

BUDGET 2020–21: CHANGING THE LANDSCAPE OF RURAL ECONOMY

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The Budget provides a 'Big Bang' for agriculture and rural development and presents a development agenda focusing on farming, irrigation, agricultural credit, better storage and marketing. The announcement of an increase in expenditure on agricultural and rural development in the budget proposal signifies their sectoral importance in our economy. Self-sufficiency in food grain production and assurance of food security for masses very much elucidate the significance of agricultural sector. The shift of focus of the Budget 2020–21 towards rural development and farmers' welfare is no doubt a welcome step.

Inclusive development is multifaceted and can be achieved through growth with equity—social, economic and political. There is no automatic mechanism to achieve inclusive growth rather it can be attained through suitable policy formulation, proactive intervention, effective policy implementation and people's participation in the governance process. Democracy would lose its significance if the benefits of growth do not reach to the unreached. Economics of well being of a nation rest on 'Gramin Artha Vyavastha' (Rural Economy) which is directly related to poverty, inequality and unemployment. In consideration with inclusiveness, special focus is given on rural development in the current Budget 2020–21 to augment better life and sustained livelihood in rural India. The main objectives of the budget are to reduce poverty and inequality, to curtail unemployment through job creation, to maintain price stability and foster

The new economy is based on innovations that disrupt established business models. Artificial Intelligence, Internet-of-Things (IoT), 3D printing, drones, DNA data storage, quantum computing, etc., are re-writing the world economic order. India has already embraced new paradigms such as the sharing economy with aggregator platforms displacing conventional businesses. Government has harnessed new technologies to enable direct benefit transfers and financial inclusion on a scale never imagined before.

Source: Union Budget 2020



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- PM KUSUM launched to cover 20 lakh farmers for standalone solar pumps and further 15 Lakh for grid connected pumps
- Comprehensive measures for one hundred water stressed districts
- Scheme to enable farmers to set up solar power generation capacity on their fallow/barren lands and to sell it to the grid



faster economic development by addressing all the needs of various segments of the society. The rate of economic growth and pace of inclusive development of India very much depends upon the intended outcome of the Budget. Besides, its effects and impact is evaluated in terms of overall development in general and well being of rural economy in particular.

Overview of Agriculture

The well being of rural India very much rests on agriculture and its development. Contribution of agriculture to rural employment and rural livelihood itself signifies its importance in the development agenda. Agriculture remains the predominant occupation in India for about 70 per cent of its rural households still depend primarily on

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Aiming to provide piped water supply to all households, Prime Minister announced from the Red Fort the Jal Jeevan Mission. Our government has approved Rs. 3.60 lakh crore for this Mission. This scheme also places emphasis on augmenting local water sources, recharging existing sources and will promote water harvesting and de-salination. Cities with over a million population will be encouraged to meeting this objective during the current year itself. During the year 2020–21 the scheme would be provided budget of Rs. 11,500 crore.

Source: Union Budget 2020

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agriculture for their livelihood, with 82 per cent of farmers being small and marginal. So, agricultural development is imperative for rural development through which inclusive development would be possible. The share of agriculture and allied sectors in the Gross Value Added (GVA) of the country at current prices has declined from 18.2 per cent in 2014–15 to 16.5 per cent in 2019–20, on account of relatively higher growth performance of non-agricultural sectors. This has happened due to

