

12

STANDING COMMITTEE
ON AGRICULTURE
(1994-95)

TENTH LOK SABHA

MINISTRY OF AGRICULTURE

(DEPARTMENT OF AGRICULTURE AND COOPERATION)

REPORT
ON
DRAFT AGRICULTURE POLICY
RESOLUTION — 1992

TWELFTH REPORT



सत्यमेव जयते

LC
320.36572
N4.12
LOK SABHA SECRETARIAT
NEW DELHI

May, 1994/Vaisakha, 1916 (Saka)

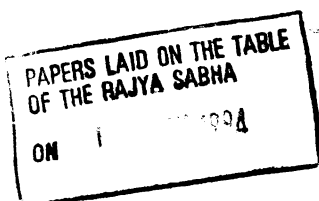
TWELFTH REPORT
STANDING COMMITTEE ON
AGRICULTURE
(1994-95)

(TENTH LOK SABHA)

MINISTRY OF AGRICULTURE
(DEPARTMENT OF AGRICULTURE
AND COOPERATION)

REPORT
ON
DRAFT AGRICULTURE POLICY RESOLUTION-1992

Presented to Lok Sabha on 10th May, 1994
Laid in Rajya Sabha on 10th May, 1994



LOK SABHA SECRETARIAT
NEW DELHI

May, 1994/ Vaisakha, 1916 (Saka)

COA No. 12

Price : Rs. 10.00

lc
328-3657R
NY.12

PARLIAMENT LIBRARY
Central Govts Publications
Acc. No. PC 92233
Date 22/6/95

© 1994 By LOK SABHA SECRETARIAT

Published under Rule 382 of the Rules of Procedure and Conduct of
Business in Lok Sabha (Seventh Edition) and printed by Jainco Arts India
1/21, Sarva Priya Vihar, Hauz Khas, New Delhi-110016.

CONTENTS

	PAGE
COMPOSITION OF THE COMMITTEE	iii
INTRODUCTION	v
CHAPTER-I INTRODUCTORY	1
CHAPTER-II CRITICAL ANALYSIS — PARAWISE	
PARA 4 Capital Formation	5
Infrastructure Building	6
Marketing	6
Storage	6
Movement of Agricultural Produce	7
Taxation	7
Elimination of Middlemen	7
Other Amenities	7
PARA 5 Agricultural Research	8
Narrowing Regional Imbalances	9
National Breeding Policy	9
Indiscriminate use of Chemicals & Fertilisers	10
Tools & Implements	10
Extension System	10
Processing	11
Use of Plastics in Agriculture	11
PARA 6 Credit Structure	12
Coopartive Societies	13
PARA 7 Post-harvest Technologies	13
PARA 8 Crop Insurance	14
PARA 9 Price Structure & Trade Regime	14
PARA 10 Export	15

PARA 11 & 12	Land for Public Purposes	16
	Agriculture at par with Industry	17
	Consolidation	17
	Land Records	17
	Ceiling Laws	18
	Unutilised land with Industrial Units	18
PARA 13	Fallow & Waste Lands	18
	Agricultural Workers	18
	Watershed Management	20
PARA 14	Acquaculture	22
	Gram Panchayats	22
CONCLUSIONS		23
ANNEXURE		24

COMPOSITION OF THE STANDING COMMITTEE ON
AGRICULTURE (1994-95)

Shri Nitish Kumar — *Chairman*

MEMBERS

Lok Sabha

2. Shri D. Pandian
3. Shri Birbal
4. Shri G. Ganga Reddy
5. Shri Nathuram Mirdha
6. Shri Ankushrao Raosaheb Tope
7. Shri Sarat Pattanayak
8. Shri Govindrao Nikam
9. Kumari Pushpa Devi Singh
10. Shri Channaiah Odeyar
11. Shri Tara Singh
12. Shri Anantrao Deshmukh
13. Shri Uttamrao Deorao Patil
14. Shri V.V. Nawale
15. Shri Rajvir Singh
16. Kumari Uma Bharati
17. Shri Rudrasen Chaudhary
18. Shri Ganga Ram Koli
19. Dr. Gunawant Rambhau Sarode
20. Dr. Parshuram Gangwar
21. Shri Rajendra Kumar Sharma
22. Shrimati Krishnendra Kaur (Deepa)
23. Shri Arjun Charan Sethi
24. Shri Upendra Nath Verma
25. Shri Zainal Abedin
26. Shri B.N. Reddy
27. Shri Kamla Mishra Madhukar
28. Dr. R.K.G. Rajulu
29. Shri Shibu Soren

Rajya Sabha

30. Shri Ramnarayan Goswami
31. Shri Anant Ram Jaiswal
32. Dr. Bapu Kaldate
33. Shri David Ledger
34. Shri Bhupinder Singh Mann
35. Shri N. Thangaraj Pandian
36. Shri S.K.T. Ramachandran
37. Shri K.N. Singh
38. Shri Maheswar Singh
39. Shri Ranveer Singh
40. Shri Shiv Charan Singh
41. Shri Som Pal
42. Shri H. Hanumanthappa

SECRETARIAT

1. Shri. G.L. Batra — *Additional Secretary*
2. Shri R.V. Warjri — *Director*
3. Shri Haripal Singh — *Under Secretary*

INTRODUCTION

I, the Chairman of the Standing Committee on Agriculture (1994-95) having been authorised by the Committee to submit the Report on their behalf, present this Twelfth Report on the Draft Agriculture Policy Resolution- 1992.

2. The Policy was referred to the Committee by the Hon'ble Speaker under Rule 331E(1)(D) of Rules of Procedure and Conduct of Business in Lok Sabha.

3. The Report was considered and adopted by the Committee at their sitting held on 3rd May, 1994.

NEW DELHI;
10 May, 1994

20 Vaisakha, 1916 (Saka)

NITISH KUMAR
Chairman,
Standing Committee on Agriculture.

