



Role of Commodity Interest Groups (CIGs) in Agriculture Development and Farmers Welfare

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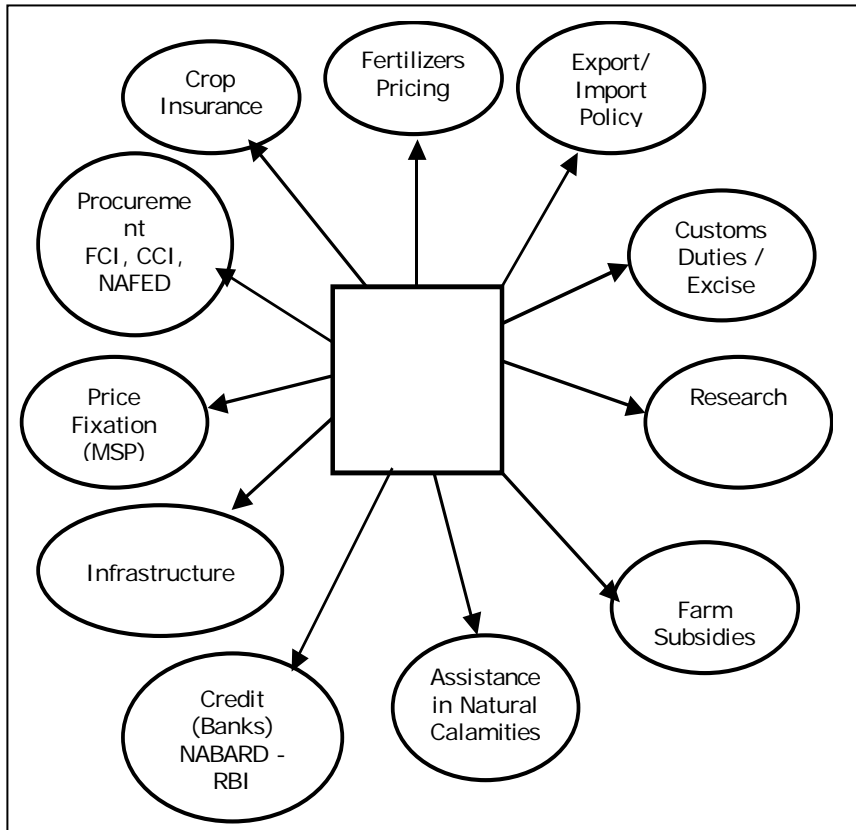
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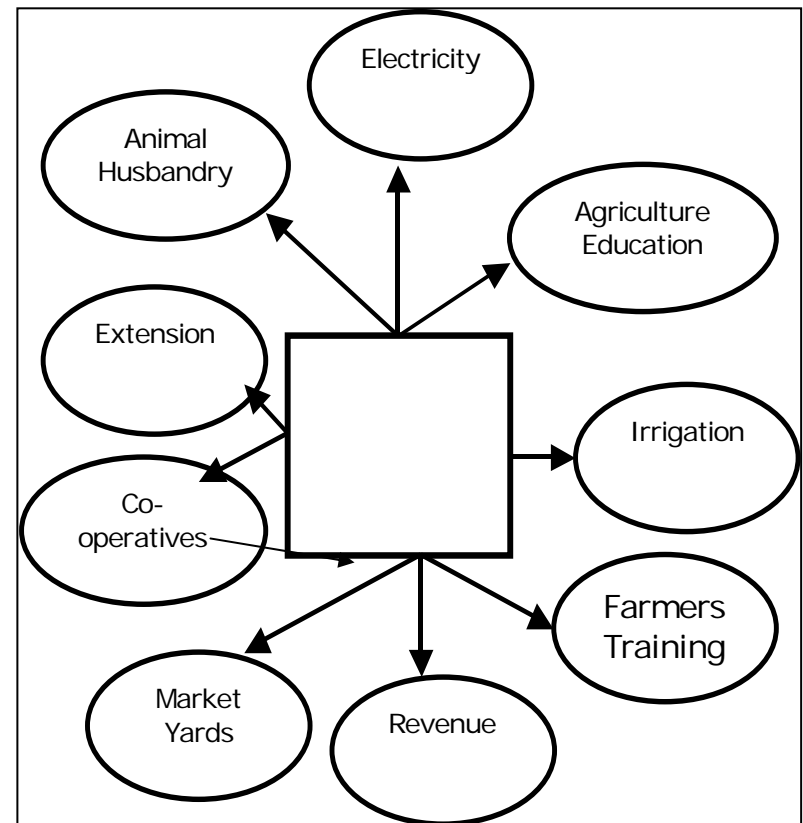
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Ministries & Departments involved in Agriculture Development and Farmers Welfare

