



## Union Budget 2016-17: A Road Map For Progressive Rural Development

### KEYWORDS

Rural Development; Budget; Rural Areas and Government

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**ABSTRACT** *The true inclusive society cannot be achieved, without the inclusion of more than majority of population, who are living in rural areas of the country. In India, more than 800 million of population lives in the rural areas of the country. Even after more than 6 decades of independence, their development is utmost important for our society. In this context, the Union Budget 2016-17, has taken many initiatives. This article will discuss about the important initiatives undertaken by the Union Government for rural development, for the financial year 2016-17. The focus is on essential sectors of rural development, which can go long way in promoting and developing rural areas and the people reside in it.*

### INTRODUCTION

In the midst of global economic slowdown, the Indian Finance Minister Arun Jaitley presents his third Union Budget for the year 2016-17. The importance of this budget for the rural sector as a whole can be seen, when the Finance Minister Shri Arun Jaitley, in the beginning of his budget speech announces the nine pillars of his budget in which the first two pillars being: Agriculture and farmers welfare with focus on doubling farmers income in five years; and rural sector with emphasis on rural employment and infrastructure. The other pillars are social sector including healthcare; education, skills and job creation; infrastructure and investment; financial sector reforms; Governance and ease of doing business; fiscal discipline; tax reforms to reduce compliance burden (*The Hindu, 2016*). Thus, the big push for the rural and agriculture sector has been initiated in the budget. This is also very important because more than 800 million of Indian population lives in the rural areas of the country. Their development becomes utmost important, otherwise the true inclusive society cannot be achieve.

### RURAL DEVELOPMENT: IMPORTANT INITIATIVES OF UNION BUDGET 2016-17

In order to energising rural India, or 'Transforming Villages to Transform Lives', the 2016-17 budget has been presented with the some important initiatives and they are:

#### A) Better Targeting of Subsidy: Fertilizer Subsidy

For the year 2016-17, Rupees 2,50,432.93 crore has been proposed for various subsidies, in which the share of fertilizer has been (27.95%) of the total subsidies expenditure. The share of fertilizer subsidy of the total subsidies expenditure has been going down, starting with (43.34%) in 2009; (35.93%) in 2010; (32.12%) in 2011; (25.52%) in 2012; (26.45%) in 2013; (27.52%) in 2014; and (28.1%) in 2015. The importance of the fertilizer subsidy to the farmers cannot be disputed; it is very useful for the productivity of the land. But, does all the eligible farmers are getting this subsidy is a question mark on the service delivery system, without any corruption and loopholes. In this context, the Union budget 2016-17, has proposed for introduction of Direct Benefit Transfer(DBT) for fertilizer subsidy on pilot basis, which will help in better targeting of subsidy to deserving beneficiaries, and also help in eliminating unne-

cessary wastages in fertilizer subsidy to the bogus/unknown people, which could save significant amount of money to the exchequer.

#### B) Resource Mobilization through: Krish Kalyan Cess and Surcharge

The Union government has proposed an Income Declaration Scheme, under which a person's declaring their undisclosed income needs to pay tax, surcharge and penalty, which will be (45%) of the undisclosed income declared. But the surcharge would be (7.5%) of the undisclosed income, will go toward Krishi Kalyan Surcharge. Also, (0.5%) Krishi Kalyan Cess will be levied on all taxable services, which will come into effect from 1<sup>st</sup> June 2016. The above two resource mobilization initiatives of the government will be used for financing initiatives for the benefits and improvement of agriculture, welfare of farmers and rural economy in the country (*Centre for Budget and Governance Accountability, 2016: p.22*).