CHAPTER I

INTRODUCTORY

It is an acknowledged fact that the preoccupation of the policy makers in ensuring food supplies through short-term expediency measures has kept their minds at bay for thinking in terms of an Agriculture Policy since independence. The result is that there have been piecemeal policies on various aspects of agricultural development like land distribution, infrastructure, technology, public distribution, production and productivity, flood and drought control, minimum support prices, agricultural research and so on. But a comprehensive policy defining the role of agriculture in the overall economy and a strategy on its integrated development has been conspicuously absent. Nobody can deny that we have made sizeable progress in increasing our agricultural production, especially foodgrains production and also have acquired commendable expertise in managing shortages. But the slow rate of overall economic growth and particularly agricultural growth not being able to keep pace with rising population and coupled with distorted sectoral growth has been a matter of concern for all. Within agricultural sector too, the development has been uneven in research, productivity and production, across regions and crops further skewing an already existing disparity between urban incomes and rural incomes on the one hand and among various regions on the other. Apart from this, fragmentation of land holdings, degeneration of land, decelerating trends in capital formation etc. have been the other areas of anxiety. The disturbing trends are well brought out by the following statistics :—

- (i) The share of agriculture in our total G.D.P. has gone down from 56% in 1950-51 to 32% in 1992-93 whereas the population living in villages and dependent on agriculture has shown a marginal decline from 80% to about 70% over the same period. Meaning thereby that only a minimal shift of population from agriculture to other occupations has taken place.
- (ii) The overall growth of agriculture over the same period has been around 2.5% as compared to 2.1% growth in population.

1.2 At the present rate, it seems quite doubtful if we will be able to feed our population, which is expected to reach the one billion mark by the turn of the century. In view of this and the simmering discontent on account of poverty among the rural masses and in the wake of recent liberalisation of our economy, globalisation of trade and our new strategies for giving a boost to rural employment, incomes and exports, it has become more imperative than ever before that we should formulate a full fledged agricultural policy on all these aspects. This has been rightly underlined in the Draft Agriculture Policy Resolution of the Government, which the Committee have been asked to go into detail. To highlight the point the Committee wishes to quote Para 2 of the Draft Agriculture Policy Resolution:—

"Agricultural production has increased several-fold in the last four decades but has brought in its wake uneven development, in both research and production across regions and crops. Therefore, the objectives of the policy will be to accelerate around development and economic viability of agriculture including horticulture livestock, fisheries and sericulture. It will aim at infusing new dynamism through public investments in infrastructural development, and a much greater impetus for private investments. Farming will be given the necessary support, encouragement and thrust so that the rural people look to this noble occupation for a future of around development well being and hope."

1.3 The Committee also find it opportune to reproduce 17 major challenges that have been enlisted in Para 3 of the Draft Agriculture Policy Resolution which go as under :—

- (i) Increasing agricultural production and productivity, to ensure food security for the rising population.
- (ii) Developing area of untapped potential, thereby correcting emerging imbalances in growth in eastern, hilly, rainfed and drought prone regions.
- (iii) Meeting challenges of degradation of land and water resources, and emerging ecological imbalance, due to increased biotic pressure on land.
- (iv) Diminishing size of land holding and fragmentation, leading to restricted management options and lower income levels.
- (v) Addressing problems of under-employment, unemployment and malnutrition in rural areas through diversification of agriculture and promotion of horticulture, fisheries, dairy, livestock, poultry, beekeeping, sericulture, etc.
- (vi) Value addition in agriculture can only be achieved by a concerted thrust being made in increasing processing, marketing and storage facilities. These are imperative for the development of agro-processing industries which are the key areas for development in agriculture.
- (vii) Revitalising and democratising the cooperatives for providing credit, inputs and extension support as also enhanced marketing and processing.
- (viii) Focussing agricultural research system to develop economically viable and location-specific technologies in rainfed, drought prone and irrigated areas and strengthening institutional framework for farmers' education and training in improved farm techniques.

- (ix) Harnessing of scientific research, in frontier areas of science and technology, for all sections of the farming community.
- (x) Addressing technology training and input needs of farm women, farmers living in tribal areas and other disadvantaged sections of rural society, with a view to remove the drudgery and burdens of their lives and augmenting their income.
- (xi) Accelerating the development of rainfed and irrigated horticulture, floriculture, aromatic and medicinal plants and plantation crops, with full backup support of processing and marketing, both for the domestic market and for exports.
- (xii) Encouraging efficient use of marginal lands and augmentation of biomass production through agro and farm forestry.
- (xiii) Increasing the utilisation of irrigation potential and promoting water conservation and its efficient management.
- (xiv) Providing improved variety of seeds, agricultural implements and machinery and other critical inputs to farmers in or near their village.
- (xv) Reviving and strengthening local institutions of the farming community as legitimate instruments of decentralised planning with full participation of the local community.
- (xvi) Increasing involvement of non-governmental organisations in agricultural development and village upliftment programmes.
- (xvii) Correcting the terms of trade to make them favourable for agriculture, thereby increasing the flow of resources and augmenting the rate of capital formation in agriculture substantially.

"Agricultural development and research programmes would be dovetailed to these challenges."

1.4 The Draft Agriculture Policy Resolution is supposed to be dovetailed to these challenges and enumerates how it is going to meet the challenges in its Paras 4 to 13.

1.5 After a detailed examination of the Draft Agriculture Policy Resolution, the Committee are constrained to state that they are not satisfied with the scheme and strategy enunciated therein and find it inadequate on many accounts to meet the challenges listed in itself. Not only that, the Committee also feel that even the challenges need a more systematic and exhaustive narration. The Draft lacks specifics and is silent on many important issues concerning agriculture and its overall development including the concomitant implementation strategies. The Committee, therefore, thought it fit to ask the Government how it

would implement its policies and meet the challenges as in the opinion of the Committee if there is no scope for any effectively efficient implementation, any policy will remain as a piece of document.

1.6 In their reply, the Government stated that the Draft Agriculture Policy indicated only the broad parameters of policy initiatives for development of agriculture and rural sector in a long term perspective. It spells out the directions in which the Government and the country have to go in this regard. Since agriculture consists of a very wide range of activities performed under diverse agro-climatic conditions in various parts of the country, therefore, it could not be possible to cover everything in a single policy document. The Government of India, therefore, is of the view that it may not be necessary to discuss in the Draft Agriculture Policy Resolution all sectoral programmes and policies, which are mostly area and/or crop specific except those which have major policy implications.

1.7 The Government is also of the view that the policy should lay down only major structural changes and policy initiatives at the macro-level, based on which detailed sub-sectoral policies/programmes could be prepared by the concerned agencies/organisations. This would provide needed flexibility in implementation of all the policy resolutions and formulation of programmes by respective States and regions suited to their requirements.

