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**STANDING COMMITTEE ON AGRICULTURE**  
**(2017-2018)**

**SIXTEENTH LOK SABHA**

**MINISTRY OF AGRICULTURE AND FARMERS WELFARE**  
**(DEPARTMENT OF AGRICULTURE, CO-OPERATION AND FARMERS WELFARE)**

**ON THE SUBJECT**

**"VARIANCE IN COST AND QUALITY OF AGRICULTURAL TOOLS AND IMPLEMENTS BEING PROVIDED TO THE FARMERS UNDER RASHTRIYA KRISHI VIKAS YOJANA (RKVY) AND PROBLEMS BEING FACED BY THE FARMERS DUE TO IMPORTED POWER TILLERS - A REVIEW"**

**FIFTY FIRST REPORT**



**LOK SABHA SECRETARIAT**  
**NEW DELHI**

April, 2018/Chaitra, 1940 (Saka)

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POWER TILLERS - A REVIEW"**

Presented to Lok Sabha on 03.04.2018

Laid on the Table of Rajya Sabha on 04.04.2018



**LOK SABHA SECRETARIAT  
NEW DELHI**

APRIL, 2018/ CHAITRA, 1940 (Saka)

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## COMPOSITION OF THE STANDING COMMITTEE ON AGRICULTURE (2017-18)

Shri Hukmdev Narayan Yadav - Chairperson

### MEMBERS

#### LOK SABHA

2. Shri Sanjay Dhotre
3. Prof. Ravindra Vishwanath Gaikwad
4. Shri Sanganna Amarappa Karadi
5. Shri Nalin Kumar Kateel
6. Smt. Raksha Tai Khadase
7. Md. Badaruddoza Khan
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29. Shri R. Vaithilingam
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31. Dr. Chandrapal Singh Yadav

@ Vacant due to resignation of Shri Neiphiu Rio from the Membership of Lok Sabha w.e.f. 22.02.2018 vide SG Notification dated 23.02.2018

^ Vacant due to retirement of Shri Janardan Dwivedi from the Membership of Rajya Sabha w.e.f. 27.01.2018 vide CB-I Note dated 16.01.2018

## SECRETARIAT

- |    |                        |   |                         |
|----|------------------------|---|-------------------------|
| 1. | Shri D.S. Malha        | - | Joint Secretary         |
| 2. | Shri Arun K. Kaushik   | - | Director                |
| 3. | Shri Sumesh Kumar      | - | Under Secretary         |
| 4. | Shri S. Vijayaraghavan | - | Sr. Executive Assistant |

## INTRODUCTION

I, the Chairperson, Standing Committee on Agriculture, having been authorized by the Committee to submit the Report on their behalf, present this Fifty First Report on the Subject "Variance in Cost and Quality of Agricultural Tools and Implements Being Provided to the Farmers under Rashtriya Krishi Vikas Yojana (RKVY) and Problems Being Faced by the Farmers due to Imported Power Tillers - A Review" of the Ministry of Agriculture and Farmers Welfare (Department of Agriculture, Co-operation and Farmers Welfare).

2. The Standing Committee on Agriculture had selected the subject for examination during 2015-16. As the examination of the subject could not be completed during 2015-16, the subject was again selected for examination by the Committee during 2016-17 and 2017-18. The Committee took evidence of the representatives of Ministry of Agriculture and Farmers Welfare (Department of Agriculture, Cooperation and Farmers Welfare) on the subject at their Sittings held on 12.07.2016, 05.04.2017, 21.08.2017, 02.11.2017 and 17.01.2018

3. The Report was considered and adopted by the Committee at their Sitting held on 27.03.2018

4. For facility of reference, the observations/recommendations of the Committee have been printed in bold at Part-II of the Report.

5. The Committee wish to express their thanks to representatives of the Ministry of Agriculture and Farmers Welfare (Department of Agriculture, Cooperation and Farmers Welfare) for furnishing requisite information to the Committee in connection with examination of the subject.

6. The Committee would also like to place on record their deep sense of appreciation for the invaluable assistance rendered to them by the officials of Lok Sabha Secretariat attached to the Committee.

**NEW DELHI;**  
**02 April, 2018**  
**12 Chaitra, 1940 (Saka)**

**HUKM DEO NARAYAN YADAV**  
***Chairperson,***  
***Standing Committee on Agriculture***

## **ABBREVIATIONS**

AOA	Agreement on Agriculture
ARAI	Automotive Research Association of India
ASCM	Agreement on Subsidies and Countervailing Measures
ATMA	Agriculture Technology Management Agency
BIS	Bureau of Indian Standards
CBEC	Central Board of Excise and Customs
CMVR	Central Motor Vehicle Rules
CKD	Completely Knocked Down
COP	Conformity of Production
DAC&FW	Department of Agriculture, Cooperation and Farmers Welfare
DBT	Direct Benefit Transfer
DCR	Domestic Content Requirement
DLEC	District Level Executive Committee
EC	Executive Committee
FMTTIs	Farm Machinery Training & Testing Institutes
FTA	Free Trade Agreement
GST	Goods and Services Tax
ICAR	Indian Council of Agricultural Research
ICAT	Centre for Automotive Technology
ICT	Initial Commercial Testing
KAMCO	Kerala Agro Machinery Corporation
MRP	Maximum Retail Price.
MIDH	Mission on Integrated Development of Horticulture
NFSM	National Food Security Mission
NSC	National Steering Committee



NHM	National Horticulture Mission
NMOOP	National Mission on Oils and Oil Palms
NMAET	National Mission on Agricultural Extension and Technology
PHTM	Post Harvest Technology and Management
RAU	Rajendra Agricultural University, Patna,
RKVY	Rashtriya Krishi Vikas Yojana
SMAM	Sub-Mission on Agricultural Mechanization
SLEC	State Level Executive Committee
SKD	Semi Knocked Down
SRFMTTI	Southern Region Farm Machinery Training and Testing Institute
TRIMs	Trade-Related Investment Measures
VAT	Value Added Tax
WTO	World Trade Organization

## CHAPTER - I

### INTRODUCTION

#### **Need for Farm Mechanization**

1.1. Agriculture Mechanization is an essential input to modern agriculture to increase the productivity and for making judicious use of other inputs like seeds, fertilizers, chemicals & pesticides and natural resources like water, soil nutrients etc. besides reducing the human drudgery and cost of cultivation. Agriculture Mechanization also helps in improving safety and comfort of the agricultural worker, improvements in the quality and value addition of the farm produce and also enabling the farmers to take second and subsequent crops making Indian agriculture more attractive and profitable. It also helps the Indian farming to become commercial instead of subsistence. There is a linear relationship between availability of farm power and farm yield. Therefore, there is a need to increase the availability of farm power to cope up with increasing demand of food grains.

1.2. As per the Agriculture Census 2010- 11, the average size of all land holding is 1.15 ha which was 1.23 ha in the last Agriculture Census of 2005-06. About 85 % of the total land holdings are in small and marginal size groups which need special efforts for its mechanization further growing shortage of agricultural labour and rising wage rates are not the only reasons for the accelerated mechanization of farm operations. Factors such as time saving, efficient input application, transportation of farm inputs and produce, and reducing drudgery also stimulate demand for farm machines. The development and mass production of multi utility mechanized devices to suit the requirements of farmers important for the growth of mechanization in India.

1.3. Power tiller is one of the many farm mechanization inputs like tractors used by the farmers. Power tillers are the two-wheeled version of tractors that are targeted at farmers with small land holdings, or those who cannot afford expensive tractors. It works best on smaller land holdings (up to 2.5 hectares) and where the horse power requirement is lower. Most of the power tillers are diesel operated with a horse power ranging from 8 to 15. As power tillers use less labour per unit of land compared to tractors and bullock carts, it is increasingly used in very intensive cultivation of paddy, intercropping for horticulture and plantations. Some of the Far East countries like Japan, China and Taiwan are also

encouraging the use of power tillers in small land holdings. Power Tiller is one of the multi-utility devices which are ideal for small and marginal farms. About 86% of the Farm holdings are small and marginal in the country however, the use of power tillers is confined mainly to a handful of crops such as paddy and sugarcane and that too mainly in the Southern and the North-Eastern States.

1.4. With additional fittings to the power tiller, it is capable of performing operations right from primary tillage to transportation of crops which may include ploughing, harrowing, cultivation, planking, ridging and furrowing, sowing, fertilizer application, pumping water, intercultural, plant protection, harvesting, threshing and lastly the transport operation. In short the power tiller can render all these services for many types of crop production. Obviously, it has become a choice for those farmers who need a mechanical source of power for smaller farm operations.

#### **STUDIES ON PROBLEMS BEING FACED BY THE FARMERS DUE TO IMPORTED POWER TILLERS**

1.5. Ensuring supply of quality power tiller at reasonable prices to the farmers, the reform became imperative to enhance level of agriculture mechanization thereby agriculture productivity. However, various media reports and representatives of the farmer's association given picture about sub-standard quality of power tillers project given picture of agriculture mechanization in the country. Following the demand of Indian Farmer's Association, State Farmer Commission, Bihar, Patna and others for taking proper steps to stop sale of Chinese agriculture machines in Bihar on account of its alleged poor standard and having no warranty and no arrangement of repair by respective companies, the Director Agriculture, Bihar, Patna had sought guidelines from Dean, College of Agricultural Engineering, RAU, Pusa vide letter No. 8/KNYV-46/151/K PATNA dated 06.07.2015 on the basis of study conducted by constituting a team of Scientists of Farm Machinery specialization. The Government of Bihar had desired proper recommendations of the Dean, C.A.E., Pusa as to whether Chinese agricultural machines be got included in agricultural mechanization scheme or not. The Expert Committee constituted by the RAV, PUSA in their report submitted to the Government of Bihar bring out problems being faced by the farmers due to sub-standard quality of imported power tillers. Some of the important Outcome of study of RAV, PUSA are of follows:

**(i) Test report of power tillers issued by authorized testing agencies.**

The visiting scientists, while assessing the Chinese Power Tiller, did not focus much on this aspect because it is well versed that only tested power tillers by different FMTTIs are enlisted by the Government of India. The Government Of Bihar Provides subsidy to farmers only on purchase of those power tillers which are under list of the Government of India. Obviously, it is the Government of India which is supposed to look into the technical competence of machine based on the test report before its listing. Once, the machine is in list of the Government of India, it is supposed that the power tiller under the list complies with necessary technical requirements for use of the farmers.

**(ii) Workshop facility at dealer's site**

During visit, the scientists did not find the well equipped workshop facilities at any of the dealer's site. However, they reported that after sale, repair and maintenance facility is provided to the machine purchaser at door, as and when required by them.

**(iii) Stock of spare parts**

Few dealers entertained the scientist during inspection properly and they reported the scientists about the stock of spare parts. Majority of them informed that they manage the spare parts on demand. However, none of them agreed to show the scientists the stock of spare parts available with them.

**(iv) Selling price of power tiller**

All the distributors covered under study reported that power tillers are sold at genuine maximum retail price (MRP). However, majority of dealers reported the selling price of power tillers during interview in questionnaire sheet.

**(v) Mode of service**

Majority of dealers and distributors reported that they are providing door service to farmers.

## **Response of distributors, dealers and farmers**

1.6. Response of distributors: The facts revealed from the response of distributors as mentioned in duly filled proforma are as follows:

- (a) All distributors reported that they have good dealer's network in the State.
- (b) Except distributors of SAS Motor Limited, Patna, no one reported about price of power tiller at dealer's shop.
- (c) Distributors did not clearly reported the mode that is being adopted for undertaking after sale, repairing and maintenance work of power tiller.
- (d) Guaranty/warranty on sold power tiller was reported to be one year.
- (e) No clear price control mechanism adopted by them was reported by any of the distributor of power tiller.

## **Response of dealers**

1.7. The following facts revealed from the response of dealers as mentioned in duly filled proforma:

- a. 77.8% dealers informed that they have workshop facilities for doing repair and maintenance of power tiller.
- b. 22.20% dealers only informed that they have stock of spares of worth between Rs 3-4 lakhs only.
- c. Nominal stock of spare parts was reported by 22.20% dealers.
- d. 55.6% dealers reported about having no stock of spares with them.
- e. 88.9% dealers reported that they are providing training to farmers after they purchase power tiller.
- f. Percentage complaints in power tiller after sale was reported in between 2 to 5 except the Bajrang Traders, Jahanabad were total number of complains was reported to be 40 in number.
- g. 77.8% dealers reported that they are providing door service to the machine purchaser for repair and maintenance.
- h. Price of different make/models of Chinese power tillers were reported to be in between Rs. 1.50 to 1.70 lakhs.

## **Response of farmers**

1.8. In total 43 sample farmers were surveyed for their response on various parameters such as subsidy availed by them, mode of purchase, satisfaction from machine operation, availability of spare parts, need of repair and maintenance after purchase, cooperation of dealers, training provided to farmers by dealers and distributors, supply of machine operation manual as well as guaranty/ warranty on sold machines. Their response on

various parameters has been calculated in percentage, following information has been obtained:

- a) 87.45% farmers availed benefits of subsidy programme in purchase of power tiller while 12.55% farmers purchased machines on payment of full price and without availing the subsidy.
- b) The role of distributors and dealers was found dominating in selection and purchase of power tiller by farmers. 68.41% purchase was influenced by the dealers and distributors, whereas, 31.59% farmers had selected and purchased the Chinese power tiller by their own choice.
- c) Out of total sample volume, 80.71% farmers were not satisfied with the performance of machine. 19.29% farmers only were satisfied with the working of machine.
- d) 59.65% farmers reported availability of spare parts at local level, whereas, 40.35% farmers had complain regarding non-availability of spare parts.
- e) Regarding post purchase need of repair and maintenance of power tiller, in general, frequency of repair and maintenance less than five time was reported by about 40.82% farmers which is the normal value. 39.52% purchasers reported repair and maintenance frequency between 5 to 10 times and more during average purchase life of about 3 years and that appears to be on higher side. However, 11.66% farmers reported repair and maintenance need as minor and none, which were the cases of machines purchased recently i.e. during the year of survey.
- f) It revealed from survey that 91.38% purchaser were not supported by dealers, when needed. Only 8.17% farmers reported the cooperation of dealer on demand in post purchase activities.
- g) Similar was the situation in respect of training provided by dealers/distributors to farmers on post purchase operation, repair and maintenance aspect. 91.38% farmers were not supported with training programme and only 8.17% farmers were provided required training.
- h) So far the availability of machine operation manual to power tiller purchasers is concerned, 73.14% farmers reported that they were not made available the machine operation manual. However, 26.86% farmers were provided machine operation manual during purchase of machine.
- i) In respect of guaranty/ warranty on purchased machines, 88.41% farmers reported that they were not provided any guaranty/ warranty card on purchase of machine. Only 11.59% farmers reported that they had been given one years warranty on purchase of power tillers by the dealers.

1.9. The Standing Committee on Agriculture (2015-16), realising the importance of the issues, has selected the Subject "Variance in Cost and Quality of Agricultural Tools and Implements Being Provided to the Farmers under Rashtriya Krishi Vikas Yojana (RKVY) and Problems Being Faced by the Farmers Due to Imported Power Tillers - A Review" for examination. When the Committee expressed their concern about problems being faced by the farmer's due to sub-standard Chinese Power Tillers, the Ministry of Agriculture and Farmers Welfare (Department of Agriculture, Cooperation and Farmers Welfare) has constituted K. Alagusundaram Committee to enquire about the issue and submit a report thereon. The Alagusundaram Committee in the report submitted to the DAC&FW has brought out following issues regarding problems being faced by the farmers due to Imported Chinese Power Tillers:-

**(A) Quality and Performance of The Indigenous And Imported Power Tillers**

- (i) Power tillers are tested in accordance with the procedure as per IS 9935-2002 (Power Tiller Test Code). This standard aims at performance evaluation of power tillers and not much is intended on quality and durability of the product. IS 9935-2002 does not specify any procedure and limits for material quality testing of individual components/assemblies except that of the rotavator blades. The same standard i.e. IS: 9935-2002 and IS: 13539-2008 (Power Tillers – Recommendations on Selected Performance Characteristics) is followed for testing and evaluation of the power tillers whether it is indigenous or imported from other countries including China.
- (ii) The manufacturer or importer themselves select the power tiller and offer it for Initial Commercial Testing. The offered power tiller may not be a representative sample of the production or import lot. It could be a selective best sample.
- (iii) The total duration for testing of power of power tillers is around 110 hours. It may be difficult to assess the durability of power tillers within 110 hours of running during the course of testing.
- (iv) Testing on durability and quality of the power tiller components and sub-components is not carried out by the institute.
- (v) The power tiller is considered fit for supply under subsidy programmes of the Government if it meets the evaluative performance requirements as per IS: 13539- 2008.
- (vi) Two major breakdowns and 5 minor defects during the entire course of testing are allowed and such breakdowns does not disqualify the power tiller from subsidy. In case of

breakdowns and non conformity to evaluative performance parameters, provision for repeat and supplementary test is available. In case of breakdowns the power tiller is subjected to repeat test after replacing the broken parts/assemblies. Even if it fails during repeat test, the power tiller is subjected to Supplementary test and the tests relevant to the broken parts/assemblies are conducted again. These provisions in general do not disqualify any power tiller at any stage of testing.