MINISTRIES UNDER GOVT. OF INDIA



DEPARTMENTS UNDER STATE GOVERNMENT



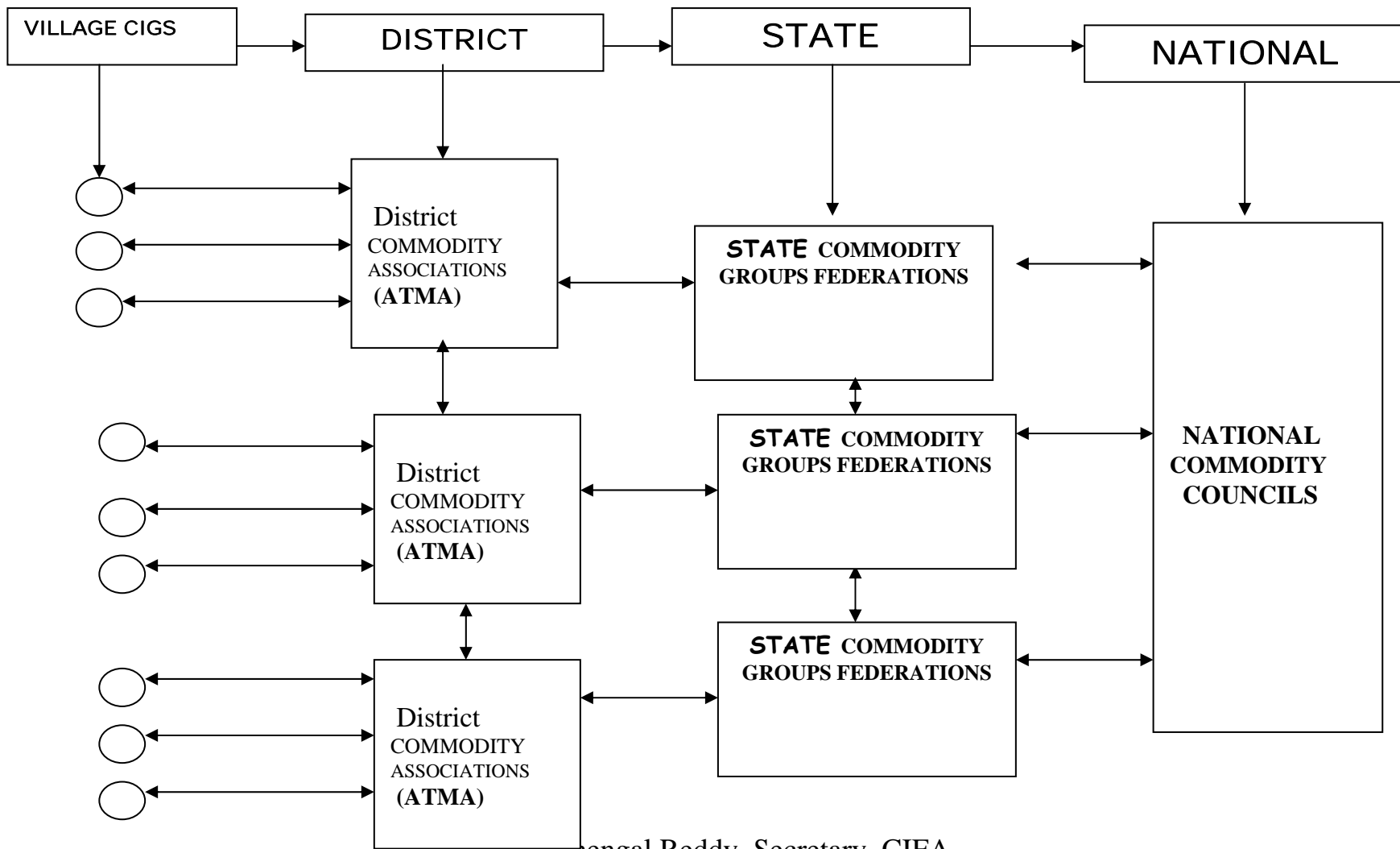
Private sector activities:

- 1) Inputs and equipment supply
- 2) Processing
- 3) Marketing
- 4) Exports
- 5) Extension
- 6) Research
- 7) Credit

