

# AGRICULTURE AND ALLIED INDUSTRIES



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# Executive summary

## 1 Global standing

- India is the largest producer of spices, pulses, milk, tea, cashew and jute, and the second-largest producer of wheat, rice, fruits and vegetables, sugarcane, cotton and oilseeds.
- India is currently the world's fourth-largest producer of agrochemicals.
- India had the largest livestock population of around 535.8 million, which translated to around 31% of the world's livestock population in 2019.

## 2 Favourable conditions

- India has the 10th largest arable land resource in the world. With 20 agri-climatic regions, all 15 major climates in the world exist in India. The country also possesses 46 of the 60 soil types in the world. Growth in Gross Value Added (GVA) by agriculture and allied sectors stood at 4% in 2019-20<sup>#</sup>.
- Strategic geographic location and proximity to food importing nations favour India in terms of exporting processed foods.



## 3 Increasing farm mechanisations

- India is among the largest manufacturers of farm equipment like tractors, harvesters and tillers. India accounts for nearly one-third of the overall tractor production globally.
- Sale of tractors in the country stood at 880,048 units in 2020 with the export of 77,378 units.

## 5 Record production of food grains

- During 2019-20\* crop year, food grain production was estimated to reach a record 295.67 million tonnes. In 2020-21, Government of India is targeting food grain production of 298 million tonnes.

## 4 Rising consumption expenditure

- Consumer spending in India will return to growth in 2021 post the pandemic-led contraction, expanding by as much as 6.6%.
- Private consumption expenditure (at constant prices) was estimated at Rs. 83.25 lakh crore (US\$ 1.18 trillion) in FY20<sup>#</sup> against Rs. 79.08 lakh crore (US\$ 1.12 trillion) in FY19.

*Note: #- as per provisional estimate, \*-3rd Advance Estimates*

*Source: Ministry of Agriculture, Government of India, MOSPI*

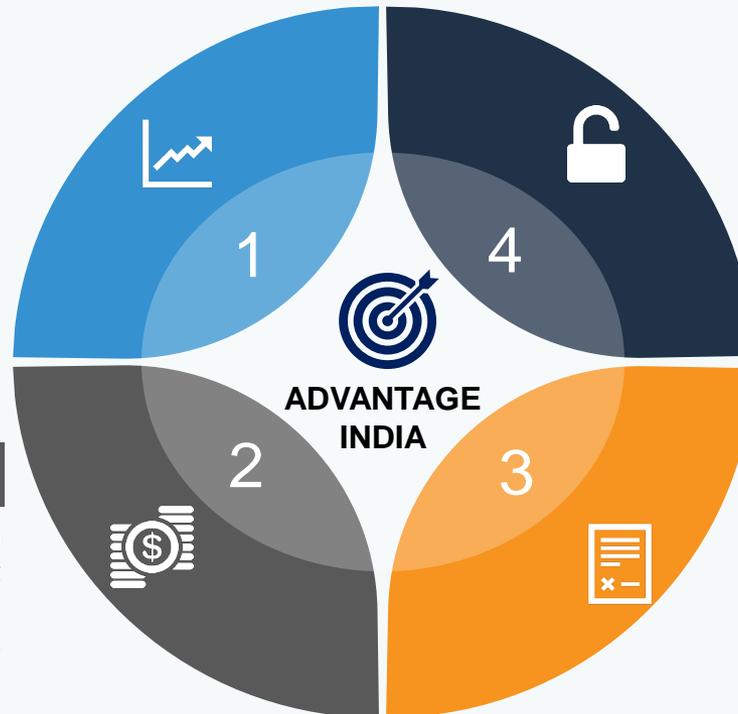


## 1 Robust demand

- ▶ Large population and rising urban and rural income have added to growth in demand for agriculture products.
- ▶ Demand for processed food is rising with increase in disposable income, urbanisation, young population and nuclear families.
- ▶ Changing lifestyle and increasing expenditure on health and nutritional foods have also added to growth.

## 2 Competitive advantage

- ▶ India benefits from a large agriculture sector, abundant livestock and cost competitiveness.
- ▶ Lured by the size and returns of the Indian market, foreign firms have strengthened their presence in India.
- ▶ High proportion of agricultural land (157 million hectares) and diverse agro-climatic conditions encourage cultivation of different crops.



## 4 Attractive opportunities

- ▶ Increase in demand for agricultural inputs such as hybrid seeds and fertilizers.
- ▶ India can be among the top five exporters of agro-commodities by shifting its focus on cultivation and effectively handholding farmers: World Trade Centre
- ▶ Investment opportunities to arise in agriculture, food infrastructure and contract farming.

## 3 Policy support

- ▶ Schemes like Paramparagat Krishi Vikas Yojana have helped in developing organic clusters and availability of chemical-free inputs to farmers.
- ▶ Government of India is also aiming to double farmers' income by 2022.
- ▶ Promoting rationalisation of tariffs and duties related to food processing sector.

Source: DPIIT, JLL India

# Market Overview – Agriculture



# Growth in agriculture

- Agriculture is the primary source of livelihood for about 58% of India's population.
- The agriculture, forestry and fishing gross value added (GVA) growth is likely to be 3% in the second quarter of FY21.
- Gross Value Added by agriculture, forestry and fishing was estimated at Rs. 19.48 trillion (US\$ 276.37 billion) in FY20\*.
- Agriculture and Allied sector's GVA at constant 2011-12 prices grew at a CAGR of 4.80% between FY16-20.
- As per Union Budget 2020-21, allocation of Rs. 2.83 lakh crore (US\$ 40.06 billion) was made to the Ministry of Agriculture.
- Agriculture, forestry and fishing sector grew 4% in 2019-20.
- Essential agricultural commodities export for April-September 2020 increased by 43% to Rs. 53,626 crore (US\$ 7.3 billion) over Rs. 37,397 crore (US\$ 5.1 billion) in the same period last year.

