

GOVERNMENT OF INDIA
MINISTRY OF AGRICULTURE AND FARMERS WELFARE
DEPARTMENT OF AGRICULTURE, COOPERATION & FARMERS WELFARE

LOK SABHA
STARRED QUESTION NO. 93
TO BE ANSWERED ON THE 24TH JULY, 2018

SCHEME FOR REDUCTION OF AGRICULTURE COST

*93. SHRI MD. BADARUDDOZA KHAN:
SHRI MOHD. SALIM:

Will the Minister of AGRICULTURE AND FARMERS WELFARE कृषि एवं किसान कल्याण
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be pleased to state:

- (a) the names of the schemes being implemented by the Government to reduce the agriculture cost along with the details thereof;
- (b) the budget allocated by the Government for the said schemes and the amount spent thereon during the last three years;
- (c) the number of farmers benefited from the said schemes along with the details thereof;
- (d) the details of the reduction in the cost of agriculture per hectare by implementation of the schemes and the amount increase in the income of farmers during the above period; and
- (e) whether the Government proposes to reduce the rate of GST on necessary resources for agriculture and if so, the details thereof?

ANSWER

MINISTER OF AGRICULTURE AND FARMERS WELFARE

कृषि एवं किसान कल्याण ½â"ãè

(SHRI RADHA MOHAN SINGH)

(a) to (e): A statement is laid on the Table of the House.

STATEMENT REFERRED TO IN REPLY TO PARTS (a) TO (e) OF LOK SABHA STARRED QUESTION NO. 93 DUE FOR REPLY ON 24TH JULY, 2018.

(a) & (b): Agriculture is a State Subject. Government of India facilitates the State Governments through many Centrally Sponsored and Central Sector Schemes to increase production, implementation of new technologies to reduce cost of cultivation like improved variety of seeds, drip irrigation, soil testing and using fertilizers most suited for crops, scientific crop production technologies, seed mini kit etc., A statement showing the amount of budget allocated and amount spent thereon during the last three years is annexed as Annexure. In addition, several other steps have also been taken to reduce the agriculture cost of cultivation such as – introduction of neem coated urea which has reduced dependency on urea and also controlled mis-utilisation of chemical fertilizers resulting in decrease in input cost, Pradhan Mantri Krishi Sinchai Yojana (PMKSY) - an amount of Rs. 5,000 Crore was allocated for the period 2017-20 for Micro-irrigation to fulfill objective of Per Drop More Crop, formation of Farmers Producer's Organization (FPO) has been useful for collection, storage grading, packaging, marketing etc. of agriculture produce and increased the bargaining power of the producer's, sub-mission on Agro-forestry has been launched in 2016-17 to encourage tree plantation on farm land "Har Medh Par Ped" along with crops/ cropping system, Rain-fed Area Development (RAD) Schemes focuses on promoting Integrated Farming System (IFS) for sustainable agriculture development wherein crops/cropping system is integrated with various activities like horticulture, livestock, fishery, agro-forestry, apiculture etc.

(c): Some indicators regarding number of farmers benefitted under various schemes is as follows:

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- Under Soil Health Card Scheme, during Cycle-I (2015-16 & 2016-17) Soil Health Cards were distributed to 1073.89 lakh farmers and during Cycle-II (2017-18 & 2018-19), Soil Health Cards have been distributed to 467.95 lakh farmers
- Under Paramparagat Krishi Vikas Yojana (PKVY) scheme 237820 hectares of land has been converted into organic farming land and 3, 94,550 farmers have been benefited.
- Under Mission Organic Value Chain Development for North Eastern Region, 45918 ha area has been brought under organic farming, 97 Farm Producer Centers(FPCs) has been created, 2469 Farmers Interest Groups(FIGs) have been formed and 48948 farmers have been mobilized.
- Under Sub Mission on Agricultural Mechanisation, 14273 number of trainers have been trained, 5,49,257 number of agricultural machinery distributed. 4229 number of Custom Hiring Centres have been established, 79 Hi-Tech hubs and 4302 number of Farm Machinery Banks established at farm level during the last four years.
- Under Pradhan Mantri Fasal Bima Yojana, about 484 lakh farmers have been covered over an area of 574 lakh hectares during Kharif 2017 and Rabi 2017-18 seasons.
- Under the Seed Village Programme, the number of farmers benefitted in 2017-18 was 30.05 lakh
- Under Sub Mission on Agricultural Extension - 1.51 crore farmers have been benefitted through different extension activities under this scheme from 2014-15 to 31st March, 2018.

