

Budget expectations: Increased use of technology, export-promoting measures and reduced crop insurance premiums

Experts have recommended measures like promoting FPOs and reducing crop insurance premiums. There is a need to develop FPOs as agricultural enterprises by making them take value addition activities such as processing, packaging, branding etc.



Team RuralVoice

Published: Jan 27, 2022 - 12:32 Updated: Jan 27, 2022 - 12:34



Besides increasing the use of technology in the agricultural sector, sustainable farming should be adopted and export-promoting policies implemented. This will not only lead to fast agricultural growth but also make growth inclusive. These are the points suggested among the

agriculture-related expectations from Finance Minister Nirmala Sitharaman in the Budget for the financial year (FY) 2022-23. Experts have also recommended measures like promoting Farmer Producer Organizations (FPOs) and reducing crop insurance premiums.

Among the Budget expectations from Primus Research, the most significant is that the government should focus on strengthening the FPOs eco-system to empower farmers. Focus on climate-resilient farming practices is another of its expectations. Besides, Primus expects budgetary provision for the usage of emerging technology such as Internet of Things (IoT), drone, Artificial Intelligence (AI), satellite imaging, etc. in farming.

The research from the consulting firm Primus Partners says that the government should make such policies as promote organic farming and zero-budget natural farming. Besides strengthening the whole value chain including cold chain, warehousing and food processing, export-oriented growth should be enabled. Primus also talks of the strengthening and enhancement of the role of agri research and extension institutions like State Agriculture Universities and Krishi Vigyan Kendras (KVKs).

As per Primus estimates, 86 per cent of the farmers in the country are small and marginal. Small landholdings lead to a potential decrease in agricultural productivity. Inadequate use of efficient farm equipment and advanced technology results in lower productivity and earnings. About 20-30 per cent of the harvest is wasted due to constraints like inadequate storage capacity, regional imbalance in warehouses, lack of adequate scientific storage and logistics handling, etc.

According to Dr Satish Verma, RBI Chair Professor, Centre for Research in Rural and Industrial Development (CRRID), "The Government has set an ambitious target of setting up 10,000 FPOs by providing fiscal support during the establishment phase and then hand-holding for continuous operations. To take this initiative forward, there is a need to develop FPOs as

agricultural enterprises by making them take value addition activities such as processing, packaging, branding etc.”

According to Sandeep Sabharwal, CEO, Sohanlal Commodity

Management Group, “The agricultural sector had to go through many challenges during the Covid-19 pandemic. The coverage of various insurance schemes may be enhanced in the Budget for the farmers’ benefit. It is imperative that the government see agro-industries like warehousing and agri-financing as emerging sectors. These sectors need cheaper premiums and faster dispute resolution through fast-track courts.” He also pointed to the necessity of such schemes as increase the expenditure on research and technology.

Navneet Ravikar, CMD, Leads Connect, an analytics company with a core focus on agri-technology-driven data analysis and modelling, farm risk management and financial services, says that the insurance premium for all farmers with landholdings less than one hectare should be merely a token of Rs 10. The Union government should pay 70 per cent of their remaining premium and the State governments 30 per cent. All insured landholdings should be geo-tagged and linked to Aadhar. A separate fund should be constituted for research and development (R&D) in remote sensing and unmanned aerial vehicles (UAVs) for crop management. A subsidy of 50 per cent (or Rs 10 lakh) should be granted on drones and other instruments used in agri-research.

According to Vasanth Madhav Kamath, Founder and CEO of Hydrogreens Agri Solutions, "In the upcoming Union Budget, we look forward to the Government announcing stimulus packages for Green projects.... This would help the first-time green bond issuers who may be unable to service the coupon or principal payments and would surely go a long way in inspiring the dairy industry to consider and access more green debt capital."