

What has been kept for agriculture in union budget 2022-23? An overview

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Introduction

Agriculture is important for a country like India having more than 58 percent of its population relying on agriculture as their main source of livelihood. According to estimates, agriculture, forestry, and fishing contributed Rs 19.48 lakh crore (US\$ 276.37 billion) to gross value added during the financial year 2020-21 (Agricultural and Processed Food Products Export Development Authority - APEDA, Department of Commerce and Industry, Union Budget, 2021-22). The prime significance of our agricultural sector is none other than feeding the 1.38 billion population of the country. Agri exports contribute 14% of the country's total exports. Potential for new opportunities in Agri and food processing and other post harvesting value addition are also the peculiarities of our agriculture sector. The outbreak of COVID-19 and the subsequent slowdown in the economy will add further pressure on agriculture and allied activities as migrant workers are moving back to their native places (Kumar, 2022). The role of the agricultural sector in the V- shaped recovery and accommodating the migrated labour is incomparable. So, the sector needs to be prioritized in the planning and budget for ensuring the sustainable growth of our economy. It was widely criticised that the Union Governments' plan of doubling the farmers' income, which was worth mentioning, got missed from the budget speech especially in the deadline year, 2022¹. Farmers' demand for statutory guarantee of Minimum Support Price (MSP) for agriculture produce was also not mentioned.²

¹ Shagun, 2022; Down to Earth

² The Hindu, 2022

Agriculture is one among the few sectors which achieved growth in the pandemic scenario in 2021-22; a growth of 3.9% was attained by the sector i.e., 0.35% over the previous year (Economic Survey, 2021-22). Coming to the production of various Agri products, we are the largest producer of milk and second in wheat. We are always positioned in the top ten producing countries of various Agri products like dry fruits, egg & poultry, fisheries etc. Above all, our sugar production surpassed our consumption for the last 10 years.

Agriculture sector demands

According to the economic survey, following issues are to be addressed in the budget for the growth and sustainability of the agricultural sector. Need of public investment in the capital formation of the agricultural sector is currently only 2% of the total GVA contribution of the sector whereas the private players invest 13% of the agricultural GVA of the country in the capital formation in the agricultural sector. As our country imports two third of its edible oil needs, domestic production of oil seeds will definitely reduce the cost of edible oil and also preserve the foreign exchange of the country. Alarming level of the post harvesting loss of 40% which is highest among all the countries in the world needs to be addressed. Crop residue in the agrarian states is now becoming a major problem, pollution in NCT of Delhi and neighbouring states caused by burning of crop residue, proper management of crop residue needs to be addressed at the earliest. Apart from the above pre-existing issues of irrigation and water management, marketing, welfare schemes, fertilizer subsidies and minimum support price are also to be considered.

Allocations in the budget

Out of the total budgeted expenditure of Rs.39.45 lakh crores, only Rs.1.32 lakh crore is kept for the farming and farmer welfare measures which accounts for 3.3% of the budget outlay. Some of the new schemes/projects visualised in the Budget are: (i) Rs.2.37 lakh crores kept for the procurement of wheat and rice was the main highlight of the budget (ii) chemical-free farming corridor on the banks of river Ganga (iii) 2023 to be celebrated as the international year of millets (iv) Branding and use of millets to be promoted (v) PPP model, collaboration in digitizing the Agri. sector (vi) adoption of KISAN drones for crop assessment and fertilizer spraying etc. The other announcement/ allocations are: Ken-Betwa River linking projects and five upcoming river linking projects for ensuring irrigation facilities, allocations made to the PM-KISAN project to the extent of Rs 68,000 crores providing cash benefits directly to the accounts of farmers, Interest Subvention scheme for interest subsidies for the farm loan etc.

The crop insurance scheme, PM- Fasal Bima Yojana, had an outlay of Rs.15, 500 crores which is 3.13% less than the previous budget. Apart from the Major projects, honey and beekeeping programme, "Sweet Revolution", Digital Agriculture Programme, oil palm and oilseed production to tackle the import of edible oil and Rashtriya Krishi Vikas Yojana (RKVY), programme for the traditional agricultural production, got 10433 crores.

