

# A BOON FOR THE AGRICULTURE SECTOR: BUDGET 2023-24

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Finance Minister Nirmala Sitharaman has announced some schemes related to the agriculture sector, which will prove to be a boon for the agriculture sector.

## 1. ANNOUNCEMENT OF AGRICULTURE ACCELERATOR FUND

Sitharaman announced the setting up of an Agriculture Accelerator Fund to push agritech startups, she said, "The Fund will aim at bringing innovative and affordable solutions for challenges faced by farmers. It will also bring in modern technologies to transform agricultural practices, increase productivity and profitability." There are more than two thousand agriculture startups in the country. The Government of India is trying to increase this number to ten thousand. Agriculture is the Backbone of the Indian Economy contributing 53.89% GVA of India. In Union Budget 2023-24, Finance Minister allocated Rs 1.25 lakh crores for agriculture. Agriculture was one of the seven major priorities of the budget. During the Budget presentation in the parliament, the Finance Minister announced that GoI was set up Agriculture Accelerator Fund.

## OBJECTIVE OF AGRICULTURE ACCELERATOR FUND

- This fund is to be setup to increase the number of agricultural startups in the rural areas
- The main aim of the fund is to provide innovative and affordable solutions
- It will focus only on farmers and the challenges faced by them
- More young entrepreneurs will be encouraged to begin agri startups using these funds
- Startups focusing on cost-effective solutions will be given priorities
- Also, technology startups that aim to increase agricultural outputs will be given preference





## 2. ANNOUNCEMENT OF COTTON CROP PRODUCTIVITY ENHANCEMENT:

The Budget proposal of enhancing the productivity of extra-long staple (ELS) cotton through public-private partnership is meant to lower the import dependence of a growing cotton variety that is in demand and can produce high-quality yarn, industry said.



To enhance the productivity of extra-long staple cotton, we will adopt a cluster-based and value chain approach through Public Private Partnerships. This will mean collaboration between farmers, state and industry for input supplies, extension services, and market linkages." ELS cotton usually comprises those that are 32-36 mm. But in India, of the nearly 33 million bales (1 bale = 170 kg) produced in the 2022-23 season, which started in October, the majority is 26-30 mm. Of this almost 80 per cent is 29 mm, which is considered medium-grade. In India, of the domestic consumption of around 31 million bales, ELS cotton accounts for just around 1 million. But here too the domestic production of ELS cotton, according to industry players, is 350,000-400,000 bales. This means 600,000 bales need to be imported annually. It is this import that the Budget announcement seeks to cut through boosting domestic production. This will mean collaboration between farmers, state and industry for input supplies, extension services, and market linkages."

## 3. ANNOUNCEMENT CENTRE OF EXCELLENCE FOR MILLETS

Highlighting the significance of millets and India's place in world's millet market, Sitharaman announced that the Indian Institute of Millet Research, Hyderabad will be made into a Centre for Excellence. Calling millets Shree Anna, she said, "We are the largest producer and second largest exporter of 'Shree Anna' in the world. Millets as "Shree Anna," which is Hindi for "the mother of all grains," She also highlighted that India cultivates a number of "Shree Anna" grains, including Jowar, Ragi, Bajra, Ramdana, Cheena, and Saama.



These have a number of health benefits, and have been an integral part of our food for centuries. I acknowledge with pride the huge service done by small farmers in contributing to the health of fellow citizens by growing these 'Shree Anna'. "Now to make India a global hub for 'Shree Anna', the Indian Institute of Millet Research, Hyderabad will be supported as the Centre of Excellence for sharing best practices, research and technologies at the international level."

## 4. ANNOUNCEMENT OF AGRICULTURE CREDIT TO BE INCREASED

Sitharaman in her Budget 2023-24 speech announced that the agriculture credit target will be increased to Rs 20 lakh crore with focus on animal husbandry, dairy, and fisheries. The agriculture credit target will be increased to Rs 20 lakh crore with a focus on animal husbandry, dairy and fisheries," the Finance Minister said.



## OBJECTIVE

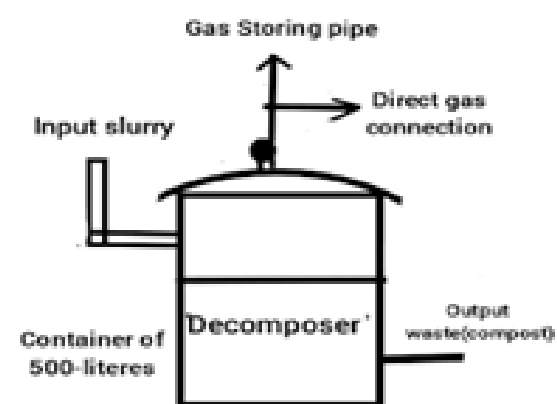
- The government has been increasing the credit target for the farm sector every year.
- Normally, farm loans attract an interest rate of 9%. However, the government has been providing interest subvention to make available short-term crop loans at an affordable rate and help boost farm output.
- The government is providing a 2% interest subsidy to ensure farmers get short-term farm loans of up to ₹3 lakh at an effective rate of 7% per annum.
- In agri-credit, small farmers are still outside the fence.
- To enhance coverage of small and marginal farmers in the formal credit system, the RBI has decided to raise the limit for collateral-free agriculture loans from ₹1 lakh to ₹1.6 lakh.
- The interest subvention is given to public sector banks, private lenders, cooperative banks and regional rural banks on the use of their funds and to Nabard for refinancing Regional Rural Banks (RRBs) and cooperative banks.

## 5. ANNOUNCEMENT OF PROMOTION OF NATURAL FARMING

Announced the setting up of 10,000 Bhartiya Prakritik Kheti Bio-Input Resource Centres over the next three years for natural farming. She said, "Over the next three years, we will facilitate 1 crore farmers to adopt natural farming. For this, 10,000 Bio-Input Resource Centres will be set-up, creating a national-level distributed micro-fertilizer and pesticide manufacturing network."

## 6. ANNOUNCEMENT OF PROMOTION OF ALTERNATIVE FERTILIZERS

Announced a new scheme to provide incentives for the adoption of alternative and natural fertilizers. Sitharaman also announced the setting up of 500 bio-gas plants across the country. She said, "PM Programme for Restoration, Awareness, Nourishment and Amelioration of Mother Earth will be launched to incentivise states and Union Territories to promote alternative fertilizers and balanced use of chemical fertilizers."



Announcing the GOBARdhan scheme, Sitharaman said, "Five-hundred new 'waste to wealth' plants under GOBARdhan (Galvanizing Organic Bio-Agro Resources Dhan) scheme will be established for promoting circular economy. These will include 200 compressed biogas (CBG) plants, including 75 plants in urban areas, and 300 community or cluster-based plants at total

investment of 10,000 crore per cent CBG mandate will be introduced for all organizations marketing natural and bio gas. For collection of bio-mass and distribution of bio-manure, appropriate fiscal support will be provided."

## CONCLUSION

The agriculture sector is expecting a major boost in the upcoming Budget 2023-24. Expectations from industry include schemes and policies related to technology upgradation, warehousing, and food processing and farmer welfare. The government is also expected to focus on initiatives to improve crop realizations as well as non-farm incomes including livestock farming, horticulture etc. Additionally, monitoring soil and investments in mobile soil testing labs could be a focus in the upcoming budget, along with continued budgetary allocations towards irrigation facilities, crop insurance scheme, and higher agri-credit.

