ISSUES FOR INCLUSION IN UNION BUDGET 2005-2006
DECLARATION BY
'FARMERS CONCLAVE'
HELD FROM 6TH TO 8TH DECEMBER, 2004
AT NEW DELHI

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REQUEST FOR INCLUDING AGRICULTURE IN CONCURRENT LIST:

EXISTING SITUATION OF AGRICULTURE:
- Indian industry and service sector have become globally competitive.
- Limitation of states in Resource Allocation, Planning & Marketing.
- Agriculture is a state subject – Extension, Marketing, Irrigation, Electricity.
- Govt. of India deals with Credit, Crop Insurance, Research, MSP, Procurement, Subsidies, Taxation, Policies & WTO.
- Successful agriculture is key to national prosperity - unemployment – malnutrition – migration – social unrest.
- WTO Challenges – Monopolistic Tendencies has to be confronted at national level.

21ST CENTURY AGRICULTURE CHALLENGES:
- Agriculture Sustainability possible - with Irrigation, Infrastructure - Technologies - Marketing.
- Shifting focus to - Quality, Quantity, processing and exports.
- Production strategies - as per consumer preference - industrial needs & international demand.
- Protection against - dumping – illegal subsidies – smuggling.

SUGGESTION:
- To include Agriculture in CONCURRENT LIST as it enables Resource Allocation – Integrated Planning – Implementation & Monitoring - Confront global challenges.
2. REQUEST FOR SEPARATE UNION BUDGET PRESENTATION BY MINISTER FOR AGRICULTURE:

MINISTRIES & SUBJECTS:

- Agriculture : Research – Universities – Production – MSP
- Commerce : Commodity Boards – Export, Import Policies - WTO
- Water Resources : Irrigation
- Food Processing : Value Addition – APEDA - Incentive for Exports
- Civil Supplies : Procurement – Distribution
- Environment : Pollution
- Multiple Ministries : Licensing – Seed - Biotech - Pesticide – Food Processing
- Rural Development : Water Sheds

BENEFITS OF SEPARATE BUDGET:

- All Departments under Ministry of Agriculture will enable comprehensive planning – quick decisions – build farmer confidence.
- Understanding Market fluctuations – making midterm corrections.
- Reorganizing commodity boards – establishing new boards.
- Prioritizing Programmes as per farmers needs.
3. DISINVESTMENT IN PUBLIC SECTOR AND REINVESTMENT IN IRRIGATION SECTOR:

**CHALLENGE: CAN INDIA SURVIVE WITH MONSOON AGRICULTURE?**

- Assured water has to be provided in drought prone areas to make agriculture self-sustaining.
- Construction of irrigation projects including transfer of water from excess river basins to deficit river basins is necessary.
- Irrigation being a state subject, the states have inadequate resources to complete either ongoing or new irrigation projects.
- The Planning Commission has identified over 400 on going irrigation projects pending since 20-25 years. They require an investment of Rs.70,000 - 80,000 crores. The states are unable to provide the required resources.
- GOI budget allocations for irrigation during 2004-05 is inadequate.

**SUGGESTION:**

- Public Sectors wherein huge money is invested can be partially disinvested to the extent of 49%. The resources raised thereon can be reinvested on irrigation sector.
- Private participation in the management of private sector will improve the efficiency and make it transparent.

4. GOVERNMENT SHOULD TAKE STEPS TO PREPARE NATIONAL AGRICULTURE INDEX:

- National Agriculture Index should be prepared by Government of India. This should include vital data on annual production, available stocks, status of buffer stocks, prevailing market rates/trends, advisory crops etc., so that the farmer will be able to plan his road map for economic production planning before taking up cultivation of any crop. It will enable farmer, face minimum risk of price fluctuation.

- Embassies/Missions abroad should collect information relating to possible demand, prospects for export of our agriculture produce, agro-processed products. The information should be made available to the farmers through electronic media, commodity boards, banks, agricultural universities, farmers clubs etc.
5. STRENGTHENING OF COMMODITY BOARDS UNDER THE MANAGEMENT OF FARMERS:

- Commodity boards functioning under Ministry of Commerce and are unable to develop global competitiveness. During 1960s – 1970s, India was World’s leading supplier of Tea, Coffee, Tobacco, Spices etc. However, as of 2002, it has lost edge in all the above crops. The Boards were headed by Sr. Bureaucrats and the committees were nominated by GOI. Failure of these Boards to face global challenges is an indication that Govt. of India should withdraw and handover management of Boards to elected farmers and other stakeholders committees.

- There is also need to establish crop wise commodity boards at different levels.

