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## Time for Gramodaya: Rural economy has been resurgent, but, more needs to be done to help it soar

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If the Prime Minister's intention gets translated into action this will go a long way in taking care of interests of both farmers and consumers. It is high time we remembered the Father of the Nation by targeting the concept of "gramodaya".



The factors favourable for the agricultural sector are a 15% better than normal monsoon, increased availability of water in reservoirs for irrigation, increase in sowing acreage area of Kharif crop.

**By Jagadish Shettigar, Pooja Misra**

India's per capita GDP in rural regions has grown at a rate of 6.2% since 2000. The agricultural sector has shown an impressive growth of 5.9% in Q4 2020. CRISIL's forecast states agricultural sector will depict 2.5% growth in 2020-21 as against India contracting at 4.2%. The factors favourable for the agricultural sector are a 15% better than normal monsoon, increased availability of water in reservoirs for irrigation, increase in sowing acreage area of Kharif crop, aggressive implementation of the MGNREGA scheme by the Government and various other welfare measures targeting the rural sector. Economic estimates show that the Indian rural economy has been resurgent and Bharat seems to be moving relatively faster on the path to recovery. Interestingly, rural unemployment numbers have fallen faster than urban unemployment rate as seen in August first week. Also, low rural inflation numbers are largely due to free supply of food grains under the PM Garib Kalyan Ann Yojana (PMGKAY), thus lessening the burden on daily budgetary requirements of rural labourers and putting more money in their hands to spend.

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#### Resurgent rural economy fuelling consumption and demand

Several stimulus measures such as increase in MGNREGA wages, free distribution of foodgrains etc. for the rural population has increased demand and a rise in consumption is being driven by this section of people. FMCG manufacturers are confident of healthy demand from the rural areas of the country. ITC Limited, launched a 50 paise hand sanitizer sachet targeting the rural consumer segment. Nielsen report – 2019 stated that rural India had 10% more internet users as against urban India and rural consumers were seen to be adopting online

lockdown propelled several brands to shift to digital media and spread of vernacular content created the bond with rural Indians.

In addition to the Government stimulus, structural reforms initiated by GOI adds to the positive story being woven in Bharat.

The three ordinances introduced under the Atmanirbhar Bharat scheme in May 2020 will give the farmers the benefit of 'my crop, my right' and help them gain higher prices for their produce. Launch of Agriculture Infrastructure Fund of Rs. 1 lakh crore by the Prime Minister for setting up cold chain, refrigerated transportation etc will help farmers command better prices. These structural reforms will go a long way in reviving India's rural ecosystem.

Initiatives undertaken by MNCs such as 'e-choupal' by ITC Limited which enables rural India with technical know-how for an effective agri ecosystem and facilitates transparent mechanism for price discovery should be encouraged. Government should consolidate and leverage the CSC (Common Service Center) pan India network. It should also focus on promoting cottage industries, provide better amenities in terms of health care, education, road network, communication and power so that rural population can also be in a position to access quality life on par with urban sector. This will also lessen migration towards cities in search of job opportunities. By setting up small scale industries, building on the rural infrastructure, increasing employment opportunities in agri-allied activities, non-farm areas and enabling healthcare facilities through 'Aayushman Bharat' and 'Housing for All' under the Pradhan Mantri Awas Yojna the Government should vie towards decentralisation from urban areas and metros and build a balanced regional developed India.

The Government's proposal of focusing on rural infrastructure should be implemented with all seriousness. In the past also such proposals were announced but failed to see light of the day. For instance, the very first budget of the Vajpayee government talked about cold chains with PPP model. Similarly, under the UPA government the then Railway Minister [Lalu Prasad Yadav](#), proposed refrigerated wagons exclusively for transportation of farm goods. If the Prime Minister's intention gets translated into action this will go a long way in taking care of interests of both farmers and consumers. It is high time we remembered the Father of the Nation by targeting the concept of "gramodaya".


- **Jagadish Shettigar is Professor, Economics, and Pooja Misra is Associate Professor, Birla Institute of Management Technology, Greater Noida. Views expressed are the authors' own.**



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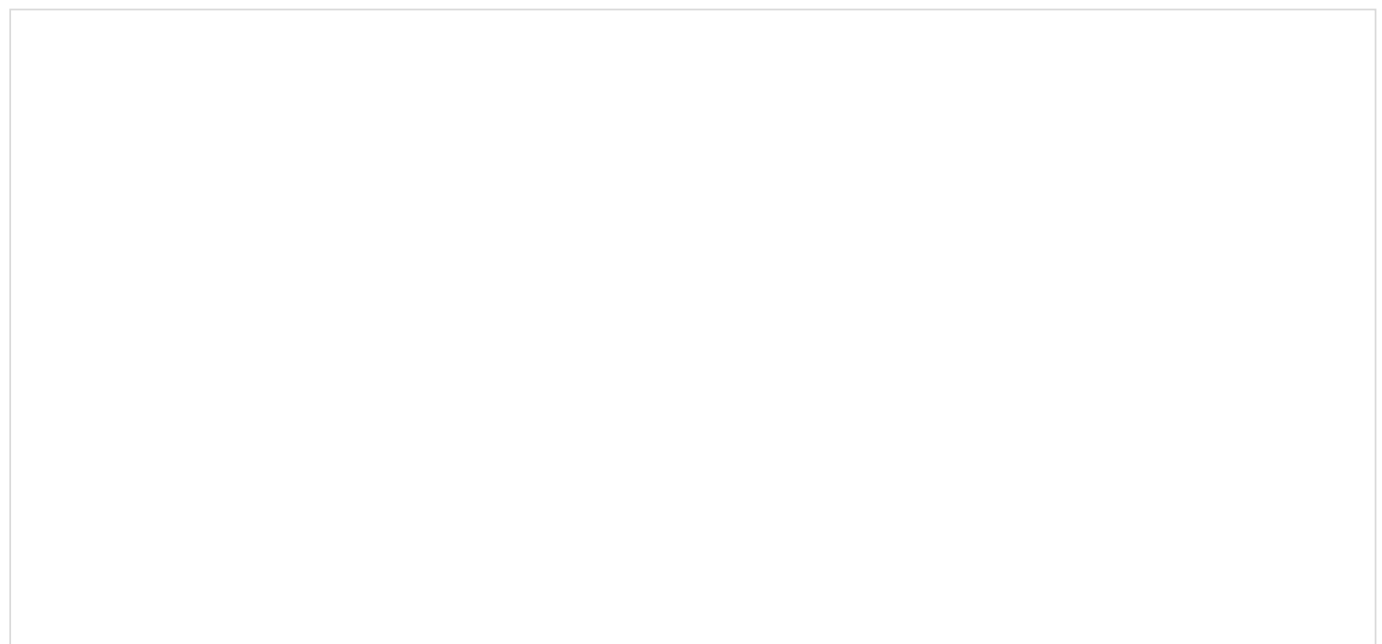
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