

BLUE PRINT FOR RURAL REVITALIZATION

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The government has adopted the right strategy on focussing on the farm and rural sector, where majority of the population live and whose social and economic welfare needs to be looked into. This thrust was evident in the last year's budget also and has rightly continued. It now remains to be seen how effective the implementation methodology would be so that the largest number of people benefit.

As indicated in the *Economic Survey*, which had focussed on the farm sector, employment and health, the present Budget has met the expectations of most experts who have been deliberating about the possible thrust areas. The Budget has found mixed response from various sections which include politicians, economists, media etc. Though questions have been raised about the implementation of proposals made, one has to agree that the Finance Minister has done his job reasonably well and possibly the best in the given circumstances.

As expected, the thrust has rightly been on agriculture in view of the agrarian crisis that has plagued the country. In fact, as the Survey pointed out that real agricultural GDP had remained constant for the last four years. There were also suggestions by experts before during consultations about the need to devise a more systematic procurement method, raising farm credit targets and expanding the network e-NAM (National Agriculture Market).

AGRICULTURE

- Farmers to get a minimum of 50% over their cost of production
- Decided to fix Minimum Support Price on majority of Rabi crops at 1.5 times the cost of production
- Developing and upgrading 22000 rural haats into Gramin Agricultural Markets (GrAMs) to help 86% of farmers and access market facilities
- Kisan Credit Card to Fisheries and Animal Husbandry Farmers



Thus, the emphasis on agriculture needs to be commended. In fact, hiking the minimum support prices by 1.5 times may be considered a roadmap for doubling farmers' income in the coming years. Here, however, it needs to be pointed out that the number of poor and marginal farmers who would actually be benefitted has been questioned which only time will tell. By hiking the agricultural credit target to Rs 11 lakh crores, the Finance Minister aims to ensure farmers' a 50 per cent return on their cost of production.

According to economist, Ashok Gulati, if the farmers' demands are fully met by the committee made up of representatives of the Centre, states and NITI Ayog, the minimum support price of paddy and soya will increase by 44 per cent, maize by 47 per cent, groundnut by 38 per cent and long staple cotton by 52 per cent. A section of economists believe that this proposed accretion seems a step in the creation of a National Agriculture Market. However, it will take time for this to fructify as the inter-play of vested interests have to be eliminated. The ruling party will also have to redefine its rural party structure to achieve this objective.

It is noteworthy that Rs 2600 crores have been earmarked to boost groundwater irrigation under the Prime Minister Krishi Sinchai Yojana, which is aimed to provide assured irrigation in 96 irrigation deprived districts where less than 30 per cent of the land holdings get water. The scope of the Long Term Irrigation Fund (LITF) under NABARD would also be expanded to cover specified command area development projects. Similarly, an additional allocation of Rs 1000 crores has been rightly made for extending irrigation and strengthening irrigation facilities and improving groundwater management in rural areas. This also

Budget 2018-19 Increase in Basic Customs Duty


Refined Edible
Vegetable Oil


Crude Edible
Vegetable Oil

Incentivise Make in India Benefit Farmers



reiterates the government's commitment to boost production which is imperative at this juncture.

The Finance Minister's observation that "the government's commitment to farmer welfare is evident by institutionalizing mechanisms such as development of gramin agricultural markets, increasing minimum support price (MSP), promoting cluster-based agriculture, developing last mile infrastructure and a fillip to realize the untapped export potential of the sector" appears quite encouraging. The proposal for creation of the Agri-Market Infrastructure Fund, with a corpus of Rs 2000 crores for developing and upgrading agricultural marketing infrastructure in the 22,000 gramin agricultural markets and 585 agricultural produce market committees (APMCs) merits commendation.

A significant proposal is 'Operation Green' on the lines of 'Operation Flood' to tackle the volatility of tomato, onion and potato prices. The awareness that traditional agriculture cannot provide adequate income, animal husbandry, fisheries and aquaculture are some of the rural activities that stand to gain from the Budget. A Rs 10,000 crore fund to finance infrastructure requirements of fisheries, aquaculture and animal husbandry has been created to generate rural employment.

In this connection, it needs to be pointed out that the decision to give Kisan Credit Cards to dairy farmers and fisheries will "facilitate cash flow and improve credibility thus improving on business growth". These measures may help in increasing

farm incomes during 2017-2022 and in line with doubling incomes during the next 4-5 years.

A point that needs to be mentioned here is that the budgetary allocation for MGNREGA has been kept at Rs 55,000 crores which is exactly the same the scheme is likely to spend in 2017-18. The job scheme did not make budgetary headlines, possibly due to inadequate allocation though it may be expected that the government may give extra money in the revised estimates later in the year.

While recasting the 'Restructured National Bamboo Mission', the Finance Minister aptly referred to bamboo as 'green gold' and made a sizeable outlay of Rs 1290 crores. The promotion of this Mission may help in value addition and help schedules castes and tribes forest areas. However, with proper skill development in this sector, there could be much activity and entrepreneurship development.