(vii) Power weeders are also tested under the category of Power Tillers (tilling type). Such power weeders thus get the benefit of higher subsidy of power tillers below 8 BHP categories as per the guidelines of Sub-Mission on Agricultural Mechanization.

(viii) Many power tiller importers have not submitted power tillers for 1st and subsequent Batch Testing and still they are continued to be eligible for subsidy.

(ix) Most of the manufacturers specify their power tillers as non-transport vehicle and thus gets relief from conforming to the mandatory requirements under Central Motor Vehicle Rules (CMVR). Under CMVR, every power tiller engine also has to meet the statutory prevailing exhaust gas emission norms.

(x) Some of the manufacturers of power tillers have been listed as defaulters of Conformity of Production (COP) on account of not meeting the emission requirements as per CMVR. While updating the list of power tillers eligible for subsidy, the list of manufacturers defaulting Conformity of Production is not being taken into consideration.

## **(B) Quality Parameters apart From The Existing Performance Parameters**

(i) Making the existing tolerances and limits as specified in IS: 9935-2002 and IS: 13539- 2008 more stringent will help avoiding entry of poor and substandard quality of power tillers in the Indian market and thus will also protect the interest of Indian farmers.

(ii) In the current testing methods, repeat and supplementary tests are permitted. Power tillers that do not meet the evaluative performance parameters and breakdown criteria, are subjected to repeat tests and supplementary tests on the same sample by replacing the defective/broken parts/assemblies and thus the same power tiller finally qualify all the tests. Stringent norms should be followed for repeat and supplementary tests.

(iii) Many of the performance parameters in the IS 13539: 2008 have been made no evaluative even though they are relevant in performance evaluation of a power tillers. Making such parameters as evaluative will reject the entry of many poor and sub-standard power tillers at the stage of testing itself.



(iv) Subjecting the power tillers to longer test duration will help assessing the quality and durability of power tillers. For this conducting the tests in simulated conditions would be helpful.

(v) The existing standards for testing of power tillers needs to be revised and the limits and tolerances for the material of critical components of power tillers such as sheet metal, engine components, transmission components, bearings, accessories etc. needs to fixed.

### **(C) Manufacturing Cost of the Indian Power Tillers**

There are only two indigenous manufacturers of power tillers in the country viz. VST Tillers Tractors Limited (VST), Bangalore (Karnataka) & Kerala Agro Machinery Corporation (KAMCO), Athani (Kerala). As per the data supplied by these two manufacturers, the manufacturing cost (raw material cost) of power tiller on an average is Rs. 92,000/-. The average selling price of their power tillers is Rs. 1,65,000/- which includes cost towards overhead expenses such as cost of consumables, assembly, pre-delivery inspection etc. (average Rs. 23,500/-), VAT on basic cost (average Rs. 2400/-), cost of accessories (average Rs. 7550/-), dealers margin (average Rs. 10,000/-), company profit ranged from Rs. 1970/- to Rs. 5000/- and other charges such as freight, insurance, PDI expenses, marketing expenses, finance charges, local transportation, octroi and other levies on an average Rs. 26,000/-.

### **(D) Cost of Imported Power Tillers**

As per the data collected from some of the Chinese power tiller importers, the landed cost of Chinese power tillers in India including the Customs duty on an average is Rs. 85900. Value addition to the landed cost of Chinese power tillers in terms of consumables, additional accessories and the spare parts on an average is Rs. 11450. The major portion of the cost 5 difference between landed cost and selling price is on account of dealers margin and profit to the importer which is on an average is Rs. 23800/- and transportation & Misc. marketing expenditure (Average Rs. 19800/-). As per the data of Central Board of Excise and Customs (CBEC), the Power Tillers are mainly imported under Tariff Heads 84328020 and 84328090 which relates to Rotary Tiller and Other, respectively as per the import tariff rates. Under these categories small power weeders are also covered. Therefore, the cost variation can be seen from Rs. 27,315/- to Rs. 79,447/-. As per the above said data, the average landed cost of Standard Power Tiller varies between

Rs. 70,000 to Rs. 80,000 (Excluding the Customs Duty). The customs duty on power tillers is @7.5%. Thus the cost including customs duty is Rs. 75250/- to Rs. 86000/-

### **(E) Selling Price of Power Tillers in Different States**

The data has also been collected from various State Governments on the quantity and selling price of power tillers. Different States have different selling prices of both indigenous as well as imported power tillers. The selling price of indigenous power tillers range from Rs. 1,40,000 to 2,15,000 and that of imported (Chinese) power tillers range between 1,08,500 to 1,95,300. There is wide gap in the selling price of power tillers among States. Thus there is selling price difference of around Rs. 20,000 to Rs. 32,000 between indigenous and Chinese power tillers in different States. Chinese power tillers are around 10-20 percent cheaper than the indigenous power tillers. The selling price of indigenous power tillers is highest in the State of Arunachal Pradesh followed by Meghalaya. The cost of Chinese power tillers is also highest in the State of Arunachal Pradesh followed by Assam. The selling price of both indigenous and imported (Chinese) power tillers in many States is higher than the maximum retail price indicated by the manufactures/suppliers. It may be due to the fact that the State Government servicing agencies such as State Agro Industries Corporations etc. may be adding their commission and Service Tax in the cost quoted by the manufacturers.

### **(E) (i) Incentives to Promote Indian Power Tiller Industries**

The domestic power tiller industries are facing competition from Chinese tillers which has a market share of 32% at present and is growing. The liberal imports from China, uncertainties in the subsidy and the problems associated with the administration of the schemes at the State level, pose a constant challenge to the Indian Power Tiller Industry. Increasing customs duty upto 25% from the present level of 7.5% for the imported power tillers and making regulations and internal taxes less onerous to the domestic manufacturers to boost 'Make in India' campaign will help promoting the cause of indigenous manufacturers. Export – related incentives to the domestic power tiller manufacturers till the same is permissible under WTO, providing production subsidies, lowering the cost of capital and creating special economic zones for some or all manufacturing activity in particular will reduce the cost of doing business, increase profitability, and hence encourage the domestic power tiller manufacturers to increase

investments. A quota need to be fixed with a numerical limit on how much of a product can be imported into a country. This will help to protect producers of domestic products from facing too much competition and ultimately going out of business. Fixing import quota of imported (Chinese) power tillers will benefit and protect the Indian Power Tiller Industry. Looking into the production potential of the domestic power tiller industries, the import quota for power tillers may be fixed as 10% of the total annual market of power tillers in India. Production subsidy, which can be made available to the producer at the point of sale itself, will help reducing the cost of indigenous power tillers. The State Governments have complicated procedures for distribution of subsidy. Making system online, avoiding selection of single supplier on lowest cost basis, elimination of mediator agencies in the supply chain, timely release of subsidy etc. will help indigenous power tiller industry. The MRP of a particular make and model of power tiller may be kept uniform in all States by the Central Government. Power tillers are very important life time asset for the small farmers to increase their farm productivity. Besides giving subsidy, it is the responsibility of the State to ensure that the gullible farmers are guided properly and ensure that they are not misled to buy inferior quality goods and suffer. Such guidance and advisories are essential so that the small and marginal farmers will continue to have faith on the quality of product they are buying and will continue to use power tillers. It is therefore necessary to ensure that the origin of power tiller is clearly identifiable to the farmers when purchase power tillers.

#### **(E) (ii) Permissible Procedure for Subsidy Inputs sought to be given for Indian Power Tiller Industry**

Any subsidy provision mandating preference to domestic manufacturers would be WTO incompatible both under Article 3.1(b) of Agreement on Subsidies and Countervailing Measures (ASCM), Article III of General Agreement on Tariff and Trades (GATT), Article 2.1 of Trade-Related Investment Measures (TRIMs). The Domestic Content Requirement (DCR) is not allowed even under Agreement on Agriculture (AOA). On perusal of the existing WTO jurisprudence (Analytical Index), it would be evident that the benefit of DCR is not available even under domestic support under AOA. In the light of above, any subsidy contingent upon DCR, shall not be WTO compliant. Hence other ways of incentivizing the domestic industry say through production subsidy, which can be made available to the producer at the point of sale itself and Excise Duty exemption on assemblies and spare parts can be thought of as an alternative. The existing provision of the Sub-Mission on

Agricultural Mechanization without any discrimination between the imported and the domestically manufactured power tillers, when the subsidy is provided to the farmers on their purchase, is WTO compatible. The imported and the domestically manufactured power tillers cannot have differential rates of subsidy.

**1.10 When asked to furnish comments on the report submitted by the Committee constituted under the aegis of Rajendra Agricultural University, Patna, (RAU) in July, 2015 to study the Chinese agricultural machines and follow up action taken by the State and the Centre on the recommendations of the said Committee in their Report submitted in February, 2016, the Department in its written reply stated as under:**

"The Study Report on Chinese Agricultural Machinery conducted by the College of Agricultural Engineering, Rajendra Agricultural University, Pusa (Samastipur), Bihar has been examined by the Expert Committee on Power Tillers constituted by the Department. The Expert Committee in their report has submitted comprehensive recommendations covering all the recommendations contained in the RAU report. The Department has already taken appropriate actions on the recommendations in the Expert Committee report.

The Department further stated that on the advice of Parliamentary Standing Committee on Agriculture in its meeting held on 5<sup>th</sup> April 2017, the Department has constituted a High Power Committee under the chairmanship of Deputy Director General (Extension), ICAR with the following Terms of References:

- (i) Conduct survey in the States where maximum numbers of power tillers are supplied under the subsidy programmes and bring out status of indigenous and Chinese power tillers with reference to the process of empanelling the suppliers, selection of beneficiary, and quality of power tillers supplied condition of power tillers and after sales services received by the beneficiaries etc.
- (ii) Assessment of the sale price of the power tillers both indigenous and imported (Chinese) in different States, reasons for cost variation and suggesting measures for bringing out uniform price of power tillers across the country
- (iii) Visit to various manufacturers and suppliers of Power Tillers and assessment of manufacturing infrastructure, dealers network and arrangements for after sales services
- (iv) Assessment of Power Tillers supplied under Subsidy programmes as to whether these are of the same make & model and quality as tested by the testing institutions.
- (v) Random sampling of the Chinese power tillers from some of the importers from their import lot and inspection of the same for their quality and performance.
- (vi) Assessment of the reasons for failure of the Chinese power tillers supplied under subsidy programmes, assessment of the losses incurred by the farmers due to such failures and suggest if these farmers needs to be compensated"

**1.11 On being asked about the Poor Quality of Chinese Power Tillers The**

**Department in its written Reply stated as under:-**

“The details of the complaints related to Chinese power tiller is being collected from different State and accordingly the team of expert will examine the details of the major issues and also the finding of the Dr. K. Alagusundaram ,DDG,ICAR committee report will also taken in to consideration and same will be intimated to BIS for suitable modification of Standard”.

**1.12 When insisted on specifying the time limits for the implementation of the**

**different recommendations of the committee report, the Department stated as**

**under:-**

"The report of the expert committee was received in this Department in March 2017. The recommendations with regard to making CMVR and COP compliance mandatory, Batch testing, providing warranty on power tillers, labeling plate on power tillers, random sampling for testing have already been implemented. The other recommendation with regard to revision of test code, material testing, price variation, simplifying subsidy distribution process, increasing customs duty, imposing anti-dumping duty etc are being examined and pursued with the concerned department like ICAR, BIS, Ministry of Finance etc. The action is likely to be completed within 6 months".

**1.13 When asked about the action taken by the Department regarding faulty Power**

**Tillers provided to farmers under RKVY Rashtriya Krishi Vikas Yojana / SMAM (Sub-**

**Mission on Agricultural Mechanization) etc. The Department in its written Reply**

**stated as under:-**

- (a) The details of the 43 Power tillers contained in the report of Dr. Rajendra Prasad University have been examined at length in DAC&FW. Accordingly, the Department of Agriculture, Government of Bihar vide this Department's letter dated 29th March 2017 had been directed to take punitive action against the suppliers and to ensure that suitable compensation be paid to the farmers. The matter has been pursued again vide letter dated 7th November 2017. The Directorate of Agriculture of Bihar vide their letter dated 24.11.2017 have only reiterated the same after examining report of Dr. Rajendra Prasad Agricultural University.

The Directorate of Agriculture vide letter dated 8.9.2016 had issued necessary instructions to all the manufacturers /suppliers with regard to ensuring uniformity in selling price across all regions, repair workshop and service centres, portal of complaint redressal, adequate availability of spare parts, training to the farmers on

operation and maintenance, affixing labeling plate indicating make, model, year of manufacture etc., providing operators manual in Hindi language, warranty/guarantee.

As such, the Government of Bihar are essentially stating that it has no further inputs to add at this stage

Further, the Government of Bihar has informed this Ministry that meeting of Agricultural Machinery Manufacturers have been organized from time to time and necessary instructions towards the above have been given. After issuing such instructions, their Directorate of Agriculture has not received any complaint from the farmers from any District on Chinese Power Tiller.

Accordingly, the information so provided by Government of Bihar in response to our correspondence and efforts, may be taken on record as their final report.

- (b) Reports on number of Chinese power tillers supplied in the States and the details of the condition of supplied power tillers has been obtained from the States.
- (c) The Department of Agriculture, Government of Bihar vide this Department's letter dated 4<sup>th</sup> November 2017 had been directed to take up the survey to find power tillers and companies involved in selling Chinese power tillers under their logo as Indian power tiller and take appropriate action against them under intimation to this Ministry. The report is still awaited and shall be submitted to Hon'ble Committee at the earliest.
- (d) The State Governments vide this Department letter dated 3<sup>rd</sup> November 2017 have been requested to find out the losses incurred to the farmers due to failure of power tillers and provide suitable compensation to them. Most of the State Governments have reported that the Power Tillers are in good working conditions and no complaints have been received from farmers.

### **Pricing of Power Tillers**

1.14 Our country has to support food requirement of around 16.5% of world population with only 2.4% of land area. To feed the ever iterating farming millions, there is need to enhance food productivity per unit of land. In this scenario, enhancing the level of agriculture mechanization is one of way to enhance food productivity. It is also helped to reduce drudgery and to minimize input cost of hired man power. Achieving optimum level of mechanization is also one of the ways to double the income of the farmers which is covered objective of the Central Government. However, majority of Indian farmers do belong to small and marginal categories who could hardly afford costly agriculture equipments/machineries. In this scenario, power tiller with its flexibility and low cost could

be ideal to enhance the level of mechanization in the country. However, various reports on pricing of power tillers in the country suggest steep prices being charged by the manufacturers, importers and distributors in the country. The K. Alagusundaram committee in their report has examined this issue and brought out following facts :-

"As per the data collected from some of the Chinese power tiller importers, the landed cost of Chinese power tillers in India including the Customs duty on an average is Rs. 85900. Value addition to the landed cost of Chinese power tillers in terms of consumables, additional accessories and the spare parts on an average is Rs. 11450. The major portion of the cost difference between landed cost and selling price is on account of dealers margin and profit to the importer which is on an average is Rs. 23800/- and transportation & Misc. marketing expenditure (Average Rs. 19800/-). As per the data of Central Board of Excise and Customs (CBEC), the Power Tillers are mainly imported under Tariff Heads 84328020 and 84328090 which relates to Rotary Tiller and Other, respectively as per the import tariff rates. Under these categories small power weeders are also covered. Therefore, the cost variation can be seen from Rs. 27,315/- to Rs. 79,447/-. As per the above said data, the average landed cost of Standard Power Tiller varies between Rs. 70,000 to Rs. 80,000 (Excluding the Customs Duty). The customs duty on power tillers is @7.5%. Thus the cost including customs duty is Rs. 75250/- to Rs. 86000/-"

1.15 When asked to furnish details of average selling price of indigenous and Chinese Power Tiller in various States during the last three years, the Department submitted as under:-

S.No.	State	Average selling price of indigenous Power Tiller (Rs)			Average selling price of Chinese make Power Tiller (Rs)		
		2013-14	2014-15	2015-16	2013-14	2014-15	2015-16
1.	Sikkim	-	-	-	-	86000	-
2.	Tamil Nadu	147522	153296	154967	132282	138603	134223
3.	Arunachal Pradesh	186744	186744	186744	No Chinese Power Tiller supplied		
4.	Pondicherry	138833	153833	154888	No Chinese Power Tiller supplied		
5.	Maharashtra	138540	159925	161603	120680	138705	135415
6.	West Bengal	161000	174000	181000	132000	156000	160000

1.16 On the above issue, the Department further submitted as under:-

"Different States have different selling prices of both indigenous as well as imported Power Tiller. The selling price of indigenous Power Tiller is highest in the State of Arunachal Pradesh followed by West Bengal which is more than the average selling price as indicated by the indigenous manufacturers. The cost of Chinese Power Tiller in the State of West Bengal is also higher than the average selling price as indicated by the importers of Power Tiller. The lowest cost of Chinese Power Tiller is indicated by the Sikkim State. However, it has been noted that the cost is for the power weeders and small Power Tiller below 8 BHP."

