

TWENTY THIRD REPORT
STANDING COMMITTEE
ON AGRICULTURE
(2001)

(THIRTEENTH LOK SABHA)

MINISTRY OF AGRICULTURE
(DEPARTMENT OF AGRICULTURE
& COOPERATION)

NATIONAL AGRICULTURE POLICY

*Presented to Lok Sabha on 23 August, 2001
Laid on Rajya Sabha on 23 August, 2001*



LOK SABHA SECRETARIAT
NEW DELHI

August 2001 / Sramana 1923 (Saka)

COMPOSITION OF THE STANDING COMMITTEE ON
AGRICULTURE FOR THE YEAR-2001

Shri S.S. Palanimanickam — *Chairman*

MEMBERS

Lok Sabha

2. Shri Ram Tahal Chaudhari
3. Shri Shivraj Singh Chouhan
4. Shri Shamsheer Singh Dullu
5. Shri Ramdas Rupala Gavit
6. Shri Thawar Chand Gehlot
7. Shri Raghunath Jha
8. Shri Shivaji Vithalrao Kamble
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11. Shri Haribhau Shankar Mahale
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21. Shri N.R.K. Reddy
22. Shri Pyare Lal Sankhwar
23. Shri Adi Shankar
24. Shri Chhatrapal Singh
25. Shri Lakshman Singh
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27. Shri Tejveer Singh
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29. Shri Bhal Chandra Yadav
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Rajya Sabha

31. Smt. Jamana Devi Barupal
32. Shri Khagen Das
33. Shri Oscar Fernandes
34. Shri H.K. Javare Gowda
35. Shri Korambayil Ahammed Haji
36. Shri Kailash Joshi
37. Shri Kanshi Ram
38. Dr. A.R. Kidwai
39. Shri M. Rajashekara Murthy
40. Shri Yadlapati Venkata Rao
41. Shri Sharief-Ud-Din Shariq
42. Shri Devi Prasad Singh
- *43. Vacant
- **44. Vacant
45. Vacant

SECRETARIAT

1. Dr. (Smt.) Paramjeet Kaur Sandhu — *Joint Secretary*
2. Shri Raj Shekhar Sharma — *Deputy Secretary*
3. Smt. Anita Jain — *Under Secretary*
4. Ms. Amita Walia — *Sr. Exe. Assistant*

* Shri Devi Lal ceased to be a Member of the Committee owing to his demise on 6.4.2001.
** Shri R. Margabandu retired w.e.f. 24th July, 2001.

PREFACE

I, the Chairman, Standing Committee on Agriculture having been authorised by the Committee to submit the report on their behalf, present this Twenty Third Report on 'National Agriculture Policy' which was referred to this Committee by the Hon'ble Speaker, Lok Sabha for examination and Report.

2. The Standing Committee on Agriculture was constituted on 1st January, 2001. One of the functions of the Standing Committee as laid down in Rule 331E(1) (d) of the Rules of Procedure and Conduct of Business in Lok Sabha is to consider national basic long term policy documents presented to the Houses, if referred to the Committee by the Chairman, Rajya Sabha or the Speaker, as the case may be, and make reports thereon. In pursuance of this rule Hon'ble Speaker referred the 'National Agriculture Policy' to the Committee on 15th September, 2000 for Examination and Report.

3. The Committee held a briefing meeting with the representing of the Ministry of Agriculture Department of Agriculture and Cooperation on 13th December 2000. Thereafter, they considered the memoranda received from various experts/NGO/Farmers organizations in the field of agriculture. The Committee heard the views of Dr. A. Vaidyanathan, President, The Indian Society of Agricultural Economics, Chennai and Dr. J.P. Singh, Senior Fellow (Professor) Agricultural Economics Research Centre, University of Delhi in person and discussed the Policy in detail on 25 January 2001.

4. The Committee took evidence of the representatives of the Ministry of Agriculture, Department of Agriculture and Cooperation on 12th February, 2001. The Committee wish to express their thanks to officers of the Ministry of Agriculture, Department of Agriculture and Cooperation for placing before them, the material and information which they desired in connection with the examination of National Agriculture Policy and for giving evidence before the Committee.

5. The Committee also benefited from the views/suggestions of individuals/NGO and express their thanks to all of them who furnished memoranda. They also express thanks to Dr. A. Vaidyanathan and Dr. J.P. Singh. Who tendered evidence before the Committee.

6. The Committee considered and adopted the Report at their sitting held on 7th August, 2001.

NEW DELHI;
7 August, 2001
16 Sravana, 1923 (Saka)

S.S. PALANIMANICKAM,
Chairman,
Standing Committee on Agriculture.

REPORT

Introductory

Sustained progress in agriculture holds the key not only to the food and nutrition security of the nation, but also to the livelihood security of nearly 70% of our population and to the ecological security of the country. Indian Agriculture has, since independence, made rapid strides. In taking the annual foodgrains production from 51 million tonnes of early fifties to 206 million tonnes at the turn of the century, it has contributed significantly in achieving self-sufficiency in food and in avoiding food shortages in our country. Despite a proud record of achievement in the post-independence period, agricultural sector continues to face the problems of low productivity and wide regional disparities on the one hand and internal and external pressures arising from the impact of policies of market integration on the other.

2 As development of agriculture sector is key to all strategies of planned development, a National Agriculture Policy is absolutely essential to build on the inherent strengths of the sector, to draw lessons from the past, to address the constraints and to make optimal use of the new opportunities emerging as a result of the advancements in science and technology and economic liberalization for the benefit of the rural people.

3 The formulation of a comprehensive Agriculture Policy has been under consideration for sometime. A draft of Agriculture Policy Resolution (APR) prepared by the Government was placed in Parliament on 23rd December, 1992 and was referred the Parliamentary Standing Committee on Agriculture (1994-95) for consideration and comments. Standing Committee on Agriculture examined the APR thoroughly and presented the 12th Report on Draft Agriculture Policy Resolution — 1992 to the Lok Sabha on 10th May, 1994. The Committee in this report commented as under:—

“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.”

4 The draft Agriculture Policy Resolution was revised by the Government taking into account the suggestions made in the Parliament and by the Standing Committee on Agriculture (1994-95). The fresh draft of National Agriculture Policy was accordingly prepared by the Government to focus attention on better management and conservation of natural resource-base and orientation of technological and institutional change in such a manner as to ensure the attainment and continued satisfaction of human needs for the present and future generations.

National Agricultural Policy

5 The National Agriculture Policy was placed on the Table of the House on 28th July, 2000 and the same was referred by Hon'ble Speaker, Lok Sabha to the Parliamentary Standing Committee on Agriculture for examination and report. The National Agriculture Policy statement as referred to the Committee is given in *Annexure*. The Committee examined the Policy in detail, eliciting the views of experts in the field of Agriculture and also took evidence of the representatives of Ministry of Agriculture. As the agriculture is a state subject and the implementation part lies with the State Government, the Committee deemed it fit to take the comments of the State Governments also on the policy so as to present an objective Report to the Parliament.

6 The Ministry of Agriculture while explaining the contents of policy and its implementation plan, in a written note stated that, "The policy lays down the broad direction for Government initiatives and programmes over a period of 15-20 years. The policy is divided into nine segments, which indicate the priority areas. The details within each of the nine thrust areas; constitute the strategy for achieving the objectives of the Policy. In order to actualize the strategy a detailed action plan is being formulated by an Inter-Ministerial Committee, which has representatives of all concerned Ministries and Departments. The Committee will coordinate the preparation of a detailed blue print for implementation of the National Agriculture policy in the 10th Plan and the beyond."

7 As regards the coordination in decision-making process with various Ministries, which are complementary to Agriculture, the Ministry informed that, "Group of Ministries has been constituted to review the whole gamut of policies on agriculture related issues. This Group would facilitate complementarity in the policies and decisions of all concerned Ministries/ Departments."

8 Under the Constitution, Agriculture is a State subject and most of the implementation part is under the State Governments. The Committee enquired as to how the Union Government will coordinate with State Government for proper implementation of the Policy, the Ministry stated, "The National Agriculture Policy is an attempt to provide the broad direction of agriculture development in the coming years. It provides a national policy perspective with which the State Government may attune their programmes schemes and priorities. The Policy recognizes the necessity for differentiated strategies based on regional realities and requirements. The implementation of these strategies, as well as many of the action points under the National Agriculture Policy, lie with the State Governments. The flexibility bestowed on State Governments would also entail an enhanced level of accountability. In order to ensure effective implementation of programmes, suitable monitoring and evaluation mechanism would be put in place."

9 With regard to giving Panchayats an expanded role in implementation of the Policy, the Ministry stated that "the specific role to be assigned to the Panchayats is decided by the State Governments. At present empowerment of Panchayats has been effected in varying degrees in different States."

