

# GENERAL AGREEMENT ON TARIFFS AND TRADE

RESTRICTED

MTN/3E/DOC/2/Add.7

15 July 1974

Special Distribution

Multilateral Trade Negotiations

Original: English

## GROUP 3(e) - BASIC DOCUMENTATION

### Agricultural Policies

#### Addendum

#### INDIA

Agricultural policy for the Fifth Plan is reflected in the strategy, targets and programmes of agricultural development indicated in the Draft Fifth Five Year Plan Document brought out by the Planning Commission.

The two strategic goals that the country has set for itself are removal of poverty and attainment of economic self-reliance. The Fifth Five Year Plan derives its basic inspiration from these objectives.

The rate of growth of output in the Agriculture Sector envisaged for the Fifth Plan period is 4.67 per cent per annum. The fulfilment of the target will make the country not only self-sufficient in respect of food-grain, but also leave a cushion for building a buffer stock. The dimensions of growth in commercial crops envisaged in the Plan are such as to take care of both indigenous and export requirements. While the growth in area is expected to contribute to some extent to the targetted increase in production, much greater reliance will be placed on growth in productivity. For attaining the distribution of areas over different crops, various policies relating to pricing, "localization" of irrigation and other aspects of crop planning will be given pointed attention. For achieving the requisite growth in crop yields, a multi-pronged effort will be undertaken. The main elements of this effort will be: intensification of problem-oriented research, strengthening of agricultural extension and administration, increasing the area under high yielding varieties, increasing the consumption of chemical fertilisers and improving the efficiency of fertiliser use, development of local manurial resources, water management, expansion in institutional credit, development of post-harvest facilities, substantial expansion of storage to support marketing infra-structure, effective operation of an agricultural price policy which provides for requisite incentive

for sustained and higher production and execution of land reform measures. The Fifth Plan provides for a policy of selective mechanization aimed at increasing cropping intensity and farm productivity. One of the endeavours of the Fifth Plan would be to ensure a substantial increase in the flow of institutional production credit to small farmers, marginal farmers and other worker sections of the society.

The main objective underlying animal husbandry and dairying, fisheries and forestry is to achieve substantial increases in production and open up widely extended opportunities for small and marginal farmers and agricultural labourers to get employment and increased incomes from these sources.

The Fifth Plan aims at raising the per capita income of about 25 million of the poorest rural households. An important direction of effort will be towards intensification and enlargement of special programmes specifically designed for the weaker sections, including tribals and the weaker areas in the agricultural economy.

A large scale programme of integrated area development in the command of fifty major irrigation projects covering about 14 million hectares is envisaged to be carried out in the Fifth Plan. For improving utilization of irrigation potential, a number of policies of measures, both in the realm of irrigation engineering and agricultural development are proposed.

The main considerations intended to be kept in view in the formulation of policy governing agricultural prices for the Fifth Plan are: (i) to be an effective complementary measure to other programmes for increasing agricultural production; (ii) to induce the farmer to plan the production of different crops in line with the estimated demand through manipulation of inter crop price relationship. A growing volume of procurement and distribution through public and cooperative agencies is visualized in respect of several agricultural commodities to protect the interests of consumers, particularly the vulnerable sections.

Annexure gives the salient features of the agricultural programmes in the Fifth Five Year Plan.

ANNEX

Agricultural Development under the Fifth Plan

1. Key objectives and principal elements of Fifth Plans

Removal of poverty and attainment of economic self-reliance are the two major objectives of the Fifth Five Year Plan. The main elements of the Fifth Plan Strategy for the realization of these objectives are:

1. A 5.5 per cent overall rate of growth of gross domestic product;
2. an expansion of productive employment opportunities;
3. a national programme for minimum needs covering elementary education, drinking water, medical care in rural areas, nutrition, home sites for the landless labour, rural roads, rural electrification, and slum improvement and clearance;
4. extended programmes of social welfare;
5. emphasis on agriculture, key and basic industries, and industries producing goods for mass consumption;
6. an adequate public procurement and distribution system for assured supply of essential consumption goods, at least to poorer sections, at reasonably stable prices;
7. vigorous export promotion and import substitution;
8. vigorous restraint on inessential consumption;
9. an equitable prices-wages-incomes balance; and
10. institutional, fiscal and other measures for the reduction of social, economic and regional inequalities.