1.17 When asked about possibility of fixing uniform pricing of power tiller at national level, the Department stated as under:-

“The DAC&FW does not control/regulate the prices of agricultural machinery and equipment. The GST has now integrated all other taxes into a single tax and this will bring in the uniformity in the selling price of power tillers across all States. However, the cost of power tillers may vary depending on size, type, horse power rating and transportation cost etc. The manufacturers of power tillers have been declare MRP of the power tillers and bring out transparency in selling prices”.

1.18 One the above issue, the Department further submitted as under:-

"It has also been proposed to constitute a committee under the Chairmanship of ADC (Machinery) and members of the various State Governments (Director of Agriculture or his nominee) to review the current cost and capping limits thereof , sale price of Agricultural machinery in different States in respect of the Agricultural machinery like Tractors, Power tillers, Rotavators, laser levelers, Straw reapers, Balers, Seed drill & Planters, Rice Transplanters, Sprayers and Mist Blowers, Power weeders, Reaper Binders and threshers.

The Terms of reference of the committee are as below:

- i). To examine the cost estimation processes of Agricultural machinery.
- ii). To examine the reasons in large variation in cost of imported & indigenous Power tillers
- iii). Categorization of the Agril machinery according to its Technical specifications.
- iv). To fix the cost of the category wise cost of machinery.

As per the term of reference of the committee at SI No 3, committee will give the report on reasons for large variation in Power tillers cost. After receiving the report, the necessary action would be taken in the matter.

The above committee will submit their reports within 6 months from now".

1.19 When asked to furnish status of report of High Powered Committee headed by Shri A.K. Singh which was constituted by the Department for examining issues related to power tiller, the Department submitted as under:-

"The Committee has devised the proforma for conducting the survey and after obtaining the beneficiary data from the State Governments and Industry, the KVKs have been assigned the task of conducting survey in the States having maximum



sale of power tillers. The work involves conducting of actual field survey, collection, compilation and analysis of data and preparation of reports. The report is likely to be finalized by the committee by March end, 2018.

## CHAPTER-II

### ENSURING QUALITY OF POWER TILLERS

2.1 Availability of good quality agricultural machineries is pre-requisite to instill confidence amongst farmers and encouraging them to adopt modern methods of agriculture mechanization. However, due to sale of sub-standard imported Chinese power tiller in Indian market has caused financial loss to the farmers agriculture productivity. K. Alagusundaram Committee in their Report submitted to the DAC&FW has analysed this critical aspect and given several recommendations. Some of the important recommendations are as follows:

- (i). It has been noticed that the power tillers importers import the power tillers in Semi Knocked Down (SKD) and Completely Knocked Down (CKD) Packages. They assemble the power tillers in India and these are offered to the institute for testing claiming that they are manufacturer of this power tiller and the power tiller is indigenous one. The testing institutes before admitting the power tiller for test should properly ensure the country of origin of power tillers. If major assemblies such as Engine, Chassis, Transmission, Tyres etc are imported, then the power tiller should be considered as imported and the name and country of origin of the manufacturer in this case needs to be properly ascertained. It may be insisted that the manufacturers/importers should supply printed literature such as Operators Manual, Service Manual and Spare Parts Catalogue to the testing institute before the power tiller is admitted for test. The country of origin thus can also be ascertained from the printed literature supplied.
- (ii). It has been noticed that the manufacturer or importer themselves select the power tiller and offer it for Initial Commercial Testing. The offered power tiller may not be a representative sample of the production or import lot. It could be a selective best sample. The testing institutes should select the power tillers randomly from the production lot or the import lot. The serial number and part Nos. of the Major assemblies may be recorded and the major assemblies should be properly sealed so as to protect it from tampering and then the selected power tiller should be subjected to test.
- (iii). It has been noticed that Power weeders are also tested under the category of Power Tillers (tilling type). Such power weeders thus get the benefit of higher subsidy of power tillers below 8 BHP categories as per the guidelines of Sub-Mission on Agricultural Mechanization. The power tillers conforming to the following definition should only be tested under power tiller category. Necessary changes in the definition of power tiller as under IS 9935 should also be made. The categories of power tillers as defined under 3.6.1-General Purpose Type, 3.6.2- Pull Type and 3.6.3- Tilling Type, under IS 9935 may be deleted "Power Tiller is agricultural machinery used for soil preparation having a single axle in which the direction of travel and its control during field operation is performed by the operator. The equipment may be walk behind or riding attachment type and when coupled to a trailer, can be used for transportation of goods. The maximum speed of the power tiller when coupled to a trailer shall not exceed 22 kmph. The maximum haulage capacity of the power tiller coupled to a trailer shall not exceed 1.5 tonne. The maximum power output of the power tiller engine shall not be less than 8 BHP".

- (iv). Most of manufacturers specify their power tillers as non-transport vehicle and thus gets relief from conforming to the mandatory requirements under Central Motor Vehicle Rules (CMVR). Under CMVR, every power tiller engine also has to meet the statutory prevailing exhaust gas emission norms. During Initial Commercial Test, the testing institutes should ask the manufacturers to submit the emission compliance certificate and during the Batch Testing, submission of the certificate of Conformity of Production (COP) for emission should be made mandatory.
- (v). In case of breakdowns and non conformity to evaluative performance parameters, provision for repeat and supplementary test is available. In case of breakdowns the power tiller is subjected to repeat test after replacing the broken parts/assemblies. Even if it fails during repeat test, the power tiller is subjected to Supplementary test and the tests relevant to the broken parts/assemblies are conducted again. These provisions in general did not disqualify any power tiller at any stage of testing. The process of repeat test and supplementary test should be done away with and necessary amendments may be made in the relevant Indian Standard in consultation with Bureau of Indian Standards.
- (vi). The Southern Region Farm Machinery Training and Testing Institute (SRFMTTI), Garladinne should purchase a suitable Load Car having state of the art facility for conducting drawbar performance test on the power tillers.
- (vii). The test reports released by the institutes should clearly specify the country of origin of major parts and assemblies like chassis, engine, transmission, rotary etc. The cover page of the test report should also prominently indicate the country of origin of the power tiller.
- (viii). The committee under Table 6 of this report has given recommendation with regard to revision of limits and tolerances for different performance parameters. These should be examined and suitable action may be taken to incorporate the suggested changes under IS 13539: 2008.
- (ix). In order to ascertain the durability of the power tillers, endurance testing may be conducted on power tillers under simulated conditions for which suitable test set up may be developed. The torture test as being done by some of the power tiller manufacturer can also be carried by way of developing suitable test rink. Suitable simulated vibratory platforms can also be devolved for assessing the durability of various parts and assemblies of power tillers. The procedure for conducting such endurance test may be developed and such test along with its procedure may be incorporated under IS: 9935-2002.
- (x). The Standard for the chemical composition of various critical components of the power tiller may be developed in association with the metallurgy experts and the limits and tolerances may be incorporated under IS: 9935-2002. The specification for induction hardening, quality of steel, type and quality of bearings etc should also be identified.
- (xi). The test report may also include recommendation for the use of power tiller on regional basis based on soil texture and adopted farming practices to ensure its good performance in the field.
- (xii). The Batch Testing of Power Tillers should be strictly enforced to ensure the supply of quality power tillers to the farmers. The manufacturers/importers who have failed to get their power tillers tested under 1 st Batch Testing and Subsequent Batch Testing should be eliminated from the list of power tillers eligible for subsidy under Government schemes/programmes.

- (xiii). Under Central Motor Vehicle Rules (CMVR), every power tiller engine has to meet the statutory prevailing exhaust gas emission norms. However, SRFMTTI do not test the power tillers for emission. As per the data available on the websites of Automotive Research Association of India (ARAI), Pune and International Centre for Automotive Technology (ICAT) Manesar, some of the manufacturers of power tillers have been listed as defaulters of Conformity of Production (COP) on account of not meeting the emission requirements as per CMVR. While updating the list of power tillers eligible for subsidy, such defaulters of COP may be eliminated.
- (xiv). The Department of Agriculture, Cooperation and Farmers Welfare should advise the testing institutions under its control to develop appropriate test facilities and procedure to assess the durability and material quality of the power tillers. For incorporation of such test procedure under relevant Test Codes, necessary amendments may be made in the Test Codes in association with Bureau of Indian Standards (BIS).
- (xv). A committee with leading researcher on power tillers from various Agricultural Engineering Institutions may be formed to examine the complete test procedures and to make new recommendations and norms for effective testing and performance evaluation of power tillers

2.2 When asked to furnish steps being taken by the DAC&FW for implementation of recommendation of K. Alagusundaram Committee on strengthening quality parameters and testing procedure of power tillers, the Department Submitted as under:-

S.No	Recommendation	Action Taken report
i)	The power tiller should indicate make& model, year of manufacture and country of origin	I. Manufacturers started affixing labeling plate with required details w.e.f 25.05.2017.
ii)	Minimum 2 years Warranty should be provided	II. 2 years warranty has been made mandatory and power tiller manufacturers have started mentioning this. The list of power tillers eligible for subsidy has been revised on 02.06.2017 and 05.07.2017.
iii)	Power tiller manufacturers should have infrastructure for after sales service and should have adequate availability of spare parts	III. Only eligible power tillers meeting this requirement have been included in the list revised on 02.06.2017 and 05.07.2017.
iv)	Batch Testing of Power tillers should be done as per relevant BIS Standards.	IV. Batch testing strictly enforced. Now power tiller models which are not undergone Batch Testing have been removed from list of power tillers. Revised list has been issued on 02.06.2017 and 05.07.2017.

v)	Defaulters of meeting CMVR and COP requirement should be stopped from selling power tillers.	V. The State Governments vide letter dated 4 <sup>th</sup> November 2016, had been advised to ensure compliance of power tiller models for Conformity of Production (COP) and Central Motor Vehicle Rules (CMVR) before they are supplied under subsidy programmes. Subsequently, the revised list of power tillers complying with COP/CMVR norms has been issued on 02.06.2017 & 05.07.2017.
vi)	To revise the relevant Test Code for Minimum Performance Standards with more Stringent performance Standards.	VI. Minimum performance standards have been revised and made more stringent. The revised specifications have been implemented by the testing institution w.e.f. 24.08.2017. Bureau of Indian Standards (BIS) has also approved the new Standard on 25.10.2017.
vii)	Testing of power tillers shall also be done for durability assessment and quality of material used	VII. Chemical composition and durability test requirements included in the Relevant BIS Standard and the testing institute has been implementing the same w.e.f. 24.08.2017
viii)	Eliminate the Supplementary Test and Repeat Test from the existing Test Procedure.	VIII. Provision of Supplementary and Repeat test is eliminated and implemented by the testing institutions.
ix)	To review the criteria for acceptance of Power tillers with regards to Breakdowns during the testing of Power tillers.	IX. Revised criteria have been implemented by the testing institutions w.e.f. 24.08.2017.
x)	Power tillers for testing should be randomly picked up from the production/import lot	X. Random selection of power tiller has been started by the testing institutions w.e.f. 24.08.2017.

2.3 When asked about Warranty/Guarantee not provided by the manufacturers to the farmers, The Department stated as under:-

“The information is being obtained from the States. Necessary instructions will be issued to all States for providing warranty/guarantee on agricultural Machinery and implements including Power Tillers”.

2.4 When asked about non availability of after sales service and Spare parts for Power Tiller, The Department in its written Reply stated as under:-

“The information is being obtained from States and accordingly guidelines will be issued to all the states to ensure mandatory service center equipped with adequate spare parts at all District and Block level with all empanelled Power tiller suppliers, as the Standing Committee recommends”.

2.5 When asked that there is no Labeling plate on Power Tiller, the Department on its written Reply stated as under:-

“As per BIS standard it is mandatory to have a labeling plate on the power tiller indicating Sr. No., Make, Model and Year of Manufacturing, Hp.etc. However the information is being obtained from States and accordingly instructions will be issued to verify the labeling plate for Power Tiller before it supply to the beneficiary and availability country of origin on labeling plate”.

2.6 When pointed out the Power Tiller brochure do not indicate about the suitability of the same in various soil conditions, the Department on its written Reply stated as under:-

“FMTTIs are testing the Power Tiller in dry land and wet land conditions for 35 hours and indicating the performance of Power Tiller in test report. As regards the testing in various soil conditions, the same needs to be examined by the Expert Committee. Accordingly, the expert committee will be constituted and recommendations will be forwarded to BIS for incorporation in testing standards”.

2.7 When asked about the feasibility of manufacturing the spare parts of agricultural machinery in India so that the options of assembly of agricultural machinery will be available easily, the Department on its written Reply stated as under:-

“The matter will be discussed with the manufacturers and possibility of this proposal explored”.

2.8 When asked about any survey has been done to access average of the Power Tiller, The Department on its written Reply stated as under:-

“The information is being obtained from the State Governments as well as from manufacturers”.

2.9 When asked whether Expert Committee has been constituted and recommendations forwarded to BIS for incorporation in testing standards, The Department on its written Reply stated as under:-

“The recommendations of the expert committee related to the testing and evaluation of power tillers have already been sent to the Southern Region Farm Machinery Training & Testing Institute, Garladinne, Anantapur (Andhra Pradesh) for examination and compliance.

Based on the recommendation of the Expert Committee, the revision of IS:13539-2008 has been taken up taken up with BIS. The BIS Committee FAD 11 has constituted a Sub-Committee under the Chairmanship of Shri V.N. Kale, Addl. Commissioner (M&T), DAC&FW. The Sub-Committee based on the recommendations in the report of Expert Committee reviewed the IS:13539-2008 and the revised document has been sent for wide

circulation for comments/feedback. The FAD 11 Committee of BIS will discuss the amendments in its next meeting and finalize the Standard which will be implemented by the testing institutions.

2.10 On being asked the reason for delay in changing BIS standard for power tiller and why it was not implemented, The Department in its written Reply stated as under:-

"The standard available is already being followed by the testing institutes. However, based on the recommendation of the Expert committee the same is being revised to make it more stringent and incorporate all the suggestions given by the expert committee including amending the power tiller definition and elimination of repeat and supplementary tests. The revised draft is forwarded to BIS and is being followed up with BIS on regular basis".

2.11 On the above issue, the Department further stated as under:-

- (a) It may be appreciated that batch testing of Power Tillers entitlement to subsidy has been strictly enforced. Till 9th December, 2015, earlier 20-30% was batch tested; now completely 100% are tested. Now power tiller models which have not undergone Batch Testing have been removed from list of power tillers entitled for subsidy. Revised list of the tested power tiller has been issued on 02.06.2017 and 05.07.2017, it is expected that the new norms for 100% batch testing will be enforced by the testing institutes and all the States with close monitoring.
- (b) The State Governments (vide our letter dated 4th November 2016, had been directed to ensure compliance of power tiller models for Conformity of Production (COP) and Central Motor Vehicle Rules (CMVR) before they are supplied under subsidy programmes. Subsequently, the latest revised list of power tillers complying with COP/CMVR norms has been issued on 05.07.2017. We have not received any report of non-compliance from any State.
- (c) Minimum performance standards have been revised and made more stringent. For Example:
  - (i) Almost all the parameters of testing are made compulsory evaluative.
  - (ii) Testing in different soil conditions incorporated.
  - (iii) Torture testing is incorporated.