The emphasis on rural infrastructure development is indeed noteworthy where around Rs 14.34 lakh crores have been earmarked. The expenditure is aimed at creating employment of 321 crore person days, 3.17 kilometre of rural roads, 51 lakh new houses, 1.88 crore toilets and provide 1.75 crore new household with electric connections besides boosting agricultural growth. These obviously look quite encouraging though much will depend on the efficiency of implementation. This clearly shows that the government is interested in giving a thrust to rural development programmes.

Social infrastructure development has also received due attention. Though the government has increased cess by one per cent to 4, the allocations towards health and education could have not been hiked a little more. In the realm of health, the proposal to set up 24 new government medical colleges and hospitals may meet the target of setting up one medical college for three parliamentary constituencies. However, it would have been better if the figure of 24 would have been doubled. The wellness centres proposed for maternal and child health may help the rural sector and the provision of Rs 1200 crores appears quite satisfactory though more funds may be necessary.

As is well known, the state of state health facilities in the villages has remained somewhat dismal and the impoverished sections find it difficult to avail private sector treatment. Thus one cannot doubt the fact that upgrading health centres in the villages was very much necessary. Rs 5 lakh medical

reimbursement under the National Health Protection Scheme (NHPS), which replaces the Rashtriya Swasthya Bima Yojana (RSBY), provides an annual coverage of Rs 50,000 and is envisaged to benefit 10 crore poor families, needs to be appreciated. This is expected to be one of the biggest health care programmes in the world and the modus operandi of the scheme would be decided by NITI Ayog in consultation with the states.

There have been allegations, and not without reason, that implementation of all these plans would require enhanced resources that have not been allocated. It stands at Rs 9975 crores compared to Rs 9500 crores (Budget estimate) of 2017-18. Thus it remains to be seen how the Finance Minister's promise of providing health facilities to the poor would be realized. It needs to be reiterated once again that the India's allocation for health as percentage of GDP is much lower compared to the other emerging economies like Brazil, China, South Africa etc.

One may mention here that the government has rolled out a Rs 1.4 lakh crore roadmap to turn farmers into generators of solar power, which they can use to run their pump sets and sell the surplus to discoms. The refreshed version of Kusum (Kisan Uria Suraksha Utthaan Maha Abhiyan) will aid solar power generation capacity of 28,250 MW over the next ten years. It will allow farmers to put barren land to profitable use by allowing construction of solar power projects on them. This is definitely a good attempt to generate income while also helping farmers to increase their productivity.

The promise to create 70 lakh more jobs may be an over estimate but specific programmes are in line to make this a reality. One may mention here that the government has rolled out a Rs 1.4 lakh crore roadmap to turn farmers into generators of solar power, which they can use to run their pump sets and sell the surplus to discoms. Some economists feel that this is highly unrealistic figure though the emphasis on both physical and social infrastructure definitely may create some direct and indirect jobs.

The envisaged investment of Rs 5.35 lakh crore for Phase-I of the Bharat Mala programme for roads and capex of Rs 1.46 lakh crore for railways may provide the momentum for creation of jobs. It is difficult to believe that there would be much increase in employment creation in the big formal sector but there is potential in rural infrastructure development and labour-intensive small and micro sectors.

As far as the education sector is concerned, the school education and literacy sector has recorded a modest 7.86 per cent increase but it is noteworthy that Eklavya Vidyalayas would be set up in every block which has 50 per cent ST population and at least 20,000 tribals on the lines of Navodaya Vidyalayas. Setting up central universities in specialized areas like agriculture, dairy etc. which are necessary to give thrust to agriculture and rural development would have helped. Also the government could have planned to assist state governments in setting up model schools in each sub-division or two in each district by giving say 50 per cent grant.

One cannot deny that the Budget reflects the social philosophy to boost the rural sector. This is evident from the fact that subsidy on food, fertilizer and kitchen fuel has been increased by 15 per cent to Rs 2.64 lakh crores up from Rs 2.29 lakh crores revised estimate in the current fiscal. As is well known around 80 crore people are provided foodgrains at highly subsidized prices under the Food Security Act.

The Congress leaders, as usual, have dubbed the Budget as 'mere rhetoric' and 'unimplementable promises' due to insufficient resource allocations while the Leftists have found nothing for social outcasts, SCs, STs and OBCs. One has to agree that the Finance Minister works under certain limitations and financial constraints. However, it needs to be added that lot of expectations have been raised in the Budget and only the sincerity of the government and the implementation schedule will make these a reality. Moreover resource allocation in some sectors needs to be boosted up which, it is expected, the government would consider while formulating the revised estimates.

Finally, it needs to be stated that the government has adopted the right strategy on focussing on the farm and rural sector, where majority of the population live and whose social and economic welfare needs to be looked into. This thrust was evident in the last year's budget also and has rightly continued. It now remains to be seen how effective the implementation methodology would be so that the largest number of people benefit.

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