

Budget 2022

Agri industry reacts to FM Sitharaman's Budget speech

AJ Vinayak | Updated On: Feb 01, 2022



Here are a few industry reactions to the Union Budget

Atul Chaturvedi, President of the Solvent Extractors' Association (SEA) of India, said SEA of India had been constantly representing to the Government that

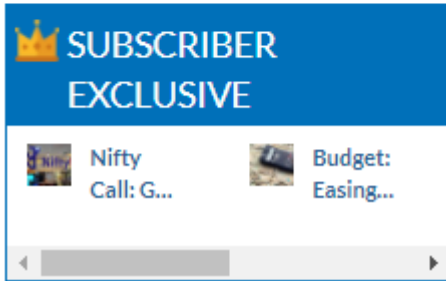


Government that India's edible oil imports are skyrocketing and seriously compromising edible oil security of the nation needing urgent policy intervention.

He said the announcement made by the Finance Minister for comprehensive

scheme to increase domestic production of oilseeds to reduce country's dependence on import of edible oil is a welcome step. "We are also given to understand that financial outlay for increasing oilseed production is likely to be adequate to have a meaningful impact. This initiative should go a long way in helping reduce our

long way in helping reduce our dependence on edible oil imports, which are likely to be around ₹1.5 lakh crore during the current year,” he said, adding this initiative would be in line with the Prime Minister’s vision of Aatmanirbharta.



Amith Agarwal, co-founder and CEO of AgriBazaar (an agritech marketplace), said the Finance Minister’s announcement of a comprehensive scheme that reduces the reliance on oilseed imports is good news as it will focus on changing the crop sowing pattern of the Indian farmer. In addition, it will save precious foreign exchange and ensure higher price realization for the Indian farmer.

Millets

Pravesh Sharma, Director of Samunnati Agro, said the theme of this year’s Budget seems to be incentivising a forward-looking vision for agriculture. “We also expect the Government to come up with practical solutions to address the pending demand of farmers to provide a legal guarantee of MSP,” he said. It is great that 2023 has been declared the ‘International Year of Millets’, as this crop is currently not considered in the government schemes and producers are largely small and marginal farmers that too mostly in rain-fed regions. It will be important to ensure the growth of integrated value chains so that the benefits of these nutritious crops can flow back to primary producers.

While the overall thrust of the Budget seems to be on infrastructure, agriculture has not been overlooked. Some key areas such as crop diversification and promotion of domestic oilseeds production are important breakthrough ideas and can have long-term benefits to the agriculture sector.

Prashant Parameswaran, MD and CEO of Tata Consumer Soulfull, said India is one of the largest producers of millets. Tata Consumer Products has been working with the Indian Institute of Millet Research (IIMR) to unlock the full potential of millets as a healthier and more sustainable alternative to traditional grains. “We aim to do this through innovation as well as spreading awareness and strengthening advocacy for millets. We hope to grow this category by making

grow this category by making millets more mainstream through our Tata Soulfull brand and making them available to consumers in convenient and modern formats,” he said.

Shauravi Malik and Meghana Narayan, founders of Slurrp Farm, said with 2023 designated as the International Year of Millets, the awareness around the health benefits of millets and also their environment-friendly cultivation methods will only continue to grow. It is heartening to see that the Union Budget puts the grain in focus, especially by way of branding of millet products nationally and internationally.

This will strengthen the entrepreneurial ecosystem in the space of these nutri-cereals in India. A new wave of entrepreneurship is sweeping the nation and the move will allow numerous young Indians

A new wave of entrepreneurship is sweeping the nation and the move will allow numerous young Indians to bring their ideas to life and build brands for the new-age Indian consumer.

Dairy

Meenesh Shah, Chairman of National Dairy Development Board (NDDB), said the NDDB welcomes reduction in alternate minimum tax (MAT) for cooperatives from 18.5 per cent to 15 per cent and surcharge from 12 per cent to 7 per cent for cooperatives having income ₹1 crore to ₹10 crore. He said the decision will boost development initiatives of dairy cooperatives and ensure better remuneration to millions of farmers.

