



National Budget 2023-24: Summary

Agriculture



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BUDGET HELPDESK 2023

1. Context and Significance of Agriculture Budget

The allocation of the agriculture budget holds significant importance in sustaining the remarkable progress achieved by country's agricultural sector. By attaining self-sufficiency in food production, Bangladesh is already making strides toward fulfilling Vision 2041. Despite the challenges posed by the COVID-19 pandemic and global crises, the agricultural sector in Bangladesh has continued to flourish. This sustained success has positioned Bangladesh as a global leader in various agricultural products, such as becoming the highest producer of Hilsa, the second-largest producer of fish and jute, the third-largest producer of rice, onion and vegetables, the fourth-largest producer of tea and goat, the seventh highest producer of potato, mango, and goat meat.

The national parliament approved the budget of FY2023-24 on 26 June 2023. In the budget for the FY2023-24, an allocation of BDT 43,700 crore, accounting for 5.7 per cent of the total budget, has been made for the agriculture sector. As customary, this budget includes provisions for subsidies to ensure affordable fertilisers, seeds, irrigation facilities, and other essential materials for farmers. The subsidy allocation amounts to BDT 17,533 crore.

Furthermore, several ongoing and new projects focused on agriculture are planned to be initiated in this fiscal year. The annual development programme has allocated BDT 16,336 crore for the agriculture sector this year. These programmes primarily aim to enhance production and productivity, to diversify agricultural products, to provide incentives and support for farmers, to promote conservation and processing of agricultural products, to facilitate agricultural research and innovation, to address climate change effects, to implement smart agricultural practices, to ensure food storage and distribution, to conserve native fish species, and to modernise the fisheries and livestock sectors.

2. Agriculture Budget for FY2023-24

For the FY2022-23, an allocation of BDT 42,108 crore, equivalent to 6.2 per cent of the total budget, was designated for the agriculture sector (Figure 1). However, this allocation was later revised to BDT 54,299 crore, accounting for 8.2 per cent of the revised total budget. Looking ahead to the budget for the FY2023-24, an allocation of BDT 43,700 crore has been made for the agriculture sector, constituting 5.7 per cent of the total budget. Notably, this allocation reflects a 3.8 per cent increase compared to the allocation in FY2022-23 and a 19.5 per cent decrease compared to the revised allocation of the FY2022-23 (Figure 1).

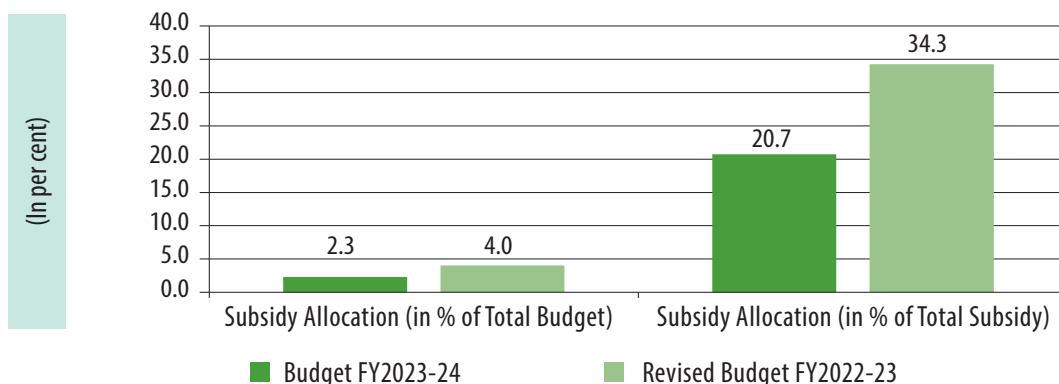
Figure 1: Allocation for Agriculture in the National Budget

Source: Budget Summary, Statement 2.

3. Incentives/Subsidies in the Agriculture Sector

In the revised budget for FY2022-23, an allocation of BDT 26,693 crore, accounting for 4.0 per cent of the total budget, was earmarked for agricultural subsidies (Figure 2). However, in the budget for FY2023-24, an allocation of BDT 17,533 crore has been made for agricultural subsidies, constituting 2.3 per cent of the total budget (Figure 2). Notably, this reduction in subsidy allocation results from the recent decrease in fertiliser prices in the international market. However, if there is an increase in the international prices of fertilisers, additional subsidies may be required to address the situation effectively.

Figure 2: Subsidy Allocation for Agriculture sector

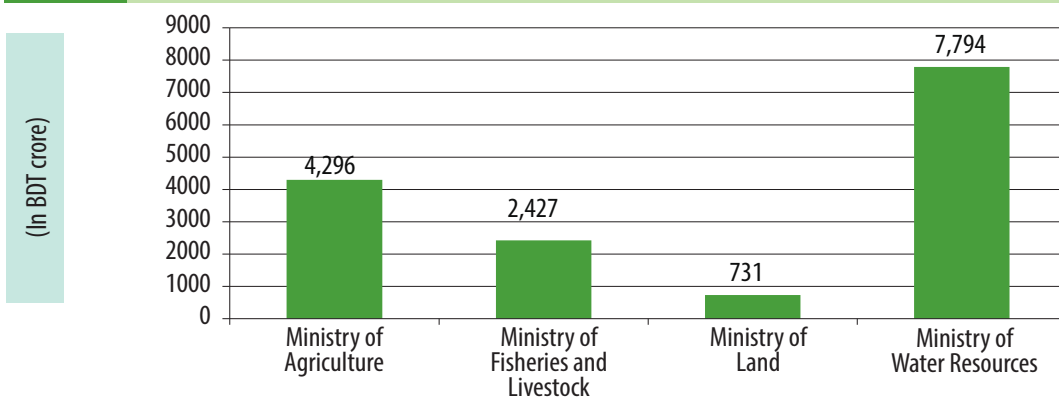


Source: Budget in Brief.

4. Allocation for Agriculture in Annual Development Programme

In the Annual Development Programme for the FY2023-24, the agriculture sector has been allocated BDT 16,336 crore. The four concerned ministries under agriculture sector, the Ministry of Agriculture, Ministry of Fisheries and Livestock, Ministry of Land, and Ministry of Water Resources have been allocated BDT 4,296 crore, BDT 2,427 crore, BDT 731 crore, and BDT 7,794 crore, respectively (Figure 3).

Figure 3: Allocation for Annual Development Programme in Agriculture Sector for FY2023-24



Source: Annual Development Programme, FY2023-24.

5. Conclusion

The importance of the agriculture sector in building a hunger and poverty-free Bangladesh is undeniable. National Agriculture Policy, 8th Five Year Plan, Sustainable Development Goal 2030 and Delta Plan-2100 have been adopted in the light of Vision 2021 and Vision 2041, keeping the development of agriculture and the welfare of farmers with the highest consideration. In order to implement the programmes taken in light of these plan documents, there is a need to ensure priority allocation and proper use of allocation in the agriculture sector in the budget. Only then it will be possible to make the agriculture sector's contribution to Bangladesh's economy more effective and sustainable.