10 The Committee note that National Agriculture Policy document indicates only the broad direction for Government initiatives and programmes over a period of 15-20 years. In order to actualize the strategy, a detailed action plan is being formulated by inter-ministerial Committee, which has representatives of all concerned Ministries and Departments. At States are the implementing agencies, the Committee desire the action plan be formulated with full participation of State Governments and sufficient flexibility be given to State Governments in action plan in implementing various programmes according to their regional requirements.

11 The Committee feel that the focus should now be on specific policy measures to be taken up and more importantly on the methodology of its implementation. In their opinion, without effective implementation of the National Agriculture Policy, policy statement would remain only on paper. The Committee, therefore, desire that the role of the Centre, States and other related agencies engaged in implementation of various schemes/programmes should also be clearly spelt out in the action plan so as to rule out any possibility of ambiguity/confusion in this regard.

12 The implementation of the National Agriculture Policy requires coordination amongst various Ministries/Departments and States for sustained agricultural advancement and agrarian prosperity. The Committee feel that an integrated approach in the decision making process of these Ministries/Departments, particularly those relating to water, land and bio-resources, fertilizers, food processing and external trade is essential to respond to the felt need of both State Governments and farming communities. The constitution of Group of Ministers to facilitate complementarity in policies and decisions of concerned Ministries and to review the whole gamut of the policies on agriculture related issues is a welcome step.

13 The Committee note that the eleventh schedule of the Constitution assigns many responsibilities to Panchayats in the field of food and agriculture viz., Agriculture including agricultural extention, land improvement, consolidation, soil conservation, minor irrigation, water management and animal husbandry etc. However, as is observed today panchayats have not been legally, technically and financially empowered in most of the States to discharge these responsibilities. As the Panchayats are village level bodies working at the grassroots level, in the opinion of the Committee they can prove to be prime-force behind the effective implementation of the NAP and also help in improving the standard of living of small and marginal farmers. Vesting panchayats and Gram Sabhas with necessary financial and administrative powers so that they can become truly democratic, autonomous and self-reliant is the need of the hour for meaningful implementation of the policy.

14 The National Agriculture Policy aims to attain the following objectives, as mentioned in Para 5, over the next two decades:

1. A growth rate in excess of 4 per cent per annum in the agriculture sector;
2. Growth that is based on efficient use of resources and conserves our soil, water and bio-diversity;
3. Growth with equity, i.e., growth which is widespread across regions and farmers;
4. Growth that is demand driven and caters to domestic markets and maximizes benefits from export of agricultural products in the face of the challenges arising from economic liberalization and globalization;
5. Growth that is sustainable technologically, environmentally and economically.

15 The Committee are satisfied with the objectives laid down in the policy statement and are of the view that these are well thought out and are very vital to the Agricultural health of the country. These well laid down objectives, if achieved, will definitely go a long way in improving agricultural scenario during the stipulated period of two decades. The Committee feel that the target of annual agriculture growth rate in excess of 4% as envisaged under the National Agriculture Policy can only be achieved if conducive atmosphere is created for its growth and sufficient financial resources are provided to meet the demands of the agriculture sector.

16 The Committee are of the view that caution exercised in Para 3 of the Policy statement for taking immediate corrective measures for making agriculture more rewarding and competitive in the wake of integration of agriculture trade in the global system is appropriate and very timely. The farmers are already feeling the pinch due to liberalization of trade and large-scale import of agricultural commodities with the removal of quantitative restrictions on April 1st 2001 as per the WTO Agreement on Agriculture, when it opened the floodgate for imports.

17 The Committee find although the policy statement has expressed grave concerns about the well being of farming community in para '4', but no strategy for bringing about improvement in the same has been chalked out in the Policy. The Committee are constrained to note that in spite of good growth during the last few decades, the living condition of the farmers has not been improved considerably. In their opinion, the real issue in agriculture is the question of raising the income of farmers all along the line in all the regions of the country so that they can have decent levels of living. As 80% of the holdings are of small and marginal size, it is difficult to provide these farmers a decent level of living from the income derived from agriculture and keep them employed throughout the year, with the available level of technology at present. Therefore, unless suitable non-farm employment opportunities in rural areas are provided to them or adequate facilities are created for intensive cultivation of high value crops, they would always remain short of adequate income and employment. The committee opine that without the well being of small and marginal farmers, the agricultural growth is meaningless. They, therefore, recommend that the Ministry of Agriculture should chalk out a perspective plan in consultation with the Ministry of Rural Development and other concerned Ministries/Departments for providing non-farm employment to landless/small farmers during the lean period in order to enable them to improve their standard of living. Besides necessary steps for integrating other sectors with agriculture, which have complementarity with it, are required to be taken in the right earnest and these should be spelt out unambiguously in the Policy document.

Sustainable Agriculture (Para 6-12)

18 Para 6 of the policy statement seeks to promote sustainable agriculture through efficient utilization of natural resource — land, water and genetic endowment.

19 The Committee are happy that the efficient utilization of natural resources and conservation of soil, water and biodiversity to promote sustainable development of agriculture has been given the central place in the policy document. The Policy statement provides high priority to reclamation of degraded and fallow land and afforestation of unutilized wasteland. The Committee, however, wish to emphasise that these areas have been neglected in the past as they are very capital intensive and States with their limited resources are not very enthusiastic about implementing this scheme. The Committee desire that a 100% Centrally funded scheme be formulated and sufficient funds allocated under it for making such a scheme successful. the Government may also consider re-afforestation to be thrown open to Corporate Sector.

20 The Policy *inter-alia* states “Measures will be taken to contain biotic pressures on land and to control indiscriminate diversion of agricultural lands for non-agricultural purposes.”

21 The Committee enquired the estimated agriculture land that has been diverted for non-agricultural purposes during the last 30 years and existing laws to prevent diversion of agricultural land and Government strategy to control this diversion. The Ministry in the written reply stated that “land is a State subject and each State Government is to evolve its own Land Use Policy. The National Land Use and Conservation Board (NLCB) chaired by Agriculture Minister and serviced by Department of Agriculture & Cooperation, Ministry of Agriculture, circulated a 19-point National Land Use Policy Outline (NLPO) to all the States. One of the points in the NLPO stresses on the need to control the diversion of agricultural land to non-agricultural purposes.”

22 The Committee feel that this aspect has not been properly worked out before making a mention in the Policy statement. There has been vast agricultural land lying unutilized in the outskirts of the towns/cities. The land has been purchased by agents/builders for conversion of real estate use, but these are lying idle for more than 20-25 years thus blocking the cultivation of agricultural lands that are very fertile. The Committee, would therefore, like that strategy to tackle this problem needs to be spelt out clearly in NAP. The Committee are of the view that agricultural land which is fertile and where irrigation facilities are available should not be allowed to be used for any other purpose and misuse of land should be amply guarded against through enactment of suitable legislation by the States and implemented vigorously. The Committee would like that para 6 be made more specific so that the diversion of good agricultural land for non-agricultural purposes is discouraged.

23 Para 7 of the Policy Statement provides for a long-term perspective plan for sustainable rainfed agriculture through watershed approach for development of two thirds of India's cropped area that is dependent on rain.

24 There are several schemes on watershed development being implemented by various departments/agencies. The Committee wanted to know if multiplicity of the Departments/Agencies has led to some problems in efficient implementation of various schemes and if there is a proposal to integrate all watershed management schemes into single comprehensive scheme for effective implementation, the Ministry in a written note stated "The watershed development schemes of various Ministries have different objectives. While the primary objective of the Agriculture Ministry is to increase agricultural productivity and production primarily, the thrust of the Ministry of Rural Development is on employment generation. It would not be practical to integrate all watershed management schemes into a single scheme. However, it has been agreed by the Ministries of Agriculture and Rural Development to follow a 'Common Approach' with regard to implementation procedures, cost norms, institutional arrangements etc. This will make for significant uniformity in field level implementation."

25 **The Committee do not agree with the contention of the Ministry. Fragmentation of watershed programmes being implemented by different Department/Agencies has led to overlapping in areas of operation and inefficient implementation. The Committee would like that all the watershed schemes be reviewed by Inter Ministerial Committee and Group of Ministers and integrated in comprehensive scheme and taken up in a big way. The resources earmarked for all watershed schemes be pooled together and integrated plan be chalked out so as to have integrated and holistic development of rainfed areas. The Committee also desire that the local people should be actively involved with the programme at the formulation stage itself, so as to make it practicable and useful for them.**

26 The Policy in regard to water management is provided in Para 8 of the Report. It states that rational utilization and conservation of country's abundant water resources will be promoted. Conjunctive use of surface and ground water will receive highest priority.

