



THE NEXT GROWTH ENGINE?

Agriculture Is Getting the Policy & Productivity Push It Needed

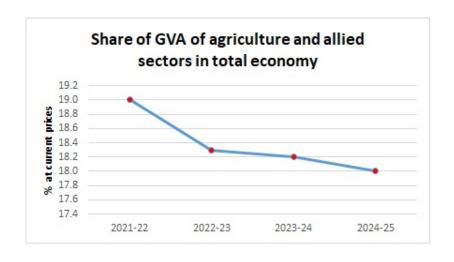
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India is an agrarian country where agriculture plays a vital role in the lives of its people and the nation's development. Agriculture employs a significant portion of the population, particularly in rural areas & is a primary source of income for many families. It also ensures food security by producing enough food to feed millions of people. India has the world's largest cattle herd (buffaloes), the largest area planted for wheat, rice & cotton & is the largest producer of milk, pulses & spices in the world. It is the second-largest producer of fruit, vegetables, tea, farmed fish, cotton, sugarcane, wheat, rice, cotton & sugar. The agriculture sector in India holds the record for second-largest agricultural land in the world generating employment for about half of the country's population.

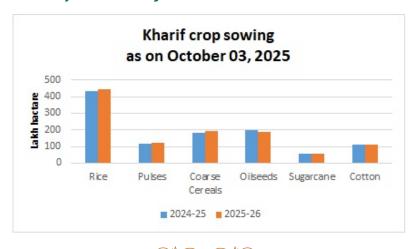
Share of GVA of agriculture and allied sectors in the total economy in 2024-25 stood at 18.0% which was lower than 18.2% in 2023-24, 18.3% in 2022-23 and 19.0% in 2021-22. Although the share of agriculture has declined over time due to the growth of the industrial and tertiary sectors in India, agriculture remains a dominant sector. It continues to make a significant contribution to the national income. It supports agro-based industries & rural markets. The strong agricultural sector highly supports economic growth, as it stimulates demand for goods & services throughout the year. Meanwhile, Agriculture & Allied Sector has observed the Real GVA growth rate of 3.7% in Q1 of FY 2025-26, as compared to the growth rate of 1.5% registered in Q1 of FY 2024-25.





Total area sown under Kharif crops in India has reached 1121.46 lakh hectares as on October 3, 2025 - surpassing last year's coverage of 1114.95 lakh hectares. The overall increase of 6.51 lakh hectares, representing a 0.6% rise over the previous Kharif season, reflects resilience & strong farmer participation despite varying monsoon conditions across regions. Several major crops including rice, pulses, maize & sugarcane have shown significant area expansion this season, with maize recording the highest increase among cereals. The improvement in sowing figures suggests a positive outlook for Kharif 2025-26, bolstered by supportive government policies, timely rainfall & enhanced seed & input distribution at the state level. Rice remains the dominant Kharif crop, covering 441.58 lakh hectares this season compared to 435.68 lakh hectares last year - an increase of 5.9 lakh hectares or 1.35% growth.

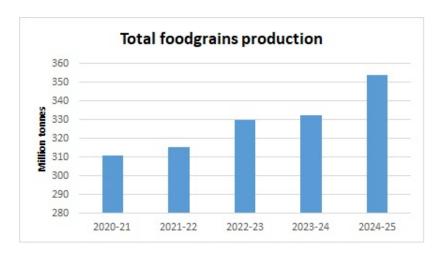
The total area under pulses has reached 120.41 lakh hectares, slightly higher than 119.04 lakh hectares last year - a growth of 1.15%. Coarse cereals have registered a sharp rise in area coverage, from 183.54 lakh hectares last year to 194.67 lakh hectares this year - an increase of 11.13 lakh hectares (6.06%). The oilseed segment witnessed a reduction this season, covering 190.13 lakh hectares against 200.75 lakh hectares last year, marking a decline of 10.62 lakh hectares (-5.3%). Sugarcane area rose to 59.07 lakh hectares, up from 57.22 lakh hectares last year, marking a growth of 3.25%. Cotton acreage stands at 110.03 lakh hectares, compared to 112.97 lakh hectares last year, a reduction of 2.6%. Jute & mesta crops have seen a marginal decline in sown area, falling to 5.56 lakh hectares from 5.75 lakh hectareslast year, reflecting a 3.3% decrease.