**Gross Value Added by Agriculture and Allied sectors (US\$ billion) (at constant 2011-12 prices)**

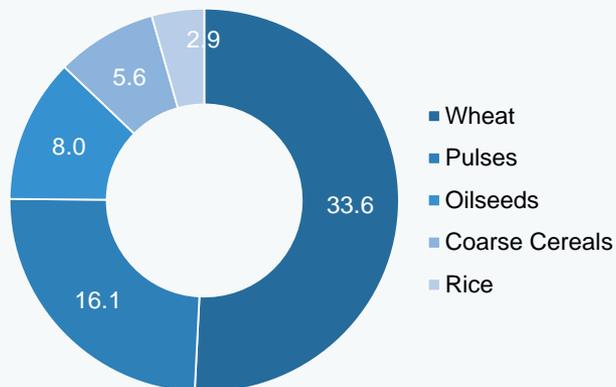


**Notes:** GDP - Gross Domestic Product, MOSPI – Ministry of Statistics and Programme Implementation, \* 1<sup>st</sup> revised estimates, \*\*- 3<sup>rd</sup> advance estimate

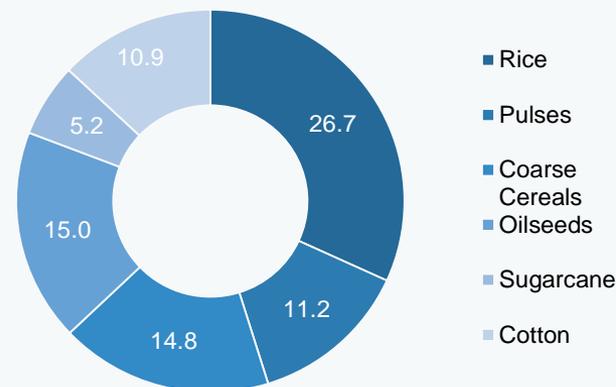
**Source:** Ministry of Agriculture, Print Release, RBI, MOSPI, Central Statistics Office (CSO)

# Major seasons: Kharif and Rabi

**Rabi area sown in 2019-20 (million hectares)  
(as on January 31, 2020)**



**Kharif area sown in 2020-21 (million hectares)  
(as on July 31, 2020)**



- There are two major agricultural seasons in India: Kharif and Rabi.
- Kharif season lasts from April to September (summer) - rice (paddy) is the season's main crop and rabi season lasts from October to March (winter) - wheat is the season's main crop.
- Total area sown with kharif crops reached 110 million hectares by the end of September 2020. Ministry of Agriculture and Farmers Welfare has pegged the food grain output for kharif 2020-21 season at 144.5 mt.
- Total area sown with rabi crops was 34.8 million hectares by November 27, 2020, 4% more than the previous season, and 2% above the average of the last five years.
- In November 2020, the planting of winter crops exceeded by 10% compared with the last year and witnessed 28% increase in area under pulses. The total area acreage under pulses increased to 8.25 million hectares from 6.45 million hectares last year.

*Source: Ministry of Agriculture and Farmers' Welfare, Edelweiss' Farm Facts Sector Update*

# Increasing production

## India's Horticulture Production (MMT)



## Foodgrains and Commercial Crops Production (MT)

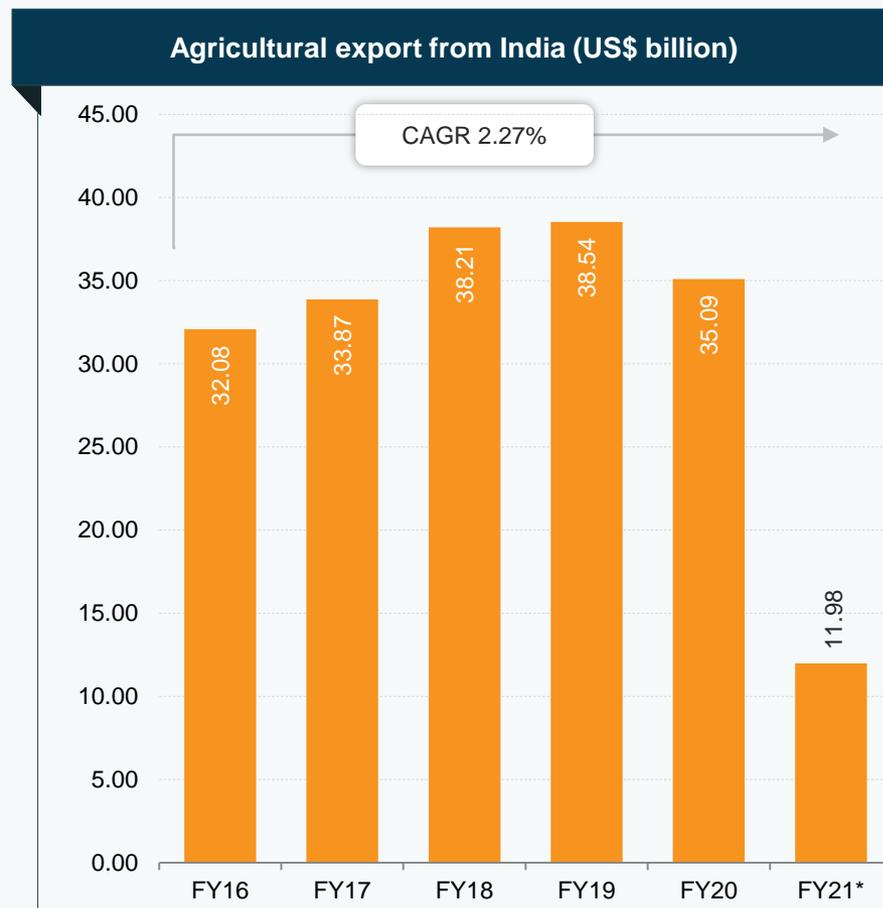
Crop	2017-18*	2018-19**	2019-20***
Rice	112.76	116.48	117.94
Wheat	99.87	103.67	107.18
Total Cereals	259.60	263.14	272.66
Total Pulses	25.42	22.08	23.01
Total Foodgrains	285.01	285.21	295.67
Total Oilseeds	31.45	31.52	33.50
Sugarcane	379.90	405.41	358.13
Cotton (million bales of 170 kg each)	32.80	28.04	36.04
Jute & Metsa (million bales of 180 kg each)	10.03	9.82	9.92

- Since 2010, production as well as yield of both major crops - rice and wheat have increased significantly. As per the third advance estimates, production of rice was estimated at record 117.94 million tonnes (MT) while production of wheat was estimated at 107.18 MT during 2019-20 crop year.
- India ranks second in global production of fruits and vegetables and is a leading exporter of mangoes and bananas.
- Production of horticulture crops in India reached a record 319.56 million metric tonnes (MMT) in 2019-20^ at a CAGR of 3.05% in FY16-20.
- Paddy procurement in Kharif Marketing Season (KMS) 2020-21 until January 10, 2020, reached over 534.44 lakh metric tonnes (LMT), an increase of 26.24% against the last year corresponding purchase of 423.35 LMT.