Objectives & Activities of a Commodity Interest Group

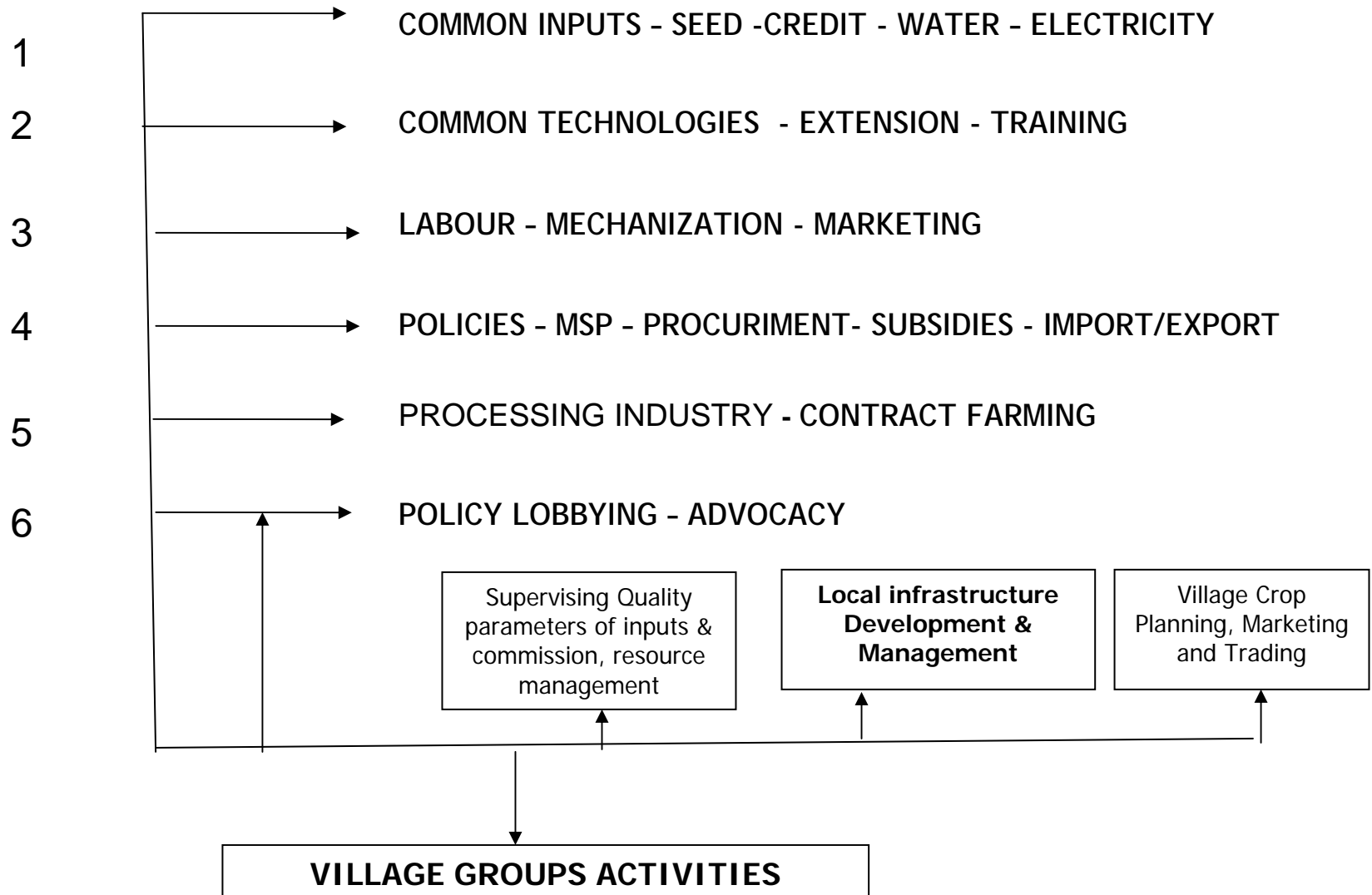
1. **CIGs will be networked at different levels to perform specific activities and manage their institutions.**
2. **CIGs will prepare status paper (assess) on productivity, marketing, policy and other problems at different levels.**
3. **CIGs will prepare a yearly program for participation government programs and for lobbying.**
4. **CIGs will identify marketing opportunities, partners for processing, exporters, arranging Contract Farming,,**
5. **CIGs will be trained on the role of financial institutions, procurement Agencies, research institutions.**

FARMERS COMMODITY INTEREST GROUPS (CIGs) NETWORKING AT DIFFERENT LEVELS



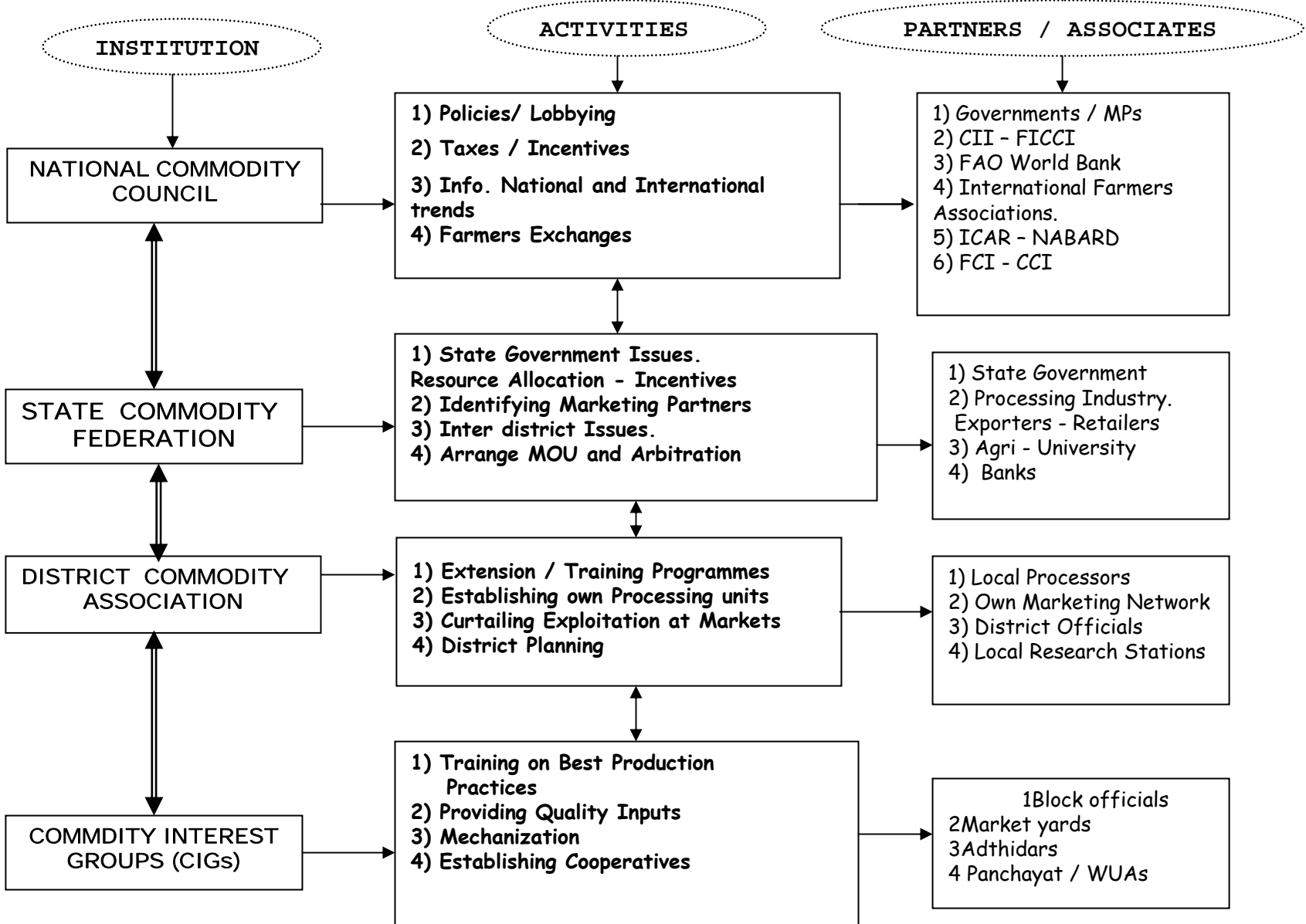
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Commonalities of Commodity Group