The revised specifications have been implemented by the testing institutions w.e.f. 24.08.2017. Bureau of Indian Standards (BIS) has also approved the new Standard in their meeting held on 25.10.2017.

- (d) Chemical composition and durability test requirements included in the Relevant BIS Standard and the testing institute has been implementing the same w.e.f. 24.08.2017. Provision of Supplementary and Repeat test is being eliminated in the new norms of the testing and the same is implemented by the testing institutions.

- (e) The criterion for acceptance of Power tillers with regards to Breakdowns during the testing of Power tillers has been revised and the new criteria have been implemented by the testing institutions w.e.f. 24.08.2017.
- (f) Random selection of power tiller in initial commercial testing (ICT) has been started by the testing institutions w.e.f. 24.08.2017 in addition to batch testing.

2.12 When asked to give details about the revision of test code, material testing, price variation, simplifying subsidy, distributions process, increasing customs duty, importing anti-dumping duty etc the Department stated as under:-

- (a) The Testing Standard applicable for power tiller testing has been revised based on the recommendations of Expert Committee. The revised testing standards have been implemented by the testing institutions w.e.f. 24.08.2017. Bureau of Indian Standards (BIS) has also approved the new Standard in their meeting held on 25.10.2017.
- (b) The Expert Committee in its report had not given any specific recommendation on how to control the price variation in power tillers. Therefore, the Department has constituted another internal committee under the Chairmanship of Additional Commissioner (Machinery) vide order dated 21.09.2017 to examine this matter and suggest price fixation criteria by December 2017. A meeting with power tiller manufacturers/importers has been held on 15.11.2017 and the broad criteria for fixing the price of both indigenous and imported power tillers has been decided.
- (c) As desired and observed by the Hon'ble Parliamentary Standing Committee on Agriculture in its meeting held on 5<sup>th</sup> April 2017, in order to investigate the issues of large variation in imported power tillers cost and reason for higher cost of indigenous power tillers in the country, the Department has constituted a High Powered Committee under the chairmanship of Dr. A.K. Singh, Deputy Director General (Extension), ICAR vide order dated 21<sup>st</sup> April 2017. The Committee after going through all the data obtained from the industry, is in the process of preparing the report and would submit it in mid Dec 2017.
- (d) A proposal for increasing Customs duty on power tillers from the present rate of 7.5% to 25% has been submitted to the Department of Revenue, Ministry of Finance vide our letter dated 9<sup>th</sup> November 2017. They are seized with the issue and the legal options open.
- (e) The Expert Committee in its report had recommended that, in case the increase in Customs Duty is not possible then other legally feasible anti-dumping measures may be considered. Accordingly, the Department has taken up the issue of increasing Customs duty on power tillers in consultation with Ministry of Finance, in the first instance.

### **Farm Machinery And Testing Of Power Tiller**

2.13 The Farm Machinery Training & Testing Institutes (FMTTIs) located at Budni (Madhya Pradesh), Hissar (Haryana), Garladinne (Andhra Pradesh), and Biswanath



Chariali (Assam), are imparting training to different categories of beneficiaries like farmers, technicians, under graduate engineers, entrepreneurs and the foreign nationals nominated under international exchange treaty on selection, operation, maintenance, energy conservation and management of agricultural equipments. During the year 2015-16, 7545 persons were trained till 31st March, 2016 against the annual target of 6000 in different courses. During 2016-17, 7801 persons were trained till 31st December 2016 against the annual target of 6000 in different courses. To supplement the efforts of the FMTTIs, outsourcing of the training through the identified Institutions, ICAR Institutions, ATMA Institutions, National innovation Foundation, training programmes are funded as per norms prescribed by Ministry of Skill Development and Entrepreneurship.



## **CHAPTER-III**

### **Financial Assistance/ Subsidy Being Provided To The Farmers Under Schemes For Agriculture Mechanization**

3.1 The Department of Agriculture, Cooperation & Farmers Welfare, Mechanization and Technology Division launched Sub Mission on Agricultural Mechanization (SMAM) under the main Mission i.e. National Mission on Agricultural Extension and Technology (NMAET) which is under implementation w.e.f. 2014-15. The components of SMAM are as follows:

- Promotion and Strengthening of Agricultural Mechanization through Training, Testing and Demonstration
- Demonstration, Training and distribution of Post Harvest Technology and Management (PHTM)
- Financial Assistance for Procurement of Agriculture Machinery and Equipment: Promotes ownership of various agricultural machinery & equipments
- Establish Farm Machinery Banks for Custom Hiring
- Promotion of farm mechanization in selected villages
- Financial Assistance for promotion of Mechanized operations/hectare carried out through custom hiring Centers
- Promotion of farm machinery and equipment in north eastern region

3.2 The Department has stated that the SMAM provides a suitable platform for converging all activities for inclusive growth of agricultural mechanization by providing a 'single window' approach for implementation with a special focus on women farmers with the following provisions. When asked about financial assistance being provided under SMAM scheme, the Department stated as under:

"The financial assistance as cost subsidy to the tune of 25-40% is being provided for the individual ownership of the farm machinery which is also applicable for farm machinery component under RKVY, NFSM, NHM & NMOOP schemes for different categories of Machinery & Equipment. The financial assistance @40% is provided for establishment of farm machinery banks to provide the custom hiring services for the benefits of small and marginal farmers. For installing solar photovoltaic water pumping system, financial assistance of Rs 43200/horse power to Rs 63,360/Horsepower is provided. To promote the mechanization in selected village with low level of farm mechanization, financial assistance @80% of the project cost for farm machinery banks is given to the group of minimum 8 farmers. Hiring assistance for various farm operations carried out through the farm machinery banks set up under financial assistance is also provided @ 50% of the cost of operation/ha limited to Rs. 2000 per ha. to farmers."

3.3 Further elaborating on the issue, the Department further stated as under:

"State Governments have been advised to ensure 30% of allocation under the scheme belongs to women beneficiary and also to furnish reports separately in SMAM guidelines.

- 10% more assistance for women beneficiary to procure Agricultural Machinery, implements and equipment including PHT under component 2 and 3.
- In order to reduce the drudgery and increasing efficiency in farm operations, number of agricultural implements and hand tools suitable for farm women has been developed by Research & Development organizations under ICAR. The list of gender friendly equipment has been sent to all States/UTs for popularizing them through various schemes of Government."

3.4 When asked about subsidy being provided to the farmers in other schemes being implemented/financed by the Central Government, the Department stated as under:-

"Financial Assistance in the form of subsidy at the rate of 25-40 percent under RKVY, NFSM & NHM, NMOOP is applicable as per guidelines of SMAM to the farmers for individual ownership of agricultural equipment including hand tools, bullock-drawn/ power-driven implements, planting, reaping, harvesting and threshing equipment, tractors, power-tillers and other specialized agricultural machines."

3.5 When asked to further details of subsidy being provided in above mentioned schemes for agriculture mechanization, the Department stated as under:-

S.No	Name of Scheme	Scheme Components under which purchase of power Tiller is allowed	Coverage Area		Rate/quantum of subsidy
			2015-16	2016-17	
1	Sub Mission on Agricultural mechanization (SMAM)	Financial Assistance for Procurement of Agriculture Machinery and Equipment	<b>All States/UTs</b>		As Per SMAM norms as indicated in below table
2	National Food Security Mission (NFSM)	Agricultural Mechanization			-do-
3	Rashtriya Krishi Vikas Yojana (RKVY)	Agricultural Mechanization			-do-
4	Mission For Integrated Development of Horticulture	Horticulture Mechanization			-do-

5	National Mission on Oilseeds and Oil Palm (NMOOP)	Not eligible	-	-	-
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Type of Agricultural Machinery	For SC,ST , small & marginal farmers , women , and NE States beneficiary		For other beneficiary	
	Maximum Permissible subsidy per Machine/Equipment	Pattern of Assistance	Maximum Permissible subsidy per Machine/Equipment	Pattern of Assistance
Power Tiller (below 8 BHP)	Rs. 0.50 lakh	50%	Rs. 0.40 lakh.	40%
Power Tiller (8 BHP & above)	Rs. 0.75 lakh	50%	Rs. 0.60 lakh.	40%

3.6 When asked to furnish mechanism adopted for selection of beneficiary farmers for subsidy under the scheme for agriculture mechanization, the Department stated as under:-

“The respective State Governments after assessing the requirements of the States forward their Annual Action Plan duly approved by the State Level Executive Committee (SLEC) to DAC&FW. As per the guidelines of SMAM the District Level Executive Committee (DLEC) of States is responsible for carrying forward the objectives of the SMAM for project formulation, implementation and monitoring. However, the numbers of beneficiaries are subjected to the availability of the funds under the scheme

3.7 When asked about the eligibility criteria followed for selection of farmers when a large number of applications are received for purchase of a particular subsidized agricultural tool, the Department in a written reply stated as under:-

“The SMAM is implemented through the State Governments. The Guidelines of the SMAM provides broad criteria for selection of the beneficiaries and it is done by the State Level Executive Committee (SLEC). The sub allocation/ reservation for any particular type of beneficiaries is depend upon the availability of funds under SCP & TSP components of SMAM.

3.8 On the query of the Committee regarding adoption of DBT for disbursal of subsidy for purchase of power tiller and other agricultural equipments/machineries under various schemes, the Department submitted as under:-

"The SMAM will be on-boarded for DBT (Direct Benefit Transfer) from 30th Sept 2017 for which the necessary Gazette Notification is issued and already forwarded to the State Governments. The States like Bihar, Odisha, Andhra Pradesh, Madhya Pradesh, Kerala, Karnataka, have implemented the online system for implementation of the mechanization subsidy programmes. The DAC&FW is also developing online MIS for implementing SMAM and the same will also be extended to the States which are not having such a system."

3.9 When pointed out by the Committee that DBT not is being effectively implemented in the States and the farmer has to pay initially full cost of machine and the amount of subsidy is reimbursed after the submission of bill and inspection report, the Department stated as under:-

"All the State governments will be advised to call the applications for assistance online and select the beneficiary in a transparent manner and provide the subsidy through DBT in beneficiary account or dealer / manufacturer".

3.10 When asked whether there is freedom to farmers to purchase machinery as per their choice, The Department stated as under:-

"As per Sub Mission on Agricultural Mechanization (SMAM) guidelines complete freedom has been given to the farmers for purchase of equipment. However, the information is being obtained from State Governments and necessary instructions will be issued for ensuring complete freedom to farmers to purchase machinery as per their choice".

3.11 On the query of the Committee regarding freedom of farmers to purchase agricultural equipment/machinery from any dealer and get subsidy available under different schemes on agricultural machinery being implemented by the DAC&FW or they have to purchase from the empanelled dealers, the Department submitted as under:-

"The SMAM guidelines stipulates that the beneficiary will have complete freedom for selection of agriculture machinery and equipment as per his/her choice from the empanelled list of manufacturer/suppliers by the State Government."

3.12 While elaborating on the above issue, the representative of Department of Agriculture, Co-Operation and Farmers Welfare (DAC&FW) submitted as under:-

महोदय, यह स्टेट टू स्टेट वैरी करता है। जैसे मैं दो स्टेट का आपके संज्ञान में लाता हूँ। जैसे महाराष्ट्र है, महाराष्ट्र ने किरसी भी इक्विपमेंट की कोई कॉस्ट नहीं बना रखी है। आप मार्केट में जाइए, अपनी पसन्द का इक्विपमेंट खरीदिए और उतनी सब्सिडी आपके खाते में आ जायेगी। यू.पी. ने भी ऐसा ही कर रखा है, उन्होंने कोई लिमिट नहीं दे रखी है। आप बाजार में जाइए, अपने प्राइस का इक्विपमेंट खरीदिए और आपकी जितनी सब्सिडी मैक्सिमम होगी या प्रतिशत से होगी, वह आपके खाते में आ जायेगी। जैसे आन्ध्र प्रदेश है, तेलंगाना है, तमिलनाडु है, नॉर्थ-ईस्ट स्टेट्स हैं, ये टेंडर मंगाकर प्राइस फिक्स करते हैं। ये उस प्राइस पर किसानों को कहते हैं कि आप इनमें से कौन सा लेंगे। वहाँ पर इस तरह का वैरीएशन हो सकता है कि मार्केट में कोई चीज 60 हजार रुपये की हो और वहाँ 80 हजार रुपये की हो।

3.13 Further adding on the above issue, the representative of DAC&FW submitted as under:-

सर, जैसा आपने बताया, इस संबंध में हमने राज्य सरकारों को कई बार कहा कि आप फार्मर्स चॉयस के हिसाब से इसका ऑप्शन दीजिए। खरीफ और रबी के लिए हमारी जोनल कॉन्फ्रेंस होती है, नेशनल कॉन्फ्रेंस होती है। हम वीडियो कॉन्फ्रेंस करते हैं। सब में हम ने इसके बारे में कहा है और हमने लिखित रूप में भी कहा है कि आप फार्मर्स चॉयस के हिसाब से दीजिए। अभी आपका यह निर्देश हुआ है तो इसे भी हम जल्दी ही इश्यू करेंगे।

सर, यह डिस्कशन की बात नहीं है। यह मुद्दा उठा है कि कुछ राज्यों में इसकी जो वैल्यू है, जो प्राइस है, वह ज्यादा है। यह उस राज्य में ज्यादा है, जहां वह टेंडर करके किसी कंपनी को देकर उसकी एक प्राइस फिक्स कर देते हैं। उसमें फार्मर्स चॉयस नहीं रहता है और फार्मर्स को जबरदस्ती किसी कंपनी को लेना पड़ता है। जैसा कि हमें समिति ने बताया कि फार्मर्स की चॉयस होनी चाहिए तो इस विषय में हमने सभी राज्यों को कह दिया है। हम उनके साथ इस विषय को एक बार और उठाएंगे, ताकि फार्मर्स चॉयस

सुप्रीम हो। आजकल कुछ फार्मर्स को पता होता है, उनके पास अनुभव भी होता है कि कौन-सी कंपनी ज्यादा अच्छी सर्विस देती है। इसलिए ज्यादा चॉयस देने से फार्मर्स को ज्यादा फायदा होगा।

3.14 When asked to furnish details of the functional service centre of the power tillers manufacturers/importers empanelled under the schemes being implemented by the Department, the Department submitted as under:-

"The information of manufacturers-wise and State-wise availability of dealer's network and service centers is given in **Annexure-I.**"

3.15 While furnishing their recommendations on need of steps required by the State Government concerned to simplify the process of subsidy disbursed under schemes for agriculture mechanization, the K. Alagusundaram Committee has submitted as under:

Complicated procedures for distribution of subsidy at the State levels should be simplified. The Government of India should insist all the State Governments for having an online system for identification of beneficiary and disbursement of subsidy. This will bring transparency in the system.

Measures to be taken at the level of state governments:

- i). Online system for identification of beneficiary and disbursement of mechanization subsidies should be developed and implemented by all the States.
- ii). It has been noticed that the selling price of power tillers in many States are higher than the maximum selling price as indicated by the manufacturers/importers of power tillers. This may be due to the reason that many State Governments have appointed State Agro Industries Development Corporations and other such State Government Agencies as service providers for supply of power tillers to the farmers. Such service providers do not provide any value added services but in turn charge commission and service tax, which adds to the cost of power tillers which is finally offered to the farmers. The State Governments should eliminate such mediator agencies from the supply chain which will reduce the cost of power tillers that is finally offered to the farmers.
- iii). It has been noticed that the State Governments call for tenders for empanelling the power tiller suppliers under the subsidy programmes and selection of supplier is done on lowest cost basis. Sometimes this process selects a single source of supplier and the particular make & model of power tillers are provided to the farmers even though they may not prefer to buy it. Such system of empanelling the suppliers entirely on lowest cost basis may be done away with and the selection of power tillers should be left to the choice of farmers.
- iv). The power tiller market largely depends on the Government subsidy. Timely release of subsidy to the suppliers needs to be addressed appropriately at the State level.
- v). While empanelling the suppliers of power tillers, the State Governments may put the following conditions in the tender documents: (i) The supplier company should have its dealer in every district and service centres with adequate workshop facilities at least at the Taluka levels (ii) Experience of at least 3 years in dealing with agricultural mechanization sector. (iii) Warranty of not less than 2 years on the models of power tillers (iv) Availability of literature such as operator's manual, service manual and spare parts catalogue. (v) Adequate training facilities on operation and maintenance of power tillers for purchasers. (vi) Adequate availability of spare parts with the dealers and service centers proportionate to the total machines being sold (vii) Online complaint and redressal facilities along with helpline numbers for farmers
- vi). It should be ensured that the power tiller manufacturers should prominently display the country of origin of power tiller on the body of the power tiller at suitable place so that it is clearly visible and identifiable.
- vii). The Committee of officers at the State level should ensure the compliance of recommendations as indicated in 1.4.1 of this report by the power tiller manufacturers/importers of power tillers through the inspection visits, verifying the records etc.

