



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

**SIXTEENTH LOK SABHA**

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

**"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"**

**{Action Taken by the Government on the Observations/Recommendations  
contained in the Fifty First Report (Sixteenth Lok Sabha) of the Standing  
Committee on Agriculture (2017-2018)}**

**FIFTY SEVENTH REPORT**



**LOK SABHA SECRETARIAT  
NEW DELHI**

**August 2018/Shravana, 1940 (Saka)**

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Presented to Lok Sabha on  
Laid on the Table of Rajya Sabha on

03.08.2018  
03.08.2018



**LOK SABHA SECRETARIAT  
NEW DELHI**

August 2018/Shravana, 1940 (Saka)

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\*Not Part of the Report. Kept in the Records of the Committee.

(ii)

## 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
8. Shri C. Mahendran
9. Dr. Tapas Mandal
10. Shri Janardan Mishra
- @11. Shri Praveen Kumar Nishad
12. Shri Devji M. Patel
13. Shri Nityanand Rai
14. Shri Mukesh Rajput
15. Shri Konakalla Narayana Rao
16. Shri C.L. Ruala
17. Shri Arjun Charan Sethi
18. Shri Virendra Singh
19. Shri Dharmendra Yadav
20. Shri Jai Prakash Narayan Yadav
- #21. VACANT

#### **RAJYA SABHA**

22. Sardar Sukhdev Singh Dhindsa
- \*23. Shri Rajmani Patel
- \*24. Shri Narayan Rane
- \*25. Shri Kailash Soni
26. Shri Mohd. Ali Khan
27. Shri K.K. Ragesh
28. Shri Ram Nath Thakur
29. Shri R. Vaithilingam
- \*30. Shri Harnath Singh Yadav
31. Dr. Chandrapal Singh Yadav

@ Shri Praveen Kumar Nishad, MP Lok Sabha nominated *vice* Shri Nephio Rio, MP Lok Sabha w.e.f. 27.04.2018 vide Bulletin Part II No. 6866 dated 27.04.2018

# Vacant due to resignation of Shri B.S. Yeddyurappa from the Membership of Lok Sabha w.e.f. 18.05.2018 vide Bulletin Part-II Table Office (B) No. 6885 dated 19.05.2018

\**vice* Shri Janardan Dwivedi, Shri Meghraj Jain, Shri Vinay Katiyar and Shri Shankarbhai N. Vegad, who ceased to be the Member of the Committee on their retirement from Rajya Sabha on 27.01.2018, 02.04.2018, 02.04.2018 and 02.04.2018 respectively.

## **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 (2017-18), having been authorized by the Committee to submit the Report on their behalf, present this Fifty Seventh Report on action taken by the Government on the Observations/Recommendations contained in the Fifty First Report (Sixteenth Lok Sabha) of the Standing Committee on Agriculture (2016-17) 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).

2. The Fifty First Report (Sixteenth Lok Sabha) of the Standing Committee on Agriculture (2017-18) 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 Ministry of Agriculture and Farmers Welfare (Department of Agriculture, Cooperation and Farmers Welfare) was presented to Lok Sabha on 03.04.2018 and laid on the Table of Rajya Sabha on 04.04.2018. The Action Taken Notes on the Report were received on 19.06.2018. The Committee took briefing of the representatives of the Ministry of Agriculture and Farmers' Welfare (Department of Agriculture, Cooperation and Farmers' Welfare) on action taken by the Government on Observations/Recommendations contained in the Report on 31.07.2018.

3. The Report was considered and adopted by the Committee at their Sitting held on 31.07.2018.

4. An analysis of the action taken by the Government on the Observations/Recommendations contained in the Fifty First Report (Sixteenth Lok Sabha) of the Committee is given in **Appendix**.

**NEW DELHI;**  
**02 August, 2018**  
**11 Shravana, 1940(Saka)**

**HUKMDEV NARAYAN YADAV**  
***Chairperson,***  
***Standing Committee on Agriculture***

(v)



## CHAPTER-I R E P O R T

This Report of the Committee on Agriculture deals with the action taken by the Government on the Observations/Recommendations contained in the Fifty-first Report (Sixteenth Lok Sabha) of the Standing Committee on Agriculture (2017-2018) 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" pertaining to Ministry of Agriculture (Department of Agriculture, Cooperation and Farmers Welfare) which was presented to Lok Sabha on 03.04.2018 and laid on the Table of Rajya Sabha on 04.04.2018.