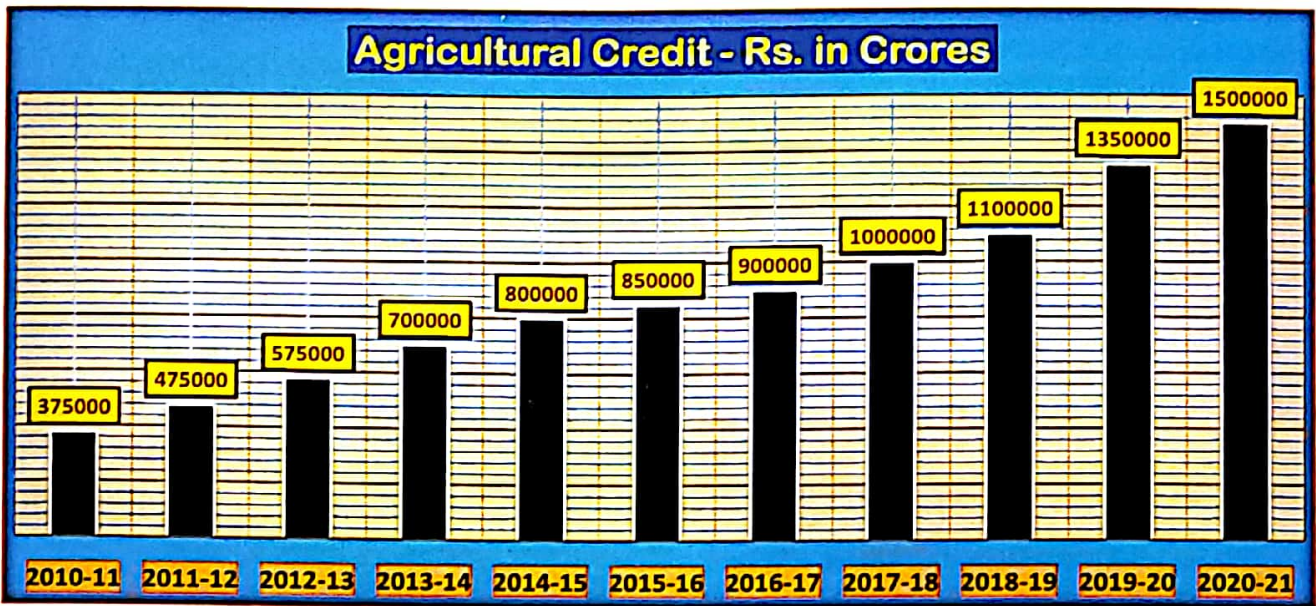
faster growth of non-agricultural sectors owing to structural changes.

Budget Provisioning for Agriculture

The government is committed to the goal of doubling the farmers' income by 2022. To achieve this, the government has crafted and pinpointed 16 Action Points to boost agriculture by means of 'energy sovereignty' through KUSUM and 'input sovereignty' through Paramparagat Krishi Vikas Yojana. To strengthen agriculture, irrigation and rural development, a sum of Rs. 2.83 lakh crore has been made available for the year 2020–21. Rs. 1.60 lakh crore is allocated to Agriculture, Irrigation and Allied Activities & the remaining Rs. 1.23 lakh crore allocated to Rural Development and Panchayati Raj. Prosperity of farmers can be ensured by making farming more competitive. For this, farm markets need to be liberalised. Distortions in farm and livestock market need to be removed. It is proposed to process the provision of any kind of annual supplement of the income to the farmer directly through PM-KISAN. Schemes of financial inclusion have been designed to help raise the farm incomes. Integrated farming systems in rainfed areas shall be expanded. Multi-tier cropping, bee-keeping, solar pumps, solar energy production in non-cropping season will be added to boost farmers' income.



Figure 1: Agricultural Credit across financial years



Source: Author's Compilation from Budget Documents, GoI

Budget Provisioning for Irrigation

Agricultural growth depends upon various factors. Irrigation is one of the most critical factors that foster agricultural growth by reducing uncertainties. Hence, provision of irrigation facilities is indispensable to enhance agricultural productivity and to ensure better standards of living. Better irrigation facilities will help in meeting the rising food demand created by growing population and in meeting the industry requirements for raw materials. Water stress related issues are now a serious concern across the country. The government is proposing comprehensive measures for the 100 water-stressed districts in this Budget. In the previous budget speech of July 2019, Finance Minister had stated that "Annadata" can be "Urjadata" too. The PM-KUSUM scheme removed farmer's dependence on the diesel and kerosene and linked pump sets to solar energy. Now the government proposes to expand the scheme to provide 20 lakh farmers for setting up standalone solar pumps. In addition, a scheme to enable farmers to set up solar power generation capacity on their fallow/barren lands and to sell it to the grid would be operationalised. Over the years, expansion of micro-irrigation through Krishi Sinchai Yojana have raised the agricultural productivity and farmers' income.

