



**PARLIAMENT MEMBERS
FARMERS FORUM**



**CONSORTIUM OF INDIAN
FARMERS ASSOCIATIONS**

POST BUDGET DISCUSSIONS

(13th March 2008 - New Delhi)

**SUSTAINABLE AND INCLUSIVE GROWTH IN FARM SECTOR
(XIth FIVE YEAR PLAN)**

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VISION

CIFA, is a national farmers apex body representing independent farmers associations from all parts of the India. CIFA envisages farmers empowerment through achieving economic growth and social equity and reduce disparities between urban and rural, organized and unorganized sectors. In acts as a catalyst for unifying the farming community by developing consensus on issues and programs. Its endeavour to protect the interests of the farmers from the neglect of Governments and exploitation of the organized sectors. It aims to build global standards of Agri sector.

PROGRAMS

1. Establishing commodity Interest Groups, Co-operatives and network them at different levels. Encouraging contract farming and commodity trading.
2. Work with Governments and other institutions in development programmes.
3. Partnership with market chains, processing & input industry & Exporters.
4. Working with International farmers and development organizations - IFAP, FAO, World Bank & others
5. Work on social issues - dowry, un-touchability etc.
6. Working with Parliament Members Farmers Forum (PMFF) and other like minded organisations.

21st CENTURY INDIAN AGRICULTURE CHALLENGES & STRATEGIES

OBJECTIVES

1. To achieve Agriculture productivity - Parity - and - Price.
2. To sensitize and build consensus on Farm Sector growth.

Problem 1: Centralized planning and non involvement of farmers and Panchayat Raj

Suggestions A: To involve farmers organizations and Panchayats in preparing block/local agricultural planning.

B: To democratize market yards, co-operatives, water users Associations, and electricity distribution.

C: To empower farmers to head commodity boards (Coffee, Tobacco, Spices etc.)

D: To provide statutory representation to producer farmers on the board of directors of private processing industries (Sugar, Milk, Jute, Oil, Rice Mills etc.)

E: To provide representation to farmers in the banks, FMC and other institutions.

F: To establish State and National Level commodity advisory boards.

G: To encourage water marketing by the farmers

Problem 2: Market reforms

Suggestion A: To encourage implementation of contract farming (APMC).

B: To encourage Commodity Trading

C: To encourage establishment of private market yards.

Problem 3: Legal reforms

Suggestion A: To abolish Essential Commodity Act.

B: To remove Revenue Recovery Act.

C: To Reorient Tenancy Act.

Problem 4: To Make correction in Subsidies

Suggestions A: To provide direct fertilizer subsidy - through fertilizer coupons

B: Public distribution subsidy - To prove food coupons

C: Food Corporation Subsidies - To encourage Panchayats to have own godowns and distribution.

Problem5: Long term agricultural policies

Suggestions A: To fix specified export target for each commodity.

B: To encourage favourable ethanol production and blending and pricing policy.

C: To liberalize processing policies for commodities.

Problem 6: Private sector role in Rural and agriculture programmes.

Suggestions A: To provide tax incentive to private sector investment in agriculture research, extension and farmers training.

B: To incentivewise private sector investment in rural health, education and social activities.

C: To incentivewise Agriculture news, Publication and audio visuals (T.V.)

D: To incentivewise NRIs investments donations in the above sectors.

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I. Introduction:

a. **Macro Analysis of Farm Sector** : At macro level Indian agriculture is successful. Gross sown area of 118.75 Million Hectares (mh) during the year 1950-51 is increased to 190.64 mh by 2003-04. Area of 13.15 mh sown more than once in a year during 1950-51 is increased to 49.76 mh by 2003-04. Gross irrigated area of 22.56 mh during 1950-51 is increased to 76.82 mh by 2003-04. Area of 1.71 mh irrigated more than once during 1950-51 is increased to 21.71 mh by 2003-04.

Similarly yields of food grains of 522Kg/Hect during 1950-51 is increased to 1727Kg/Hect by 2003-04. Production of food grains of 50.82 Million Tonnes during 1950-51 is increased to 213.19 Million Tonnes by 2003-04. Thus the Indian agriculture is successful and occupied the following positions in the world scenario.

- 1st in milk production.
- 2nd in respect of Wheat and Rice.
- 3rd in production of Cotton, Groundnut and Fruits.
- 4th in Sugarcane and Potato.

b. **Micro Analysis of Farm Sector**: At micro level indebtedness of farmers is increased and they are resorting for committing suicides. The Economic gap between Rural and Urban is enlarged. Farm sector is proved to be un-remunerative. Rural youth are migrated to urban areas. This situation has not fallen as a **BOLT** from **BLUE**. It is due to continuous neglect of farm sector by successive governments from the year 1994-1995.

The first Prime Minister of India Pandit Jawaralal Nehru stated that “ Everything can wait ... But not agriculture.” Unfortunately, in practice... Agriculture alone is made to wait and its out come is acute crisis in the Sector. The policy fatigue and impaired governance contributed for the present dismal state of agriculture in the country. The working groups constituted by the NDC sub committee on agriculture and also National Farmers Commission were critical over the situation explained above.

The reports observed that acute crisis in the sector are the symptoms of deep seated maladies arising from in-adequate public investment.

III. CIFA Initiatives:

The advocacy and lobbying programmes pursued by CIFA have sensitized policy makers, their out look over farm sector is enlarged, thinking and rethinking on farmers welfare programmes are moving in the right direction. In the process the Consortium of Indian Farmers Associations (CIFA), New Delhi organized National Farmers conference (Pre Budget Meeting 2008-09) on 12th & 13th December, 2007 at Hyderabad. 1000 Farmers Leaders and farmers delegates from 23 States of the country participated in the conference. Representatives of Public, Private, Banks, World Bank, Research Institutes and other organizations concerning with agriculture and allied activities also participated. The farmers leaders and farmers delegates formed into Commodity Interest Groups, interacted on the problems confronted by specific group. Based on the deliberations and resolutions passed in the conference the following actions points were presented to the GOI.

