



## **AATMANIRBHAR BHARAT:**

**INCENTIVES TO INCREASE  
AGRICULTURAL PRODUCTIVITY WHILE  
REDUCING IMPORTS...**

**APRIL - 2023**



The agricultural sector plays significant role in the country's overall growth and development by ensuring food security. India is a net exporter of wheat, rice and other food grains such as rye, maize, sorghum, buckwheat, jawar, bajra and ragi. The largest markets for India's agricultural products are USA, China, UAE, Saudi Arabia, Bangladesh, Vietnam, Indonesia, Nepal, Iran and Malaysia.

The Government is implementing many national programmes to increase production of agriculture, with an aim to sustain food security, reduce import dependency and utilize emerging opportunities in agricultural exports. Timely supply of quality seeds of high yielding varieties (HYVs), inputs, latest production technologies, credit, crop insurance, micro-irrigation and post harvest facilities are few of such interventions taken to increase agricultural production and productivity.

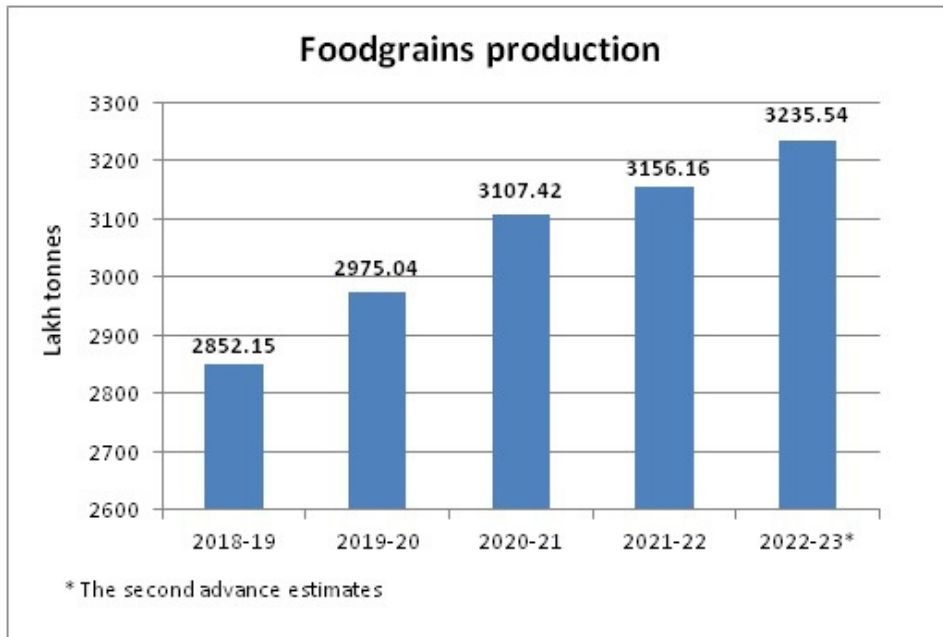
Besides, the Indian Council of Agricultural Research (ICAR)/ National Agricultural Research System (NARS) has taken several initiatives for innovation/ development of new technologies in the farm sector across the country like Genetic enhancement of plants/ animals/ fish for higher productivity, mechanization of agriculture and food system, enhancing value, safety and income through food processing, development of energy efficient technologies, farming practices, and promoting technology transfer to the farmers.

## **TOTAL FOOD GRAINS PRODUCTION:**

India's foodgrains production touched a record 3156.16 lakh tonnes in 2021-22 despite climate change challenges as compared to 3107.42 lakh tones in 2020-21, higher by 1.57%, a result of the hard work of farmers and scientists and concerted government policies. As per the second advance estimates released by the government, total foodgrain production in India is estimated at a record 3235.54 lakh tonnes in 2022-23, an increase of 79.38 lakh tonnes as compared to the previous year 2021-22, with expectations of record production of Rice, Wheat, Maize, Gram, Moong, Rapeseed & Mustard and Sugarcane.

