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India Union Budget 2026-27

Point of view

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Agriculture and Allied sectors

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Key announcements for the sector

The Budget is distinctively presented as a Yuva Shakti-driven Budget, inspired by three *Kartavyas*: (a) accelerating and sustaining economic growth; (b) fulfilling the aspirations of people and building capacities; and (c) ensuring equitable access to resources, amenities, and opportunities for meaningful participation. These three Kartavyas are interlinked and mutually reinforcing, collectively strengthening India's journey toward Viksit Bharat.

With a focus on enhancing farmer incomes through productivity improvement, entrepreneurship development, and integration with global value chains, the following are the key provisions for the Agriculture and Allied sectors in the Budget:

- Animal husbandry and dairy
  - Recognising the direct livelihood benefits and wider socio-economic impact of livestock on poor and marginal farmers, a strong emphasis has been placed on strengthening breeding, healthcare, and diagnostic infrastructure
  - To achieve this objective, it is proposed to scale up the availability of **veterinary professionals by more than 20,000**. A **loan-linked capital subsidy scheme** will be introduced to support the establishment of veterinary and para-veterinary colleges, veterinary hospitals, diagnostic laboratories, and breeding facilities in the private sector
  - **Collaboration between Indian and international institutions** will also be facilitated to adopt global best practices in livestock development and veterinary services
  - With a view to expand employment opportunities in rural and peri-urban areas, multiple interventions for **entrepreneurship development in the Animal Husbandry sector** have been proposed. These include the introduction of (a) a Credit-Linked Subsidy Programme (b) scaling up and modernisation of livestock enterprises (c) enhancing creation of livestock, dairy, and poultry focused integrated value chains and (d) encouraging the formation of Livestock Farmer Producer Organisations (FPOs)
  - Beyond direct sectoral interventions, **biogas** has been accorded a significant push by excluding the entire value of biogas while computing central excise duty payable on biogas-blended Compressed Natural Gas (CNG).
- High-value agriculture
  - With an objective of diversifying farm outputs and enhancing farmers' incomes, the Budget outlines focus on high value crops based on agro-climatic zones: Coastal areas—coconut, sandalwood, cocoa, and cashew; North-Eastern region – agar trees; and hilly regions – almonds, walnuts, and pine nuts
  - A **Coconut Promotion Scheme** has been proposed to enhance competitiveness in coconut production. The scheme aims to increase production and enhance productivity through targeted interventions, including the replacement of old and unproductive trees with improved new saplings, plants, and varieties in major coconut-growing states

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- A **dedicated programme for Indian cashew and cocoa** has been proposed to achieve self-reliance in raw cashew and cocoa production and processing, enhance export competitiveness, and position Indian Cashew and Indian Cocoa as premium global brands by 2030
- **Recognising sandalwood's deep social and cultural heritage**, the Budget proposes to promote focused cultivation and post-harvest processing to revive and strengthen the Indian sandalwood ecosystem. This would be done in partnership with state governments
- To rejuvenate ageing and low-yielding orchards and expand **high-density cultivation of walnuts, almonds, and pine nuts**, a dedicated programme is proposed to enhance farmer incomes and promote value addition through youth engagement
- The Budget also proposed interventions for enhancing exports of quality ayurvedic products, thereby supporting farmers engaged in medicinal herb cultivation and creating opportunities for youth involved in processing and value addition.