### **Process of Empanelment of Manufacturer/ Importers of Power Tiller for Subsidy Scheme**



3.16 When asked about the procedures adopted for granting subsidy for agricultural machinery/equipment under different schemes being implemented/financed by the Ministry of Agriculture and Farmers Welfare (Department of Agriculture, Cooperation and Farmers Welfare), the Department submitted as under:-

"State Government submits the Annual Action Plan, duly approved by State Level Executive Committee (SLEC) of their State for consideration, approval and release of Central Share by the DAC&FW. Annual Action Plan of the respective States are duly considered by the Executive Committee (EC) of Sub Mission on Agricultural Mechanization (SMAM), Chaired by Additional Secretary, DAC&FW and based on the availability of funds and submission of Utilization Certificate by the State Governments for the previous releases, Central Share is released to the State Governments. Identification of beneficiaries and release of subsidies to the individual beneficiaries through DBT is done by State Governments as per the guidelines of SMAM. For subsidy on agricultural machines and equipments under other schemes of the Department such NFSM, NMOOP and MIDH, the guidelines of SMAM are followed."

3.17 When asked about the role of DAC&FW in prescribing/including agricultural machinery/equipment from various manufacturers/importers from being eligible for empanelment under schemes being implemented/financed by the Central Government, the Department submitted as under:-

"Empanelment of manufacturers for supply of machinery under Subsidy schemes is done by the SLEC of respective State Governments. The DAC&FW through the 4 Farm Machinery Training & Testing Institutes and 31 other identified test centres carry out the testing and performance evaluation of the machines to be supplied under subsidy schemes."

3.18 When asked to furnish details of companies (indigenous manufacturers and importers) of power tillers have been empanelled under different schemes being implemented by the Central Government during the last seven years, the Department submitted as under:-

"DAC&FW on the basis of testing as per relevant Indian Standards and the power tiller models meeting the Minimum Performance Characteristics as per IS 13539 releases the list of power tillers eligible for subsidy under Government schemes/programmes. The year-wise details of number of power tiller manufacturers and model eligible for subsidy are as under:

Year	No. of Power Tiller Manufacturers eligible for subsidy	Total No. of Power Tiller Models eligible for subsidy
2011	23	35
2012	25	41
2013	30	57
2014	30	57
2015	37	69

2016	15	30
2017	13	23
2018	14	25

The copies of the circulars issued by the Department are enclosed at **Annexure-II**"

3.19 When asked to furnish details of number and name of power tiller companies empanelled by the Department, the Department submitted as under:-

"Details are furnished in **Annexure III**"

3.20 On the query of the Committee about parameters on which power tillers are empanelled under different schemes of agricultural mechanization, the Department submitted as under:-

"The DAC&FW release the list of power tillers for subsidy under Government schemes based on the following

- Initial commercial/ Batch Testing and compliance to the Minimum Performance Characteristics as per IS 13539.
- The Department has made Conformity of Production (COP) and compliance to Central Motor Vehicle Rules (CMVR) mandatory w.e.f. 4<sup>th</sup> November, 2016. The following has also been made mandatory and undertakings obtained from the manufacturers/importers on 15.11.2017.
- After sale facility
- Two years warranty against all types of mechanical failure, any defects etc.
- Pre-delivery training nearby to the beneficiary on the aspects of operation, maintenance, servicing, minor repairs etc.
- Name plate indicating Country of Origin.
- No marketing of power tiller will be done on Indian Company Logo (made in India) if the power tiller is imported."

3.21 On the query of the Committee regarding types of certificates necessary for manufacturing/importing and sale of power tillers in the country, the Department submitted as under:-

"The DAC&FW does not issue any certificates for sale of power tillers in the open market in the country. However, for the purpose of subsidy under Government Schemes, testing of power tillers as per IS 9935 and IS 13539 is mandatory. The list of power tillers eligible for subsidy is released by the State Governments based on criteria stated above. "

3.22 On the query of the Committee regarding conformity of power tillers eligible for subsidy to the technical parameters and requisite certification, as prescribed by the Ministry of Agriculture and Farmers Welfare, Bureau of Indian Standards (BIS) and any other Government agency, the Department submitted as under:-

"The power tiller models included in the list released by this Department on 01.01.2018 confirms to all the requirements as stated above"

3.23 When asked to furnish details of Screening Committee for selection of Agricultural equipment which prescribes inclusion of these equipments in the list of subsidy, the Department submitted as under:-

"National Steering Committee (NSC) headed by the Secretary, DAC&FW with following composition approve the operational guidelines of SMAM which provides the list of the agriculture machinery and rate of financial assistance available on these machines.

Secretary DAC&FW	Chairman
Addl. Secretary & Financial Advisor, DAC&FW	Member
Addl. Secretary (M&T)	Member
Joint Secretary (RKVY)	Member
Joint Secretary (MIDH)	Member
Joint Secretary (Crops)	Member
Joint Secretary (M&T) & Mission Director	Member Secretary
DDG (ENGG), ICAR	
Agriculture & Horticulture Commissioner	Expert Members
ADC (M&T), DC (M&T), Directors, FMTTIs"	

3.24 When asked about the procedure being adopted by the various State Governments for empanelment of agricultural machinery/equipment for supply to the farmers under scheme being financed from the funds provided by the Central Government, the Department submitted as under:-

"For the purpose of subsidy under Government schemes, testing of agricultural machines and equipments as per relevant BIS codes is mandatory. State Governments through their own processes based on the quality of agricultural machines and equipment empanel the manufacturers/suppliers for supply of equipments to the farmers under the subsidy programmes."

#### **CHAPTER-IV**

#### **SUPPORT TO DOMESTIC POWER TILLERS**

4.1 Existence of a robust domestic agriculture machineries manufacturing industry is at most requirement for availability of reliable, better quality agriculture machineries at reasonable prices to the farmers. Our country has a suitable size agriculture machineries industry for manufacturing of power tiller. However, the domestic power tiller industries are facing stiff competition from Chinese tillers which has a market share of 32% at present and is growing. Import of Chinese power tillers started in India from the year 1995. In India about 45000 to 60000 Power tillers are being sold every year out of which the share of Chinese power tillers is in the range of 25-30%. For import of power tillers, the import duty @ 7.5% of the cost of power tillers is applicable. The import of Chinese power tillers into India is governed by the Free Trade Agreement (FTA). The import of power tillers has increased competitiveness and provided multiple choice of equipments to the farmers. However, on the other hand the lack of after sales service and easy availability of spare parts for the Chinese power tillers adversely affected the timeliness of operations. Liberal imports from China, uncertainties in the subsidy and the problems associated with the administration of the schemes at the State level, pose a constant challenge to the Indian Power Tiller Industry. In this regard, K. Alagusundaram Committee has recommended various incentives which could be provided to promote Indian Power tillers:-

- i). Increasing customs duty upto 25% from the present level of 7.5% for the imported power tillers and making regulations and internal taxes less onerous to the domestic manufacturers to boost 'Make in India' campaign will help promoting the cause of indigenous manufacturers.
- ii). Export – related incentives to the domestic power tiller manufacturers till the same is permissible under WTO, providing production subsidies, lowering the cost of capital and creating special economic zones for some or all manufacturing activity in particular will reduce the cost of doing business, increase profitability, and hence encourage the domestic power tiller manufacturers to increase investments.
- iii). A quota need to be fixed with a numerical limit on how much of a product can be imported into a country. This will help to protect producers of domestic products from facing too much competition and ultimately going out of business. Fixing import quota of imported (Chinese) power tillers will benefit and protect the Indian Power Tiller Industry. Looking into the production potential of the domestic power tiller industries, the import quota for power tillers may be fixed as 10% of the total annual market of power tillers in India.
- iv). Production subsidy, which can be made available to the producer at the point of sale itself, will help reducing the cost of indigenous power tillers.
- v). The State Governments have complicated procedures for distribution of subsidy. Making system online, avoiding selection of single supplier on lowest cost basis, elimination of mediator agencies in the supply chain, timely release of subsidy etc. will help indigenous power tiller industry. The MRP of a particular make and model of power tiller may be kept uniform in all States by the Central Government.

4.2 On the above issue, Expert Group has further suggested about measures to be taken at the level of central government :-

- i). The Domestic Companies should be provided adequate support to make its product competitive in comparison to the imported products through appropriate moderation of tariff and streamlining the domestic taxes by making it less onerous to boost 'Make in India' campaign. On the other hand, the farmers' interest must be protected as it is understood that a number of Chinese power tillers,

basically imported by traders lack in after-sales service and there are concerns of the availability of spare parts.

- ii). Increasing customs duty upto 25% from the present level of 7.5% and making regulations and internal taxes less onerous to domestic manufacturers to boost 'Make in India' campaign will help promoting the cause of indigenous manufacturers.
- iii). In case the increase in Customs Duty as suggested under 1.4.3.2 is not possible then the another anti-dumping measure as under may be taken: "A quota sets a numerical limit on how much of a product can be imported into a country. This helps to protect producers of domestic products from facing too much competition and ultimately going out of business. It has been noticed that the local power tiller manufacturing industries have a production potential of around 90000 power tillers per annum. The present annual Indian power tiller market is around 60,000 units and the share of Chinese Power Tillers is around 32%. Looking into the production potential of the domestic power tiller industries, the import quota for power tillers may be fixed as 10% of the total annual market of power tillers in India. The Department of Agriculture, Cooperation & Farmers Welfare may take suitable action on this in consultation with the Ministry of Finance".
- iv). Export-related incentives need to be provided to the domestic power tiller manufacturers. Further, providing production subsidies, interest subsidies, lowering the cost of capital and creating special economic zones for some or all manufacturing activity in particular will reduce the cost of doing business, increase profitability, and hence encourage the domestic manufacturer to increase investments.
- v). The Ministry of Agriculture & Farmers Welfare, Department of Agriculture, Cooperation and Farmers Welfare under its different schemes provide financial assistance to the farmers for purchase of power tillers. The domestic power tiller industry can be incentivized through these funds if are made available to the producer/industry at the point of sale itself as production subsidy. This will also benefit the Government as well as the users. Thus, the Government will also be able to regulate the prices of power tillers in the country.
- vi). Commercial Banks currently extend long-term credit for purchase of tractors and other farm machineries as per prevalent norms (11 to 14 percent interest rates) and against security and collateral. However, Banks usually prefer financing equipments that either have multiple utility or demand driven business model or organized dealer and service network, good resale value etc. Only Tractors and Combine Harvesters fit into this. As a result, institutional credit off take is heavily skewed towards tractors and combine harvesters accounting for about 75% of total. Power tillers are multiutility devices which are ideal for small and marginal farms, which account for nearly 86 per cent of total landholdings. Lower rates of interest and easy availability of credit for purchase of power tillers to these small and marginal farmers would be helpful. The Department of Agriculture, Cooperation and Farmers Welfare may take up this issue suitably with the Department of Financial Services for lowering the rates of interest to at least 7% and simplifying the norms for extending institutional credit.
- vii). Export-related incentives to the domestic power tiller manufacturers may be provided. They may be facilitated through financial support for participation in the International Exhibitions and Trade Shows within the country and abroad.

This will provide an opportunity to expand their production capacity and thus the industries will contribute to the growth of Indian economy.

- viii). Under the guise of Made in India, the importers with negligible value addition to imported power tillers are able to outbid the price of domestic manufacturers and awarded the export contract for supplies made under the Foreign Aid Programmes of Government of India. Under such supplies in aid programmes, the indigenous manufacturers should be given preference.

4.3 When asked about the hardships being faced by Domestic Power Tiller industry due to imported Chinese power tillers, the representatives of Power tiller Manufacturers Association, stated as under:-

"We were licenced to manufacture power tillers in 1966 with five others. Totally, six of us were licenced and today only two of us are surviving. All were promoted with Japanese Collaboration and today we have survived because of certain measures taken by the Government of India. The low demand in the first ten or fifteen years was such that we were almost shutting down our industry. The Government of India at that time, realising that mechanizing small farms was an absolute necessity, came out with a proposal to subsidize a portion of the product. Over the years this is what has helped us to continue our business. In the recent past, the Government has increased the subsidy amount and it has become a substantial portion of the benefit that a farmer is getting. Secondly, it has become very attractive for importers to import and supply. Of course, the import policy which has been liberalized and it is one of the main reasons for the increase in the number of people importing these units. We have a total capacity of 85,000. The total numbers we are producing together is about 35,000 to 40,000. 30,000 is the number of the volume that are being brought about by the Chinese. We have been able to sustain our production and manufacturing because of the quality and the spare parts that we have been able to support the farmers. The products which are being imported unfortunately do not have the same quality and many farmers have suffered because of that. It is our intention that we should increase volumes and especially try to reduce prices. Of course, this would be possible only when volumes go up to substantial numbers. With the capacity being utilized we are not able to lower the prices any more. If the production and the volumes increase, we are confident that we will be able to bring down suitably the prices as well as make sure that we are able to export our products. In the recent past, thanks to the initiatives taken by the Expert Committee, the tightening of the quality of testing standards has been already put in place and this will in the long run help the farmers to get a good product. From our side, we are confident that we will meet the standards and requirements which the testing standards today demand. But unfortunately we are not able to compete with Chinese. The import duty is seven per cent presently and it has become very easy for the importers to import and supply at very low investment. We have struggled and over the years put up all facilities required for manufacturing and this is what is sustaining us today. We are confident that this will continue with the new standards which have already been set in. Some of the importers are marketing their products as Indian Products by importing components of sub-assemblies like engine or transmission or important parts. In our opinion, the sticker which we would like to be emphasized and the Committee to

recommend would be that we should put a sticker saying it is 100 percent India. The farmer will then be convinced what to buy. If the sticker is not there, then it becomes very easy for some of the companies to put a product which is not a good quality. The need of the hour would be regulate imports in our opinion either by the import duty being raised or having a quota restriction. This will also enable to bring out, as I said earlier, increase in volume of production. We have struggled with this for so many years. I have been personally involved in this company for the last fifty years. I can assure you that we will continue to support the Indian agriculture, especially the small farmer, and we have started this as a challenge for us and we can assure you that we will keep up our words. Thank you."

4.4 On being asked about the sale of Chinese power tillers despite import duty, the representatives of the Power Tiller Manufacturers Association stated as under; during the course of evidence on 17.01.2018.

"We may be permitted to say that it is not only the case of power tillers but also in many other products. It is very difficult to compete with Chinese in many products as far as the prices are concerned. But with regard to quality and durability, the power tillers which we are manufacturing are definitely superior to them. We are still servicing power tillers which we sold in 1980s. Definitely, such kind of experience will not be there for farmers who are using the Chinese power tillers. They are not made to last for decades or for generations. It is a use and throw concept. You will be surprised to know that there is no concept of dealership where they will render after-sales service, spares etc. In China, there is nothing like that."

Whether awareness is very high like in Karnataka or in other States or where power tiller is already existing for a long time, there the market share is very little, but where the market is new, there people are buying it more. For examples, there are some States which are giving subsidy up to 70 per cent and even 90 per cent and because of the price advantage they are able to have the advantage with the dealer. If you want a power tiller which will last for 15 to 20 years, the farmer will definitely go for this. But the farmer who is not aware of it, he will buy the imported one. There is no distinction and they will not know whether it is an imported power tiller or an Indian power tiller because the name will be India name, but there will be no label that it is imported. But given a chance, the farmer will go for Indian power tiller.

Some of the States with bad experience have got an embargo and they are not buying Chinese power tillers. But legally they are also approved. They are also approaching the court and they are protesting against this discrimination.

There are about 30 players who are importing power tillers ranging from 50 per cent to 100 per cent. But all are branded as Indian only.