1.a. **Infrastructure development and public investment being the booster engines of agri growth, budget allotments to be doubled to Rs. 24,000 Crores under Agriculture & Rural development and to Rs. 22,000 Crores under accelerated irrigation development.**

The share of Agri sector in national income sharply declined by 2/3rd 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. Between 1994-5 and 2003-4, the per capita real income of the agriculture-dependent population increased by only 5 percent in absolute terms, which amounts to virtual stagnation. When per capita real income for the

country as a whole has been growing at a rate well in excess of 4 percent per annum on average, a vast majority of its population, almost 60 percent of it, was witnessing a virtual stagnation in its per capita real income.

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 process. 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 can not allow majority of people feeling left behind and weeping.

1.b. Water Shed development - to develop 35 lakh Hectares allot Rs. 1,500 Crores

Consequent on in discriminate exploitation of ground water the irrigation sources are badly affected and there is immediate need to improve the ground water level, by developing innovative water harvesting structures like Check Dams etc.

- It is suggested to make additional budget allotment of Rs. 1,500 Crores.

1.c. Restoration of all water bodies - to allot Rs. 10,000 Crores

Majority of water bodies (Tanks & Kuntas) are located in rain fed areas. Due to continued negligence in maintenance of such water bodies ground water level in the catchment areas is very badly affected. Besides, the area under the command of such water bodies left fallow for a long time. The drinking water sources are also affected.

- It is suggested that additional budget allotment may be made for restoration of all water bodies in the country.

1.d. 1 Million farm ponds - to allot Rs 5,000 Crores

Under rain fed conditions the crop failure is mainly due to dry spell at the critical period of the crop. Hence, the farm ponds

are suggested for harvesting rain water and storing to provide water to the crop at the critical period.

- It is suggested to provide additional allotments for implementing digging farm ponds programme by linking with NREGS.

2. Productivity Issues

2.a. Soil health rectification and retention under Public Private Partnership (PPP) Rs. 240 Crores

Consequent on use of excessive chemical fertilizers and not following rotation of crops, the soils are badly degraded and needs immediate treatment to rectify and retain soil health. The International, National, research institutions and commissions appointed for the welfare of farmers emphasized the need of upgrading soil health.

- It is suggested to press into advanced mobile soil, water, leaf testing laboratories at 2 per district for 600 districts at Rs. 30 Lakhs each under Public Private Partnerships for upgrading and retaining soil fertility with in a time bond programme with accountability and liability.

- **2008-09 budget allotment suggested Rs360 Crores**
(2 x 600 x Rs. 30 Lakhs = 360 Crores)

2.b. Total seed replacement by providing high yielding certified seed - Rs. 10,000 Crores

Seed plays vital role in the enhancement of the agriculture production along with maintaining quality of agricultural produce. Consequent on usage of sub standard and spurious seed resulted stagnation in the yields. National, International and various commissions appointed for development of agriculture (including Prof. M.S. Swaminathan Report) suggested 100% seed replacement to enable to provide food security.

- It is suggested that additional budget allotment may be made for provision of certified seed for all agriculture holdings in the country.

2.c. Use of organic fertilizers, Compost and micro nutrients - Required allocation Rs. 5,000 Crores.

Encouraging organic production and usage is conducive for environmental protection and also reduction of pollution in urban areas. This process is labour intensive and urban waste conversion is expensive due to mechanization and taxation.

- A new programme should be designed, wherein farmers who use organic source of nutrients be provided 50% of the labour cost.
- This programme should also be linked to NREGP.
- Bio fertilizers and bio pesticides should be encouraged by making them free of all taxes.
- The prices of bio fertilizers and bio pesticides should be rationalized.
- Excise relief to composting equipment and machinery using urban and agriculture waste.
- A total allocation of Rs. 5,000 crores is suggested for this sector which cover subsidy on bio fertilizers and bio pesticides (Rs. 1000 crores), cash incentives to farmers raising green leaf manure (Rs. 1000 crores) and capital subsidy/ 50% reimbursement of labour cost for all farmer and excise waiver on compost equipment & machinery

2.d. Curtailing crop losses due to pests and deceases in the states where pesticides are not used, like Orissa, Jharkhand.

Some of the backward states are not aware of using pesticides for saving crops from pests and diseases. Such states should be provided pesticides with full subsidized cost to enable to increase production and meet food security.

- It is suggested additional budget allocation for this purpose.

3. Taxes Issues

3.a. Taxes on all Agri inputs, machinery and equipment to be Waived, to reduce physical drudgery and to retain youth in farming.

The cost of Agricultural inputs viz., Seed, Fertilizers, Pesticides, Drips, Agricultural implements bullock and machine driven are abnormally increased due to levy of various taxes by GOI and State Governments. Further there is large gap between the production and sale prices of inputs in the absence of transparent mechanism in arriving production cost and fixing prices.

- To bridge large gap, reduce production costs of agricultural commodities and to attract youth towards farming it is suggested to waive all taxes on agricultural inputs, agricultural machinery and equipment.

3.b. To encourage custom hiring of agriculture equipments by Panchayats, SHGs, farmers clubs by subsidizing hire charges.

Agriculture sector is facing acute agriculture labour problem due to migration of labour to towns and cities in search of better livelihoods. Consequently the farmers are required to depend on agricultural machinery for carrying out agricultural operations from sowing to marketing and incur huge expenditure towards agricultural machinery hire charges.