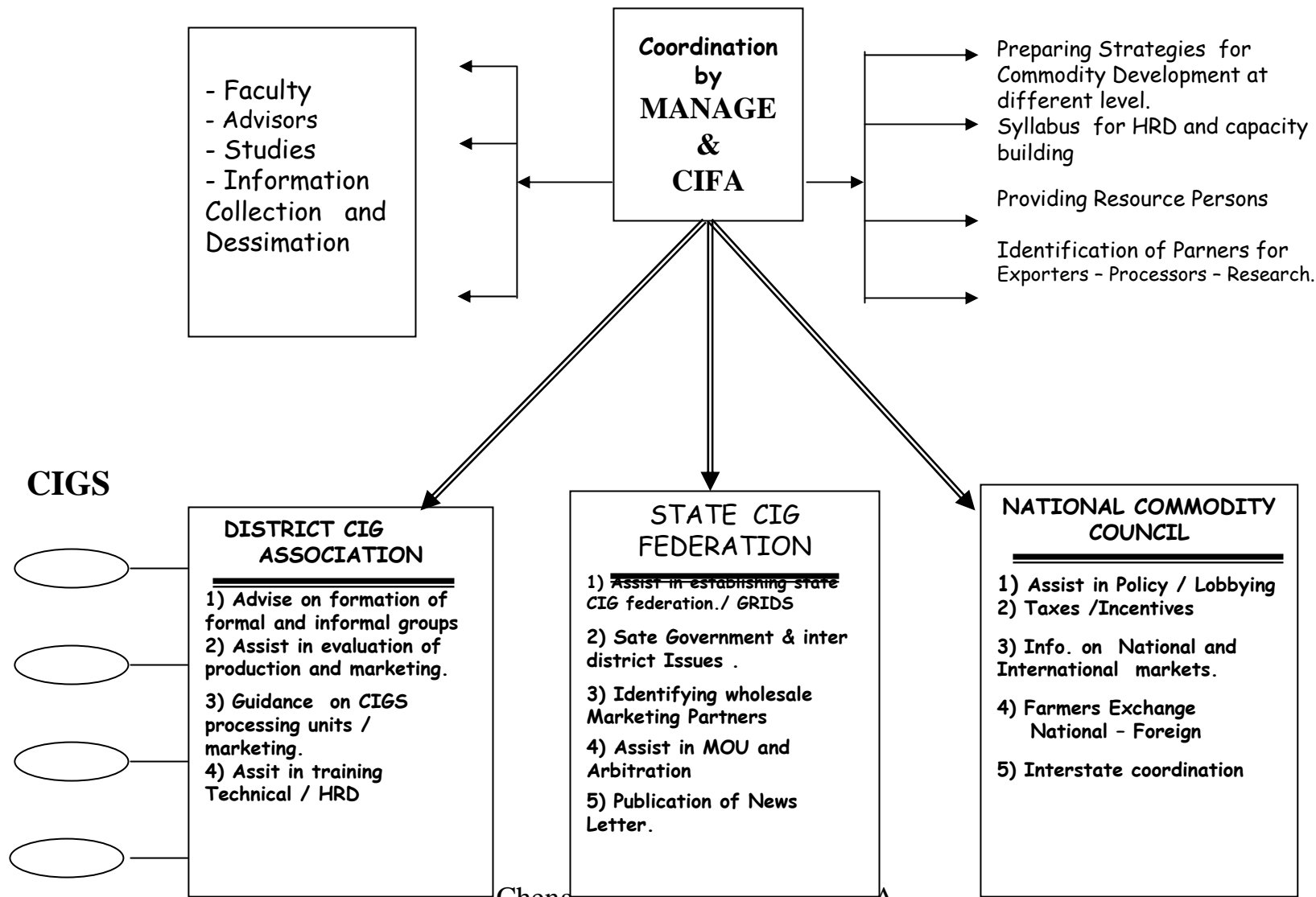


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**COMMODITY INTEREST GROUPS (CIGs) - ACTIVITIES - ASSOCIATES AND PARTNERS
AT DIFFERENT LEVELS**