4.5 When asked about views of Government on types of support that may be extended to indigenous Power Tiller manufactures over imported ones, the representatives of DAC&FW stated as under;

"महोदय, इसके बारे में जानकारी जरूर देंगे कि किस साल से यह परिवर्तन आया, लेकिन अभी जो डब्लूटीओ कम्प्लेनेड है, उसके देसी मनुफक्चरर्स को और आमदनी जो हो रही है, उनके डिफरेंशियल हम नहीं रख सकते हैं। यह एक मुद्दा भी उठा है। इसे मैं पढ़कर बताना चाहता हूँ। I want to mention as to what the outcome of discussion was. It says: 'In the light of the above, it is informed that any subsidy continuant upon DCR as discussed in the last meeting of the Committee, shall not be WTO compliant. Hence, other way of incentivising domestic industry, say, through production subsidy,

which can be made available to producer at the point of sale, can be thought of." हमारी पावर टिलर कि जो देसी कम्पनियाँ है, उन्हें हम डायरेक्ट प्रोडक्शन सब्सिडी दे सकते है, लेकिन सेल प्वाइंट में उनको मत खरीदिये, ऐसा निर्देश देना मुश्किल होगा, लेकिन फिर भी हम आपके निर्देश के अनुसार वाणिज्य मंत्रालय के साथ मिल-जुलकर इसको एनालाइज करेंगे।

4.6 Further elaborating on the issue, the Secretary, DAC further stated as under;

महोदय, एक सुझाव है, जैसा आपने बताया है, यह देखा गया है कि चाइनीज पावर टिलर जो भारत में इम्पोर्ट होकर आता है, वे पाँच कंपनीज हैं, जिनके माध्यम से आता है। इनका जो एच.पी. है, हॉर्स पावर रेंज 10.2 से लेकर 16.5 तक है। हमारा जो देसी पावर टिलर है, वह 8.6 से 12.4 तक है। इसी बीच में चाइनीज को एक्सक्लूड करने के लिए यदि 10 एच.पी. तक इसकी लिमिट तय की जाए तो हमारे देसी पावर टिलर जो हैं, उनको ही सब्सिडी मिलेगी। हम ऐसा कर सकते हैं।

4.7 When asked about possibilities of fixing the maximum Share/limit of the imported Power tillers and other agricultural machinery by 10% under SMAM and other Schemes like RKVY, NFSM, MIDH etc stated as under:-

"Presently the market share of imported power tillers is around 25-30 percent. The measures that are being taken by the DAC&FW based on recommendation of the expert committee may further reduce the market share of imported power tillers. In the revised list of Power tillers recently published, most of the imported models have been eliminated from the list of power tillers eligible for subsidy. The Department is also pursuing for increasing Custom duties on Power Tillers from the existing rate of 7.5% to 25% to provide an opportunity to the Indian manufacturers to be cost competitive with imported (Chinese) Power Tillers".

4.8 On the query of the Committee regarding the effects on tax liability on manufacturing and sale of power tillers after implementation of Goods and Services Tax in the country, the Department submitted as under:-

"Currently, the GST on Power Tiller is @ 12% as against the earlier VAT @ 5%. However, the Power Tiller Manufacturer Association informed that they have not increased the cost of power tillers."



4.9 When asked about possibility of imposing provisions variations of clauses of anti-dumping duty which may be applied to imported Chinese power tiller companies, the Department submitted as under:-

"Directorate General of Anti-Dumping and Allied Duties under the Ministry of Commerce and Industry ensure a level playing field to the Domestic Industry against the adverse impact of the unfair trade practices like dumping and actionable, subsidies from any exporting country, by using Trade Remedial methods under relevant framework of WTO arrangements, Customs Tariff Act & Rules and other relevant laws and International agreement.

However, a proposal for increasing Customs duty on power tillers from the present rate of 7.5% to 25% has been submitted to the Department of Revenue, Minister of Finance vide our letter dated 9<sup>th</sup> November, 2017. They are seized with the issue and the legal options open."

## Chapter-II

### Observations/Recommendations of the Committee

#### Problems being faced by the farmers due to imported power tillers

1. Our country has limited land resources available for agriculture operations. We have to sustain around 16.5 % of world population with only 2.4% of total land areas. Considering, ever increasing rate of population growth, there is urgent need to enhance agriculture productivity per unit of land available in the country. Agricultural mechanization is one of important ways to enhance the agricultural productivity per unit of land and thereby, increasing agriculture production for ever increasing population. Agricultural mechanization helps to enhance agriculture intensity by reducing manual labour and faster preparation of field after the harvesting. Availability of sophisticated, qualitative and suitable agriculture machineries and implementation according to the requirements of Indian farmers, therefore, become imperative for enhancing agricultural mechanization in the country. Further, considering the fragmented and small land holdings in the country, there is need to make available small farm equipments and machineries at reasonable prices to the farmers. In this scenario, power tiller with its small size, convenience, less power requirements and low prices become ideal agriculture equipment to promote agriculture mechanization in the country. However, the Committee note that farmers of the country are facing problems due to poor quality of imported Chinese power tillers. The Committee observe that Government of Bihar on representation by the farmers association, had constituted a study by the experts of Rajendra Agriculture University (RAU) to examine the issues related to problems being faced by the farmers due to imported Chinese power tillers. The Study conducted by the RAU has found these problems faced by the farmers true and

brought out many shortcomings in quality of Chinese power tillers, lack of proper after sale service, unavailability of spare parts of Chinese Power Tillers, dominance of distributor and dealers in selection of types of power tillers, lack of training to farmers etc.

Considering the gravity of problem, the Committee (2015-16) selected the subject for examination. On the insistence of the Committee, the DAC& FW has constituted an Expert Group under the Chairmanship of K. Alagusundaram to examine the issue. Expert Committee in their Report submitted to the Government has examined the issue comprehensively and found many shortcomings such as ill defined norms for checking quality of Power Tillers, absence of norms for testing durability of power tillers, futility of repeat and supplementary test, poor quality of imported Chinese power tillers, lack of after sale service, high rates being charged to the farmers, problems being faced by the domestic power tiller industry, complicated system of subsidy scheme on agriculture mechanization being followed by the State Government etc. The Expert Group has given various suggestions to improve the scenario to ensure quality of power Tillers in the country. The Committee in succeeding paragraphs have examined the issue and given their recommendations, which, if implemented in true spirit, can help to ensure availability of quality Power Tillers and other agriculture equipments at reasonable prices to the farmers in the country.

### Compensation to the Farmers

2. The Committee note that the Government of Bihar, on the representation of Farmers Association, had commissioned the study to analyze problems being faced by the farmers due to sub standard imported Chinese Power Tillers. The study conducted by the RAU after field work and discussion with the distributors, dealers

of Power Tillers and farmers have narrated the problems being faced by the farmers. However, the Committee are astonished to note that the State Government in their communication with Central Government is reporting that no complaints has been received from farmers about poor quality of power tillers. The Committee are of view that farmers need to be compensated for losses incurred to them due to faulty power tillers and guilty importers, distributors and dealers needs to be punished. The Committee, therefore, recommend the DAC & FW to constitute a high powered Committee headed by an independent expert to examine the issue of sub standard quality of power tillers being supplied to the farmers in the Country under Centrally sponsored schemes on agriculture mechanization. Terms of reference to such Committee must include issues such as Identifying guilty importers, distributors and dealers of power tillers and compensation to the farmers. The Committee would like the Department to submit steps taken in this regard within one month of presentation of this Report.

### **Strengthening of quality parameters and Testing Procedure of Power Tillers**

3. Ensuring availability of quality agriculture machineries and implements is pre-requisite to instill confidence amongst farmers in order to encourage them to adopt modern methods of agriculture mechanization. The Committee, however, are perturbed to note that sale of sub-standard imported Chinese power tillers has caused financial loss to the farmers. The Committee note that Expert Group under the Chairmanship of K. Alagusundaram has examined the issue of system of quality testing, quality parameters fixed for power tillers and found many lacuna in the system. The Expert Group in their Report submitted to the Government has suggested various changes to change quality parameters and to streamline the system of testing of power tillers. The Committee have been informed that various

suggestions such as exact branding of imported/domestic manufactured power tillers, random sampling for examination of quality testing, warrantee of 2 years, minimum performance standard, batch testing, elimination of repeat and supplementary test etc. have been changed and being implemented by the testing agencies. The Committee have also been informed that relevant standard for power tillers including chemical composition and durability criteria has also been revised by the BIS.

The Committee note with satisfaction that the Government, although late, has shown alertness to implement the changes required for strengthening the quality parameters and streamlining the system for testing of power tillers. The Committee hope that these changes will be stringently adhered to and implemented by the testing agencies so that farmers of the country can be assured about quality of power tillers and they do not incur financial losses due to sub-standard imported power tillers. The Committee would like the Department to present testing reports of all the empanelled power tillers under subsidy schemes as per new standards within one month of presentation of this Report. Further, the Committee also desire the Department to incorporate provisions for testing of power tillers in different soil conditions of the country. The Committee would like to be apprised about step taken by the Department in this regard within three months of presentation of this Report.

4. Apart from availability of quality power tillers, facility for after sales service and spare parts is utmost necessities for ensuring servicing of warranty on power tillers. The Committee note that absence of facilities for after sale service and availability of spare parts are one of the missing link affecting farmers to adopt power tillers at large scale. In this regard, the Committee have been assured by the Department that they have taken steps for ensuring warranty of 2 years

and empanelment of only those manufacturers/importers that have service centers. However, the Department failed to submit details of service centers of empanelled power tillers companies across the country. They have submitted details only about dealers of empanelled power tillers rather than service center. The Committee deprecate this lackadaisical approach of the Department and desire them to physically verify service centers of empanelled power tillers and submit them before the Committee and take steps to remove guilty importers/manufacturers/dealers from empanelled list. Further, the Committee desire that farmers should be provided on site after sales service for power tillers as movement to nearby service centers may be time consuming and costly for farmers. The Committee would like the Department to explore this possibility with manufacturers/importers. The Committee would like to be apprised about steps taken by the Department in this regard.

5. The Committee note that Expert Group under the chairmanship of K Alagusundaram has pointed out that some of the manufacturers have been listed as defaulters of Conformity of Production (COP ) on account of not meeting the emission norms as per CMVR. Further, many importers have been found to be fudging details to misrepresent imported power tillers as Indigenously manufactured and take benefits of 'Make in India' program of Government of India. The Committee are of view that misrepresentation of country of origin of sub- standard power tillers not only cause losses to the farmers, is also violation of laws related to Bureau of Indian Standard and Consumer Protection Act. The Committee, therefore, recommend the Government to initiate enquiry to identify such violators and lodge criminal cases against them to bring justice to the farmers. Such enquiry should also

include the importers which has been included in the empanelled list prepared by the Department.

The Committee also recommend the Government to devise a mechanism to ensure strengthening the process of authentication and testing of power tillers and other agricultural equipments/ machineries. Such mechanism should at least include an independent expert and farmers as representatives. The Committee also desire the Department to take steps for making the process of testing of agricultural equipments a transparent one. The Committee also desire the Department to make the process of application for testing online and upload all details on specific portal.

#### Pricing of Power Tillers

6. Majority of Indian farmers do belong to small and marginal category who could hardly afford costly agriculture equipments and machineries. In this scenario, power tillers with its flexibility, multi-purpose nature and low cost could be ideal to enhance level of agriculture mechanization in the country. However, the Committee observe that prices of power tillers in the country are far higher than their manufacturing or import cost. The Committee have been informed that power tillers which are imported at Rs.75250-86000 are being sold at the rate of Rs. 1,08,500-1,95,000 in the market. Whereas, indigenous power tillers with much higher cost of production are being sold in the price range of Rs.1,40,000-2,15,00. The Committee also note that there is wide variation in selling prices of power tillers in the country. The Committee also note that selling price of both indigenous and imported power tillers is higher than the MRP indicated by the manufacturer/suppliers. The Committee are of view that huge profit margin being earned by the imported power tillers goes against the aims of the Government to enhance the level of agriculture mechanization in the country. The Committee, therefore, desire the Government to

examine the issue in detail and take steps to lower the prices of power tillers in the country. The Department should also examine the issue with an angle of cartelization of power tillers importers to enhance their prices. The Department should also refer the case to Competition Commission of India if cartelization is suspected. The Committee would like to be apprised about steps taken by the Department within one month of presentation of this Report. The Committee would also like the Department to expedite submission of Report of A K Singh Committee constituted for the purpose to examine the issue of uniform pricing of power tillers across the country.

#### **Subsidy Scheme for Agriculture Mechanization**

7. The Committee note that the Government is implementing 'Sub mission on Agriculture Mechanization' in order to provide promote agriculture mechanization to provide financial assistance to the farmers for purchase of agricultural machineries and equipments, establish farm machinery bank for custom hiring, training, testing and demonstration etc. Apart from SMAM, support for agriculture mechanization is also being provided through other schemes such as RKVY, NFSM, NHM and NMOOP. These schemes provides for financial assistance of 40-50% subject to ceiling of Rs. 40000-75000 to different categories of Farmers for purchase of Power Tillers.

The Committee appreciate the Government for implementing various schemes to enhance the level of agriculture mechanization in the country. The Committee hope that financial assistance being provided to the farmers under the schemes will go a long way to encourage farmers to utilize efficient agriculture equipments/machineries which will help to lower the cost of production and thereby, enhancing the income of farmers.



The Committee note that SMAM is being implemented through the State Governments. The respective State After assessing the requirements of the state forward their Annual action plan duly approved by the State level Executive Committee to DAC &FW. The Committee were informed that DLEC of States are responsible for project formulation, implementation and monitoring of the scheme under guidelines of SMAM. The Committee note that SMAM envisage Direct Benefit Transfer (DBT) for transfer of subsidy. The Committee were informed that SMAM will be on boarded for DBT from 30 September 2017. The Department is developing online MIS for implementing SMAM and same will be extended to the States which are not having such system. The Committee further note that States like Bihar, Odisha, Andhra Pradesh, Madhya Pradesh, Kerala, and Karnataka have implemented online system for subsidy program on agriculture mechanization.

The Committee also note that scheme guidelines of SMAM provides for complete freedom to the farmers for purchase of agricultural equipments. However, the Committee observe that process adopted by the Central and State Governments for transfer of subsidy to the farmers is contrary to the guidelines of the scheme. Under, the present system, the DAC&FW empanel power tillers importers/manufacturers based on necessary testing reports and forward the list to the state Government, who in turn invite tender from the empanelled manufacturers/importers and select lowest bidder (L1). The farmers have to purchase the power tillers from the L1 Company only and then subsidy is transferred to the account of Farmers. The Committee observe that farmers do rarely have any say in the present system to purchase agriculture equipments of their choice. Often, the prices of Power Tillers empanelled by the State Governments are very high. This fact has also been highlighted by the expert group and admitted by the

representatives of DAC &FW during the course of evidence. The Committee have been informed that only Uttar Pradesh and Maharashtra has system in place where farmers have choice to select equipment and dealers of their choice. The Committee are of view that present system of subsidy transfer under SMAM and other schemes on agriculture mechanization has not been framed keeping in view of interest of farmers. Present system of subsidy is promoting unholy nexus of importers, distributors and dealers who in connivance with Government officials are usurping the benefits meant for farmers by artificially increasing the prices of imported power tillers. Sub-standard and faulty power tillers imported at Rs. 75,250-86,000 are being sold to the farmers for Rs. 1,08,500-1,95,300, thereby, leaving the farmers deprived of benefits meant for them. The Committee are of firm view that present system of subsidy transfer should be changed in the interest of farmers. Farmers should have complete freedom to choose the agricultural machineries of their choice from the dealer who can provide them satisfactory after sales service. The Committee, therefore, recommend the Government to bring suitable changes in SMAM and other schemes on agriculture mechanization for transfer of subsidy directly to the farmers. The role of State Government concerned should be limited to selection of beneficiary and transfer of subsidy to the farmers on the basis of well laid down guidelines. The Committee, therefore, desire the Government to bring suitable changes in the guidelines of SMAM and other schemes as suggested. The Committee would like to be apprised about the steps taken in this regard within one month of presentation of this Report.

8. The Committee are also of view that keeping in view of fragmented and small size of land holdings in the country, power tillers of low capacity would be more suitable for encouraging farmers to adopt power tillers in Agriculture operations.

The Committee, therefore, recommend the Government to restrict subsidy on power tillers below 12 hp capacity. The Committee also desire that the Government to enhance the quantum of financial assistance for purpose of power tiller from existing 40-50% to 50-60% of total cost of power tillers on no maximum limit.

9. In view of the fact there is need to provide subsidy on small tractors below 20 BHP capacity as it will be more suitable to fragmented nature of land holding in the Country. Availability of subsidy on small capacity tractors to farmers will help to attract educated young generation with agriculture background in rural areas to the farming. The Committee, therefore, recommend the government to include tractors below 20 BHP in subsidy scheme on the of pattern of Power tillers.