Sheetal Sharad, Vice President and Sector Head Corporate Ratings, ICRA Ltd, said the increased allocation under the Livestock Health and Disease Control programme from ₹8.86 billion in RE 2021-22 to ₹20 billion in 2022-23 BE, reiterates the government's focus on supporting livestock betterment. This is expected to bolster cattle productivity and increase raw milk availability for dairy processors.

The pandemic has exerted pressure on raw milk availability in the recent flush season given the lower than expected coverage of artificial insemination during cattle breeding period in the first and second waves of the pandemic. Reduction in MAT rates for cooperative societies will positively impact margins of dairy cooperatives lending cushion for further capex in dairy processing and passing on benefits

Biogas

AR Shukla, President of Indian Biogas Association, said the emphasis on organic farming should cheer the biogas industry. All of the biogas plants produce organic fertiliser. Allocation of the requested Budget for such development under 'Biogas Fertilizer Fund' would make it happen. "We hope that the details of the scheme will entail these. Five such projects across the Ganges plain region can kickstart the paradigm shift," he said.

Welcoming the government's decision to focus on agriculture education, he said all states will be urged to update agriculture university syllabuses to suit the demands of natural zero-budget farming, modern-day agriculture, value addition, and management. He hoped that biogas fertiliser

He hoped that biogas fertiliser plants will get a proper place in it.

Technology in agri

Taranjeet Singh Bhamra, CEO and Founder of AgNext Technologies, said the Budget's focus to increase technological intervention in agriculture value chains will further help to cushion the sector against global uncertainties.

The government's dedicated focus to increasing investment in agriculture and the agri-tech sector will allow for all-inclusive development that will benefit farmers as well as agribusinesses. The proposed PPP (Public Private Partnership) mode scheme to promote the delivery of digital and hi-tech services in the agriculture sector will lead to greater cooperation between the private agritech players and public research institutions.

For agri-tech sector, this is a favourable Budget that will pave the way for the robust growth of the agri-tech players, especially the start-ups, to scale domestically and internationally, he said.

Palat Vijayaraghavan, founder and CEO, Lawrencedale Agro Processing India (LEAF), said the agrarian ecosystem players are hampered by lack of transparent access with actionable information. Digitisation solves this challenge by integrating a virtuous loop between farmers and markets, giving better access to information.

“We need integrated full-stack solutions which will digitise marketplaces, payments, workflows, and farmer transaction histories by connecting buyers, farming inputs, suppliers, ag-techs, and banks with FPOs/farmers, helping to create a commercially sustainable ecosystem

commercially sustainable ecosystem comprising all relevant agriculture value chain players with equitable commercial exchange mechanisms. Such an initiative will support the farmers through comprehensive training and capacity building in entire lifecycle of the harvest, including post-harvest management to reduce wastage,” Vijayaraghavan added.

Deepak Yadav, founder of GreenSat Innovation Labs Pvt Ltd, said data has become crucial for the success of almost every activity today. In agriculture, thorough data analysis and data-based predictions are critical aspects that aid in improving the income of farmers, yield quantity, and quality of output. The announcement of steps like stress on digital land records, India's own digital currency, and increased usage of drones will establish a big data culture in the

establish a big data culture in the agriculture sector. These measures will make it easier for tech-backed agri-tech companies to reach out to an expanded set of farmers. With this Budget, one can say that the gap between Indian farmers and prosperity is getting bridged with each passing day.

Navneet Ravikar, Chairman and Managing Director of Leads Connect Services (an agritech company), said the Budget prioritised agri-tech, especially with the push on DeepTech such as AI and geospatial systems. They will go a long way towards making the industry sustainable and bringing it into the 21st century.

A more positive aspect was monitoring agriculture with Kisan drones as well as digitising land records. They will be the biggest leap towards the adoption of technology, bringing change at a

KC Ravi, Chief Sustainability Officer of Syngenta India Pvt Ltd, said the Budget's emphasis on digital infrastructure for infusion of agriculture technologies in a PPP mode will be the need of the hour in the next 25 years to combat the serious threat of climate change.

