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Budget can address farm sector needs

**ENS Economic Bureau
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IN the present scenario of a surging Indian economy and a rather nervous international outlook, the Government is probably thinking of reorienting its stimulus package and of containing some of the inflation worries, which is normal in such circumstances, says S Thiagarajan, CEO, ETL Infrastructure Services Limited (EISL). The Indian economy for several decades has been driven by sentiment and the constant worry about its agricultural economy. It has only come out of this bind recently, and it is neces-

sary to foster this newfound confidence in brand India - that we can believe in ourselves and that agriculture is not the be all and end all of rural markets. In this context, the salutary effects of NAREGA are most evident, he adds.

The infrastructure sector has been one of the main beneficiaries of the stimulus package, and has shown remarkable resilience in the face of the tremendous pressure from the international banking collapse.

While the rest of the world has faced a severe shortage of capital, India has seen a surge in fund inflows and a fairly robust investment

in infrastructure. However, the budget may have to address the following issues.

- ◆ The high cost of debt to infrastructure, which needs to be addressed in some form if Indian infrastructure investment is to become attractive, given its known weakness on the implementation side.

- ◆ While there has been tremendous focus on power and on roads, there has been inadequate focus on transmission of power and in the area of agricultural infrastructure like grain storage, warehousing, and most importantly irrigation and water management. These need

to be addressed with specific and targeted investment and if necessary through short-term subsidies, including interest subvention.

- ◆ The uncertainty regarding benefits to SEZ needs to be addressed and a finality given to it.

- ◆ NAREGA has of course addressed the requirements of social security for the rural poor but has also in some form handicapped the farming sector which now finds it impossible to get labour. NAREGA needs to be extended to cover farm labour in the private sector through a coupon system so that in the long run agriculture does not become unviable.