1.2 The Ministry of Agriculture and Farmers Welfare (Department of Agriculture, Cooperation and Farmers Welfare) have furnished Action Taken Replies in respect of all the 11 Observations/Recommendations contained in the Report. These replies have been categorized as under:

- (i) Observations/Recommendations that have been accepted by the Government:

Recommendation Nos. 1, 3 and 10

**Total 03  
Chapter - II**

- (ii) Observations/Recommendations in respect of which the Committee do not desire to pursue in view of the Government's reply:

Recommendation Nos. 8

**Total 01  
Chapter - III**

- (iii) Observations/Recommendations in respect of which action taken replies of the Government have not been accepted by the Committee:

Recommendation No. 4, 5, 6, 7 and 9

**Total 05  
Chapter - IV**

- (iv) Observations/Recommendations in respect of which final replies of the Government are still awaited:

**1.3 The Committee trust that utmost importance would be given to implementation of the Observations/Recommendations accepted by the Government. In cases, where it is not possible for the Department to implement the Recommendations in letter and spirit, the matter should be reported to the Committee with reasons for non-implementation. The Committee desire that further Action Taken Notes on the Observations / Recommendations contained in Chapter-I and final Action Taken Replies to the Recommendations contained in Chapter-V of this Report be furnished to them at an early date.**

1.4 The Committee will now deal with the action taken by the Government on some of the Recommendations in the succeeding paragraphs.

**A. COMPENSATION TO THE FARMERS**

**Recommendation (Serial No. 2)**

**1.5** The Committee had observed/ recommended as under:-

"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, recommends the DAC&FW to constitute a high powered Committee headed by an independent expert to examine the issue of substandard 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."

**1.6** The Department of Agriculture, Cooperation and Farmers Welfare in the Action Taken Reply has stated as under:-

"The Department has conducted a quick survey in the States of Bihar, Odisha and Assam to assess the working condition of the power tillers supplied under subsidy programmes.

In response to the report on the quick survey, the Government of Bihar, and Assam, vide this Department's D.O. letter No. 9-1/2009-M&T(I&P) dated 09.03.2018 and 14.05.2018 respectively (Copy enclosed at Annexure-I & Annexure-II) have been asked to take necessary action for the repair of the Power Tillers lying defunct due to frequent break downs and non availability of the Spare parts and service centers in nearby markets.

No complaint observed in Odisha State

Based on the recommendations of the committees, constituted for quick survey in Odisha, Assam and Bihar states, the detailed recommendation on the measures to be taken by State Governments and Power tillers manufacturers /importers prior to empanelment of the Power tillers for subsidy has been circulated vide letter No 13-2/2014, dated 11.05.2018 to the authorities concerned of the States for its strict compliance. The copy of the letter with Recommendations of the committee is enclosed at Annexure-III."

**1.7** The Department of Agriculture, Cooperation and Farmers Welfare in their briefing on 31.07.2018, before the Committee has submitted as under:

(i) In the State of Assam 6 Power Tillers were found unserviceable out of which 3 power tillers have been repaired and action is under progress for the remaining 3 power tillers.

(ii) In the State of Bihar, 26 Power Tillers were found defective. The State Government has been requested to undertake the repairs. Till now 8 power tillers have been repaired and other will be repaired within a weeks time.

**1.8 The Committee while showing their concern over problem being faced by the farmers due to poor quality of power tillers supplied to them under various centrally sponsored schemes had opined 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 and recommended the DAC&FW to constitute a high powered Committee headed by an independent expert to examine the issue of substandard quality of power tillers being supplied to the farmers in the Country under Centrally sponsored schemes on agriculture mechanization for Identifying guilty importers, distributors and dealers of power tillers and compensation to the farmers. The Department in their Action Taken Replies has submitted about quick survey conducted in the States of Bihar, Odisha and Assam to assess the working condition of the power tillers supplied under subsidy programmes. The Committee were also informed that In response to the report on the quick survey, the Government of Bihar and Assam have been asked to take necessary action for the repair of the Power Tillers lying defunct due to frequent break downs and non availability of the Spare parts and service centers in nearby markets. The Department in their briefing before the Committee on 31.07.2018 has informed that in the State of Assam 6 Power Tillers were found unserviceable out of which 3 power tillers have been repaired and action is under progress for the remaining 3 power tillers and in the State of Bihar, 26 Power Tillers were found defective. The State Government has been requested to undertake the repairs. Till now 8 power tillers have been repaired and other will be repaired within a week time. The Committee find that Governments of Bihar and Assam are yet to act against guilty supplier and provide compensation to the Farmers. The Committee would like the Department to pursue the matter with State Governments concerned and take the matter to the final conclusion including provision of**

**compensation to the farmers. The Committee also desire the Department to furnish model and company of power tiller found defective, name and contact details of farmers owning these power tillers to the Committee.**

**B. Recommendation (Serial No. 4)**

**1.9** The Committee had observed/ recommended as under:-

"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 facilitates 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 centers. 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 one site after sale 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."

**1.10** The Department of Agriculture, Cooperation and Farmers Welfare in the Action Taken Reply has stated as under:-

"While preparing the Central list of eligible Power Tillers for Government assistance programme latest COP and CMVR certificates are verified.

The State Governments vide this Department's letter No 9-1/2009-M&T (I&P) dated 4.11.2017 followed by another letter on 12.12.2017 have also been requested to identify such importers and take action against them. None of the State Government reported violation. The copy of the letters are attached at Annexure VI.

