

NINETEENTH REPORT
STANDING COMMITTEE ON
AGRICULTURE
(1995-96)

(TENTH LOK SABHA)

MINISTRY OF AGRICULTURE
DEPARTMENT OF AGRICULTURE &
COOPERATION

DEMANDS FOR GRANTS (1995-96)

Presented to Lok Sabha on 4th May, 1995
Laid in Rajya Sabha on 4th May, 1995



LOK SABHA SECRETARIAT
NEW DELHI

May, 1995/Vaisakha, 1917 (Saka)

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COMPOSITION OF THE STANDING COMMITTEE ON
AGRICULTURE

(1995-96)

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1. Shri S.N. Mishra — *Additional Secretary*
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3. Shri P.D.T. Achary — *Director*
4. Shri S. Bal Shekar — *Under Secretary*

PREFACE

I, the Chairman, Standing Committee on Agriculture having been authorised by the Committee to submit the Report on their behalf, present this Nineteenth Report on Demands for Grants of the Ministry of Agriculture (Department of Agriculture and Cooperation) for the year 1995-96 .

2. The Standing Committee on Agriculture was re-constituted on 8th April, 1995. One of the functions of the Standing Committee as laid down in Rule 331E of the Rules of Procedure and Conduct of Business in Lok Sabha is to consider the Demands for Grants of the concerned Ministries/Departments and a report on the same to the Houses. The Report shall not suggest anything of the nature of cut motions.

3. The Committee took evidence of the representatives of the Ministry of Agriculture (Department of Agriculture and Cooperation) on 18th April, 1995. The Committee wish to express their thanks to the officers of the Ministry of Agriculture (Department of Agriculture and Cooperation) for placing before them, the material and information which they desired in connection with the examination of Demands for Grants of the Ministry for 1995-96 and for giving evidence before the Committee.

4. The Committee considered and adopted the Report at their sitting held on 25th April, 1995.

NEW DELHI ;
26 April, 1995

Vaisakha 6, 1917 (Saka)

NITISH KUMAR,
Chairman,
Standing Committee on Agriculture.

CHAPTER I

INTRODUCTORY

The Department of Agriculture and Cooperation is a Department in the Ministry of Agriculture. The Department is responsible for formulation and implementation of national policies and programmes to achieve rapid growth in agriculture by optimum utilisation of country's land, water, soil, plant and fisheries resources. The Department ensures timely and adequate supply of inputs and services such as fertilizer, seeds, pesticides, agricultural implements and provide agricultural credit, crop insurance for remunerative returns to the farmers for his agricultural produce. The Department is entrusted with the responsibility for collection and maintenance of statistical and economic data relating to agriculture required for development planning, agricultural census, assisting and advising the States in management of natural calamities e.g. flood, drought, cyclone etc. The Department is also responsible for formulation of overall cooperative policy in the country, matters relating to national co-operative organisations, cooperative training's and participation in activities of international Organisations, fostering bilateral cooperation in agricultural and allied sectors and for promotions of export of agricultural commodities.

2. The Department is organised into 23 Divisions. One Technology Mission on Oilseeds and Pulses and 6 Cells. In addition, it has 3 attached offices and 23 subordinate offices spread all over the country for coordination with State Level agencies and also implement Central Sector Schemes in their respective fields. In the execution of various policies and programmes, the Department is assisted by two Public Sector Undertakings, Five autonomous Bodies and twelve National Level Cooperative Organisations .

CHAPTER II

AN OVERVIEW OF THE DEMANDS

The Department of Agriculture and Cooperation have brought the following Demands for 1995-96:

Demand No. 1

(Rs. in crores)

Classification	Plan	Non-Plan
Voted	882.35	539.87
Charged	38.00	—
Total	920.35	539.87

Demand No. 2

Classification	Plan	Non-Plan
Voted	521.72	6.44
Charged	62.93	—
Total	584.65	6.44

The total of both the Demands on Plan side is Rs. 1505.00 crores which includes Rs. 100.93 crores which is a charged expenditure. Thus the voted expenditure is Rs. 1404.07 crores. The total of both the Demands on Non-Plan side is Rs. 546.31 crores which is a voted expenditure.

The following are the details of Budget Estimate, Revised Estimates and Actuals from 1992-93 onwards in respect of both the Demands.

(Rs. in Crores)

Years	Budget		Revised		Actuals	
	Plan	Non-Plan	Plan	Non-Plan	Plan	Non-Plan
1992-93	1049.75	1848.45	1272.90	2195.19	1214.90	2195.19
1993-94	1330.00	713.39	1337.14	1354.63	1183.50	1235.48
1994-95	1419.00	380.86	1472.22	00.63		
1995-96	1505.00	546.31	-	-	-	

Regarding the drastic increase in Revised Estimates on the Non-Plan side the Committee in their Seventh Report on last year's Demands for grants made the following observation:-

"The Committee observe that non-plan allocation has been decreasing in the successive years from 2.40% in 1991-92 to 0.36% in 1994-95 as a total Central Budget. However, non-plan allocations are drastically raised in Revised Estimates.

