3 integrated Chemical Parks with world-class common infrastructure for the chemical industry.

II. Aims to boost chemical manufacturing, exports, Global Value Chain (GVC) integration, import substitution and employment.

2. BHAVYA Scheme

I. Ministry: Chemicals & Fertilizers.

II. Duration: FY 2026–27 to FY 2030–31.

III. Outlay: ₹3,030 crore (₹3,000 crore infrastructure + ₹30 crore administration).

IV. Funding: Centre—up to ₹1,000 crore/park; State—minimum ₹500 crore.

V. Selection: States selected competitively (Challenge Route) based on project readiness.

VI. Eligibility: 8 sq. km. (2,000 acres) of contiguous, encumbrance-free land.

VII. Infrastructure: Plug-and-play facilities—Common Effluent Treatment Plant (CETP), Treatment, Storage & Disposal Facility (TSDF), water, steam, solvent recovery, pipeline, logistics & warehousing.

VIII. Outcomes: Lower logistics cost, higher competitiveness, sustainable manufacturing, exports, employment, Atmanirbhar Bharat & Viksit Bharat 2047.

• GLOBAL

New US tariffs leave India better off than competitors

US says the Section 301 tariffs target countries importing 'forced labour' goods. The real aim may be to force them to reduce dependence on China

RAVI DUTTA MISHRA

THE Donald Trump administration has begun its efforts to reconstruct its International Emergency Economic Powers Act (IEEPA) tariffs that were declared illegal by the US Supreme Court in February.

Starting Friday, the administration began imposing new tariffs under Section 301 of the US Trade Act of 1974 on the grounds that the 60 countries it targets — all major exporters to the US — have failed to take measures to stop imports of goods manufactured through forced labour.

According to the US Trade Representative (USTR), countries that import goods made by forced labour get an artificial cost advantage while exporting goods, forcing American workers to compete on an uneven field. The main target, however, is clear: China. These tariffs are largely meant to force countries to cut their dependence on China, which the US is in a trade war with. The US State department says the country uses forced prison labour to make goods and injects these into international supply chains.

The new US architecture is yet to fully take shape. Only the first set of tariffs has been imposed, and multiple other Section 301 tariff investigations are still ongoing.

India, as of now, faces 10% tariffs, down from the 12.5% when the USTR first proposed the tariffs in March. The Trump administration is expected to announce the results of another Section 301 investigation, this one focusing on excess manufacturing capacity. The lower rates for Indian goods come with New Delhi engaging in negotiations with the US for over a year, stepping up energy imports from Washington and lowering duty for some US goods.

On June 14, India also amended its foreign trade policy to explicitly ban the import of goods produced using forced labour. The USTR considered this an improvement, placing India in the lower-tariff category alongside 16 other economies.

• The four-tier US tariff structure

Brackets countries based on measures they have taken to prevent imports of products made through forced labour

	Section 301 tariffs	Number of countries
Most favourable group	10% net of MFN tariff rate	EU, Taiwan
Second-most favourable group	Flat 10% (on top of MFN tariff rate)	17 (including India, Pakistan, Sri Lanka, Canada, Mexico)
Third-most favourable group	12.5% net of MFN tariff rate	3 (Japan, South Korea, Switzerland)
Least favourable	Flat 12.5% (on top of MFN tariff rate)	38 (including China, Vietnam, Russia, Brazil)

SOURCE: GLOBAL TRADE ALERT, USTR; NOTE: MFN REFERS TO MOST-FAVOURED NATION

- USTR took action against 60 countries in a forced-labour Section 301 investigation
- Exemption given to Scotch whisky, medical devices, semiconductors

India's grouping

The USTR's stated reason for imposing the new Section 301 tariffs is the import of goods made by forced labour.

But the four-tier tariff structure — ostensibly bracketing countries based on their measures to curb imports of forced labour goods — suggests that they were imposed along geopolitical lines. All 60 countries under investigation were found guilty — the most favoured countries or groupings remain the European Union (EU) and Taiwan, and the most unfavourable Vietnam and China.