The Committee under the Chairmanship of Asst. Director General has been constituted and visited to the manufacturing plant of Graves Cotton Ltd. at Ranipet (TN) and Kirloskar Oil Engines Ltd. Pune and observed that both the manufactures are importing few parts from China in unfinished condition with their own design and drawing and machined and finished in India. There is no any irregularity observed to the committee. As regards to violation of laws related to Bureau of Indian Standard and Consumer Protection Act , the matter has been taken up with BIS and they are enquiring in the matter through their appropriate department."

**1.11 While showing their concern over absence of facilities for after sale service and availability of spare parts for power tillers had desired the Department to physically verify service centers of empanelled power tillers and take steps to remove guilty importers/manufacturers/dealers from empanelled list. Further, the Committee had also desired the Department to explore possibilities of providing on- site after sale service for power tillers.**

**The Committee note that Department in their Action Taken Replies has submitted information which is irrelevant and does not concern to the said recommendation. The Committee deprecate the lackadaisical approach of the Department and hope that concerned officials should exercise caution before submitting facts before the Committee. Further, the Committee once again reiterate their earlier recommendation and desire the Department to physically verify service centers of empanelled power tillers and take steps to remove**

**guilty importers/manufacturers/dealers from empanelled list and explore possibilities of providing on- site after sale service for power tillers.. The Committee would like to be apprised about steps taken in this direction within one month of presentation of this Report.**

**C. Recommendation (Serial No. 5)**

**1.12** The Committee had observed/ recommended as under:-

"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."

**1.13** The Department of Agriculture, Cooperation and Farmers Welfare in the Action Taken Reply has stated as under:-

"A one day workshop of all 4 FMTTIs and 32 approved test Centers at SAUs/ICAR institutes and a State Agricultural Departments was organized on 01.02.2018 all the issue and mechanism were discussed of authentication and testing of different Agricultural machinery including power tillers. A copy of the proceedings is enclosed at Annexure VII

In the next workshop, scheduled in August /September 2018, the progressive farmers, will also be invited for participation in that workshop."

**1.14** While observing findings of Expert Group under the chairmanship of K. Alagusundaram such as manufacturers listed as defaulters of Conformity of Production (COP) on account of not meeting the emission norms as per Central Motor Vehicle Rules (CMVR), importers fudging details to misrepresent imported power tillers as Indigenously manufactured and take benefits of "Make in India" program of Government of India, the Committee had recommended the Government to initiate enquiry to identify such violators and lodge criminal cases against them to bring justice to the farmers. Further, the Committee also recommended the Government to devise a mechanism with representation to independent expert and farmers to ensure strengthening the process of authentication and testing of power tillers and other agricultural equipments/machineries. The committee also desired the Department to take steps to make the process of application for testing online and upload all details on specific portal

The Department in their Action Taken Reply has submitted about one day workshop of all 4 FMTIS and 32 approved test centres at State Agriculture



**Universities (SAUs)/ Indian Council of Agricultural Research (ICAR) institutes and State Agricultural Department in which issues of mechanism of authentication and testing of different agricultural machinery including power tillers were discussed. The Committee were also informed that progressive farmers will also be invited for participation in next workshop scheduled in August/September, 2018.**

**The Committee are perturbed to note that the Department is silent on the issue of initiating enquiry against manufacturers listed as defaulters of Conformity of Production (COP) on account of not meeting the emission norms as per Central Motor Vehicle Rules and importers who were found 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 action against guilty manufacturers and Importers of Power Tillers whose illegal action has caused loss to public exchequer and farmers is very necessary to instill confidence among public and farmers that anybody found abusing the system will not be spared from the law of the land. The Committee, therefore, while reiterating their earlier recommendation desire the Department to initiating enquiry against manufacturers listed as defaulters of conformity of production (COP) on account of not meeting the emission norms as per Central Motor Vehicle Rules and importers who were found fudging details to misrepresent imported power tillers as Indigenously manufactured and take benefits of “Make in India” program of Government of India. Further, the Committee also desire the Department to take steps for Further, the Committee also recommended the Government to complete the fromalities and consultation for devising a**

**mechanism for strengthening the process of authentication and testing of power tillers and other agricultural equipments/machineries and to make the process of application for testing online and upload all details on specific portal within three months of presentation of this Report.**

**D. PRICING OF POWER TILLERS  
Recommendation (Serial No. 06)**

1.15 The Committee had observed/ recommended as under:-

"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. 1,40,000-2,15000. 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 details 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 AK Singh Committee constituted for the purpose to examine the issue of uniform pricing of power tillers across the country."

1.16 The Department of Agriculture, Cooperation and Farmers Welfare in the Action Taken Reply has stated as under:-

"The fixation of price of power tillers was initiated by this Department. The issue has been discussed with the manufacturers in the last three meetings convened on 31.01.2018, 08.05.2018 & 21.05 2018. After the detail discussions with Power tiller manufacturers the criteria to fix the Maximum sale price across the different States of the country in respect of imported and indigenous Power tillers, one such criteria which is unanimously agreed/recommended by the manufacturers & importers of Power tillers, is enclosed as Annexure-VIII which is duly signed by the authorities concerned from the different Power tiller manufacturers & importers. The copy of the last minutes of meeting held on 21.05.2018 is also attached at Annexure-IX.