- Re-evaluating the functioning of APEDA, EMPEDA, COTTON ADVISORY BOARD AND OTHER COMMITTEES in view of globalization of agriculture. To democratize their functioning and involving all the stakeholders in the management.

- To allocate part of the excise collected by Government as special distress funds to each commodity board, to protect farmers from price fluctuation, crop failure and other unforeseen eventualities.

- Customs duty on imported cotton, silk, cigarettes, oil etc. has to be increased to protect the interests of the Indian farmers.

- Specialized extension services have to be provided to high value exportable plantation, horticulture & aqua etc.

- Taxes on plantation crops of Tea & Coffee as a social responsibility has to be reconsidered in view of the infrastructure provided by Government.

- Reduction of taxes and removing out dated condition on plantation crops will help the farmers in developing global competitiveness.

- Create level playing fields for Indian produce to withstand smuggling, disguised subsidies, provided in other countries.

- Protective measures have to be initiated for Tobacco farmers against smuggling of cigarettes, and advertisements in TV

- Government can initiate steps for awareness on Tobacco consumption. However, the tobacco bill prohibiting sale of tobacco products within 100 Mts. of educational institutions is impractical. In all the 6 lakh villages of India, small traders sell beedies, chewing tobacco, cigar tobacco, and other products. In all the villages, elementary / primary schools / private schools are established with 100 Meters. To prohibit ban of tobacco products, and panelizing traders by empowering revenue / police / panchayat / health officials will lead to harassment and anti-social activity. It is requested to waive this condition from the tobacco bill.

6. GIVE STATUS OF AGRICULTURE TO AQUA-CULTURE & POULTRY:

- Commodity: Allied agricultural activities like poultry and aqua-culture are not considered as agriculture. Aqua-culture (Fish and prawn culture) makes use of agricultural techniques like pond (soil) preparation through ploughing and tilling, manuring using

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organic and chemical (to some extent) fertilizers, water filling etc. but still lacks the categorization as an agricultural activity. It provides lot of employment to the rural youth and contributes significantly to uplift the living standards of fish farmers, lakhs of inland and coastal fishermen communities. It is unfortunate that the Government of India is delaying its decision in declaring the status of agriculture to aqua-culture. It should be done immediately.

7. NATIONAL AQUA-CULTURE DEVELOPMENT BOARD:

- Commodity: Although aqua-culture has grown into potential sector, there is no common platform to discuss problems faced by fish farmers and raise issues and matters regarding fishery planning in the country. National Aqua-farmers Development Board (Autonomous body) with active participation and representation of aqua farmers should be launched immediately by the Government of India. Keeping in view of the success achieved by NDDB at Anand (Gujarat) through locational impact, headquarters of National Aqua-farmers Development Board should be located in Andhra Pradesh.

**FINANCIAL ISSUES**

8. AGRICULTURAL CREDIT FACILITY FROM BANKS SHOULD BE ENHANCED AND THE RATE OF INTEREST SHOULD BE FIXED 6% P.A.:

- The scale of finance fixed for different crops has no relevance with the cost of cultivation. Family labour, rent on land managerial costs are not included while calculating the scale of finance required for a specific crop. Scale of finance is fixed unilaterally by financial institutions without taking into consideration of farmers and their views. The committee which is finalizing scale of finance should be headed by progressive farmer leader. The scale of finance should be reviewed every year.

- All banks need to simplify the paper work while sanctioning the loan. Common application for all Banks and made available at Panchayat Block Office freely.
Bankers should take time bound decisions.

- The rate of interest on agriculture loans is on higher when compared to car / housing loans. It should be made available at 6% p.a.

- The banks are charging compound interest on agricultural loans against the provisions of ‘usurious loans act 1918’. According to this Act, the banks should charge only simple interest on agricultural loans.

- No Objection Certificate which is being insisted should be dispensed with as this is time consuming and expensive.

- Scale of finance to be increased from 50,000/- to 1,00,000/- to enable small farmers to take up additional income generation activity, such as dairy etc as farmers cannot sustain on small land holdings.

9. CROP INSURANCE:

- In almost all developed countries, agricultural insurance schemes are being subsidized by their respective federal Governments. As 80% of our farmers belong to marginal and small category with inadequate credit and investment capability for crop protection farmers are finding it extremely difficult to bear very high premium rates particularly in commercial crops like cotton, chillies, plantation etc. In most of cases the premium on crops collected is as high as 4%. Premium level in any crop should be confined to 1% only.

- Village should be considered as a unit for settlement of insurance claim.