**Note:** \*as per 3<sup>rd</sup> revised estimates, \*\* as per 4<sup>th</sup> revised estimate, \*\*\* as per 2<sup>nd</sup> advance estimate, # as per final estimate, ^ as per 3<sup>rd</sup> advance estimate  
**Source:** Ministry of Agriculture and Farmers' Welfare

# Surge in demand of Indian agricultural products...(1/2)

- The total agricultural export was US\$ 11.98 billion between April and November 2020.
- The top three principal commodities exported between April and November 2020 were the following:
  - Basmati Rice: US\$ 2.67 billion
  - Non-Basmati Rice: US\$ 2.64 billion
  - Buffalo Meat: US\$ 2.08 billion
- The Agriculture Export Policy, 2018 was approved by the Government of India in December 2018. The new policy aimed to increase India's agricultural export to US\$ 60 billion by 2022 and US\$ 100 billion in the next few years with a stable trade policy regime.
- The Government of India has come out with the Transport and Marketing Assistance (TMA) scheme to provide financial assistance for transport and marketing of agriculture products in order to boost agriculture export.
- Government aims to raise fishery export from India to Rs. 1 lakh crore (US\$ 14.31 billion) by 2024-25.



**Notes:** CAGR is up to FY20, \*until November 2020

**Source:** World Trade Organisation, APEDA, DGCIS

# Surge in demand of Indian agricultural products...(2/2)

- Marine products, buffalo meat and rice are the largest agricultural export items in terms of value. Other major export items are spices, cotton, oil products and sugar.
- Marine products export reached US\$ 6.7 billion, followed by basmati rice at US\$ 4.4 billion and buffalo meat at US\$ 3.2 million in FY20.
- During FY20, tea export stood at US\$ 826.47 million. Coffee export stood at US\$ 742.05 million in FY20.
- India's spices export increased by 23% to Rs. 2,690 crore (US\$ 359 million) in June 2020 from Rs. 2,190 crore (US\$ 292 million) in the same month last year.

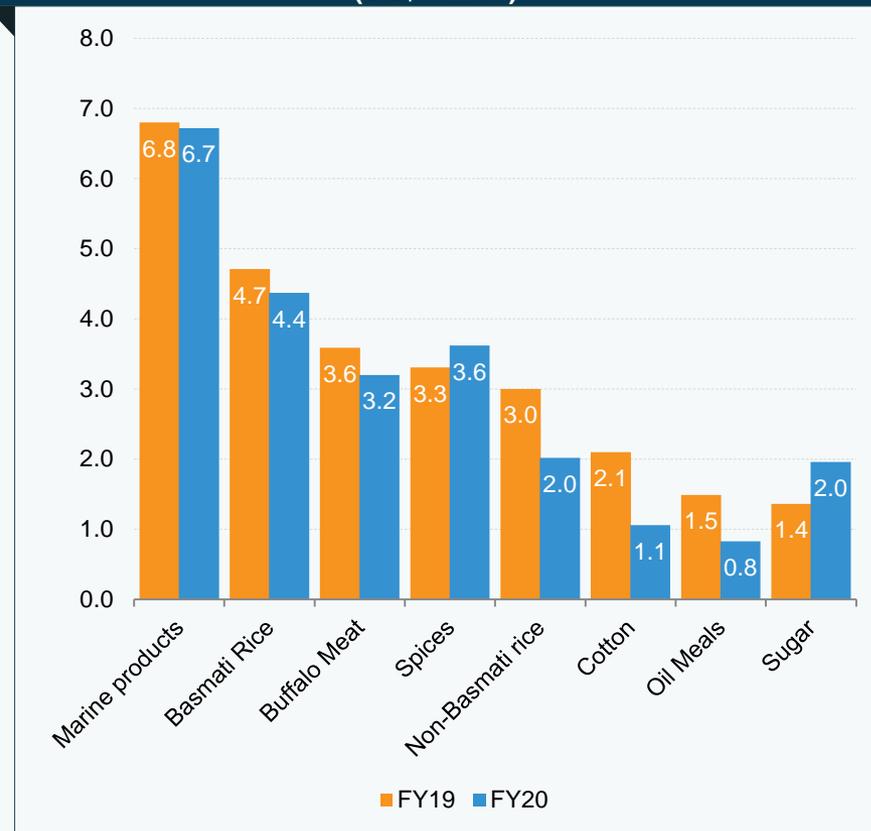
## Key agricultural and allied sector export from India in FY21\*

Crop	US\$ million
Rice	4,747.46
Spices	2,253.28
Oil Meals	562.99
Oil Seeds	608.44
Fruits & Vegetables	1,352.68
Marine Products	3,393.93
Meat, dairy & poultry products	1,977.68

*Notes: \* From April 2020 until October 2020*

*Source: Ministry of Agriculture and Farmers' Welfare, APEDA, Ministry of Commerce*

## Key agricultural and allied sector export from India (US\$ billion)





# Food processing industry in India...(1/2)

- Food and grocery market in India is the sixth-largest in the world. Food processing industry contributes 32% to this food market and is also one of the largest industries in the country, contributing 13% to total export and six% of industrial investment.
- The cold chain infrastructure created by 183 completed cold chain projects until December 31, 2019, were the following:
  - 6.19 lakh MT of Cold Storage, Controlled Atmosphere (CA)/Modified Atmosphere (MA) Storage and Deep Freezer.
  - 176.50 MT per hour of Individual Quick Freezing (IQF).
  - 78.61 Lakh Litres Per Day (LLPD) Milk Processing/Storage.
  - 990 reefer vehicles.
- Out of the total 37 mega food parks that were sanctioned, 21 mega food parks are operational, as of November 2020
- In November 2020, the government inaugurated a mega food park in Punjab worth Rs. 107.83 crores (US\$ 14.6 million) that will be spread across over 55 acres of land.
- Milk production in the country is expected to increase to 208 MT in FY21 from 198 MT in FY20, registering a growth of 10% y-o-y. Milk processing capacity is expected to double from 53.5 MMT to 108 MMT by 2025.
- As of October 2019, 1,303 cold storages with a total capacity of 45 lakh MT have been established in the country under the schemes of Ministry of Food Processing Industries and Department of Agriculture, Cooperation & Farmers Welfare (DAC&FW).
- Foreign direct investments (FDI) in India's food processing sector stood at US\$ 904.7 million in FY20.
- According to National Accounts Division, Ministry of Statistics and Programme Implementation, food processing units in India is growing at 7.68% annually.