In the context of reduction of poverty, the plan envisages that the share in the private consumption of the lowest 30 per cent of the population is raised from the present 13.46 per cent to 18.85 per cent in 1976-79. It has been stressed that if the consumption growth has to favour the rural and urban poor, the pattern of production must lay emphasis on food and other articles of mass consumption. Further, there must be massive employment generation which will sustain and will be sustained by greater availability of wage goods.

Self-reliance and removal of poverty will require restructuring of output in favour of goods and services that go into investment, exports and essential private and public consumption or serve as indispensable intermediate for the production of the needed final goods and services. In the context of self-reliance, it is envisaged, inter alia, to eliminate the special forms of external assistance.

Another objective of the Fifth Plan is that the rate of migration to cities might be reduced. It is envisaged under the Fifth Plan to prevent an accelerated exodus from the rural areas to the towns, particularly of rural artisans, agricultural workers and marginal farmers and to improve the general quality of rural life.

It will be noted from the objectives of the Fifth Five Year Plan as also the principal elements of the Fifth Plan Strategy that development of agriculture and allied sectors including production of food-grains and commercial crops, animal husbandry, fisheries and forestry, is of key importance in achieving self-reliance, reduction of poverty through increased provisions of food and other essential requirements, creating opportunities for productive employment and incomes for the rural poor, increasing foreign exchange earnings, slowing down the rate of exodus from rural to urban areas, reducing dependence on foreign aid and improving the capacity of the country for stepping up savings and investment.

The Fifth Five Year Plan has also laid considerable stress on creating opportunities for more employment as also on the welfare of backward classes and development of backward areas, including hill and tribal areas. In this context also, the measures proposed mainly relate to strengthening the activities in the sphere of crop production, animal husbandry, forestry and fisheries as also conservation and development of land and water resources.

Keeping these objectives in view, the development of agriculture and allied sectors has been given due importance in the context of the economic and social objectives of the Fifth Five Year Plan.

## 2. Outlays for agriculture and allied programmes in the Fifth Five Year Plan

The Fifth Plan provides for a total outlay of Rs 53,411 crores comprising Rs 37,250 crores in the public sector and Rs 16,161 crores in the private sector.

The total outlay envisaged in respect of agriculture and irrigation sectors exceeds Rs 10,000 crores, including outlay of around Rs 7,400 crores in the public sector and Rs 2,950 crores as private sector investment in agriculture. Apart from this, some proportion of the outlay of Rs 500 crores envisaged specifically

for hill and tribal areas would be incurred on agriculture and allied activities. Apart from this, certain provisions, e.g. those concerned with increased fertiliser production, will be of direct benefit to agriculture. Indirect benefits would also come from several other programmes such as development of transport and communications, social services and development of industry.

Out of the public sector outlay of about Rs 7,400 crores, the provisions for agriculture and allied programmes would be around Rs 4,700 to Rs 4,800 crores and the balance will be accounted for by major irrigation and flood control.

Break-up of the public sector outlay tentatively envisaged for the Fifth Five Year Plan under various subheadings is indicated below:

Outlays for the Fifth Five Year Plan  
for agriculture and allied sectors\*

Subheadings	(Rs in crores)
1. Agricultural research and education	243.02
2. Crop husbandry	609.36
3. Minor irrigation	800.55
4. Soil conservation	298.68
5. Command area development	216.63
6. Animal husbandry and dairying	539.33
7. Fisheries	159.34
8. Forestry	222.52
9. Agricultural credit	426.00
10. Agricultural marketing	34.38
11. Storage and warehousing	104.00
12. Food processing	35.00
13. Buffer stocking of agricultural commodities	100.00
14. Cooperation	418.35
15. Community development	128.71
16. Special programmes of rural development and employment	458.24
17. Land reforms	151.85

\* Planning Commissions are having a final round of discussions with State authorities on their Fifth Five Year Plan and the above figures are liable to marginal changes.

