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# Budget 2022: Agriculture - Silver Lining Yet With Reminiscence Of Dark Clouds

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Finance Minister announced several reforms including use of drones in agriculture in budget 2022.

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All eyes were glued to the television post at 11:00 AM as Honorable Finance Minister Nirmala Sitharaman declared the Union Budget 2022. With the economy struggling to reach pre-pandemic levels, several sectors expected grass-root reforms combined with financial injection. Agriculture was one of them. The announcements concerning the sector began with promising numbers and an influx of digitalization.

On the positive side, the government's stand on drone use in Agriculture, as well as the digitization of land records, steals the spotlight. In an era driven by such innovations, agriculture had to integrate technological revolutions in its functioning as it aims for the dual benefit of better efficiency and sustainable growth. Under the Kisan Drone Programme, UAVs can be used for land surveys, crop assessment, and insecticide spraying, which will translate to a remarkable improvement in agriculture productivity and logistics. Digitization of agri land records can lead to the creation of an asset class that can act as collateral for agri credit.

Treading on similar lines, the announcement of establishing multi-modal Logistic Parks and railway lines for 'One Station, One Product' hits the nail on the head. The initiative is expected to replicate the success of 'One District One Product' (ODOP) scheme and provide efficient logistic services for small farmers along with improved income, employment, and skills.

Budget 2022-23 has provided impetus towards inclusive growth in Agriculture on the financial front. While wheat and paddy farmers will get direct payments for minimum support price (MSP), the NABARD fund announcement to finance Agriculture-related startups and rural enterprises could improve access to Agri machinery, technology, and FPO support on a local area level. Furthermore, emphasis on skill development in agriculture with reference to university syllabus revision is a step in the right direction to empower the industry. The amalgamation of all the aforementioned reforms is likely to have a positive cascading effect on the agriculture value chain.

That said, there are downsides.

Similar to the previous budget, a lot of policymaking has been done, but the focus on execution hasn't been pushed as needed. Industry demands like rationalization of GST and cheaper Insurance for Agriculture did not receive the required attention.

Although the budget was announced on the pre-cursor of 'Doubling the Farmer Income by 2022', NBFCs, procurement companies, and other Agri credit lending institutions did not receive help to cover bad debts. A system similar to 'Bad Bank' for commercial banks would have been a revolutionary reform and a step to untangling the complications behind formal lending. In addition, Fast Track courts for conflict resolution in the Agri sector continue to be a distant reality.

However, this is the initial impression. Some facets of the Budget 2022-23 fineprint such as improved ease of doing business, comprehensive package to the farmers to use the right variety of fruits and vegetables, and ways to promote natural farming are yet to be revealed. As of now, one cannot mask the positive initiatives introduced in the budget, just like they cannot hide the deep issues that remain unaddressed.

*(The author is CEO of SLCM Group.)*