The Department has examined the matter of cartelization of Power tillers importers and no instances of cartelization have been noticed.

Dr A.K. Singh has been requested vide DO Letter No 13-2/2014 dated 10.05.2018 to submit the report of the committee within two weeks from the date of issue of the letter. Report is awaited. The copy of the letter is at Annexure- X. The report will be submitted after the same is received from the Committee."

**1.17 While showing their concern over high prices of power tillers in the country are far higher than their manufacturing or import cost, the Committee had opined 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 and desired the Government to examine the issue in details and take steps to lower the prices of power tillers in the country. The Committee had also desired the Department to refer the case to**

Competition Commission of India if cartelization is suspected. The Department in their Action Taken Reply has submitted about steps being taken by the Department for fixation of price of power tillers. The Committee have been informed about criteria to fix the Maximum sale price across the different States of the country in respect of imported and indigenous Power tillers which was unanimously agreed/recommended by the manufacturers & importers of Power tillers in the Country. The Committee were further informed that matter of cartelization of Power tillers importers has been examined by the Department and no instances of cartelization have been noticed. However, the Department failed to furnish any document in this regard.

The Committee are of view that Department has not taken note of recommendation of the Committee for taking steps to lower the prices of power tillers in the Country, in their haste to fix the maximum retail price. The Committee observe that criteria for fixing MRP of power tillers agreed upon by the domestic manufactures/importers are more than their existing price in the market. The Committee are of view that Department is acting contrary to the spirit of their recommendation regarding need to take steps for lowering the prices of power tiller. Further, act of the Department to rule out cartelization of manufacturers/importers of power tiller without proper scrutiny shows lethargy on their part towards recommendations contained in the Committee Reports. The Committee, therefore, desire the Department to shun the process of fixing of MRP of Power Tillers and examine the entire process of price discovery of power tillers in Indian Market, steps required to lower the prices

**and cartelization of manufacturers/importers by an expert Committee within three months of presentation of this Report.**

**E. SUBSIDY SCHEME FOR AGRICULTURE MECHANIZATION  
(Recommendation Serial No. 7)**

**1.18** The Committee had observed/ recommended as under:-

"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 appreciates 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 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 form 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 Government 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 with one Month of presentation of this report."

**1.19** The Department of Agriculture, Cooperation and Farmers Welfare in the Action Taken Reply has stated as under:-

"The Department has already developed online software for implementation and monitoring of the SMAM activities. This will limit the role of State Governments on selection and manipulation of beneficiary and will ensure freedom of the beneficiary to select any make and model of the machine as per his choice and requirements. The application software is being extended to all the State Governments. The workshops for hands on training on the application software has been already organized on 4-5 December, 2017 in Chandigarh for the concerned officers State Agriculture Departments Agricultural machinery manufacturers, progressive farmers of northern States such as Punjab, Haryana, Himachal Pradesh and Jammu & Kashmir and on 23-24, January, 2018 in Coimbatore for the Southern States such as Tamil Nadu, Andhra Pradesh, Telangana, Kerala and Karnataka. Similar workshops will also be organized shortly for the other States.

The DAC&FW, vide their letter No 9-1/2017-M&T (I&P), dated 11<sup>th</sup> May 2018 (Annexure-III) has directed the authority concerned of the States to Adhere to the guidelines of SMAM under Para 11.2.1 which ensures the transparent and fair empanelment processes of the manufacturers and provides the freedom to the farmers to select the machinery and equipments as per their choice. Apart from the above the state authority concerned is also requested for:

- ➡ To ensure, the empanelled manufacturers must have sufficient infrastructure to provide the after sale services at reasonable cost in a time bound manner.

- ➡ The application software as designed & developed by this division through NIC, on boarded on web portal <https://agrimachinery.nic.in> shall be utilized for providing the subsidy amount to farmers through DBT."

**1.20 While observing lacuna in the process of transfer of subsidy to the farmers under Sub-mission on Agricultural Mechanization(SMAM) scheme which were contrary to the guidelines, the Committee had opined 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 and recommended the Government to bring suitable changes in SMAM and other schemes on agriculture mechanization for transfer of subsidy directly to the farmers. The Committee desired to limit the role of State Government concerned only in selection of beneficiary and transfer of subsidy to the farmers on the basis of well laid down guidelines.**

**The Department in their Action Taken Reply has submitted about already known fact about online software for implementation and monitoring of the SMAM activities which is to be used for online transfer of subsidy. The Committee were also informed about workshops being organized for hands on training for the concerned officers State Agriculture Departments Agricultural machinery manufacturers and progressive farmers of States. The Department has also submitted about correspondence of DAC&FW with States to adhere to the guidelines of SMAM under Para 11.2.1 which ensures the transparent and fair empanelment processes of the manufacturers and provides the freedom to the farmers to select the machinery and equipments as per their choice and their request for ensuring presence of sufficient infrastructure with empanelled manufacturers to provide the after sale services at reasonable cost in a time bound manner.**