### 3. Targets of crop production

In the Fifth Plan unlike in the previous Plans, the main targets of crop production have been conceived for the five-year period as a whole. For operational purposes the base level and peak level annual production targets have also been worked out. The intention behind this approach is to determine the tasks of the Plan against the time horizon of the entire Plan thereby evening out fluctuations due to seasonal factors.

For all selected crops taken together, the growth rate in production is envisaged at 4.4 per cent. While the growth in area is expected to contribute to the extent of about 1.2 per cent, much greater reliance will have to be placed on growth in productivity.

#### Base levels and targets for principal agricultural commodities

Commodity	Unit	1973-74 estimated level	1978-79 Target	Targets for five years of Fifth Plan	Annual compound growth rate in Fifth Plan
Rice	Million tons	44.0	54.0	254.0	4.2
Wheat	" "	30.0	38.0	168.0	4.8
Maize	" "	6.5	8.0	37.0	4.2
Jowar	" "	9.0	11.0	51.0	3.0
Bajra	" "	6.5	8.0	37.0	4.2
Other cereals	" "	6.0	7.0	33.0	3.1
Pulses	" "	11.5	14.0	65.0	4.0
Food-grains (Total)	" "	114.0	140.0	645.0	4.2
Oilseeds	" "	9.4	12.5	55.0	5.8
Sugarcane	" "	134.0	170.0	775.0	4.9
Cotton	Million bales	6.5	8.0	36.0	4.3
Jute & Mesta*	" "	6.7	7.7	36.0	2.9

\* For jute and mesta, the levels come to 5.6 million bales and 1.1 million bales respectively for 1973-74 and 6.5 million bales and 1.2 million bales respectively for 1978-79.

Commodity	Unit	1973-74 estimated level	1978-79 Target	Targets for five years of Fifth Plan	Annual compound growth rate in Fifth Plan
Tobacco	Thousand tons	370.0	425.0	-	2.6
Coconut	Billion nuts	6.6	7.7	-	3.1
Cashew-nut	Thousand tons	210.0	280.0	-	5.9
Pepper	" "	30.0	38.0	-	4.8

It is expected that the fulfilment of these targets will make the country not only self-sufficient in respect of food-grains but also leave a cushion for building a buffer stock. The growth rates envisaged for commercial crops also take care of export requirements in addition to meeting the indigenous requirement of industrial raw material.

#### 4. Strategy of crop production and targets for principal physical programmes

For achieving the requisite growth rate in crop yields, a multi-pronged effort has been proposed in the Fifth Plan. The main element of this effort will be as follows:

- (i) Intensification of problem-oriented research;
- (ii) strengthening of agricultural extension and administration;
- (iii) expansion of the programme of multiplication and distribution of certified seeds;
- (iv) increase in the consumption of chemical fertilizers and improvement in the efficiency of fertilizer use;
- (v) water management;
- (vi) expansion in institutional credit;
- (vii) development of post-harvest facilities including expansion in the rôle of cooperative agencies in the marketing of crops;

- (viii) substantial expansion of shortage to support marketing infrastructure;
- (ix) effective operation of an agricultural price policy which provides requisite incentive for sustained and higher production; and
- (x) execution of land reforms measures as spelt out in a separate chapter on Land Reforms.

For achieving the targets of the Fifth Plan, the growth in the cropped area must be faster than in the recent past. In the Fifth Plan, through extension of irrigation and increased stress on intensity of cropping, efforts will be made to step up the rate of increase in gross cropped area to an average 2.2 million hectares per annum. Further, through various policies relating to pricing, multiple cropping through irrigation in selected areas and other aspects of crop planning, effort will be made to increase the area under commercial crops, such as cotton and oilseeds and pulses.