Amit Sinha, co-founder of Unnati (a fintech powered agri-tech platform), said the Budget has a strong focus on agriculture with a specific focus on the delivery of high-tech services, funding of start-ups through Nabard, focus on 'Drone Shakti' for farmers, climate action. There is a good balance of the short-term and long-term measures. It's very forward-looking with a long-reaching impact on how agriculture will grow in India. These initiatives will solve the core problem of improvement of farm productivity and help improve farm incomes significantly, he said.

Prasanna Rao, Managing Director and co-founder of Arya.ag (an integrated grain commerce platform), said the Union Budget has placed agri-tech in the right limelight with the Finance Minister reposing faith on the role of these new-age players to transform the agriculture sector in the country under the PPP mode. Rao said Finance Minister's assurance on government support to FPOs and small farmers to procure farming equipment as well as gain access to technology-led capabilities and services is also in the right direction.

Mayank Tiwari, founder and CEO, ReshaMandi, said the emphasis on public-private partnership on tech-driven agriculture is a welcome note for most of the agri-tech start-ups. It is great to see the government's continued focus on

Rajesh Aggarwal of Insecticide India Ltd, said the Budget's emphasis on encouraging the use of 'Kisan Drones' for crop assessment, digitisation of land data, and insecticide and nutrient spraying will undoubtedly provide a boost to the agriculture industry and the input industry as well. Spray by drones will help to save on water and will increase the uniformity and efficacy of crop protection and nutrition products.

Jinesh Shah, Managing Partner of Omnivore, said a blended capital fund under Nabard is interesting as it can provide the FPOs with much-needed assistance. Keeping up with the times, the Government's support for drone use in agriculture and stressing the role of start-ups in facilitating 'drone shakti' is a great leap forward for driving precision farming at scale.

Taranbir Singh, co-founder and CEO of FAARMS, said the digitization is the core essence of the overall budget related to the agricultural and rural sector. The Government intends to include the agro-tech industry in PPP which is a big welcoming step and would set the tone for further much-needed initiatives for the farming community. The launch of the digibank, financial literacy and skilling and livelihood will help boost the overall economy of rural India.

Asitava Sen, CEO of CropLife India, said the Government's push towards digitalization of agriculture coupled with the focus on hi-tech services would enhance rural entrepreneurship and infuse youth back in the farmlands, boosting the income of the farmers.

Siraj Chaudhry, MD and CEO of NCML, said the budget has made a sincere attempt to promote the use of technology in agriculture and make it future-ready. The last-mile digital connectivity has the potential to drastically alter the agri landscape of the country and by announcing the completion date of the Bharat Net project by 2025, the budget has attempted to bridge the digital divide between the villages and urban areas by 2025.

The budget proposes to phase out a large number of exemptions applicable on some agri products, chemicals, drugs. Though the fine print is still awaited this decision might have an inflationary effect on agri nutrients, agrochemicals and pesticides which could further stoke food inflation, he said.

D Narain, President, Bayer South Asia and Global Head of Smallholder Farming, said the announcement in this year's budget on strengthening the delivery of digital and hi-tech services to farmers through the public-private partnership model will go a long way in improving the scaling up of agri value chains and help Indian farmers reap the benefits of technological advancements. Major initiatives like promoting the use of 'kisan drones', funds to finance start-ups for agriculture and rural enterprises, supporting FPOs through these enterprises, and boosting domestic oilseed production, have the potential to transform the sector, he said.

Siddhant Bhomia, co-founder of Krishi Network, said this year's budget is a dream budget for the agriculture sector with a focus on technology-driven solutions. The key themes that come out are tech, capital, and sustainability. The focus on financing startups for agriculture, use of kisan drones, digitization of land records, revision of university courses will help create an impact for a population at scale.

Mughilan Thiru Ramasamy, CEO and co-founder of Skylark Drones, said the introduction of drone shakti will ensure business momentum and drive faster adoption of UAVs in the country. It is encouraging to see the government promoting Digital India and digitisation of various sectors through the integration of UAVs through varied applications and drones as a service.

The announcement to promote the use of 'kisan drones' in the agricultural sector as part of the Budget 2022-23 will enable the drone industry to collaborate with farmers to improve operational efficiency and maximize profitability. This will make India's agricultural sector future-ready.