The USTR explained that for a product of the EU or Taiwan, where the product's most-favoured nation (MFN) tariff is less than 10%, the US shall impose a Section 301 tariff in a way that the sum of the MFN tariff and the Section 301 tariff shall be 10%. In cases where a product's MFN tariff is greater than or equal to 10%, the section 301 tariff would not be imposed.

In trade parlance, MFN rates are duties that countries use across the board for all countries. As per World Trade Organisation (WTO) norms, MFN rates are the standard, non-discriminatory tariff or tax levels that a WTO member country promises to apply to imports from other WTO members.

The second-most favourable rate has been offered to India and 16 other countries, where a flat addition of 10% has been imposed. This would mean that the Section 301 rate of 10% would be added to the current MFN rate. Countries in this bracket include Argentina, Bangladesh, Cambodia, Canada, Ecuador, El Salvador, Guatemala, Honduras, India, Indonesia, Jordan, Malaysia, Mexico, Pakistan, Sri Lanka, the UK, and Trinidad and Tobago. Notably, when the investigation began in March, Pakistan had lower tariffs than India.

Rebuilding the tariff regime

The new US tariff architecture — meant to reconstruct the IEEPA tariffs struck down by the Supreme Court — is yet to fully take shape.

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Only the first set of tariffs has been imposed, and multiple Section 301 investigations are still ongoing.

US President Donald Trump at the White House on Thursday. AP

Higher rates on competitors

The third-most favourable grouping includes Japan, Korea and Switzerland. These countries had, in earlier tariff structures, received better rates than India. The USTR said these three countries will now face a 12.5% rate. However, just like countries in the first category, the overall tariffs will be capped at 12.5% itself if the MFN tariff is less than that level.

"...where such product's MFN tariff is greater than or equal to 12.5%, the Trade Representative shall impose a Section 301 tariff of zero," the USTR said in its finding.

The least favourable group had 38 countries, including top Indian competitors such as Vietnam and China. The USTR said these countries, like the second category, face a flat 12.5% rate, which means 12.5% over and above the MFN rates. These two countries have not only been hit with higher tariffs under the "forced labour" category but are also facing more Section 301 tariffs than India. Exporters said that with Vietnam and China facing steeper rates than India, sourcing requirements could shift to India.

'No credible alternative'

In the wake of the tariff measures imposed by the US since early 2025, a significant decline in India's merchandise exports was widely anticipated. But trade data from the Ministry of Commerce reveals that India's exports to the US actually grew 0.9% (or $801.7 million) from $86.5 billion to $87.3 billion, an Indian Council for Research on International Economic Relations (ICRIER) report released in July said.

This, however, was driven by exports of products in the exclusion list, which primarily included pharmaceutical and electronic goods. "In 2025-26, exports of products covered under the exclusion list rose sharply by 24.5%, climbing from $29.4 billion to $36.6 billion. Exports of non-excluded products, by contrast, fell by 11.2% over the same period, declining from US$ 57.1 billion to US$ 50.7 billion - a contraction that reflects the true effect of the tariff measures imposed by the United States," the ICRIER report said.

Even as India aggressively scouts for newer markets through free trade agreements, the report pointed out that the capacity of alternative markets to absorb India's US export losses is "highly uneven... for some product categories, partial for others, and altogether absent for several".

1. Context (GS-2: India–US Relations | GS-3: International Trade)

The United States (US) has introduced **a new tariff regime under Section 301 of the US Trade Act, 1974, restructuring import tariffs on nearly 60 countries**. The revised framework places India in a relatively favourable tariff category than key competitors such as China and Vietnam, improving the competitiveness of Indian exports in the US market.

2. Key Points

I. The **new tariff regime replaces** the earlier tariffs imposed under the International Emergency Economic Powers Act (IEEPA) after they were invalidated by the US Supreme Court.

II. Although **officially intended to curb imports linked to forced labour, the policy also reflects the US strategy of de-risking supply chains from China**, promoting domestic manufacturing and diversifying sourcing towards trusted partners.

III. Countries have been classified into **four tariff categories**, with India attracting lower additional tariffs than major competitors such as China and Vietnam, thereby creating a relative—not absolute—trade advantage for Indian exports.

