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Rural Agenda: Reflections in Budget 2016-17

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Abstract

Rural growth is considered to be of higher importance in our country today and always in the process of the nation's growth. It aims at achieving increased productivity, greater socio-economic equality and aspiration, and stability in economic and social development. Keeping this in attention, Central as well as State Governments put higher emphasis on keeping budget for rural development. Government of India, immediately after the commencement of Five Year Plan, started separate allocation of fund for development of rural areas, rural mass for the interest of the country's growth. This paper focusses on the thrust of the Central Budget towards rural development. The theoretical paper tries to explore the welfare schemes for the agricultural sector and the farmers and to investigate the rural development budgetary allocation.

Keywords: Rural development, budget, agricultural sector

Introduction

Agriculture and allied activities are considered to be the backbone of the Indian economy. These activities are the sources of livelihood for over seventy percent of population of the country. A buoyant agricultural sector can ensure food security, provide livelihood to a large proportion of workforce, produce raw materials for industries, produce wage goods, provide goods for export, generate surpluses and provide markets for non-agricultural goods. Agricultural development has come to be regarded as an indicator of the quality of life at the grassroots level making it what may be called the people's sector. It is an established fact that agricultural and allied activities play a crucial role in determining the macroeconomic balances in Indian economy. World Bank reports that about 68 per cent of the country's population lives in rural areas. Quite naturally, the budgetary allocation towards agricultural sector in particular and rural sector in general requires special attention.

Finance Minister Arun Jaitley proposed Annual Budget for the financial year 2016-17 built on 'Transform India' agenda with nine distinct pillars. Two of these pillars are a) Agriculture and Farmers' Welfare with focus on doubling farmers' income in five years and b) Rural Sector with emphasis on rural employment and infrastructure.

Objective

The objective of the paper is to explore the welfare schemes for the agricultural sector and the farmers and to investigate the rural development budgetary allocation.

Methodology

The paper is a theoretical descriptive one. The budget documents are mainly adhered to.

Findings and Analysis

Agriculture and Farmers' Welfare

Rs. 35,984 crores is allocated for Agriculture and Farmers' welfare. In his budget speech Mr. Jaitley confidently announced that 'We need to think beyond *food security* and give back to our farmers a sense of *income security*. Government will, therefore, reorient its interventions in the farm and non-farm sectors to double the income of the farmers by 2022'.

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However, this has been criticised on the point that in 17 states the annual income of a farmer is around Rs. 20,000 which implies that his monthly income is only Rs. 1,666; after five years this would be Rs. 3,332 which would make no sense in terms of *income security* considering the inflation rate in the country during that period.

Fifty four percent of the net cultivated area of 141 million hectares is still out of any irrigation facility. Proper irrigation facility is need of the hour. It has been announced that *Pradhan Mantri Krishi Sinchai Yojana*, aimed at 'per drop more crop', will be strengthened though the allocation of fund towards this is not clear. It has been said that 28.5 lakh hectares will be brought under irrigation under this Scheme. There is also mention of implementation and acceleration of 89 irrigation projects under AIBP that will help to irrigate 80.6 lakh hectares of land. A Long Term Irrigation Fund will be created in NABARD.

In order to encourage organic farming the Government has launched two schemes, namely *Parmparagat Krishi Vikas Yojana* (in order to bring 5 lakh acres of land under organic farming over a three year period) and Organic Value Chain Development in North East Region, a value chain based organic farming scheme. A provision of Rs. 412 crores has been made for these two schemes with emphasis on value addition so that organic produce grown in these parts find domestic and export markets.

Through Soil Health Card Scheme, farmers are expected to get information about nutrient level of the soil so that they can make judicious use of fertilizers. The target set is to cover all 14 crores farm holdings by March 2017 with an allocation of Rs. 368 crores for National Project on Soil Health and Fertility. Conversion of city waste into compost has also been endorsed by the Government under the *Swachh Bharat Abhiyan*.

The most important pre-requisite for significant progress in the agricultural sector is the availability of credit. Budget proposes that adequate and timely flow of credit to the farmers will be ensured. The target for agricultural credit has been set at Rs. 9 lakh crores. To reduce the burden of loan repayment on farmers, a provision of Rs. 15,000 crores has been made in the BE 2016-17 towards interest subvention. But it should be ensured that the credit would reach the real poor small and marginal farmers and not to the large farmers or landowners only *viz-a-viz* the small farmers would be relieved from loan repayment in cases of extreme dues. The suicides by the debt-trapped farmers should be reduced. It is quite alarming and disheartening as well that the suicide by farmers has gone up to 52 per day, with a recent growth rate of 26 percent. Debt waiver to the peasants could have been a remedy.

Similarly, the Crop Insurance Scheme namely, *Prime Minister Fasal Bima Yojana* should also benefit the small and marginal farmers. For effective implementation of the Scheme, Finance Minister has announced a sum of Rs. 5,500 crores in the Budget 2016-17.