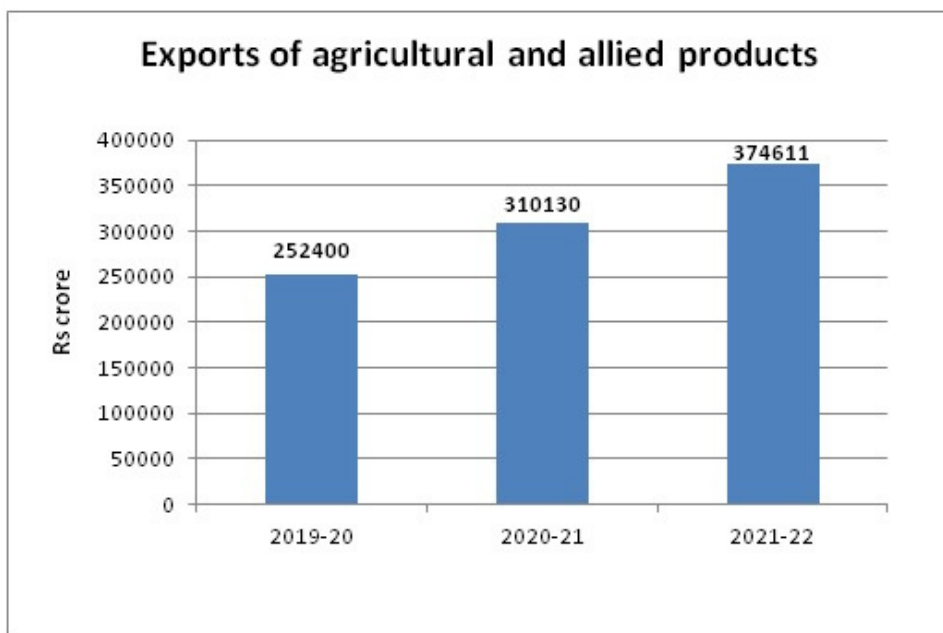
Total production of Rice during 2022-23 is estimated at record 1308.37 lakh tonnes higher by 13.65 lakh tonnes as compared to previous year, while the production of Wheat in the country is estimated at 1121.82 lakh tonnes which is higher by 44.40 lakh tonnes as compared to previous year's production. Further, production of Maize in the country during 2022-23 is estimated at record 346.13 lakh tonnes which is higher by 8.83 lakh tonnes than the previous year production of 337.30 lakh tonnes.

Total Pulses production during 2022-23 is estimated at 278.10 lakh tonnes which is higher by 5.08 lakh tonnes than previous year's production of 273.02 lakh tones, while total Oilseeds production in the country during 2022-23 is estimated at record 400.01 lakh tonnes which is higher by 20.38 lakh tonnes than the previous year's oilseeds production. Besides, total production of Sugarcane in the country during 2022-23 is estimated at record 4687.89 lakh tones, higher by 293.65 lakh tonnes than the previous year's production.



## EXPORTS OF AGRICULTURAL AND ALLIED PRODUCTS :

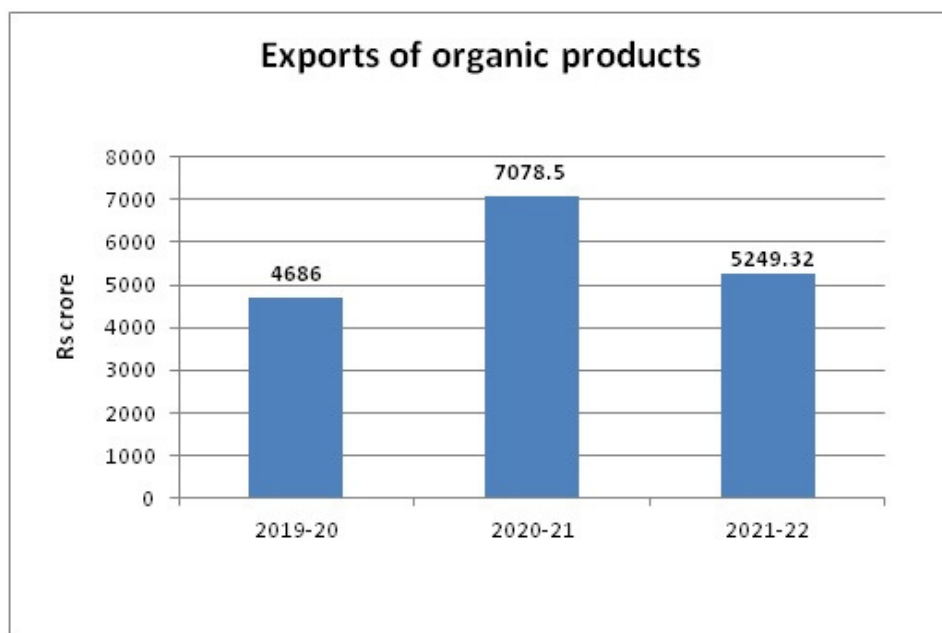
Exports of agricultural and allied products are witnessing significant increase during the last few years. In 2021-22, the exports of agricultural and allied products increased 20.79 % to Rs 374611 crore as compared to Rs 310130 crore in 2020-21. In 2019-20, the export was valued at Rs 252400 crore. During 2021-22, agricultural exports reached an all-time high, on the back of the measures taken by the Government to promote farmer-producer organisations, encourage crop diversification, and improve productivity in agriculture through support provided for mechanisation and the creation of the Agriculture Infrastructure Fund. The western region states of Gujarat and Maharashtra lead in exports of agriculture and allied products followed by Andhra Pradesh and West Bengal in eastern region, Uttar Pradesh and Haryana in central/northern region and Karnataka and Kerala in Southern region.