NATIONAL / STATE LEVEL COORDINATION OF COMMODITY INTEREST GROUPS (CIGS)



4- ATMA CIGS 1st YEAR PROGRAM (draft)

	Activity	Month of	
		Initiation	Completion
1	Base line survey of farmers in the selected area / villages / sugar factory zone.	Month 1	Month 2
2	Identification of commodity specific farmers in the project area.	Month 1	Month 1
3	Organize farmers into Primary farmers cooperative / informal groups.	Month 2	Month 3
4	Build their knowledge, skills and capacities in best practices of commodity production by providing a package of uniform practices to each cluster through training, workshop and exposure visits.	Month 4	Month 12
5	Promote Integrated Pest management to address the pest problem	Month 4	Month 12
6	Provide access to other inputs like - manure, seed, equipments, water and credit	Month 3	Month 12
7	Sensitizing the members of commodity groups on the benefits of collective marketing.	Month 3	Month 5
8	Collective marketing / sale of commodities hypothecation / supply to procurement agencies - FCI - CCI etc., etc.,	Month 5	Month 12
9	Organize orientation meetings for the groups/ cooperatives and provide training on governance - government programs - schemes - incentives etc.	Month 4	Month 12
10	Federate these primary commodity groups / farmers' cooperatives and (ad hoc committees) elect the executive council and office bearers at district level.	Month 8	Month 9
11	Assist in establishing district office / organizational facilities.	Month 10	Month 12
12	Arranging interaction with complementary institutions - financial - procurement - research etc., etc.,	Month 3	Month 12
13	Interaction / Workshops with processing industries, super markets, exporters and others for marketing including arranging contract farming.	Month 4	Month 12

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STATUS PAPER ON SUGARCANE-2006
ISSUES CONCERNING GOVERNMENT OF INDIA
PREPARED BY SUGARCANE COMMODITY COUNCIL (CIFA)

S.No	Issues	Present Position	Demand by Commodity Council
1)	<p><u>Ministry of Agriculture.</u> a) Price fixation to the sugarcane can (SMP)</p>	<p>➔ There is no relevance between the cost of cultivation and SMP fixed.</p> <p>➔ The SMP is fixed for Sugarcane at Rs.83/-, per qt., at 9% recovery rate for the sugar season 2006-07.</p> <p>➔ The production cost of Sugarcane is estimated at Rs.125/- to 130/- per quintal</p> <p>➔ The following Irrational Clauses a, b, c, d and e of sub-clause 1 of clause 3 of sugarcane control order 1966 are coming in the way of fixing higher SMP to the sugarcane</p> <p style="text-align: center;">P. Chengal Reddy, Secretary, CIFA</p>	<p>➔ Industrial products is fixed based on capital, production raw materials, depreciation, insurance, profit etc.</p> <p>➔ The salary of employees of Govt., Public and Private Sectors, Railways, RTC are fixed based on cost index in addition to providing TA, DA, education, medical, pension and other facilities.</p>

A) As per clause (a) sugarcane price is to be fixed on the basis of cost o of production. Methodology followed by the CACP in fixing the sugarcane prices is not in accordance with the guidelines of the National Agriculture Policy. Wages considered by the CACP in fixing the cane price is no where in proportion to the wages actually paid by the sugarcane growers. Further, family labour and land rent in real terms have not been taken in to consideration. Hence the CACP has to revise its methodology of estimating the cost of production of sugarcane.

B) According to the sub clause (b), minimum price for sugarcane can be fixed by the sugar factories in regard to "the returns realized by the grower from alternate crops and the general trend of prices of the agriculture commodities". This is illogical, since crop duration, cost of cultivation and other infrastructure required for cultivation differ from crop to crop. Fixing of SMP for sugarcane based on the returns of alternate crops and the general trend of prices of agriculture commodities results in less remunerative price for sugarcane growers.

- ➔ Sugarcane price also be fixed by adopting the same criteria.
- ➔ Irrational clauses of sugarcane control order 1966 be reviewed and amended to enable the sugarcane grower to obtain remunerative price.
- ➔ Till the above Criteria is introduced and adapted the SMP for sugarcane be fixed as recommended by the National Farmer's commission i.e., C2 + minimum 50%.