- There is also need to evolve appropriate schemes for various other crops including horticulture, fisheries, exports etc.

- Settlement of insurance claim should be made mandatory and should be paid before the commencement of next crop.

10. TAX FREE AGRICULTURE:

CHALLENGE: CAN INDIA PROVIDE NUTRITION FOOD FOR ALL?

- Over 60% of water is wasted in open channel system – youth run away from agriculture. Thousands of crores crops are lost – lakhs of animals die – Why is India’s per capita, productivity is lowest in world? – What are the reasons for these complex problems?

- Drip & Sprinkler: Due to deforestation, frequent occurrence of droughts and other abiotic stresses, farmers are incurring heavy losses. To conserve and utilize available water sources more efficiently, extend area/acreage with irrigation facility leading to higher productivity, production and more income to the farmers, it is highly essential to bring down the prices of drip, sprinkler equipment by waiving of excise duty fully and that benefit should reach directly to the farmer instead of companies.

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Tractor & Other Equipment: To reduce human drudgery, improve agricultural efficiency, cropping intensity and irrigation efficiency, government should waive excise duty/customs duties on agricultural machinery/implants.

16% excise concession on tractors was announced in the Budget 2004-05 is actually 5-6%. However, this concession is not extended to tyres, batteries, lights purchased by tractor manufacturers – Request to extend concession to the equipment purchased by manufacturers.

Crop Medicines: 30% of crops are destroyed due pests and diseases every year causing losses of over 20,000 crores. Small farmers are unable to control pests and diseases, as the pest control chemicals are expensive. Taxes and duties on crop protection chemicals should be waived to enable access to small farmers to achieve global production levels. Manufacturers may be directed to take up creating awareness on scientific usage and residual effects.

Animal Medicines: Taxing veterinary medicines is an ill advised decision by Govt. of India. Except for poultry and aqua culture farmers, others involved in cow, buffalo rearing, nomad sheep rearers of Rajasthan, deccan plato, duck rearers in coastal Andhra, donkey heardsmen of Rann of Kutch are all extremely poverty ridden farmers of India. Helping them by providing animal life saving drugs at nominal cost is the greatest service that can be rendered by GOI.

11. PROCESSED FOOD FOR COMMON PEOPLE IN INDIA:

- The per capita consumption of cereals, pulses, milk, egg, meat in India is low compared to China. The consumption of coca cola is more compared to fresh orange juice. What are the reasons for this mis-match and what should we do?

- Encourage consumption of Processed Food: Not even 1% of Indians consume processed mango, orange, tomato, or pineapple juices. Processed juices are not affordable by average Indian due to high cost of machinery, packing material, transport etc.

- The processed foods in India are for privileged sections whereas they should be made available to common man.

- To remove all central and state government taxes on processing, packing and storage equipment and provide special incentive for promoting the sector for next five years.

- To treat agro-processing industry as a priority sector and provide credit at nominal interest.

- GOI to take up mass awareness on consumption of fruits, egg, milk, & fish.

12. ENCOURAGE VALUE ADDITION, COLD STORAGE AND AGRO-PROCESSING:

- The present level of food processing @ 2% and value addition @ 7% is far below when compared to countries like Philippines, Malaysia etc. There is a definite need to encourage food processing industries by providing incentives like exemption of taxes and other duties. Subsidy to the level of 90% scheme should be reintroduced in respect of small cold storage to preserve fruits and vegetables which will help in minimizing post harvest losses and thus ensure better return to producers. Electricity needed for those units should be made available at concessional tariffs. There are no cold storage in the country for storing meat and meat products, especially fish and prawn. It is important to establish low degree cold storage to save small farmers in the aqua-culture sector for

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gaining premium rate for their produce. The establishment of a modern food storage system, refrigeration and a cold chain must become a national priority.

13. TRANSPORT COST FOR AGRICULTURAL PRODUCE AND OTHER ALLIED PRODUCTS BE SUBSIDIZED (BOTH FOR INTERSTATE TRANSPORT AND OVERSEAS TRANSPORT):

- Transport cost for export of eggs, chicken, fish, prawn, fruits and vegetables are to be subsidized by GOI. It will lead to increased consumption thereby increased production and storage, transport etc.

14. 100% SEED REPLACEMENT FOR RESOURCE POOR FARMERS:

- Due to non usage of quality hybrid seeds, productivity specially amongst small and marginal farmers is seriously hampered. In Chattisgarh, only 2% certified seeds are available to farmers, so also, large number of BIMARU States. State Govts are unable to provide required quality seed to all small and marginal farmers due to financial constraints.