IV. The **tariff differential provides India an opportunity to expand its market share in the US**, attract supply-chain relocation and strengthen its role in Global Value Chains (GVCs).

V. However, realizing **these gains will depend on India's ability to improve manufacturing competitiveness, logistics efficiency, infrastructure and ease of doing business**, as tariff advantage alone cannot ensure higher exports.

India's foreign policy must look seaward

Syed Akbaruddin

Former Permanent Representative of India to the United Nations and, currently, Dean, Kautilya School of Public Policy, Hyderabad

Indian seafarers need protection beyond borders, flags, and jurisdictions

At sea, nationality is usually clear. Responsibility seldom is. An Indian seafarer may be recruited in Mumbai, hired by a company based in Singapore, placed on a ship flying the flag of Panama, carrying Kuwaiti oil, attacked off the coast of Oman, and detained in a fifth country. His family may know that he is in danger without knowing which government, shipowner, or insurer is responsible for bringing him home. No single authority is fully in charge. For thousands of Indian seafarers, this uncertainty is not an exception but a routine part of ordinary working life.

Of the 14 Indians killed in attacks connected to the conflict in West Asia since February 28, at least eight were seafarers aboard commercial ships. Other Indian seafarers have been injured or stranded because their vessel, its owner or its cargo made them targets in a war they did not choose.

Forgotten maritime workforce

India tends to regard seafarers as a shipping matter until trouble arises. Then, they become a consular case. Government figures put the workforce at about 3.2 lakh as of June 2025, nearly three times its size in 2014. The 2026 Seafarer Workforce Report ranks it second behind the Philippines, narrowly ahead of China, with just over 12% of global supply.

They work abroad without ever settling abroad. Their workplace moves. That mobility sits awkwardly with a consular system organised by territory. During a single voyage, a seafarer can cross several jurisdictions. No authority follows him all the way. An Indian mission may not even know that one of its nationals is nearby until his ship is seized, abandoned or hit.

India cannot wait for an emergency to find out where its seafarers are. Data compiled by the International Transport Workers' Federation show that 1,125 Indian seafarers were abandoned in 2025, more than from any other country. In such cases, the file ricochets among a flag State, port authority, owner, insurer and Indian mission. After the recent strikes in West Asia, the government announced its Seafarer First response.

Officials must now account for every Indian seafarer in West Asia, whatever flag the vessel flies. A dashboard will track ships, threats and crew welfare; each affected family will have a liaison officer.

West Asia is not the only danger zone. In the Black Sea and Red Sea, crews now face missiles, drones and mines. Piracy and hostage-taking persist around the Gulf of Aden and off West Africa. On July 15, the government told shipowners, managers and recruitment agencies to avoid deploying Indian seafarers on vessels passing through the Strait of Hormuz until further orders. The dashboard and liaison system should remain available whenever a region is identified as high-risk.

There is a lifeline, there are gaps

Technology adds a peculiar cruelty here. A family in Kochi can watch a ship crawl, dot by dot, across a tracking app and still have no idea whether the person aboard is injured, detained or being sent into danger. A moving dot is a poor substitute for a phone call.

The dashboard can locate a ship. It cannot compel an owner or flag State to act, or secure access to a detained seafarer. Continuous tracking is unrealistic. When the system is activated, recruitment agencies should supply current crew and route data from owners and managers. India needs a standing maritime consular protocol that specifies who takes charge from the moment a distress signal is received.

In major shipping centres, Indian missions need a designated officer who knows the port authority, hospitals, insurers and local lawyers. Such relationships cannot be improvised after a ship is hit. Some flag States are quick to register a ship and slow to enforce the Maritime Labour Convention when wages stop, a crew is abandoned or repatriation is due. India must press them to honour those obligations.

India's bilateral maritime agreements usually recognise Indian certificates and expand access to jobs. However, they say little about legal assistance, consular access, or repatriation. Shipowners choose the flag under which vessels operate, but they still need crews. The Philippines and Indonesia face similar challenges. Together, the three countries could push for common standards on repatriation, detention, and deployment in conflict zones through the International Maritime Organization and the International Labour Organization. Otherwise, an owner constrained by one country's rules can simply hire elsewhere.