#### C) Achieving Rural Sanitation: Swachh Bharat Mission (Gramin)

In order to achieve universal sanitation in the country, for which rural sanitation is important. The Government of India launched the Swachh Bharat Mission (Gramin) on 2<sup>nd</sup> October 2014, with the objective of promoting cleanliness, hygiene and eliminating open defecations in rural areas. So the goal of the mission has to achieve Swachh Bharat by 2<sup>nd</sup> October 2019, as a fitting tribute to the 150<sup>th</sup> Birth Anniversary of Mahatma Gandhi. Before 2<sup>nd</sup> October 2014, Swachh Bharat Mission (Gramin) is basically called as Nirmal Bharat Abhiyan. By looking at the allocation for Swachh Bharat Mission(G)/Nirmal Bharat Abhiyan in last five years starting with 2012-13, the amount allocated was Rupees 2,474 crores; in 2013-14, it was Rupees 2,244 crores; Rupees 2,750 in 2014-15; Rupees 6,525 (Revised Estimate) in 2015-16 and in the latest budget, the allocation increased to Rupees 9,000 crore. So, there has three-fold increase in the allocation for the rural sanitation compare with the year 2012-13.

Till now, 1.56 crore toilets have been built under the Swachh Bharat Mission (Gramin) since its launch, but now the Government of India aimed to built 1.5 crore toilets within the 2016-17 financial year. The Finance Minister Shri

Arun Jaitley also talks about rewarding the villages, which are totally free from open defecation from the priority allocation from Centrally Sponsored Schemes.

#### **D) Crop Insurance to the Farmers: Pradhan Mantri Fasal Bima Yojana**

The Pradhan Mantri Fasal Bima Yojana (PMFBY) has seen significant increase in allocation in the Union budget 2016-17. In the year 2014-15, the allocation was Rupees 2,598 crore; in 2015-16 it was Rupees 2,955 crore (Revised Estimate) and in 2016-17 it increased to Rupees 5,501 crore (Budget Estimate). It is necessary to know that the total amount allocated under Pradhan Mantri Fasal Bima Yojana includes existing National Agriculture Insurance Scheme (NAIS), Weather-based Crop Insurance Scheme, Modified National Agricultural Insurance Scheme (MNAIS) being implemented through Agriculture Insurance Corporation and Coconut Palm Insurance Scheme (*Ibid. p.23*).

The crop insurance is very important for farmers in our country, as any time they can be affected by adverse consequences of nature like drought; more rainfall; storm and cyclone etc. This PMFBY is very good, because of nominal premium and highest ever compensation in case of any crop loss by the farmer. But, this is just the beginning, still more efforts needs to be done, to bring more number of farmers into the crop insurance scheme net, especially those landless farmers.

#### **E) Support to Irrigation: Pradhan Mantri Krishi Sinchai Yojana and Accelerated Irrigation Benefits Programme**

For increasing agriculture production in the country, irrigation is very important for that purpose. Unfortunately, even today more than majority of Indian farmers are depending upon Monsoon God for irrigating their land. Presently, out of 141 million hectares of net cultivated area in the country, only (46%) is covered with irrigation. To solve this problem, the Union Budget 2016-17, has made many provisions in this regard, few important are: Firstly, Pradhan Mantri Krishi Sinchai Yojana (PMKSY) will be implemented in a mission mode, with the objective of bringing 28.5 lakh hectares of land under irrigation (*Ministry of Finance, 2016: p.5*). Secondly, Accelerated Irrigation Benefits Programme (AIBP) which provides central loan assistance to major/medium irrigation projects in the country, with the objective to accelerate the implementation of those projects which are beyond resource capability of the states or are in advanced stage of completion (*Ministry of Water Resource, River Development & Ganga Rejuvenation, 2016*). According to 2016-17 Union budget, the 89 irrigation projects under AIBP, which have been languishing for so many years, will be fast tracked, out of which 23 projects will be completed before 31st March 2017. These projects will help to irrigate 80.6 lakh hectares.

Thirdly, a dedicated Long Term Irrigation Fund will be created within National Bank for Agriculture and Rural Development (NABARD) with an initial corpus of about Rupees 20,000 crore.

Fourthly, with an estimated cost of Rupees 6000 crore has been proposed for multilateral funding used for sustainable management of ground water resources (*Ministry of Finance, 2016: p.5*).