- It is suggested that modern agricultural equipment small and big may be provided to village Panchayats, Co-operatives, SHGs and farmers clubs at subsidized prices so that these agencies can provide the agricultural machinery to the farmers to enable the completion of agricultural operations timely. The subsidies may be directly passed on to the farmers who acquire agriculture machinery and equipment.

4. Extension Services

4.a. Agri extension to be strengthened through PPP

While presenting 2007-08 budget in the parliament the Hon'ble Finance Minister has rightly stated that agriculture extension is collapsed in the country. This resulted in indiscriminate use of fertilizers, pesticides, non adoption of rotation of crops, non adoption of innovative culture practices

and also pre & post harvesting technologies. There is immediate need to strengthen agriculture extension in Public, Private Partnership. It is necessary to strengthen agri extension under PPP with sufficient incentives.

➤ It is suggested to make additional allotment in the 2008-09 budget for the purpose. Media dealing with agri extension programmes may be provided incentives.

4.b. Sufficient budget be allocated for establishing 24 hours Kisan Channels in all Regional languages either by Government or through Private Public Partnership

4.c. Progressive farmers (organizations) in villages to be trained as para extension workers.

The progressive farmers are adopting innovative culture practices and reducing cost of cultivation, increasing yields, obtaining remunerative prices by following pre & Post harvest technologies and maintaining quality of yields. Replication of such technologies facilitate other farmers to benefit with such culture practices.

➤ It is suggested that progressive farmers may be further trained in innovative crop technologies, appointed as para extension workers and necessary additional budget allocation made in the 2008-09 budget.

4.d. The agri clinics and Agri business centers schemes may be modified to attract more entrepreneurs.

4.e. Agriculture research requires additional resource. The Government is requested to increase the budget allocation to agriculture research to 1% of the total resources. Private agriculture research be given incentives as Government alone can't meet the requirement.

5. Agricultural credit and crop insurance

5.a. Credit to all farmers, adequate and timely, without collateral security upto Rs 1 lakh at 4% rate of interest.

The total cropped area in the country is estimated at 190.64 Million Hectares. Similarly the total agricultural holding in the country are estimated at 160 Million. It is estimated

that 25% to 30% of agriculture holdings only are covered by inadequate agricultural institutional credit and balance 70% to 75% are depending on input dealers, traders and private lenders at higher rates of interest. The co-operatives which were extensively catering to the agricultural credit needs of farmers are now sick and unable to come to the rescue of farmers.

➤ It is suggested that holding wise agricultural credit requirements may be assessed, all holdings tagged on to one of the banks located in the area and provide hassle free adequate credit facility to all agriculture holdings based on scale of finance fixed for each crop and each purpose under short, medium and long term loans.

5.b. Debt burden of the farmers to be reduced as a one time measure.

During the last decade the farmers suffered huge crop losses due to natural calamities and their debt burden is enormously increased. Neither the crop insurance schemes or relief announced under drought and flood relief schemes rehabilitated the distressed farmers. This situation is prevalent in the whole country. Average debt burden of each farmer in the country is assessed about Rs. 15,000/-. The prices of agricultural commodities are not increased on par with the prices of various agricultural inputs. The debt relief schemes implemented by GOI during 2004 has not provided any relief since a farmer whose loan was rescheduled under RBI package was required to pay Rs. 27,866/- for a loan of Rs. 10,000/-. This anomaly has already been brought to the notice of finance ministry and RBI. The relief schemes announced have helped the banks to clean their balance sheets but not the farmers since they were evolved without consulting the farmers organizations.

➤ It is suggested that farmer welfare centric debt relief scheme may be implemented in consultation with farmers organizations, by reducing debt burden of farmers (Short, Medium and long term loans).

5.c. When there is crop failure, interest to be waived, and when there are two crop failures both interest and principal to be waived. A special fund to be created for this purpose.

A long term policy is required to be evolved to come to the rescue of farmers when they are affected by crop losses due to natural calamities. It is suggested that a special fund may be created to meet such eventualities without charging relief expenditure under regular agriculture sector budget.

- It is suggested to evolve a policy for waiving interest if farmer suffers one crop loss and total loan (Principal and Interest) waiver when farmer is affected by two crop losses

5.d. Crop Insurance and Varsha Bhima to all farmers, village as a unit and prompt settlement of claims.

The crop insurance schemes which are under implementation are not providing any relief to the farmers when they suffer crop losses due to higher premium, non coverage of all risks, cumbersome methodology adopted in settlement of claims, delay in indemnifying crop loss claims and not adopting village as a unit for assessing crop losses.

- It is suggested to evolve farmer friendly crop insurance/ Varsha Bhima schemes with subsidized premium, taking village as a unit, prompt settlement of claims taking actual crop loss into consideration without adopting previous years average and threshold yields etc., into consideration. A fund may be created for the purpose so that expenditure under crop insurance should not be a charge on the regular budget.

6. Rural Grain Storage

Million grain rural storage units at a cost of Rs. 5,000 crores, (including cold chain) by encouraging Panchayaths, SHGs, Commodity Groups, cooperatives with working capital and incentives.

Grain storage space is a major limitation today, forcing farmers for distress sale. Adequate storage space should be created in identified village clusters at a total cost of Rs. 5,000 crores.

- This programme should be taken up on a PPP basis, out of which Rs. 4,000 crores may be allocated to storage structures and Rs. 1000 crores on training and capacity building.

7 MSP related Issues

MSP to be fixed at C2 cost plus 50%, establishment of price stabilization fund.