		<p>C. Sub clause (c) stipulates that the minimum price of sugarcane to be paid by the producer of the sugar or their agents for the sugarcane purchased by them in regard to "the availability of sugar to the consumer at a fair price". Providing sugar to the consumer at a fair price brings in considerable loss to the sugarcane grower and this stipulation is coming in the way of fixing sugarcane price based on actual cost of cultivation.</p> <p>D. Sub clause (d) stipulate that the SMP for sugarcane shall be fixed by considering the price at which sugar produced from sugarcane is sold by producers of sugar". This has never been complied with. Whenever the market prices of sugar is increased, the same escalation in price of sugar has never been passed on to the sugarcane growers.</p> <p>E. The National Farmers commission headed by Dr. M.S.Swaminathan has observed that present methodology of fixing MSP is not providing remunerative price to the farmer and recommended new methodology of cost (C2) + minimum 50%.</p>	
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	<p>b) Pay ment to the sugarcane growers</p>	<ul style="list-style-type: none"> ▪ Clause 3, sub clause 3 of Sugarcane (control) order 1966, stipulate that the sugar factories shall effect the payment to sugarcane growers within fourteen days from the date of delivery of sugarcane. But the sugar factories are not complying with the stipulation and effecting payment with abnormal delay. ▪ Sugar release mechanism both under levy and free systems is regulated by GOI by fixing monthly and quarterly releases is coming in the way of regular payments as contemplated in the sugar control order. 	<ol style="list-style-type: none"> 1. Sugarcane control order 1966 be amended to facilitate instant payment of at least 75% of the amount payable. 2. Separate provision be made in the sugar cane control order for release of funds to the sugar factories from sugar cane development fund to facilitate regular payment to the farmer.
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	<p>c) Sugarcane development fund</p>	<p>Sugar cane development fund obtained from the Government by sugar factories, at 4% rate of interest, to lend to farmers for the purpose of sugar cane development has not been lent to the farmers as per guidelines stipulated for the purpose.</p>	<ol style="list-style-type: none"> 1. Specific procedures be evolved for utilizing sugar cane development fund either by sugar factories or by sugar cane growers. 2. The Sugar cane development fund requirements either by sugar factories or sugar cane growers be approved by cane development committee for maintaining transparency.
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d) Research, Extension, Training and Bio-Fertilizers and Natural Farming.

1. Individual farmers, in certain States, are obtaining higher yields ranging 300 to 350 MT for hectare. The research stations should study the methodology adopted for obtaining higher yields and help sugarcane growers to adopt such methodology and secure higher yields. Sugarcane research should evolve short duration, drought resistant, pest and disease resistant and high yielding varieties and novel cultivation practices like tissue culture and Poly bag nursery etc. The sugarcane growers are not receiving any help regarding innovative culture practices from the research stations. Therefore, the research stations should adopt the policies which will be helpful to the sugarcane growers for obtaining higher yields.
2. To upgrade and maintain soil health the farmers are switching over to application of Bio-fertilizers and Natural farming.
3. The cost of Cultivation is reported to be reduced under the above culture practices.
4. The quality of produce is reported to be improved and better price is offered for Bio and Natural farming commodities.

1. Research be strengthened for inventing high yielding seed, short duration and draught resistant crop coupled with tissue culture and poly bag nursery etc both in public and private sectors.
2. Extension Services be strengthened to render advice to sugar cane growers at all stages.
3. Training Programmes be conducted for sugar cane growers right from planting to Harvesting.
4. An action plan be evolved for encouraging Bio-fertilizers and Natural Farming with necessary budget support.
5. Special markets be introduced for dealing with commodities produced under above farming.
6. Necessary subsidies and Tax holiday be provided to manufacturers of bio-fertilizers and incentives to Natural Farming.

<p>e) Constitution of Cane development councils at Factory level and Nomination of one of the members of cane development council in the board of management of Sugar factory.</p>	<ol style="list-style-type: none"> 1. There are no cane development councils at factory level. 2. Sugar cane growers are unaware of the development Programmes taken up under the command of the sugar factory. 3. The details of sugarcane development fund and its utilization is not known to the sugar cane growers. 4. No member of the sugar cane development council is nominated in the board of management of the sugar factory. 5. Sugar cane growers are not involved in the policy making either in sugar cane price fixing, recovery rate and other development activities. 	<ol style="list-style-type: none"> 1. Cane development councils be constituted by conducting elections among sugar cane growers under the command area of the sugar factory. 2. One of the members of Cane development council be nominated in the board of management of the sugar factory. 3. The cane development council be involved in all policy decisions regarding utilization of sugar development fund and Sugar cane development activities.
<p>f) Amendment of sugarcane control order for payment of state advisory price (SAP) by sugar factories.</p>	<p>Certain States are announcing State Advisory Prices (SAP) for sugarcane, in addition to the Statuary Minimum Price (SMP) fixed by Govt. of India. But the sugar factories are evasive in paying the same to the sugarcane growers. The Hon'ble Supreme Court wide verdict dated 05.05.2004 empowered the States to declare SAP.</p>	<p>Sugarcane control order be amended, introducing statutory provision for paying State Advisory price by sugar factories whenever such announcement is made by the State Governments.</p>
<p>g) Profit sharing (L-Profits)</p>	<p>The recommendations of Bhargava Committee relating to sharing of profits generated from out of sugar and bio-products has not been implemented even after lapse of four years from the date of recommendations. The sugarcane growers are deprived of their rightful share in the profits generated by the sugar factories. Appropriate mechanism be evolved to arrive these 'L' profits every year, and distribute the same to sugarcane growers.</p>	<p>Mandatory provisions be introduced for arriving "L" Profits every year and distribute the same to sugarcane growers in time. The GOI should initiate steps to ensure that cane growers get their due share in the profits already earned.</p>