27 The Committee pointed out that the emphasis now provided in the Policy statement, on conjunctive use of surface and ground water, of receding ground water level was also provided in National Water Policy, 1987 but still these problems continued to persist and have rather aggravated in recent past. When asked what steps have been taken so as to have effective implementation of the Policy. The Ministry in a written reply stated, "A special Scheme is proposed to be introduced for On-Farm Water Management to Increase Crop Production in Eastern India. Ground-water resources in this region are abundant, but have been poorly exploited. The Scheme envisages efficient use of ground-water by means of shallow tube-wells. In rainfed areas, the watershed approach is being promoted, which will incorporate the principle of in-situ moisture conservation through appropriate rainwater harvesting techniques. Optimal use of such conserved water is promoted through appropriate cropping patterns and water-saving technologies."

28 The Committee are not satisfied with the inadequate emphasis given in policy statement to the most important input of Agriculture i.e. water. The Para is devoid of any strategy planned for making efficient utilization of water resources and on how the problem of receding ground water level will be tackled. The policy is also silent about the massive funds and irrigation potential blocked in major irrigation projects that are lying incomplete due to financial and managerial constraints. It is a common knowledge that increase in productivity has been very significant in irrigated areas and this has led substantially to an increase in income of farmers in these areas. Also the biggest problem of water logging in command areas which has worsened over the years and strategy to counter it has simply not been given due place in the policy. The Committee would like Para 8 to be re-drafted in consultation with the Ministry of Water Resources with a view to incorporating a comprehensive policy for water management in agricultural sector.

Food and Nutritional Security (Para 13-17)

29 Para 13-17 pertaining to food and nutritional security is an important aspect of the Policy statement.

30 Para 13 *inter-alia* states that a regionally differentiated strategy will be pursued, taking into account the agronomic, climatic and environmental conditions to realize the full growth potential of every region.

31 The Committee entirely agree with the need to formulate regionally differentiated strategy to realize full growth potential of every region. They, however, wish to emphasise that these strategies should be formulated at the Panchayat/District level, which alone have the grass root knowledge of the area and can fruitfully and meaningfully participate in the implementation of the programme.

32 The statement also speaks of special attention to be given to the development of new crop varieties, particularly of food crops, with higher nutritional value through adoption of biotechnology particularly, genetic modification, while addressing bio-safety concerns.

33 The Committee feel that utilization of biotechnology in a big way to achieve food security may be a risky proposition. The new genetically engineered varieties could be prone to unpredictable but serious, even devastating, pest and disease attacks. They are likely to reduce bio-diversity, which is essential for long-term sustainability. Therefore, there is a need to have credible regulatory system to oversee these aspects and safeguard the requirement of bio-safety before they are released to farmers. The Committee, therefore, strongly recommend that ICAR Institutes and Universities of Agricultural Sciences be strengthened substantially so as to enable them to regulate bio-engineered produces. They should study and experiment these bio-engineered products in selected areas and scientifically evaluate them before they are introduced in agricultural farms.

34 Para 15-17 of the Policy statement relates to animal husbandry and fisheries, which provides that development of Animal Husbandry, Poultry, Dairing and aquaculture will receive a high priority in the efforts for diversifying agriculture, increasing animal protein availability in the food basket and for generating exportable surpluses.

35 The Committee find that very little attention has been paid to aquaculture and fisheries in the Policy statement. The need to exploit export potential of fisheries and marine products has not found its proper place in the Policy statement. India is endowed with vast coastline which provides ample potential for aquaculture, shrimp production, prawn production and fisheries export. In the absence of any well-formulated policy on fisheries, the aquaculture sector has not received due attention it deserves.

36 The Committee would like the Ministry of Agriculture to enumerate a policy for development of fisheries, which would promote aquaculture practices, taking into account environmental aspects together with potential for exports. The Government's intention in this regard needs to find a place in the Policy, so as to give suitable direction to the development of aquaculture in the Country.

Generation and Transfer of Technology (Para 18-20)

37 The Policy statement accords a very high priority to evolving new location-specific and economically viable improved varieties of agriculture and horticulture crops, livestock species and aquaculture as also conservation and judicious use of germplasm and other biodiversity resources. The policy also provides for strengthening of research and extension linkages to improve quality and effectiveness of research and extension system which will be broad based and revitalized. The Committee enquired if with the present institutional infrastructure it could be achieved, the Ministry replied in a written note "Concerted efforts are being made to improve research and extension linkages. National level Interface between Department of Agriculture and ICAR has been institutionalized on pre Kharif and pre Rabi basis. Similar Interfaces between research and extension are being promoted and supported at the State level. Further down such Interfaces are conducted at Zonal Research Stations of State Agricultural Universities on Agro-Climatic Zone basis and at the District level at Krishi Vigyan Kendras. It is proposed to further strengthen such interfaces."

38 The Policy stated under this head is very relevant and needs to be seriously pursued. Good infrastructure for evolving new location specific varieties of agriculture and horticulture crops, livestock species and aquaculture exist in the country. But research and extension linkages have remained weak in these parts and needs to be strengthened. The nexus (the three way exchange) between research, extension and the farmers is extremely important for any dynamic adaptation in the light of changing conditions. The Committee are of the view that for effective extension of agricultural technology, Panchayats/Farmers' organizations, can play an active and important role. Effective linkages therefore should be developed with the departments at Panchayat, Block and District levels. The Committee are in agreement that extension system should be broad based and revitalized. They, however, would like that a clear strategy in regard to new extension set up be delineated so as to make it more vibrant.

Inputs Management (21-24)

39 The Policy states that adequate and timely supply of quality inputs such as seeds, fertilizers, plant-protection, chemicals, bio-pesticides, agricultural machinery and credit at reasonable rates to farmers will be the endeavour of the Government. The policy has laid emphasis on balanced and optimum use of fertilizers to optimise the efficiency of nutrient use.

40 The Committee find that the Government's endeavour to supply quality inputs adequately and timely at reasonable prices to farmers has not met with much success in the past. Also, extension agencies have not been able to play a positive role in educating farmers in this regard. This alongwith usurious practices and crop failures has led to suicides by a large number of farmers. The Committee, therefore, expect that some of the concrete measures to be taken by the Government will be listed out in the NAP for making timely availability of seeds, fertilizers, etc.

41 The Committee are of the view that the distribution system of quality seeds is also not satisfactory. Bio-fertilizers, which is so important in sustainable agriculture, is not adequately available. In Northern States, like Punjab and Haryana soil health has deteriorated due to high yield realization. With a view to improving soil health a scheme for the green manuring may be formulated.

42 The Committee observe that the policy in regard to farm mechanization has also not been clearly spelt out in the statement. The Committee are of the view that though for cheap and quality food grain production some mechanization is a must but a serious attention should also be given to the highly labour displacing and socially disrupting mechanization. The use of small-mechanized tools by small farmers should be encouraged to increase efficiency and reduce cost of production of the produce.

Incentives for Agriculture (Para 25-28)

43 The Statement recognizes the need for policy changes in light of WTO/TRIPS and advances in biotechnology.

44 The Committee find that consequent upon WTO Agreement on Agriculture coming into operation, there has been substantial change in the policies of the Government. The promotion of agriculture exports has assumed greater significance.

45 The Committee are of the view that the strategy enunciated in the paragraphs to offset the adverse impact of undue price fluctuation by giving protection to farmers by way of tariff protection and import duty are not adequate. All the Quantitative Restrictions on imports have been removed on 1st April 2001, which has resulted in increase in imports of agricultural commodities. This may totally destabilize Indian Agriculture unless timely and adequate remedial measures are taken by the Government. The Committee, therefore, strongly feel that a suitable mechanism should be put in place, in order to take prompt action for imposing appropriate import duties or other tariff protection to protect the interests of the Indian Farmers. A Committee may also be constituted with representatives drawn from the Ministry of Commerce, the Ministry of Agriculture, the Ministry of Finance, States and farmers' organizations which can take prompt decisions to impose duties in the event of large imports so that there is no time lag between actual imports and imposing of import duties.

46 The inequitable nature of WTO treaty is working to the detriment of Indian farmers. The policies of developed exporting countries are certainly not of a kind that will ensure a level playing field. The Policy statement does not mention how this aspect would be dealt with.

47 The Policy statement also provides for protection of plant varieties through a sui generis legislation in line with India's obligations under TRIPS Agreement. The Committee would like that a body be formed to bring awareness among farmers on different aspects of such a complex legislation.

Investments in Agriculture (Para 29-34)

48 The Policy statement admits that agriculture sector has been starved of capital. It provides for stepping up of public investment for narrowing regional imbalances, accelerating development of supporting infrastructure for agriculture and rural development particularly rural connectivity.