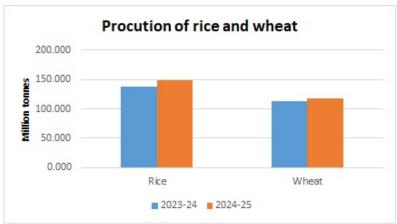


Total foodgrains production is estimated at 353.96 million tonnes (MT) for 2024-25, which is higher than foodgrains production of 332.29 MT in 2023-24. This impressive jump of 21.66 MT marks a 6.5% annual increase, driven by favorable climatic conditions, improved agri-infrastructure, and progressive policy support. Timely and well-distributed rainfall across major crop growing states significantly improved soil moisture, promoting healthy crop development and creating optimal conditions for cultivation. As a result, there has been a considerable increase in kharif sowing area, along with higher yields in major kharif crops such as rice, maize, bajra, moong, soybean, and sugarcane.



Total rice production is estimated at 149.07 MT for 2024-25 as compared to 137.83 MT in 2023-24, showing an increase of 11.24 MT. Production of wheat is estimated at 117.50 MT which is higher by 4.21 MT from the previous year's wheat production. Production of Shree Anna is estimated at 18.02 MT showing an increase of 0.44 MT from 2023-24 production. Further, Production of Nutri/Coarse Cereals is estimated at 62.14 MT which is higher by 5.20 MT from 2023-24 production. Total production of pulses is estimated at 25.24 MT which is higher by 0.99 MT from last year's production of 24.25 MT.

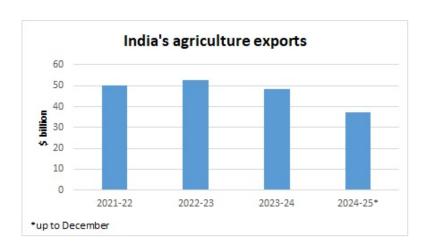




Production of Moong is estimated at 3.82 MT which is higher by 0.72 MT than the previous year's production of 3.10 MT. Production of Tur is estimated at 3.56 MT which is higher by 0.14 MT from last year's production of 3.42 MT. Total production of oilseeds is estimated at 42.61 MT which is higher by 2.94 MT from last year's production of 39.67 MT. The production of Soybean is estimated at 15.18 MT and the production of Groundnut is estimated at 11.90 MT, which is higher by 2.12 MT and 1.72 MT, respectively than last year's production. The production of Cotton is estimated at 306.92 lakh bales (of 170 Kg each) and Jute and Mesta production is estimated at 84.33 lakh bales and 3.15 lakh bales (of 180 kg each) respectively. The production of Sugarcane is estimated at 450.12 MT.



India is one of the largest agricultural product exporters in the world. In FY25 (April-December), the overall value of export of agricultural products stood at Rs 3,18,509 crore (\$36.95 billion). In FY24 the agricultural exports from India stood at \$48.15 billion whereas in FY23, the agricultural exports from India stood at \$52.50 billion. India's agriculture sector primarily exports Agri & allied products, marine products, plantation, and textile & allied products. Rice exports during the first eight months of FY25 (April to November 2024) saw a sharp spike of over 13% to Rs 63,012 crore (\$7.31 billion) compared to Rs 55,512 crore (\$6.44 billion) reported during the same period in FY24. In FY23, rice exports from India were valued at \$11.14 billion, as against \$9.67 billion in FY22, registering a growth of 15.22%. Rice is the largest exported agricultural product from India and contributes more than 20% of the total agriculture exports. Coffee exports in FY25 (April to December 2024) stood at Rs 10,688 crore (\$1.24 billion).



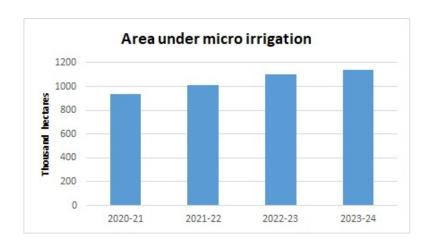
MONSOON IN THE COUNTRY & ITS IMPACT ON AGRICULTURE

India's southwest monsoon (June to September) in 2025 ended with an 8% surplus against the long-period average, marking the second consecutive year of above-normal rainfall. The record monsoon rains across India during the June to September months was 937.2 millimetres, the 5th-highest since 2001 and 38th-highest since 1901. September's heavy downpours were helpful in improving the outlook for agriculture, rural demand, and inflation control in the months ahead. About 70% of India's total rainfall falls during the monsoon, which is crucial for groundwater replenishment and non-irrigated agricultural land. The performance of kharif crops and the planting of rabi crops with reservoir support are firmly established by this seasonal abundance. Favourable monsoon outcomes typically benefit several rural and agriculture-linked sectors. However, the excess rainfall and delayed exit of the monsoons likely to be a concern for the country's agriculture sector. This may be impact immediately, but if rains continue, crop damage could worsen. Heavy silting of fields will delay Rabi sowing, and potentially affect yields.