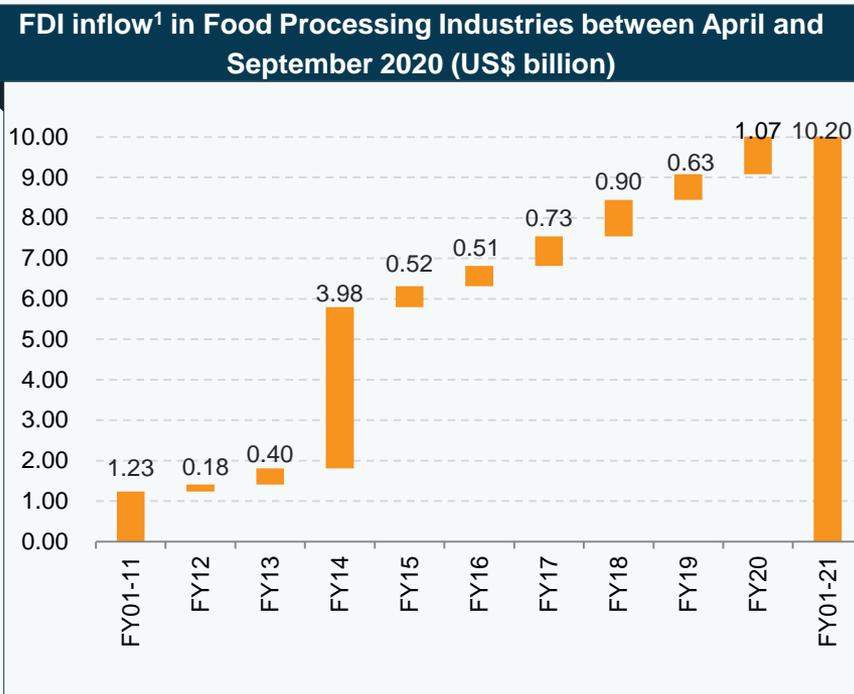
## Requirement of cold chain

Component	Existing Capacity	Approximate Requirement
Integrated Pack Houses	250 numbers	70,000 numbers
Reefer Trucks	< 10,000 numbers	62,000 numbers
Cold store (Bulk & distribution hubs)	32 million tonnes	35 million tonnes
Ripening Chambers	800 numbers	9000 numbers

*Source: USDA - India's Food Processing Sector Poised for Growth 2019, Ministry of Agriculture and Farmers' Welfare, Ministry of Food Processing Industries, Crisil*

# Food processing industry in India...(2/2)

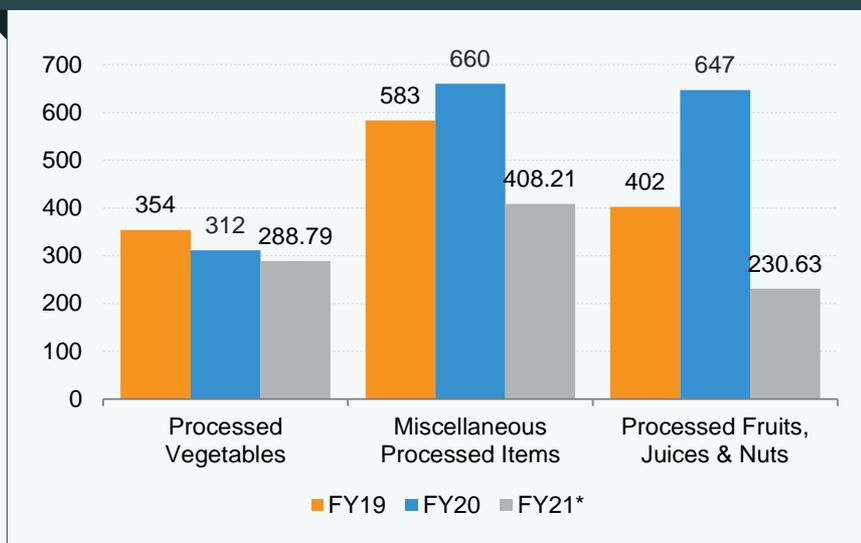
- Sales of processed food in the domestic market have been increasing at a faster pace. Packaged food industry in India is expected to cross US\$ 65 billion by 2020.
- The sector has also recorded a sharp increase in investments with cumulative FDI inflow of US\$ 10.20 billion between April 2000 and September 2020. Organised dairies in the country are expected<sup>2</sup> to invest Rs. 14,000 crore (US\$ 2.17 billion) in FY18-21.



Source: <sup>1</sup>DPIIT, <sup>2</sup>Crisil

# Export of processed food and related products

**Export of Processed Food and Related Products (US\$ million)**



- Miscellaneous processed items export reached US\$ 660 million in FY20, followed by processed fruits, juices & nuts at US\$ 647 million and processed vegetables at US\$ 312 million.

**Top Importers of Processed Items from India in 2019-20**

Product	Countries
Processed Vegetables	USA, France, Germany, UK, Belgium
Processed Fruits & Juices	USA, Netherlands, Saudi Arabia, UK, Germany
Processed Meat	United Arab Emirates, Myanmar, Qatar, Maldives, Bhutan

**Notes:** \* From April 2020 until October 2020

**Source:** APEDA

# Food processing segments and private players

1

Fruits, Vegetables and Processed Grains



2

Milk and Milk Products



3

Meat, Poultry and Marine Products



4

Consumer Food (Alcoholic Beverages, Soft Drinks, Packaged Drinking Water, Packaged Food)



# Recent Trends and Strategies



# Notable Trends

## 1 CHANGING CONSUMER TASTES

- Wide array of products, coupled with increasing global connectivity, has led to a change in the taste and preference of domestic consumers.