MSP plays crucial role in obtaining remunerative price by farmers for agricultural commodities. Directorate of Economics and Statistics (DES), New Delhi obtains data regarding costs of cultivation of various crops from the centers working under the Agricultural Universities of concerned states for which the work is entrusted by Commission for Agricultural Costs and Prices (CACP), New Delhi. In this context it is noticed that large number of field assistant posts are vacant and there is no transparency in the data collected. The computation of costs regarding family labour & bullock power and other parameters adopted have no relevance with the cost of cultivation actually incurred by farmers. Further it is observed that data pertaining to previous years is adopted for current year with out giving cognizance to the increase in the cost of inputs.

- It is suggested that the whole system to be revamped and transparent procedures introduced by involving and inducting more farmers into the system as recommended by Prof. M.S. Swaminathan to enable the farmers to obtain remunerative prices. Required budget allotments be made for the purpose.

- It is suggested to strengthen marketing intelligence and intervention programmes to enable farmers to obtain remunerative prices. Price stabilization fund may be established.

8. Farmers Welfare :

Father of our Nation, Mahatma Gandhi has said that "India lives in villages. If villages flourish India

flourishes.” Accordingly policy initiatives should be in that direction.

To create Farmers welfare fund to cover health and old age pension.

When the farmer reaches advanced age, he is susceptible to accidents while involving in agricultural operations and variety of health problems. It is suggested to evolve a scheme to cover health accidents and old age pension on attaining 60 years of age.

- It is suggested to created farmers welfare fund to meet expenditures of farmers old age pensions, health and accidents.

9. Farmers Empowerment

To consult and involve farmers organizations in the matters of policy formulation and plans and schemes implementation.

It is observed that many of agriculture development programmes evolved by GOI and State Governments could not be successfully grounded and targets achieved viz., Vidharbha Scheme, 2004 RBI agriculture loans reshedulement package, Water saving devices schemes and agricultural machinery schemes due to defective formulation of schemes without involving farmers organizations and taking into the grass root level situation and implementing mechanism into consideration.

- It is suggested that farmers organizations may be involved in the matters of policy formulation, plans and implementation of schemes at all levels so that farmers organizations views can be taken into consideration and schemes grounded successfully for the welfare of farmers.

10. Long term policies for exports and processing

10.a Exports

Government is importing wheat, Edible Oil etc., at high cost. Even though production opportunities are available with in the country. Sugar exports were banned during 2006 inspite of having huge stocks in the country. The import policies are arbitrary and are harmful to the interest of farmers.

- It is suggested that Long term export policies be evolved, in consultation with farmers organizations.

10.b. Processing

Ready to eat and ready to cook foods have become essential for all people. Processing industry encourages contract farming. However, high taxation has made the products out side the reach of common man.

- It is suggested that nominal taxation policy be evolved to make processed foods accessible to common man.

11. Implementation of NFC Report (Prof. M.S. Swaminathan Report)

The UPA government during 2004 appointed National Farmers Commission headed by Prof. M.S. Swaminathan to study the crisis in agriculture sector and suggest ways and means for achieving 4% growth rate in agriculture sector. The commission has submitted five exhaustive reports (Final Report during October, 2006) in the matter suggesting additional budget allocation under each agricultural development programme. Based on those recommendations the GOI announced National Policy for Farmers - 2007. It is observed there from that the State Governments were advised to prepare operational plans at district level, where as the NFC Report suggested specific action points with necessary budget allotments. Similar National Policy was also announced during the year - 2002 and no progress could be achieved in the absence of increase in public investments in Agriculture sector. The recommendations of NFC made are in the nature of short, medium and long term action plans. Reduction in production costs, increase in

yields and remunerative prices to agricultural commodities are of priority nature.

- It is suggested that necessary additional budget allotments along with policy changes may be made in the 2008-09 budget while providing resources for meeting the expenditure under various other recommendations made in the NFC Report.

12. Strengthening of farmer groups

As 67% of our land holdings in the country are small and marginal in nature. Their marketable surplus would be limited and there by they are resorting for distress sale to a local agent, input supplier are local money lender. In order to achieve a fair price for his production.

- It is suggested to organize farmers groups on commodity basis and strengthen them through collective action in procurement of inputs and selling the produce at their end. The SHG experience can be extended to the farmer groups by allocating additional funds in 2008-09 budget.

III. GOI Budget 2008-09 - Farm sector:

Mr. P. Chidambaram, the Hon'ble Finance Minister, GOI, while presenting budget for the year 2008-09 in the Parliament on 29.02.2008 announced the following relief's and agricultural development programmes.

1. Waiver of Agricultural loans:

- a. All agricultural loans disbursed by scheduled commercial banks, regional rural banks and cooperative credit institutions up to March 31, 2007 and overdue as on December 31, 2007 will be covered under the scheme.
- b. For marginal farmers (i.e., holding upto 1 hectare) and small farmers (1-2 hectare), there will be a complete waiver of all loans that were overdue on December 31, 2007 and which remained unpaid until February 29, 2008. In respect of other farmers, there will be a one time settlement (OTS) scheme for all loans that were overdue on December 31, 2007 and which remained

unpaid until February 29, 2008. Under the OTS, a rebate of 25 percent will be given against payment of the balance of 75 per cent.

- c. Agricultural loans were restructured and rescheduled by banks in 2004 and 2006 through special packages. These rescheduled loans, and other loans rescheduled in the normal course as per RBI guidelines, will also be eligible either for a waiver or an OTS on the same pattern.
- d. The implementation of the debt waiver and debt relief scheme will be completed by June 30, 2008. Upon being granted debt waiver or signing an agreement for debt relief under the OTS, the farmer would be entitled to fresh agricultural loans from the banks in accordance with normal rules.
- e. Government estimates that about three crore small and marginal farmers and about one crore other farmers will benefit from the scheme. The total value of overdue loans being waived is estimated at Rs.50,000 crore and the OTS relief on the overdue loans is estimated at Rs.10,000 crore.