(d): While a comprehensive study regarding these issues is not available, according to evaluation carried out in respect of some schemes the following is brought out:

1. Soil Health Card Scheme.

As per feedback received from farmers from 21 states covering 171 districts, it emerged that application of fertilizers as per the recommendation of Soil Health Cards led to savings in nitrogen fertilizers like urea thereby resulting in reduction in cost of cultivation.

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- Rice – the cost of cultivation is reduced by 16-25% and savings of nitrogen are found to be around 20 Kg per hectare.
- Pulses – 10-15% reduction in cost of cultivation and savings of 10 Kg per hectare of urea is observed.
- Oil Seeds – reduction in cost of cultivation is 10-15% and savings on Nitrogen are 9 Kg/acre in sunflower, around 23 kg/acre in ground nut and around 30 kg/acre in castor.
- Cash crops – in case of cotton, reduction in cost of cultivation is 25% and savings on nitrogen fertilizer is around 35 kg/acre.
- Horticulture crops- In potato, 46 kg/acre of nitrogen saving is observed.

Judicious use of fertilizers also resulted in increased production of crops.

- Cereals-increase in production of 10-20% in paddy, 10-15% in wheat and Jowar.
- Pulses-Increase in production of 10-30% in pulses.
- Oilseeds- Increase in production of around 40% in oilseeds.
- Cotton- Increase in production of around 10-20% in cotton.

Savings on fertilizers and increase in production also resulted in increased income to farmers:

- Paddy: Increase in income of around Rs. 4500/ per acre.
- Tur: Increase in income of Rs. 25000-30,000/- per acre
- Sunflower: Increase in income of around Rs. 25000/- per acre
- Groundnut: Increase in income of around Rs. 10000/- per acre
- Cotton: Increase in income of around Rs. 12000/- per acre
- Potato: Increase in income of around Rs. 3000/- per acre.

2. Micro Irrigation

An impact evaluation study for Micro Irrigation completed in the 2014 and major findings of the study are:

- Irrigation cost reduced by 20% to 50% with average of 32%.
- Electricity consumption reduced by about 31%.
- Saving of fertilizers varies from 7% to 42%.
- Average productivity of fruits and vegetables increased by about 42.3% and 52%.

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- Overall income enhancement of farmers was in the range of 20% to 68% with average of 48.5%.

3. Rainfed Area Development: An evaluation study on Rainfed Area Development was carried out in the year 2017 which concluded that the average annual family income of the beneficiaries witnessed an increase of about 39% due to project interventions.

(e): Decision with respect to changes in GST rate structure are taken on the basis of recommendations of the GST Council in which the Central and State Governments are represented. The changes in GST rate structure recommended by the GST Council have been implemented. There is no fresh recommendation of GST Council under examination at the moment. The GST rates on agriculture resources have been fixed taking into consideration, inter alia, the total indirect tax incidence on said goods prior to GST, which included the central excise duty rates, VAT rates or weighted average VAT rates, cascading of VAT over excise duty, incidence on account of CST, octroi, entry tax, etc. However, the Government had received representations seeking reduction in the GST rates for agriculture inputs. **As per recommendations of the GST Council the Government had reduced GST rates on the following items:**

S.N.	Description	Initial GST Rate	Modified GST rate
1.	Organic manure other than put up in unit container and bearing a brand name	5%	Nil
2.	Agriculture grade Phosphoric acid	18%	12%
3.	Bio-pesticides (Certain)	18%	12%
4.	Sprinklers; drip irrigation system including laterals; mechanical sprayers	18%	12%
5.	Parts suitable for use solely or principally with fixed Speed Diesel Engines of power not exceeding 15HP	28%	18%
6.	Parts suitable for use solely or principally with power driven pumps primarily designed for handling water, namely, centrifugal pumps (horizontal and vertical), deep tube-well turbine pumps, submersible pumps, axial flow and mixed flow vertical pumps	28%	18%

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Further, GST rate on agricultural implements and machineries used in the agriculture sector is in line with pre-GST tax incidence. The GST Council has the power to make any change in GST rate structure after due discussion. On recommendations of the GST Council the Government notifies the changes in rates.