## EXPORTS OF ORGANIC PRODUCTS

The Government has been promoting organic farming in the country since 2015-16 through the schemes of Paramparagat Krishi Vikas Yojana (PKVY) and Mission Organic Value Chain Development for North Eastern Region (MOVCDNER). Both the schemes stress on end to end support to farmers engaged in organic farming i.e. from production to processing, certification and marketing and post harvest management support including processing. PKVY is being implemented in all the States other-than North Eastern States, across the country. MOVCDNER scheme is implemented exclusively in the NE States.

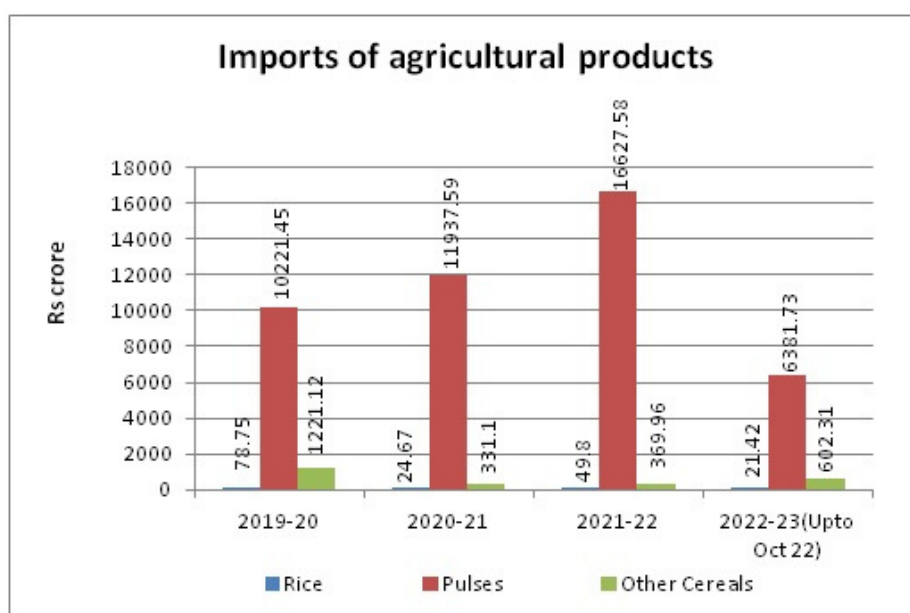
However, India's exports of organic products declined 25.84% to Rs 5249.32 crore in 2021-22 as compared to Rs 7078.5 crore in 2020-21. The export of organic products is taking a hit, as the U.S. Department of Agriculture (USDA) Agricultural Marketing Service's (AMS) National Organic Program (NOP) ended the organic recognition arrangement with India's Agricultural and Processed Food Products Export Development Authority (APEDA) in January 2021. The previous recognition agreement established in 2006 allowed APEDA to accredit certification agencies to certify farms and businesses in India to the USDA NOP standards. Besides, European Commission barred five organic certification agencies from clearing exports of processed organic food products from India due to their failure to comply with European Union standards and ensure contamination-free products.