49 Informing about the decline in investment in agriculture over the past two decades, ministry state that "The share of Agriculture in the overall Capital Formation has declined from 21.4% in 1951-52 to 8.0% in 1999-2000. However, in absolute terms the capital formation in agriculture has been on the increase. During the period from 1990-91 to 1999-2000 it has increased at average rate of 3.0% per annum at 1993-94 prices. The public sector capital formation in agriculture at current prices has also increased during the above period. However, at constant prices it has been showing a steady decline."

50 The Committee enquired about the total investment required to achieve growth rate of 4%. The Ministry stated "For attaining growth rate in excess of 4%, an investment (at 1993-94 prices) of the order of Rs. 29736 crores (by the end of the Tenth Five Year Plan i.e. 2006-07) will be required. This estimate is based on assumption that ICOR (Investment Capital Output Ratio) will be 1.57. Applying this ICOR on increase in value of output during successive years, the estimates of level of investment in each of the Tenth Five Year Plan has been worked out."

51 The Committee time and again in their various Reports have shown their concern on declining trend of investment in agriculture sector. The initiative of stepping up of Public Investment given in Policy statement is, therefore, greatly welcomed. The Committee fully support the proposal for formulating a time bound strategy for rationalization and transparent pricing of inputs to encourage judicious use of inputs and to generate resources for agriculture. The Policy provides that inputs subsidy reforms will be pursued and a combination of price and institutional reforms will be initiated with a view to cutting down costs of these inputs. The Committee are informed that about Rs. 30,000 crores of resources have been given towards subsidies on fertilizer, irrigation and power as against public sector investment of Rs. 7000 crores in agriculture. The Committee, however, desire that entire subsidy mechanism on inputs should be reviewed so as to identify the break-up of the amount of subsidy going actually to the farmers and subsidy going to those industries, which are producing agricultural inputs. This would enable the Committee to appreciate as to how much benefit is reaching the ultimate farmer out of the subsidies doled out by the Government. It hardly needs to be emphasized that Pricing Policy for inputs needs to be examined critically with a view to removing all existing anomalies.

52 The Committee appreciate the emphasis on development of marketing infrastructure and techniques of preservation, storage and transportation. This, besides giving better return to grower will also help in generating employment in rural areas. The Committee would like to suggest that a scheme be formulated whereby rural youth are given training in modern methods of preservation, storage and transportation so that they can take up these vocations and enhance their incomes.

Institutional Structure (Para 35-40)

53 According to policy statement the approach to rural development and land reforms will focus on the following areas:

- Consolidation of holdings all over the country on the pattern of north western States;
- Redistribution of ceiling surplus lands and waste lands among the landless farmers, unemployed youth with initial start up capital;
- Tenancy reforms to recognize the rights of the tenants and share croppers;
- Development of lease markets for increasing the size of the holdings by making legal provisions for giving private land on lease for cultivation and agro business;
- Updating and improvement of land records, computerization and issue of land pass-books to the farmers; and
- Recognition of women; right in land.

54 **The Committee feel that land reforms, which is of vital importance to improve the lot of the landless labourers, has not been adequately covered in the Policy Statement. The Committee desire that the land reforms should be dealt with in greater detail in the Policy. They also desire that for development of agriculture, land reforms should be taken up in a big way, which would greatly help in improving the health of the agricultural sector in the country.**

55 **The policy statement speaks of consolidation of holdings all over the country in the pattern of north-western States. The Committee wish to point out that success of consolidation of land in north-western States has been achieved because of diversification of rural economy and supply of capital to farmers to enable acquisition of marginal holdings. In order to achieve the similar success in other States, the Government should provide farmers credit to acquire land at reasonable rates. The Committee would like a concrete strategy in this regard be spelt out in the Policy Statement.**

56 The Committee enquired how the Government would strike a balance between rights of tenants and sharecroppers and development of lease markets. The Ministry stated "the development of lease market, by making legal provisions, has been suggested basically for increasing the size of the holdings and bringing more area under crop production which is being kept fallow. At present also the land leasing is taking place but in the absence of legislation in this regard, underhand dealings are reported to be taking place and uncertainty prevails in the mind of the owners of the land and those who want to take land on lease for a short period. Reforms in the lease market will encourage investment in agriculture and help in raising productivity and production and also reduce the land disputes that hamper production. Through legislation it can be ensured that the rights of ownership of the land of the farmers, who give their lands on lease, as well as those of the lessee are protected. The tenancy reforms are also being suggested to protect the interest of tenants/security of their tenure. In spite of tenancy legislation there are reports of concealed tenancy in different States. These lead to certain problems. The reforms in tenancy, by reducing the risk of eviction of tenants, will encourage the tenants to make investment in land development and will also give an incentive for higher input use. However, through the reforms the interest of both landlords and tenants needs to be protected. It is felt that the two viz. land leasing/tenancy reforms can go together because those farmers who do not wish to give their lands to the tenants or share cropper will have the option to give it on lease. Prevalence of different conditions may necessitate selection of one or the other method of giving the land on lease/rent and both the options need to be available to the farmers. Finally it may be pointed out that suggestions are not being made to recommend relaxation of land ceiling laws and the leasing and tenancy reforms will be subject to the ceiling provided under the ceiling law for agriculture land."

57 The Committee apprehend that if large scale leasing by private sector is allowed, it may carry the risk of creating unemployment or rendering a section of farmers as agricultural labourers. Therefore, the implementation of policy contained in these paras has to be dealt with a lot of care and caution, as faulty implementation can lead to the detriment of the small and marginal farmers. Due care should be taken to protect the lands of small and marginal farmers so that these are not usurped by interested farmers.

58 Para 38 of the policy statement provides that the rural credit institutions will be geared to promote savings, investments and risk management. Particular attention will be paid to removal of distortions in the priority sector lending by commercial Banks for agriculture and rural sectors. The endeavour will be to ensure distribution equity in the disbursement of credit.

59 The Committee feel that policy on institutionalization of rural and farm credit are important and should be earnestly implemented. The existing institutional credit system generally benefits the upper strata rather than the poor in the rural society. Though we have excellent rural banking network, but in respect of direct loans to the farmers the performance has not been satisfactory. The Committee, therefore, would like concrete steps to be taken by the Government to improve credit flow to the poor farmers.

60 The National Agriculture Policy provides greater autonomy and operational freedom to cooperatives. The Committee was informed during the evidence that the Department is finalizing a National Policy on Cooperation in Consultation with State Governments.

61 The Committee are of the view that role of Cooperatives in the country is not conducive to the growth of agriculture and has not been able to promote agriculture produce. The intervention by the Government is the main cause of non-functioning of the Cooperatives. The Cooperative movement in the country should be made more effective so that adequate and cheap finances are made available for production and marketing. Though the Cooperatives have not made much headway in the field of processing and marketing, it has made its presence felt in cultivation. The Committee, therefore, recommend that cooperatives should be encouraged to work on the lines of milk cooperatives, which have been very successful, involving themselves from the very beginning of cultivation processes.

Risk Management (Para 41-44)

62 The Policy provides for Central Government contribution to discharge its responsibility to ensure remunerative prices for agriculture produce.

63 The Policy in para 41 provides making National Agriculture Insurance Scheme, which will insulate farmers from financial distress caused by natural disaster, more farmers specific and effective. It also speaks of measures for greater flood proofing and drought proofing of rainfed agriculture.

64 The Committee find that despite assurance, the Government have not been able to help farmers resorting to distress sale of paddy and wheat. In the case of most of the crops, Minimum Support Price (MSP) has been ruling much below the market prices in most of the regions of the country. However, in case they fall below MSP, the Government is unable to act promptly and efficiently to procure the produce at MSP to assist the aggrieved farmers. The Committee, therefore, recommend that the Government should come out with an effective strategy and remedy to protect the interest of the farmers in order to avoid distress sale of Agricultural produce by them.

65 The Committee are of the view that the issue of procurement is a very vital one because if there is no procurement, the issue of fixing the prices by Government becomes futile. The Committee, therefore, desire that the possibility of including the issue of procurement in the statement be explored and State Government be asked to make some centralized procurement so that excess production of one State could be utilized for the other deficient States.

66 The Committee are informed that the Commission for Agricultural Costs and Prices takes into account all the relevant factors and most importantly the cost of cultivation of various crops, before making their recommendations in regard to pricing policy of different crops. In the opinion of the Committee farmers' representatives should also invariably be included in the Commission as they are the real beneficiaries and have a better idea of the crops and their costs.

67 The National Agriculture Insurance Scheme has been in operation since the year 2000. It has been observed that some States have still not adopted the scheme due to financial constraints. The Committee would like the Government to take a serious note of it and initiate concrete steps to ensure that it is adopted by all the States. The Committee, therefore, expect that some effective and meaningful measures in this regard will be incorporated in the action plan for the benefit of the farmers throughout the country.