## 2 EXPANSION OF INTERNATIONAL COMPANIES

- Italian confectionery major, Ferrero, will invest Rs. 2,000 crore (US\$ 310.3 million) by 2021 to make India a hub for developing new products.
- Nestle India will invest Rs. 700 crore (US\$ 100.16 million) in construction in its ninth factory in Gujarat by 2021.

## 3 RISING DEMAND ON INDIAN PRODUCTS IN INTERNATIONAL MARKET

- In November 2019, Haldiram entered into an agreement for Amazon's global selling program to E-tail its delicacies in the United States.

## 4 EMPHASIS ON HEALTHIER INGREDIENTS

- Food processing companies are serving health and wellness as a new ingredient in processed food because of it being low on carbohydrates and cholesterol, for example, zero-% trans fat snacks and biscuits, slim milk, and whole wheat products, etc.

## 8 AGRICULTURE OUTPUT/OUTLOOK

- In 2020-21, sugar production in India reached 42.9 lakh tonnes between October and November.

## 7 STRENGTHENING PROCUREMENT VIA DIRECT FARMER-FIRM LINKAGES

- Contract farming has helped both the processing companies, via increasing sales and therefore increasing their incomes, , as well as Indian farmers by providing access to better technology and fetching better prices in the market.

## 6 PRODUCT INNOVATION AS THE KEY TO EXPANSION

- Heritage Foods, a Hyderabad-based company, has plans to add five more milk processing units in the next five years for an investment of US\$ 22.31 million as part of its expansion plan to achieve US\$ 1 billion turnover by 2022.

## 5 HIGHER CONSUMPTION OF HORTICULTURE CROPS

- There is a surge in demand for fruits and vegetables as a result of shift in consumption. Accordingly, Indian farmers are also shifting production.



## 1 Rising business and product innovation

- Companies have been moving up the value chain, for example, cooperatives are transitioning from being pure producers of milk to offering a wide range of dairy products.
- Both domestic and global firms have been focusing on product innovation to cater to domestic tastes while also introducing international flavours. For example,
  - Ruchi Soya is innovating by entering into the ready-to-cook segment to meet the needs of people with significant time constraint and provide a rich source of protein in the breakfast category.
  - Farmkart is offering world class agricultural products and services to rural farmers via its technology solutions.



## 3 Low-cost price strategy

- Low-cost price strategy is adopted so as to make the product affordable to consumers by guaranteeing them value for money. The main aim is to provide quality products to consumers at minimum cost like Amul Milk. Parle and Sunfeast have been working on their cost and pricing strategy to market economical products.

## 2 Research

- Crop protection, soil enhancement, and increased productivity are the major segments for the industry.
- In September, 2019, Prime Minister Mr. Narendra Modi launched the National Animal Disease Control Programme (NADCP) to eradicate foot and mouth disease (FMD) and brucellosis in livestock.

*Source: Ministry of Agriculture and Farmers' Welfare, Government of India, News Sources*



# Growth drivers of Indian agriculture

## 1 Supply-side drivers

- Hybrid and genetically modified seeds
- Favourable climate for agriculture and wide variety of crops
- Mechanisation
- Irrigational facilities
- Green revolution in Eastern India



## 3 Demand-side drivers

- Population and income growth
- Increasing exports
- Favourable demographics

## 2 Policy support

- Growing institutional credit
- Increasing MSP
- Introduction of new schemes like Paramparagat Krishi Vikas Yojana, Pradhanmantri Gram Sinchai Yojana, and Sansad Adarsh Gram Yojana
- Opening exports of wheat and rice
- Approval of National Mission on Food Processing

# Growing area under irrigation

- Gross irrigated area under food grains was estimated to reach 64.8 million hectares in FY19.
- Of the wide variety of crops in India, rice and wheat are the most irrigated.
- With growing investments in irrigation, the dependence on monsoon has declined considerably over the years.
- As per Union Budget 2019-20, Rs. 3,949.93 crore (US\$ 565.16 million) was allocated towards implementing Pradhan Mantri Krishi Sinchayee Yojana (PMKSY-PDMC).
- A long-term irrigation fund has been set up under NABARD. A dedicated micro-irrigation fund will be set up under NABARD to achieve the goal, 'per drop more crop'. The government has allocated Rs. 5,000 crore (US\$ 709.32 million) for the year 2020-21.
- During FY16-FY20, an area of 4.69 million hectare was covered under Micro Irrigation through PMKSY-PDMC.
- In May 2019, NABARD announced an investment of Rs. 700 crore (US\$ 100 million) venture capital fund for equity investments in agriculture and rural-focused start-ups.
- In November 2020, Netafim India, a leading smart irrigation solutions provider, launched FlexNet, a revolutionary mainline and sub-mainline piping for above and below-ground drip irrigation systems for Indian farmers.

Gross irrigated area (million hectares)



Source: Food and Agricultural Organisation US, Ministry of Agriculture, \*Ministry of Agriculture and Farmers' Welfare Annual Report 2018-19

# Institutional credit and investments on a rise

- Agricultural credit disbursement stood at Rs. 11.75 lakh crore (US\$ 167 billion) in 2019-20.
- In October 2019, Pioneering Ventures (PV) announced the launch of 'Rural India Impact' fund of US\$ 70 million, targeted to make growth capital available to companies it has been backing so far.