## IMPORTS OF AGRICULTURAL PRODUCTS :

Imports of agricultural products are increasing because the domestic demand exceeds indigenous production. As a result, total foodgrains imports jumped to Rs 17047.52 crore in 2021-22 as against Rs 12293.37 crore in 2020-21, while it was Rs 11525.95 crore in 2019-20. In 2021-22, imports of Pulses significantly increased to Rs 16627.58 crore as compared to Rs 11937.59 crore in 2020-21, despite the National Food Security Mission (NFSM) aims to increase domestic production of pulses through enhanced productivity, crop area expansion under pulses and promoting research and development for evolving better varieties.

The Government is also providing funds under Rashtriya Krishi Vikas Yojana (RKVY) to States for improving the production of food grains including pulses. Domestic cultivation is also being encouraged through various other Central Sector Schemes of the Department of Agriculture and Farmers' Welfare (DA&FW) viz. Pradhan Mantri Fasal Bima Yojana (PMFBY), Modified Interest Subvention Scheme (MISS), Pradhan Mantri Kisan Samman Nidhi (PM-Kisan).



## CONTRIBUTION OF AGRICULTURAL SECTOR IN GDP :

The contribution of the agriculture sector to gross domestic product (GDP) is continuously decreasing, due to higher growth in other sectors. As per the Second Advance Estimates of National Income 2022-23 released by Ministry of Statistics & Programme Implementation (MoSPI), the share of Gross value added (GVA) of agriculture and allied sectors in total economy and growth of GVA of agriculture and allied sectors have fallen in the last 2-3 years. Share of GVA of agriculture and allied sectors in total economy at current prices in 2020-21 was 20.3%, it was 19.0% in 2021-22 and 18.3% in 2022-23.

## **RECENT DEVELOPMENTS AND INITIATIVES :**

With an aim to achieve Aatmanirbharta in agriculture and make Indian agriculture future-ready, initiatives like National Mission for Sustainable Agriculture, the promotion of scientific warehousing and the adoption of drone technologies have been undertaken. The government has also taken several steps to increase investment in the agriculture sector such as setting up an Agri-Tech Infrastructure Fund, promoting organic farming through Paramparagat Krishi Vikas Yojana, and creating a Long-Term Irrigation Fund and Micro Irrigation Fund. Some of the initiatives are following:

### **SCHEME FOR INTEGRATED COLD CHAIN, VALUE ADDITION AND PRESERVATION INFRASTRUCTURE:**

Ministry of Food Processing Industries (MOFPI) is implementing a Scheme for Integrated Cold Chain, Value Addition and Preservation Infrastructure as one of the component of Pradhan Mantri Kisan Sampada Yojana with the objective of reducing post-harvest losses of horticulture and non-horticulture produce and providing remunerative price to farmers for their produce. Under the scheme, Ministry provides financial assistance in the form of grant-in-aid at the rate of 35% for general areas and 50% for North East and Himalayan States, Integrated Tribal Development Programme (ITDP) areas and Islands for storage and transport infrastructure and at the rate of 50% and 75% respectively for value addition and processing infrastructure subject to a maximum grant-in-aid of Rs 10 crore per project for setting up of integrated cold chain projects including irradiation facility. Standalone cold storages are not covered under the Scheme.

### **GOVT LAUNCHES DIGICLAIM FOR CLAIM DISBURSAL THROUGH NATIONAL CROP INSURANCE PORTAL :**

The government has launched National Crop Insurance Portal's digitized claim settlement module namely 'DigiClaim' under the ambit of Pradhan Mantri Fasal Bima Yojana (PMFBY). With the launch of the module, claims will be disbursed electronically, which will benefit the respective farmers of six states. Now, the automated claim settlement process will be an ongoing activity to ease all insured farmers' lives and provide them with a sustainable financial flow and support.

With this, now farmers' claims will be processed directly to their respective bank accounts in a transparent and accountable manner. This technology has been enabled through the integration of National Crop Insurance Portal (NCIP) and Public Finance Management System (PFMS). This would directly impact the claim reversal ratio, which is expected to go down with DigiClaim. Another noteworthy feature of this digital advancement is that farmers would be able to track the claim settlement process on their mobile phones in real-time and avail the scheme's benefits.