The Committee recommend that practice of providing fund in Revised Estimates should be done away with and allocation should be made in the Budget Estimate itself for these schemes the allocation for which are normally made in Revised Estimates."

In a note indicating the extent to which the demand now stands modified in the light of the Committee's recommendation made last year, the Department of Agriculture and Cooperation have stated as under:-

"The recommendation of the Committee is that instead of increasing the non-plan allocation at the revised estimate stage, it should be made at the Budget Estimate stage itself. It may be submitted here that in exceptional cases, funds are required to be provided at the Revised Estimates stage because of certain post budget developments which were not anticipated earlier. In such unavoidable cases, Revised Estimates have been increased following the prescribed procedure and in consultation with the Ministry of Finance/ approval of Parliament

through supplementary grants. It is true that Revised Estimates 1994-95 (Rs.916.63 crores) was more than the Budget Estimates 1994-95 (Rs. 380.86 crores. However, the non-plan provision for the current year 1995-96 of Rs. 546.31 crores is substantially higher than the last year's provision of Rs. 380.86 crores indicating that the recommendation of the Committee has been accepted."

The Committee note that the Department of Agriculture and Cooperation while formulating their non-plan budget estimates for 1995-96, have kept in their mind the recommendation of the Committee that instead of increasing the non-plan allocation drastically at the Revised Estimate stage, it should be made at the original Budget Estimate stage itself.

However, looking to the quantum of actual non-plan expenditure incurred in 1993-94, the Committee feel that the present non-plan budget estimation is still on the lower side. The Committee would be very happy if the original budget is very realistic and if the non-plan expenditure is contained with suitable economy measures to keep it within the original budget estimate instead of seeking approvals for higher revised estimates through supplementary grants. The Committee feel that it is essential to make realistic budget estimates as the resources available are scarce and have to be meaningfully allocated to various vital sectors of development. The Committee, therefore, hope that the Department of Agriculture and Cooperation would keep the recommendation of the Committee while formulating future estimates from 1996-97 onwards.

An outlay of Rs. 7400 crores has been provided for the central and centrally sponsored schemes of the Department of Agriculture and Cooperation for the Eighth Five Year Plan period keeping in view the importance of the agriculture.

Sector-wise allocation of the plan Outlay is given below:

(Rs. in crores)

1	2	3
1.	Agriculture Census	18.00
2.	Cooperation	900.00
3.	Credit	650.00
4.	Crop Oriented Programmes	1000.00

1	2	3
5.	Extension	40.00
6.	Fertilisers	80.00
7.	Fisheries	400.00
8.	Horticulture	1000.00
9.	Agri. Implements & Machinery	63.00
10.	Plant Protection	100.00
11.	Planning	0.10
12.	Rainfed Farming	1100.00
13.	Seeds	200.00
14.	NDM	9.00
15.	Agricultural Statistics	89.90
16.	TMOP	950.00
17.	Soil & Water Conservation	800.00
Total		7400.00

The sector-wise Annual allocation of the Eighth Plan outlay is given below :

(Rs. in crores)

Sl. No.	Sector	VII Plan outlay	1992-93	1993-94	1994-95	1995-96	6% of col : (4-6) in col. 3
1	2	3	4	5	6	7	8
1.	Agricultural Census	18.00	3.00	9.42	2.00	1.80	80.11
2.	Cooperation	900.00	154.00	168.00	180.00	212.00	55.78
3.	Credit	650.00	91.30	130.00	151.00	175.00	57.23

1	2	3	4	5	6	7	8
4.	Crop Oriented prog.	1000.00	200.40	190.00	175.10	192.50	56.55
5.	Extension	40.00	10.00	15.00	16.00	13.00	102.5
6.	Fertilisers	80.00	7.85	10.00	10.00	18.00	34.81
7.	Fish rise	400.00	60.00	97.00	95.00	93.05	63.00
8.	Horticulture	1000.00	65.00	130.00	185.00	215.00	38.00
9.	Agri implements & Mach.	63.00	7.50	14.00	14.00	10.00	56.35
10.	Plant protection	100.00	14.75	19.60	19.60	24.10	53.95
11.	Planning	0.10	00.2	--	--	---	20.00
12.	Rainfed Farming	1100.00	164.00	210.00	200.00	190.00	52.70
13.	Seeds	200.00	50.60	42.27	35.86	16.00	64.37
14.	NDM	9.00	00.05	1.10	1.10	2.00	25.00
15.	Agricultural statistics	89.90	13.98	16.63	17.00	18.55	52.96
16.	TMOP	950.00	115.40	151.60	180.00	180.00	47.05
17.	Soil & mater conservation	800.00	90.00	123.00	120.00	125.00	42.04
18.	Secretariat	--	1.90	2.38	2.34	2.00	
19.	Small Farmers Agro business consortive	--	--	--	1.00	2.00	
Total		7400.00	1049.75	1330.00	1405.00	1490.00	51.14