A cook in the ship galley does not become a combatant because the cargo is disputed or the owner has acquired enemies. India should oppose attacks on commercial shipping, whoever carries them out. Open sea lanes mean little if civilian crews cannot sail through them safely.

The right to know

Before signing a contract, a seafarer has a right to know who really owns the vessel, where it will sail, whether it is under sanctions, whether its insurance is valid and whether its owners have abandoned a crew before. Routes can change after departure. A seafarer ordered into a designated high-risk region should be able to refuse and return home without penalty.

On May 14, the Directorate General of Shipping prohibited licensed recruitment agencies from placing Indian seafarers on 366 vessels linked to abandonment unless specified compliance requirements were met. A seafarer should not have to hunt for the list. Recruitment agencies must show it to him before he signs and face penalties if they ignore it.

India's maritime ambitions are usually measured in ports, corridors, naval deployments and tonnage. In a seafarer's home, the questions are more immediate. Where is he? Who employs him? Who is responsible if he does not return? The flag above the vessel may be foreign. India's responsibility to its nationals is not.

1. Context (GS-2: International Relations | GS-3: Maritime Security)
India's maritime diplomacy should extend beyond securing sea lanes to protecting Indian seafarers, who often work on foreign-flagged vessels and remain vulnerable to conflicts, piracy and jurisdictional uncertainties.

2. Key Points
I. Challenges
i. Indian seafarers serve on foreign-flagged vessels, creating uncertainty over legal jurisdiction, consular protection and repatriation during crises.
ii. Recent conflicts in West Asia, the Red Sea, Black Sea, and piracy around the Gulf of Aden have exposed gaps in India's institutional response.
iii. Maritime agreements largely facilitate recognition of certificates and employment, but provide limited safeguards for legal assistance, detention, evacuation and repatriation.
iv. Although ships are governed by Flag State jurisdiction and protected under the Maritime Labour Convention (MLC), 2006, enforcement remains uneven, often leaving seafarers vulnerable.
v. Seafarers frequently lack information regarding vessel ownership, insurance, sanctions, voyage routes and conflict-zone risks, limiting informed decision-making.

II. Way Forward
i. Institutionalise the Seafarer First initiative through a permanent maritime consular mechanism with dedicated liaison officers and real-time coordination during emergencies.
ii. Establish clear protocols among Indian Missions, shipowners, insurers, recruitment agencies and port authorities for rescue, legal aid and repatriation.
iii. Strengthen international cooperation through the International Maritime Organization (IMO) and the International Labour Organization (ILO) to develop common standards on detention, deployment in conflict zones and crew repatriation.
iv. Guarantee the right to know (ownership, insurance, sanctions and route risks) and the right to refuse deployment in designated high-risk zones without penalty.

A growth story that needs women at work

India aspires to become a developed country (Viksit Bharat) by 2047, yet youth unemployment is already double the rate of 2012. India, especially the government, may be forced to recognise the weaknesses of India's economy due to the West Asia war shock. However, weakness pre-dates this exogenous shock. Policy-induced shocks from 2016 (demonetisation, a poorly designed Goods and Services Tax, NBFCs, COVID-19 pandemic management) to the economy had already reversed structural change (rise in farm employment, falling manufacturing share of gross value added and in employment); non-farm job growth had slowed. The economy became more unequal, and hence aggregate demand collapsed, and with it investment/GDP ratio. So, GDP growth is much slower (even if government figures of 6.2% p.a. are believed (it is actually at best 4.5%, as the former Chief Economic Adviser recently argued).

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Women's employment is essential for growth, productivity, and achieving Viksit Bharat goals

An engine of growth

Further, India's growth story will remain incomplete without increasing the work participation rate (WPR) of half the population, i.e., women. In a new study, we estimate that a 10-percentage-point increase in India's female WPR could add nearly two percentage points to GDP growth, making women's employment one of the strongest drivers of economic growth. To sustain rapid growth of 8%-9% and emerge as a global economic power, the nation must harness the immense potential of its youth, especially young women.