1.8 The Committee are not at all convinced by the argument and, therefore, have decided to place its studied comments on each aspect and para of the Draft Agriculture Policy Resolution. To reach the core of the subject, the Committee decided to seek the views of various renowned agricultural experts, scientists of national and international fame, representatives of various allied Ministries and also the officials of the Agriculture Ministry. Almost all of them went on to comment that the Draft Agriculture Policy Resolution is only a narration of the challenges without elaborating how the challenges are going to be met and actual implementation of the policies and programmes is to take place. The allied Ministries were also of unanimous opinion in that they were prepared to add chapters, if found necessary, to make the agriculture policy a really meaningful document.

1.9 The evidence of the Secretary, Ministry of Agriculture is especially noteworthy wherein he himself agreed to the suggestions of the Committee that the Draft Agriculture Policy Resolution has much more to say rather than just stating the challenges. The Committee have, therefore, decided to make a parawise analysis of all the suggestions detailed in Paras 4 to 13 of the Draft Agriculture Policy Resolution.

CHAPTER II

CRITICAL ANALYSIS — PARAWISE

PARA 4

2.1 Para 4 of the Draft Agriculture Policy Resolution states :—

“Realisation of a prosperous and sustainable agricultural economy would require a new policy reorientation. The decelerating trends in capital formation in agriculture would be arrested. The resource allocation regime in the agriculture sector will be reviewed with a view to rechannelising available resources from current support measures towards capital formation and infrastructure building. An economic climate will be created for increasing farmers' own investments and efforts through a favourable price and trade regime.”

Capital Formation

2.2 The Committee are happy to note that the policy resolution underlies the need to arrest the decelerating trends in capital formation in agriculture and review and reorient the resource allocation regime with a view to rechannelising available resources from current support measures towards capital formation and infrastructure building. It also undertakes to create a new economic climate for increasing farmers' own investments and efforts through a favourable price and trade regime.

2.3 The Committee wishes to reinforce the argument by stating that agriculture's share in the total gross domestic capital formation has declined sharply to 11% in 1991-92 from 18% in 1980-81 (Annexure-I). In fact the decline in capital formation in agriculture in the public sector has been more marked i.e. to Rs. 1043 crores in 1991-92 from Rs. 1796 crores in 1980-81. Though private sector investment has increased in absolute terms from Rs. 2840 crores to Rs. 3537 crores yet its share in total gross domestic capital formation has declined from 22.2% to 15.4%. Gross investment in real terms (at 1980-81 prices) has declined from Rs. 4636 crores in 1980-81 to Rs. 4580 crores in 1991-92.

2.4 In this connection the Committee wish to add that the price policy and capital formation should aim at :—

- (i) Not only giving cost based minimum support prices but remunerative prices to farmers so that agriculture remains a viable profession and attracts capital formation which has been going down through the five year plans in percentage and real terms. There should be an endeavour to restore not only parity of prices between the farm and non-farm sectors of the economy but also bringing about some equitable balance in the rural and urban incomes so that the ever widening gap between the urban and rural income may be abridged.

- (ii) **Minimum support price programme must be extended to all agricultural products including foodgrains, pulses, oil-seeds, horticultural produce and vegetables, etc. and must be made really effective and delivering instead of just announcing minimum support prices.**

Infrastructure Building

2.5 The views of the Government on building and development of infrastructure are that they have taken up a number of programmes which include cooperative credit, marketing and storage facilities, watershed development, horticultural development, etc. They have also relied on the efforts of other allied Ministries, which are taking up similar programmes for creating infrastructural support for agricultural and rural sectors.

2.6 However, the Committee are not satisfied with the vigour and concern of efforts of the Government and, therefore, wish to emphasize that the following measures may be taken in this regard :

A. Marketing

A vibrant, transparent and level market mechanism is of real essence for providing a reasonably equitable trade regime, if not a favourable one, to the farmers. Government's effort in this direction has not been upto the mark so far. Even the enforcement of the Agricultural Produce Marketing Act has not been ensured in case of majority of commodities and areas. Most glaring example of this failure is being witnessed even as on date in the biggest fruit and vegetable market of the country situated in our capital city of Delhi, not to say of remote areas of the country. The Committee, therefore urges upon the Government that it should come out with a more direct system of marketing linking the producer and consumer and should concretely encourage cooperative marketing on voluntary basis. There should be only a reasonable marginal difference between the prices paid by the consumer and the prices received by the farmer, accounting only for genuine service rendered by the middlemen.

B. Storage

A new policy should be defined for the system of storage of agricultural products. Some of the measures should be :—

- (i) **All the agricultural produce storage facilities must be located in the areas of produce and not in the urban areas. A chain of licenced godowns be established in the rural areas which will be beneficial for various reasons like —**
- (a) **the lands in rural areas are cheaper,**
 - (b) **the basic building material like bricks and labour are cheaper,**

- (c) all agricultural produce can be shifted to these godowns at the harvest time without any loss of time and with minimum waste or damage,
 - (d) it will reduce the sudden pressure on transport and thus reduce the cost of transportation to distant areas where this produce can be taken in normal course throughout the year, and,
 - (e) it will reduce pressure on scarce urban land.
- (ii) This system of rural storage can make use of rural capital and rural labour to manage them, which will generate additional employment and income in rural areas. Similarly all the other storage facilities including cold storages and agro-based industries should be strictly located in the rural areas that produce a particular commodity.
 - (iii) the licenced godowns may issue receipts to the producers who keep their produce in these godowns against which short-term credit to the farmers should be allowed, which will naturally be self-liquidating, more convenient and need-oriented.

C. Movement of Agricultural Produce

There should be completely unrestricted movement of all agricultural produce throughout the nation and the Central Government must ensure the same.

D. Taxation

Sales tax and all other taxes and levies including terminal tax on raw agricultural produce should be abrogated.

E. Elimination of Middlemen

Direct marketing by farmers of agricultural produce should be encouraged eliminating the role of middlemen and Government must immediately come out with a marketing system ensuring this objective including an enforcement and implementation plant. Multi-purpose cooperatives can serve the purpose to a great extent.

F. Other amenities

Other amenities like railway connections, communication links, roads, power supply, veterinary hospitals, service centres, etc. should also be adequately provided.

2.7 All these measures taken together will encourage formation of a favourable price and trade regime regulating capital formation, infrastructure building and economic climate thereby inducing farmers to increase their investments in the agricultural sector and stopping flight of capital. Therefore, the policy document must include all of these.