FACTORS DRIVING GROWTH FOR AGRICULTURE SECTOR IN THE COUNTRY

Growing area under irrigation: Irrigation is a vital component of agricultural production in many developing countries. Irrigation enables greater agricultural production than is achieved with rainfed agriculture. The Government of India has been implementing Centrally Sponsored Scheme on Micro Irrigation with the objective to enhance water use efficiency in the agriculture sector by promoting appropriate technological interventions like drip & sprinkler irrigation technologies and encourage the farmers to use water saving and conservation technologies. The Scheme was launched by the Department of Agriculture & Cooperation, Ministry of Agriculture in January, 2006 as Centrally Sponsored Scheme on Micro Irrigation. In June, 2010, it was up-scaled to National Mission on Micro Irrigation, which continued till the year 2013-14. From April 01, 2014, NMMI was subsumed under National Mission on Sustainable Agriculture (NMSA) and implemented as 'On Farm Water Management' during the financial year 2014-15. From April 01, 2015, Micro Irrigation component of OFWM has been subsumed under Pradhan Mantri Krishi Sinchayee Yojana. Area under micro irrigation in the country increased by 3.57% to 1141.43 thousand hectares during 2023-24 over 1102.14 thousand hectares in 2022-23. Previously it was 1015.07 thousand hectares in 2021-22 and 937.76 thousand hectares in 2020-21.



Budget boost for agriculture: The Union Budget 2025-26 has emphasized agriculture as the foremost engine of India's development, focusing on improving productivity, farmer incomes, rural infrastructure, and self-sufficiency in key commodities. The government has announced six new agricultural schemes while increasing the subsidised Kisan Credit Card loan limit to Rs 5 lakh from the existing Rs 3 lakh, benefiting 7.7 crore farmers, fishermen, and dairy farmers. The government announced a new scheme 'Prime Minister Dhan-Dhaanya Krishi Yojana' targeting 100 low-productivity districts. It is likely to benefit 1.7 crore farmers. The government came up with Rural Prosperity and Resilience Programme, a multi-sectoral initiative to address underemployment in agriculture. Its focus is on skilling, investment, and technology-driven transformation, while its phase-1 to cover 100 agricultural districts. Further, a six-year mission for Aatmanirbharta in Pulses launched with a focus on Tur, Urad, and Masoor. Besides, the government announced National Mission on High Yielding Seeds, Comprehensive Programme for Vegetables and Fruits, Cotton Productivity Mission and Urea Plant in Assam.

Introduction of Al in agriculture sector: India, with its extensive agricultural landscape and a population heavily dependent on farming, faces multifaceted challenges such as climate variability, water scarcity, pest infestations, and the need for higher productivity. Artificial Intelligence (AI) has emerged as a transformative force in addressing these challenges, revolutionizing traditional farming practices to enhance efficiency, sustainability, and profitability in recent years. Al-powered systems enable real-time crop health monitoring by analyzing satellite data, drones, and field images. These technologies detect diseases and pest infestations early, minimizing crop losses and reducing reliance on chemical interventions. Water scarcity is a pressing issue in Indian agriculture. Al algorithms analyze soil moisture levels, climatic data, and crop-specific water requirements to optimize irrigation schedules. Al is playing a critical role in pest surveillance and control. Al tools provide data-driven insights into crop rotation strategies and optimal harvesting schedules.

The Kisan e-Mitra chatbot, developed by the Ministry of Agriculture, is an Al-powered solution that assists farmers in multiple languages. The Indian Council of Agricultural Research (ICAR) has developed IoT-based irrigation systems to enhance water efficiency. Further, FutureSkills PRIME, a Ministry of Electronics and Information Technology (MeitY) program focused on reskilling and upskilling professionals in emerging technologies, including Al. National Al Centres of Excellence, Collaborative hubs for startups to develop Al-based tools tailored for agriculture. Despite its transformative potential, integrating Al in Indian agriculture faces hurdles such as limited digital literacy among farmers, inadequate infrastructure in rural areas, and high implementation costs. Addressing these challenges requires collaborative efforts between the government, private sector, and educational institutions.