- Bharat-VISTAAR
  - A multilingual AI-enabled tool called Bharat-VISTAAR (Virtually Integrated System to Access Agricultural Resources) is proposed to be launched that would integrate AgriStack portals and ICAR agricultural practice packages with AI systems
  - The objective is to enhance farm productivity, enable better decisions for farmers and reduce risk by providing customised advisory support.
- SHE-Marts for rural women-led enterprises
  - The Budget recognises the need to transition from credit-led livelihoods to enterprise ownership. Accordingly, Self-Help Entrepreneur (SHE) Marts will be established as community-owned retail outlets within cluster-level federations, supported by enhanced and innovative financing mechanisms.
- Fisheries
  - Integrated development of **500 reservoirs and Amrit Sarovars** has been envisaged for increasing fish production
  - **Initiative shall be taken for strengthening fisheries value chain in coastal areas and enabling market linkages** through the participation of start-ups and women-led groups, together with Fish Farmer Producer Organisations
  - To support Indian Fishermen on operations beyond our territorial waters, **fish catch** by Indian fishing vessels **in the Exclusive Economic Zone (EEZ) or on the high seas shall be made free of duty. Such** fish landing on foreign ports will be treated as export of goods
  - Safeguards shall be put in place to prevent misuse during catch, transit, and trans-shipment
  - Additionally, the value limit of duty-free import of specified inputs used in seafood processing has been increased from 1 per cent to 3 per cent of the FOB value of seafood products exported during the preceding financial year.
- Co-operatives
  - As part of the budget, tax related benefits are proposed for fostering cooperative development and cooperative-led development
  - In addition to the existing list of deductible activities namely the supply of milk, oilseeds, fruits, and vegetables grown or raised by primary cooperative society members, the ambit has been expanded to include **cattle feed and cotton seed**
  - Further, the **inter-co-operative dividend income** shall be allowed as a deduction under the new tax regime to the extent it is further distributed to its members
  - The Government also proposes to **grant notified National Co-operative Federations temporary tax exemptions (for three years) on dividend income from its investment in companies** (made up to 31 January 2026), provided the dividends are further distributed to its member co-operatives.

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Implications for the sector

- Animal husbandry and dairy
  - The proposed measures reflect a well-calibrated recognition of the livestock sector's central role in rural livelihoods, particularly for poor and marginal farmers, landless households, and women. By prioritising breeding, veterinary healthcare, diagnostics, and skill availability, the approach rightly addresses the *structural bottlenecks* that have historically constrained productivity, animal health outcomes, and income stability
  - As per a 2023 report of Niti Aayog, the recommended norm is one veterinary doctor/institution per 5,000 animals. The current ratio of veterinarian to livestock is around 1:6,108. The proposed addition of 20,000 veterinary professionals would significantly bridge the existing manpower gap and provide a robust backbone for achieving the vision for livestock sector. However, along with bridging the manpower gap, the regional disparity would also need to be reviewed to ensure adequate coverage across all States
  - Establishment of veterinary and para-veterinary colleges, veterinary hospitals, diagnostic laboratories, and breeding facilities in the private sector will support in bringing in private investment and good practices, however, oversight of private institutions with regard to quality will be important
  - Facilitating collaboration between Indian and international institutions is another positive step, as it enables the infusion of global best practices, advanced diagnostics, breeding technologies, and disease surveillance systems. These are increasingly becoming critical in the context of climate stress, zoonotic risks, and rising demand for quality livestock products
  - With regard the interventions proposed for entrepreneurship development, it is important to ensure adequate handholding support for FPOs and start-ups is provided in proposal formulation, along with expeditious approval processes and timely release of benefits.
- High value agriculture and herbs
  - High-value Agriculture assume significant importance in the Indian context, particularly in view of limited and fragmented landholdings and growing concerns about declining youth participation in farming. Emphasising high-value agriculture is therefore a necessary step to enhance farm viability and income prospects. These crops combine income diversification, export potential, employment generation, and value-addition opportunities, making them critical for moving agriculture from subsistence to enterprise-led growth
  - The coconut sector faces several major challenges, including low productivity caused by ageing plantations, poor-quality planting material, and limited adoption of improved varieties. These issues are further compounded by increasing climate stress and the long gestation period. Therefore, it is crucial to promote the development and adoption of climate-resilient saplings and planting material, along with efforts to reduce the gestation period by investment and private sector participation in R&D
  - India is the second largest producer and exporter of cashews globally. However, global exports in cashew are concentrated among four to five major countries with India having a share of approx. 15 per cent. This leaves a considerable headroom to expand its presence and capture a larger share of the market. Positioning Indian cashews as well as cocoa as a global premium brand will therefore require the adoption of improved production practices, bridging processing gaps, and enhancing quality-focused packaging
  - Though there are many varieties of sandalwood available in the world, Indian sandalwood and Australian sandalwood are very famous and have excellent commercial value in the market. However, India faces challenges such as lack of sufficient modern processing units for oil extraction and value-added products, hence the initiative to promote cultivation and processing is a much-needed step to revive sandalwood sector
  - High-density cultivation of walnuts, almonds and pine-nuts in hilly regions will help to harness the economic benefits of these crops. Involving youth in processing and value addition will lead to substantial livelihood generation thus mitigating the growing concern of push-migration.