The allocation for *Pradhan Mantri Gram Sadak Yojana* (PMGSY) has been increased to Rs.19,000 crores and a total of about Rs. 27,000 crores will be spent on this scheme together with States' share. This will no doubt help marketing of agricultural produce.

Finance Minister has mentioned that 'a lot of fruits and vegetables grown by our farmers either do not fetch the right prices or fail to reach the markets. Food processing industry and trade should be more efficient'. The budget has

proposed allowing 100% Foreign Direct Investment through FIPB route in marketing of food products produced and manufactured in India benefitting farmers, giving impetus to food processing industry and creating vast employment opportunities. All India Kisan Sabha, however, criticised the issue stating it means 'privatisation of agro-processing and marketing which will further aggravate the miseries of farmers by making agriculture economically unviable'.

Rural Development

An amount of Rs. 87,765 has been allocated for development of rural areas in the country that include grant-in-aid to local bodies like panchayats and municipalities, Deen Dayal Upadhyaya Antyodaya Yojana or DAY (scheme for the helping the poor by providing skill training), development of Rurban clusters under the Shyama Prasad Mukherjee Rurban Mission, electrification of villages, MGNREGS, etc.

In order to develop the villages and small towns as per the recommendations of the fourteenth Finance Commission, a sum of Rs. 2.87 lakh crore will be given as Grant in Aid to Gram Panchayats and Municipalities, with an average aid of around Rs. 80 lakhs for every gram panchayat and around Rs. 21 crores for each urban local body. This is a significant step towards the development of these places. Every block under drought and rural distress will be taken up as an intensive Block under the *Deen Dayal Antyodaya Mission*. In a remarkable move, Finance Minister announced exemption of all service tax levy on services provided under the *Deen Dayal Upadhyaya Grameen Yojana*.

The Prime Minister initiated *Shyama Prasad Mukherji Rurban Mission* (SPMRM) with an outlay of Rs. 5142.08 crores on 15th September 2015. The Mission aims at development of rural growth clusters which have latent potential for growth, in all States and UTs, which would trigger overall development in the region. These clusters would be developed by provisioning of economic activities, developing skills & local entrepreneurship and providing infrastructure amenities. The Rurban Mission will thus develop a cluster of Smart Villages. Finance Minister, in his budget speech, has mentioned developing 300 Rurban Clusters that will nurture growth centres in rural areas by offering infrastructure amenities, providing market access for the farmers and expand employment opportunities for the youth.

Deen Dayal Upadhyaya Gram Jyoti Yojana was designed to provide continuous power supply to rural India especially to rural households and adequate power to agricultural consumers. The deadline is 1st May 2018. Rs. 8,500 is allocated for this purpose. Use of resources like solar energy could have been a better solution.

MGNREGA was designed to provide job guarantee for at least 100 days per year in rural parts of the country to all the adult members (at least 18 years of age) of any family to do non-skilled work. A sum of Rs. 38,500 crores has been allocated for MGNREGS in 2016-17 which is lower than some of the previous years' allocation. In 2006 at the time of initiation it was Rs. 40,100 crores, in 2010-11 it was Rs. 39,377 crores and in 2013-14 it was Rs. 38,552 crores. If inflation is taken into account, this allocation should be more than Rs. 60,000; clearly present allocation is much lower. Proper steps should also be taken if there is unsatisfactory performance by the states. Tripura government has successfully implemented this scheme

bagging top position in last few years. This financial year also the state has generated 92 working days. The Central government may provide additional fund to such satisfactory-performing states.

Finance Minister mentioned that of the 16.8 crores rural households as many as 12 crores households do not have computers and are unlikely to have digitally literate persons. Two plans have been initiated namely, National Digital Literacy Mission and Digital Saksharta Abhiyan (DISHA). There is a plan to initiate a new Digital Literacy Mission Scheme for rural India to cover around 6 crores additional households within the next 3 years. It is a great jump from literacy to digital literacy. When a major chunk of people in rural India are illiterate, however, there should be efforts to literate the rural people first, which will surely supplement digital literacy.

Concluding Remarks

The budget so placed is considered by many as 'pro-rural budget'. As a citizen of India, we should always try to better the condition of farmers and the rural poor. There are also objections against such term. There is also argument that the government had failed to implement the recommendations of the Swaminathan Committee. The National Commission on Farmers, under chairmanship of Swaminathan suggested a) a medium-term strategy for food and nutrition security in the country, b) enhancing productivity, profitability, and sustainability of the major farming systems of the country; c) substantially increase flow of rural credit to all farmers; d) enhancing the quality and cost competitiveness of farm commodities so as to make them globally competitive; e) protecting farmers from imports when international prices fall sharply; and f) empowering elected local bodies to effectively conserve and improve the ecological foundations for sustainable agriculture. It is said that there is failure on this front. The total allocation for rural development had not been increased as per rate of increase in inflation.

The main area of concern is that whatever fund has been allocated should be trickled down to the lowest strata or should be channelized to the target groups. Proper monitoring is need of the hour.

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