Pravin Patel, founder of Brio Hydroponics, said the agricultural startup fund will foster innovation and entrepreneurship in the industry, while cutting-edge technology interventions can simultaneously boost sector output and exports. Dedicated funds for field research, as well as an emphasis on associated agro farming, would go a long way toward ensuring the success of starting projects. As agriculture is still largely unstructured and influenced by large landowners, digitization of land records and a minimum support price (MSP)

Ankit Chauhan, CFO and co-founder of InfyU LABS, said the Budget will give much needed support in shape of 'kisan drone' and 'drone shakti' programmes, resulting to create a wave of innovation from the emerging agri-tech start-ups leading the agricultural ecosphere to become trillion-dollar economy by 2025.

Kunal Kislay, CEO of Integration Wizards Solutions, said Budget 2022-23 has empowered value creators to invest in India's growth story. Indian agritech startups now have a great opportunity to innovate and help to sustain the economy.

Shardul Sheth, co-founder and CEO of AgroStar, said the expansion of technology focus in the Budget from just tractors and agri-machinery to 'kisan Drones' for crop assessment, digitization of land records, spraying of

land records, spraying of insecticides and nutrients shows increasing interest in application of IoT to the sector. This budget should help in accelerating the digitalization of the farming community, Sheth said.

Kishor Jha, CEO and founder of Ergos (an agri-tech company), said the installation of optical fibres across rural hinterlands will not only bring uninterrupted access to digital services and ensure the best returns on their produce. The farmers will be able to move from farm-gate to the end buyer directly, efficiently and access small credit from the banks.

Fertilisers and chemicals

Sabyasachi Majumdar, Senior Vice President and Group Head (Corporate Ratings), ICRA Ltd, said that the Government's announcements of promotion of drone-based intervention in

announcements of promotion of drone-based intervention in pesticide spraying, digitisation of land records and crop assessment are steps towards mechanisation of farms and improvement in productivity.

"The budgetary allocation for the subsidy for the fertiliser sector for 2022-23 is around ₹1,052.1 billion, which, as per ICRA estimates, is inadequate to meet the sector's requirement for the year which we expect at around ₹1,300-1,400 billion," he said.

Duty reduction on key feedstocks like acetic acid and methanol is likely to boost the profitability of manufacturers dependent on imports, however it is a negative for domestic manufacturers of these products, he said. Further, several exemptions are proposed to be gradually phased out and a graded duty structure is likely to be

gradually phased out and a graded duty structure is likely to be followed. This will encourage intermediate product manufacturing for several sectors, including chemicals, and thus is likely to be favourable for the domestic chemical sector.

Nitesh Jain, Director, CRISIL Ratings, said the revision in the fertiliser subsidy budget for fiscal 2022 to ₹140,000 crore from ₹79,500 crore augurs well for the fertiliser industry. It will help meet the increase in input costs and will contain any material build-up of subsidy receivables for fertiliser manufacturers.

Anuj Kumbhat, founder and CEO of WRMS, said the Union Budget promotes chemical-free natural farming to boost sustainable agriculture productivity and income of farmers that will help WRMS align its services better and

WRMS align its services better and explore our utmost potential while providing farmers with high-end sustainable agriculture services progressively throughout the country. The budget also brings in picture a comprehensive package of participation of state governments and MSMEs to help farmers adopt natural farming practices; tremendously helpful for us to promote sustainable agriculture at a better pace.

Ritwik Bahuguna, founder of Roots Foundation and Business Director of Wazir Advisors, said the Finance Minister has mentioned that chemical-free farming should be promoted across the country. He said adoption may require targeted policy support – such as input subsidies for organic inputs, including fertilisers and pesticides. In many parts of the country several internationally banned pesticides are still used. There is

pesticides are still used. There is also a need for sharing information by mobilising self-help groups and grass root organisations in this effort.

RG Agarwal, Group Chairman of Dhanuka Agritech Ltd, said it would have been apt had the Finance Minister also reduced GST and customs duty rates on some of the agro-chemicals products, which would have reduced the overall cost for the farmers.

