

# **Pilot Subsidization Program for Agricultural Machinery Scrapping and Upgrading**

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In September 2012, in order to boost domestic demand in rural areas, optimize the mix of agricultural machinery, promote energy conservation and emission reduction among agricultural equipment, and reduce the safety hazards of agricultural machines, the Mo A, the Ministry of Finance and the Ministry of Commerce jointly promulgated a set of guiding opinions on a pilot subsidization program for agricultural machinery scrapping and upgrading, officially inaugurating the pilot project.

Based on the needs for agricultural machinery scrapping and upgrading, the test run was carried out in 11 provinces (autonomous regions, cities and land reclamation areas), namely Shanxi Province, Jiangsu Province, Zhejiang Province, Anhui Province, Shandong Province, Henan Province, Xinjiang Autonomous Region, Ningbo City, Qingdao City, Xinjiang Production and Construction Corps, and the General Bureau of Land Reclamation of Heilongjiang Province. The program stipulated that subsidies for scrapping and upgrading be handed out together with those for agricultural machinery purchases.

Adhering to the principles of “voluntary participation, state support, convenience, high efficiency, and upgrading promotion,” the pilot zones encouraged and guided the scrapping and upgrading of agricultural machinery, and accelerated the popularization of energy-saving, environment-friendly and safe agricultural machines.

Eligible applicants for the subsidies included farmers, herdsmen, fishermen, workers of agricultural and forest farms, and agricultural service organizations directly involved in agricultural machinery operations. They could apply when they intended to scrap old agricultural machines in compliance with law and purchase new ones. The types of agricultural machinery covered by the pilot program were limited to tractors and combine harvesters that had been registered in agricultural machinery safety supervisory bodies and had met the scrapping requirements or passed their service life.

The subsidization standards were determined according to the models and types of the tractors and combine harvesters. For wheeled tractors with a power of at least 100 horsepower, the subsidy was 11,000 yuan each. For crawler tractors and self-propelled full-feed rice-wheat combine harvesters with a feed rate of at least 4 kilograms per second, the amount was 10,000 yuan each. For self-propelled com combine harvesters with at least four rows, the sum was 18,000 yuan each. The subsidization process mainly included the collection of old equipment, cancellation of registration, application for upgrading and payment of subsidies.

The scrapping and upgrading subsidization program marked a policy innovation in

supporting agricultural mechanization. Involved departments and pilot zones implemented the program earnestly, boosting inter-agency coordination, tightening appraisal and approval and carrying out supervision and inspection. By the end of 2012, a total of 8,892 units of agricultural machinery—7,872 tractors and 1,020 combine harvesters-were scrapped, and 8,741 units—7 599 tractors and 1,142 combine harvesters-were upgrade.

Only in 2012, the state invested 201 million yuan in the agricultural machinery scrapping and upgrading subsidization program benefiting a total of 8,892 rural households. The program not only brought benefits to rural households specialized in agricultural machinery services, but also brought forth remarkable economic and social returns.

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