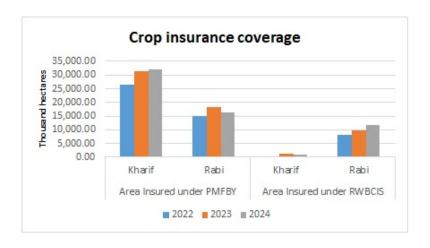


In a pioneering move set to redefine the future of farming, the Maharashtra government has approved the MahaAgri-Al Policy 2025-2029 - India's first comprehensive artificial intelligence strategy for agriculture. With an initial allocation of Rs 500 crore, the policy seeks to integrate Al, GenAl, drones, robotics, and advanced analytics to address critical challenges like climate change, falling productivity, water scarcity, and inefficient market access. The initiative aims to build a tech-driven, farmer-centric agricultural ecosystem that positions Maharashtra as a leader in Al-enabled and sustainable farming. To support innovation and implementation, the government will establish a strong digital public infrastructure. This includes an Agricultural Data Exchange (ADeX) for secure data sharing, an Al Sandbox for startups to test solutions, and a Geospatial Intelligence Engine for monitoring crops, waterbodies, and climate events.

Increasing scope of crop insurance in the country: Crop insurance plays a crucial role in the growth of India's agricultural sector as it offers financial security, promotes investment, and bolsters the rural economy by safeguarding farmers against crop failures caused by natural disasters and various other risks. This financial stability facilitates farmers' access to credit, enables them to invest in advanced farming methods, and allows them to maintain their operations without succumbing to overwhelming debt, thereby contributing to food security and economic resilience.

Government policies and initiatives play a significant role in driving the growth of India crop insurance market. The government launched various schemes that help farmers tackle unforeseen climatic situations. Programs such as Pradhan Mantri Fasal Bima Yojana (PMFBY) aimed at increasing the penetration of crop insurance and providing financial protection to farmers against crop losses due to natural calamities and other risks. PMFBY, introduced on February 18, 2016, is a government-sponsored crop insurance policy for farmers. It intends to offer farmer insurance coverage and financial assistance if any of the registered crops fail due to natural disasters, pests, or disease. Apart from it, the PMFBY is designed to stabilize farmers' incomes so that they continue farming, to encourage them to embrace innovative and contemporary agricultural practices, and to ensure the flow of credit to the agriculture sector. An integral Part of PMFBY is the Restructured Weather Based Crop Insurance Scheme (RWBCIS) which aims to provide farmers protection against financial losses caused by adverse weather conditions such as rainfall, temperature, and humidity fluctuations, which directly impact crop yields, by linking insurance payouts to deviation in specific weather parameters.

Crop insurance coverage increased significantly under Pradhan Mantri Fasal Bima Yojana (PMFBY), the world's largest crop insurance scheme, with 32,165.48 thousand hectares in 2024 Kharif season, higher than 31,472.10 thousand hectares area covered in 2023 Kharif season and 26,343.50 thousand hectares area covered in 2022 Kharif season. Besides, area covered under PMFBY increased to 15,086.57 thousand hectares in 2024 Rabi season, higher than 18,368.93 thousand hectares area covered in 2023 Rabi season and 15,086.57 thousand hectares area covered in 2022 Rabi season. This crop insurance helps farmers to recover from losses incurred due to natural disasters, pests, or disease and continue farming, which is likely to support the growth of overall agriculture sector indirectly.



Improvement in infrastructure development: Infrastructure development plays a crucial role in enhancing India's agricultural sector. It boosts productivity, minimizes post-harvest losses, and raises farmers' incomes by channeling investments into irrigation, storage, and transportation systems. The government has consistently prioritised developing and enhancing agricultural infrastructure as a key strategy to boost the agriculture sector and uplift farmers' livelihoods. By investing in modern facilities, irrigation systems, storage solutions, and technological advancements, the government aims to create a sustainable and resilient agricultural ecosystem. To improve storage facilities, the government is implementing the Agricultural Marketing Infrastructure (AMI) scheme, a component of the Integrated Scheme for Agricultural Marketing (ISAM). This scheme provides assistance for the construction or renovation of godowns and warehouses in rural areas to boost agricultural storage capacity. Under the AMI scheme, subsidies of 25% and 33.33% are offered on the capital costs of projects, depending on the beneficiary category. As of June 30, 2025, a total of 49,796 storage infrastructure projects has been sanctioned across 27 states in India. These projects collectively contribute to a storage capacity of 982.94 lakh MT and to support these initiatives, a total subsidy of Rs 4,829.37 crore has been disbursed.