Agricultural Credit

Agricultural development is imperative for rural development. Agricultural growth depends

upon various factors and among them credit is one of the most essential. Hence to support and empower the farmers, availability and access to easy credit is indispensable so as to enhance agriculture production. It will also help in meeting the rising food demand for our growing population and in meeting the industry requirements for raw materials. To support and to give credit space to the farmers, the provision of agricultural credit in the union budget is on a continuous rise over the periods of time. The provision of agricultural credit has increased to Rs. 15 lakh crore (2020–21), considering the significance of agriculture in contributing to rural employment, farmers' well being and special support to farmers in doubling their income. Non-Banking Finance Companies (NBFCs) and cooperatives are active in the agriculture credit space. The NABARD re-finance scheme will be further expanded. All eligible beneficiaries of PM-KISAN will be covered under the KCC scheme. The growing agricultural credit reflects the endeavour of the present government to uplift the rural economy.

Storage and Marketing

India has an estimated capacity of 162 million MT of agri-warehousing, cold storage, reefer van facilities, etc. In addition, the Budget proposed to create warehousing in line with Warehouse Development and Regulatory Authority (WDRA) norms. Government will provide Viability Gap Funding for setting up efficient warehouses at the


block/taluk level. This can be achieved where states can facilitate with land and are on a PPP mode. Food Corporation of India (FCI) and Central Warehousing Corporation (CWC) shall undertake such warehouse building on their land too. As a backward linkage, a village storage scheme is proposed to be run by the SHGs. This will provide farmers a good holding capacity and reduce their logistics cost. To build a seamless national cold supply chain for perishables, inclusive of milk, meat and fish, the Indian Railways will set up a "Kisan Rail" through PPP arrangements. There shall be refrigerated coaches in Express and Freight trains as well. "Krishi Udaan" will be launched by the Ministry of Civil Aviation on international and national routes. This will immensely help improve value realisation, especially in North-East and tribal districts. Horticulture sector with its current produce of 311 million MT exceeds production of food grains. For better marketing and export, the Budget proposed to support states those are focusing on "one product, one district". The portal on "jaivik kheti," an online national organic products market, will also be strengthened.


Digital Rural Connectivity

The new economy is based on innovations that disrupt established business models. Artificial Intelligence, Internet of Things (IoT), 3D printing, drones, etc., are re-writing the world economic order. India has already embraced new paradigms such as the sharing economy with aggregator platforms and harnessing new technologies to enable direct benefit transfers and financial inclusion on a scale never imagined before. Further it was proposed that all "public institutions" at gram panchayat level such as Anganwadis, Health and Wellness Centres, government schools, PDS outlets, post offices and police stations will be provided with digital connectivity. So, Fibre to the Home (FTTH) connections through BharatNet will link 100,000 gram panchayats this year. A sum of Rs. 6000 crore is budgeted for BharatNet programme in 2020-21. Further, using machine learning and AI in the Ayushman Bharat scheme by the health authorities and the medical fraternity can target diseases with an appropriately designed preventive regime.

