

Union Budget 2022-23 : Allocation for Agriculture Sector

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Main Headlines

- ✓ Procurement of wheat, paddy, kharif and Rabi crops benefitting over 1 crore farmers.
- ✓ Rs. 2.37 lakh crore towards direct payments for Minimum Support price.



- ✓ Chemical-free, Natural Farming to be promoted across the country.
- ✓ 2022 to be year to Millet- Support for post Harvest Value addition for millet products.
- ✓ Using Kisan drones for crop Assessment and Spraying of Pesticides.
- ✓ Ken-Betwa River linking project at a cost of Rs 44,000 crore to benefit 9.0 lakh hectare of farmer land.
- ✓ 68% capital procurement budget earmarked for domestic procurement.
- ✓ To reduce import dependence, the Budget has also proposed formulation of a comprehensive scheme for boosting domestic production of oilseeds.

Union Budget 2022-23 was released on February 1, in which limited focus on the agriculture sector and related policies. The overall allocation increased by a measure 4.4 per cent for the year, even as important schemes for crop insurance and minimum support price (MSP) saw a drastic slashing of funds.

- Budget 2022-23 in which no mention of the Union government's ambitious plan to double farm incomes, which reaches its deadline this year (2022).
- The Rs 2.37 lakh made in direct payments for the procurement is also less than the Rs 2.48 lakh crore made in 2020-21. The overall allocation for the sector increased marginally to Rs 132,513.62 crore in 2022-23, from the 2021-22 revised estimates (RE) of Rs 126,807.86 crore. Market Intervention Scheme and Price Support Scheme (MIS-PSS) was allocated Rs 1,500 crore, 62 per cent less than Rs 3,959.61 crore in revised estimates (RE) of FY 2021-22. The Pradhan Mantri-Annadata Aya Sanrakshan Abhiyan (PM-AASHA) saw an even deeper cut. It was allocated just Rs 1 crore for the year as against an expenditure of Rs 400 crore in 2021-22. Both schemes ensure MSP-based procurement operations in the country, especially for pulses and oilseeds.
- In terms of food and nutrition security, the Budget document mentions an aim to provide special emphasis on pulses and nutri cereals, beyond 2021-22, to achieve self sufficiency in these crops along with nutritional security even allocation under food and nutritional security has come down to Rs 1,395 crore from Rs 1,540 crore in RE 2021-22. Pradhan Mantri Fasal Bima Yojana (PMFBY) or crop insurance scheme was also reduced marginally to Rs 15,500 crore for this year from Rs 15,989 crore in 2021-22.
- Allocation to the Agriculture Infrastructure Fund (AIF) increased to Rs 500 crore in 2022-23 from Rs 200 crore in RE for 2021-22. It was, however, Rs 900 crore in last year's budget estimate.
- Bright spot in the agriculture budget is the focus on the Rashtriya Krishi Vikas Yojana (RKVY) that has been losing its sheen in the last few years. Allocation to RKVY was Rs 10,433 crore, while RE for the Green Revolution programme for 2021-22 stand at Rs 8,852.65 crore.
- Allocation under PM-KISAN, which provides income support by way of cash benefit to all land holding farmers, has also increased marginally to Rs 68,000 crore from Rs 67,500 crore last year.

Expenditure on Agricultural Education, Animal Science, Crop Science and Management of Natural Resources Reduced in the Budget

- A provision of Rs 8,513.62 crore has been made for the department of agricultural research and education under the Union Ministry of Agriculture and Farmers' Welfare in the budget. A similar amount was also allocated in the revised estimate for 2021-22. Hence the net increase is zero.
- A provision of Rs 719.28 crore has been made for crop science in 2022-23, while the revised estimate for 2021-22 was Rs 840 crore. This year's budget estimate was Rs 968 crore.
- A provision of Rs 455.48 crore has been made for agricultural education in the general budget. The revised estimate of 2021-22 was Rs 553 crore and the actual expenditure for 2020-21 was Rs 526.14 crore.
- A provision of Rs 343.30 crore has been made in the next financial year for animal science. The revised estimate for 2021-22 was Rs 400 crore and the actual expenditure for 2020-21 was Rs 400.19 crore.
- The expenditure on the management of natural resources has been estimated at Rs 185.77 crore. The revised estimate for 2021-22 was Rs 215 crore and the actual expenditure for 2020-21 was Rs 220.26 crore. So the net reduction has been about 17 per cent.