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- Bharat-VISTAAR
  - This initiative has the potential to significantly improve farm productivity, enable informed decision-making, and reduce risks through customised advisory services for farmers. However, the overall impact of the initiative will critically depend on the availability of a user-friendly interface and the level of digital literacy among farmers which will determine its adoption at scale.
- SHE-Marts for rural women-led enterprises
  - The importance of transitioning livelihoods into enterprises cannot be overstated, as this shift enables individuals to enhance household incomes while simultaneously evolving them into job creators, thereby significantly increasing the developmental impact of the intervention
  - The concept of Self-Help Entrepreneur (SHE) Marts can significantly strengthen local economies by fostering market linkages anchored within the cluster itself. However, their success will depend on careful site selection, targeted skilling of stakeholders in marketing and soft skills, and the establishment of a reliable supply chain to ensure the MARTs remain both operationally and financially viable over time.
- Fisheries
  - Fisheries account for a significant and rising share of agricultural and allied sector GVA. Average GVA growth (FY 20 – FY 24) in fisheries has been 7.2 per cent making fisheries as the fastest-growing sub-sector leaving behind crop and livestock sub-sectors. This underscores the need to accord greater policy focus to fully harness the sector's potential
  - Despite its exceptional growth, India's Fisheries Sector is fraught with various challenges which include sustainability concerns, supply chain and infrastructure gaps, export majorly limited to frozen shrimps, export earning driven by volume rather than by significant increase in value
  - With rising urban incomes, shifting dietary preferences towards high-protein food and further integration with global value chain, the demand for fish and sea food is expected to increase further
  - Unlocking the sector's potential will require enhancing the export competitiveness of seafood products and diversifying the product basket through strengthened cold-chain logistics, adoption of advanced technologies, and targeted skill development to promote high-value processed products, along with a strong emphasis on traceability
  - The budget duly supports the growth of the sector by targeted interventions for strengthening the fisheries value chain holistically from enhancing production through reservoirs and Amrit Sarovars to promoting exports by increasing limits for duty-free import of specified inputs required for seafood processing
  - The role of institutional mechanisms outlined in the Budget which include start-ups and women-led groups, in collaboration with Fish Farmer Producer Organisations should also extend beyond marketing interventions to strengthening the fisheries value chain end-to-end.
- Co-operatives
  - The inclusion of additional activities under tax-deduction provisions, relating to the marketing of cattle feed and cotton seed produced by member farmers, is expected to incentivise higher production of these commodities, help meet agricultural and commercial demand and enhance financial returns for members across the value chain of associated crops
  - The proposed deduction on dividend income shall enhance member participation in cooperative institutions, support mobilisation of share capital and improve liquidity for the members
  - While tax incentives address one dimension of cooperative strengthening, primary and rural cooperatives continue to face constraints in accessing affordable finance, working capital, and risk capital required for entrepreneurial expansion. Hence, it will be important to accord greater emphasis to cooperatives under various grant-linked schemes across Ministries and Department.

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KPMG in India contacts:

Nilachal Mishra
Partner and Head
Government and Public Services
E: nilachalmishra@kpmg.com

Himanshu Rattan
Partner and Lead – Food, Agriculture and Allied Services (FAAS)
Government and Public Services
E: himanshurattan@kpmg.com

kpmg.com/in/socialmedia

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KPMG Assurance and Consulting Services LLP, Lodha Excelus, Apollo Mills Compound, NM Joshi Marg, Mahalaxmi, Mumbai - 400 011 Phone: +91 22 3989 6000, Fax: +91 22 3983 6000.

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