Management Reforms (Para 45-48)

68 This section provides for comprehensive reforms in the management of agriculture by the Central and State Government. It proposes that Central Government will move away from schematic approach to Macro-management mode and assume a role of advocacy, articulation and facilitation to help the States in their efforts achieving accelerated agricultural development.

69 The Committee support the shift from schematic approach to Macro-management mode. This Macro-Management mode, which has already been introduced, will give the States flexibility to implement the schemes as per their regional requirement.

70 However, the Committee feel that there is a need for bringing more transparency and accountability in allocation of funds and the performance of the States. This can be achieved if the details of their central allocation and performance of each individual State on the mode are regularly monitored and find mention in the Performance Budget, which is laid in Parliament. The Committee feel that this will motivate the States/Government officials to show better performance under the scheme.

71 The Committee also appreciate the Government's focus on quality aspects at all stages of farm operation from sowing to primary processing. To achieve this the need of the hour is to upgrade technology in all fields of farming and related fields. It is really important that the farmers should be made aware of the importance of quality aspects in the light of WTO agreement and need for better farm management and reduction in cost of production to bring in competitiveness in their produce for better export performance.

72 The strengthening of data base and strengthening and harnessing latest remote sensing information technology are welcome measures suggested in the Policy Statement. The Committee would like the farming activity to become intellectually stimulating through pathway of Information Technology based on precision farming so as to attract and retain youth in farming.

CONCLUSION

73 The Committee, after thoroughly examining the National Agriculture Policy feel that the Statement has appropriately identified the main challenges lying ahead in the Indian Agriculture scenario. The objective laid down for the purpose are also very well defined. According to the Committee, it falls short in the respect of a specific direction and suitable blue print of action plan to achieve these goals. In the past also the experience has been that the policies formulate hardly get implemented efficiently as a result of which the gap between the objectives and the achievements continues to persist. As per the Government's reply, action plan is being formulated by an inter-ministerial committee to actualize the strategy. The Committee will eagerly wait the formulation of detailed action plan by the above Committee. In this connection, the Committee recommend that since the States are the implemented agencies, the action plans so formulated should entail full participation from the States as well as representatives of the farming community. The Agriculture Policy is a live wire for the nation and, therefore, the recommendations of the Committee should be given serious thought before finalising the policy.

NEW DELHI;
7th August, 2001
16 Shrawana, 1923 (Saka)

S.S. PALANIMANICKAM,
Chairman,
Standing Committee on Agriculture.

DEPARTMENT OF AGRICULTURE & CO-OPERATION

National Agriculture Policy

Agriculture is a way of life, a tradition, which, for centuries, has shaped the thought, the outlook, the culture and the economic life of the people of India. Agriculture, therefore, is and will continue to be central to all strategies for planned socio-economic development of the country. Rapid growth of agriculture is essential not only to achieve self-reliance at national level but also for household food security and to bring about equity in distribution of income and wealth resulting in rapid reduction in poverty levels.

2. Indian agriculture has, since Independence, made rapid strides. In taking the annual foodgrains production from 51 million tonnes of the early fifties to 206 million tonnes at the turn of the century, it has contributed significantly in achieving self sufficiency in food and in avoiding food shortages in our country. The pattern of growth of agriculture, has however, brought in its wake, uneven development, across regions and crops as also across different sections of farming community and is characterized by low levels of productivity and degradation of natural resources in some areas. Capital inadequacy, lack of infrastructure support and demand side constraints such as controls on movement, storage and sale of agricultural products, etc., have continued to affect the economic viability of agriculture sector. Consequently, the growth of agriculture has also tended to slacken during the nineties.

3. Agriculture has also become a relatively unrewarding profession due to generally unfavourable price regime and low value addition, causing abandoning of farming and increasing migration from rural areas. The situation is likely to be exacerbated further in the wake of integration of agricultural trade in the global system, unless immediate corrective measures are taken.

4. Over 200 million Indian farmers and farm workers have been the backbone of India's agriculture. Despite having achieved national food security the well being of the farming community continues to be a matter of grave concern for the planners and policy makers in the country. The establishment of an agrarian economy which ensures food and nutrition to India's billion people, raw materials for its expanding industrial base and surpluses for exports, and a fair and equitable reward system for the farming community for the services they provide to the society, will be the mainstay of reforms in the agriculture sector.

5. The National Policy on Agriculture seeks to actualise the vast untapped growth potential of Indian agriculture, strengthen rural infrastructure to support faster agricultural development, promote value addition, accelerate the growth of agro business, create employment in rural areas, secure a fair standard of living for the farmers and agricultural workers and their families, discourage migration to urban areas and face the challenges arising out of economic liberalization and globalisation. Over the next two decades, it aims to attain:

- A growth rate in excess of 4 per cent per annum in the agriculture sector.
- Growth that is based on efficient use of resources and conserves our soil, water and bio-diversity;
- Growth with equity, i.e., growth which is widespread across regions and farmers;
- Growth that is demand driven and caters to domestic markets and maximises benefits from exports of agricultural products in the face of the challenges arising from economic liberalization and globalisation;
- Growth that is sustainable technologically, environmentally and economically.

Sustainable Agriculture

6. The policy will seek to promote technically sound, economically viable, environmentally non-degrading, and socially acceptable use of country's natural resources — land, water and genetic endowment to promote sustainable development of agriculture. Measures will be taken to contain biotic pressures on land and to control indiscriminate diversion of agriculture lands for non-agricultural purposes. The unutilized wastelands will be put to use for agriculture and afforestation. Particular attention will be given for increasing cropping intensity through multiple-cropping and inter-cropping.

7. The Government accords abiding importance to improving the quality of the country's land and soil resources. Reclamation of degraded and fallow lands as well as problem soils will be given high priority to optimize their productive use. Special emphasis will be laid on conserving soils and enriching their fertility. Management of land resources on watershed basis will receive special attention. Areas of shifting cultivation will also receive particular attention for their sustainable development. Integrated and holistic development of rainfed areas will be promoted by conservation of rain water by vegetative measures on watershed basis and augmentation of biomass production through agro and farm forestry with the involvement of the watershed community. All spatial components of a watershed, i.e. arable land, non-arable and drainage lines will be treated as one geo-hydrological entity. Management of grazing land will receive greater attention for augmenting availability of animal feed and fodder. A long-term perspective plan for sustainable rainfed agriculture through watershed approach will be vigorously pursued for development of two thirds of India's cropped area which is dependent on rains.

8. Rational utilization and conservation of the country's abundant water resources will be promoted. Conjunctive use of surface and ground water will receive highest priority. Special attention will be focused on water quality and the problem of receding ground-water levels in certain areas as a result of over-exploitation of underground aquifers. Proper on-farm management of water resources for the optimum use of irrigation potential will be promoted. Use of *in situ* moisture management techniques such as mulching and use of micro overhead pressured irrigation systems like drip and sprinkler and green house technology will be encouraged for greater water use efficiency and improving productivity, particularly of horticultural crops. Emphasis will be placed on promotion of water harvesting structures and suitable water conveyance systems in the hilly and high rainfall areas for rectification of regional imbalances. Participatory community irrigation management will be encouraged.

9. Erosion and narrowing of the base of India's plant and animal genetic resources in the last few decades has been affecting the food security of the country. Survey and evaluation of genetic resources and safe conservation of both indigenous and exogenously introduced genetic variability in crop plants, animals and their wild relatives will receive particular attention. The use of bio-technologies will promote for evolving plants which consume less water, are drought resistant, pest resistant, contain more nutrition, give higher yields and are environmentally safe. Conservation of bio-resources through their *ex situ* preservation in Gene Banks, as also *in situ* conservation in their natural habitats through bio-diversity parks, etc., will receive a high priority to prevent their extinction. Specific measures will also be taken to conserve indigenous breeds facing extinction. There will be a time bound programme to list, catalogue and classify country's vast agro bio-diversity.

10. Sensitization of the farming community with the environmental concerns will receive high priority. Balanced and conjunctive use of bio-mass, organic and inorganic fertilizers and controlled use of agro chemicals through integrated nutrients and pest management (INM & IPM) will be promoted to achieve the sustainable increases in agricultural production. A nation-wise programme for utilization of rural and urban garbage, farm residues and organic waste for organic matter repletion and pollution control will be worked out.

11. Agro forestry and social forestry are prime requisites for maintenance of ecological balance and augmentation of bio-mass production in the agricultural systems. agro-forestry will receive a major thrust for efficient nutrient cycling, nitrogen fixation, organic matter addition and for improving drainage. Farmers will be encouraged to take up farm/agro-forestry for higher income generation by evolving technology, extension and credit support package and removing constraints to development of agro and farm forestry. Involvement of farmers and landless labourers will be sought in the development of pastures/forestry programmes on public wastelands by giving financial incentives and entitlements to the usufructs of trees and pastures.

