

Frank Notes

Union Budget 2024-25: Focus on Agriculture

This year's Union Budget 2024-25, presented by Hon'ble Union Finance Minister on 23rd July, 2024, was a follow up of Interim Budget of 1st February, 2024. A roadmap in line with the strategy, for *Viksit Bharat*, highlighted the nine priorities *inter-alia* include productivity and resilience in agriculture; employment & skilling; inclusive human resource development and social justice; manufacturing & services; urban development; energy security; infrastructure; innovation, research & development; and next generation reforms.

Agriculture is the vital sector of Indian economy and contributes to about 18.2 per cent in the country's GDP at current prices. Quite a large numbers of population directly and indirectly depend on agriculture for their livelihood. Indian agriculture sector has been growing at an average growth rate of 4.18 per cent over the last five years. There have been crop-wise and year-wise variations in production of crops. Sustainable growth in agriculture is of paramount importance to improve farm income. Recognizing the importance of the sector for overall development of Indian economy, Budget 2024-25 covers several measures to boost the agricultural sector comprising of introduction of new high yielding varieties of seeds; provision of natural farming; promoting self-sufficiency in oilseeds and pulses; impetus for digital infrastructure for farmers; price stabilization fund, etc. It aims to release 109 high yielding and climate resilient varieties of 32 field and horticulture crops for cultivation by the farmers. Further, one crore farmers will be brought under natural farming in 2 years, supported by certification and branding, with 10,000 need-based bio-input resource centres. Missions related to pulses and oilseeds will be strengthened to achieve self-sufficiency, and large-scale vegetable production clusters near major consumption centres will be developed. The budget also prioritizes the

implementation of digital public infrastructure for agriculture, with a digital crop survey in 400 districts and registration of 6 crore farmers. Financial support will be provided for shrimp production and export, and a National Cooperation Policy will be introduced to boost the cooperative sector. A total provision of Rs. 1.52 lakh crore has been made for agriculture and allied sectors.

In this year's allocations, Ministry of Agriculture & Farmers Welfare will be provided Rs. 10,000 crore towards price stabilisation fund to maintain buffer stock of pulses, oilseeds, onions & potatoes; and making sufficient availability of such commodities in the market so as to cool down the prices as and when required. In addition to this, Hon'ble Union Finance Minister has increased the allocation for the Pradhan Mantri Annadata Aay Sanrakshan Abhiyan (PM-AASHA) for MSP remunerative prices to farmers by three times to Rs. 6,437 crore this year.

There is a provision of Rs. 2.66 lakh crore for rural development including rural infrastructure and credit guarantee scheme for MSMEs in the manufacturing sector. The budget also details the allocations for some ambitious schemes, such as Rs. 500 crore for 'Namo Drone Didi'. The scheme aims to provide drones to 15,000 selected Women SHGs during the period 2023-24 to 2025-26 for providing rental services to farmers for agriculture purpose.

Promotion of natural farming to enhance agricultural sustainability and productivity has also been emphasised. There is no second thought that natural fertilizers, such as green manure / organic manure have certain specific advantages, such as, enhancing organic carbon content and improving physical, chemical and biological properties of the soil. However, such manures

The Union Budget for agriculture and allied services is 7% more than previous year which will thrust the growth in this sector. The subsidy for fertilizer is lower than previous year but its actual requirement will depend on prices of raw materials and finished products in the international market. Fertilizer industry, with the Government support, will continue to play its role for development of agriculture in the country.

contain very low plant nutrients, that is about 2 to 3 per cent which cannot meet the requirement of nutrients of the HYV crops. Therefore, natural fertilizers alone should be practised in areas which are feasible for such farming. Organic manure can play a supplemental role along with the use of fertilizers. Fertilizer industry has always been promoting integrated nutrient supply system comprising of fertilizers, bio-fertilizers, organic manures, etc. for sustenance of soil health and improving farm income.

Fertilizer is a key component of agriculture production as there exists a direct correlation between use of fertilizers and agricultural production. Therefore, endeavour of the Government has been to provide fertilizers to the farmers at affordable prices by way of subsidy. Fertilizer subsidy is being reimbursed to the fertilizer companies to cover the difference in cost of manufacture/import and MRPs to the farmers for administrative convenience.

The budget allocation on fertilizer subsidy for 2024-25 has been maintained at the interim budget levels announced in February, 2024. The subsidy provision is Rs. 164,103 crore which is lower by Rs. 24,799 crore from the revised budget estimate (RBE) of 2023-24. For urea, it is Rs. 119,000 crore for 2024-25 compared to RBE of Rs. 128,594 crore for 2023-24. Similarly, subsidy provision for P&K fertilizers is Rs. 45,000 crore for 2024-25 which is lower by 25.4% compared to RBE of 2023-24. Adequacy of allocation of subsidy given in the Budget estimate will depend on

international prices of fertilizers, raw materials/intermediates/feedstock and geo-political situation. Government has been providing additional subsidy to insulate the farmers from any rise in MRPs of fertilizers in view of rising cost of indigenous production due to increase in raw material prices or finished products in the international market. Industry has the reasons to remain hopeful that as in the past, Government will extend help by way of additional allocation in fertilizer subsidy in case upward trends in prices of the commodities are envisaged.

Fertilizer industry has been responsibly performing the task of making fertilizers available to the farmers across the country for their use through meticulous planning of production, import and logistics. A healthy industry can serve the cause of the farmers in the most befitting manner. There are certain issues which the industry has been pursuing with the government for amicable solution. The issues *inter-alia* include non-revision in fixed cost of urea since long; unviable production of urea beyond reassessed capacity in view of high input cost & low IPP of urea; inordinate delay in announcement of freight subsidy; implementation of NBS policy without considering the cost of manufacture or import; non-compensation of losses on import of DAP; etc. In addition, refund of unutilised input tax credit (ITC) in respect of both input and input services under the inverted duty structure due to exemption of subsidy from levy of GST and more customs duty on raw materials compared to finished fertilizers need intervention of the Government.

The performance of agriculture sector has been encouraging and will get further momentum with the measures being in vogue by the central and state governments. Agriculture will continue to make progress in ensuring food security and increasing contribution to agri-exports on sustainable basis. Fertilizer industry, with conducive policy and support of the Government, will continue to play its indispensable role in success story of agriculture. ■