**The Committee note that Department has not submitted about steps taken by them to bring changes in the system of empanelment and selection of L1 Bidder for supply of agricultural machineries/equipments under the SMAM scheme. The Committee are of view that present system for empanelment and selection of L1 Bidder for supply of agricultural machineries/equipments is faulty and against the interest of farmers. Keeping**



in view of this, the Committee had recommended to bring suitable changes in SMAM and other schemes on agriculture mechanization for transfer of subsidy directly to the farmers and limiting the role of State Government concerned only in selection of beneficiary and transfer of subsidy to the farmers. The Committee, therefore, once again reiterate their earlier recommendation and desire the Government to bring suitable changes in guidelines to do away the system of inviting bid for distribution of agricultural equipments and selection of L1 bidder under SMAM scheme. The role of Central and State Government should be restricted to ensuring presence of supplier of qualitative machineries and after sales service. The Committee further desire the Department to ensure Direct benefits Transfer under the scheme in all States/UTs. The Committee would like to be apprised about steps taken in this direction within one month of presentation of this Report.

**F. Subsidy on small tractors below 20 BHP capacity**

**(Recommendation No. 9)**

1.21 The Committee had observed/ recommended as under:-

"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 be 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"

1.22 The Department of Agriculture, Cooperation and Farmers Welfare in the Action Taken Reply has stated as under:-

"More power may be required in heavy and black cotton soils, hence, restriction of hp up to 12 of Power tillers, may leads to complications. Moreover, 70% of power tillers are sold in the range of 12-14 hp only."

1.23 The Department of Agriculture, Cooperation and Farmers Welfare in their briefing before the Committee has submitted as under:

"The tractors below 20 BHP are already eligible for subsidy under the schemes of the Department."

**1.24 The Committee are astonished to note the casual attitude of the Department in submitting Action Taken Reply on the recommendation regarding need to include tractors below 20 BHP in subsidy scheme on the pattern of Power tillers. The Department in their action Taken Reply has submitted their response on Power Tiller rather than small Tractor below 20 BHP. However, the Department in their submission before the Committee on 31.07.2018 has informed that tractors below 20 BHP are already eligible for subsidy under the schemes of the Department. The Committee deprecate this lackadaisical attitude of the Department and hope such mistake would not be repeated in future.**

## CHAPTER - II

### **OBSERVATIONS/RECOMMENDATIONS THAT HAVE BEEN ACCEPTED BY THE GOVERNMENT**

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

##### **(Recommendation No. 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 and thereby, increasing agriculture production for even 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 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 held to ensure availability of quality Power Tillers and other agriculture equipments at reasonable prices to the farmers in the country.

### **Reply of the Government**

There is no specific recommendation in the above Para of the Committee. The Para is about the background note wherein problems & issues of the farmers related to imported power tillers and details of past meetings of the Parliamentary Standing Committee on Agriculture is only summarized. There is no specific comments to offer.

[Ministry of Agriculture and Farmers Welfare  
(Department of Agriculture, Cooperation and Farmers Welfare)  
O.M No. 9-1/2009-M&T (I & P) No. II dated 19.06.2018]

### **STRENGTHENING OF QUALITY PARAMETERS AND TESTING PROCEDURE OF POWER TILLERS (Recommendation No. 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 hopes 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 desires 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.

### **Reply of the Government**

The instruction for testing of power tillers as per revised standard was issued vide letter NO 11-3/2004-M&T (I&P), dated 24.08.2017. (Copy is enclosed at Annexure-IV) and the testing as per new standards has been started by the Southern Region Farm Machinery Training & Testing Institute, Garladinne

Taking into consideration of testing capacity of SRFMTTI, Anantapur, testing of all the power tillers in the empanelled list would take some time. However, the test report NO PT -108/855, April 2018 in respect of KIRLOSKAR KMW-MEGA T-12 LW Power tiller model is released as per revised test standards is enclosed at Annexure-V\* for the reference of the committee.

Testing of power tillers in different soil conditions has already been started and the test results are being included in the test reports.

[Ministry of Agriculture and Farmers Welfare  
(Department of Agriculture, Cooperation and Farmers Welfare)  
O.M No. 9-1/2009-M&T (I & P) No. II dated 19.06.2018]

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\*Not Part of the Report. Kept in the Records of the Committee.

**ROLE OF DAC&FW IN THE PROCESS OF EMPANELMENT OF POWER TILLERS FOR SUBSIDY UNDER SCHEME OF AGRICULTURAL MECHANIZATION**

**(Recommendation No. 10)**

The Committee note under present system of subsidy transfer on agriculture mechanization, the DAC&FW through the 4 Farm Machinery Training and Testing Institute and 31 other indentified 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 tillers importers have not submitted power tillers for 1<sup>st</sup> and subsequent batch testing and still they continued to be eligible for subsidy scheme. When the Committee instructed to 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.