PARA 5

2.8 Para 5 of the Draft Agriculture Policy Resolution states:—

“Public investment to accelerate development of supportive infrastructure for agriculture and rural development will be stepped up. Sectors like research, infrastructure development and processing will receive priority. New initiatives like use of plastics in agriculture will receive emphasis particularly for conservation of water resources. Farmers will be encouraged to use alternate and renewable sources of energy for irrigation and other agricultural purposes. The focus of infrastructural investment will be on narrowing regional imbalances and generating more value added exportable surpluses.”

2.9 The Committee is satisfied with the commitment of the Government to accelerate public investment in development of supportive infrastructure like research, processing, promote use of plastics in agriculture, conservation of water resources, use of alternate and renewable sources of energy for irrigation and other purposes, narrowing regional imbalances and generating more value added exportable surpluses. The Government, however, fail to pinpoint any specific measures to achieve these.

The Committee therefore, wish to add the following:—

Agricultural Research

2.10 Research is the backbone of the development of agriculture. The universities and colleges should all be well-equipped and properly funded so as to enable healthy research for the benefit of farmers. There are 27 agricultural universities in the country based on the Model Act of Government. The Committee are dismayed over the fact that 51 developing countries are spending more than 0.56% of their country's agricultural G.D.P. while developed countries spend about 2%, and in contrast India's total agricultural research expenditure constitutes only about 0.32% of its agricultural G.D.P., which is stagnating at that level for the last two decades.

2.11 The Committee, therefore, are of the firm opinion that if the Government is to give priority to research, it has to substantially increase the allocation to atleast one percent of agricultural G.D.P. It would, further, like to stress that the agricultural research and education personnel policy, should also be made a part of the policy document detailing the

responsiveness and responsibility of the universities and institutes for the investment made in this sector.

2.12 Agricultural Research so far has laid emphasis only on a few crops. There is an urgent need of revising and reorienting the mandate of the I.C.A.R. and all other research institutes and universities so as to widen the scope of research by undertaking research in the farm activities including all crops, horticultural crops, vegetables, pulses, dairy, animal husbandry and fisheries. Special emphasis on Research in sustainability aspects must be made an integral part of the programme. Researchers must be asked to come out with feasible alternatives to chemical based technologies on agricultural engineering, draught animals and implements and appropriate technologies including water saving techniques.

Narrowing Regional Imbalances

2.13 It is an acknowledged fact that regional disparities in agricultural productivity, production, incomes and overall economic development are directly linked with non-availability of assured irrigation, poor drainage, input supply system and marketing support. To remove these disparities, it is imperative that there should be a national plan for making assured irrigation, harnessing underground and surface water available in all regions of the country. Connected with this is the concept of agro-climatic zone planning.

2.14 There is a need for evolving optimal cropping patterns according to agro-climatic conditions prevailing in various homogeneous agricultural zones; need for diversification of cropping pattern and crop enterprise; need for introduction of new high value crops in small fractions both in the interest of diversifying crop production and making the economy of small holdings viable; and strengthening of the agricultural economy.

2.15 The Committee expresses satisfaction that the work of identifying 27 agro-climatic zones and the 129 agro-eco units has already been completed. What is required to be done now is that cultural practices suited to these zone specific conditions must be evolved, publicized, popularized and propagated. The availability of necessary inputs especially seeds and seedlings be assured.

National Breeding Policy

2.16 There is an urgent need for formulating a clearcut National Breeding Policy keeping in view the milk and milk products needs of the country as well as the important role of draught animal in our economy as a source of non-conventional energy. Equally important is the necessity to preserve, augment, improve and propagate the native breeds of our animals and livestock.

Indiscriminate use of chemicals and fertilisers

2.17 A new challenge has been thrown up by the over exploitation of soil and indiscriminate use of chemicals, fertilisers, pesticides and insecticides. There has been evidence that soil organisms and soil structure are undergoing an adverse transformation. Presence of toxic residues in our soils, plants foodgrains, fruits, vegetables, milk and water sources has at places reached particular non-permissible limits. If unchecked, this is likely to pose a serious threat to the human and cattle health as well as to the very sustainability of agriculture.

2.18 The Committee feels that the Government should endeavour to promote balanced conjunctive use of bio-mass, organic and inorganic fertilisers and the controlled use of agro-chemicals in such a way that a balance can be effected between productivity and sustainability. Researchers must be asked to come out with alternative strategies in this regard. Farmers should be well-educated to the indiscriminate & unbalanced use of chemicals.

Tools and Implements

2.19 A very serious lacuna in agricultural research has been on the tools and implements front especially animal drawn implements. Exhaustible fossil fuels and pollution through chloro-fluoro carbons makes it imperative for us to keep the draught animal in use, an element of greater importance in the context of a country like India where holdings are too small and do not warrant mechanization of the level of developed countries. Huge capital required for mechanization itself is a constraint and enhances the need for use of draught animal, which are not only renewable source of energy but also provide us with viable organic fertilisers. This must receive immediate attention and be identified as a top thrust area in agricultural research.

Extension System

2.20 Everybody acknowledges that the extension system has been a weak link so far. We must come out with a more vibrant, transparent and participative extension programme. Interaction between scientists and policy administrators must be streamlined and visits to the villages and farms be organized on a mandatory roster basis with fixed accountability and responsibility in terms of area and villages etc. covered. The system of assessing the total needs of farming community on village unit basis must be evolved immediately. The concept of adopting atleast one model farm in each village as recommended by Bhanu Pratap Singh Committee and one model village in each development block must be implemented in a time bound and targetted manner. Profiles of success stories in watershed management, improved cultural practices, conjunctive use of

water, organic manures, fertilisers and biological control of pests and insects, cooperative procurement of inputs and marketing of produce must be prepared, publicized through media including electronic media and be replicated all over the country in a targetted and time-framed manner.

2.21 The Committee strongly recommend for acquiring of a separate channel on radio as well as television for agricultural extension work, as it has become a very effective tool of disseminating information in the shortest possible time and to the maximum numbers.

2.22 Agricultural research should be strengthened by farmers education and training. Schools should be set up exclusively for farmers in the rural areas only where the farmers might attend these courses in the evening or whenever they are free. The schools should be visited by scientists, administrators and progressive farmers, who should impart education and training to the farmers. Buildings of the existing educational institutions can be used for this purpose.

