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### **Budget will serve well to make growth recovery more sustainable**

Encompassing a sustained focus on agriculture sector and rural economy, Union Budget FY18 should serve well to make growth recovery more sustainable in 2017, driven by a mix of consumption and investment.



New Delhi: Finance Minister Arun Jaitley arrives in Parliament to present the Union budget for 2017-18, in New Delhi on Wednesday. (PTI Photo)

The Finance minister has presented a Budget that has adopted a ‘bottom-up’ thrust approach for reviving growth. Delivering on the pedestal laid out last year which identified agriculture and farmers welfare along with Rurban sector as the two foremost of the nine pillars to transform India, Budget FY18 has reemphasised the focal points of farm and allied sectors. The Budget is in line with the aim to double farmer’s remunerative capabilities by 2022, with an equal emphasis on rural employment and infrastructure. Encompassing a sustained focus on agriculture sector and rural economy, Union Budget FY18 should serve well to make growth recovery more sustainable in 2017, driven by a mix of consumption and investment.

I am confident that the announcements will help unleash a wave of long term growth in agriculture sector and provide a fillip to the enervating rural consumption and job growth, through the following themes:

## **1) Raising agriculture productivity**

Budget FY18 displays continuity in policy thought of the Government validated by high priority accorded to allocation to key agriculture related themes initiated in FY17 of crop insurance, irrigation, soil health cards and e-NAM to ensure their full fruition.

- > Corpus under long term Irrigation Fund under the aegis of NABARD has been doubled to Rs 400 bn in FY18
- > Soil Health Cards envisaged for 100 per cent coverage across 648 Krishi Vigyan Kendras. The success of the scheme in FY17 was stellar with 4.67 crore of Soil Health Cards having been printed and 4.58 crore distributed till Jan-17
- > Furthering common e-market platform through unified National Agricultural Marketing ePlatform (e-NAM) to enable farmers get better prices for their produce in the markets
- > Crop Insurance: Allocation to Fasal Bima Yojana enhanced from Rs 55 bn to Rs 90 bn in FY18, to ensure adequate de-risking of agri incomes to weather vagaries

## **2) Enhancing farmer's remunerative capacity**

The government has rightly recognised that the challenging goal of doubling farmers' incomes will require not only a boost to agriculture productivity, but also require a major push in high value agriculture and allied sectors such as horticulture, livestock and food processing.

It announced the creation of a Dairy Processing and Infrastructure Development Fund with Rs 80 billion for a period of 3 years, with FY18 allocation pegged at Rs 20 billion.

## **3) Building adequate Rural Infrastructure**

The accelerated pace of construction of roads under the Pradhan Mantri Gram Sadak Yojana has been rewarded with an allocation of Rs 190 billion in FY18, the same level as last year. The government has deliberated greater funds to other related infrastructure schemes.

## **4) Job opportunities and MNREGA focus**

Rural wages have recorded a tepid growth with nominal wages of rural agricultural workers growing by a meager 4.9 per cent YoY in November 2016, much lower than 33 per cent and 17 per cent growth seen in 2013 and 2012. A targeted support to lift rural wages through job opportunities has been

offered under the highest ever allocation under MNREGA at Rs 480 billion compared to Rs 385 billion budgeted in FY17.

### **5) Agri financing and move towards digitisation**

In line with the several steps for a less cash behavioral nudge, the Budget has envisaged high-speed broadband connectivity on optical fibre to be made available to 1.5 lakh gram panchayats, in an attempt to support creation of digital infrastructure. In addition, measures to enhance agri financing through higher credit allocation target of Rs 10 lakh crore — an all time high, compared to Rs 9 lakh crore in FY17, accompanied by the 60-day window of interest waiver for farmers announced earlier, will ensure adequate and timely flow of credit to the farmers sans undue stress.

### **Conclusion**

The finance minister has struck the right chords by delivering on the immediate needs to support the rural economy. This will ensure that fortune of a good monsoon and benefits of an improved area sown under Kharif and Rabi seasons will continue to linger well into FY18. In addition, the overall enhancement in capital formation in agriculture and allied sectors projected to increase by 63 per cent in FY18 over and above 86 per cent in FY17 is a substantial support step.

The 2020 vision of doubling farmers income will require four colored revolution — green (agriculture), white (dairy), saffron (energy) and blue (tapping marine resources), and I am hopeful that FY18 Union Budget will take forward this agenda in the coming years.