#### **F) Access to the Market: Unified Agricultural Marketing ePlatform**

The longstanding problem of the farmers in India has been access to the market for their products, which affects their

income or getting any good return. In this regard, the government is implementing the Unified Agricultural Marketing ePlatform which will be launched on coming 14<sup>th</sup> April 2016, on the birthday of Dr. Baba Saheb Ambedkar. This initiative will provide a common e-market platform for selected 585 regulated wholesale markets. If, any State government wants to join this platform, firstly, they need to amend their Agriculture Produce Market Committee (APMC) Acts. So far, already 12 States have shown interest in this platform and amended their APMC Acts (*Ibid. p.6*).

#### **G) Better Connectivity: Pradhan Mantri Gram Sadak Yojana**

The issue of connectivity is a big challenge in the rural areas of the country, even after more than 68th years of independence. Still, many people living in rural and remote areas are deprived of, even the facility of good all-weather road connectivity, which is a backbone of any country. The Pradhan Mantri Gram Sadak Yojana (PMGSY) has been launched by the government on 25<sup>th</sup> December 2000, with the objective of providing all-weather road access to eligible unconnected habitations. There are so many problems, saw in the past in implementing this programme, from underfunding to slow pace of construction etc. But, under the 2016-17 budget, the allocation for PMGSY increased to Rupees 19,000 crore and by combining States share in this programme, the total money to be spent will be Rupees 27,000 crore. The Union government says that, it will connect remaining 65,000 eligible habitations by constructing 2.23 lakh roads by 2019. Also, the pace of the construction will be stepped up from currently 100 kms per day (*Ibid. p.6*).

#### **H) Urban Amenities in Rural Areas: Shyama Prasad Mukherjee Rurban Mission**

In order to give the basic infrastructure and urban amenities which are enjoyed in the urban areas, to the people living in rural areas. A new scheme called Shyama Prasad Mukherjee Rurban Mission launched by the Government of India recently. This scheme is basically rooted in former President A.P.J. Abdul Kalam's idea of Providing Urban Amenities to Rural Areas (PURA). But, there exists difference between the two schemes, with PURA faced lack of investment due to more focus on the participation and implementation from private sector; whereas in Shyama Prasad Mukherjee Rurban Mission, the onus of implementation has more on the government. In this regard, the budget 2016-17 talks about developing 300 Rurban Clusters; which will develop growth centres in rural areas by providing infrastructure amenities and market access for the farmers. They will also expand employment opportunities for the youth and more importantly, will play an important role in controlling migration of people from rural to urban areas. Thus, for urban areas the concept of 'Smart City' is becoming popular, same way for rural areas the concept of 'Smart Village' is the need of the hour (*Ibid. p.8*).

#### **I) Digital power for Rural People: Digital Literacy Mission Scheme**

The 21<sup>st</sup> century is digital century, with Information and Communication Technologies (ICT) influencing almost every aspects of individual's life. But, still in our country, many people in rural areas are deprived of benefits of the technology, mainly because of digital illiteracy; of course there are other reasons also. Since, the year 2006, the National e-Governance Plan played an important role in spreading utility of technology to the people and now, with Digital India it has carry forward. But, still some specific initiatives need to be taken for the rural areas. Especially, if 12

crore households do not have computers out of 16 crore rural households, then the issue of digital literacy becomes more important. Already two schemes namely, National Digital Literacy Mission; and Digital Saksharta Abhiyan (DISHA) have been approved by the government and shortly, a new Digital Literacy Mission Scheme specifically for rural India will be launched, which will cover additional 6 crore households in the next 3 years (*Ibid. pp.8-9*).

## CONCLUSION

Although, the Union budget (2016-17) has initiated good things for development of the rural sector, but here the role of the state governments also equally important. The cooperation of both central and state governments are utmost important for achieving rural development in country like India, with vast diversity and challenges. Thus, the importance of cooperative federalism is the need of the hour, so to achieve the Sustainable Development Goals in the long term; and the proposed budget 2016-17 is the just the beginning towards achieving the above mention goals.

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