2.23 The Committee is deeply aggrieved over the slow pace of setting up of Krishi Vigyan Kendras and misappropriation of their funds and earnestly feel that all out concerted efforts should be made by the Centre and States of having atleast one KVK in each district headquarter by the end of this century.

Processing

2.24 The Committee observes that most of the processing units are issued licences for agro-processing in the urban areas. It strongly recommends that strong incentives and preferences should be given to the rural population (specially small and marginal farmers) to set up agro-processing units in the rural area contiguous to the agricultural produce for creating employment opportunities and to allay the burden on urban land and transportation. Such processing units should be made free of any licencing.

2.25 The Committee notes its displeasure that most of the agro-based industries particularly sugar and milk processing are still being kept in shackles. Even in the wake of recent liberalisation and market oriented economic reforms denial of benefits of market economy to these agro-industries is wholly ununderstandable. This is hampering the development and modernisation of these important agro-industries thereby inhibiting the process of making them competitive costwise as well as quality wise on the other hand farmers are at a loss as it has always been a buyers' market rather than the sellers' market.

Use of Plastics in Agriculture

2.26 With more than 70% of the agricultural land yet to be covered under irrigation, plastic material used in agriculture is expected to

increase voluminously in the coming years. There is a wide scope of the use of plastic material in drip and sprinkler system of irrigation, water tanks, underground and overhead water pipes, etc. The Committee is of the opinion that with such wide scope of use of plastic in agriculture, the Government has made very little mention about its use in its draft policy. It has just stated that the use of plastics will receive emphasis for conservation purposes. The Committee, therefore, recommends that additional emphasis should be given on the use of plastics and in order to encourage its use, the Government should narrow down the taxes on plastic material exclusively used for agricultural purposes and other water conserving equipment like drips, etc.

PARA 6

2.27 Para 6 of the Draft Agriculture Policy Resolution States :-

“The basic support for agricultural development has been provided by the credit structure built over the years. One important objective of agricultural development will be to ensure that credit flows are enhanced in this sector. All efforts of cooperative societies which are engaged in economically viable ventures, are professionally managed and democratically run, will be given the fullest support by the Government. Cooperative laws will be modified to strengthen the democratic process and the cooperative movement will be freed from State controls. However, Government will continue to provide financial and extension support to societies in areas where the movement is weak, or is yet to take root.”

2.28 The Committee feel satisfied with the Government’s recognition of need to enhance credit flows to the agriculture sector and also by its resolve to make cooperative societies viable ventures, professionally managed and democratically run under modified cooperative laws making them free from State controls. The Committee, however, are dismayed to note that nothing has been said on simplifying the credit procedures and make adequate allocations needed by the vast rural sector. The Committee, therefore, wish to place the following suggestions in that regard :—

Credit Structure

2.29 Procedures for rural credit should be simplified and adequate funds be earmarked for it. The Committee are constrained to note that only 1/10th of total credit flowed to rural areas having 74% population of the country in the VII Plan period.

2.30 The Committee recommend that the farmer irrespective of whether he is a small or marginal farmer should be eligible for credit facilities on hypothecating his produce. The small and marginal farmers could be identified on the basis of land records. The short-term credit

facility should be given to the farmer through fixing credit limits depending upon the land he possesses and other assets on the pattern of credits given to traders and industrialists. This facility would help the farmers to avoid distress sale of their produce and simultaneously repay their crop loan dues to financing institutions so as to be eligible for fresh credit for the next crop season upto that limit.

2.31 The Committee strongly recommend that adequate funds should be made available project-wise to meet the actual project needs of the farmers to avoid misutilisation of funds.

Cooperative Societies

2.32 Cooperative institutions throughout the county demand greater degree of democratization and professionalisation. The Cooperative laws should be made more liberal, flexible and practicable enabling the cooperatives to plan, formulate their own strategies, priorities and preferences while developing agricultural activities like marketing, export etc. The cooperatives should be treated at par with industry and given the status of industry. Further, there should be no restriction on the number of cooperatives in a village so as to make the cooperative movement a competitive form of business.

PARA 7

2.33 Para 7 of the Draft Agriculture Policy Resolution states:-

“Together with improvements in the marketing of agricultural produce in different regions of the country, and abroad, adequate emphasis will be laid on the development of suitable post-harvest technologies. Agro-processing units will be set up in the rural areas for generating employment opportunities. The thrust will be for effective utilisation of agricultural produce, and creation of value addition facilities, close to the production base so as to ensure a better value for the actual producer.”

2.34 This para sufficiently states the policy thrust in the matter of evolving post-harvest technologies and promoting agro-processing units and locating them in rural area. It, however, does require some improvisation. The Committee, therefore, recommend that the necessary infrastructure and industry for value addition to agriculture produce may preferably be installed in the rural areas near to the place of produce and that the small and marginal farmers may be given special incentives, concessions and preference for setting up the infrastructure for value addition to their products. This would enable the small and marginal farmers to get better value and also that the revenue earned will remain in the rural areas besides generating additional employment for the rural population. Appropriate technologies, viable models and forward, backward linkages for establishing a chain of such industries on small

scale must be evolved and propagated. Necessary infrastructure and adequate credit facility must be made available for these. A wide network of information and consultant service centres may be established by the Government to assist the small and marginal farmers in setting up agro-based industries.

PARA 8

2.35 Para 8 of the Draft Agriculture Policy Resolution states :—

“Failure of crops, specially in rainfed areas and inability of farmers to absorb the risks of instability in production levels, often result in poor investments. For this purpose credit flow arrangements and comprehensive crop and livestock insurance schemes will be redesigned, with a built-in provision of insulating farmers from financial distress, caused by the failure of rains, and by natural disasters.”

2.36 This para in view of the Committee needs a bit of re-drafting to include some more things which will make it more explicit. The Committee observe that the comprehensive crop insurance scheme provides a measure of financial support to farmers in the event of a crop-failure as a result of fire, drought, flood, hailstorm, attack by pests, insects and diseases, etc. or any other calamity and also to restore the credit legibility of farmers after a crop failure for the next crop season. The State Governments/Union Territories implemening the scheme have set up State Crop Insurance Funds (SCIF) with an initial corpus funded by Central and State Governments on matching basis for its administration. The scheme operates in defined areas for each crop as notified by the State Crop Insurance Fund Committee. A defined area may be a district/tehsil/taluka/block or other smaller contiguous area.

