

The Silent Agricultural Revolution Hidden in Budget FY 2027



Clockwise from the left: Amit Kapoor
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THE UNION BUDGET of 2026–27 deserves credit for recognising a simple truth that India cannot build a globally competitive economy without a resilient farm sector.

The latest Budget signals a forward-looking shift from an overemphasis on staples to a broader rural growth strategy anchored in high-value agriculture, integrated value chains, and technology-enabled decision-making. The explicit focus on tree crops such as coconut, cashew, cocoa, sandalwood and nuts, and the push for allied sectors of fisheries, livestock and dairy mark an important policy acknowledgement that the next jump in farm incomes will come from diversification and value addition, and not merely from producing more grain. This shift is not accidental, and the data shows why. The past decade (FY2016–FY2025) registered a 4.45 per cent growth in agriculture and allied sectors, the highest in decades. It was driven primarily by fisheries (8.8 per cent) and livestock (7.1 per cent), with crops trailing at 3.5 per cent. Evidently, India's agricultural growth engine has already tilted toward the allied sector, and the Budget is now aligning policy with this reality.

A standout feature of the Budget is its effort to widen the opportunity set for farmers by backing tree crops and plantation-linked value chains, which have longer-term income potential and export relevance. Such crops have the potential to create more jobs per hectare through processing, grading, packaging, and branding. These are precisely the kind of higher-quality employment that rural and peri-urban India needs.

This year's Budget is nudging the farm economy away from subsistence complementarity and towards market-oriented, scalable livelihood systems. It has placed significant emphasis on animal husbandry entrepreneurship through provisions for credit-linked support, modernisation of livestock enterprises, integrated dairy and poultry value chains, and a push for Farmer-Producer Organisations (FPOs). Its focus, thus, is not only on farm diversification; it is on creating rural enterprises that can absorb labour and raise household incomes. Similarly, the intent to strengthen fisheries value chains, especially in coastal regions, by linking markets with startups,

women-led groups, and Fish FPOs reflects a more contemporary approach to sectoral development. It recognises that agricultural growth in 2026 would be driven not just by production, but by institutions, aggregation and market access. But perhaps the Budget's most underappreciated farm intervention lies outside the farm gate.

Even when the Budget is not "agricultural" on paper, it can be agricultural in impact. This year's Budget pushes for infrastructure and connectivity in the form of freight corridors, waterways, and coastal shipping. Logistical improvements matter enormously for farm incomes because agriculture is a time-sensitive, loss-prone business. When transit time reduces, and reliability improves, farmers gain price realisation, processors gain predictability, and exporters gain credibility. In a world shaped by geopolitical disruptions and shipping shocks, strengthening delivery performance becomes just as critical as production itself for maintaining agricultural competitiveness. This makes the Budget's logistics push a quiet but decisive agricultural intervention. Seen through this supply-chain lens, agricultural competitiveness is built as much in ports and cold chains



Photograph by Himanshu Kumar

as in fields.

So, as India aims to be a dependable global supplier of food, marine products and processed agri-goods, logistics is not just an enabler; it is the strategy. It is also one of the cleanest ways to raise farm incomes without distorting markets. Lesser spoilage, better grading, and faster port movement all mean one thing: more value returning to farmers and rural enterprises.

Yet the agricultural value-chain narrative will not fully land unless water, the farm's basic stabiliser, is strengthened. If there is one area where the Budget narrative could have been more muscular, it is water resilience. Diversification cannot succeed when farms still depend on erratic rainfall. Particularly, the Budget's push to modernise agriculture will hit the ceiling if assured irrigation does not expand faster, especially for regions where yield variability undermines both

incomes and creditworthiness. Value chains matter, but nothing anchors agriculture more than water security. While Budget 2026 does not outline a dedicated push for climate-resilient, water-saving crops, there is ample scope within existing schemes to begin nudging farmers toward water-smart choices that build long-term resilience without straining the fiscal envelope.

The Budget's digital leap is equally significant, marked by the rollout of Bharat VISTAAR, the multilingual AI advisory platform that integrates AgriStack and Indian Council of Agricultural Research (ICAR) knowledge systems. Credible, localised guidance on seeds, pests, markets and climate risks can meaningfully cut losses and improve on-farm decisions. But digital advice is only as strong as the science behind it. For this model to endure, the Budget's push for knowledge dissemination must be matched

by sustained investment in knowledge creation through agricultural research and education. After all, climate volatility and pest evolution are moving targets that demand constant innovation. The opportunity is clear: India should build a pipeline where R&D produces new solutions, and AI platforms rapidly take those solutions to farmers at scale.

Undoubtedly, the Budget's continued commitment to food and fertiliser support signals continuity and reassurance in uncertain times, for farmers and consumers alike. However, the future challenge is not whether support should exist, but how support should be delivered for maximum impact. This is where India's successful Direct Benefit Transfer (DBT) infrastructure offers a policy frontier. A gradual rebalancing toward income support and outcome-based investments in storage, processing, extension, and climate resilience can reduce inefficiencies

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While the signals are promising, the next task is execution and deepening. Budget 2026–27 has made several meaningful moves, such as prioritising high-value crops, backing livestock and fisheries entrepreneurship, building digital advisory systems, and strengthening the logistics spine of the economy

and improve farmer welfare. This makes a case for designing welfare in a manner that improves choice, predictability, and transparency, while preserving the core intent of public support. Primarily, smarter targeting, outcome-linked spending, and a calibrated pivot from open-ended input subsidies to productivity and resilience-enhancing investments can reduce wastage while preserving protection for the vulnerable. Fiscal prudence is not a retreat from welfare; it is a redesign of welfare.

In effect, agriculture is no longer just a social sector; it deserves a strategic economic policy. In a period of supply-chain realignment, food systems are becoming instruments of national resilience. This is where the Budget's momentum for structural reform matters. Competitiveness is built over years, not quarters. It depends on predictable rules for exporters, credible quality systems for global buyers, and infrastructure that allows perishable goods to travel with minimal loss. Budget 2026–27 has firmly stepped

in this direction.

A stronger farm sector can strengthen the country's overall competitiveness. Higher rural purchasing power supports demand for manufacturing and services, better value chains generate rural enterprises, improved export readiness earns foreign exchange, and a resilient farm economy stabilises food inflation. In other words, agricultural competitiveness is a key contributor to national competitiveness.

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convert infrastructure into export readiness.

Some states have already piloted initiatives for irrigation management, better extension, crop diversification nudges, and procurement reforms to improve agricultural efficiency. However, India's productivity and export performance cannot just be concentrated in a handful of states. The next reform wave must help every agrarian state build the basics of agricultural productivity and export readiness in terms of quality testing, traceability, cold-chain access, aggregation platforms, and predictable market rules so that competitiveness scales nationally, not regionally.

If India sustains this direction, it can build an agricultural sector that is not merely supported, but genuinely empowered, competitive, resilient, and globally confident. **BW**

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