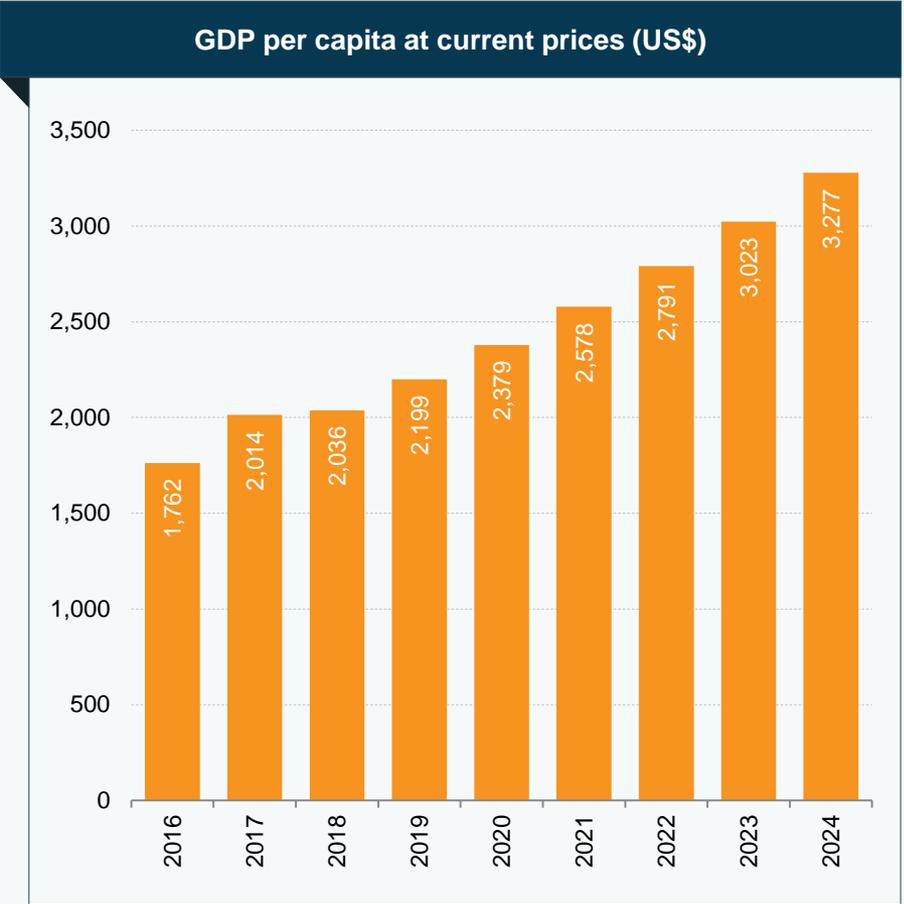
**Credit to Agriculture & Allied Activities (outstanding) (US\$ billion)**



*Source: Ministry of Agriculture and Farmers' Welfare, RBI, AgFunder*

# Rising income and growing middle class to drive demand for processed food

- Strong growth in per capita income has resulted in greater demand for food items.
- Per capita GDP of India is expected to reach US\$ 3,277 in 2024 from US\$ 2,036 in 2018.
- Packaged food industry in India is expected to cross US\$ 65 billion by 2020 and become the third-largest market for packaged foods globally.
- Ministry of Food Processing has been allocated Rs. 1,233 crore (US\$ 176.42 million) in the Union Budget 2020-21.
- There has also been a shift in demand:
  - from carbohydrates to meat products (in line with the various phases of economic growth)
  - and to convenience foods, and organic and diet foods



Source: International Monetary Fund, World Economic Outlook Database, April 2019, Euromonitor

# Competitive advantage

- India's comparative advantage lies in its favourable climate, large agriculture sector and livestock base, long coastline and inland water resources.
- India also has an edge in cost of production compared to its competitors in Asia and the developed world.

	Units	Global Rank
Arable land (million hectares)	161	2
Area under irrigation (million hectares)	55	1
Coastline ('000 kilometers)	7.5	7
Cattle (million)	3.1	1
Arable land (million hectares)	161	2
Area under irrigation (million hectares)	55	1

Product	Production in 2019-20 (MT)
Milk	208
Pulses	23.01
Meat	7.7
Banana	31.7
Mango	20.8
Tea (million kgs)	1350
Rice	117.94
Sugarcane	358.13
Wheat	102.2

*Source: Ministry of Agriculture and Farmers' Welfare, Tea Board, Department of Animal Husbandry, Dairying & Fisheries*

# Favourable policies are supporting the sector growth ... (1/3)

1

## Agriculture Export Policy, 2018

- New export policy was cleared by the Government of India in December 2018.
- Targets increasing India's agricultural export to over US\$ 60 billion by 2022.

2

## Pradhan Mantri Kisan Samman Nidhi Yojana (PM-Kisan)

- The Indian Prime Minister launched the Pradhan Mantri Kisan Samman Nidhi Yojana (PM-Kisan) and transferred Rs. 18,000 crore (US\$ 2.45 billion) to bank accounts of >90 million beneficiaries on December 25, 2020.

3

## Pradhan Mantri Annadata Aay SanraksHan Abhiyan' (PM-AASHA)

- In September 2018, the Government of India announced a Rs. 15,053 crore (US\$ 2.25 billion) procurement policy, under which, states can decide the compensation scheme and can also partner with private agencies to ensure fair prices for farmers in the country.

4

## Pradhan Mantri Krishi Sinchai Yojana (PMKSY)

- As per the Ministry of Agriculture, during 2019-20, Rs. 1.50 crore (US\$ 0.21 million) was allocated to the union territory of Andaman and Nicobar as a central share for implementation of per drop more crop component of Pradhan Mantri Krishi Sinchai Yojana (PMKSY).

5

## Model Contract Farming & Services Act 2018

- In May 2018, the Government finalised the Model Contract Act to include all services in the agriculture value chain under its ambit along with contract farming activity. The act has laid special emphasis on protecting farmers' rights in the country.

Source: Ministry of Agriculture and Farmers' Welfare, Union Budget 2020-21

## Favourable policies are supporting the sector growth ... (2/3)

6

### Pradhan Mantri Kisan Maan-Dhan Yojana (PM-KMY)

- A minimum fixed pension of Rs. 3000 (US\$ 42.92) will be provided to eligible small and marginal farmers on attaining the age of 60 years, subject to certain exclusion clauses.
- The beneficiary is required to make a monthly contribution between Rs. 55 to Rs. 200 (US\$ 0.78 to 2.86) to the Pension Fund depending on the age of entry into the scheme and a provision of equal contribution by the Central Government.

7

### National Animal Disease Control Programme for Foot and Mouth Disease and Brucellosis

- In order to eradicate the Foot & Mouth Disease (FMD) and Brucellosis amongst the livestock, the scheme was launched in September 2019.
- The scheme is aiming at ensuring 100% vaccination of cattle, buffalo, sheep, goat and pig.
- In May 2020, Rs. 13,343 crore (US\$ 1.89 billion) was allocated to the scheme.

8

### Pradhan Mantri Formalization of Micro Food Processing Enterprises (PM FME)

- The sector has been assigned a priority status for bank credit.
- 60 Agri Export Zones (AEZ) have been set up across the country.
- Between FY15-20, around 1303 cold storages with 45 lakh tonnes have been established.
- In May 2020, Government announced the launch of animal husbandry infrastructure development fund of Rs. 15,000 crore (US\$ 2.13 billion).

