


Union Budget 2020: Miles to go on the rural road

At this juncture of high unemployment and economic slowdown, the most-awaited Union Budget 2020-21 is presented.



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At this juncture of high unemployment and economic slowdown, the most-awaited Union Budget 2020-21 is presented. While the economic slowdown might be both structural as well as cyclical, the major factor for this slowdown is the subdued demand, especially in the rural sector. As it is, the rural economy has been plagued by many issues such as poverty, unemployment, poor infrastructure, lack of provision for basic social services and quality of life. With the slowdown in rural incomes, it was expected that the budget would address the rural distress through some fiscal measures.

At first glance, the allocations to rural development is set at Rs 1.22 lakh crore, which is indeed marginally lower compared to FY 2019-20 revised estimates (RE). Against our expectations, within the rural development, the decline is very sharp in the allocation to Mahatma Gandhi National Rural Employment Guarantee

Scheme, a decline of 13.4 per cent from the previous year RE. Given the rural distress, it will have a further dampening effect on rural employment and income generation. Under National Social Assistance Programme, the allocations saw some marginal decline, while there were demands to increase the benefits under the scheme. However, on the Pradhan Mantri Gram Sadak Yojana, there is a massive increase, by about 39 per cent, for the third phase of the scheme. This should help in creating not only the employment,

but also forward linkage in the rural areas through better rural connectivity for accessing schools, hospitals, agricultural markets and urban areas. For the rural housing scheme, which is one of the most focused one under this government, the allocations are increased so as to achieve the goal of 'Housing for All' earlier than targeted. Under this programme, the government has already constructed one crore houses by 2018-19, the remaining 1.95 crore houses is expected to be completed in this second phase (2019-20 to 2021-22). Similarly, only an additional of Rs 186.04 crore is allocated for the Aajeevika scheme; one would have expected higher allocation for it. As the new government started focusing more on drinking water, this budget increases its allocation to Jal Jeevan Mission by about 15 per cent for providing water supply to all households.

Large part of the Finance Minister's speech focused on agriculture and allied activities, mainly to move towards doubling of farmer's income by 2022. While this is still aspirational, towards this direction, the budget has announced many reforms in agriculture. It has proposed to expand the PM-KUSUM scheme to provide 20 lakh farmers for setting up standalone solar pumps, extending further it to another 15 lakh farmers to solarise their grid-connected pumps. The budget has substantially increased the allocations to existing flagship programmes such as PM-KISAN (37.9%), PM-AASHA (55.8%) and PMFBY (15.1%). By targeting `15 lakh crore towards agriculture credit for 2020-21, it is aimed to cover all the eligible beneficiaries of PM-KISAN for availing Kisan Credit Card loans. However, as the disbursements in 2019-20 suggest (which is only about 65% of allocation), the coverage of PM-KISAN may need to be relooked. We have seen substantial increase in the allocation for PMKSY, an increase of nearly 41 per cent over 2019-20 RE,

which should provide relief for farmers to some extent in improving irrigation facilities. Some of the announcements related to integrated farming systems such as multi-tier cropping, bee-keeping, solar pumps, solar energy production in non-

cropping season and Jaivik Kheti programme, if implemented efficiently, could enhance farmers' standard of living. To expand the role of SHGs, it has proposed that SHGs run the 'Village Storage' scheme. Provision of Rs 22,000 crore towards power and renewable energy sector in 2020-21 is a welcome step, which should sustain the target of providing quality and adequate electricity to all.

Overall, the budget tries to address the concerns of rural economy through various flagship programmes. Increased emphasis on agriculture and improvement in public service delivery system and quality governance, the allocated resources should help in achieving a better rural India. However, given the rural distress, there is lot more that could have been done to not only enhance rural demand, but also revive the Indian economy.

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