12. The history and traditional knowledge of agriculture, particularly of tribal communities, relating to organic farming and preservation and processing of food for nutritional and medicinal purposes is one of the oldest in the world. Concerted efforts will be made to pool, distill and evaluate traditional practices, knowledge and wisdom and to harness them for sustainable agricultural growth.

Food and Nutritional Security

13. Special efforts will be made to raise the productivity and production of crops to meet the increasing demand for food generated by unabated demographic pressures and raw materials for expanding agro-based industries. A regionally differentiated strategy will be pursued, taking into account the agronomic, climatic and environmental conditions to realize the full growth potential of every region. Special attention will be given to development of new crop varieties, particularly of food crops, with higher nutritional value through adoption of bio-technology particularly, genetic modification, while addressing bio-safety concerns.

14. A major thrust will be given to development rainfed and irrigated horticulture, floriculture, roots and tubers, plantation crops, aromatic and medicinal plants, bee-keeping and sericulture, for augmenting food supply, exports and generating employment in the rural areas. Availability of hybrid seeds and disease-free planting materials of improved varieties, supported by network of regional nurseries, tissue culture laboratories, seed farms will be promoted to support systematic development of horticulture having emphasis on increased production, post-harvest management, precision farming, bio-control of pests and quality regulation mechanism and exports.

15. Animal husbandry and fisheries also generate wealth and employment in the agriculture sector. Development of animal husbandry, poultry, dairying and aqua-culture will receive a high priority in the efforts for diversifying agriculture, increasing animal protein availability in the food basket and for generating exportable surpluses. A national livestock breeding strategy will be evolved to meet the requirements of milk, meat, egg and livestock products and to enhance the role of draught animals as a source of energy for farming operations and transport. Major thrust will be on genetic upgradation of indigenous/native cattle and buffaloes using proven semen and high quality pedigreed bulls and by expanding artificial insemination of network to provide services at the farmer's doorstep.

16. Generation and dissemination of appropriate technologies in the field of animal production as also health care to enhance production and productivity levels will be given greater attention. Cultivation of fodder crops and fodder trees will be encouraged to meet the feed and fodder requirements and to improve animal nutrition and welfare. Priority attention will also be given to improve the processing, marketing and transport facilities, with emphasis on modernization of abattoirs, carcass utilization and value addition thereon. Since animal disease eradication and quarantine is critical to exports, animal health system will be strengthened and disease free zones created. The involvement of cooperatives and the private sector will be encouraged for development of animal husbandry, poultry and dairy. Incentives for livestock and fisheries production activities will be brought at par with incentives for crop production.

17. An integrated approach to marine and inland fisheries, designed to promote sustainable aquaculture practices, will be adopted. Bio-technological application in the field of genetics and breeding, hormonal applications immunology and disease control will receive particular attention for increased aquaculture production. Development of sustainable technologies for fin and shell fish culture as also pearl-culture, their yield optimization, harvest and post-harvest operations, mechanization of fishing boats, strengthening of infrastructure for production of fish seeds, berthing and landing facilities for fishing vessels and development of marketing infrastructure will be accorded high priority. Deep sea fishing industry will be developed to take advantage of the vast potential of country's exclusive economic zone.

Generation and Transfer of Technology

18. A very high priority will be accorded to evolving new location-specific and economically viable improved varieties of agricultural and horticultural crops, livestock species and aquaculture as also conservation and judicious use of germplasm and other biodiversity resources. The regionalization of agricultural research, based on identified agro-climatic zones, will be accorded high priority. Application of frontier sciences like bio-technology, remote sensign technologies, pre and post-harvest technologies, energy saving technologies, technology for environmental protection through national research system as well as proprietary research will be encouraged. The endeavour will be to build a well organized, efficient and result-oriented agriculture research and education system to introduce technological change in Indian agriculture. Upgradation of agricultural education and its orientation towards uniformity in education standards, women empowerment, user-orientation vocationalization and promotion of excellence will be the hallmark of the new policy.

19. The research and extension linkages will be strengthened to improve quality and effectiveness of research and extension system. The extension system will be broad based and revitalized. Innovative and decentralized institutional changes will be introduced to make the extension system farmer-responsible and farmer-accountable. Role of Krishi Vidyan Kendras (KVKs), Non-Governmental Organizations (NGOs), Farmers Organizations, Cooperatives, corporate sector and para-technicians in agricultural extension will be encouraged for organizing demand driven production system. Development of human resources through capacity building and skill upgradation of public extension functionaries and other extension functionaries will be accorded a high priority. The Government will endeavour to move towards a regime of financial sustainability of extension services through affecting in a phased manner, a more realistic cost recovery of extension services and inputs, while simultaneously safeguarding the interest of the poor and the vulnerable groups.

20. Mainstreaming gender concerns in agriculture will receive particular attention. Appropriate structural, functional and institutional measures will be initiated to empower women and build their capabilities and improve their access to inputs, technology and other farming resources.

Inputs Management

21. Adequate and timely supply of quality inputs such as seeds, fertilizers, plant protection chemicals, bio-pesticides, agricultural machinery and credit at reasonable rates to farmers will be the endeavour of the Government. Soil testing and quality testing of fertilisers and seeds will be ensured and supply of spurious inputs will be checked. Balanced and optimum use of fertilizers will be promoted together with use of organic manures & bio-fertilizers to optimize the efficiency of nutrient use.

22. Development, production and distribution of improved varieties of seeds and planting materials and strengthening and expansion of seed and plant certification system with private sector participation will receive a high priority. A National Seed Grid will be established to ensure supply of seeds especially to areas affected by natural calamities. The National Seeds Corporation (NSC) and State Farms Corporation of India (SFCI) will be restructured for efficient utilization of investment and manpower.

23. Protection to plant varieties through a *sui generis* legislation, will be granted to encourage research and breeding of new varieties particularly in the private sector in line with India's obligations under TRIPS Agreement. The farmers will, however, be allowed their traditional rights to save, use, exchange, share and sell their farm saved seeds except as branded seeds of protected varieties for commercial purpose. The interests of the researchers will also be safeguarded in carrying out research on proprietary varieties to develop new varieties.

24. Integrated pest management and use of biotic agents in order to minimize the indiscriminate and injudicious use of chemical pesticides will be the cardinal principle covering plant protection. Selective and eco-friendly farm mechanization through appropriate technology will be promoted, with special reference to rainfed farming to reduce arduous work and to make agriculture efficient and competitive as also to increase crop productivity.

Incentives for Agriculture

25. The Government will endeavour to create a favourable economic environment for increasing capital formation and farmer's own investments by removal of distortions in the incentive regime for agriculture, improving the terms of the trade with manufacturing sectors and bringing about external and domestic market reforms, backed by rationalization of domestic tax structure. It will seek to bestow on the agriculture sector in as many respects as possible benefits similar to those obtaining in the manufacturing sector, such as easy availability of credit and other inputs, and infrastructure facilities for development of agri-business industries and development of effective delivery systems and freeing movement of agro produce.

26. Consequent upon dismantling of Quantitative Restrictions on imports as per WTO Agreement on Agriculture, Commodity-wise strategies and arrangements for protecting the grower from adverse impact of undue price fluctuations in world markets and for promoting exports will be formulated. Apart from price competition, other aspects of marketing such as quality, choice, health and bio-safety will be promoted. Exports of horticultural produce and marine products will receive particular emphasis. A two-fold long term strategy of diversification of agricultural produce and value addition enabling the production system to respond to external environment and creating export demand for the commodities produced in the country will be evolved with a view to providing the farmers incremental income from export earnings. A favourable economic environment and supporting public management system will be created for promotion of agricultural exports. Quarantine, both of exports and imports, will be given particular attention so that Indian agriculture is protected from the ingress of exotic pests and diseases.

27. In order to protect the interest of farmers in context of removal of Quantitative Restrictions continuous monitoring of international prices will be undertaken and appropriate tariffs protection will be provided. Import duties on manufactured commodities used in agriculture will be rationalized. The domestic agricultural market will be liberalized and all controls and regulations hindering increase in farmers' income will be reviewed and abolished to ensure that agriculturists receive prices commensurate with their efforts, investment. Restrictions on the movement of agricultural commodities throughout the country will be progressively dismantled.

28. The structure of taxes on foodgrains and other commercial crops will be reviewed and rationalized. Similarly, the excise duty on materials such as farm machinery and implements, fertilizers, etc., used as inputs in agricultural production, post harvest storage and processing will be reviewed. Appropriate measures will be adopted to ensure that agriculturists by and large remain outside the regulatory and tax collection system. Farmers will be exempted from payment of capital gains tax on compulsory acquisition of agricultural land.