Initiatives for Inclusiveness


Government has set the holistic vision of healthcare that translates into wellness of






SWACHH BHARAT MISSION


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Government committed to ODF Plus in order to sustain ODF behaviour

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Focus on Solid waste collection, source segregation, and processing

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₹12,300 cr for Swachh Bharat Mission in 2020-21

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Financial support for wider acceptance of technologies to ensure no manual cleaning of sewer systems or septic tanks

the citizen. Mission Indradhanush has been expanded to cover 12 such diseases, including five new vaccines. A very focused safe water (Jal Jeevan Mission) and comprehensive sanitation programmes (Swachh Bharat Mission) have been launched to support the health vision. These would reduce the disease burden on the poor. Presently, under PM Jan Arogya Yojana (PMJAY), there are more than 20,000 empanelled hospitals and now there is need to expand them in Tier-2 and Tier-3 cities to cover poorer people. Proposal is made to expand Jan Aushadhi Kendra Scheme to all districts, offering 2000 medicines and 300 surgicals by 2024. Health sector got a budget allocation of Rs. 69,000 crore that is inclusive of Rs. 6400 crore for PMJAY. Aiming to provide piped water supply to all households, Prime Minister announced from the Red Fort the Jal Jeevan Mission. Our government has approved Rs. 3.60 lakh crore for this Mission. This scheme also places emphasis on augmenting local water sources, recharging existing sources and promoting water harvesting and de-salination. Cities with over a million population will be encouraged to meeting this objective during the current year itself. Under Deen Dayal Antyodaya Yojana for alleviation of poverty, 58 lakh SHGs have been mobilised and will work further to expand on SHGs. Similarly, Swachh Bharat Mission has significantly improved health

outcomes by covering more than 99 per cent of rural area in the last 5 years as best symbol of inclusive development. Total allocation for Swachh Bharat Mission is about Rs. 12,300 crore in 2020–21. Government also focused on last-mile delivery of basic services to the poor, on basic safety-nets, and on creating pathways for the benefits of growth to reach the bottom of the socio-economic ladder.

Major Scheme-based Allocations (Rs. in Crore)

S. No.	Name of the Scheme	BE 2019-20	BE 2020-21
1	National Social Assistance Programme	9,200	9,197
2	Mahatma Gandhi National Rural Employment Guarantee Programme	60,000	61,500
3	Umbrella Scheme for Development of Schedule Castes	5,445	6,242
4	Umbrella Programme for Development of Scheduled Tribes	3,810	4,191
5	Umbrella Programme for Development of Minorities	1,590	1,820
6	Umbrella Programme for Development of Other Vulnerable Groups	1,818	2,210
7	Pradhan Mantri Gram Sadak Yojana	19,000	19,500
8	Pradhan Mantri Awas Yojana (PMAY)	25,853	27,500
9	Jal Jeevan Mission (JJM)	10,001	11,500
10	Swachh Bharat Mission	12,644	12,294
11	National Health Mission	33,651	34,115
12	National Education Mission-Samgrha Shiksha	38,547	39,161
13	PMJAY-Ayushman Bharat	6,556	6,429
14	Pradhan Mantri Kisan Samman Nidhi (PM-KISAN)	75,000	75,000
15	Deen Dayal Antyodaya Yojana- National Livelihood Mission - Aajeevika	9,774	10,005
16	Pradhan Mantri Swasthya Suraksha Yojana	4,000	6,020
17	Umbrella Integrated Child Development Scheme	27,584	28,557

Source: Author's Compilation from Budget Documents, Gol

Concluding Note

Overall the Budget provides a 'Big Bang' for agriculture and rural development and presents a development agenda focusing on farming, irrigation, agricultural credit, better storage and marketing. The announcement of an increase in expenditure on agricultural and rural development in the budget proposal signifies their sectoral importance in our economy. Self-sufficiency in food grain production and assurance of food security for masses very much elucidate the significance of agricultural sector. That is why budget provisioning for agriculture and related activities has got the top priorities in the Budget. Increase in agricultural productivity and realisation of reasonable prices for agricultural production is essential for doubling the farmers' income by 2022. Now days, agriculture sector is facing formidable challenges and a large number of farmers want to quit agriculture due to failure of crops, high labour costs, etc. The shift of focus of the Budget 2020–21 towards rural development and farmers' welfare is no doubt a welcome step. However, we look forward to have positive outcome of the Budget through good governance, timely execution, close monitoring, with apt follow up of the various schemes destined for agricultural and rural development in India.

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