Apart from the above mentioned sectional allocation for 1995-96, the following plan allocations have been made for crop insurance:-

1994-95 (B.E.)	Rs. 70.05 crores
1994-95 (R.E.)	Rs. 106.77 crores
1995-96 (B.E.)	Rs. 36.40 crores

The total plan budget allocation for 1995-96 is about 1.9% of the total plan budget of the Central Government of Rs. 78849 crores for 1995-96 when it was pointed out to the Department of Agriculture and Cooperation that the total plan budget allocation of the Department as a proportion of the overall plan budget allocation of the whole of Central Budget is decreasing and the Committee had desired in their last year's report on Demands suitable increased plan allocations to be made in future, the Department has in a written note replied that the Department of Agriculture and Cooperation had brought the recommendations of the Committee to the notice of Ministry of Finance as well as Planning Commission with a view to seek higher budget outlay and higher plan allocations respectively. A higher plan allocation was proposed by the Department for Central Sector and Centrally Sponsored Schemes for 1995-96 but Planning Commission did not meet the full demand in their allocations because of overall resource constraints.

The Department is aware that proportion of the overall Central Budget percentage has decreased and had chalked out substantially big Annual Plan for 1995-96 and sought plan allocations to the tune of Rs. 1972 crores for Central Sector and Centrally Sponsored Schemes. Despite our persistent efforts with the Planning Commission the Department was able to secure allocation of only Rs. 1490 crores (works budget included) which has made a severe dent into some of the important programmes. We hold the view that the Department of Agriculture and Cooperation needs a liberal support from Planning Commission with regard to Annual Plan allocations.

The Committee observe that the total plan budget allocation of the Department of Agriculture and Co-operation has been decreasing year after year as a proportion of the total central plan budget for all the Ministries and Departments. While 2.6% of the total central plan budget allocation was in favour of the Department of Agriculture and Cooperation in 1991-92, the percentage has now declined to 1.9% for

1995-96. Despite the Committee's recommendation for a proper higher allocation, the Committee are pained to note that there is no appreciable improvement in the matter. They note that the plan allocation proposals of the Department of Agriculture and Cooperation for Rs. 1972 crores for Central Sector and Centrally sponsored schemes during 1995-96 have been slashed down to Rs. 1490 crores by the Planning Commission on the plea of overall resource constraints. The Committee are constrained to observe that such a practice on the part of the Planning Commission towards the agricultural sector which is the prime concern of more than two-thirds of the country's population would only turn out to be a self-defeating exercise, as the ambitious targets envisaged in the Eighth Plan cannot be achieved in the absence of the matching financial outlays every year. The Committee feel that the strategy of planned development would lose all its sanctity and would remain only on papers, if the life-line of funds to this vital and basic sector is throttled, as the growth of all other sectors is inextricably linked to the growth of the agricultural sector. The Committee wish to point out that there are other schemes providing for assistance and subsidy to entrepreneurs in high-tech industries and deep-sea fishing etc. where the Planning Commission could easily apply their scissors and they desire that at all costs the prime sector of national importance concerning the poor farmers should be spared of all the cuts due to financial crunch. The Committee, therefore, expect a reasonable and liberal approach to be adopted by the Planning Commission and the Ministry of Finance in making Allocations in favour of agriculture and allied activities in the present and future budgets.

CHAPTER III

MANURE & FERTILIZERS

The Budgetary Provision for the years 1994-95 and 1995-96 for Manures & Fertilizers is as under:-

(in crores of Rupees)