## **CABINET APPROVES MINIMUM SUPPORT PRICES FOR ALL RABI CROPS FOR MARKETING SEASON 2023-24 :**

The Cabinet Committee on Economic Affairs (CCEA) has approved the increase in the Minimum Support Prices (MSP) for all mandated Rabi Crops for Marketing Season 2023-24. The absolute highest increase in MSP has been approved for lentil (Masur) at Rs 500 per quintal followed by rapeseed and mustard at Rs 400 per quintal. For safflower, an increase of Rs 209 per quintal has been approved. For wheat, gram and barley an increase of Rs 110 per quintal, Rs 100 per quintal respectively has been approved.

## **PROMOTING ADOPTION OF KISAN DRONES :**

The Department of Agriculture and Farmers Welfare (DA&FW) is promoting adoption of Kisan Drones by the farmers. Financial assistance is also provided under Sub-Mission on Agricultural Mechanization (SMAM): Financial assistance at 100% of the cost of drone up to a maximum of Rs 10 lakh per drone is provided for purchase of drones by institutes under Indian Council of Agricultural Research, Krishi Vigyan Kendras (KVKs), State Agriculture Universities (SAUs), State and other Central Government Agricultural Institutions/Departments and Public Sector Undertakings (PSUs) of Government of India engaged in agricultural activities. The Farmers Producers Organizations (FPOs) are provided grants up to 75% of the cost of agriculture drone for its demonstrations on the farmers' fields. A contingency expenditure of Rs 6000 per hectare is provided to implementing agencies that do not want to purchase drones but will hire drones for demonstrations from Custom Hiring Centres, Hi-tech Hubs, Drone Manufacturers and Start-Ups. The contingent expenditure to implementing agencies that purchases drones for drone demonstrations is limited to Rs 3000 per hectare.

In order to make available drone services to farmers on rental basis, financial assistance at 40% up to a maximum of Rs 4.00 lakh are provided for purchase of drones by Custom Hiring Centers (CHCs) under Cooperative Society of Farmers, FPOs and Rural entrepreneurs. Agriculture graduates establishing CHCs are eligible to receive financial assistance at 50% of the cost of drone up to a maximum of Rs 5.00 lakh per drone. For individual purchase of drones, the Small and Marginal, Scheduled Caste/Scheduled Tribe, Women and North Eastern State farmers are provided financial assistance at 50% of the cost up to a maximum of Rs 5.00 lakh and other farmers at 40% up to a maximum of Rs 4.00 lakh.

## **SCHEMES FOR THE PROMOTION OF ORGANIC FARMING :**

The government is implementing dedicated schemes for the promotion of organic farming in the country viz. Paramparagat Krishi Vikas Yojana (PKVY) and Mission Organic Value Chain Development in North East Region (MOVCDNER) since 2015-16. Under these schemes, farmers are primarily encouraged to take up organic cultivation using organic inputs including organic fertilizers and the schemes provide end to end support to farmers i.e. from production to marketing of organic produce. Farmers are provided a subsidy of Rs 31000/ ha / 3 years under PKVY and Rs 32500/ ha/ 3 years under MOVCDNER for various organic inputs and an amount of Rs 667.34 crore has been earmarked for promotion of organic farming for the year 2022-23.

## **Outlook**

The Government's focus on Aatmanirbhar Bharat will increase productivity of all crops with focus on crops where demand is met through costly imports like oilseeds and pulses. Rising health consciousness and more inclination towards organic farming will boost demand of organic products in the domestic market. The technological advancement in farming through various innovative solutions like DigiClaim and Kisan Drones will help making India a digital powerhouse and will also pave ease of living for the farmers. Increase in the MSP of Rabi Crops for Marketing Season 2023-24 will ensure remunerative prices to the growers for their produce.

However, there is need to address bottlenecks in warehouse, cold storage and logistics infrastructure in order to reduce logistics cost and post-harvest losses and focus on promoting good agriculture practices to reduce border rejections and increase market access in high-income countries, since entry into the US and EU markets has remained a challenge due to their high sanitary and phytosanitary (SPS) norms resulting in high refusal or rejection rates for several commodity groups, especially for fruits and vegetables.



# CONTACT INFORMATION



[info@sukhanidhi.in](mailto:info@sukhanidhi.in)



<https://sukhanidhi.in/industry-analysis/>



+91 8310770674



Toll Free: 1800 889 0255

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**VINAYAK SAVANUR**  
FOUNDER & CIO

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