2. Agricultural Credit:

- a. For 2008-09, a target of Rs.2,80,000 crore is fixed.
- b. The Prof. Vaidyanathan Committee's report on reviving the short-term cooperative credit structure is under implementation in 17 States. So far, a sum of Rs.1,185 crore has been released by the Central Government to four States. The Central Government and the State Governments have reached an agreement on the content of the package to implement the Prof. Vaidyanathan Committee's report on reviving the long-term cooperative credit structure. The cost of the package is estimated at Rs.3,074 crore, of which the Central Government's share will be Rs.2,642 crore or 86 per cent of the total burden.

c. A fund of Rs.5,000 crore in NABARD to enhance its refinance operations to short term cooperative credit institutions.

3. Subvention (2%) on short-term crop loans to continue:

a. Short-term crop loans will continue to be disbursed at 7 per cent per annum and an initial provision of Rs.1, 600 crore for interest subvention is made in 2008-09 budget.

4. The Rainfed Area Development:

a. The Rainfed Area Development Programme has been finalised and will be implemented in 2008-09 with an allocation of Rs.348 crore. Priority will be given to those areas that have not been the beneficiaries of watershed development schemes.

5. Micro Irrigation:

a. The centrally sponsored scheme on micro irrigation launched in January 2006 has brought an area of 548,000 hectare under drip and sprinkler irrigation within two years. An allocation of Rs.500 crore for the scheme is made in 2008-09 budget with a target of covering another 400,000 hectare.

6. Horticulture Development:

a. The National Horticulture Mission (NHM) now covers 340 districts in 18 States and two Union Territories. An area of 276,000 hectare has been brought under horticulture crops and an area of 56,000 hectare of old plantations has been rejuvenated. Special thrust is being given to the revival of crops such as coconut, cashew and pepper. NHM will be provided Rs.1,100 crore in 2008-09.

7. Plantation Crops:

a. The Special Purpose Tea Fund set up last year for re-plantation and rejuvenation will be provided Rs.40 crore in 2008-09. Funds are provided for similar support to other plantation crops such as cardamom (Rs.10.68 crore), rubber (Rs.19.41 crore) and coffee (Rs.18 crore).

A crop insurance scheme for tea, rubber, tobacco, chilli, ginger, turmeric, pepper and cardamom will be introduced next year.

b. In order to promote research on matters concerning the plantation sector, a one-time grant of Rs.5 crore to the Centre for Development Studies, Tiruvananthapuram is made. The Tocklai Experimental Station at Jorhat of the Tea Research Association will celebrate its centenary in 2010. It is in the process of upgrading its facilities and expanding its activities to cover other North Eastern States, North Bengal and Darjeeling. A special centenary grant of Rs.20 crore to the Tea Research Association is made.

c. The National Plant Protection Training Institute at Hyderabad will be converted and upgraded into an autonomous National Institute of Plant Health Management with budgetary support of Rs.29.4 crore.

8. Crop Insurance:

a. Pending a decision on an alternative crop insurance scheme that is acceptable to the farmers as well as viable to the insurer, the National Agriculture Insurance Scheme (NAIS) will be continued in its present form for Kharif and Rabi 2008-09. An amount of Rs.644 crore is provided for the scheme in 2008-09 budget.

b. In addition, the Weather Based Crop Insurance Scheme that is being implemented as a pilot scheme in selected areas of five States will be continued. An amount of Rs.50 crore for this purpose is provided in 2008-09 budget.

9. Water resource:

a. Government is investing heavily in the Accelerated Irrigation Benefit Programme (AIBP) and the Rainfed Area Development Programme and in the management and augmentation of water resources. Under AIBP, 24 major and medium irrigation projects and 753 minor irrigation schemes will be completed in this financial

year, creating additional irrigation potential of 500,000 hectare. The outlay for 2007-08 was Rs.11,000 crore with a grant component of Rs.3,580 crore. These are being increased in 2008-09, and the estimated outlay is Rs.20,000 crore with a grant component of Rs.5,550 crore.

- b. While these ongoing programmes will raise the level of investment in agriculture, we need an ambitious scheme of a much larger proportion. Government is of the view that massive investments are required to be made in irrigation projects. Recently, Government has approved 14 projects that satisfy certain criteria as national projects and three of them alone would require Rs.7,000 crore during the Eleventh Plan period. Having regard to the magnitude of the challenge, it is proposed to establish the Irrigation and Water Resources Finance Corporation (IWRFC) with an initial capital of Rs.100 crore contributed by the Central Government. State Governments and other financial institutions will be invited to contribute to the equity. It is Government's intention to mobilise the very large resources that will be required to fund major and medium irrigation projects. It is proposed to incorporate IWRFC as a company before March 31, 2008.

10. Fertilisers Subsidy:

- a. Government will continue to provide fertilisers to farmers at subsidized prices. Government is examining proposals to move to a nutrient based subsidy regime and alternative methods of delivering the subsidy.

11. Mobile Soil Testing laboratories:

- a. 500 soil testing laboratories will be set up in the public and private sectors during the Eleventh Plan period with Government assistance of Rs.30 lakh per laboratory. In addition, A one-time allocation of Rs.75 crore to the Ministry of Agriculture is made in order to provide one fully-fitted mobile soil testing laboratory each to 250 districts of the country before March 2009.