2.37 The Committee are of the view that insurance of crops should be on the farmers land holding on unit basis rather than defined areas for each crop.

PARA 9

2.38 Para 9 of the Draft Agriculture Policy Resolution states :—

“Government would continue to discharge its responsibility for ensuring remunerative agricultural prices to the farming community. To achieve the above objective, Government would continuously review the price structure and trade mechanism so as to ensure a favourable economic environment. This would attempt to encourage increased capital formation in this sector.”

2.39 Government’s resolve to discharge its responsibilities for ensuring remunerative agricultural prices to farming community is worth commending. Similarly, is its undertaking to continuously review the price

structure and trade mechanism so as to ensure a favourable economic environment which would encourage increased capital formation in this sector.

2.40 The Committee however, would like the Government to take certain measures which will bring about an equitable balance not only in the price structure and trade regime but also in rural and urban incomes. This must form an integral part of the whole strategy and must find a prime place in the policy resolution. In this context, the Committee would like to cite the example of several developed countries where the number of people engaged in agriculture as a part of the whole population is very low but the differences between rural and urban incomes are markedly low as compared to ours.

PARA 10

2.41 Para 10 of the Draft Agriculture Policy Resolution states :—

“India has a natural comparative advantage in agricultural exports because of our lower import need of inputs our reasonable labour costs, and our diverse agro-climatic conditions. This advantage has to be maximised by giving a special thrust to the exports of fruits, flowers vegetables, poultry and libestock products and thereby substantially raising our share in the total exports. To achieve the above, a long-term policy of expansion and diversification of agricultural produce will be formulated consistent with our overall objective to give a fair share to the farmers.”

2.42 The Committee feel satisfied with Government’s emphasis on exports of agricultural products and evolving a long term policy for the same. But the Committee find the statement lacking in a clearcut resolve to develop the infrastructure needed. The most critical of these are the availability of high yielding varieties of seeds and plant material. Equally important is the creation of infrastructure like stroages, banking facilities, transportation and direct connection with the national and international market. To highlight the point, the Committee wish to cite the lack of such facilities in the hill areas and North Eastern region which have a great potential in the matter; for example, flowers produced in Sikkim cannot be exported to international market without such facilities and a direct air link, which is nowhere in sight. Therefore, the Government must undertake to create all these through enhanced public investment and encouraging private investments in these acitivities.

2.43 The draft Agriculture Policy Resolution in its para on agricultural exports has stated that special thrust will be given to exports of fruits, flowers, vegetables, poultry and libestock products. It has not mentioned anything regarding the export of foodgrains, cereals and spices.

2.44 During the evidence the Special Secretary, Ministry of Agriculture stated that if India does not export foodgrains today it will not have sufficient space to store the foodgrains. He further stated that India is producing 10% excess of the requirement of foodgrains.

2.45 The Committee are not convinced with the arguments extended by Special Secretary. The Committee emphasize that agro-exports should not be done at the cost of food security and the Government should consider the export of surplus agro-products only.

PARA 11 & 12

2.46 Para 11 & 12 of the Draft Agriculture Policy Resolution state :—

“Government will endeavour to create a positive trade and investment climate for agriculture at par with industry. The objective of Government policy will be to develop effective systems and bestow similar benefits on agriculture as exist in industry. However, care would be taken to ensure that agriculturists are not subjected to the regulatory and tax collection machinery of Government. Further, farmers will be exempted from payment of capital gains tax on compulsory acquisition of agricultural land within prescribed municipal limits.”

“Indian agriculture is basically dependent on the endeavours of small and marginal farmers. Land reforms will be so pursued as to channelise their energies for achieving greater production.”

2.47 The Committee fully appreciates the Government's endeavour to create a positive trade and investment climate in agriculture at par with industry and taking care to ensure that agriculturists are not subjected to the regulatory and tax collection machinery of Government. Equally appreciable is the Government resolve to keep farmers exempted from payment of capital gains tax on compulsory acquisition of agricultural land within prescribed municipal limits. But the Committee feels that the policy document must include the undertaking to impose strict restrictions on indiscriminate use of fertile agricultural land for non-agricultural use like urbanisation and industrialisation. The Committee are of firm opinion that the definition of “public purpose” for acquiring land must undergo a thorough change. Only public utilities like hospitals, power houses, transport centres, railways, roads, canals, educational institutions and communication centres, etc. should be included in public purpose. These public utilities too should be located on such lands which cannot be used for agriculture unless there is no such land available in the near vicinity. If it be essential to do so, the transformation of agricultural lands to non-agricultural lands should be regulated through strict legislation and the agriculturist must be paid compensation at market rates available at the time of taking possession. The Committee wish to emphasise that acquisition of land for

industrialisation and urbanisation should not be treated as 'public purpose'.

2.48 The Government must come out with a strict legislation on this, as the indiscriminate use of agricultural land for public purposes is on the one hand reducing the percapita availability of cultivable land in the country and on the other hand putting traditional agriculturists to untold misery by displacing them from their ancestral profession without creating any viable alternative for them. The Constitution may be suitably amended, if necessary. Herein, the Committee also wish to add that the villages which are urbanised in the process must be developed at par with the urban area for which their land have been acquired and appropriate provisions for the expansion of their families must be made to provide them some additional land at the very place.

Agriculture at par with Industry

2.49 The Committee are happy to note that the Government has suggested to create a positive trade and investment climate for agriculture at par with industry. In its bid to do so, the Government proposes that agriculturists will not be subjected to regulatory and tax collection machinery of the Government and also that the farmers will be exempted from payment of capital gains tax.

2.50 The Committee feels that the natural growth of market for agricultural produce has been stifled by so many restrictions on movement of agro-products, setting up of agro-industries and discriminatory, inadequate and cumbersome rural credit system. In all these respects, agriculture must be brought at least at par with commerce and industry, if not on a preferential footing.

Consolidation

2.51 The Committee are of the strong opinion that consolidation of land holdings should be encouraged and pursued vigorously throughout the country.

