



National Budget 2022-23: Summary

Agriculture



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**BUDGET
HELPDESK
2022**

Agriculture

1. Background and the main features of the Agriculture Sector's Budget

The vision of increasing food production in 2021 to alleviate food shortages and making the country self-sufficient in food production have already been achieved due to the growing progress of the agricultural sector and Bangladesh is now self-sufficient in food. According to the Budget 2022-23 speech, in the context of COVID-19, 1 lakh 75 thousand farming families in the country have benefited from the announced agricultural incentive package for the protection of agriculture and the rural economy. Under the Agriculture Refinancing Project, 3 lakh 14 thousand agricultural farms have benefited which has helped to keep the rural and agricultural economy of the country afloat.

Significant allocations in the agriculture sector have been continued in the FY 2022-23 with a view to uplift the sustainable development by providing appropriate incentives to the agricultural sector amid the global crisis, including the Ministry of Agriculture, Ministry of Fisheries and Livestock, Ministry of Land and Water Resources. The new budget stands at 6.2 percent.

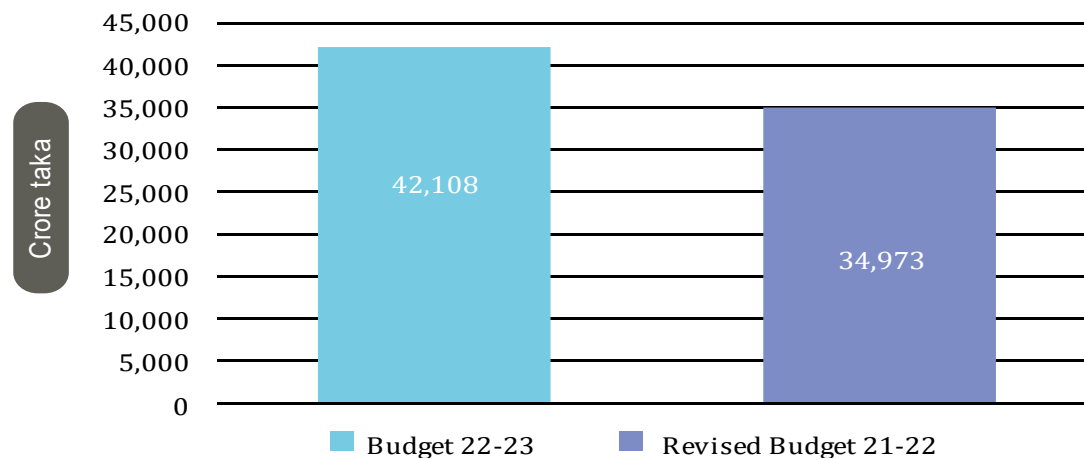
In the proposed budget for the fiscal year 2022-23, it has been proposed to allocate Tk 24,224 crore to the Ministry of Agriculture, which stood at Tk 16,944 crore (an increase above 28 percent) in the revised budget. The new proposed budget calls for continuing efforts to ensure the quality and safety of fisheries and fisheries products and proposes to increase the allocation to the Ministry of Fisheries and Livestock from Tk 3,197 crore (revised 2021-22) to Tk 3,607 crore (above 19 percent).

The new budget proposed to increase incentives in the agricultural sector. Tax concessions have been given to agricultural machinery (combined harvesters and threshers). Agricultural production, food grain procurement, and food security are interrelated. A target of 31.42 lakh metric tons for procurement of food grains from internal sources and 30.94 lakh metric tons for distribution has been set for the fiscal year 2022-23.

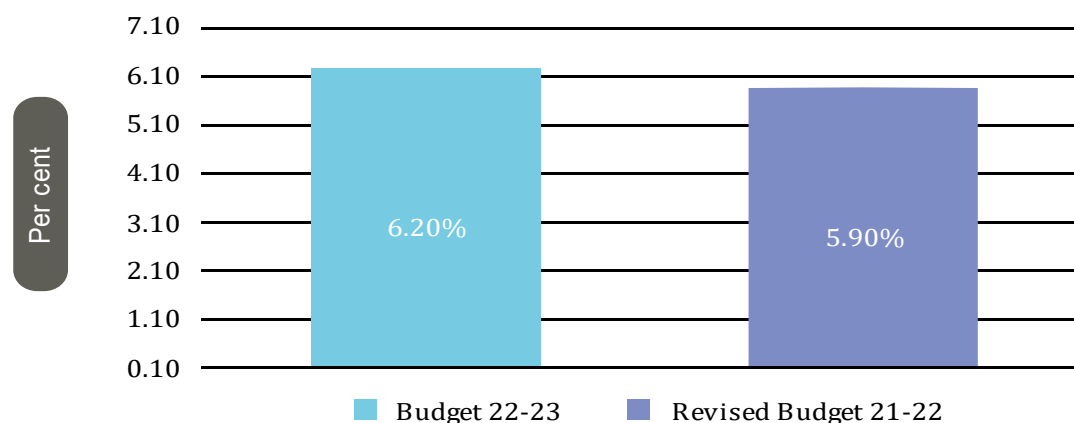
2. Proposed Budget for FY2022-23 and the Agricultural Sector

In the financial year 2021-2022, the total revised budget allocation for the agriculture sector stood at Tk 34,981 crore, which is 5.9 percent of the budget. In the new budget for 2022-23, the total allocation proposal for agriculture (including sector) has increased to Tk 42,110 which is 8.2 percent of the total budget allocation (Figure-1)

Figure 1: Proposed Budget for the Agricultural Sector



Note: Loans and advances, repayment of domestic and foreign loans, excluding food accounting and adjustment expenses.

