

***PRESS NOTE by Consortium of Indian Farmers Associations (CIFA) to be  
release on 07<sup>th</sup> January 2008***

**PROPOSALS OF CIFA for inclusion in the UNION BUDGET 2008-09. Submitted to Sri  
P.Chidambaram, Union Finance Minister, On 7<sup>th</sup> January 2008 at New Delhi during Pre  
Budget meeting organized by the Ministry Finance.**

**Sri P. Chengal Reddy, Secretary General participated in the meeting.**

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**Background Note:**

**Need for massive rural infrastructure and public investment in Agri sector.**

The share of Agri sector in national income sharply declined by  $\frac{2}{3}$ rd from 55% in 1950s to 18% now. Rural population dependant on agriculture, however, declined only marginally and now stand at about 60%.The average growth rate of Agri sector for the past 60 years is around 2.5%. If we take into account population growth in rural areas during the period, there is near stagnation of per capita real income of those dependant on agriculture while those in other sectors doubled and trebled. This has resulted in wide disparity in rural and urban per capita incomes. Periodical surveys of NSSO on rural and urban household expenditure also confirms this widening disparity trend. When all is said and done, majority of population dependant on agriculture in the decades to come is a reality and budget proposals should take this reality into account. Surely we cannot allow majority of people feeling left behind and weeping.

Investment is the most important single factor in the growth process. Public investment achieves this goal by creating, improving and maintaining suitable infrastructure there by improving and augmenting productive capacity, the level of public investment is crucial for long term growth of output. One study indicates that one rupee spent on public sector capital formation contributes to GDP growth by Rs.6 (present value at 10% rate of discount), and also induces private investment.

Decline in public investment in agriculture that set in during early 1980s adversely impacted on the growth of agricultural output. Share of agri sector in public investment in total CGF sharply declined from 14% in 1970-71 to around 6% now. Investment in Agriculture as percentage of GDP declined to 1.3%. Share of agriculture in plan outlay dwindled from a high of 15% in the first plan to a mere 3.6% now. Union Government spent Rs.63 per hectare of net sown area of the country during 5th Plan, which reduced to Rs.34 during 6th Plan and Rs.18 during 7th Plan. The amount spent on agricultural infrastructure during the 1990s was less than Rs.10 per hectare of area. The declining trend in public sector agricultural investment should be reversed by increasing allocation.

**1. Infrastructure issues**

**1.a).CIFA PROPOSES DOUBLING OF ALLOTMENT FOR RURAL INFRA STRUCTURE AND PUBLIC INVESTMENT IN IRRIGATION IN THE UNION BUDET 2008-09.**

**1.b).Water shed development**-to develop 35lakh Hectors - To allot **Rs 1500 crores.**

**1.c).Restoration of all water bodies** - To allot **Rs.10000 crores.**

**1.d).Development of farm ponds** -To allot **Rs 5 000 crores.**

## 2. CREDIT AND CROP INSURANCE ISSUES

- 2.a). **Credit** to all farmers, including tenant farmers adequate and timely without collateral security up to Rs 1 lakh at **4% rate of interest**.
- 2.b). **Debt burden reduction by waving all agriculture loans**, covering all farmers, as a one time measure.
- 2.c). When there is crop failure, interest to be waived, and when there are two crop failures both interest and principal to be waive. A special fund to be created for this purpose.
- 2.d). **Crop insurance** and Varsha Bhima to all farmers, village as a unit and prompt settlement of claims.

## 3. PRODUCTION AND EXTENSION ISSUES

- 3.a). **Soil health** rectification and retention under Public Private Partnership (PPP) **Rs240 crores**,
- 3.b). Total **seed replacement** by providing high yielding certified seed **Rs 10 000 crores**.
- 3.c). Use of **organic fertilizers** and micro nutrients **Rs.5000 crores**, The programme to be linked to NREGP. Incentive to Mechanization of urban wastage conversion to organic compost.
- 3.d). **Agri extension to be strengthened** through PPP.
- 3.e). Progressive farmers (organizations) in villages to be trained as Para extension workers.

## 4. TAX AND ICENTIVE ISSUES

- 4.a). **Taxes** on all Agri inputs, machinery and equipment to be **waived**, to controlled pest losses, to reduce physical drudgery and to retain youth in farming.
- 4.b). To encourage custom hiring of agriculture equipments by SHGs, farmers clubs by subsidizing. Encourage local grain storage facilities by Panchayaths.

## 5. PRICE AND DEVELOPMENT ISSUES – IMPLIMENTATION OF NCF REPORT.

- 5.a). MSP to be fixed at Cost plus 50% .To provide adequate resources for implementation of NFC Report (Prof. M.S. Swaminathan Recommendations).
- 5.b). To evolve long term export policies for all commodities.
- 5.c). Encouraging consumption of processed & ready to eat foods

## 6. WELFARE & EMPOWERMENT OF FARMERS

- 6.a). To consult and involve farmers organization in policy formulation and implementation. Establishing commodity interest groups and involving in procurement, organizing service centers and linking with market change. Financial assistance given to SHG groups to be extend to CIGs.
- 6.b) To provide old age pensions to all farmers after 60 years age.
- 6.c). Empowerment of Panchayathraj in Rural activities / programs.

**\*\* For Further details Refer**

**: [www.indianfarmers.org](http://www.indianfarmers.org)**

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