Budget 2022-23 Tech Boost for Agriculture

- The Finance Minister announced that the use of drones will be promoted for crop assessment, digitisation of land records, spraying of insecticides and nutrients. A supportive policy regime in the Budget was expected to incentivise the use of modern technology like remote sensing, drones, mobiles, artificial intelligence etc. in assessment of crop yields, crop losses and most importantly, the estimates of production of crops.
- The Ken-Betwa river linking project will be taken up at an estimated cost of Rs 44,605 crore. This will irrigate 9 lakh hectare of land. The ecological cost of the project is contested by environmentalists and its usefulness to agriculture will be tested over the decades.
- The Budget allocation for food subsidy in 2022-23 gives an indication that the Pradhan Mantri Garib Kalyan Anna Yojana is unlikely to continue. The allocation is down from Rs 2,86,219 crore to Rs 2,06,480 crore. Since procurement of wheat and rice is not likely to come down, the government seems to have reconciled to carrying excessive stocks in central pool.

Budget 2022-23 is not Likely to make much of an Impact on Agriculture

- The Budget also made provision of fertiliser subsidy of Rs 1.05 lakh crore for 2022-23, against Rs 1.4 lakh crore (RE) in 2021-22.
- The Budget unveiled several steps aimed at boosting farmers' income and improving the viability of agriculture as a remunerative economic activity, including prospective launch of special funds for agri start-ups, use of 'kisan drones' and launch of a public private partnership (PPP) model to spur agri-tech players and other stakeholders in the agriculture value chain. The idea is to deliver digital and hi-tech services to farmers, which would enable them to cut costs, find new markets and gain competitiveness in the global markets.
- The ministry of agriculture and farmers welfare has recently provided for grants up to 100% of the cost of agriculture drones priced up to Rs 10 lakh to research institutes, Krishi Vigyan Kendras and State Agriculture Universities taking up demonstration at farmers' fields while Farmer Producer Organisation (FPOs) are eligible to receive a grant of up to 75% of cost of drones. These 'kisan drones' will be used for crop assessment, digitisation of land records, spraying of insecticides and nutrients.
- For financing start-ups for agriculture and rural enterprise relevant for farm produce value chain, the government will announce a fund with blended capital raised under the co-investment model through Nabard. The activities eligible for funds include start-ups which support FPOs, provide machinery for farmers on rental basis at farm level, and technology including IT-based support.
- To reduce import dependence, the Budget has also proposed formulation of a comprehensive scheme for boosting domestic production of oilseeds.
- In 2020-21, India imported 13.35 million tonne (MT) of edible oil out of total domestic consumption of around 22 mt. "This should go a long way in helping reduce our dependence on edible oil imports which are likely to be around Rs 1.5 lakh crore during the current year. In a boost to production and exports of nutri-cereals like millet, the Budget has announced assistance for post-harvest value addition and branding of millet products in the domestic as well as global markets. The Budget also proposed promotion of chemical-free natural farming also referred to as zero budget natural farming (ZBNF) on farmers' lands in 5-km wide corridors along river Ganga, at the first stage.
- The Budget has made around 28% less provision for food subsidy allocation of Rs 2.06 lakh crore in 2022-23 against the revised estimates of Rs 2.86 lakh crore in 2021-22. This

is because Pradhan Mantri Garib Kalyan Anna Yojana will be valid only till March 31 2022.

- The Budget also made provision of fertiliser subsidy of Rs 1.05 lakh crore for 2022-23, against Rs 1.4 lakh crore (RE) in 2021-22. An outlay of Rs 68,000 crore has been provided under the PM-Kisan income support scheme (BE) for farmers for 2022-23 compared with Rs 67,500 crore (revised estimate) for 2021-22.

References

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--All References are unpublished/accessed through Internet--