Increased female WPR could contribute to economic growth in multiple ways. First, it increases the overall labour supply, thereby expanding productive capacity. When more women enter paid employment, household incomes rise, consumption increases, and savings improve. Higher household incomes also lead to better nutrition, education, and healthcare for children, thereby strengthening long-term human capital. Women's work participation can also improve productivity and innovation. Based on cross-country evidence, Nobel laureate Claudia Goldin argues that gender-diverse workplaces are often more efficient, creative, and competitive. Including women in the workforce is not merely a welfare measure but also a strategy for enhancing national productivity.

However, the work participation rate (WPR) of women in India remains below 30% – among the lowest in the world, comparable to that of countries such as Saudi Arabia and Yemen and West Asia. India's female labour force participation rate (LFPR) is low by international standards, even when compared with countries at similar levels of per capita income. Worse, it declined steadily between 1983 and 2018. As overall job growth in both the farm and non-farm sectors fell between 2012 and 2018, how did women fare? This is a critical question, especially since women are now much better educated than earlier.

Decline in women's work

In the 1980s and during the early 1990s, the WPR for women was high, primarily due to high participation in agricultural activities. However, this trend began to decline as economic growth and structural transformation led to a shift away from agriculture from 2004-05 to 2012. Many rural women withdrew from the workforce due to mechanisation and reduced demand for manual labour.

Fortunately, this period also saw a rise in educational attainment among young women, leading to increased school attendance. In other words, the Indian economy experienced a downward movement in female WPR in the first half of the U-shaped curve until 2018-19, consistent with the argument of Claudia Goldin.

Much has been made by government economists of the increase in women's work participation in India, post 2020. However, this increase built upon a GDP growth slowdown since 2017. Further, COVID-19 had induced economic distress, and large-scale return migration from urban to rural areas. With male workers losing urban employment and moving back to villages, women were compelled to intensify their role in subsistence agriculture and allied activities, often as unpaid family labour (UFL). This surge in UFL reflected a "distress-driven feminisation of agriculture", as women entered or remained in insecure, informal, and unremunerated agricultural work, due to shrinking non-farm opportunities and reinforced gender norms that limited mobility. The share of such work was falling from 1983 to 2012, as was the absolute number of women in such work. The collapse of non-farm work for men and women now meant that adult, poorly educated women returned to agriculture.

The structure of India's economic growth has also contributed to weak female employment generation. Much of India's recent GDP growth has been concentrated in capital-intensive sectors such as finance, information technology, and organised manufacturing, which do not absorb large numbers of workers. Labour-intensive sectors such as textiles, food processing, garments, and small-scale manufacturing saw a fall in absolute terms in employment between 2013 and 2019. In fact fewer women were employed in manufacturing in 2019 than in 2004 which shows how manufacturing jobs collapsed, despite all the hype about "Make in India" and Performance-Linked Incentives for manufacturing. It was not until 2022 that manufacturing work for women rose to a level found in 2004. In much of India, manufacturing, or women's work has not received sufficient policy support.

The north-south divide

We show that young girls' unemployment is much higher than for young men. However, there is a real north-south divide, as highlighted in the book, *India Out of Work*. What is achievable is demonstrated by Tamil Nadu, which has been one of India's fastest-growing States. More than 40% of India's women factory workers are employed in Tamil Nadu. This is remarkable, given that Tamil Nadu accounts for only about 5%-6% of India's population. This concentration is driven primarily by the State's strong presence in textiles and garments (especially in Tiruppur and Coimbatore), footwear, electronics assembly (Sriperumbudur), and automobiles and auto components, as well as by higher female literacy, greater mobility, and well-developed hostel and transport facilities for women workers.

Similarly, Hindi-belt States need to invest in the health (not insurance-based) and public education for all, especially of girls and women, to reduce higher-than-African level malnutrition and stunting rates – as the Southern states have done. They can then also see similar outcomes. There is no chance for India being 'Viksit' without gender equality in all dimensions, especially in north India.

Some increase of female WPR (who re-entered agriculture) across India since 2020 was due to older adult women engaging in animal husbandry and poultry farming – a welcome development for household incomes.