GST rate on Agricultural implements and other machineries used in agricultural sector.

S. N.	HSN	Description of Goods	GST Rate (%)
1	8201	Agricultural implements manually operated or animal driven i.e. Hand tools, such as spades, shovels, mattocks, picks, hoes, forks and rakes; axes, bill hooks and similar hewing tools; secateurs and pruners of any kind; scythes, sickles, hay knives, hedge shears, timber wedges and other tools of a kind used in agriculture, horticulture or forestry other than ghamella.	NIL
2	8432	Agricultural, horticultural or forestry machinery for soil preparation or cultivation; lawn or sportsground rollers; Parts [8432 90]	12%
3	8433	Harvesting or threshing machinery, including straw or fodder balers; grass or hay mowers; machines for cleaning, sorting or grading eggs, fruit or other agricultural produce, other than machinery of heading 8437; parts [8433 90 00]	12%
4	8436	Other agricultural, horticultural, forestry, poultry keeping or bee-keeping machinery, including germination plant fitted with mechanical or thermal equipment; poultry incubators and brooders	12%
5	8437	Machines for cleaning, sorting or grading, seed, grain or dried leguminous vegetables; machinery used in milling industry or for the working of cereals or dried leguminous vegetables other than farm type machinery and parts thereof	5%
6	8701	Tractors (except road tractors for semi-trailers of engine capacity more than 1800 cc)	12%
7	8408	Fixed Speed Diesel Engines of power not exceeding 15HP	12%
8	8716 20 00	Self-loading or self-unloading trailers for agricultural purposes	12%
9	871680	Hand propelled vehicles (e. g. hand carts, rickshaws and the like); animal drawn vehicles	12%

Annexure**ANNEXURE TO PART (B) OF Issq-93 DUE FOR ANSWER ON 24.07.2018****(Rs. in Crore)**

SI No.	Name of Mission /Scheme	2015-16			2016-17			2017-18		
		BE	RE	Actual Exp.	BE	RE	Actual Exp.	BE	RE	Actual Exp.
1	2	3	4	5	6	7	8	9	10	11
1	National Food Security Mission	1300.00	1136.61	1162.34	1700.00	1280.00	1286.03	1726.39	1408.79	1384.17
2	Mission for Integrated Development of Horticulture (MIDH)	2000.00	1769.59	1696.80	1620.00	1660.00	1493.07	2329.13	2198.63	2033.85
3	National Mission On Oilseeds & Oil Palm	353.00	272.03	305.81	500.00	376.00	326.31	405.40	329.95	266.06
4	National Mission for Sustainable Agriculture	835.00	747.47	701.38	1062.00	879.50	651.35	1145.33	804.55	695.61
5	National Mission on Agriculture Extension and Technology	1170.35	1079.95	1033.10	1100.00	1226.50	1200.94	1961.39	2379.24	2259.91
6	Pradhan Mantri Fasal Bima Yojna	2823.00	3185.09	2983.04	5500.00	16836.32	14650.83	9000.75	10701.26	9419.68
7	Integrated Scheme on Agriculture Marketing	900.00	750.36	570.30	787.90	1270.00	782.49	1238.40	800.98	637.54
8	Integrated Scheme on Agriculture Cooperation	111.00	126.00	121.70	130.00	130.00	129.81	130.00	230.00	228.18
9	Rashtriya Krishi Vikas Yojna(RKVY)	4500.00	3900.00	3940.01	5400.00	3550.00	3891.86	4750.00	3050.00	3559.78
10	Price Stabilisation Fund	450.00	660.00	660.00	0.00	0.00	0.00	0.00	0.00	0.00
11	Pradhan Mantri Krishi Sinchai Yojna	1800.00	1550.01	1555.94	2340.00	1990.00	1991.25	3400.00	3000.00	2818.99
12	National Rainfed Area Authority	20.00	6.75	3.08	0.10	0.00	0.00	8.08	3.85	1.75
13	National Agriculture Market	0.00	0.00	0.00	50.00	0.00	44.90	0.00	0.00	0.00