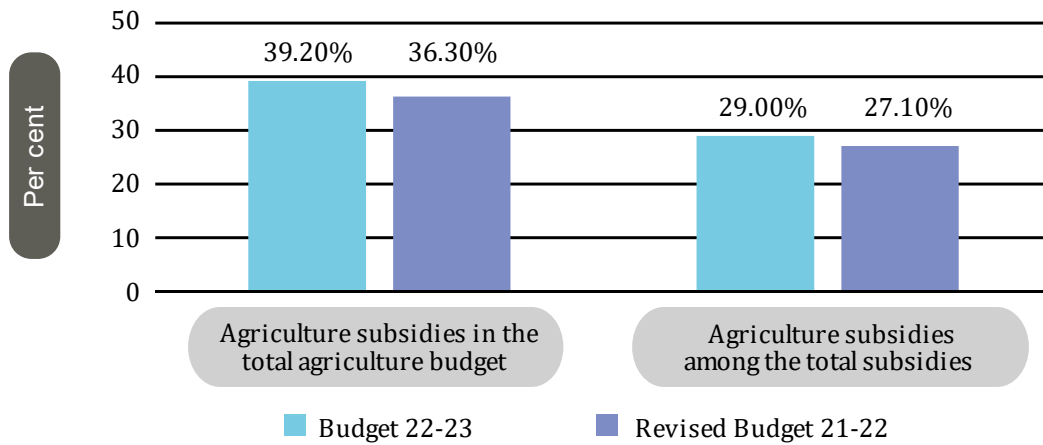


Source: Summary of Budget, Ministry of Finance, 2022-23

3. Allocation for Incentives/Subsidies for the Agricultural Sector

In addition to subsidizing the agricultural sector, the government is providing incentives and rehabilitation assistance to increase agricultural production. Besides, 20 percent cash incentive is being given for the export of agricultural inputs and 20 percent rebate is being given on electricity bills for use of electric irrigators in agriculture. According to the budget speech, special agricultural loans for the production of 24 crops including pulses, oil, spices, and maize will be kept in the next financial year at the existing 4 percent interest rate under the interest subsidy. In the fiscal year 2021-2022, the amount of subsidy has increased to around Tk 12,000 crore, which is proposed to be Tk 16,000 crore in the next financial year. It is proposed to increase the agricultural subsidy in the overall agricultural budget and the subsidy budget (Figure 2).

Figure 2: Allocation for Incentive/Subsidies for the Agriculture Sector

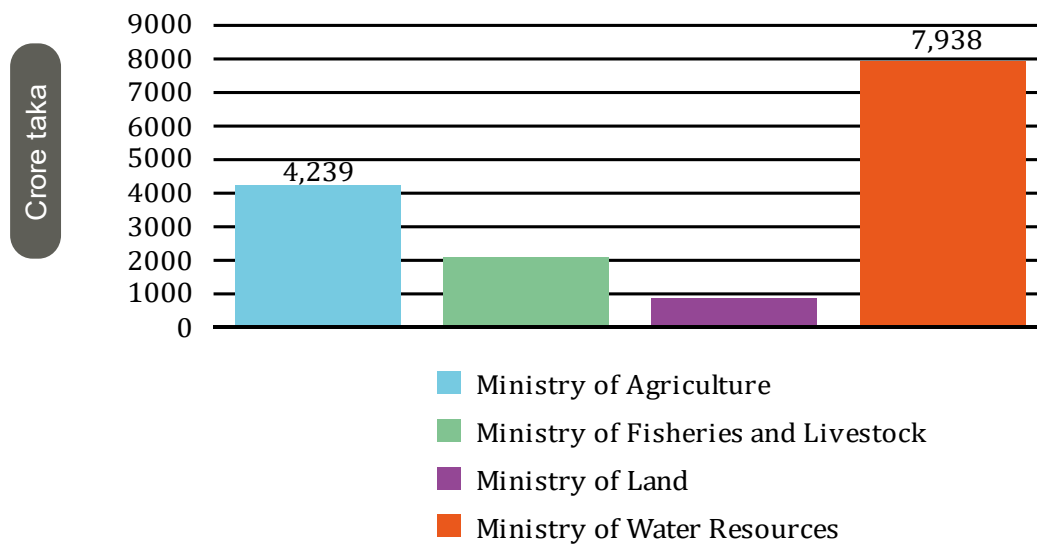


Source: Budget Lecture 2022-23, 9 June 2022

4. Annual Development Plan and allocation for the Agricultural Sector

In the Annual Development Plan for FY 2022-23, an allocation of Taka 10143.56 crore has been proposed in sectors including crops, food, fisheries, livestock, irrigation, and land (seven) out of which 149 are ongoing and 72 are new projects. The allocation for the four sub-sectors of the agricultural sector is as follows (Figure 3).

Figure 3: Annual Development Plan and Allocation for the Agricultural Sector



Source: Annual Development Programme (2022-23)

5. Conclusion

Budget initiatives have been undertaken based on the National Agriculture Policy 2018, Agricultural Extension Policy 2020, and 8th Five Year Plan. The budget 2022-23 is aligned with the broad policy goals of the country: (a) ensuring food security of the country, (b) increasing the production of all types of crops including paddy and maize, (c) innovating and expanding the environmentally friendly crop varieties and technologies and seed development through biotechnology, and (d) increasing the use of surface water and use solar energy for irrigation. Efforts are being made to increase the production and use of organic fertilizers to increase and protect soil health and to bring all farmers under e-agriculture.