However, what about educated young girls? The gross enrolment rate at the secondary level was universalised between 2010 and 2015, with gender parity achieved even in rural Uttar Pradesh and Bihar. However, educated young women face high and rising unemployment rates.

Worse, the number of young women (aged 15-29 years) who were neither looking for work nor in education, was under 70 million until 2004. It increased to 84 million in 2012 and then rose to over 100 million by 2018. Bihar's female WPR is only 15%. Hence, India will remain out of work, and cannot become a developed country by excluding half its population from productive employment.

CURRENTLY MAINS ONE-PAGER

A GROWTH STORY THAT NEEDS WOMEN AT WORK

Women's employment is not just a social objective; it is an economic strategy for Viksit Bharat @2047

CONTEXT

India aspires to become a developed country (Viksit Bharat) by 2047. However, Female **Labour Force Participation Rate (FLFPR) remains below 30%**, among the lowest in the world. Raising women's participation in productive work is essential to sustain high economic growth, harness demographic dividend and ensure inclusive development.

LINKAGE WITH UPSC MAINS SYLLABUS

GS-1 (Indian Society)
- Role of women and women's organisation
- Status of women

GS-3 (Growth & Development)
- Inclusive growth and issues
- Employment: growth, employment and skill development
- Human resource development

WHY WOMEN'S EMPLOYMENT MATTERS

ECONOMIC GROWTH
10 percentage-point increase in FLFPR can raise India's GDP growth by nearly 2 percentage points.

→

LABOUR SUPPLY & PRODUCTIVITY
Expands overall labour supply and productive capacity; improves innovation, competiiveness and efficiency.

→

HOUSEHOLD WELFARE
Increases household income, savings and consumption; improves nutrition, education and healthcare outcomes.

→

HUMAN CAPITAL & DEMOGRAPHIC DIVIDEND
Strengthens human capital and enables India to fully utilise its demographic dividend.

"Gender-diverse workplaces are more efficient, creative and competitive." — Claudia Goldin (Nobel Laureate Economist)

KEY CHALLENGES

1. LOW PARTICIPATION RATE

- FLFPR below 30%, among the world's lowest.
- High unemployment among educated young women.

RISING NEET (15–29 YEARS)

2004	70 million
2012	84 million
2018	100+ million

Large pool of young women remains outside employment, education and training.

2. IMPACT OF ECONOMIC SHOCKS

Successive policy and economic shocks hit women's employment disproportiventely.

- Demonetisation (2016)
- Goods and Services Tax (GST)
- NBFC crisis
- COVID-19 pandemic

↓

Labour-intensive sectors contracted, reducing employment opportunities for women.

3. DECLINE IN MANUFACTURING EMPLOYMENT

Fewer women were employed in manufacturing in 2019 than in 2004, despite 'Make in India' and Production-Linked Incentive (PLI) scheme.

Employment in manufacturing for women rose to the 2004 level only in 2022.

4. DISTRESS-DRIVEN FEMINISATION OF AGRICULTURE

Shift from non-farm jobs to agriculture due to lack of alternatives.

↓

Increase in Unpaid Family Labour (UFL) in agriculture rather than productive, paid employment.

↓

Reflects economic distress, not empowerment.

5. JOBLESS GROWTH & SECTORAL BIAS

Growth concentrated in capital-intensive sectors like:

- Finance
- Information Technology
- Organised Manufacturing

↓

These sectors generate limited employment opportunities for women.

6. REGIONAL DISPARITIES

Wide variation across States.

Example: Tamil Nadu

- Employs more than **40% of India's female factory workers.**
- Accounts for only **about 5–6% of India's population.**

Indicates the role of State policies and supportive ecosystem.

Boost labour-intensive sectors
Promote textiles, garments, food processing, electronics assembly, footwear, and other small-scale manufacturing.

Invest in capabilities and enabling conditions
Improve women's education, nutrition, healthcare, mobility, safe transport, hostels and childcare facilities.

Expand formal and productive employment
Focus on quality jobs with social security instead of pushing women into unpaid family work or informal low-paid jobs.

Policy shift from welfare to employment
Recognise women's work as an economic growth strategy, not merely a welfare or social justice measure.

