

Budget 2021: Agri cos cheer higher allocation to farm sector

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NEW DELHI: Agri and food companies on Monday hailed the decision to hike farm credit target and increase allocation for the agriculture ministry in the Budget, saying this will help in boosting farmers' income and overall growth of the sector. Asserting that the government is committed towards farmers' welfare, Finance Minister Nirmala Sitharaman on Monday proposed 10 per cent hike in the farm loan disbursement target to Rs 16.5 lakh crore, and introduced an agri infra and development cess of up to 100 per cent to create post-harvest infrastructure for improving farmers' income.

The minister also proposed higher allocation for Rural Infrastructure Development Fund and Micro Irrigation Fund, and extended Agriculture Infrastructure Fund to APMCs for augmenting infrastructure facilities.

"2020 has been a year of exceptional and unprecedented challenges and has highlighted the critical importance of two core sectors, agriculture and healthcare. The Union Budget 2021 has correctly called out the role of these two sectors in leading the nation's recovery and being catalysts to sustainable growth," said D Narain, Senior Bayer Representative, South Asia and CEO & MD, Bayer CropScience.

Higher allocations for both healthcare and agriculture with specific focus on building public health infrastructure, expansion of credit to farmers, additional allocation for rural infrastructure and micro irrigation are welcome moves, he said.

Ram Kaundinya, Director General, Federation of Seed Industry of India said it is a status quo budget for agriculture and seed industry. "Agriculture contributed significantly to our successful fight against COVID. But the sector did not get the needed attention in the budget. No transformative measures have been proposed."

Kaundinya also pointed out that investments in research in agriculture are not addressed, especially since research and

innovation are one of the six pillars of Aatmanirbhar Bharat and there is a need to scale up private sector investment in agricultural research.

Seed industry was expecting restoration of 200 per cent tax deduction of research expenses but it has not been met, he added.

Maithili Appalwar, CEO, Avana, said: "The proposed outlay of Rs 2.87 lakh crore under the Jal Jeevan Mission supports our vision of water conservation and sanitation. With agriculture taking a centre stage in this year's Budget, we appreciate the government's pragmatic measures of an influx of Rs 10,000 crore as part of the micro irrigation corpus fund, a double since last fiscal."

Asitava Sen, the CEO of agrochemical industries' body CropLife India, said that with a view to reducing overall cost of production for farmers, the GST on agrochemicals could have been reduced from the current 18% to 12%.

"Further, the Government should provide 200% weighted deduction on R&D expenses by agrochemical companies to encourage innovation and introduction of new technologies," Sen said.

DCM Shriram Chairman and Sr Managing Director Ajay Shriram said the Budget 2021 is a growth-oriented budget. "Focus on capital expenditure across the board is a positive sign which will stimulate growth by creating demand, jobs and incomes. We need more focus on ease of doing business going forward also."

Hailing the budget, NCDEX MD and CEO Vijay Kumar said the government's proposals will take development of the agricultural eco-system to the next level. The decision to allow use of the Agriculture Infra Fund corpus for the upliftment of APMC market yards will aid establishment of a vibrant agriculture market and improved price discovery in the farm sector.

Indian Chamber of Food and Agriculture (ICFA) said the Budget contains many positive steps for agriculture and if the provisions are well implemented, it would further improve the prosperity in the sector.

The Budget has unravelled a slew of measures which would address some of the key concerns of the farmers. The objective is to improve the purchasing power of the rural populace, augment rural prosperity and promote inclusive growth, it said.

Pesticides Manufacturers and Formulators Association President Pradip Dave said, "Largely, this budget does not have much for us. ...The only upside is that the proposed increase of agriculture credit is likely to increase the purchasing power of the farmers, which will, in turn, become a factor of growth for the agrochemical sector."

According to National Cooperative Union of India (NCUI) Chief Executive Satya Narayana, "The proposal to set up a separate administrative structure for multi-state cooperative societies will definitely strengthen these cooperatives to compete in the market economy. Such structural reforms are necessary so that these cooperatives become success stories."

National Collateral Management Services Ltd (NCML) President Unupom Kausik said,"It is aspirational, honest and transparent, trust based and forward looking (budget). First time in a long history, we are seeing no accounting gimmicks on deficit."

The agriculture infrastructure and development cess will certainly support for meeting the short term resource requirements for government's multiple programmes working towards doubling farmer's income, he added.

Lawrencedale Agro Processing India (LEAF) Founder and CEO Palat Vijayaraghavan said the core focus on post-harvest management is an extremely important one for the Indian agriculture sector to flourish and grow.

Netafim India MD Randhir Chauhan welcomed the government's decision to double the allocation to the Micro Irrigation Fund (MIF) under NABARD to Rs 10,000 cr.

"In order to improve the fund utilization, we request policy makers to remove the condition of disbursement (which is only against additional subsidy) and consider to make it available for the mandatory state share as well," he said.