

India Union Budget 2022-23

Point of view

Agriculture and Allied Sectors

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The government has allocated an estimated budget of INR6,75,000 crore for PM-KISAN, INR15,500 crore for crop insurance scheme, INR7,183 crore for the Krishonnati Yojana, INR10,433 crore for the Rashtriya Krishi Vikas Yojana (RKVY) and about INR1,500 crore for Market Intervention Scheme – Price Support Scheme.

Key announcements for the sector

- Agriculture - crops
 - **Chemical free farming:** Chemical-free natural farming will be promoted throughout the country, with a focus on farmers' lands in 5-km wide corridors along river Ganga, at the first stage.
 - **Food processing:** Farmers be encouraged to adopt suitable varieties of fruits and vegetables, and to use appropriate production and harvesting techniques. Building a comprehensive package with participation of state governments.
 - **Millet marketing:** 2023 announced as year of millets and support will be provided for post-harvest value addition, enhancing domestic consumption, and for branding millet products nationally and internationally.
 - **Procurement of wheat:** The procurement of wheat in Rabi 2021-22 and the estimated procurement of paddy in Kharif 2021-22 will be covering 1208 lakh metric tonnes of wheat and paddy from 163 lakh farmers.
 - **MSP:** The government's procurement of wheat and paddy at the MSP during 2021-22 will cover 1,208 lakh metric tonnes from 163 lakh farmers. INR2.37 lakh crore direct payment of MSP value to farmers' accounts.
 - **Domestic production of oilseeds:** To reduce dependency on import of oilseeds, a rationalized and comprehensive scheme to increase domestic production of oilseeds will be implemented.
 - **Irrigation:** Implementation of the Ken-Betwa Link Project, at an estimated cost of INR44,605 crore, to irrigate 9.08 lakh hectare of farmers' lands and provide drinking water supply, hydro and solar power.
- Allied agriculture
 - **Reduced duty for shrimp inputs:** Duty is being reduced on certain inputs required for shrimp aquaculture
 - Blending of fuel is a priority of this government. To encourage the efforts for blending of fuel, unblended fuel shall attract an additional differential excise duty of Rs 2/ litre from 1 October 2022.
 - **Interest slash for cooperative societies:** Reduction in cooperative societies' alternate minimum tax from 18.50% to 15.00%. Surcharge reduced from 12% to 7% for those having income of over INR1 crore and up to INR10 crore.
 - **Financial support to farmers:** Policies and legislative changes for agro forestry and private forestry and providing financial support to farmers belonging to scheduled castes and tribes

- Technology in agriculture
 - **Funding under co-investment model:** A fund with blended capital, raised under the co-investment model, will be facilitated through NABARD. This is to finance startups for agriculture and rural enterprise, on farm produce value chain.
 - **Promoting the usage of drones:** ‘Kisan drones’ for crop assessment, digitization of land records, spraying of insecticides, and nutrients
 - **Hi-tech services to farmers:** To provide digital and hi-tech services to farmers with involvement of public sector research and extension institutions along with private players – PPP mode will be launched.
 - **Support digital interventions:** Supportive policies, light-touch regulations, facilitative actions to build domestic capacities, and promotion of research and development. Provision for Government contribution in R&D of sunrise opportunities (artificial intelligence, geospatial systems and drones)
- Logistics
 - **Railway networks:** Railways will develop new products and efficient logistics services for small farmers and small and medium enterprises, besides taking the lead in integration of postal and railways networks.
 - **Multimodal logistics:** One Station-One Product and multimodal logistics parks at select 4 locations
- Other Initiatives
 - **Curriculum for agri universities:** States will be encouraged to revise syllabi of agricultural universities to meet the needs of natural, zero-budget and organic farming, modern-day agriculture, value addition and management.
 - **Startup support:** The period of incorporation of the eligible start-ups are extended till 31 March 2023 for providing tax incentives for 3 successive years out of 10 years from their incorporation.
 - **New generation anganwadis:** Two lakh anganwadis will be upgraded under the Saksham Anganwadis scheme, which will have better infrastructure and audio-visual aids, powered by clean energy and providing improved environment for early child development.

Implications for the sector

- Agriculture - crops
 - Focused work on value addition of the horticultural produce and reduced post-harvest losses.
 - Emerging as world leader in nutri-cereals space. Reduced dependency on traditional crops and efficient implementation of crop diversification agenda.
 - Crop diversification, enhanced revenues and proper mix of cropping patterns.
- Allied agriculture
 - Reduced cost of inputs and more competitive in export markets
 - Probable increase in consumption of maize and rice in India in producing grain-based ethanol. Opportunity to state government agencies, who procure grains to build grain-based ethanol production units.
 - Increased profitability of cooperative societies, which are mostly related rural and farming communities.
 - Environmental sustainability and to become carbon neutral with revenue to farmers in otherwise dryland areas.
- Technology in agriculture
 - Enhanced access to credit to support evolution of efficient value chains.

- Reduced cost of input and thus cost of production. More reliable data on production and efficiency in crop estimation using remote sensing.
- Enhanced work in developing innovative technology driven solutions for agriculture, employment opportunities for youth and building efficiencies.
- Logistics
 - Logistical efficiencies for small and marginal farmers to reach buyers at different states and long distances.
 - Better connectivity and popularization of local business and supply chains. Logistical efficiencies and optimization of transportation cost.

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