Sugar

Sabyasachi Majumdar, Senior Vice President and Group Head (Corporate Ratings), ICRA Ltd, said that as a significant step towards increasing blending to meet the target of 20 per cent ethanol blending with petrol by 2025, an additional differential excise duty of ₹2 per litre has been introduced on unblended fuel effective October

target of 20 per cent ethanol blending with petrol by 2025, an additional differential excise duty of ₹2 per litre has been introduced on unblended fuel effective October 1 2022. In the light of increasing crude oil prices globally and the resultant petrol prices in the country, such additional duty and resultant hike in prices to end users would encourage higher usage of blended fuel and accelerate the movement towards achieving the targets provided the necessary distribution infrastructure is created timely. Many large sugar mills are in midst of capacity expansion for distilleries coupled with investments being proposed by grain-based distilleries and through proposed 12 bio-refineries would facilitate the supplies to meet the long term targets.

Others

Highlighting the positive side of Budget 2022-23, Sandeep

Sabharwal, CEO of SLCM Group,

said the Budget has provided impetus towards inclusive growth in agriculture. Emphasis on skill development in agriculture with reference to university syllabus revision is a step in the right direction to empower the industry, he said, adding logistics under agri sector has been provided the much-needed boost through creation of new logistics parks and efficient railway network.

However, he said a lot of policy making has been done but focus on execution hasn't been pushed as needed. It would have been a welcome decision if institutions providing agri credit like NBFCs, agri procurement companies were given some schemes to cover agri-

However, he said a lot of policy making has been done but focus on execution hasn't been pushed as needed. It would have been a welcome decision if institutions providing agri credit like NBFCs, agri procurement companies were given some schemes to cover agri-related bad debts just as 'bad bank' has been put in service for commercial banks. Fast-track courts for conflict resolution in the agri sector continues to be a distant reality, he added.

Balram Yadav, Managing Director of Godrej Agrovet, said it is a balanced budget that is focused on infrastructure boost, supporting agriculture sector with incentives and technological fillip. River interlinking projects, Ken-Betwa link will definitely improve farming and livelihood facilities to farmers and local population. He said:

and local population. He said:
“There were expectations which have not found space in the budget, but as the Finance Minister stated, it’s a budget that looks at overcoming the pangs of pandemic and focus on the next 25 years of growth.”

Ravindra Agarwal, founder and Managing Director of KisanKraft Ltd, said the Union Budget was in line with the expectation with continued fiscal discipline and increase in MSP procurement. Systemic changes for land records, crop diversification, import substitution are going to be very helpful in the long run. “However, in our view farm mechanization, farmer education, and agricultural infrastructure like irrigation, weather stations deserved increased allocations,” he said.

Tarun Arora, Director of Finance and Operations of IG International,

Tarun Arora, Director of Finance and Operations of IG International, said there is a vision of the Government for the next 10 years in this budget.

The Government has pushed sustainability along with growth. It has the intent to shift the logistics only from roads to multi-model for home-grown companies. This will help improve time management. Cargo terminals will help in Gati Shakti’s development as a result it will lead to the development of infrastructure. “We were hoping there would be more on the cold chain facility as it’s integral to the perishable supply chain as well. Overall, it is a Budget with an aspiration to revive the economy, which will bring further growth to the economy,” Arora said.

the economy,” Arora said. Ram Kaundinya, Director General of Federation of Seed Industry of India (FSII), said the Budget did not spell out any specific initiative for the biotech sector, however, it had a few things for the agri sector, especially the thrust on millets and increasing the domestic production of oilseeds.

“In the Economic Survey, the Government underlined the need for enhanced research in agriculture as well as oilseeds in addition to need for crop diversification. However, no announcements to boost research in breeding and biotechnology were made in the Budget. For instance, it would have been in the fitness of things if the Government had said that modern science and biotech would be used to boost oilseeds production in the country,” he said.

Dhires, co-founder and CEO of agri-tech startup Neem Tree Agro Solutions, said the Union Budget 2022-23 caters well to the expectation of the farmers. The Government has presented some great initiatives, which is in alignment with the expectations of agri-tech industry. Stating that the promise to finance start-ups in agriculture and rural enterprises for farm produce value chain in accordance with NABARD is praiseworthy, he said: “We firmly believe that this year is going to be the year of ag-tech start-ups. The year is also important as this is the target year for doubling the farmers’ income.”

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