Strengthen data and monitoring
Better gender-disaggregated data, regular tracking of FLFPR and outcome-based evaluation of schemes.

BEST PRACTICES

(A) TAMIL NADU MODEL (INDIA)

- Over 40% of India's female factory workers, despite having only about 5–6% of India's population.
- Strong textile, garment and electronics clusters.
- Higher female literacy and skill levels.
- **Worker hostels**, safe transport and better mobility.
- Proactive industrial policy and single-window facilitation.
- Result: Higher female employment in manufacturing and services.

LEARNING: State-level commitment, infrastructure and social support can significantly improve women's workforce participation.

(B) JAPAN MODEL

- Faced low female participation due to rigid work culture and gender norms.
- Abenomics' "Womenomics" (2013) focused on:
  - **Women's participation in workforce**
  - **Women in leadership**
  - **Work–life balance reforms**
- Measures: childcare support, flexible working hours, tax incentives for women's employment, anti-discrimination enforcement.
- Result: Significant rise in female participation (from **~60% in 2012 to ~70% in 2022**).

LEARNING: Policy reforms + social support + workplace flexibility can change outcomes substantially.

KEY RATA POINTS

- **FLFPR in India**: Below 30%.
- **10 percentage-point rise in FLFPR** → ~2% increase in GDP growth.
- **NEET (15–29 years)**: 70 million (2004) → 84 million (2012) → 100+ million (2018).
- Women employed in manufacturing in 2019 < 2004; recovered to 2004 level only in 2022.
- Tamil Nadu employs >40% of India's female factory workers; population share only ~5–6%.

MAINS VALUE ADDITION

- **Thinkers**: Claudia Goldin (Gender-diverse workplaces boost productivity and innovation).
- **Concepts**: FLFPR, Unpaid Family Labour (UFL), Distress-driven Feminisation of Agriculture, Jobless Growth, Demographic Dividend, Human Capital.
- **Dimensions**: Economic, social, demographic and governance.

CONCLUSION

To achieve Viksit Bharat @2047, India must move from a low-growth, low-participation equilibrium to a high-growth, high-participation equilibrium. Women's employment is the missing link in India's growth story.

"Empowered women workers are the strongest foundation of an inclusive, productive and prosperous India."

Alongside Centre, states' education expenditure too declined over past 12 years

GRAPHS, DATA, PERSPECTIVES

BY UDIT MISRA

WEEKLY ECONOMIC AND POLICY INSIGHTS USING DATA

THE ONGOING youth protests at Jantar Mantar in Delhi and in several other cities, demanding the resignation of Education Minister Dharmendra Pradhan and seeking education reforms, have brought attention to the state of education in India.

The Indian Express had recently explained how the Education Ministry's share of the Union Budget had sharply declined over the past 12 years — from 4.6% in 2013-14 (the last year that the Congress-led UPA government was in power) to 2.5% in 2025-26. The fall suggests that the BJP-led NDA government reduced emphasis on education.

As a subject of policymaking, however, education is not the sole preserve of the Union government.

Common subject

Education falls under the Concurrent list in the Seventh Schedule of the Indian Constitution.

The schedule essentially divides powers and responsibilities between the Union and state governments through three lists — Union, State and Concurrent. Both the Centre and state governments can legislate on subjects under the Concurrent list.

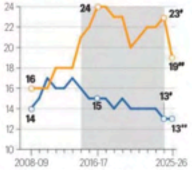
So, how do states act on the subject of education and what policy significance do they attach to it? A broad marker of priority is to examine the share of a state's total expenditure on education. The table and chart alongside provide a glimpse of where things stand.

Apart from providing an average for all states and Union Territories, the table also looks at a selection of states to provide a geographically and politically diverse sample for the country.