9

### APMC farmers go cashless

- The Electronic National Agriculture Market (e-NAM), which was launched in April 2016 to create a unified national market for agricultural commodities by networking existing APMCs. It had 16.6 million farmers and 131,000 traders registered on its platform until May 2020. Over 1,000 mandis in India are already linked to e-NAM and 22,000 additional mandis are expected to be linked by 2021-22.

10

### Focus on R&D and modernisation

- Moreover, the Government plans to launch a programme named 'SAMPADA' for the food processing sector with investments worth US\$ 892.46 million to integrate current with new schemes, and with an aim to reduce waste and double farmer's income.

# Favourable policies are supporting the sector growth ... (3/3)

11

## Focus on infrastructure

- The sector has been assigned a priority status for bank credit.
- 60 Agri Export Zones (AEZ) have been set up across the country.
- Between FY15-20, around 1303 cold storages with 45 lakh tonnes have been established.
- In May 2020, Government announced the launch of animal husbandry infrastructure development fund of Rs. 15,000 crore (US\$ 2.13 billion).

12

## National Mission on Food Processing

- Ministry of Food Processing Industries (MOFPI) launched a new centrally sponsored scheme (CSS), National Mission on Food Processing, to promote facilities for post-harvest operations, including setting up of food processing industries in India. In Union Budget 2019-20, the Government announced to spend Rs. 110 crore (US\$ 15.74 million) in Union Territories only.

Source: Ministry of Agriculture & Farmers' Welfare

# Highlights of Union Budget 2020-21

- The Budget 2020-21 has identified agriculture sector as one of the key drivers of the economy.
- As per Union Budget 2020-21, the Government will work with state Governments to allow farmers to benefit from e-NAM.
- The Government announced plans to launch Krishi Udaan on international and national routes.
- Fish production is expected to increase to 200 lakh tonnes by 2022-23.
- PM-KUSUM scheme has expanded to support 20 lakh farmers for setting up stand-alone solar pumps and will help another 15 lakh farmers to set up their grid-connected solar pump.
- Viability gap funding will be provided under Union Budget 2020-21 for setting up warehouses.
- Coverage of artificial insemination will be increased to 70% from 30% at present.
- Rs. 1.34 lakh crore (US\$ 19.23 million) allocated to the Ministry of Agriculture and Farmers' Welfare.
- Rs. 8,363 crore (US\$ 1.20 billion) allocated to the Department of Agricultural Research and Education.

*Source: Union Budget 2020-21*

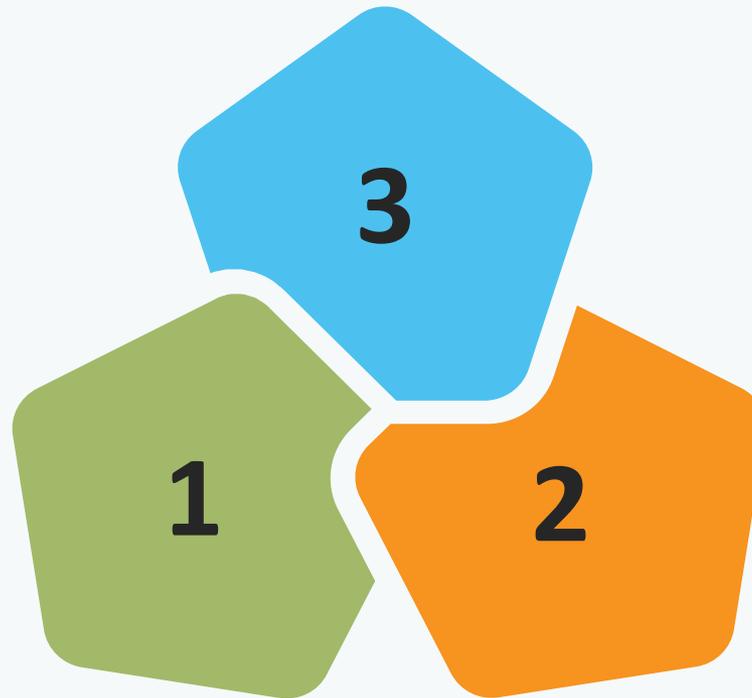
# Opportunities



OPPORTUNITIES

## 1 Supply chain infrastructure and contract farming

- 1,303 cold storages with a capacity of 45 lakh MT have been established since 2015.
- Private warehouse operators are supported by multiple income streams, subsidy and availability of credit.
- It is expected that 4% growth in the food grain storage capacity would restructure agricultural sector over the next few years.
- Investment potential of US\$ 22 billion in food processing infrastructure; 100% FDI in this area.
- The Government's main focus is on supply chain-related infrastructures like cold storage, abattoirs and food parks.



## 3 Farm management services

- New agri business, which provides inputs such as seeds and fertilizers along with providing advice and training farmers on latest agricultural practices.
- In December 2019, the Department of Agriculture, Cooperation and Farmers Welfare created a task force to develop a complete farmers' database for better planning, monitoring, strategy formulation and smooth implementation of schemes for the entire country.

## 2 Potential global outsourcing hubs

- Huge opportunity exists for agri input segments like seeds and plant growth nutrients.
- As of November 2020, out of the 37 approved mega food parks in the country, 21 were operational.
- In Sept 2019, the World Bank sanctioned Rs. 3,000 crore (US\$ 429.25 million) to finance mini and mega food parks in the country.