Financial inclusion has been enabled through multiple levels including Rs 2.37 lakh crores direct payment of MSP value to farmers, a new NABARD fund to finance start-ups for agriculture and rural enterprises, linking of bank accounts and post office accounts, financial support to promote agro forestry, Rs 45,000 Cr allocation for promoting scientific organic farming in north-east states.

There was a slight hike of 4.8 percent for the Department of Agriculture, Cooperation and Farmers' welfare whereas no hike was given in allocations to the Department of Agriculture Research and Education (Lalvani and Karnik, 2022).

Cut downs in the budget

Many of the farmer-friendly schemes of the Government got squeezed in the budget, the allocation for the fertilizer subsidies reduced substantially without giving enough priority to organic farming. Creation of the Farmer Producer Organization for the marketing of Agri-products was one of the highlights of the previous budget but the allocation was reduced. Market intervention schemes and price support schemes were also under-allocated. Various farmer benevolent schemes like animal husbandry, diary development and livestock disease control were also squeezed in the budget.

There is no mention of the allocation towards natural farming under PKVY, which is an important component of the government's vision to move towards sustainable and safe farming. The allocation of Rs 60 crore towards Digital Agriculture to promote use of artificial intelligence, machine learning, block chain technology, among others in promoting agricultural information systems does not include any specific targeted allocation for boosting the start-up led agri.-tech ecosystem. To conclude the total allocation to the agricultural sector remained flat and the overall share to the sector fell to 3.84% from 4.26% of the previous year .Oil palm cultivation in the southern states failed due to inappropriate planning so despite the budget allocation, proper planning in this sector is also needed.

The silence in budget

Flagships announced in the previous budgets are not supported with aid for the completion of those projects. The income support scheme for farmers, in real terms, remained more or less same at 68,000 crores (Mundle and Sahu, 2022). Doubling farmers income in six years as announced in 2017 and in the sixth year the projects completely ruled out from the budget that the situation assessment survey found that the income increased to Rs. 10,218 in 2021 from Rs. 8,061 in 2017 and the survey also found that one out of every two farming households is indebted and the budget kept silent on both. Another programme is of one lakh crore capital investment in the agriculture sector after two years. Projects for 6,600 crores was sanctioned and 2400 crores were disbursed and the budget did not pave the way to go through. The Budget has also remained silent on agricultural marketing-related reforms and has also given up on broader agricultural reforms³.

Forward-looking schemes in budget

The Budget clearly indicates the government's position in setting a forward-looking agenda for agriculture. Building on the start-up and innovation initiatives of the Central government, it is perhaps the first time that the agri. budget outlines how to leverage the agri.-tech ecosystem through the PPP mode to benefit agriculture and the farmers. The introduction of Kisan Drones has the potential to allow farmers to move towards resource conservation, safe farming practices, and increased productivity. It can also enable more targeted allocation of resources based on digitised land records, crop assessment, etc. The blended capital fund to be routed through NABARD to finance start-ups engaged in agriculture and rural enterprises and to include support for FPOs, provides farm equipment on rent, and technology support will boost the uptake of technology amongst farmers.

A way forward

The Budget 2022 has made provisions for some important changes in agriculture that will have long-term positive impact towards making agriculture more sustainable and delivering higher income to the farmers. However, there is a need to go much further in detailing the approach, realistic targets, and measurable milestones, as well as assuring an enabling policy environment to attract the right investments and participants. Apart from PM-KISAN, PM-FBY and RKVY farmers did not get anything to smile from this budget. The Budget also

³ Pathak and Kumar, 2022; Business Line

failed to address many of the burning problems of the farmers like Minimum Support Price, Marketing of produce, Welfare Schemes and agricultural credit. Government also failed to ensure the fulfilment of various novel projects announced in the earlier budgets. Therefore, it is high time to introduce a 'Central Farmer's Portal' which collects and provides information from the farmers regarding the implementation of various schemes announced in the budget which in turn helps the Government to examine and evaluate the outcomes of the schemes and projects visualised in the Budget.

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