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Publication	Date	Online Edition	Article
Economic Times	16 Jan, 2026	Worldwide	Read More

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Budget 2026: Here's what agriculture sector seeks from FM Nirmala Sitharaman

Synopsis

Agriculture industry stakeholders who spoke to ET Digital assessed their expectations from the upcoming Budget.



As Finance Minister [Nirmala Sitharaman](#) is set to present the Union Budget 2026-27, stakeholders in agriculture are seeking higher allocations and new schemes to shore up the sector. The Budget comes at a time when the agriculture sector has been experiencing a period of weakness.

For context, agriculture's share in GDP is estimated at about 17 percent this year, but growth momentum remains weak. The First Advance Estimates released by the CSO on January 7 project overall GDP growth at 7.4 percent and GVA growth at 7.3 percent, masking the slowdown in agriculture. The divergence is stark in sectoral data. Agricultural and allied activities are estimated to grow just 3.1 percent in real terms (2011-12 prices) this year, down from 4.6 percent in 2024-25. The picture is even more concerning at current prices, where agricultural GVA growth is projected at a mere 0.8 percent, a steep drop from 10.4 percent last year.

Meanwhile, the Union Budget allocation for the Department of Agriculture and Farmers' Welfare has steadily increased over FY23-FY25. Key outlays include Rs 1.25 lakh crore in FY24 (Revised) and over Rs 1.22 lakh crore in the FY25 budget estimates. ET Digital spoke to agriculture industry stakeholders and experts to gauge their expectations from the upcoming budget and assess how many commitments from the previous budget have been fulfilled.

Boost to R&D, exports, and indigenous manufacturing

R G Agarwal, Chairman Emeritus, [Dhanuka Agritech](#), says, "We often talk about strengthening India's innovation ecosystem, but the reality is that India still spends only about 0.7% on research and development. Countries like China, Israel, the US and many European nations invest much more. If we genuinely want scientific progress and global competitiveness, R&D funding has to increase. Earlier, private-sector research was encouraged through income-tax deductions, which are no longer available. We hope this budget restores strong support for R&D for both public institutions and industry."

Agarwal adds that, like essential human medicines, GST on pesticides should be reduced from 18% to 5% to ease the burden on farmers.

Rajib Chakraborty, President, [Soluble Fertiliser Industry Association](#) (SFIA), says, “Apart from a strategic 3D Reform of the fertilizer control order (FCO) – digitisation, decriminalisation and deregulation – the upcoming budget is also expected to advance complementary interventions that support a modern, resilient and self-reliant fertilizer ecosystem. Key expectations include promoting “Residue-Free, Nutrient-Rich” farming as an integrated National Agriculture and Health Policy to align crop nutrition with human nutrition and recognising non-subsidised soluble, organic, micro nutrient and stimulant (SOMS) fertilizers as strategic materials on par with critical minerals due to their importance in food systems and industrial value chains alongside subsidy reduction.”

Divya Kumar Gulati, Chairman of CLFMA India, says, “As the country strengthens its presence in global markets for buffalo meat and seafood, the industry is hoping to see a stronger focus on export support. This includes easier access to international markets, practical quality and certification systems aligned with global standards, and branding support for high-value markets such as the US, EU and ASEAN. Export-linked incentives, freight support and government-backed market development initiatives could go a long way in improving price realisation for farmers and producer cooperatives. To sustain this export push, continued support under the Pradhan Mantri Matsya Sampada Yojana remains essential.”

Gulati adds higher allocations for hatcheries, seed production, technology and climate-resilient aquaculture, along with further duty relief on inputs, equipment and cold-chain infrastructure and GST rationalisation, would lower costs and strengthen the sector’s long-term competitiveness.

Strengthening the agri value chain

Sandeep Sabharwal, Group CEO, Sohan Lal Commodity Management (SLCM), says, “We expect the government to enhance investments in agri-infrastructure, scientific warehousing, and post-harvest logistics to reduce wastage and improve farmer incomes. Equally important is the need for a strong ‘Phygital’ framework where physical infrastructure is complemented by digital platforms for traceability, quality assessment, commodity financing, and risk management. Aligning warehousing with digital agriculture markets, credit systems, and export-oriented supply chains will help unlock value across the ecosystem.”

