

**'Need to make our farmers a part of higher value addition'**

As part of measures to double farmers' income by 2022, the NITI Aayog will undertake 10 pilot projects in different agro-climatic regions says Vice Chairman **Rajiv Kumar**. Mr. Kumar, who took charge four months ago, also talks about the current loopholes in job creation. Edited excerpts:

**What is your reaction to comments that doubling of farmers' incomes by 2022 is all talk?**

One should not underestimate the importance of talking. At least we are talking now. And the farmers' welfare is the focus of attention. When did that last happen? Now, we have set up a task force which is committed to setting up 10 pilot projects in different agro-climatic regions to prove that this can be done.

We should look at finding innovative ways to get over the problem of land fragmentation and bring farmers together... give them the option of producing high value crops. We need to make them a participant in higher value addition by completing the value chain which will extend beyond the farm, to the market and then maybe to the agro-processing units. We also need to shift them from traditional crops to crops which are of higher value and in sync with the emerging demand patterns of our country. The demand for wheat, rice and maize is going down as incomes rise.

**What is happening on the new data on employment?**

There was a task force chaired by my predecessor, and its recommendations had been accepted by the PM and now they are being implemented by the Ministry of Labour and MoSPI. By September, we are hopeful that we will get very good household data on employment. And you will get this now every year. The second part is that we may also look at employer-based data generation, like what the U.S. does.

**Will this cover the informal sector?**

Probably not... Not at this stage. This itself will be a very big start, once we get started we will see. There is a huge blurring of distinction between organised and unorganised.

For example, where would you put an Ola or an Uber driver? He is not registered anywhere, but gets his income through a bank credit. They also get loans on the basis of income track. There's an outdated discussion that is going on which does not look at new economy jobs. With the large volumes of contract fixed term labour, is it even relevant to talk about organised and unorganised? That is a question that I am asking. What may be useful is talking about areas where working conditions may not be as you would expect.

**Amid all the discussion over lack of employment, what are the current loopholes in employment generation?**

One is of course growth. The other, in my view, is this continued emphasis on giving people capital subsidy, rather than labour subsidy. Being a highly-priced and highly-valuable democracy, giving the right to the workers that they have, we may have converted into a high labour economy from a surplus labour economy.

Given that our labour costs have increased, which is not in line with our labour availability, I think it's high time we thought of giving labour subsidies in some form or the other.

All our major competitors and in developed economies, the amount of worker consumption basket

that they provide as public goods is much much higher than us. For example, in Germany, Vietnam and China, every worker's healthcare is taken care of. Our healthcare, 82% is out of pocket expenses. So, the worker must be given more income as he/she does not have access to public health or housing.

In Germany, I think 85% of the workers are housed in public housing. My thought is that as long as you are not able to increase the share of public goods and services in the workers consumption basket, you need to compensate them for the higher cost of living. And that I think is the basic problem today in employment. And the government must rethink this.

The other, of course, is the much focussed attention on your labour intensive, employment intensive industries, including services. That is rather simple, can be done. It just requires good governance. This government is about that.

### **But won't labour subsidy put additional pressure?**

Of course it will. But that will require you to improve the government's efficiency of expenditure.

It is not as if the government does not spend money on all this, it does.

Through DBT and increase in efficiency, this can be done. It does not necessarily need to translate into higher revenue deficit.

And hopefully in any case, if you have this in your focus, then as revenue increases with GST, transfer it there rather than on some other things... rather than giving capital subsidies which you give every time so far.

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