**Role of DAC & FW in the Process of Empanelment of Power Tillers for Subsidy under Scheme of Agricultural Mechanization**

10. The Committee note under present system of subsidy transfer on agriculture mechanization, the DAC&FW through the 4 Farm Machinery Training & Testing Institute and 31 other identified test centers carry out the testing and performance evaluation of the agricultural machineries. On the basis of these Reports, the DAC&FW also prepare a list of eligible manufacturers/importers which are empanelled for the subsidy schemes on agriculture mechanization. These lists prepared by the Department become basis on which State Governments select models/companies which farmers can purchase to get subsidy. However, the Committee observe that due diligence is not being observed by the Department for empanelment of power tillers eligible for subsidy as expert Group has also pointed out that many power tiller importers have not submitted power tillers for 1st and subsequent batch testing and still they continued to be eligible for subsidy scheme.

When the Committee instructed the Department to submit relevant details about power Tillers empanelled during the last seven years, they have been provided details of 2018 only. The Committee strongly deplores this attitude of the Department and instruct them to supply all relevant documents used for empanelment of power tillers for subsidy schemes during the last seven years at the time of submission of Action Taken Replies.

#### Support to Domestic Power Tiller Manufacturing Industry

11. Existence of a robust domestic manufacturing base for production of Agricultural equipments and machineries is utmost requirement for availability of reliable, qualitative agricultural machineries at reasonable prices to the farmers of the country. India has a sizeable industry for manufacturing of agricultural equipments including Power Tillers. The Government of India had supported establishment of industries for manufacturing of power tillers in the country. The Domestic power tiller industry has production capacity of around 85000 Power Tillers per annum. However, the Committee note that domestic power tiller industry are facing stiff competition from power tillers being imported from China. The liberal import policy started in 1990s is helping Chinese companies to capture market share of power tillers in the country. Since 1995, when import of Chinese Power Tillers started, their market share increased to around 32% at present and is growing. Due to lower prices of Chinese Power Tillers and non-discriminatory subsidy support being provided by the Government, domestic power tiller industry is not able to utilize their full production capacity. It has led to a situation where only two domestic power tiller manufacturers remained viable till date. The Committee are of view that Domestic Power Tiller Industries need to be provided all possible support so that they continue to remain viable and support avowed aims of

enhancing the level of agriculture mechanization in the country. The Committee, in this regard, have been informed that in post WTO world, no discriminatory policy may be adopted to make imported power tillers ineligible from domestic subsidy schemes. The Committee have also been informed that Expert Group constituted under the Chairmanship of K Alagusundaram has recommended to explore possibilities for enhancing custom duties from existing 7.5% to 25% to safeguard domestic power tiller industry. They have also suggested for imposing quota restriction on import of Chinese power tillers which is permissible under WTO rules. Apart from these, lowering/abolition of GST on power tillers, technology and production support to domestic power tiller industries are steps which can be taken to safeguard and encourage Indigenous production of power tillers in the country. The Committee have been informed that the DAC&FW has requested the Government to enhance custom duty on imported power tillers and lowering of GST on Indigenous production of power tillers.

The Committee are of view that unimaginative subsidy scheme and laxity in fixing and enforcement of quality norms on imported power tillers has encouraged scrupulous importers to take benefits of the system and increase their share in domestic market for power tillers. It has led to situation wherein, actual benefits of subsidy reached to importers rather than farmers causing huge financial loss to the farmers and domestic power tiller industry. The Committee are of view that production support in terms of research inputs, compensation of taxes paid, relaxation in income tax liabilities may be extended to domestic Industry under 'Make in India' program. The Committee, therefore, recommend the Government to take steps such as lowering of GST on Indigenous Power Tillers, enhancing custom duties on imported power tillers to 25%, imposing quota restrictions on import from

China to 5-10% of total demand of power tillers in the country, support to the domestic Industries in terms of research inputs and production support. The Committee would like the Department to vigorously take these proposals with Government to safeguard to support domestic power tiller industry.

New Delhi  
02 April, 2018  
12 Chaitra, 1940 (Saka)

HUKMDEV NARAYAN YADAV  
CHAIRPERSON  
STANDING COMMITTEE ON AGRICULTURE

**ANNEXURES WILL  
BE UPLOADED  
LATER ON**

**STANDING COMMITTEE ON AGRICULTURE  
(2015-16)**

**MINUTES OF THE TWENTY SEVENTH SITTING OF THE COMMITTEE**

\*\*\*\*\*

The Committee sat on Tuesday, the 12<sup>th</sup> July, 2016 from 1100 hours to 1310 hours in Committee Room 'E', Parliament House Annexe, New Delhi.

**PRESENT**

Shri Hukm Deo Narayan Yadav – Chairperson

**MEMBERS**

**LOK SABHA**

1. Shri Janardan Mishra
2. Shri Mukesh Rajput
3. Shri Ajay Nishad
4. Shri Satyapal Singh (Sambhal)
5. Smt. Raksha Nikhil Khadse
6. Md. Badaruddoza Khan
7. Dr. Tapas Mandal
8. Shri C.L. Ruala

**RAJYA SABHA**

09. Shri Janardan Dwivedi
10. Sardar Sukhdev Singh Dhindsa
11. Shri Mohd. Ali Khan
12. Shri Ram Nath Thakur
13. Shri Vinay Katiyar

**SECRETARIAT**

- |    |                      |   |                  |
|----|----------------------|---|------------------|
| 1. | Shri Arun K. Kaushik | - | Director         |
| 2. | Shri C. Vanlalruata  | - | Deputy Secretary |



**WITNESSES**  
**MINISTRY OF AGRICULTURE & FARMERS WELFARE**  
**(DEPARTMENT OF AGRICULTURE, COOPERATION AND FARMERS WELFARE)**

<b><u>S.No.</u></b>	<b><u>NAME OF THE OFFICER</u></b>	<b><u>DESIGNATION</u></b>
1.	Shri Shobhana K. Pattnayak	Secretary, DAC & FW, Ministry of Agriculture and Farmers Welfare
2.	Shri Jalaj Srivastava	Additional Secretary, DAC & FW, Ministry of Agriculture and Farmers Welfare
3.	Shri Ashwani Kumar	Joint Secretary, DAC&FW, Ministry of Agriculture and Farmers' Welfare
4.	Shri K. Alagusundaram	Deputy Director-General, ICAR
5.	Shri K.K. Singh	Assistant Director General, ICAR
6.	Shri V.N. Kale	Additional Commissioner, (Machinery) Ministry of Agriculture and Farmers Welfare

2. At the outset, the Chairperson welcomed the Members of the Committee to the sitting convened for briefing on 'Variance in Cost and Quality of Agricultural Tools and Implements Being Provided to the Farmers under Rashtriya Krishi Vikas Yojana (RKVY) and Problems Being Faced by the Farmers Due to Imported Power Tillers - A Review '. Thereafter, the representatives of Ministry of Agriculture and Farmers Welfare (Department of Agriculture, Cooperation and Farmers Welfare) were ushered in. After welcoming the representatives of the Ministry of Agriculture and Farmers Welfare to the sitting, the

Chairperson apprised them of the provisions of the Directions 55 (1) and 58 of the Directions by the Speaker, Lok Sabha regarding confidentiality of the proceedings.

3. After the witnesses introduced themselves, the Chairperson initiated the discussion which was taken forward by the representatives of the Department and the Members of the Standing Committee. Thereafter, the Chairperson and the Members of the Committee raised several issues/points as briefly mentioned below and sought clarification/information of the Department thereon:

- I. Need for uniformity among States in subsidy being provided for agricultural tools and implements;
- II. Need to provide freedom of choice to the farmers while procuring agricultural tools and implements;.
- III. Need to conduct a study on quality of material used in indigenous tillers *vis a vis* imported tillers;
- IV. Need to assess whether the farmers are actually getting the benefits of the subsidy provided under RKVY;
- V. Reasons for difference between market price of Chinese Power Tillers and the rate at which it is provided to the farmers through subsidy.
- VI. Need to address issues pertaining to non availability of spares of imported Chinese Power Tillers.
- VII. List of ongoing Plans/Schemes by the Ministry be made available to the public representatives (*i.e* MPs/MLAs)
- VIII. Need to identify and eliminate lacunae and drawbacks in the Scheme for providing subsidy to the farmers.
- IX. Reasons for non utilization of Central funds by the State Governments..

- X. Steps taken to prohibit middlemen and agricultural machinery sellers from availing the benefits of subsidy meant for farmers.
- XI. Need to transfer subsidy directly to the farmers account through Direct Benefit Transfer Scheme;
- XII. Engineering Division, ICAR, to develop agricultural tools and implements for the farmers.;
- XIII. Need to promote and improve design/quality of indigenous power tillers.;
- XIV. Agricultural tools and implements to be manufactured based on suitability of soil.;
- XV. Need to identify the brands/make of indigenous as well as imported agricultural tools and implements to provide subsidy under RKVY;
- XVI. Steps to be taken to promote Custom Hire Centres in the country;
- XVII. Need to formulate policy to make indigenous agri-implements cost competitive;
- XVIII. Need to constitute a Committee at District level comprising of public representatives and representatives from farming community to assess the implementation of Scheme;
- XIX. Emphasis to be given on durability of equipments procured by the farmers ;
- XX. Need to study and adopt Orissa model of providing subsidy to the farmers for purchase of agricultural tools and implements;

4. The Representatives of the Department responded to most of the queries raised by the Members. The Chairperson then thanked the witnesses for sharing valuable information with the Committee on the subject and directed them to send, in writing, the requisite information in points/items, which was not readily available with them to the Secretariat of the Committee at the earliest.

5. A copy of verbatim record of the proceedings has been kept separately.

***The Committee then adjourned.***

**STANDING COMMITTEE ON AGRICULTURE  
(2016-17)**

**MINUTES OF THE SEVENTEENTH SITTING OF THE COMMITTEE**

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The Committee sat on Wednesday, the 05th April, 2017 from 1500 hours to 1645 hours in Committee Room 'B', Basement, Parliament House Annexe, New Delhi.

**PRESENT**

Shri Hukm Deo Narayan Yadav – Chairperson

**MEMBERS**

**LOK SABHA**

2. Shri Sanganna Karadi
3. Md. Badaruddoza Khan
4. Dr. Tapas Mandal
5. Shri Janardan Mishra
6. Shri Neiphiu Rio
7. Shri Satyapal Singh (Sambhal)

**RAJYA SABHA**

8. Shri Meghraj Jain
9. Shri Modh. Ali Khan
10. Shri Ram Nath Thakur

**SECRETARIAT**

- |    |                      |   |                     |
|----|----------------------|---|---------------------|
| 1. | Shri U.B.S. Negi     | - | Joint Secretary     |
| 2. | Shri Arun K. Kaushik | - | Director            |
| 3. | Smt Juby Amar        | - | Additional Director |
| 4. | Shri C. Vanlalruata  | - | Deputy Secretary    |

**LIST OF WITNESSES**

**MINISTRY OF AGRICULTURE AND FARMERS WELFARE**

**(DEPARTMENT OF AGRICULTURE, COOPERATION AND FARMERS WELFARE &  
DEPARTMENT OF AGRICULTURAL RESEARCH AND EDUCATION)**

<u>S.No.</u>	<u>NAME OF THE OFFICER</u>	<u>DESIGNATION</u>
1.	Dr. S.K. Pattanayak	Secretary
2.	Shri Jalaj Shrivastava	Additional Secretary
3.	Dr. S.K. Malhotra	Agriculture Commissioner
4.	Smt. Neerja Adidam	Joint Secretary
5.	Dr. B. Rajender	Joint Secretary
6.	Dr. Shakil P. Ahammed	Joint Secretary
7.	Shri Ashwani Kumar	Joint Secretary
8.	Dr. K.K. Singh	Assistant Director General (Farm Engg.), ICAR

2. At the outset the Chairperson welcomed the representatives of the Ministry of Agriculture and Farmers Welfare (Department of Agriculture, Cooperation and Farmers Welfare and the Department of Agricultural Research and Education) to the meeting convened to have evidence on the Subject "Variance in Cost and Quality of Agricultural Tools and Implements Being Provided to the Farmers under Rashtriya Krishi Vikas Yojana (RKVY) and Problems Being Faced by the Farmers Due to Imported Power Tillers - A Review".

3. After the introduction, one of the representatives of the Department made a power point presentation in connection with their evidence on the Subject "Variance in Cost and Quality of Agricultural Tools and Implements Being Provided to the Farmers under Rashtriya Krishi Vikas Yojana (RKVY) and Problems Being Faced by the Farmers Due to Imported Power Tillers - A Review" covering inter-alia the following points :-

- (i) Market price and the cost-price of subsidized Chinese Power Tillers;
- (ii) Norms for the price of power tiller under the schemes of mechanization;
- (iii) Constitution of Expert Committee to study the issues relating to indigenous and imported power tillers;

- (iv) Recommendations of Expert Committee on power tillers; and
- (v) Action taken / initiated by DAC&FW on the recommendations of the Expert Committee.

4. Thereafter, the Chairperson initiated the discussion which was taken forward by the representatives of the Department and the Members of the Standing Committee. The Committee raised several issues/points which have been briefly mentioned below and sought opinion of the Department on the same:

- (i) Comparative features of domestic and Chinese power tillers;
- (ii) Need for certification of power tiller only after it is found suitable for all soil types;
- (iii) Poor functional performance of Chinese power tillers and piling up of large number of non-functional Chinese power tillers in many States;
- (iv) Purchase of Chinese power tillers in different States and their working condition;
- (v) Marketing of Chinese power tillers in different company name and indigenous brand names;
- (vi) Need for fixing minimum percentage of cost as subsidy for agriculture implements/ power tillers;
- (vii) Compensation to farmers who incurred financial loss due to poor functional performance of Chinese power tillers purchased on subsidy;
- (viii) Strengthening of certification process so as to prevent sale of substandard Chinese power tillers under mechanization schemes / RKVY;
- (ix) Under-utilization of RKVY funds for farm-mechanization programmes;
- (x) Reasons for low cost of imported power tillers in comparison to indigenous power tillers;
- (xi) Reasons for meager difference in the cost of subsidized power tiller and the cost of power tiller sold in open market in many States;
- (xii) Steps needed to ensure that benefits under the Govt's subsidy scheme reaches the targeted persons;
- (xiii) Non-availability of spare-parts for Chinese power tillers; and

- (xiv) Need to constitute a Committee to look into the issues relating to variance in cost of Power Tillers in different States/UTs.

5. The Representatives of the Department responded to most of the queries raised by the Members. The Chairperson then thanked the witnesses for sharing valuable information with the Committee on the subject and directed them to send, in writing, the requisite information in Points/items. which was not readily available with them to the Secretariat of the Committee at his earliest.

**A copy of the verbatim proceedings of the sitting has been kept separately.**

***The Committee then adjourned.***

**STANDING COMMITTEE ON AGRICULTURE  
(2016-17)**

**MINUTES OF THE TWENTY SIXTH SITTING OF THE COMMITTEE**

**\*\*\*\*\***

The Committee sat on Monday, the 21st August, 2017 from 1500 hours to 1635 hours in Committee Room 'B', Ground Floor, Parliament House Annexe, New Delhi.

**PRESENT**

Shri Hukm Deo Narayan Yadav – Chairperson

**MEMBERS**

**LOK SABHA**

2. Md. Badaruddoza Khan
3. Dr. Tapas Mandal
4. Shri Devji Patel
5. Shri C.L. Ruala
6. Shri Satyapal Singh (Sambhal)

**RAJYA SABHA**

7. Shri Sambhaji Chhatrapati
8. Shri Janardan Dwivedi
9. Shri Meghraj Jain
10. Shri Modh. Ali Khan
11. Shri Ram Nath Thakur
12. Shri Shankarbhai N.Vegad

**SECRETARIAT**

- |    |                     |   |                     |
|----|---------------------|---|---------------------|
| 1. | Shri D.S.Malha      | - | Joint Secretary     |
| 2. | Smt Juby Amar       | - | Additional Director |
| 3. | Shri C. Vanlalruata | - | Deputy Secretary    |



**LIST OF WITNESSES**  
**MINISTRY OF AGRICULTURE AND FARMERS WELFARE**  
**(DEPARTMENT OF AGRICULTURE, CO-OPERATION AND FARMERS WELFARE)**

<b><u>S.No.</u></b>	<b><u>NAME OF THE OFFICER</u></b>	<b><u>DESIGNATION</u></b>
	<b><u>DEPARTMENT OF AGRICULTURAL RESEARCH AND EDUCATION</u></b>	
1.	Shri Jalaj Shrivastava	Addl. Secretary
2.	Shri Paban Kumar Borthakur	Joint Secretary (Admin.)
3.	Dr. B. Rajender	Joint Secretary (Crops)
4.	Shri Prasanta Kumar Swain	Joint Secretary (RKVY)
5.	Shri Ashwani Kumar	Joint Secretary (M&T)

**/ INDIAN COUNCIL OF AGRICULTURAL RESEARCH**

1	Dr. K. Alagusundaram	DDG (Engg.) ICAR/DARE
2	Dr. A.K. Singh	DDG (Agril. Extn.) ICAR/DARE
3	Dr. K.K. Singh	ADG (FE), ICAR/DARE

2. At the outset the Chairperson welcomed the representatives of the Ministry of Agriculture and Farmers Welfare (Department of Agriculture, Cooperation and Farmers Welfare) to the meeting convened to have evidence on the Subject "Variance in Cost and Quality of Agricultural Tools and Implements Being Provided to the Farmers under Rashtriya Krishi Vikas Yojana (RKVY) and Problems being Faced by the Farmers due to Imported Power Tillers - A Review". The Chairperson also apprised them about the Confidentiality of the proceedings of the Committee.