### **Reply of the Government**

The office orders regarding enlistment of power tillers for subsidy during the last 7 years have already been submitted to the committee along with the reply submitted for Review meeting of the Parliamentary Standing Committee held on 17.01.2018. However, the copies of the Office Orders are again enclosed herewith as Annexure XI for ready reference.

[Ministry of Agriculture and Farmers Welfare  
(Department of Agriculture, Cooperation and Farmers Welfare)  
O.M No. 9-1/2009-M&T (I & P) No. II dated 19.06.2018]

## **CHAPTER - III**

### **OBSERVATIONS/RECOMMENDATIONS WHICH THE COMMITTEE DO NOT DESIRE TO PURSUE IN VIEW OF THE GOVERNMENT'S REPLIES**

#### **(Recommendation No. 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 12hp 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. .

#### **Reply of the Government**

More power may be required in heavy and black cotton soils, hence, restriction of hp up to 12 of Power tillers, may leads to complications. Moreover, 70% of power tillers are sold in the range of 12-14 hp only.

The financial assistance is restricted percentage wise and also on fixed rate basis (maximum capping limit), to check & control enhancement of price exuberantly for preparation of purchase bill at dealers/traders end.

[Ministry of Agriculture and Farmers Welfare  
(Department of Agriculture, Cooperation and Farmers Welfare)  
O.M No. 9-1/2009-M&T (I & P) No. II dated 19.06.2018]

## **CHAPTER - IV**

### **OBSERVATIONS/ RECOMMENDATIONS IN RESPECT OF WHICH REPLIES OF THE GOVERNMENT HAVE NOT BEEN ACCEPTED BY THE COMMITTEE**

#### **(Recommendation Para No. 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 facilitates 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 centers. 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 one site after sale 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.

#### **Reply of the Government**

While preparing the Central list of eligible Power Tillers for Government assistance programme latest COP and CMVR certificates are verified.

The State Governments vide this Department's letter No 9-1/2009-M&T (I&P) dated 4.11.2017 followed by another letter on 12.12.2017 have also been requested to identify such importers and take action against them. None of the State Government reported violation. The copy of the letters are attached at Annexure VI.

The Committee under the Chairmanship of Asst. Director General has been constituted and visited to the manufacturing plant of Graves Cotton Ltd. at Ranipet (TN) and Kirloskar Oil Engines Ltd. Pune and observed that both the manufactures are importing few parts from China in unfinished condition with their own design and drawing and machined and finished in India. There is no any irregularity observed to



the committee. As regards to violation of laws related to Bureau of Indian Standard and Consumer Protection Act , the matter has been taken up with BIS and they are enquiring in the matter through their appropriate department.

### **Comments of the Committee**

For comments of the Committee please refer to Para No. 1.10 of Chapter I of this Report.

[Ministry of Agriculture and Farmers Welfare  
(Department of Agriculture, Cooperation and Farmers Welfare)  
O.M No. 9-1/2009-M&T (I & P) No. II dated 19.06.2018]

### **(Recommendation No. 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.

### **Reply of the Government**

A one day workshop of all 4 FMTTIs and 32 approved test Centers at SAUs/ICAR institutes and a State Agricultural Departments was organized on 01.02.2018 all the issue and mechanism were discussed of authentication and testing of different Agricultural machinery including power tillers. A copy of the proceedings is enclosed at Annexure VII

In the next workshop, scheduled in August /September 2018, the progressive farmers, will also be invited for participation in that workshop.

### **Comments of the Committee**

For comments of the Committee please refer to Para No. 1.13 of Chapter I of this Report.

[Ministry of Agriculture and Farmers Welfare  
(Department of Agriculture, Cooperation and Farmers Welfare)  
O.M No. 9-1/2009-M&T (I & P) No. II dated 19.06.2018]

### **PRICING OF POWER TILLERS** **Recommendation (Serial No. 06)**

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 then 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. 1,40,000-2,15000. 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 details 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 AK Singh Committee constituted for the purpose to examine the issue of uniform pricing of power tillers across the country.

### **Reply of the Government**

The fixation of price of power tillers was initiated by this Department. The issue has been discussed with the manufacturers in the last three meetings convened on 31.01.2018, 08.05.2018 & 21.05 2018. After the detail discussions with Power tiller manufacturers the criteria to fix the Maximum sale price across the different States of the country in respect of imported and indigenous Power tillers, one such criteria which is unanimously agreed/recommended by the manufacturers & importers of Power tillers, is enclosed as Annexure-VIII which is duly signed by the authorities concerned from the different Power tiller manufacturers & importers. The copy of the last minutes of meeting held on 21.05.2018 is also attached at Annexure-IX.

The Department has examined the matter of cartelization of Power tillers importers and no instances of cartelization have been noticed.

Dr A.K. Singh has been requested vide DO Letter No 13-2/2014 dated 10.05.2018 to submit the report of the committee within two weeks from the date of issue of the letter. Report is awaited. The copy of the letter is at Annexure- X. The report will be submitted after the same is received from the Committee.

### **Comments of the Committee**

For comments of the Committee please refer to Para No. 1.16 of Chapter I of this Report.