12. Tax reliefs :

- a. In order to reduce the cost of manufacture of cattle and poultry feeds, it is proposed to reduce the duty on vitamin premixes and mineral mixtures from 30 per cent to 20 per cent and on phosphoric acid from 7.5 per cent to 5 per cent.
- b. The duty on bacto-fuges will be reduced from 7.5 per cent to nil. This will increase the shelf life of milk and benefit the dairy industry.
- c. In order to support domestic fertiliser production, it is proposed to reduce the customs duty on crude and unrefined sulphur from 5 per cent to 2 per cent.
- d. To further encourage cold chain facilities, it is proposed to exempt from excise duty, on end-use basis, refrigeration equipment (consisting of compressor, condenser units, evaporator etc) above 2 TR (tonne refrigeration) utilising power of 50 KW and above.
- e. Agricultural income is exempt from income tax. However, courts have ruled that growing saplings or seedlings on land is agriculture but growing them in pots is not agriculture. This does not seem fair. Hence, it is proposed to exempt from tax income arising from saplings or seedlings grown in a nursery.

IV. Advocacy and Lobbying initiatives of CIFA

The Advocacy and Lobbying initiatives of CIFA, resulted, obtaining farmer friendly budget allocations, relief measures and agriculture developmental programmes. The patient hearing on the part of Hon'ble Ministers, GOI, concerning agriculture & allied activities and Hon'ble Parliament Members concerted efforts facilitated for obtaining the above sops.

The immediate concern before us is to ensure that the above relief's are reached to farmers and action plans are converted into developmental plans. Though the GOI has favourably considered some of farmers demands, there are lot to be considered for achieving sustainable growth in agriculture.

The task ahead before CIFA and the Hon'ble Parliament Members is to articulate some of the problems in grounding the sops at micro level. The specific issues to be taken up are discussed hereunder:

1. The farmers whose holdings are below 5 acres (2 hect) are eligible for relief under waiver scheme announced by GOI. This will be likely working against the interest of farmers particularly in backward areas. The NABARD based on the classification pattern of lands has already defined small farmers. As per NABARD definition the holdings of small farmers differ from State to State and District to District. Therefore, there is need to reconsider five acres norm fixed under waiver scheme and revise holding norms as per the definition of NABARD to enable to eliminate disparities.
2. The agricultural loans obtained before 31.03.2007 are alone eligible under waiver scheme for relief. The Kharif 2006 crop loans borrowed by farmers are required to be repaid before 31.03.2007. The Kharif 2007 starts from 01.04.2007 to 30.09.2007. Accordingly the farmers have repaid their Kharif 2006 loans during Kharif 2007 season (from 01.04.2007 to 30.09.2007) and borrowed fresh loans. As per the waiver scheme of GOI the farmers who have repaid the loans during Kharif 2007 season are not eligible for relief under the scheme. Therefore, the GOI is required to consider all loans borrowed up to 29.02.2008 for relief under waiver scheme.
3. All the banks put together in the country provide only 25% to 30% of agricultural credit required by farm sector. The balance credit needs are from private money lenders, input dealers and traders. Therefore, 70% to 75% of farmers are eliminated from the waiver scheme. The GOI is required to considered relief to the farmers who availed private loans also.
4. The farmers who are prompt in re-paying bank loans are not covered under the waiver scheme. The GOI is required to consider certain incentives to such farmers

to inculcate the habit of prompt repayment among farmers.

5. The tenant farmers also are not covered under the scheme. The GOI is required to consider claims of tenant farmers.
6. The 2% subvention offered by GOI in the rate of interest on agricultural loans applies to only crop loans. The debt burden among farmers is high in the case of medium and long term loans borrowed for digging of wells, bore wells, agricultural machinery and allied activities. In the case of crop loans the farmer can pay interest and get the crop loan renewed. But in the case of medium and long term loans there is no such facility, hence the debt burden on the part of farmers of such loans is increased and they are resorting for committing suicides. Therefore, the GOI is required to consider to reduce rate of interest on all agricultural loans (Short, Medium and Long term) to 4% as recommended by Prof. M.S. Swaminathan.
7. The relief's under 2004 RBI agriculture loans reschedule package and Vidharbha Schemes were not benefited distressed farmers since they were evolved unilaterally without consulting and involving farmers organizations. Therefore, it is necessary to involve farmers organizations in implementing the GOI packages with a view to ensure that sops reach the farmers.
8. There are about 11.56 crore agricultural operational holdings in the country. An extent of 190.64 Million Hect is the cropped area under those holdings. If the credit requirement of these holdings is assessed as per the scale of finance fixed for various crops and unit cost fixed for various term loans the total agricultural credit requirement is assessed at Rs. 10 Lakh Crores. The megre target of Rs. 2,80,000 Lakhs will force the farmers for private lendings. Therefore it is suggested to tag on all holdings to the one of the banks located in the area for providing all credit needs of farmers through

Kisan Credit cards fixing loan eligibility depending on the land held by farmers.

9. Agricultural Credit dispersal through agro processing institutions:

- a. Rice, Oil, Dal mills.
- b. Retail Chains.
- c. Fruit processing units.
- d. SHGs, Water Users Associations, Lift Irrigation Societies.

10. The sops announced in the budget for farm sector are mainly dealt with debt burden and rehabilitation programmes. The budget is silent over sustainable growth in the farm sector for achieving 4% growth rate in XIth Five Year Plan.

11. The 2008-09 budget is estimated at Rs. 7,50,884 Crores. Out of the total budget estimates an allocation of Rs. 68,146.66 Crores is allocated for Agriculture and Allied Activities. The allocation made to agriculture sector constitute only 9.07%. Thus the meagre allocation appears to be helpless to achieve 4% growth rate.

