

## THE FINE PRINT

*Push for agri, rural but more needed*S MAHENDRA  
DEV

The Economic Survey says that the agriculture sector has grown at an average annual growth rate of 4.6 per cent in the past six years. However, agriculture and rural incomes are under stress for several reasons.

The purchasing power of the rural population has declined due to higher inflation in rural areas. Real rural wage growth has been negative due to high inflation. Weak rural demand has been a concern for fast-moving consumer goods and other consumer durables players, although we see a few green shoots now.

Demand for work under the rural employment guarantee scheme (Mahatma Gandhi National Rural Employment Guarantee Act, or MGNREGA) remains high, too. This is a reflection of continued stress in rural areas. Therefore, agriculture and rural India has been looking for steps to increase and push demand in the Union Budget 2023-24 (FY24).

The measures announced in the Budget on agriculture and infrastructure are in the right direction. It may increase population income. Whether it is sufficient is not clear. Capital expenditure is about ₹10 trillion in the Budget. This should help rural areas also. In FY24, the likely expenditure on the three major subsidies (food, fertiliser, and petroleum) was lower than those of 2022-23 (FY23). This should give some cushion to the government next year.

**THE MEASURES ANNOUNCED ON AGRICULTURE AND INFRASTRUCTURE ARE IN THE RIGHT DIRECTION. WHETHER IT IS SUFFICIENT IS NOT CLEAR**

Some of the announcements for agriculture in the Budget are: (a) digital public infrastructure for agriculture, (b) agricultural accelerated fund to encourage agri start-ups, (c) increase in agri credit to ₹20 trillion, with focus on animal husbandry, dairy, and fisheries, (d) global hub for millets (Shree Anna), and (f) cooperatives-based development for agriculture.

The government should be credited for taking initiative in the promotion of millets. In addition, there are some schemes under green growth, such as PM PRANAM, GOBARdhan for promoting a circular economy and facilitating 10 million farmers to adopt natural farming.

There is marginal rise in the allocation of agriculture and allied activities, including PM KISAN, from ₹1.36 trillion crore in FY23 (Revised) to ₹1.44 trillion crore in FY24 — an increase of 5.8 per cent. On agriculture research and development (R&D), the allocation is only ₹9,504 crore, although it is higher than ₹8,658 crore in FY23. This is only 0.4 per cent of agri gross value added, while other countries spend 1-2 per cent of agri gross domestic product.

The Budget has not raised allocations for rural development schemes. The expenditure for rural development declined from ₹2.43 trillion in FY23 (Revised) to ₹2.38 trillion in FY24. Demand for MGNREGA is still high in rural areas. But the allocation for MGNREGA declined from ₹89,400 crore in FY23 (Revised) to ₹60,000 crore in FY24 — a significant decline.

The government generally says that the expenditure for this scheme is based on demand. However, there will be rationing of expenditure on this scheme if the government does not include higher funds for MGNREGA in the Budget.

Much more is needed for improvement in agriculture. The Survey calls for reorientation due to challenges like climate change, rising input costs, fragmented land holdings, sub-optimal farm mechanisation, low productivity, and disguised unemployment.

Investment (both private and public) on infrastructure and R&D has to be raised by having a relook at subsidies. Focus is needed on diversification to millets, pulses, oilseeds, horticulture, animal husbandry, dairying, and fisheries.

Returns on millets have to be increased by raising productivity to compete with other crops. Similarly, focus should be given to the rural non-farm sector by raising rural manufacturing and services. The Survey says that the credit growth to the micro, small and medium enterprises (MSMEs) sector has been remarkably high over 30.5 per cent on average during January-November 2022. Some more push on policies is required for revival of incomes and employment for MSMEs.

States in India spend 60 per cent of government expenditure, 70 per cent of education and health spending, and a larger share in public capital expenditure. The Centre has to work closely with states in improving the incomes and livelihoods, inclusive growth and sustainability in agriculture and rural areas. The Budget provisions are in the right direction, but need more push to raise rural incomes and demand.

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