[Ministry of Agriculture and Farmers Welfare  
(Department of Agriculture, Cooperation and Farmers Welfare)  
O.M No. 9-1/2009-M&T (I & P) No. II dated 19.06.2018]

**SUBSIDY SCHEME FOR AGRICULTURE MECHANIZATION**  
**(Recommendation No. 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 appreciates 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 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 form 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 Government 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 with one Month of presentation of this report.

### **Reply of the Government**

The Department has already developed online software for implementation and monitoring of the SMAM activities. This will limit the role of State Governments on selection and manipulation of beneficiary and will ensure freedom of the beneficiary to select any make and model of the machine as per his choice and requirements. The application software is being extended to all the State Governments. The workshops for hands on training on the application software has been already organized on 4-5 December, 2017 in Chandigarh for the concerned officers State Agriculture Departments Agricultural machinery manufacturers, progressive farmers of northern States such as Punjab, Haryana, Himachal Pradesh and Jammu & Kashmir and on 23-24, January, 2018 in Coimbatore for the Southern States such as Tamil Nadu, Andhra Pradesh, Telangana, Kerala and Karnataka. Similar workshops will also be organized shortly for the other States.

The DAC&FW, vide their letter No 9-1/2017-M&T (I&P), dated 11<sup>th</sup> May 2018 (Annexure-III) has directed the authority concerned of the States to Adhere to the guidelines of SMAM under Para 11.2.1 which ensures the transparent and fair empanelment processes of the manufacturers and provides the freedom to the farmers to select the machinery and equipments as per their choice. Apart from the above the state authority concerned is also requested for:

- To ensure, the empanelled manufacturers must have sufficient infrastructure to provide the after sale services at reasonable cost in a time bound manner.

- The application software as designed & developed by this division through NIC, on boarded on web portal <https://agrimachinery.nic.in> shall be utilized for providing the subsidy amount to farmers through DBT.

### **Comments of the Committee**

For comments of the Committee please refer to Para No. 1.19 of Chapter I of this Report.

[Ministry of Agriculture and Farmers Welfare  
(Department of Agriculture, Cooperation and Farmers Welfare)  
O.M No. 9-1/2009-M&T (I & P) No. II dated 19.06.2018]

### **(Recommendation No. 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 be 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

### **Reply of the Government**

More power may be required in heavy and black cotton soils, hence, restriction of hp up to 12 of Power tillers, may leads to complications. Moreover, 70% of power tillers are sold in the range of 12-14 hp only.

### **Comments of the Committee**

For comments of the Committee please refer to Para No. 1.22 of Chapter I of this Report.

[Ministry of Agriculture and Farmers Welfare  
(Department of Agriculture, Cooperation and Farmers Welfare)  
O.M No. 9-1/2009-M&T (I & P) No. II dated 19.06.2018]

## CHAPTER - V

### OBSERVATIONS/ RECOMMENDATIONS IN RESPECT OF WHICH FINAL REPLIES OF GOVERNMENT ARE STILL AWAITED

#### **COMPENSATION TO THE FARMERS** **(Recommendation No. 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, recommends the DAC&FW to constitute a high powered Committee headed by an independent expert to examine the issue of substandard 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.

#### **Reply of the Government**

The Department has conducted a quick survey in the States of Bihar, Odisha and Assam to assess the working condition of the power tillers supplied under subsidy programmes.

In response to the report on the quick survey, the Government of Bihar, and Assam, vide this Department's D.O. letter No. 9-1/2009-M&T(I&P) dated 09.03.2018 and 14.05.2018 respectively (Copy enclosed at Annexure-I & Annexure-II) have been asked to take necessary action for the repair of the Power Tillers lying defunct due to frequent break downs and non availability of the Spare parts and service centers in nearby markets.

No complaint observed in Odisha State

Based on the recommendations of the committees, constituted for quick survey in Odisha, Assam and Bihar states, the detailed recommendation on the measures to be taken by State Governments and Power tillers manufacturers /importers prior to empanelment of the Power tillers for subsidy has been circulated vide letter No 13-2/2014, dated 11.05.2018 to the authorities concerned of the States for its strict compliance. The copy of the letter with Recommendations of the committee is enclosed at Annexure-III.

### **Comments of the Committee**

For comments of the Committee please refer to Para No. 1.7 of Chapter I of this Report.

[Ministry of Agriculture and Farmers Welfare  
(Department of Agriculture, Cooperation and Farmers Welfare)  
O.M No. 9-1/2009-M&T (I & P) No. II dated 19.06.2018]

### **SUPPORT TO DOMESTIC POWER TILLER MANUFACTURING INDUSTRY (Recommendation No. 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 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 safe guard 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.