12. The Hon'ble Parliament members are requested to use their good offices both in Parliament and Ministries concerned with Agriculture and Allied Activities to enable to obtain additional allocations for the Agriculture developmental programmes listed above and also discussed in the following paragraphs to enable to achieve sustainable growth in farm sector during XIth Five Year plan.

V. THE WAY FORWARD:

Dr. Manmohan Singh, P.M. of India, while addressing the nation on 15th August 2007, stated that "Farmers are the backbone of our Nation. Unless they prosper the Nation can not prosper. I reassure our farmers that their welfare lies at the core of our concerns." Thus the

policy initiatives are required, to convert P.M.'s views into reality.

What is needed is requisite awareness of relevant issues on the part of decision-makers at the State and Central level and, above all, the political will to act decisively and accord high priority to agriculture.

The Parliament Members Farmers Forum is the right forum for sensitizing Parliament Members on the above issues and also the following suggestions to bring pressure on policy makers for allotting higher budget allocations for agriculture sector for reviving and placing it on a high growth path.

The programmes incorporated in the National Policy for Farmers, 2007 have not created confidence among farmers as its tone and tenor lacks vision and mission particularly commitment to rehabilitate and provide relief to distressed farmers and achieve 4% growth rate in agriculture sector. It is pertinent to observe that no definite agricultural development programmes, additional budget allocations with accountability and liability are contemplated in the NPF, 07.

Keeping the above in view, the Parliament Members are required to bring pressure over policy makers by actively participating in Parliament debates pertaining to agriculture and obtain higher budget allotments for farm sector to achieve sustainable and inclusive growth.

VI. ACTION POINTS FOR ACHIEVING THE GOALS:

1. To improve the economic viability of farming by ensuring that farmers earn a "minimum net income", and ensure that agricultural progress is measured, by the advance made in improving that income. Focus more on the economic well-being of the women and men feeding the nation than just on production.
2. To ensure nation's food security and self sufficiency.
3. Relieving the farmers from debt burden.
 - a. One time loan waiver scheme be implemented to bail out distressed farmers from debt burden.

- b. Constitution of agricultural stabilization fund to provide relief to the farmers affected by natural calamities and provision for old age pension.
 - c. This fund should be operated by a statutory autonomous body headed by a farmers leader.
4. Providing remunerative prices in place of support prices.
 - a. The support prices announced by GOI for agricultural commodities have no relevance with cost of cultivation incurred by farmers.
 - b. No transparency in the computation of cost of cultivation.
 - c. Harvesting, Transport and Marketing expenditure should be taken into consideration while computing costs of cultivation.
 - d. The CACP should be revamped and transparent procedures introduced by involving and inducting more farmers into the system.
 5. Productivity issues.

The following programmes be implemented through Public, Private, Partnerships (PPPs) by offering tax relief's and incentives.

 - a. Soil health rectification and retention should be carried out on war footing basis by introducing mobile soil testing laboratories and evolving sustainable systems for regular carrying out of the soil test.
 - b. Seed is crucial input for obtaining higher and quality yields. Plans should be evolved for 100% certified seed replacement.
 - c. Timely supply of adequate fertilizers and pesticides should be ensured for achieving sustainable productivity.
 - d. Agriculture extension services should be strengthened.

6. Pre & Post harvest technologies.

The following programmes be implemented through Public, Private, Partnerships (PPPs) by offering tax relief's and incentives

 - a. Innovative pre and post harvest equipment and technologies should be introduced for containing crop losses.
 - b. Cold storage facilities be provided for enhancing shelf life of the produce.
7. Marketing issues.

The following programmes be implemented through Public, Private, Partnerships (PPPs) by offering tax relief's and incentives

 - a. The existing marketing system dominated by middlemen is working against the interest of farmers.
 - b. The whole marketing system should be revamped by constituting elected managements with stake holders by involving farmers organizations.
 - c. Provision for Processing, value addition and infrastructure for exports should be provided at market yards.
8. Agricultural Credit.
 - a. Agricultural credit is critical input for carrying out agricultural operations from sowing to marketing.
 - b. Adequate and timely credit should be provided by banks to prevent farmers from resorting private borrowings, with out insisting security or collateral security for loans up to Rs.1,00,000.
 - c. All agricultural holdings in the country should be tagged on to one of the banks in the area and credit requirements of agricultural holdings under its jurisdiction should be taken care by the designated bank.

- d. Affordable rate of interest should be charged without any service charges etc.
 - e. The co-operatives played catalyst role in providing agricultural credit to farm sector. Due to intrusion of politics and government interference, in the day to day administration, they have become sick. They should be revamped by providing financial support as recommended by Prof. A. Vaidyanathan.
9. Crop insurance Schemes.
- a. The existing crop insurance schemes are not coming to the rescue of farmers due to cumbersome procedures involved in settlement of crop loss claims.
 - b. Crop insurance schemes should be evolved by making village as a unit, covering all risks from sowing to marketing, with affordable premium and provision for quick settlement of crop loss claims, taking the current years loss into consideration.
10. Public sector outlay for agriculture should be increased based on agriculture sector's contribution to GDP and also the percentage of population depending on the sector.
11. Outlay for Agriculture Research and Development (R & D) should be raised to 1% of agriculture GDP.
12. Research priorities need to shift towards enhancing the yield potential in the rain-fed area by inventing drought and pest resistant varieties.
13. The research road map should be restructured by involving State Agriculture Universities to make research responsive to the needs of farmers.
14. On going major and medium irrigation projects should be completed in a time bound programme by allocating

necessary funds and also modernization of existing systems to improve distribution network.