Land Records

2.52 The land records of the country are outdated, and do not reflect the sales, mortgages and other things promptly and whatever land records are there, they are in bad shape. The Committee recommends that the work of updating and streamlining of land records must be taken up on top priority and completed within the shortest possible time-frame, which should be prescribed in consultation with all the States. The farmer should be provided with pass-books (Jot Bahis/Jot Pustikas) which must reflect all the records, changes in ownership/use status including crops and acreage thereunder. A periodical completion of entries in land pass-books should be the responsibility of the revenue department, and any failure on that account should be viewed seriously

against the erring official. Computerisation and supplying the updated print-outs to farmers must form an integral part of the exercise.

Ceiling Laws

2.53 Ceiling Laws and the subsequent amending laws should both be brought under the Ninth Schedule of the Constitution. The ceiling on land holding should neither be less nor more than the prescribed limit of the land holdings and should be enforced.

Unutilised land with industrial units

2.54 The The Committee are concerned over big culturable land holdings with industries which are lying vacant on the pretext of expansion. One such example brought before the Committee is of the Maruti Udyog Limited which has hundreds of acres of precious land not being put to any use. The other is The Heavy Engineering Corporation in Ranchi which is having 2000 acres of land out of which 500 to 600 acres of land is lying idle i.e. not being used for any purpose.

2.55 The Committee keeping in view the foodgrains need of the nation in the coming years would like the policy document to emphasize that land may be given to industries commensurate with its present plan set up plus some for future expansion. It recommends that all surplus cultivable land remaining unused should be confiscated and returned to original farmers in order to bring the land back into cultivation.

PARA 13

2.56 Para 13 of the Draft Agriculture Policy Resolution states:—

“Government attaches the highest importance to the quality of the country’s land and reclaiming degraded lands will be given the highest priority. Land will be developed according to its quality and potential in order to fulfil the needs of our growing population. In order to develop the vast rainfed areas of the country, conservation of rain water will be promoted by vegetative conservation measures through watershed management to bring about integrated development with the help of self-regulating beneficiary groups consisting of landless agricultural labour and small and marginal farmers.”

2.57 The Committee do appreciate the Governments decision to attach highest importance to the quality of country’s land and according highest priority to reclaiming degraded lands. The Committee also fully commend the Government resolve to develop vast rainfed areas of the country, conservation of rain water through watershed management and evolving systems for self-regulating beneficiary groups consisting of landless agricultural labour and small and marginal farmers.

2.58 The Committee are dismayed to notice that no mention has been made for evolving any strategy for vast areas of land which are lying unutilised as fallow land, culturable waste land etc. which according to one estimate is as much as 91 million hectares. The Committee wish to state that India are in a much better position as compared to the other countries of the world in this respect as more than 52% of our total land mass of 329 million hectares approximately is cultivable, while the overall comparable world percentage is only 11%. We have almost all of the 15 climates found in the globe and as many as 127 agro-climatic regions with sufficient to moderate rains and a variety of soil types and round the year abundant sun and good amount of surface and underground water resources. Our soils are capable of producing almost everything on the earth and 2 to 3 crops every year. But huge lands of our country are lying unattended and are being subjected to serious threats of degradation on account of water logging, salinity, stress and soil erosion. According to an estimate prepared by scientists about 1 cm of our top soil is eroding every year which is very serious in view of the fact that nature takes about 300 years to create one inch thick of fertile top soil through bio-mass production.

2.59 The Agriculture Policy Resolution does not state the manner and policy for making use of these huge land areas, which can be converted into cultivable land and green cover through afforestation.

2.60 These waste lands after reclamation should be distributed according to the norms prevailing under the distribution of surplus lands and the priorities of distribution should also be the same as in the case of surplus lands.

2.61 The Committee note that the agricultural workers constitute a very large segment of our farming community and they are the worst sufferers in the rural areas. They are also the very vulnerable and most insecured section of our society. They deserve to be placed in a respectable position in agriculture. In view of this the Committee recommend that:—

- (i) A central legislation has to be enacted and implemented properly to ensure minimum wages to them.
- (ii) The responsibility of social security of the agricultural workers has to be borne by the Central Government as well as the respective State Governments as they are not permanently attached to any employer.
- (iii) A comprehensive Rural Housing Scheme should be introduced for them.
- (iv) The distribution of ceiling surplus land or any kind of distributable land, should be made a time bound programme.
- (v) Ban should be imposed on eviction of agricultural workers from land and homestead.

- (vi) **Old age pension for the agricultural workers above 60 years of age has to be introduced.**
- (vii) **The names of the share croppers should be recorded.**

Watershed management

2.62 Out of a total area of 128 mh. under foodgrains in 1985-86 only 40.6 mh. were irrigated and the remaining were dry lands depending entirely on monsoon for water supply. Monsoon in India is highly erratic. Quite often monsoon has delayed sowing operations and causing damage to standing crops. Again sometimes there are excessive and unusual rains causing floods in river streams which also damage the crops. Agriculture in these rainfed land is a gamble for the farmer.

2.63 The Ministry of Water Resources has formulated a Draft Irrigation Management Policy. In its water policy they have stated that there should be a model plan for flood control and management of each flood prone basin. It further states that in planning water resource development projects, the need of drought prone areas should be given priority.

2.64 **The comprehensive use water policy is not upto the mark. The Committee recommend that the policy should be —**

- (a) **to harness the resources.**
- (b) **major thrust should be on conserving and storage for which watershed management techniques is comprehensive. Comparative social cost benefit ratio should be worked out. A national watershed plan with fixed timeframe should be made for implementation backed by commensurate allocation of funds in Annual Five Year Plans, Plans of State Governments, etc.**
- (c) **no new large and medium projects should be embarked upon unless the old projects are completed.**
- (d) **improved canal management by the allocation of sufficient funds and by bringing down non-plan expenditure drastically because a tendency exists after independence to increase staff and officials. Lining of canals may be effected where it is required.**
- (e) **rectify regional imbalances by effective water management.**
- (f) **rejuvenating and creating new water charging systems. Incorporating legislation to initiate the ponds which can be found in the records.**
- (g) **usage of pipes for on-farm irrigation and for carrying water to effect saving on water wastage.**
- (h) **special programmes for flood-prone areas.**

2.65 The Committee are at pain to notice the failure of the Government in not stating any concrete measures and strategies for conservation of bio-diversity. Like our diverse agro-climatic conditions, we have a huge wealth of bio-resources, which are becoming extinct for various reasons. There is an urgent need to formulate a policy for their conservation through various measures including their preservation in the Gene-Banks and their natural habitat, where they have been surviving through millions of years and imbibed the vital characteristics to stand the vigours of nature like drought, deluge, attacks by pests, insect, bacteria and viruses. Therefore, there must be a time-bound programme, prepare a list of all these, catalogue them, classify them and a suitable change be made in the mandate of the various research institutes under the I.C.A.R. and agricultural universities in the States to undertake time-bound studies and programmes on these.

