

**GOVERNMENT OF INDIA
FINANCE
LOK SABHA**

UNSTARRED QUESTION NO:1419
ANSWERED ON:04.03.2011
INVESTING SAVINGS FROM CAPITAL MARKETS IN AGRICULTURE
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Will the Minister of FINANCE be pleased to state:

- (a) whether redirecting public savings from capital markets to public investment in agriculture will stimulate farm output;
- (b) if so, the details thereof and reaction of the Government thereon; and
- (c) the steps taken in this direction so far ?

Answer

MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI NAMO NARAIN MEENA)

(a) & (b): Government does not have the mandate to redirect savings (of the general public or public sector enterprises) that comes into the securities markets for investments in agriculture so as to stimulate farm output. However, securities markets provide an opportunity for farm based companies to raise capital- equity as well as debt.

(c) Government attaches great importance to the growth of agriculture and allied sector. The Eleventh Plan has set a target of 4 per cent growth for agriculture sector. Department of Agriculture and Cooperation, Government of India has been implementing various crop development programmes such as National Food Security Mission, Rashtriya Krishi Vikas Yojna, Integrated Scheme of Oilseeds, Pulses, Maize and Oilpalm (ISOPOM), Integrated Cereal Development Programme for Rice, Wheat and Coarse Cereals, etc. for increasing the production and productivity of agricultural crops in the country. Besides, new schemes of extending the Green Revolution to Eastern region of the country and organizing 60,000 'Pulses and Oilseed Villages' have been initiated during 2010-11 to tap the potential of eastern Indian states for enhancing agriculture production and promotion of mechanization in watershed area for enhancing the productivity of the dry land farming areas respectively. Minimum Support Prices are declared every year for various crops to ensure remunerative prices to the growers with a view to encourage higher investment and production. Various initiatives taken by the Government has had the effect of increased investment in agriculture over the years. The details of the investment measured in terms of gross capital formation made in the agriculture sector during the last six years are as follows:

Gross Capital Formation (GCF) in Agriculture and Allied Sector (at 2004-05 prices)

Rs. Crore

Year	GDP	Agriculture & Allied Activities	GCF in Agriculture & Allied Activities	GCF/GDP in Agriculture & Allied Activities	GCF in Agri culture & Allied Activities as per cent of total GDP
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GCF GDP

2004-05	29,71,464	76,096	5,65,426	13.46	2.56
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2005-06	32,54,216	86,611	5,94,487	14.57	2.66
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2006-07	35,66,011	90,710	6,19,190	14.65	2.54
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2007-08	38,98,958	1,05,034	6,55,080	16.03	2.69
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2008-09 P 41,62,509 1,28,659 6,54,118 19.67 3.09

2009-10 QE 44,93,743 1,33,377 6,56,975 20.30 2.97

Notes: P- provisional.

QE-quick estimates.

Source: Central Statistics Office.