Sabharwal says a holistic Budget strengthening the agri value chain, from production to markets, will boost resilience, raise farmer incomes and make Indian agriculture globally competitive under the Viksit Bharat vision.

Alok Saxena, Executive Director; Unit Head, SPE Division, Zuari Industries, says “One of the key challenges for the sugar industry relates to ethanol allocation, with only 28% of ethanol production presently permitted from sugar-based feedstocks. This has resulted in underutilisation of distillery capacities and limited sugar diversion, despite the sector’s readiness to support the ethanol blending programme. At the same time, the minimum selling price (MSP) of sugar has remained unchanged at Rs 31 per kg since 2019, while the fair and remunerative price (FRP) of sugarcane has increased by nearly 29%, impacting the overall cost structure of mills. Ethanol procurement prices for sugarcane juice and B-heavy molasses have also not seen any revision, influencing operating economics.”

Saxena adds that the industry expects policy clarity through higher allocations for sugar-based ethanol, a review of sugar MSP in line with input costs, revised ethanol pricing, and timely guidance on exports to manage surplus output.

Abhishek Wadekar, Founder Chairman, Tradelink International, says, “The demands include better stability of farm incomes through schemes such as PM-KISAN, better coverage of MSP, increased spending on irrigation, climate-smart agriculture practices, conservation of soil and water, and other related sectors such as dairy, fish, and food processing. Additionally, hopes are being placed on better credit accessibility in the rural areas, digital agricultural advice, storage facilities, and marketing which would enable farmers to sell their produce without losses.”

Wadekar says while allocations for agriculture credit, infrastructure and digital schemes have continued, outcomes remain mixed, with small and marginal farmers still grappling with weather risks, high costs and implementation gaps.

Ajay Kakra, Leader – Food and Agriculture, GIDAS, Forvis Mazars, India, says “Some progress has been made, especially at the policy and planning level, but the impact on the ground is still limited. Many initiatives, particularly around quality agriculture infrastructure, exports, and large-scale crop programs – are yet to scale up and deliver visible results for farmers and agri-businesses. The agriculture sector in India is at a critical point as we approach the Union Budget in 2026. The Food Grain Production has shown resilience to this point; however, for the next phase of growth, we need to go beyond just increasing production volume towards increasing export competitiveness, improved quality of agriculture infrastructure to increase profitability of farmers, greater innovation through R&D and large scale/programme execution of agricultural outputs.”

Financial incentives, modern tech

Harsh Vardhan Bhagchandka, President, IPL Biologicals, says “A dedicated Production Linked Incentive (PLI) scheme for agricultural biologicals could be a game changer. By strengthening indigenous manufacturing, deepening research capabilities, and building resilient domestic supply chains, such a framework can position India as a global leader in bio-based agri-solutions. Equally critical is supporting farmers who are transitioning away from chemical-intensive farming. Financial incentives, MSP-linked benefits for organic produce, and organised procurement mandis with assured pricing and storage infrastructure will give farmers the confidence to adopt sustainable practices.”

Preet Sandhu, Founder & MD, AVPL International, says, “The upcoming Union Budget presents a critical opportunity to strengthen the sector through an infrastructure-first approach that enables long-term, sustainable growth. One of the most pressing needs of the deep-tech industry today is the creation of robust and scalable training infrastructure. As technologies evolve rapidly, companies require access to trained, industry-ready manpower on a continuous basis. Dedicated training ecosystems, aligned with real-world industry requirements, will ensure that innovation is not constrained by skill shortages. Equally important is the government’s focus on developing indigenous component manufacturing infrastructure. Building domestic capabilities for critical drone and deep-tech components is essential to reduce import dependence, strengthen supply chains, and position India as a global manufacturing hub for advanced technologies.”