GOVERNMENT INITIATIVES & RECENT DEVELOPMENTS

GOVT LAUNCHES TWO MAJOR SCHEMES IN AGRICULTURE SECTOR WITH AN OUTLAY OF RS 35,440 CRORE

The government has launched two major schemes in the agriculture sector, with an outlay of Rs 35,440 crore. It launched the PM Dhan Dhaanya Krishi Yojana which has an outlay of Rs 24,000 crore. It has the objective of enhancing agricultural productivity, increasing adoption of crop diversification & sustainable agriculture practices, augmenting post-harvest storage at the panchayat and block level, improving irrigation facilities and facilitating availability of long-term & short-term credit in the selected 100 districts. The government also launched the Mission for Aatmanirbharta in Pulses with an outlay of Rs 11,440 crore. It is aimed at improving productivity levels of pulses, expanding the area under pulse cultivation, strengthening the value chain – procurement, storage, processing & ensuring reduction of losses.

GOVT APPROVES DIGITAL AGRICULTURE MISSION TO TRANSFORM INDIAN FARMING

The government has approved the 'Digital Agriculture Mission' with a substantial financial outlay of Rs 2,817 crore, including a central government share of Rs 1,940 crore, on September 2, 2024 to transform Indian farming. The Digital Agriculture Mission is designed as an umbrella scheme to support various digital agriculture initiatives. These include creating Digital Public Infrastructure (DPI), implementing the Digital General Crop Estimation Survey (DGCES) & supporting IT initiatives by the Central Government, State Governments & Academic & Research Institutions. The scheme is built on two foundational pillars that are Agri Stack & Krishi Decision Support System. Additionally, the mission includes 'Soil Profile Mapping' & aims to enable farmer-centric digital services to provide timely & reliable information for the agriculture sector.

INDIA AND BHUTAN SIGN MOU ON TECHNICAL COOPERATION IN AGRICULTURE & ALLIED SECTORS

Devesh Chaturvedi, Secretary, Ministry of Agriculture & Farmers' Welfare, Government of India & Thinley Namgyel, Secretary, Ministry of Agriculture & Livestock (MoAL), Royal Government of Bhutan have signed a Memorandum of Understanding (MoU) in Thimpu to further strengthen cooperation in the fields of agriculture & allied sectors. The signing of MoU represents a significant milestone in the enduring partnership between India & Bhutan, reflecting the two countries' shared commitment to food security, sustainable farming & rural prosperity. It will serve as a framework for collaboration in various areas outlined in the MoU including agricultural research and innovation, livestock health & production, post-harvest management, value chain development & the exchange of knowledge, skills, & expertise.





OUTLOOK

India's agricultural sector's outlook looks promising in coming time on account of anticipated robust growth in production. The primary factors contributing to the growth are likely to be enhanced government support through increased budget allocations, the adoption of advanced technologies such as blockchain and AI, and strong foodgrains production attributed to favorable monsoon conditions. The government has announced six new agricultural schemes while increasing the subsidised Kisan Credit Card loan limit to Rs 5 lakh from the existing Rs 3 lakh, benefiting 7.7 crore farmers, fishermen, and dairy farmers. The government announced a new scheme 'Prime Minister Dhan-Dhaanya Krishi Yojana' targeting 100 low-productivity districts. Moreover, adopting AI solutions like Kisan e-Mitra, National Pest Surveillance System, and IoT-enabled irrigation systems showcase India's commitment to harnessing AI for agricultural excellence. AI is transforming Indian agriculture by providing innovative solutions to long-standing challenges. Through increased productivity, optimized resource utilization, and enhanced decision-making, AI enables Indian farmers to attain sustainable growth.

Meanwhile, despite challenges such as the higher tariffs on exports from US and anticipated mid-October rains, the sector is projected to maintain its growth trajectory, emphasizing innovation, infrastructure development, and the expansion of crop insurance. Crop insurance coverage increased significantly under Pradhan Mantri Fasal Bima Yojana (PMFBY), the world's largest crop insurance scheme, with 32,165.48 thousand hectares in 2024 Kharif season, higher than 31,472.10 thousand hectares area covered in 2023 Kharif season and 26,343.50 thousand hectares area covered in 2022 Kharif season.







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