



## Union Budget 2018/19

# Renewed emphasis on rural development and agriculture is welcome: Implementation will be key

## Emphasis on sustainable growth and development needs strengthening

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Union Budget 2018/19 provided the much needed priority to agriculture and rural development, education, health, and infrastructure. There were some positives for environmental sustainability in the Budget, including the attention to air pollution, the increase in the target under the Ujjwala scheme from 5 crore to 8 crore poor women who will benefit from free LPG connections and the recommitment to the Saubhagya scheme which aims at providing electricity to all.

The Gobar Dhan scheme aimed at making villages free of open defecation and helping farmers to reuse cattle dung and solid waste in their farms as compost, fertiliser, bio-gas and bio-CNG is a laudable initiative. The announcement that the Government of India will take necessary measures and encourage State Governments to facilitate the purchase of surplus power from solar irrigation pump sets at remunerative rates is a good initiative and hopefully the first step in moving a large part of India's energy needs for irrigation to solar in the medium term. This would also make the achievement of our INDC targets easier and less costly.

The decision to set up a Coalition on Disaster Resilient Infrastructure with an allocation of Rs 60 crore towards development of standards, regulatory mechanism, etc. is a small but much-needed start towards building resilient infrastructure in the country.

### **Agriculture and Rural Development**

A number of schemes were announced to promote agriculture, organic farming, animal husbandry and fisheries, including an assurance that the minimum support price of all crops will be increased to at least 1.5 times the production cost. These are welcome initiatives given the high livelihood dependence on agriculture despite its declining share in India's GDP. These initiatives will also strengthen the resilience of Indian agriculture to climate change, which can potentially reduce farmer income by 15 -18% on average as per the latest Economic Survey. Budgetary allocation for irrigation in 96 deprived irrigation districts where less than 30% of the land holdings get assured irrigation presently is a good initiative, especially as these areas are particularly vulnerable to climate change.

As the cost-plus comprehensive MSP is put in place in consultation with the states, it is hoped that it would also be designed to move cropping patterns towards water sustainability. The MSP policy should aim at the promotion of pulses and traditional millets which are affordable sources of proteins for Indians, especially those who are vegetarian. This would go a long way in improving the health and nutrition of the common man.

### **Air Pollution**

The Finance Minister announced a special scheme to support Haryana, Punjab, Uttar Pradesh and Delhi NCT in abating air pollution due to crop residue burning and subsidise machinery for management of crop residue. The Government must recognize that air pollution is not an NCR issue. Delhi is only one of the 7 Indian cities in the top 15 most polluted cities globally as measured by PM2.5 levels (WHO database of 2016). India as a whole has been ranked among the bottom 5 of the 180 countries on the Environmental Performance Index (EPI) 2018, developed by Yale and Columbia Universities along with the World Economic Forum. This overall low ranking - 177 among 180 countries - was linked to poor performance in the environmental health policy and deaths due to air pollution categories.

It is hoped that the Government will move towards launching a national programme for improving air quality in the entire country. This would need coordinated interventions in public transport, e-mobility, and strengthening of the Pollution Control Boards.

It is matter of concern that allocations to Ministries that are important from the perspective of environmental sustainability have been reduced in the interest of a lower fiscal deficit. These are the Ministry of New and Renewable Energy (allocation reduced by over 36% compared to last year), Ministry of Environment, Forests and Climate Change (reduction of 37%), and the Ministry of Drinking Water & Sanitation (reduction of 18%), and Ministry of Water Resources, River Development & Ganga Rejuvenation (reduction of 10%). It is hoped that as GST revenues stabilize the budgets of these Ministries will be restored. One of the reasons for lower allocation to some of these Ministries is also the diversion of the coal cess towards compensation to States on account of GST. It is hoped that in due course the proceeds of the coal cess will be redirected towards the purpose it was originally designed for, that is, clean energy and environmental sustainability.