

Concept Paper

## **New strategy for accelerated agricultural production in India**

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### **ABSTRACT**

Agriculture has been receiving due importance Plan after Plan. Unfortunately schemes under these plans were not evaluated for decades. Emphasis was given on subsidies. In many cases there was duplication of efforts. No effort was ever made to bring about convergence and efficient utilization of resources. Emphasis should have been laid on cost effectiveness of measures and multiplicity of schemes at national, state and district level dealing with similar areas of focus be avoided. There is need to initiate Accelerated Agriculture Programme (AAP) under which states would be required to submit specific area-based programmes. The consolidation of small agricultural holdings through formation of cooperative societies was required. ICAR will provide high yielding breeder and certified seed; NCDC should act as a financial institution; horticulture wing of the department should be abolished; accelerated irrigation programme be introduced. Industries and organizations consuming large volumes of water should set up desalination plants. At the same time schemes/proposals received from state governments under AAP may be considered/approved by an empowered committee. There is also an urgent need to reduce the administrative cost by rationalising the administrative system.

**Keywords:** Schemes; AAP; irrigation; cooperatives; NCDC; agriculture

### **INTRODUCTION**

Agriculture has been receiving due importance Plan after Plan. Step-up in the outlay from one Plan to the next Plan is considered as indicator of importance attached to agriculture vis-à-vis other sectors. Unfortunately while the outlay was increased, no consideration was given to its efficient utilization and to whether the objectives of the approved schemes in the previous Plan period were achieved. Schemes were not evaluated for decades. Scheme started on pilot basis continued for decades covering a few items in a few states without examining their usefulness. Institutes/boards set up to develop and transfer technologies concentrated on doling out subsidies in one form or the other rather than developing and transferring technologies to the farmers. Proliferation of schemes led to a number of similar schemes targeting the same population. While formulating schemes, the schemes being implemented by state governments were not taken into consideration resulting in avoidable duplication of efforts. A study (Masood 2001) on analysis of schemes of DAC with emphasis on subsidy, evaluation, manpower and convergence

made a critical review of performance of the schemes and institutes/boards. The report indicated that the subsidy made up 75 per cent of total expenditure, loan only 12 to 12.6 per cent on establishment. It may not be surprising if expenditure on establishment/administration exceeds 25 per cent now. The study highlights the shortcomings in all the areas leading to lower productivity and wastage of resources. No effort was ever made to bring about convergence and efficient utilization of resources. Perhaps with significantly lower outlay, higher productivity would have been achieved if emphasis was laid on cost effectiveness of measures and multiplicity of schemes at national, state and district level dealing with similar areas of focus avoided. In order to correct the situation and bring about desired changes, encompassing efficient utilization of resources, technological upgradation and accountability some steps need to be taken. Central sector and centrally sponsored schemes are primarily initiated to achieve/focus on certain important and all India priorities which states cannot be forced to take up otherwise considering that agriculture is a state subject. This philosophy should not be lost sight in the process of formulating schemes/convergence. A true management approach

to agriculture would entail that the state work plans be formulated in three steps viz 1) problem identification, 2) solution and 3) intervention.

In order to bring out the much needed coordination between states and the centre to remove duplication of efforts, introduce technological upgradation and bring accountability the suggestions are made as follows:

1. **Initiate Accelerated Agriculture Programme (AAP) under Appendix VI (state sector) on the lines of Accelerated Power Programme:** Under AAP states would be required to submit specific area-based programme giving the existing status of soil, irrigation facilities, nutrient consumption, productivity etc, efforts being made by the concerned states in these areas through their schemes (details of schemes to be given) and inputs required from Centre to fill up the gap. The cost of providing these inputs and their likely impact on productivity, incremental production from the inputs provided by Centre should be estimated and indicated.
2. One of the important components of AAP should be consolidation of small agricultural holdings through formation of cooperative societies. The main strategy to attract small and marginal farmers to form/join cooperatives will be to deploy ICAR scientists who are engaged in giving field demonstrations/technology transfer to undertake with the consent of farmers, the entire operations from sowing to cultivation using the latest technology, high yielding varieties of seeds, irrigation and required fertilizer application, pest management etc for a period of two years in newly formed cooperatives. Government would be providing the necessary inputs free of cost like seeds, fertilizers, pesticides besides energized tube wells and tractors with required accessories. Government will also provide free crop insurance. The farmers would be watching/observing how ICAR scientists do the operations in the field and get benefits as if they themselves cultivated and provided all the inputs. They will be ensured of enhanced gain by way of improved productivity; in case of crop failure due to external reasons they will get relief from crop insurance. The assistance and ICAR help would be available for two years and thereafter the newly formed cooperatives will take over the cultivation operation themselves and the role of ICAR will be limited to advisory/field demonstration. Such an approach/strategy would attract small and marginal famers to join cooperatives. The day will not be far off when all the small and marginal farmers would form/join cooperatives. In fact such a strategy will be universally applicable to all developing countries which are facing the problem of low productivity due to small landholdings.
3. After two years, 100 per cent subsidy can be withdrawn/reduced to existing level. Formation of cooperative societies will not only help in consolidation of landholdings and higher productivity but also help in reducing subsidy in the long term.
4. If any input is required thereafter, state governments can submit proposals under AAP giving the existing status of soil, irrigation facilities, nutrient consumption, productivity etc, efforts being made by the concerned state governments through their schemes (details of schemes to be given) and inputs required from Centre to fill up the gap. The cost of providing these inputs and their likely impact on productivity and incremental production from the inputs provided by Centre should be estimated and indicated.
5. **High yielding varieties of seeds:** The department of agriculture should indicate the specific crop-wise requirement of high yielding varieties of seeds to ICAR every year. Besides seed corporations there are a large number of agricultural institutes receiving grants from ICAR. It should be the responsibility of ICAR to produce breeder seed and get certified seed through ICAR funded research institutes/seed corporations (NSC and SSCI). It should be treated as commercial activity and no subsidy is to be given (lesson should be learnt from past experience of providing subsidy to seed corporations). Emphasis is to be laid on providing adequate quantities of certified seed.

## Other related issues

**NCDC:** Budgetary support from government to NCDC for term lending is not a good proposition. NCDC should act as a financial institution with equity base and mobilise resources through leverage. For this purpose Act of NCDC would need to be changed.

**Horticulture:** Horticulture wing of the department should be abolished. Technical staff should be transferred to NHB and supporting staff reverted back to its respective cadres.

**Irrigation:** Major irrigation projects in the past suffered huge time and cost over-runs. Presumably large contingent of staff deployed by the state governments in the project had been the main constraint as completion of project would require transfer of staff to state governments who would have to bear their salary cost. In order to bring accountability and ensure timely completion of projects it would be advisable to terminate all the ongoing schemes and introduce accelerated irrigation programme (AIP) on the pattern of Accelerated Power Programme (Appendix VI). For completion of ongoing projects/new programmes, state governments should submit proposals giving cost details, staff to be deployed, time frame etc together with the benefits likely to accrue.

**Drought prone areas:** It should be made mandatory for industries and organizations consuming large volumes of water (mostly underground) to set up and operate desalination plant of which daily output should not be less than daily water tapped from underground/consumption. These desalination plants may be set up in clusters at locations specified by the central government. A water channel may be constructed to

transport the total water from desalination plants to drought prone areas. Labour cost could be met from National Rural Employment Scheme. Further, feasibility of linking rivers and their diversion to drought prone areas may be examined. Additionally ONGC may be requested to indicate aquifers if any existed in the basin of drought prone areas and likely cost of tapping water from them.

**Project/scheme approval mechanism under AAP:** Schemes/proposals received from state governments under AAP may be considered/approved by an empowered committee comprising Secretary, Niti Ayog, DAC and Expenditure.

**Funding:** Funding pattern between centre and states to remain unchanged. Total resources required are likely to significantly come down with the introduction of AAP as it will bring the needed convergence of efforts between centre and states and would focus on meeting the gap which states are not able to do.

**Administration cost:** Administration cost is very high. DAC, its attached offices, subordinate offices and autonomous bodies are highly overstaffed; sanctioned posts exceed 21,000. There is an urgent need to reduce the administrative cost. Empowered committee suggested earlier can look into this aspect also and bring out the required reduction in staff.

## REFERENCES

- Masood A 2001. Analysis of schemes of DAC with emphasis on subsidy, evaluation, manpower and convergence. Report submitted to Planning Commission, Govt of India.