

**GOVERNMENT OF INDIA
AGRICULTURE
LOK SABHA**

UNSTARRED QUESTION NO:1561
ANSWERED ON:07.08.2006
CAPITAL FORMATION TRENDS IN AGRICULTURE .
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Will the Minister of AGRICULTURE be pleased to state:

- (a) Whether there has been any study to comprehend the capital formation trends in agriculture;
- (b) If so, whether the indices representing capital formation in agriculture sector are healthy enough in comparison to that in the other sectors; and
- (c) If not, the steps taken to accelerate the capital formation trends in agriculture sector? ANSWER

Answer

MINISTER OF STATE IN THE MINISTRY OF AGRICULTURE (SHRI KANTILAL BHURIA)

(a)&(b): Trends of capital formation including that in agriculture are worked out and released by the Central Statistical Organization (CSO). According to their data during the period 1999-2000 to 2004-05, gross capital formation in agriculture as a percentage of total gross capital formation (at constant 1999-2000 prices) in the economy stood at low levels between 10 and 8 percent, compared to 45 and 47 percent in manufacturing sector while 45 and 46 percent in the services sector.

(c): Among the major policy initiatives taken to accelerate the Capital Formation in agriculture sector include:

? Under the scheme `Development/ Strengthening of Agricultural Marketing Infrastructure, Grading and Standardization`, agricultural markets, marketing infrastructure and other support services are developed on the model of public-private partnership by inducing large investments from both private and cooperative sectors. Assistance is provided to States to amend their Agricultural Produce Marketing Committee (APMC) Act to create a lawful space for private sector in market development and contract farming.

? Encouraging private sector investment particularly in areas like agricultural research, human resource development, post harvest management and marketing.

? Completion of all ongoing irrigation projects, restoration and modernization of irrigation infrastructure including drainage.

? Development of modern scientific storage facilities and ensuring better returns to the farmers.

? Setting up agro-processing units in the producing areas.

? Operation of comprehensive credit package aiming at doubling the credit flow to the farmers in three years. Its major components include restructuring of loans for providing credit related relief to farmers and One Time Settlement Scheme for setting the old and chronic loans of small and marginal farmers and investments in new agriculture related projects.