The Fourth Plan strategy of agricultural production was primarily based on the expectation of high yielding varieties programme and multiple cropping programme. The other part of the strategy comprised involvement of as large a part of the rural population as possible, especially the smaller farmer, the farmer in the dry areas and the agricultural labours. The intensive production strategy has revealed certain operational deficiencies which are sought to be rectified in the Fifth Plan. The impact of high yielding varieties programme in the Fourth Plan was mainly in wheat and bajra and not so much in jowar and maize. In the case of rice, the progress was slow. The steps taken to identify the weaknesses in the rice programme have led to the evolution of new varieties which are being tried through the mini-kit programme for various regional agro-climatic preferences. A large programme of integrated development of irrigation commands in the fifty major irrigation projects is also being put through in the Fifth Plan and this will not only help the rice crop but also the other cash crops particularly oilseeds and pulses. New varieties have also been developed in case of jowar. The success of bajra programme is proposed to be utilized to enlarge the bajra areas so as to stabilize and augment production. The multiple-cropping programme is being systematized by the co-ordination of surface and ground water exploration so as to change the cropping pattern in the irrigated areas. Among the commercial crops the Fifth Plan will work to extend the newly evolved varieties like hybrid-4, MCU-5, and Varakalakshmi in irrigation commands.

The second part of the strategy was tried out in the pilot schemes of Small Farmers Development Agency and Marginal Farmers and Agricultural Labour Projects and the pilot schemes of dry farming during the latter part of the Fourth Plan. Out of this experience, the small farmers and marginal farmers schemes are



proposed to be unified and enlarged in the Fifth Plan. The new programme will cover not only irrigated agriculture but also dry farming on a large scale. The drought prone areas are being tackled in a systematic way during the Fifth Plan aiming at preparing a strong production base and drought immunization base through emphasis on animal husbandry along with proper fodder economy. Thus prevention and proper land utilization will be an important part of the Fifth Plan strategy. Amelioration of alkaline and saline soils and improving the agriculture thereon will be another important aspect. Desert land rehabilitation will be attacked from several sides such as through development of irrigation wherever possible, forestry, fodder development and animal husbandry. Horticulture will be developed on a substantial scale in the hills, particularly in the Himalayan region and Malnad area in the south. Plantations will be developed in the hill areas of north-east Malnad, in the south and some areas of the Himalayan zone. Marketing and processing will be an important adjunct to the production programme in horticulture.

Some of the important physical programme targets envisaged for the Fifth Plan are indicated below:

Item	Unit	1973-74 anticipated	1978-79 tentative target
<b>1. <u>Area under high yielding varieties</u></b>			
	Million hectares		
Paddy	" "	9.50	16.50
Wheat	" "	10.80	15.00
Maize	" "	0.80	1.00
Jowar	" "	1.10	2.50
Bajra	" "	3.00	5.00
<u>Total</u>	" "	<u>25.00</u>	<u>40.00</u>
<b>2. <u>Consumption of chemical fertilizers</u></b>			
	Million tons		
Nitrogenous (N)	" "	1.97	5.20
Phosphatic ( $P_2O_5$ )	" "	0.62	1.80
Potassic ( $K_2O$ )	" "	0.41	1.00

Item	Unit	1973-74 anticipated	1978-79 tentative target
3. <u>Consumption of pesticides</u>	Thousand tons	43.00	74.00
4. <u>Soil conservation on agricultural lands</u>	Million hectares	15.00	25.00
5. <u>Major and medium irrigation</u> (utilization level)	" "	19.6	24.8
6. <u>Minor irrigation</u>	" "	23.5	29.5
7. <u>Short-term agricultural credit</u>	Rs in crores		
(a) Co-operatives	" " "	650	1,300
(b) Commercial banks	" " "	<u>75</u>	<u>400</u>
<u>Total</u>	" " "	<u>725</u>	<u>1,700</u>