2.66 Special emphasis should be given on developing farm based commercial activities like sericulture and cultivation of medicinal and aromatic plants.

2.67 The Committee are also dissatisfied with the lack of emphasis on watershed management. It is the most comprehensive and holistic approach to tackle the problems of regional imbalances in matter of water availability, sustainability of agriculture and water resources, problem of depleting underground water resources, drainage, soil conservation and developing integrated models of all on-farm activities for the help of self-regulating beneficiary groups consisting of landless agricultural labour and small and marginal farmers. This is also the only and ultimate answer to reducing regional disparities, making assured irrigation available, evolving more economic and self-sustaining and environmental friendly use of organic inputs and non-conventional energy resources through utilisation of farm waste and bio-mass production. The policy resolution must reflect a resolve to bring the whole nation under watershed management within a fixed time-frame and necessary allocations must be made in the various plans and projects. All the States of India must be involved to undertake this National Plan in a consolidated and committed fashion. There should be a concomitant shift in our strategy on irrigation. Only the ongoing major and medium projects must be completed and no new ones should be conceived unless the whole nation is brought under the Watershed Management.

PARA 14

2.68 Para 14 of the Draft Agriculture Policy Resolution states:-

“The Government of India trust that this statement of Agriculture Policy will receive the support of all sections of the people, and promote enhanced agricultural growth, resulting in the generation of higher incomes in the rural areas. This will lead to improving the

quality of life in villages, bridge the gap that exists in access to education, health and other services between the rural and urban areas, and create gainful employment opportunities on a self-sustaining basis."

2.69 Government's endeavour to seek the support of all sections of people in promoting enhanced agricultural growth is understandable. In order to generate higher incomes in rural areas and improving quality of life in villages, a time-frame must be specified to reach every village in matter of education, drinking water, roads, health and veterinary services and other facilities. Resolve to come out with targeted and time-frame policies on all these matters must be an integral part of the Agriculture Policy Resolution, which is not there in the present draft.

Acquaculture

2.70 Fisheries plays an important role in the economy of India in augmenting food supply, generating employment, raising nutritional levels and earning foreign exchange.

2.71 The Marine Fishery Resources of India are from a total coastal line length of 8085 kms. which can yield 39 lakh tonnes of fishes.

2.72 The Inland Fishery Resources are a total length of 164 kms. from rivers and canals and 68.93 lakh hectares from reservoirs, tanks & ponds, beels, ox-bow lakes, derelict water bodies etc. & brackishwater area which can yield 45 lakh tonnes of fish.

2.73 The production of Marine & Inland fish is 24.47 lakh tonnes of marine fishery and 17.10 lakh tonnes of Inland fishery *i.e.* a total of 41.57 lakh tonnes which is approximately 50% of the total potential.

2.74 The Committee recommend that the vast potential of fisheries should be tapped to its maximum to increase our export capacity. Coastal land should be made available to traditional fishermen and processing units should be installed near these areas. The Committee also recommend that a separate department should be formed for aquaculture and the activities concerning fisheries, which are at present spread over various departments should be brought under a single Ministry in order to give the necessary thrust to this industry.

Gram Panchayats

2.75 The Committee is of the view that Panchayati Raj Institutions should be strengthened to function more democratically to plan, formulate and execute their schemes. these institutions could be provided with suitable agriculture related expertise. The administrative set up of these Institutions should be re-oriented for de-centralisation of planning and implementation.

CONCLUSIONS

The Committee concludes that a fresh determined effort should be made by the nodal Ministry in formulating the first ever Agriculture Policy of free India and which shall set the guidelines to many other policies.

The Committee also emphasises that the Agriculture Policy Resolution while stating the challenges on the one hand should reflect the Governments sincerity in meeting the challenges and implementing the policy on the other hand so that the people are enthused and the rural people look at it as a ray of hope for their future well being and alround development.

The Policy Resolution should, therefore, have brief analytical explanatory notes explaining the Government's resolve in implementing the resolution which can be referred to, to see the Government intents.

NEW DELHI;
10 May, 1994

20 Vaisakha, 1916 (Saka)

NITISH KUMAR
Chairman,
Standing Committee on Agriculture.

Annexure

Gross Capital Formation in Agriculture

(At 1980-81 prices)				(Rs. in Crores)					
Year	Gross Domestic Capital Formation			Gross Capital Formation in Agriculture			Percentage		
	Total	Public Sector	Private Sector	Total	Public Sector	Private Sector	Col.5 as/of Col.2	Col.6 as/of Col.3	Col.7 as/of Col.4
1	2	3	4	5	6	7	8	9	10
1960-61	11775	4805	6970	1668	589	1079	14.2	12.3	15.5
1970-71	16550	6984	9566	2758	789	1969	16.7	11.3	20.6
1978-79	28144	12519	15625	5246	1697	3549	18.6	13.6	22.7
1980-81	25794	11767	14027	4636	1796	2840	18.0	15.3	20.2
1981-82	34217	15178	19039	4499	1779	2720	13.1	11.7*	14.3
1982-83	33293	16635	16658	4575	1725	2850	13.7	10.4	17.1
1983-84	31316	15502	15814	4097	1707	2390	13.1	11.0	15.1
1984-85	33025	17588	15437	4551	1673	2878	13.8	9.5	18.6
1985-86	38258	18216	20042	4322	1516	2806	11.3	8.3	14.0
1986-87	38159	19584	18575	4014	1428	2586	10.5	7.3	13.9
1987-88	37982	17958	20024	4418	1461	2957	11.6	8.1	14.8
1988-89	46225	19463	26762	4349	1364	2985	9.4	7.0	11.2
1989-90	44927	20640	24287	4348	1157	3191	9.7	5.6	13.1
1990-91	48773	21613	27160	4642	1221	3421	9.5	5.6	12.6
1991-92*	41662	18734	22928	4580	1043	3537	11.0	5.6	15.4

* - Quick Estimates.

Source-Nation Accounts Statistics, CSO