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Did the Finance Minister's Prediction Come True About Agritech In 2022

As per industry insights, India has received a total funding of \$1.6 billion in agritech startups till 2021, making it the third largest country in the world with regard to agritech funding

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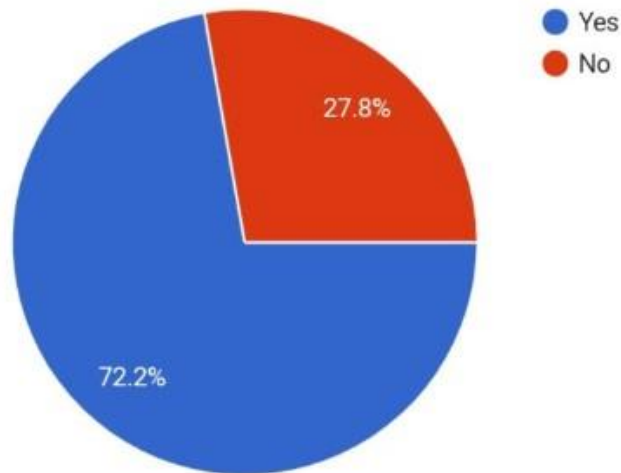
Finance minister Nirmala Sitharaman, while presenting the Union Budget for the financial year 2022-23, had announced several plans for the agritech sector. The sustainability and public private partnerships (PPP) for the delivery of digital and high-tech services to farmers were presented as the key themes for the sector in this year's Budget. Sitharaman had also promised that 2022 will be a transformative year for the agritech sector. Was it really?



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In a sample survey where 20 agritech experts participated, with a possible margin of error at 22.4%, 72.2% agreed that this year was a transformative one and on the contrary 27.8% opposed the statement.

Finance minister had said that 2022 will be a transformative year for the agritech sector. Do you think it was?



A SAMPLE SURVEY CONDUCTED BY ENTREPRENEUR INDIA AS PART OF THIS STORY

No. of Respondents : 20

Rajamanohar Somasundaram, co-founder and CEO of Aquaconnect, said that, "We do see that 2022 was transformative for aquaculture. The seafood sector (production and exports) recovered from the impact of Covid and got back on the growth track quickly due to regulatory support and adequate push from the government. Additional support and focus will fuel the sector growth and accelerate the vision of our PM doubling farmers' income and also accelerate the blue revolution 2.0"

According to updated data by Venture intelligence, agritech startups raised a total of \$515 million in 2022, a spike of over three times from \$161 million raised by agritech startups in 2020 showing how investments in the sector are above the pre-pandemic levels.

"With passing time, the advances in AI/ML, Robotics, Drone Technology, Big data have been grooming itself and minimizing the need gaps and challenges in the agriculture sector. As per the estimates, it is expected to reach \$24 billion by 2025 and holds immense potential to change the face of Indian agriculture," said Akhilesh Jain, co-founder of Agrotech India, while justifying his opinion that 2022 had positive impacts.

On the other hand, Sudhanshu Rai, co-founder at Fyllo, had shared a different conviction. According to him, there is still a lot to be worked on the policy side and adding smart farming in incentive schemes for the farmers. He also suggested that a lot of work the government needs to do along with startups and corporates to make Indian agriculture tech driven.

Agriculture Technology is a means in enablement and not a product itself. Just because we have IoT or Algorithms that may help in predicting weather patterns this itself does not mean that our problems of fragmented supply chain, assessment of Quality, Management of produced crop is over. Technology which will offer complementary services to our physical agriculture value chain is the real deal. Unlike data which is binary in nature and can be transported through fibre optics Crops are physical in nature and so is consumption. Therefore any technology which combines this aspect of physical and digital makes it more efficient is agtech.

On the backdrop of this illustration, Sandeep Sabharwal, group CEO of SLCM, asserted that, "The current penetration of agritech in India is said to be even less than 5%. Considering the diversity of India's agricultural ecosystems, this presents a massive opportunity for existing agritech startups to scale, as well as for new players to enter the market. Hence the year 2022 is undoubtedly a transformative experience with focus on technology and government support schemes in agriculture with the objective of doubling farmer's income."

In the Budget 2022-23 the government has said to realize the necessity of keeping agriculture contemporary. Thus, it encouraged the states to revise the syllabi of agricultural universities so as to meet the needs of natural, zero-budget and organic farming, modern-day agriculture, value addition and management. Nichem Solutions' director Aniket Malshe's viewpoint is different. He stated that, "I don't see much difference in the operations vis-à-vis last year, as far as my exposure goes. I don't see too much change in the attitude this year as well. Instead of focusing on drones and AI, the government should focus on more core issues as listed above and then make sure that the budgets are utilized properly. Unfortunately, I don't see that happening this year."

As per available reports, in February 2022, Narendra Modi had referred to 'Kisaan Drones' being the new friends of the Indian farmer. According to him, the use of drones reflected the government's increased interest in technology that eventually opened up new opportunities for the application of Internet of Things (IoT) in the particular sector.

Highlighting the significance of amalgamating technology with agriculture, Arjun Naik, founder and CEO of Scandron, said that, "A lot of policies, other than drone adoption, came out from the government to push technology into the agricultural sector. The promotion of technologies like IoT-based sensor tracking for farms and crops, and drone-based spraying of fertilisers and pesticides have been transformative in making farming more efficient. The awareness and subsequent adoption of such new-age technologies have been credited for improving efficiency in farming and minimising human error and labour. With AI at the forefront, farmers can now cater to crops and other related issues with better accuracy and measures. Therefore, it's needless to say that 2022 has been a game-changing year for the agritech sector."

According to the industry estimates, India is said to have more than 1000 agriculture startups primarily employing artificial intelligence (AI), machine learning (ML), Internet of Things (IoT) and so on, focusing on augmenting production and operational efficiency. In 2022, the government has also launched a natural farming corridor with an aim to reduce the level of chemical fertilizers being released in the river Ganga.

Considering the various segments of agritech ecosystem, Navneet Ravikar, chairman and managing director of Leads Connect Services, said that, "Complete orientation towards addressing the challenges of the agricultural ecosystem has been transformed dynamically. Post pandemic, the journey from agriculture to agritech is now something which is no more confined to textbook definitions; it has now taken a mature shape. But yes, there is a lot more to be done, but the understanding that there is a lot which we will have to do in the near future is an indicator that we are in the right direction."

As per industry insights, India has received a total funding of \$1.6 billion in agritech startups till 2021, making it the third largest country in the world with regard to agritech funding. In addition, Ernst & Young, in September 2020 stated that, the market potential of Indian agritech startups is estimated to grow to \$24 billion by 2025.

In 2022 the government targeted the farm produce value chain as an area for capital infusion where it claimed to be utilized to finance startups for agriculture and rural enterprises to bring in needed Seed capital in the agricultural ecosystem. Giving deeper insights to the government's funding, Anuj Kumbhat, founder and CEO of WRMS said that, "Agritech seems to have reached the tipping point when funding from governments and venture capitalists is beginning to increase significantly. In India, where agriculture is a crucial sector of the economy, start-ups are helping farmers by digitizing the entire supply chain through the use of cutting-edge technology like artificial intelligence, the internet of things, big data analytics, and engineering breakthroughs. The Indian government has given this industry an optimistic future, which is changing the country's agricultural landscape. However, given that the Indian agritech sector has enormous untapped potential, the industry is anticipating increased government attention."

In a nutshell, the majority of the sectoral experts have agreed that that the government has shown a clear and positive intent at backing the agriculture sector, whereas the rest of the minority expressed their perspectives along with their suggestions.