Investments in Agriculture

29. The Agriculture sector has been starved of capital. There has been a decline in the public sector investment in the agriculture sector. Public investment for narrowing regional imbalances, accelerating development of supportive infrastructure for agriculture and rural development particularly rural connectivity will be stepped up. A time-bound strategy for rationalisation and transparent pricing of inputs will be formulated to encourage judicious input use and to generate resources for agriculture. Input subsidy reforms will be pursued as a combination of price and institutional reforms to cut down costs of these inputs for agriculture. Resource allocation regime will be reviewed with a view to rechannelizing the available resources from support measures towards assets formation in rural sector.

30. A conducive climate will be created through a favourable price and trade regime to promote farmers' own investments as also investments by industries producing inputs for agriculture and agro based industries. Private sector investments in agriculture will also be encouraged more particularly in areas like agricultural research, human resource development, post-harvest management and marketing.

31. Rural electrification will be given a high priority as a prime mover for agricultural development. The quality and availability of electricity supply will be improved and the demand of the agriculture sector will be met adequately in a reliable and cost effective manner. The use of new and renewable sources of energy for irrigation and other agriculture purposes will also be encouraged.

32. Bridging the gap between irrigation potential created and utilized, completion of all on-going projects, restoration and modernization of irrigation infrastructure including drainage, evolving and implementing an integrated plan of augmentation and management of national water resources will receive special attention for augmenting the availability and use of irrigation water.

33. Emphasis will be laid on development of marketing infrastructure and techniques of preservation, storage and transportation with a view to reducing post-harvest losses and ensuring a better return to the grower. The weekly periodic markets under the direct control of panchayat raj institutions will be upgraded and strengthened. Direct marketing and pledge financing will be promoted. Producers markets on the lines of Ryatu Bazars will be encouraged through out the width and the breadth of the country. Storage facilities for different kinds of agriculture products will be created in the production areas or nearby places particularly in the rural areas so that the farmers can transport their produce to these places immediately after harvest in shortest possible time. The establishment of cold chains, provision of pre cooling facilities to farmers as a service and cold storage in their terminal markets and improving the retail marketing arrangements in urban areas will be given priority. Upgradation and dissemination of market intelligence will receive particular attention.

34. Setting up of agro-processing units in the producing areas to reduce wastage, especially of horticultural produce, increased value addition and creation of off-farm employment in rural areas will be encouraged. Collaboration between the producer cooperatives and the corporate sector will be encouraged to promote agro-processing industry. An inter-active coupling between technology, economy, environment and society will be promoted for speedy development of food and agro-processing industries and build up a substantial base for production of value added agro-products for domestic and export markets with a strong emphasis on food safety and quality. The Small Farmers Agro Business Consortium (SFAC) will be energized to cater to the needs of farmers entrepreneurs and promote public and private investments in agri-business.

Institutional Structure

35. Indian agriculture is characterized by pre-dominance of small and marginal farmers. Institutional reforms will be so pursued as to channelize their energies for achieving greater productivity and production. The approach to rural development and land reforms will focus on the following areas:

- Consolidation of holdings all over the country on the pattern of north western States.
- Redistribution of ceiling surplus lands and waste lands among the landless farmers, unemployed youth with initial start up capital;

- Tenancy reforms to recognize the rights of the tenants and share croppers;
- Development of lease markets for increasing the size of the holdings by making legal provisions for giving private lands on lease for cultivation and agri business;
- Updating and improvement of land records, computerization and issue of land pass-books to the farmers; and
- Recognition of women's rights in land.

36. The rural poor will be increasingly involved in the implementation of land reforms with the help of Panchayati Raj Institutions, Voluntary Groups, Social Activists and Community Leaders.

37. Private sector participation will be promoted through contract farming and land leasing arrangements to allow accelerated technology transfer, capital inflow and assured markets for crop production, especially of oilseeds, cotton and horticultural crops.

38. Progressive institutionalization of rural and farm credit will be continued for providing timely and adequate credit to farmers. The rural credit institutions will be geared to promote savings, investments and risk management. Particular attention will be paid to removal of distortions in the priority sector lending by Commercial Banks for agriculture and rural sectors. Special measures will be taken for revamping of cooperatives to remove the institutional and financial weaknesses and evolving simplified procedure for sanction and disbursement of agriculture credit. The endeavour will be to ensure distribution equity in the disbursement of credit. Micro-credit will be promoted as an effective tool for alleviating poverty. Self Help Group — Bank linkage system, suited to Indian rural sector, will be developed as a supplementary mechanism for bringing the rural poor into the formal banking system, thereby improving banks outreach and the credit flows to the poor in an effective and sustainable manner.

39. The basic support to agriculture has been provided by the cooperative sector assiduously built over the years. The Government will provide active support for the promotion of cooperative-form of enterprise

and ensure greater autonomy and operational freedom to them to improve their functioning. The thrust will be on:

- Structural reforms for promoting greater efficiency and viability by freeing them from excessive bureaucratic control and political interference;
- Creation of infrastructure and human resource development;
- Improvement in financial viability and organizational sustainability of cooperatives;
- Democratisation of management and increased professionalism in their operations; and
- Creating a viable inter-face with other grass-root Organizations.

40. The Legislative and regulatory framework will be appropriately amended and strengthened to achieve these objectives.

Risk Management

41. Despite technological and economic advancements, the condition of farmers continues to be unstable due to natural calamities and price fluctuations. National Agriculture Insurance Scheme covering all farmers and all crops throughout the country with built in provisions for insulating farmers from financial distress caused by natural disasters and making agriculture financially viable will be made more farmer specific and effective. Endeavour will be made to provide a package insurance policy for the farmers, right from sowing of the crops to post-harvest operations, including market fluctuations in the prices of agricultural produce.

42. In order to reduce risk in agriculture and impart greater resilience to Indian agriculture against droughts and floods, efforts will be made for achieving greater flood proofing of flood prone agriculture and drought proofing of rainfed agriculture for protecting the farmers from vagaries of nature. For this purpose, contingency agriculture planning, development of drought and flood resistant crop varieties, watershed development programmes, drought prone areas and desert development programmes and rural infrastructure development programmes will receive particular attention.

43. The Central Government will continue to discharge its responsibility to ensure remunerative prices for agricultural produce through announcement of Minimum Support Prices policy for major agricultural commodities. The food, nutrition and other domestic and exports requirements of the country will be kept in view while determining the support prices of different commodities. The price structure and trade mechanism will be continuously reviewed to ensure a favourable economic environment for the agriculture sector and to bring about an equitable balance between the rural and the urban incomes. The methodology used by the Commission on Agricultural Costs & Prices (CACP) in arriving at estimates of costs of production will be periodically reviewed. The price structure of both inputs and outputs will be monitored to ensure higher returns to the farmers and bring about cost effectiveness throughout the economy. Domestic market prices will be closely monitored to prevent distress sales by the farmers. Public and cooperative agencies undertaking marketing operations will be strengthened.

44. The Government will enlarge the coverage of futures markets to minimize the wide fluctuations in commodity prices as also for hedging their risks. The endeavour will be to cover all important agricultural products under futures trading in course of time.

Management Reforms

45. Effective implementation of policy initiatives will call for comprehensive reforms in the management of agriculture by the Central and the State Governments. The Central Government will supplement/complement the State Governments' efforts through regionally differentiated Work Plan, comprising crop/area/target group specific interventions, formulated in an inter-active mode and implemented in a spirit of partnership with the States. The Central Government will move away from schematic approach to Macro-Management mode and assume a role of advocacy, articulation and facilitation to help the States in their efforts towards achieving accelerated agricultural development.

46. The Government will focus on quality aspects at all stages of farm operations from sowing to primary processing. The quality of inputs and other support services to farmers will be improved. Quality consciousness amongst farmers and agro processors will be created. Grading and standardization of agricultural products will be promoted for export enhancement. Application of science and technology in agriculture will be promoted through a regular system of interface between S&T institutions and the users/potential users, to make the sector globally competitive.

47. The database for the agriculture sector will be strengthened to ensure greater reliability of estimates and forecasting which will help in the process of process of planning and policy making. Efforts will be made to significantly improve and harness latest remote sensing and information technology to capture data, collate it, add value and disseminate it to appropriate destinations for managing the risk and in accelerating the growth process. The objective will be to engage in a meaningful continuous dialogue with the external environment in the changing scenario and to have on-line and real time system of 'Agriculture on line' capacity to analyze the signals emanating from the farms and the markets for the benefit of the farmers.

48. The Government of India trust that this Statement of National Agriculture Policy will receive he fullest support of all sections of the people and lead to sustainable development of agriculture, create gainful employment on a self sustaining basis in rural areas, raise standards of living for the farming communities, preserve environment and serve as a vehicle for building a resurgent national economy.

