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India will launch a new programme across 100 districts to boost farm productivity along with measures to expand irrigation and credit limit to farmers. India will launch a new programme across 100 districts to boost farm productivity along with measures to expand irrigation and credit limit to farmers, finance minister Nirmala Sitharaman announced on Saturday, unveiling the Modi government's annual budget for 2025-26. The farm sector, which employs nearly half the population, accounts for about 16% of the country's gross domestic product or GDP and has proved resilient to shocks, such as the pandemic. The sector has clocked a compounded annual growth rate (CAGR) of 5.4% since 2019-20, according to the Economic Survey tabled in Parliament on Friday.

Highlighting agriculture as an engine of growth, the finance minister said the government would roll out a PM Dhan Dhanya Krishi Yojana, which will target regions with low farm productivity and crop intensity, aiming to reach an estimated 10.7 million farmers.

The rural push in collaboration with states will focus on creating sustainable livelihood opportunities so that migration to cities remains an "option rather than a necessity", Sitharaman said in her budget speech.

The finance minister said the government would also launch a six-year mission to boost pulses output to achieve self-sufficiency and a five-year mission to ramp up cotton production.

The total allocation for agriculture and allied activities has increased 22% from the revised estimates for 2024-25 to ₹1.71 lakh crore. To be sure, spending in the sector saw a fall of 3.5% in 2024-25 compared to 2023-24. Moreover, the allocation for the agriculture ministry has been cut by 2.5% to ₹1.38 lakh crore in 2025-26. Capital spending in the ministry is budgeted at ₹92.2 crore for 2025-26 compared to ₹122.5 crore in 2024-25.

"Motivated by the success of the Aspirational Districts Programme, our government will undertake a 'Prime Minister Dhan-Dhaanya Krishi Yojana' in partnership with states," Sitharaman said, presenting her eighth consecutive budget in the Parliament.

Through the convergence of existing schemes and specialised measures, the programme will cover 100 districts with low productivity, moderate crop intensity and below-average credit parameters, she said.

Sitharaman said that in 2014-15, concerted efforts were made in achieving near self-sufficiency in pulses and farmers responded by increasing the cultivated area by 50%. Since then, with rising incomes and better affordability, consumption of pulses had increased substantially, she added.

"Our government will launch a programme in pulses, with focus on urad (black gram), tur (pigeon pea) and masoor (yellow lentils)," the finance minister said. The limit for subsidised credit for cultivators has also been raised to ₹500,000 from ₹300,000 earlier.

The country's chief economic adviser, V Anantha Nageswaran, in a report released on Friday, forecast India's economy would see a sub-7% expansion rate in the fiscal year beginning April 1, advocating more reforms in areas such as agriculture, land and labour to boost growth.

Within agriculture, high-value subsectors such as horticulture, livestock, and fisheries have emerged as the primary contributors to the overall growth in agriculture.

Among these, the fisheries sector has shown the highest compound annual growth rate (CAGR) at 13.67%, followed by livestock with a CAGR of 12.99% during 2013-14 to 2022-23 (at current prices), according to the latest Economic Survey.

Among other key measures, the budget also announced a new fertiliser factory in Assam's Namrup to aid self-sufficiency in urea production. A comprehensive programme to promote production of horticulture produce will also be launched, the budget announced. In Bihar, a makhana (fox nuts) board will be established to improve production, processing and marketing of makhana (foxnut) and growers will be organized into producer organisations.

The Modi government last month announced digital initiatives like the Digital Agriculture Mission to spur innovative technologies and improve price discovery mechanisms.

According to the Economic Survey, investments in agriculture research and support from enabling policies have contributed substantially to food security. "It is estimated that for every rupee invested in agricultural research (including education), there is a payoff of ₹13.85," the survey states.

Although wide swings in agricultural growth has come down, the sector remains highly vulnerable to weather shocks, with only about 55% of the net-sown area having irrigation.

To boost growth, the Economic Survey recommended that farmers must be allowed to receive price signals from the markets "unimpeded", with "separate mechanisms designed to take care of the cost-of-living impact on deserving households".

It also suggested that farmers need to have market mechanisms to hedge their price risks, and third, they need the right policies that nudge them away from impairing their soil fertility with an unbalanced application of fertilisers and from producing already overproduced crops, which deplete India's water resources and use up electricity excessively.

"The scheme to enhance productivity as well as production of crops in 100 districts appears to me to be the first scheme in decades to create new food-bowl states, especially in backward regions. It must be supported with adequate funding," said K Mani, a former faculty at the Tamil Nadu Agriculture University.

In the second quarter of 2024-25, the farm sector recorded a growth rate of 3.5%. The Gross Value Added (GVA), a measure of growth that strips out taxes and subsidies, of agriculture and related sectors have risen from 24.38% in 2014-15 to 30.23% in 2022-23.

"Consistent and stable growth of agriculture at around 5%, with a 20% share of overall GVA in the economy, will contribute one per cent growth to GVA," the agriculture ministry said in a statement on Saturday.

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