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	<p>h) Status of Food Processing Industries to the sugar industry.</p>	<p>Food Processing Industries enjoy several concessions from Govt. of India. But similar status is not given to sugar industry. Sugar also is one of the important food items. Hence sugar industry also be given the status of Food Processing Industries so that all the incentives extended by Food Processing Industries could be availed by sugar industry. This will facilitate offering remunerative price by sugar factories to the sugarcane grower.</p>	<p>The sugar industry be given the status of Food Processing Industries with all concessions provided to Food Processing Industries.</p>
	<p>i) Sugar Recovery</p>	<p>The sugar recovery rate depends on the efficiency of machinery and processing mechanism. In the absence of such machinery and mechanism the sugarcane growers will be put to severe losses. Individual assessment of sugar recovery rate is adopted in other countries. In the case of milk, fat percentage is arrived, farmer-wise. In our country. Introduction of such mechanism will help the sugarcane grower.</p>	<p>Individual assessment of sugarcane recovery be evolved to benefit sugarcane growers.</p>
<p>2)</p>	<p><u>Ministry of Finance</u> a) Credit i) Plantation Crop ii) Ratoon Crop</p>	<p>➔ The scale of finance fixed for providing loan to the sugarcane grower has no relevance with the cost of cultivation. The cost of cultivation ranges from Rs. 30,000/- to Rs. 40,000/-. Per acre. But the loan amount sanctioned differs from Rs.12,000/- to Rs. 18,000/- per acre.</p> <p>➔ The cost of cultivation ranges from Rs. 25,000/- to Rs. 35,000/- per acre. But the loan amount sanctioned differs from Rs.10,000/- to Rs. 15,000/- per acre.</p>	<p>➔ Scale of finance per acre be fixed depending on the actual cost of cultivation ranging from Rs. 25,000/- to Rs. 30,000/-.</p> <p>➔ Scale of finance per acre be fixed depending on the actual cost of cultivation ranging from Rs. 20,000/- to Rs. 25,000/-.</p>

	b) Rate of Interest	Different banks are adopting different rates of Interest ranging from 7% to 14%.	→ Uniform rate of Interest of 4% be fixed.
	c) Crop Insurance	The premium fixed for sugarcane is on high side. All risks from land preparation to harvesting, transporting and delivery at the sugar factory are not covered. The procedures adopted for indemnifying the losses are cumbersome and against the interest of farmers. The settlement of crop loss claims are abnormally delayed and the farmer required to pay additional interest on the loan borrowed by him. In other countries the Governments will come forward and subsidies insurance companies to enable settlement of crop loss claims.	The premium be reduced, subsidizing by Govt. as in the case of other countries. Cumbersome procedures adopted for indemnifying losses be reviewed and amendments carried out for extending full relief to the affected sugarcane growers. The premium paid to the insurance company be considered while computing SMP to the sugarcane.
	d) Levy of Multiple Taxes by GOI and State Govts.	<ol style="list-style-type: none"> 1) The State Governments are collecting tax on Sugarcane purchase from Sugar factories. 2) The GOI is collecting Excise duty and other Taxes on Molasis and other bye-products. 3) Collection of Multiple Taxes at Various stages is coming in the way of paying remunerative price to Sugar cane growers by Sugar factories. 	1) Collection of Multiple Taxes be reviewed and Single tax system be introduced since sugar is an essential commodity.

3)	<u>Ministry of Commerce</u> Sugar Imports & Exports	Sugar export and import policy place crucial role and has direct bearing on sugarcane prices. The import and export policy has no relevance with demand and supply. The short term policies adopted are benefiting importers, exporters, middle-men and the farmers are put to incurring repeated losses.	An independent autonomous agency be constituted for evolving and implementing long term import and export policy by involving sugar cane farmers and sugar cane industry.
4)	<u>Ministry of Petroleum</u> Manufacture of Ethanol	Ethanol blending has assumed significance through out the world, not only in view of the spiraling crude oil prices but also being an excellent oxygenate and octane booster. The Brazil and United States of America and other sugar producing countries are manufacturing ethanol on large scale with a view to reduce import bill on crude oil and also protect the environment. The Brazil and USA are adopting a policy of 20% doping of ethanol with petrol. But unfortunately, in our country, doping of Ethanol with petrol has not been made mandatory to fulfill selfish and vested interests of certain sectors. Further, the press reports indicate that a policy to manufacturer ethanol in Brazil and other countries for consumption in our country is being planned. This will be a direct blow to the sugar cane industry and indirectly affect the sugarcane growers.	The Government of India should adopt a policy of doping at least 10% of ethanol with petrol. The GOI, to start with create necessary infrastructure and provide incentives for taking up the programme expeditiously by sugar factories.