### **Reply of the Government**

The proposal for enhancing custom duties from existing 7.5% to 25% to safeguard domestic power tiller industry has already been submitted to the Department of Revenue, Ministry of Finance vide this Department's DO letter No 9-1/2009-M&T (I&P) dated 9<sup>th</sup> November, 2017 (Annexure-XII). The Secretary, Department of Revenue vide this Department's letter No 13-12/2014-M&T (I&P) dated 24<sup>th</sup> May, 2018 (Annexure-XIII) has been requested to examine the matters regarding increasing custom duty from 7.5% to 25% and also for fixing the import quota to 10% of the total sale volume of the power tillers. The report of the Committee has also been forwarded to the Department of Revenue. The Department of expenditure is seized with the matter.

The proposal for reducing the rates of GST on the agricultural machines and equipments has already been submitted to the Ministry of Finance vides this Department's D.O letter dated 14-8/2016-M&T (I&P) dated 11<sup>th</sup> July, 2017 and again taken up with the Ministry of Finance during the budget session 2018. The matter

has been pursued again based on the recommendation of the committee. The copy of the DO letter is at Annexure XIV.

[Ministry of Agriculture and Farmers Welfare  
(Department of Agriculture, Cooperation and Farmers Welfare)  
O.M No. 9-1/2009-M&T (I & P) No. II dated 19.06.2018]

**NEW DELHI;**  
**02 August, 2018**  
**11 Shravana, 1940 (Saka)**

**HUKMDEV NARAYAN YADAV**  
***Chairperson,***  
***Standing Committee on Agriculture.***

**ANNEXURES FROM**  
**I TO XIV WILL**  
**UPLOAD LATER**  
**ON**

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

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

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The Committee sat on Tuesday, the 31<sup>st</sup> July, 2018 from 1500 hrs. to 1635 hrs. in the Committee Room "B", Ground Floor, Parliament House Annexe, New Delhi.

**PRESENT**

Shri Hukm Deo Narayan Yadav – Chairperson

**MEMBERS**

**LOK SABHA**

2. Shri Sanjay Dhotre
3. Prof. Ravindra Vishwanath Gaikwad
4. Shri Nalin Kumar Kateel
5. Smt. Rakha Nikhil Khadse
6. Md Badaruddoza Khan
7. Shri C. Mahendran
8. Dr. Tapas Mandal
9. Shri Nityanand Rai
10. Shri Mukesh Rajput
11. Shri Virendra Singh
12. Shri Dharmendra Yadav
13. Shri Jai Prakash Narayan Yadav

**RAJYA SABHA**

14. Shri Rajmani Patel
15. Shri Kailash Soni
16. Shri Harnath Singh Yadav

**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     |

- \*2.   XXXXX                   XXXXX                   XXXXX                   XXXXX  
 \*3.   XXXXX                   XXXXX                   XXXXX                   XXXXX

**[THE WITNESSES WITHDREW]**

4.    Thereafter, the Committee took up for consideration the following draft Reports:

- \* (i)   XXXXX                   XXXXX                   XXXXX                   XXXXX  
 \*(ii)   XXXXX                   XXXXX                   XXXXX                   XXXXX  
 \*(iii)   XXXXX                   XXXXX                   XXXXX                   XXXXX

(iv)   Draft Report on the Action Taken by the Government on the Observations/Recommendations contained in the 51<sup>st</sup> Report (16<sup>th</sup> Lok Sabha) of the Standing Committee on Agriculture (2017-18) 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, Cooperation and Farmers Welfare).

- \* (v)   XXXXX                   XXXXX                   XXXXX                   XXXXX  
 \*(vi)   XXXXX                   XXXXX                   XXXXX                   XXXXX

5.    After some deliberations, the Committee adopted the draft Reports at para (i), (ii), (iii), (v) and (vi) without any modifications and Draft Report at para (iv) with minor modification and authorized the Chairperson to finalize and present these Reports to Parliament after factual verification of Subject report from the concerned Departments/Ministries.

- \*6.                   XXXXX                   XXXXX                   XXXXX                   XXXXX

***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.

**Appendix**

ANALYSIS OF ACTION TAKEN BY GOVERNMENT ON  
THE FIFTY FIRST REPORT (16<sup>th</sup> LOK SABHA) OF  
STANDING COMMITTEE ON AGRICULTURE (2017-18)  
(Vide Para 4 of Introduction of the Report)

|       |  |        |
|-------|--|--------|
| (i)   | Total number of Recommendations  | 11     |
| (ii)  | Recommendations/Observations which have been Accepted by the Government  |        |
|       | Para Nos. 1, 3 and 10  |        |
|       | Total  | 03     |
|       | Percentage   | 27.28% |
| (iii) | Recommendations/Observations which the Committee Do not desire to pursue in view of the Government's replies       |        |
|       | Para Nos. 8  |        |
|       | Total  | 01     |
|       | Percentage   | 09.09% |
| (iv)  | Recommendations/Observations in respect of which replies of the Government have not been accepted by the Committee |        |
|       | Para No. 4, 5, 6, 7 & 9  |        |
|       | Total  | 05     |
|       | Percentage   | 45.45% |
| (v)   | Recommendations/Observations in respect of which Final replies of the Government are still awaited                 |        |
|       | Para Nos. 2 and 11   |        |
|       | Total  | 02     |
|       | Percentage   | 18.18% |