

Glancing at Budget 2022 through Agricultural Prism

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Introduction

Moving forward from the Platinum Jubilee year of India's independence, the country is now all set to enter into "The *Amrit Kal* of 25 Years" counting the period between 75th year of the country's independence to centenary. The Union Budget 2022-2023 has been envisioned as the first foundation stone laid towards the journey of *Amrit Kal*. Amid the global economic distress caused by COVID-19, the supply chain and trade between the countries got severely disrupted resulting in crippling inflation, which again was a harsh hit on consumer's purchasing power. Immense form of reverse migration of labour was also observed across different states giving a base to reorient policies in such a manner that the lost interest of previously migrated labour in agriculture could be further replenished. Among all the sectors of economy, the agriculture sector was observed to be the most resilient sector to absorb this economic shock. The sector experienced buoyant growth in the past two years, registering a growth of 3.6 per cent in 2020-21, which improved to 3.9 per cent in 2021-22, driving the overall Indian economy's real GDP expansion of 9.2 per cent in 2021-22 (Economic Survey, 2021). The agriculture and allied sector also accounted for a sizeable 18.8 per cent (2021-22) in Gross Value Added (GVA) of the country.

Bearing in mind all the above factors, Hon'ble Finance Minister presented the Union Budget 2022, which is principally in tandem with former Planning Commission's Perspective Planning approach. Interestingly, where this budget is being viewed as long term growth driver for all sectors of economy, in agriculture it seems largely skewed towards cash based



interventions. The key highlights of agricultural allocation in the budget 2022 and a pragmatic analysis of this allotment is given as below:

Agricultural Outlay:

In FY23, budget for agriculture and allied sector stood at Rs 1,51,521 crores, which is 3.84% of whole budget and lesser in magnitude in comparison to that of 3.92% in FY22. Of this allocation, cash-based agricultural schemes received almost 79 per cent, leaving only about 21 per cent expenditure for 'core schemes'.

The cash based schemes primarily include *Pradhan Mantri Kisan Samman Nidhi* (PM-KISAN), Market Intervention Scheme and Price Support Scheme, *Pradhan Mantri Fasal Bima Yojana* (PMFBY), Modified Interest Subvention Scheme; and *Pradhan Mantri Kisan Man Dhan Yojana*. All these schemes provide income support by the direct transfer of cash benefits to individual farmers. Where the purchasing power of individuals have hit a new low, these cash-based schemes may be necessary at this point of time but are not the sufficient support mechanism in long run. Few of the above schemes favor the large farmers or simply the landholding farmers, leaving out landless, women farmers and tenants.

On the other hand the major core interventions receiving mere 21 per cent of allocated outlay chiefly cover, soil health improvement, development of community-based assets like augmentation of water resources, quality research, quality seeds availability, mechanization techniques soil testing labs and handholding support through extension services. This allocation share could have been little more, when the prime idea behind the budget was to create a sturdy base for *Amrit Kal* through these allotments.

Agricultural Education and Research

A provision of Rs 8,513.62 crore has been made for the Department of Agricultural Research and Education in the budget with zero net increase from the last year. The largest share (69.03 %) in this estimated amount is made to the Indian Council of Agricultural Research (ICAR) with a net increase is Rs 315.58 crore allocation than the last year.



Conversely, the expenditure on agricultural education, crop science and management of natural resources was reduced by 13.43 per cent, 14.35 per cent and 17 per cent, respectively.

Education and research are intrinsic part and parcel of any economy and therefore, should not be subjected to any kind of budgetary cut.

Push for Chemical-Free Natural farming

Chemical-free farming entails cultivation using farmyard manure, cow and buffalo dung, urine, vermi-compost and other such natural elements, instead of synthetic fertilisers and pesticides like urea, di-ammonium phosphate etc. Due to its virtue of augmenting soil health, natural farming did occupy a central space in Union Budget-2022 and was sanctioned under *Parampragat Krishi Vikas Yojana* (PKVY). The scheme is now merged with *Rashtriya Krishi Vikas Yojana*. The thought behind the allocation is to promote natural farming throughout the country but with initial focus on 5 km around of *Ganga* river edge.

Last year, the PKVY scheme, was allocated ₹ 450 crore (2021-22 budget estimate), but revised estimates showed just ₹100 crore was spent during the year. It's indistinct how much the scheme received in 2022-23. Moreover, India is the world's second most populous country and being sustainably self-sufficient in food production shall always remain its priority. Propagating such methods will result in yield losses. How the lower yields will be compensated for the farmers? Is there any roadmap with which area can be diverted from chemical to non-chemical-based agriculture in phases? still remain few answered questions.

Kisan Drones

For better land use planning, digitization of land records, faster and efficient application of inputs like pesticides, fertilizers, and other nutrients, a new initiative to provide drone facility to the farmers occupied a specific mention in the budget. Later 100 Kisan drones were also flagged off by the Hon'ble PM in February month.

In India more than 70% farmers belong to small and marginal category, consolidating their fields itself requires a ground work first. The spraying of pesticides and fertilizers may help in production, but it is the industries that will profit the most. Drones may benefit the farmer's with large size farm holding, how they will be trained in operating drone? Will there



be Custom Hiring Centres (CHCs) for drones to benefit small and marginal farmers? Furthermore, India is a labour surplus country with huge level of disguised unemployment in agriculture. Replacing human labour with machine labour can be wise when alternative employment opportunities may be created.

Ken-Betwa river link Project:

An allocation of Rs 1,400 crore for Ken betwa link project aimed at providing irrigation benefits to 9.0 lakh hectare of land in MP and UP, drinking water supply to 62 lakh people, 103 MW of hydro power, 27 MW of solar power.

The whole idea of any river link project is to divert water of surplus river to the deficit river. The clearances to such projects usually come at the cost of wildlife and environmental protection. The economic argument for the project has also not been factored against the significant ecological toll, which damming a river, diverting its course and disrupting ecosystems will bring forth.

PM Gati Shakti

Giving a major boost to modernise agriculture, the transportation of agricultural products will get a boost with new logistics arrangements through the PM Gati Shakti Plan. For the national master plan for world class advance infrastructure the national highways network will be expanded by 25,000 km in 2022-2023 with a budget of 20,000 crore. Under this project, the farmers will exclusively be helped through mega food parks and agro-processing centres. Mega Food Parks consist of collection centres, primary processing centres, central processing centres, cold storages and food processing units set up by entrepreneurs.

Government's dependency on private entrepreneurs for providing storage and processing infrastructure creates a little skepticism about the successful implementation of Gati Shakti. Instead of depending every time on public-private partnership (PPP) model, fiscal resources should be used in building agriculture infrastructure.

Conclusions



Despite having dependency of 58% population directly or indirectly on agriculture and optimistic growth midst corona crisis, there has been a reduction of 0.08% in the budget allocation of budget to agriculture and allied activities in comparison to last year's budget. Government's vision of doubling farmer income by 2022, did not find any traces in this year budget, instead government did exhibit another vision of chemical free natural farming. There are many crucial areas in agriculture onto which large investment can bring in significant changes. *Amrit Kal* should depict sustainability, progress, equity, healthy lifestyle, modernization along with the richness of culture cultivation and diversity and important conservation. Government no doubt is having a long-term vision of modern India with world class facilities and functions, but this long-term vision isn't long enough to cover all sectors. So, by logging agriculture sector behind all others can really be a good start for India's Amrit Kal?