15. Farmers who invest huge capital for tapping underground water should be provided free electricity.

VII. Policy issues:

- A. Agriculture including irrigation should be included in the concurrent list.
- B. Agriculture should have separate budget like railways.
- C. River linkage programme should be taken up with necessary budget allocation as in the case of Bharat Nirman Programme.
- D. Farmers organizations should be consulted while taking major decisions regarding agriculture sector.
- E. The managements of Public and Private sector organizations operating in agriculture related projects should comprise of farmers representative.
- F. Long term export policy should be evolved and implemented to create confidence among importers about continuous supplies.
- G. Grass root level Panchayat Raj Institution should be involved in planning process, GOI to release funds directly to Zilla Parishads.
- H. Organic farming activity be encouraged by providing adequate resources and incentives.
- I. Encourage private sector investments in Rural Agriculture, Health and Education.

NAME OF FARMERS LEADERS

Sl. No.	Name	Mobile No.
1.	Shri. P. Chengal Reddy, Andhra Pradesh	098495 12600
2.	Shri K. Prabhakar Reddy,Andhra Pradesh	098663 99706
3.	Shri P.V.Subbaiah Choudary,Andhra Pradesh	098663 18309
4.	Shri.D. Rama Krishna Reddy,Andhra Pradesh	098666 37281
5.	Shri Nagi Reddy, Andhra Pradesh	098480 43377
6.	Shri A. Bhavani Prasad,Andhra Pradesh	094404 22999
7.	K. Rama Subba Reddy, Andhra Pradesh	098663 21708
8.	Shri Harshvardhan, Bihar	094310 15861
9.	Shri. Chandra Sekhar Sahu, Chattisgarh	094252 05610
10.	Shri Sanat Mehta, Chairman, Gujarat	0265-2423282
11.	Shri Lal Shankar Upadhyay, Gujarat	098981 80222
12.	Shri Gurudayal Singh Malik, Haryana	098120 80465
13.	Shri Ravinder Chouhan, Himachal Pradesh	098160 58207
14.	Shri Ansal Hasda, Jaharkhand	06434 225354
15.	Ms. Sushmitha Saurin, Jaharkhand	06427-242042
16.	Shri Thakur Randhir Singh,Jammu&kashmir	094191 92677
17.	Shir. Baswaraj Ingini, Karnataka	094480 4733
18.	Shri Venkata Rao Nada Gouda,Karnataka	094484 55897
19.	Shri Baswaraj Tambake, Karnataka	094483 49823
20.	Shri Santa Kumar, Karnataka	094480 60640
21.	Shri. Vasudeva Rao, Karnataka	099454 94444
22.	Shri. Lakshmi Kant Reddy, Karnataka	094488 02264
23.	Shri. Siby Monipally, Kerala	094470 38988
24.	Shri Ananth Jawhari, Madhya Pradesh	07659 296238
25.	Shri. Ajay Kumar, Madhya Pradesh	093298 68850
26.	Shri Sapan Kanchan, Maharashtra	0944225 04002
27.	Shri. Kishore Tiwari, Maharashtra	094221 08846
28.	Ms. Isabella Pakma, Meghalaya	094361 07170
29.	Shri. Kathi Chishi, Nagaland	093129 77750
30.	Shri Gopal Pujari, Orissa	094373 76162
31.	Shri P.R. Somasundaram, Pondicherry	09445779889
32.	Shri Satnam Singh Behru, Punjab	098141 49077
33.	Shri Krishan Jakhar, Rajasthan	094140 91200
34.	Shri. Harish Choudary, Rajasthan	094147 66216
35.	Shri. Kanhaiya Lal, Rajasthan	094134 65995
36.	Shri A.M. Raja, Tamilnadu	094449 49183
37.	Shri Raja Chidambaram, Tamilnadu	094435 60093
38.	Shri Sangoivel, Tamilnadu	094441 66080
39.	Shri Thankachalem, Tamilnadu	094431 27251
40.	Shri R. Viridhagiri, Tamilnadu	098652 43222
41.	Shri. Ulhas Menon, UP&J, Tamilnadu	098422 30460
42.	Shri Yogesh Dahiya, Uttar Pradesh	094120 16863
43.	Shri Choudhary RamdashHewa,Uttar Pradesh	093193 01144
44.	Shri Arun Bakoo, Uttaranchal	098370 63183
45.	Ingram Ali, Uttar Pradesh	094150 05370
46.	Rajendra Lamba, Haryana	094160 41505
47.	Bharat singh, Rajasthan	074423 91564

Back Inner

HARD REALITIES OF INDIAN AGRICULTURE (ECONOMIC SURVEY 2007-08)

- Decline in over-all GDP rate from 9.6% (2006-07) to 8.7% (2007-08), owing to decline in growth rate of manufacturing and AG sectors.
- Decline in AG GDP rate from 3.7% to 2.6% during the same period as above., despite normal rain fall.
- Decline in rate of growth of food grains during 1990-2007 to 1.2%, Less than population growth of 1.9%
- Stagnation in food grain production 213 Mn tons (2003-04) - 217 Mn tons (2006-07).
- Decline in AG share of Gross Capital Formation from 10.2% (2001-02) to 5.8% (2006-07).
- Decline in AG loans from 18% (1980-81) to 8.7% (2004-05) as against mandated 18% every year.
- Slow growth of irrigated area at the rate of only 1.25% (1989-90 -2006-07).
- Decline in area under food grains over 16 year period from 1990-91, at an annual rate of 0.26%.
- Decline in the rate of NPK use from 8.2 (1980-81-90-91) to 2.3 (1995-97-2005-06).
- Increase in unemployment rate to 8.28%(2004-05) from 6.28% (1993-94).

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