APPENDIX I

MINUTES OF THE TWENTY SECOND SITTING OF THE STANDING COMMITTEE ON AGRICULTURE HELD ON WEDNESDAY, THE 13TH DECEMBER, 2000 IN COMMITTEE ROOM 'D', PARLIAMENT HOUSE ANNEXE, NEW DELHI

The Committee sat from 1500 hrs. to 1610 hrs.

Shri S.S. Palaniamanickam — *Chairman*

Lok Sabha

2. Shri Ram Tahal Chaudhari
3. Shri Ramdas Rupala Gavit
4. Shri Thawar Chand Gehlot
5. Shri Raghunath Jha
6. Shri Shivaji Vithalrao Kamble
7. Shri Abul Hasnat Khan
8. Shri Y.G. Mahajan
9. Shri Savshibhai Makwana
10. Shri Jagannath Mallick
11. Shri M. Master Mathan
12. Shri Tarachand Shivaji Patel
13. Shri Rampal Singh
14. Shri Mahaboob Zahedi
15. Shri Dalpat Singh Paraste
16. Smt. Rama Pilot

Rajya Sabha

17. Shri Devi Prasad Singh
18. Shri Yadlapati Venkat Rao
19. Shri H.K. Javare Gowda
20. Shri A.R. Kidwai
21. Smt. Jamana Devi
22. Shri Kailash Joshi

SECRETARIAT

1. Smt. Paramjeet Kaur Sandhu - *Director*
2. Shri Raj Shekhar Sharma - *Deputy Secretary*
3. Smt. Anita Jain - *Under Secretary*

WITNESSES

Ministry of Agriculture (Dept. of Agriculture & Co-operation)

1. Shri Bhaskar Barua — *Secretary (Agriculture Cooperation)*
2. Shri R.C.A. Jain — *Additional Secretary*
3. Shri S.K. Purkayastha — *Additional Secretary*
4. Shri Govindan Nair — *Joint Secretary*
5. Shri D.K. Trehan — *Economic & Statistics Adviser*

At the outset, the Hon'ble Chairman (AC) welcome the representatives of the Department of Agriculture and Co-operation and requested the Secretary to introduce his colleagues to the Committee. The Department made a presentation on the National Agriculture Policy covering the points on the evolution of the Policy, the objectives of the policy like sustainable Agriculture, ensuring Food and Nutritional Security, Generation and Transfer of Technology, Inputs Management, Incentives and Investments for Agriculture, Risk Management and Action Plan for implementation etc. Thereafter, the Secretary replied to the various queries raised by the Members one by one.

A copy of the verbatim proceedings has been kept.

The Committee then adjourned.

APPENDIX II

MINUTES OF THE SECOND SITTING OF THE STANDING COMMITTEE ON AGRICULTURE HELD ON 25TH JANUARY, 2001, IN COMMITTEE ROOM '62', PARLIAMENT HOUSE, NEW DELHI

The Committee sat from 1100 hrs. to 1400 hrs.

Shri S.S. Palanimanickam — *Chairman*

Lok Sabha

2. Shri Shivraj Singh Chouhan
3. Shri Thawar Chand Gehlot
4. Shri Raghunath Jha
5. Shri Jagannath Mallick
6. Shri M. Master Mathan
7. Shri Dalpat Singh Paraste
8. Shri Adi Shankar
9. Shri Chattrapal Singh
10. Shri Zora Singh Mann
11. Shri Mahaboob Zahedi

Rajya Sabha

12. Smt. Jamana Devi Barupal
13. Shri Khagen Das
14. Shri Oscar Fernandes
15. Shri H.K. Javare Gowda
16. Shri Kailash Joshi
17. Dr. A.R. Kidwai
18. Shri M. Rajashekara Murthy
19. Shri Yadlapati Venkat Rao
20. Shri Sharief-Ud-Din Shariq
21. Shri Devi Prasad Singh

SECRETARIAT

1. Shri Raj Shekhar Sharma — *Deputy Secretary*
2. Smt. Anita Jain — *Under Secretary*
3. Shri K.L. Arora — *Under Secretary*

WITNESSES

1. Dr. A. Vaidyanathan, President, Indian Society of Agricultural Economics, Chennai.
2. Dr. J.P. Singh, Senior Fellow (Professor) Agricultural Economics Research Centre, University of Delhi.

At the outset, the Hon'ble Chairman (AC) welcomed Dr. A. Vaidyanathan, President, Indian Society of Agricultural Economics, Chennai and requested him to apprise the Committee about his viewpoints on the National Agriculture Policy. Dr. Vaidyanathan gave his views on the targeted agricultural growth rate, implementation of policies, water management for farming, availability of resources, income generation for farmers, impact of WTO, use of inputs, pricing policies and liberalization policy etc. Further he also clarified the points raised by members one by one. (The witness then withdrew).

Thereafter, Hon'ble Chairman welcome Dr. J.P. Singh, Sr. Fellow (Professor), Agriculture Economics Research Centre, University of Delhi and requested him to give his views on the National Agriculture Policy. Dr. J.P. Singh spoke on the issues of Agricultural costs and prices, improving the standard of living of farmers, leasing of lands and consolidation of holding etc. He also answered the queries raised by Members on the various topics relating to the Policy.

A copy of verbatim proceedings has been kept.

The Committee then adjourned.

APPENDIX III

MINUTES OF THE THIRD SITTING OF THE STANDING
COMMITTEE ON AGRICULTURE HELD ON
12TH FEBRUARY, 2001, IN COMMITTEE ROOM 'D',
GROUND FLOOR, PARLIAMENT HOUSE ANNEXE,
NEW DELHI

The Committee sat from 1100 hrs. to 1330 hrs.

Shri S.S. Palanimanickam — *Chairman*

Lok Sabha

2. Shri Shivraj Singh Chouhan
3. Shri Shamsher Singh Dullu
4. Shri Thawar Chand Gehlot
5. Shri Abul Hasnat Khan
6. Shri Y.G. Mahajan
7. Shri Jagannath Mallick
8. Shri M. Master Mathan
9. Shri Tejveer Singh
10. Shri Bhal Chandra Yadav
11. Shri Mahaboob Zahedi

Rajya Sabha

12. Smt. Jamana Devi Barupal
13. Shri Khagen Das
14. Shri Oscar Fernandes
15. Shri H.K. Javare Gowda
16. Shri Kailash Joshi
17. Dr. A.R. Kidwai
18. Shri R. Margabandhu
19. Shri M. Rajashekara Murthy
20. Shri Yadlapati Venkat Rao
21. Shri Sharief-Ud-Din Shariq

SECRETARIAT

1. Smt. Paramjeet Kaur Sandhu — *Joint Secretary*
2. Shri Raj Shekhar Sharma — *Deputy Secretary*
3. Smt. Anita Jain — *Under Secretary*

APPENDIX IV

MINUTES OF THE EIGHTEENTH SITTING OF THE STANDING
COMMITTEE ON AGRICULTURE HELD ON TUESDAY,
THE 7TH AUGUST, 2001 IN COMMITTEE ROOM "E",
PARLIAMENT HOUSE ANNEXE, NEW DELHI

The Committee sat from 1500 hrs. to 1545 hrs.

Shri S.S. Palanimanickam — *Chairman*

MEMBERS

Lok Sabha

2. Shri Ram Tahal Chaudhari
3. Shri Shamsher Singh Dullo
4. Shri Ramdas Rupala Gavit
5. Shri Abul Hasnat Khan
6. Shri Y.G. Mahajan
7. Shri Savshibhai Makwana
8. Shri M. Master Mathan
9. Shri Tarachand Shivaji Patel
10. Shri Prakash V. Patil
11. Shri Rama Pilot
12. Shri Chatrapal Singh
13. Shri Zora Singh Mann
14. Shri Mahaboob Zahedi

Rajya Sabha

15. Smt. Jamana Devi Barupal
16. Shri H.K. Javare Gowda
17. Shri Kailash Joshi
18. Shri Rajashekara Murthy
19. Shri Sharief-Ud-Din Shariq

SECRETARIAT

1. Dr. (Smt.) Paramjeet Kaur Sandhu — *Joint Secretary*
2. Shri Raj Shekhar Sharma — *Deputy Secretary*
3. Smt. Anita Jain — *Under Secretary*

At the outset, Hon'ble Chairman (AC) welcomed the Members to the sitting of the Committee and requested them to take up for consideration the Draft Report on the 'National Agriculture Policy'.

The Committee considered and adopted the Draft Report without any modifications authorizing the Chairman to finalize the report on their behalf incorporating the suggestions/amendments, if any, received from the Members by Monday, the 13th August, 2001.

The Members of the Committee, thereafter, authorized the Chairman to present the Report on 'National Agriculture Policy' to the House on a date and time convenient to him.

The Committee then adjourned.