*Source: Ministry of Agriculture and Farmers' Welfare, Ministry of Food Processing Industries*

- In December 2020, Indian Council of Agricultural Research won the 'International King Bhumibol World Soil Day Award' from the United Nation's Food and Agriculture Organisation for raising awareness about importance of soil health among all stakeholders.
- In the next five years, the central government will aim US\$ 9 billion in investments in the fisheries sector under PM Matsya Sampada Yojana. The government is targeting to raise fish production to 220 lakh tonnes by 2024-25.
- In November 2020, the agricultural ministry inaugurated the cooperative 'Nafed' programme to help in setting up "Honey Farmer Producers Organisations" for beekeepers in West Bengal, Bihar, Madhya Pradesh, Uttar Pradesh and Rajasthan.
- In November 2020, Minister of Consumer Affairs, Food and Public Distribution, Mr. Piyush Goyal announced that the Food Corporation of India and state agencies are set to procure a record quantity of 742 LMT (lakh metric tonnes) paddy during the ongoing Kharif crop season as against 627 LMT paddy last year.
- In October 2020, the Tribal Cooperative Marketing Development Federation of India (TRIFED) included 100 new Forest Fresh Organic Products sourced from tribes across India on its e-marketplace (tribesindia.com).
- In October 2020, Agri-lender Nabard (National Bank for Agriculture and Rural Development) proposed plans to set up a subsidiary to provide guarantee for loans under agriculture and rural development.
- In October 2020, the government announced that it is putting up a common data infrastructure for farmers in the country. PMFBY (Pradhan Mantri Fasal Bima Yojana), PM-Kisan and the Soil Health Card will be integrated through a common database, along with land record details.
- In September 2020, National Cooperative Development Corporation (NCDC) sanctioned Rs.19,444 crore (US\$ 2.7 billion), as first instalment, to Chhattisgarh, Haryana and Telangana for kharif paddy procurement under minimum support price (MSP) operations.
- In September 2020, the government launched the PM Matsya Sampada Yojana, e-Gopala App and several initiatives in fisheries production, dairy, animal husbandry and agriculture. Under this scheme, an investment of Rs. 20,000 crore (US\$ 2.7 billion) will be made in the next 4-5 years in 21 states.

*Source: Press Information Bureau, Ministry of Agriculture and Farmers' Welfare, DIPP; Note: RFID - Radio Frequency Identification, News Sources, Edelweiss' Farm Facts Sector Update*

- In May 2020, the Government of India announced an infrastructure development fund of Rs. 15,000 crore (US\$ 2.31 billion) to promote investments by private players and MSMEs in segments such as dairy, meat processing and animal feed plants.
- Allocation of US\$ 3.9 billion for RFID, US\$ 234 million for long - term rural credit fund, US\$ 7.03 billion for short - term cooperative rural credit finance fund, and US\$ 3.9 billion for short - term RRB refinance fund.
- Food Processing Industries have taken few initiatives for developing the food processing sector that would enhance the exports of agro and processed foods and income of farmers.
- The Government is planning to invest US\$ 8 billion to revive four fertilizer plants and setting up two plants to produce farm nutrients.
- Financial outlay of US\$ 35.47 million has been announced under the National Dairy Development Board (NDDB) to boost milk output and per animal production of milk.
- Almost 138.43 LMT of food grains have been lifted and transported through 4,944 rail rakes, 277.73 LMT through roads, and 21,724 MT grains through 14 ships under Atmanirbhar Bharat Package until June 2020.
- As per reports available from Food Corporation of India, all States and Union Territories combined have lifted about 118 LMT food grains from FCI depots/central pool and distributed over 111.52 LMT of allocated food grains among NFSA beneficiaries for the period April-June 2020.

*Source: Ministry of Agriculture and Farmers' Welfare, DIPP; Note: RFID - Radio Frequency Identification, News Sources*

# Key Industry Contacts



# Key Industry Contacts

Agency	Contact Information	
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 <p>Ministry of Agriculture and Farmers Welfare, Government of India</p>	<p>Coconut Development Board</p>	<p>Kera Bhavan, SRVHS Road, Kochi, Kerala-682011 Phone: 0484-2375216, 0484-2377737 Fax: 91 484-2377902 E-mail: <a href="mailto:kochi.cdb@gov.in">kochi.cdb@gov.in</a> Website: <a href="https://www.coconutboard.nic.in/">https://www.coconutboard.nic.in/</a></p>
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 <p>Ministry of Agriculture &amp; Farmers Welfare, Government of India</p>	<p>National Horticulture Board (NHB)</p>	<p>Ministry of Agriculture, Government of India, 85, Institutional Area, Sector-18 Gurgaon-122015, Haryana Phone: 91 0124-2342992, 2347441, 2342989-90 E-mail: <a href="mailto:md@nhb.gov.in">md@nhb.gov.in</a> Website: <a href="http://nhb.gov.in/">http://nhb.gov.in/</a></p>
	<p>National Oilseeds and Vegetable Oils Development Board (NOVOD)</p>	<p>Krishi Bhavan, New Delhi 110 114 Phone: 91-11-25846010</p>



# Glossary

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- AIBP: Accelerated Irrigation Benefit Programme
- Breeder seeds: Seeds move from germ-plasm (research) stage to breeder stage
- CAGR: Compound Annual Growth Rate
- Certified/quality seeds: Foundation seeds are further multiplied to get certified seeds, which are sold to farmers
- FMTTI: Farm Machinery Training and Testing Institutes
- Foundation seeds: Breeder seeds are multiplied as foundation seeds
- FY: Indian Financial Year (April to March); So, FY12 implies April 2011 to March 2012
- KCC: Kisan Credit Card
- MSP: Minimum Support Prices
- NFSM: National Food Security Mission
- NMAM: National Mission on Agricultural Mechanisation
- PGN: Plant Growth Nutrients
- RKVY: Rashtriya Krushi Vikas Yojana is a central Government scheme providing funds to state Governments to spend on agriculture
- Wherever applicable, numbers have been rounded off to the nearest whole number

# Exchange rates

## Exchange Rates (Fiscal Year)

Year	Rs. Equivalent of one US\$
2004-05	44.95
2005-06	44.28
2006-07	45.29
2007-08	40.24
2008-09	45.91
2009-10	47.42
2010-11	45.58
2011-12	47.95
2012-13	54.45
2013-14	60.50
2014-15	61.15
2015-16	65.46
2016-17	67.09
2017-18	64.45
2018-19	69.89
2019-20	70.49
2020-21	73.51

## Exchange Rates (Calendar Year)

Year	Rs. Equivalent of one US\$
2005	44.11
2006	45.33
2007	41.29
2008	43.42
2009	48.35
2010	45.74
2011	46.67
2012	53.49
2013	58.63
2014	61.03
2015	64.15
2016	67.21
2017	65.12
2018	68.36
2019	69.89
2020	74.18
2021*	73.25

*Note: As of January 2021*

*Source: Reserve Bank of India, Average for the year*

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