STATUS PAPER ON SUGARCANE-2006
ISSUES CONCERNING STATE GOVERNMENT
PREPARED BY SUGARCANE COMMODITY COUNCIL (CIFA)

SI	Issues	Present Position	Demand by Commodity Council
1)	<p><u>MINISTRY OF SUGAR</u> a) Fixing State Advisory price (SAP) to Sugarcane.</p>	<p>The State Governments are announcing additional price, in addition to MSP to Paddy, Wheat & Cereals etc., whenever the farmers fail to get remunerative prices. Similar facility is not extended to sugarcane.</p>	<p>Mandatory provisions be evolved for fixing & paying State Advisory Price to farmers whenever they fail to get remunerative prices.</p>
	<p>b) There is no separate directorate for sugarcane development</p>	<p>The sugarcane director is also the sugarcane commissioner.</p> <ol style="list-style-type: none"> 1. As sugarcane Commissioner, he is only entrusted with cane regulation functions. 2. There is no agency to look after sugarcane development. 	<p>The govt. should create a separate director to co-ordinate and look after research, sugarcane development and extension.</p>

2)	<p>MINISTRY OF AGRICULTURE</p> <p>Introduction of Modern and Innovative implements for sugarcane culture practices</p>	<p>1. The sugarcane growers are using traditional implements for sugarcane culture practices.</p> <p>2. Traditional practices consume more man hours and also physical drudgery on the part of both labour and animals.</p>	<p>1. Innovative bullock and power drawn modern implements be invented and introduced for sugarcane culture practices right from planting to harvesting</p> <p>2. The implements be provided with 75% subsidy.</p>
3)	<p><u>MINISTRY OF CO-OPERATION</u></p> <p>Credit by co-operative institutions</p>	<p>Many of the Commercial Banks have no rural branches. The sugarcane growers are depending on co-operative institutions for credit facilities, but they are unable to meet the credit needs of sugarcane growers.</p>	<p>An action plan be evolved by State Governments to provide credit requirements to sugarcane growers since the repayment is assured by sugar factories on behalf of farmers. Necessary credit facilities be provided to sugar factories also to facilitated processing of sugarcane and settling farmers accounts expeditiously.</p>

4)	<u>MINISTRY OF FORESTS</u> Menace of Wild animals	<ol style="list-style-type: none"> 1. The sugarcane crop is extensively destroyed right from planting to harvesting by wild animals like Wild boar, Monkeys, Foxes, Elephants, Rats, Deers and others. 2. The farmers are afraid to tackle the wild animals, since they are covered under wild life act. 	<ol style="list-style-type: none"> 1. Poolproof mechanism be evolved by State Governments for protecting sugarcane crop by scientific and mechanical methods. 2. Inspite, if the farmers suffer crop losses the government should indemnify the same.
5)	<u>MINISTRY OF COMMERCIAL TAXES</u> Cess /Tax on Sugarcane, Molasis and Bye-products.	<ol style="list-style-type: none"> 1. The GOI is collecting excise duty on Molasis and Bye-Products. 2. The State Governments are collecting Cess / Tax on Sugarcane from sugar factories. 3. The tax collected ranges from Rs. 15/- to Rs. 60/- per tonne of sugarcane. 4. The A.P. and Tamilnadu is collecting tax at Rs. 60/- per tonne. 5. The collection of higher tax by both, The GOI and State Govts. Preventing the sugar factories to pay remunerative price to the sugarcane growers. 	<ol style="list-style-type: none"> 1. The collection of Excise duty by GOI on Molasis and other Bye-prodcuts be waived. 2. The collection of Cess / Tax on sugarcane be waived, since it is a essential food commodity.

STATUS PAPER ON SUGARCANE-2006
ISSUES CONCERNING PRIVATE SECTOR
PREPARED BY SUGARCANE COMMODITY COUNCIL (CIFA)

Sl.	Issues	Present Position	Demand by Commodity Council
1)	Extension services	<p>1.The Sugarcane sector has no extension services either from GOI or State Govts. Though it contributes billions of rupees to GDP of both GOI and State Govts.</p> <p>2.The average yield of UP- 52-Mt/hect, Maharashtra - 80-Mt/hect, A.P- 80-Mt/hect, Tamilnadu - 90-Mt/hect, Karnataka- 81-Mt/hect, Gujarat - 80-Mt/hect.</p> <p>3.The National average yield is 82-Mt/hect.</p> <p>4.The individual progressive farmers by adopting innovative culture practices are obtaining 250-Mt/hect to 300-Mt/hect yield in various states.</p>	<p>The GOI, State Govts., Agricultural Universities, Research Centres and Industry should evolve an action plan to introduce extension services and imparting training in the sugar cane sector with a view to increase sugar cane yield.</p>
2)	Credit	<p>The banks provide only 25 % to 30 % of credit needs of agriculture. The private money lenders, traders and input dealers provide the balance of 70% to 75% with higher rate of interest ranging from 36% to 48%.</p>	<p>All sugarcane holdings be provided with sufficient credit facilities with simple and lesser rate of interest.</p>

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3)	Spurious fertilizers and pesticides	The markets are flooded with spurious fertilizers and pesticides. Taking advantage of innocence / ignorance of farmers the traders are manipulating the issues to the disadvantage of farmers.	A definite plan of action be evolved by the inputs industry, by strengthening vigilance, to eliminate spurious fertilizers and pesticides.
4)	Marketing	The market yards are dominated by middle men, traders. The committees appointed by the governments for managing the affairs are unable to protect the interest of farmers.	The private market yards be established with infrastructure facilities for processing, value addition, packing and retail marketing to enable the farmers to obtain remunerative prices.
5)	Manufacture of Innovative and Modern implements	The farmers are using traditional implements for agricultural operations and harvesting crops. It consumes more man hours and also physical drudgery on the part of labour.	Innovative and modern implements be invented for agriculture operations and harvesting crops which facilitate quick agriculture operation and reduce physical drudgery.