• State of education expenditure

State/Union Territory	Expenditure on education (2025-26)*	State-wise gross enrolment ratio (2024-25)**
Bihar	20	45
Gujarat	13	61
Kerala	12	94
Tamil Nadu	12	89
West Bengal	14	75
NCT Delhi	19	92
All states and UTs	13	69

• AAP effect on education spend



*AS PERCENTAGE OF AGGREGATE EXPENDITURE **FOR SECONDARY EDUCATION *2024-25 (RE) **2025-26 (BE) **SOURCE:** RBI

NOTE: INCLUDES EXPENDITURE ON SPORTS, ART AND CULTURE UNDER REVENUE EXPENDITURE AND CAPITAL OUTLAY

For some context about the status of education, while many variables could be chosen, the table shows data on gross enrolment ratio (GER) at the secondary education level (Classes 9 to 12). The GER is the total number of students enrolled in a specific level of education — regardless of their age — divided by the total population of the official age group for that level, multiplied by 100. A look at the GER in the second column confirms the long-held notions of which states are better educated and which are laggards.

For instance, Bihar's GER is 45 while that of Kerala is 94. A low GER also reveals the distance any state has to cover to achieve a better level of education. This is especially relevant given the population difference in states such as Bihar and Kerala. In essence, it gives a sense of the need for the state government to spend on education.

The first column in the table shows states' expenditure on education as a percentage of total expenditure. Bihar and Delhi stand out.

To be sure, both states were spending even higher than this in the years preceding 2025-26. In the same period, states such as Kerala and Tamil Nadu have shares below the national average. Longer-term data — going back to 2008-09 — shows that Tamil Nadu has largely tracked and then fallen just behind the national level. Kerala used to allocate a higher share than the national average until the Covid-19 year of 2020, and has lagged since then. Gujarat, too, has lagged behind the national average more often than not.

What is concerning is that the national average of all states and UTs itself has been trending down, as the chart alongside shows. After staying at around 17% in 2013-14, the average share of expenditure on education has gradually fallen. This fall is crucial, since it mirrors the fall in the share of money spent by the Union government as well.

There are exceptions to this trend, though. Take the Union Territory of Delhi under the Aam Aadmi Party government, which initially made health and education the key pillars of its pitch to voters. Between 2014-15 and 2024-25, education's share went up sharply, in contrast to the falling trend of the national average.

1. Context (GS-2: Education | Governance | Federalism | GS-3: Human Capital Development)

India's spending on education has declined at both the Union and State levels over the past decade, raising concerns about the effective implementation of the National Education Policy (NEP), 2020, quality of education and human capital development.

2. Key Points

I. Declining Public Investment

i. The Union Government's expenditure on education has declined from 4.6% of the Union Budget (2013-14) to 2.5% in the 2025-26 Budget Estimates.
ii. The average share of education expenditure by States and Union Territories has also declined from nearly 17% (2013-14) to 13% (2025-26), indicating that the decline is not limited to the Centre.
iii. Since Education is a Concurrent List subject (Seventh Schedule), reduced budgetary priority by both levels of government weakens overall investment in the sector.

II. Key Findings

i. Significant interstate disparities persist. Bihar allocates the highest share of its expenditure to education (20%), yet records a Secondary Gross Enrolment Ratio (GER) of only 45. In contrast, Kerala (GER: 94) and Tamil Nadu (GER: 89) achieve much better educational outcomes despite allocating around 12% of their expenditure to education.
ii. Delhi remains a notable exception, where education expenditure increased substantially between 2014-15 and 2024-25, demonstrating the impact of sustained policy prioritisation.
iii. The findings indicate that higher expenditure alone does not guarantee better educational outcomes; efficient utilisation of funds, institutional capacity and long-term policy continuity are equally important.

III. Implications

i. Declining public investment could slow the implementation of NEP 2020, adversely affecting school education, skill development and learning outcomes.
ii. Persistent regional disparities in educational outcomes may widen inequalities in human capital, labour productivity and economic growth.
iii. Sustained investment in education remains essential for leveraging India's demographic dividend and achieving the vision of Viksit Bharat@2047.

IV. Way Forward

i. Progressively increase public investment towards the 6% of GDP target envisaged under NEP 2020.
ii. Improve the efficiency and outcome-orientation of education spending through better governance, teacher capacity, digital infrastructure and accountability.
iii. Strengthen Centre-State fiscal coordination to reduce interstate disparities and improve equitable access to quality education.