- In order to achieve the productivity increase in the poor farmers GOI should provide 100% subsidy for seed replacement every year.

15. TOTAL BREED IMPROVEMENT IN 5 YEARS:

- Animal husbandry plays an important role in the lives of women farmers. However, due to non improvement of breed, yields are stagnated in the backward states. For eg. Kerala has achieved 60% breed improvement compared to 2% in Bihar. the income variation are Rs.15,000/- compared to Rs.3000/- in Bihar.

- Government need to take up Breed improvement as a national policy on the model of polio vaccine.

- It should freely allow import of quality of semen in every competitiveness in dairy industry.

16(A). RATIONALISING DUTIES ON IMPORTED AGRICULTURAL COMMODITIES:

- China and other developed nations are providing huge subsidies to their farmers and also adopting innovative technologies. They have helped the farmers to increase their production and provide subsidy to compete in other countries.

- In the past 3-5 years, Indian farmers faced serious problems due to dumping of agricultural raw materials such as silk, cotton, oil seeds & cigarettes. Under WTO, GOI can impose 150-300 % duty. However, Government has imposed negligible excise leading to serious crisis to the farmers.

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16(B) ESTABLISHING REGULATORY COMMISSION FOR FIXING CUSTOMS DUTIES:

- The existing practice of levying customs duty on agricultural products is arbitrary and not favourable to farmers interest. It is evident from the low price realization of farmers producing cotton, tobacco, silk, oils etc. The customs duty on cotton in the year 2004-05 was a mere 10% as against 150% allowed under WTO agreement. The customs duty on imported cigarettes was 30% as against 150% permissible under WTO.

- What are the basis on which the customs duties are levied is not transparent and not known to farmers. Reports have appeared in the media that vested interests are responsible for low duties.

**SUGGESTION: TO ESTABLISH A CUSTOMS REGULATORY COMMISSION TO FIX DUTIES ON IMPORT OF AGRICULTURE RAW MATERIAL**

17. MINIMUM SUPPORT PRICES – TO BE CONVERTED AS REMUNERATIVE PRICES:

- Minimum support prices recommended by CACP do not reflect the ground realities. Farmers in general, small, marginal and tenant farmers in particular due to lack of withholding capacity are compelled to sell their produce at prices much below the MSP.

- The farmers managerial cost in CACP computation should be 20% of total cost of production to make it remunerative.

- Agriculture commodity prices be linked with price index.

18. TO ACTIVISE AND ENLARGE THE ACTIVITIES OF AGRICULTURE TV CHANNELS & RADIO:

- Agricultural programmes are not getting sufficient coverage in private TV channels. Government managed Doordarshan & AIR are able to provide limited time for agricultural programmes. In order to give wide publicity to innumerable Government programmes for farmers there is need to establish separate agriculture and radio stations for the benefit of farmers. License for local radio stations be given freely to farmers associations and private sector exclusively for agriculture development.

19. SPECIAL INCENTIVE FOR PROMOTING ORGANIC AGRICULTURE:

- Organic agricultural products are commanding premium price in the world markets. Large number of Consumers conscious about health and environment are using organic products through out the world. India’s small farmers in the divergent agro-climatic
conditions can utilize this opportunity for producing organic food. However, these farmers require incentives both in production, processing, and marketing facilities. Special incentives have to be announced and a separate Board to be created for coordinating organic products.

20. CONSTITUTION OF NATIONAL FARMERS WELFARE FUND:

- Famine code, and flood manual are outdated and of Britishage. They are not extending helping hand to the distressed, when the farmers are affected by natural calamities. There is immediate need to review the famine code and flood manual and evolve mandatory provisions for extending relief and rehabilitate farmers when natural calamities affect the crops. When the farmers are affected by natural calamities, the State Governments are only announcing re-schedulement and postponement of loans. The accumulation of interest under the scheme of re-schedulement and postponement is becoming burden to the farmer. The farmers are providing food security to the entire population of the country. When he is in distress, it is the responsibility of the citizens to rehabilitate him from distress. Therefore, there is immediate need to constitute a 'National Farmers Welfare Fund’ headed by farmers leaders with autonomy. All organizations and their staff connected with agriculture inputs, outputs, trade, and other citizens should contribute to the National Farmers Welfare Fund as in the case of education surcharge collected from citizens. The distressed farmers will be rehabilitated and relief extended from the above fund so that the burden on the State Government will be reduced and farmers benefited.

- This is a preliminary report. Efforts are under way to add large number of suggestions received from various parts of the country. You are requested to communicate your comments / suggestions / alternatives / new ideas for furthering the cause of Farmers.

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