3. After introduction by the representatives of the Ministry of Agriculture and Farmers Welfare (Department of Agriculture, Cooperation and Farmers Welfare), the Chairperson, expressed the displeasure of the Committee over the absence of Secretary for the Sitting and his belated request for exemption from attending the Sitting of the Committee.

4. The Chairperson then initiated the discussion which was taken forward by the representatives of the Department and the Members of the Standing Committee. The Committee raised several issues relating to

the subject and sought clarifications of the Department on the same. The Committee inter-alia discussed the following points.

- (xv) Delay on the part of DAC&FW in implementing the recommendations of the Expert Committee Report on Power Tiller;
- (xvi) Purchase of Chinese power tillers in different States and their working condition;
- (xvii) Measures to address the piling up of large number of non-functional Chinese power tillers in many States;
- (xviii) Revision of BIS Standards for Power Tillers as recommended by Expert Committee and strengthening of certification process so as to prevent sale of substandard Chinese power tillers under mechanization schemes of the Department;
- (xix) Need for testing of power tiller on different soil conditions before certifying it as suitable for all soil types;
- (xx) Imposing of quota for import of Power Tillers into the Country;
- (xxi) Need for motivation of States to speed up execution of activities related to establishment of custom hiring centers and Farm Machinery Banks under SMAM;
- (xxii) Need for fixing minimum percentage of cost as subsidy for agriculture implements/ power tillers;
- (xxiii) Delay in developing BIS test code for torture and endurance test of Power Tillers;
- (xxiv) Cost price of Power Tillers in different States and its variation after implementation of GST;
- (xxv) Reasons for complicated procedure in sanctioning and grant of subsidized agricultural mechanization equipment to farmers;
- (xxvi) Need for exempting Tractor and Power Tillers from toll-tax.

5. The Representatives of the Department responded to most of the queries raised by the Members. The Chairperson then thanked the witnesses for sharing valuable information with the Committee on the subject and directed them to send, in writing, the requisite information in

Points/items. which was not readily available with them to the Secretariat at the earliest.

**A copy of the verbatim proceedings of the sitting has been kept separately.**

***The Committee then adjourned.***

**STANDING COMMITTEE ON AGRICULTURE BRANCH  
(2017-18)**

**MINUTES OF THE THIRD SITTING OF THE COMMITTEE**

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The Committee sat on Thursday, the 02nd November, 2017 from 1100 hours to 1340 hours in Committee Room 'D', Parliament House Annexe, New Delhi.

**PRESENT**

Shri Hukm Deo Narayan Yadav – Chairperson

**MEMBERS  
LOK SABHA**

2. Shri Sanjay Dhotre
3. Smt. Raksha Khadse
4. Md. Badaruddoza Khan
5. Dr. Tapas Mandal
6. Shri Nityanand Rai
7. Shri Mukesh Rajput
8. Shri Konakalla Narayana Rao
9. Shri Neiphiu Rio
10. Shri C.L. Ruala
11. Shri Arjun Charan Sethi
12. Shri Jai Prakash Narayan Yadav

**RAJYA SABHA**

13. Sardar Sukhdev Singh Dhindsa
14. Shri Janardan Dwivedi
15. Shri Vinay Katiyar
16. Shri Mohd. Ali Khan
17. Shri K.K. Ragesh
18. Shri Ram Nath Thakur
19. Shri R. Vaithilingam
20. Shri Shankarbhai N.Vegad
21. Dr. Chandrapal Singh Yadav

**SECRETARIAT**

1. Shri D.S.Malha - Joint Secretary
2. Shri Arun K Kaushik - Director
3. Smt Juby Amar - Additional Director
4. Shri C.Vanlalruata - Deputy Secretary

**LIST OF WITNESSES**  
**MINISTRY OF AGRICULTURE AND FARMERS WELFARE**  
**(DEPARTMENT OF AGRICULTURE, CO-OPERATION AND FARMERS WELFARE)**

<b>S.No.</b>	<b><u>NAME OF THE OFFICER</u></b>	<b><u>DESIGNATION</u></b>
1	Dr. S.K. Pattanayak	Secretary
2	Ms Upma Srivastava	Additional Secretary
3	Shri Ashwani Kumar	Joint Secretary (M&T)
4	Dr. Ashish Kumar Bhutani	Joint Secretary

**DEPARTMENT OF AGRICULTURAL RESEARCH AND EDUCATION /**  
**INDIAN COUNCIL OF AGRICULTURAL RESEARCH**

1	Dr. K. Alagusundaram	DDG (Engg.)
2	Dr. A.K. Singh	DDG (Agril. Extn.)
3	Dr. K.K. Singh	ADG (FE)

**MINISTRY OF FINANCE (DEPARTMENT OF FINANCIAL SERVICES)**

1	Shri Suchindra Misra	Joint Secretary Department of Financial Services
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**NATIONAL BANK FOR AGRICULTURE & RURAL DEVELOPMENT (NABARD)**

1	Dr. Harsh Kumar Bhanwala	Chairman, NABARD
2	Shri Asit Kumar Mohanty	Chief General Manager, NABARD

**RESERVE BANK OF INDIA (RBI)**

1	Smt. Nengneikim Guite	General Manager
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2. At the outset the Chairperson welcomed the officers to the meeting convened to take evidence on the Subject "Variance in Cost and Quality of Agricultural Tools and Implements Being Provided to the Farmers under Rashtriya Krishi Vikas Yojana (RKVY) and Problems Being Faced by the Farmers Due to Imported Power Tillers - A Review" and Briefing on the Subject 'Functioning of Agricultural Credit System in the Country'.

3. After the introduction, one of the representatives of the Department made a power point presentation on the Subject. Thereafter, the Chairperson initiated the discussion which was taken forward by the representatives of the Department and the Members of the Standing Committee. The Committee raised several issues/points which have been briefly mentioned below and sought opinion of the Department on the same:

- i) Total number of Chinese Power Tiller provided to farmers under the scheme and their current status i.e. whether in working condition or lying defective;
- ii) Subsidy to be either in terms of percentage or cost;
- iii) Testing of Power Tillers not only be restricted to mechanical aspect, but composition aspect to be checked as well i.e. quality of material used;
- iv) Circumstance that lead to the sale of Chinese Power Tillers under the Scheme;
- v) Instances of Indian Firms that have branded Chinese Power Tillers as their own and action initiated against firms indulging in such activity;
- vi) Reasons for no after sales service being provided for Chinese Power Tillers;
- vii) Whether Government has ever considered providing compensation to farmers whose Chinese Power Tillers have become defective and non repairable;
- viii) Limiting sale of Chinese Power Tillers to 5% - 8% under RKVY;
- ix) Any action plan to regulate cost of domestic Power Tillers so that they become cost effective;
- x) GST waiver for all agri-implements including Power Tillers; and
- xi) Benefit of subsidy should go to farmers and not the Manufacturers.

\*4.      xxxxx                                      xxxxx                                      xxxxx                                      xxxxx

\*5.      xxxxx                                      xxxxx                                      xxxxx                                      xxxxx

***A copy of the verbatim proceedings of the sitting has been kept separately.  
The Committee then adjourned.***

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**\* Matter not related to this Report**

**STANDING COMMITTEE ON AGRICULTURE BRANCH  
(2017-18)**

**MINUTES OF THE NINTH SITTING OF THE COMMITTEE**

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The Committee sat on Wednesday, the 17<sup>th</sup> January, 2018 from 1100 hours to 1335 hours in Committee Room '2', Block-A, Extn. to Parliament House Annexe Building, New Delhi.

**PRESENT**

Shri Hukm Deo Narayan Yadav – Chairperson

**MEMBERS**

**LOK SABHA**

2. Shri Sanjay Dhotre
3. Smt. Raksha Khadse
4. Md. Badaruddoza Khan
5. Dr. Tapas Mandal
6. Shri Janardan Mishra
7. Shri Nityanand Rai
8. Shri C.L. Ruala
9. Shri Jai Prakash Narayan Yadav

**RAJYA SABHA**

10. Sardar Sukhdev Singh Dhindsa
11. Shri Janardan Dwivedi
12. Shri Meghraj Jain
13. Shri Mohd. Ali Khan
14. Shri K.K. Ragesh
15. Shri Ram Nath Thakur
16. Shri Shankarbhai N.Vegad
17. Dr. Chandrapal Singh Yadav

## **SECRETARIAT**

- |    |                |   |                     |
|----|----------------|---|---------------------|
| 1. | Shri D.S.Malha | - | Joint Secretary     |
| 2. | Smt Juby Amar  | - | Additional Director |

### **LIST OF WITNESSES**

#### **POWER TILLER MANUFACTURERS' ASSOCIATION (PTMA)**

- |    |                     |                                                                      |
|----|---------------------|----------------------------------------------------------------------|
| 1. | Shri P. Suresh Babu | President, PTMA & MD, Kerala Agro Machinery Corporation Ltd. (KAMCO) |
| 2. | Shri V.P. Mahendra  | MD, VST Tillers Tractor Ltd. (VST)                                   |
| 3. | Shri B.C.S. Iyengar | Corporate Strategist, VST                                            |
| 4. | Shri G. Gopakumar   | Senior Manager, KAMCO                                                |

#### **MINISTRY OF AGRICULTURE AND FARMERS WELFARE** **(DEPARTMENT OF AGRICULTURE, CO-OPERATION AND FARMERS WELFARE)**

S.No.	<u>NAME OF THE OFFICER</u>	<u>DESIGNATION</u>
1	Shri Jalaj Shrivastava	Additional Secretary
2	Shri Ashwani Kumar	Joint Secretary (M&T)
3	Ms. Chhavi Jha	Joint Secretary (RKVY)
4	Shri V.N. Kale	Addl. Commissioner (Machinery)

#### **DEPARTMENT OF AGRICULTURAL RESEARCH AND EDUCATION /** **INDIAN COUNCIL OF AGRICULTURAL RESEARCH**

- |   |                |          |
|---|----------------|----------|
| 1 | Dr. K.K. Singh | ADG (FE) |
|---|----------------|----------|

[Representatives of PTMA were called in]

2. At the outset the Chairperson welcomed the officer bearers of Power Tiller Manufacturers' Association (PTMA) to the meeting convened to give their presentation on the Subject "Variance in Cost and Quality of Agricultural Tools and Implements Being Provided to the Farmers under Rashtriya Krishi Vikas Yojana (RKVY) and Problems Being Faced by the Farmers Due to Imported Power Tillers - A Review".

3. After the introduction, one of the representatives of the PTMA given their presentation on the Subject. Thereafter, the Chairperson initiated the discussion



which was taken forward by the Members of the Standing Committee. The representatives of the PTMA raised several issues/points which are briefly mentioned below:

- i) Need of proper labeling of Imported Chinese Power Tiller vis-a-vis Indigenous power tiller;
- ii) Need to take strict quality approval on imported Chinese power tiller to safeguard interest of farmers;
- iii) Need to provide safeguards to indigenous power tiller manufacturers in order to face onslaught of cheap power tiller being imported from China;
- iv) Need to enhance custom duty or apply stringent safeguard mechanism such as fixing quota on Power Tillers being imported from China, and.
- v) Need to lower GST on indigenous power tiller.

4. Thereafter, the Chairperson thanked the office bearers of PTMA for sharing valuable information with the Committee on the subject and the officer of the PTMA then withdrew.

[The representatives of Ministry of Agriculture and Farmers Welfare (Department of Agriculture, Cooperation and Farmers Welfare) were ushered in]

5. The Chairperson welcomed the representatives of Ministry. After the introduction, the Chairperson initiated the evidence which was followed by a Powerpoint Presentation slide presentation by the representatives of the Department and the discussion was taken forward by Chairperson and the Members of the Committee. The Committee raised several issues/points as briefly mentioned below:

- i) Need to devise a low cost and durable power tiller which can be manufactured indigenously;
- ii) Possibility of enhancing import duty on imported power tillers;
- iii) Need to proper demonstration of country or origin of power tiller in Bold letters;
- iv) need to lower GST on indigenously manufacturers of power tillers;
- v) mechanism for lodging of grievances redressal by the farmers;

vi) need to file criminal cases against defaulting importers who sold below standard power tiller to the farmers;

6. The Representatives of the Department responded to most of the queries raised by the Members. The Chairperson then thanked the witnesses for sharing valuable information with the Committee on the subject and directed them to send, in writing, the requisite information on the points, which was not readily available with them to the Secretariat of the Committee by 24.01.2018.

***A copy of the verbatim proceedings of the sitting has been kept separately.  
The Committee then adjourned.***

**STANDING COMMITTEE ON AGRICULTURE**

**(2017-18)**

**MINUTES OF THE SEVENTEENTH SITTING OF THE COMMITTEE**

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The Committee sat on Tuesday, the 27<sup>th</sup> March, 2018 from 1500 hrs. to 1650 hrs. in the Committee Room "D", Ground Floor, Parliament House Annexe, New Delhi.

**PRESENT**

*Shri Hukm Deo Narayan Yadav – Chairperson*

***MEMBERS***

**LOK SABHA**

2. Shri Sanganna Amarappa Karadi
3. Smt. Raksha Tai Khadase
4. Md. Badaruddoza Khan
5. Shri C. Mahendran
6. Dr. Tapas Mandal
7. Shri Janardan Mishra
8. Shri Devji M. Patel
9. Shri C.L. Ruala
10. Shri Arjun Charan Sethi

**RAJYA SABHA**

11. Shri Meghraj Jain
12. Shri Mohd. Ali Khan
13. Shri Ram Nath Thakur

**SECRETARIAT**

1.	Shri D.S. Malha	–	Joint Secretary
2.	Shri Arun K. Kaushik	–	Director
3.	Smt. Juby Amar	–	Additional Director
4.	Shri Sumesh Kumar	–	Under Secretary

**LIST OF WITNESSES**

**NATIONAL BANK FOR AGRICULTURE & RURAL DEVELOPMENT (NABARD)**

<b><u>NAME OF THE OFFICER</u></b>	<b><u>DESIGNATION</u></b>
Dr Harsh Kumar Bhanwala	Chairman, NABARD
Shri L.L. Raval	General Manager
Shri Rajiv	General Manager

**STATE BANK OF INDIA (SBI)**

Shri Adikesavan S.	Chief General Manager, Agri Business Unit
Shri Moyya Krishna Rao	(Dy. General Manager), Agri Business Unit

**PUNJAB NATIONAL BANK (PNB)**

Shri K.V.Brahmaji Rao	Executive Director
Dr. B M Padha,	General Manager
Shri Naresh Garg	Chief Manager

2. At the outset, the Committee took up the Draft Report on the Subject "Variance in Cost and Quality of Agricultural Tools and Implements Being Provided to the Farmers under Rashtriya Krishi Vikas Yojana (RKVY) and Problems Being faced by the Farmers Due to Imported Power Tillers - A Review" pertaining to the Ministry of Agriculture and Farmers Welfare (Department of Agriculture, Cooperation and Farmers Welfare). After some deliberations, the Committee adopted the draft Report with minor modifications and authorized the Chairperson to finalize and present these Reports to Parliament.

\*3. XXXX XXXX XXXX XXXX

***The Committee then adjourned.***

*(A copy of the verbatim proceedings of the Sitting has been kept separately).*

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\*Matter not related to this report