

# Focus is on developing and supporting rural India



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■ Focus on rural growth is likely to benefit all sectors dependent on rural consumption

THE Centre has been facing many challenges and keeping the fiscal discipline in control is one of the most significant one, especially, when the world economy is passing through major socio-political turbulence. Keeping the fiscal deficit at 3.5 per cent and yet meeting the growth & social objectives is a difficult task, which the finance minister has attempted to solve. There are no major negative surprises during these challenging times and that's good about this Budget. All the sectors viz. agriculture, infrastructure, oil & gas, realty, rural development, manufacturing, banking & tax reforms have been well addressed. Focus on infrastructure & rural sector, which are the backbone of the economy & society, provides major impetus to the industries in the long term. Overall this year's Budget can be termed as a good effort.

Now let me highlight and analyse some of the key points in the Budget.

**Fiscal prudence:** On fiscal front, the government has kept the Budgeted fiscal deficit for FY2017 with in the FRBM Roadmap, at 3.5 per cent. Jaitley set a fiscal deficit target of 3.0 per cent each for FY2018 and FY2019. Sticking to the limits for fiscal deficit, despite 7th pay commission and OROP headwinds, is commendable. However, meeting the ends on disinvestment target of Rs 56,500 crore and communication receipts of Rs 98,995 crore will be crucial for attaining fiscal goals.

**Rural focus:** The Budget focuses on developing and prospering the rural part of the nation. While it aims at doubling the income of farmers in next five years, the Budget has lined out several welfare and supportive schemes for the farmers. The government plans to bring 28.5 lakh hectares of land under irrigation, introduce four schemes for animal welfare, and has set an agricultural credit target of Rs 9 lakh crore.

Jaitley allocated Rs 35,984 crore for agriculture and farmers' welfare. He also allocated a sum of Rs 38,500 crore for MGNREGS and set a target of 100 per cent village electrification by May 1, 2018. The FM's focus on rural growth is likely to benefit all the sectors largely dependent on rural consumption. These sectors include: FMCG, auto (two wheelers and tractors), fertiliser, irrigation, pipe and consumer goods. A special emphasis on electricity to all villages may act as positive for power generation and distribution companies. Special allocation of Rs 850 crore towards dairying projects may bode well for dairy players.

**Education and healthcare:** The government allocated Rs 1,000 crore for higher to set up a higher education financing agency, Rs 1,804 crore for skill development, and plans to introduce a digital literacy mission scheme for rural India. It also proposed new health protection scheme, allocated Rs 9,000 crore to-

wards swachh bharat abhiyan, and plans of opening 3,000 stores under prime minister's jan aushadhi yojana, in FY2017. The government's allocation for social sector, including healthcare and education, stands at Rs 1,51,581 crore for FY2017. Higher allocation for education and healthcare is positive for education and pharmaceutical sectors.

**Infrastructure and investment:** The government has allocated Rs 97,000 crore for road sector in FY2017, including PMGSY allocation. Including the investment by Railway, the total outlay on road and railways stands at Rs 2,18,000 crore. Added to that, the government aims at reviving unserved and underserved airports with the help of state governments. Jaitley also proposed to allow 100 per cent FDI through FIPB route in marketing of food products, which are processed and manufactured in India. These developments are positive for road constructors, cement and infrastructure players.