

The Union Budget 2007-08 & Rural, Agriculture sector**The FM has not put his money on his words**

The slogans that the Union Finance Minister wanted everyone to be impressed by in his speech for the Union Budget for 2007-08 were about inclusive growth, top priority for agriculture and second green revolution. A close scrutiny of the budget reveals that he has not put money on the issues of concern that he mouthed in these slogans, if we look at the budget from the perspective of rural, agricultural sector.

But first let us give him credit where it is due. The Groundwater recharge scheme that Mr Chidambaram has proposed is certainly an urgently needed step in right direction. However, the way he has described the scheme in the budget speech raises a number of questions. Mr Chidambaram said, "The strategy for ground water recharge is to divert rain water into 'dug wells'." However, Rs 4 000/- per structure allocated for this seems rather high. In Saurashtra (Gujarat) farmers have achieved these at a cost of few hundred rupees. We will also need to await details of how the proposed 7 million structures over about 850 blocks in 100 districts will be implemented. It is also not clear as to for what period the amount of Rs 1800 crores to be given through NABARD is. The govt should also make public the study based on which the figures have been arrived at, as it seems to assume that so many dug wells exist. 50% subsidy for large farmers is high, but it may be a good idea at entry level.

However, Indian water resource establishment is like a king that keeps trying to expanding his reign to new areas without bothering to see what is happening to the acquisitions. According to a World Bank estimate, India currently needs about Rs 17000 crores every year just to maintain the created infrastructure. Two years back in his budget speech Mr Chidambaram was ruing the fact that the efficiency of India's irrigation sector is one of the lowest in the world. He has done nothing to make amends on that score. Capacity equivalent to two thirds of the new storage capacity we are creating each year through large projects at huge costs is getting silted up and nothing is being done to arrest that destruction.

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On the contrary, he is doing exactly the opposite when he increased allocation for Accelerated Irrigation Benefits Programme by a whopping 55% to Rs 11000 crores. Same is the story about irrigation component of Bharat Nirman, most of which goes for big dams and long distance canals, which have proved too costly and relatively unproductive over the years. The list mile schemes are in fact becoming incentive for starting new projects. And most of the money is going for projects like that Sardar Sarovar that cannot be called last mile project by any stretch of imagination.

Compare those thousands of crores with a paltry allocation of Rs 100 crores for the National Rainfed Area Authority. Here it may be remembered that rainfed area is much larger than the irrigated area and is in urgent need for attention. And for what he described as his dream scheme two years back, namely repair, renovation and restoration of water bodies, worse is in store. The water bodies are to depend on the mercy of the World Bank and other aid agencies. So Mr Chidambaram is expecting the World Bank to realise his dreams and he has no quarter to allocate for his dream scheme.

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Moreover, the Finance Minister has nothing to offer to solve the biggest problem of India's Water Sector: Utter lack of transparency and accountability.

Furthermore, he has proposed nothing credible to arrest land deprivation, for increasing the productivity of small farms and national average yields of crops. One step he could have easily taken is to enthusiastically promote a new method of rice cultivation called System of Rice Cultivation, which has the potential to increase the yields even with reduction in inputs like water, seeds and chemicals.

The entry of corporate bodies in the agriculture sector (corporate farming, marketing) has in fact created problems for the rural people. But the Economic Survey for 2006-07, indeed calls private entry as improvement and novel (Box 8.2 in Economic Survey, 2006-07) and talks rather positively about Strategic Economic Zones.

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The 2007-08 is the first year for the 11th Five Year Plan and neither the Approach Paper for the Plan, nor the Budget has any credible steps to achieve inclusive and sustainable agricultural growth. A sector, which the FM noted, supports 115.5 million families.

It is doubtful if the FM would get even passing marks for this performance. In fact the results of his performance were available a day before when election results showed that the people of Punjab and Uttaranchal had ousted the UPA governments.

It seems there is no inclination to learn lessons from these debacles.

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