MAJOR HEAD	1994-95 Budget			1994-95 Revised			1995-96 Budget		
	Plan	Non-Plan	Total	Plan	Non Plan	Total	Plan	Non Plan	Total
Manures & Fertilizers									
9.00 Assistance for									
Fertilizer promotion	3601	...	...		13.79	13.79	...		
	3602	...	...	...	0.14	0.14	...		
<i>Total</i>		...	...		13.93	13.93	...		
10.00 Payment to									
manufacturers/									
agencies for									
Concessional									
sale of decon-									
trolled fertilizers	2401		...	...	517.00	517.00	...	500.00	500.00
11.00 Other schemes of Manures									
and Fertilizers									
11.01 National Project on									
Development and use	2401	1.00	...	1.00		1.00	1.10		1.10
of Bio-fertilizers	3601	0.50	...	0.50	0.50	0.50	0.37		0.37
	3602	...	...	...		...	0.13		0.13
	4401	0.50	...	0.50	0.50	0.50	0.40		0.40
<i>Total</i>		2.00	...	2.00	2.00	2.00	2.00		2.00
11.02 Balanced use of	2401	0.70	...	0.70	0.05	0.05	0.10		0.10
fertilizers	3601	4.00	...	4.00	4.85	4.85	4.80		4.80
	3602	0.05	...	0.05	0.05	0.05	0.10		0.10
<i>Total</i>		4.75	...	4.75	4.75	4.75	5.00		5.00
11.03 Other Programmes	2401	0.81		0.81	1.05	1.05	1.40		1.40
	3601	1.38		1.38	1.13	1.13	7.85		7.85
	3602	0.08		0.08	0.03	0.03	0.25		0.25
	4401	1.00		1.00	1.00	1.00	1.50		1.50
<i>Total</i>		3.25		3.25	3.21	3.21	11.00		11.00
<i>Total-Other Schemes of Manures</i>									
<i>and Fertilizers</i>	<i>Total</i>	10.00	...	10.00	9.96	...	9.96	18.00	...
<i>Total</i>		10.00	...	10.00	9.96	530.93	540.89	18.00	500.00
Total-Manures & Fertilizers									
		10.00	...	10.00	9.96	530.93	540.89	18.00	500.00
									518.00

In the Seventh Report of the Committee on Demands for Grants 1994-95, it was recommended that Budgetary Provision for the two schemes Assistance for Fertilizer Promotion & Assistance to Small & Marginal Farmers introduced in 1992-93 should be made forthwith so that the consumption of fertilizer may not adversely be affected.

The Department giving reasons for not being able to provide budgetary allocation to the schemes in 1994-95 stated that the scheme of Assistance for Fertilizer Promotion is not being continued during 1995-96. Instead a scheme "Payment to manufacturers/Agencies for Concessional Sale of Decontrolled Fertilizers" has been introduced from 1994-95. In the Demands for Grants a provision of Rs. 500 crores has been made for 1995-96 in respect of the scheme 'Payment to Manufacturers/agencies for Concessional Sale of Decontrolled Fertilizers'.

The scheme for 'Assistance to Small and marginal Farmers' was sanctioned in 1992-93 with a one time outlay of Rs. 500 crores. Till 1994-95, Rs. 462.57 crores was provided to States under the scheme. The scheme is not proposed to be continued during 1995-96 and no budget provision has been made. For spill-over activities, funds may be provided to States/UTs where due, at RE stage.

Secretary, Agriculture and Cooperation further clarified that Rs. 500 crores was allocated by the Prime Minister as a special dispensation not for one year. He further clarified that they could not spend Rs. 37 crores which was meant for transport subsidy for the North-East Region.

The Budgetary Provision for 1995-96 clearly shows a provision of Rs. 500.00 crores for Payment to manufacturers/agencies for Concessional sale of decontrolled fertilizers. (The new name to the scheme Assistance for Fertiliser Promotion) However, as correctly stated by the Department no provision has been made for the scheme on Assistance to Small & Marginal farmers. The Department has been generous to provide the spill-over funds at the R.E. stage.

The Committee are very critical over the Departments non-chalant attitude for Assistance to Small and Marginal Farmers. The Committee expressed its fear in the year 1993 in its 3rd Report that in case the scheme is discontinued, the infrastructure already created after spending Rs. 365 crores will become infructuous and creation of permanent infrastructure will merely be a mirage.

The Committee in order to know who were the actual beneficiaries of the Rs. 500 crores of Assistance to Small & Marginal farmers to increase the consumption of fertilizers asked Secretary, Agriculture & Cooperation who in turn clarified in the oral evidence on 18.4.95 that :

“Rs. 500 crores was given in the first instance as a compensation for small & marginal farmers for infrastructural development. That was left to the States to decide to improve their laboratories and the water management systems.”

The consumption of fertilizers, which was only 0.13 million tonnes in nutrient terms in 1955-56 increased to 12.2 million tonnes in nutrient terms in 1992-93 and 13.9 million tonnes in 1993-94. The improvement in consumption is generally attributed to fertilizers and the decanalisation of imports of Di-ammonium Phosphate (DAP) and Muriate of Phosphate (MOP) at cheaper prices.

Clearly the increase in consumption of fertilizers is due to price subsidy and not due to the infrastructure built through assistance. The fear expressed by the Committee in 1993 has come true. The Committee observes that although the compensation to small & marginal farmers is a one time scheme (Which has no budgetary allocation under Plan & Non Plan) for infrastructural development with drawing of assistance may ruin the infrastructure if any created due to lack of funds towards maintenance. The Committee also note with pain the reply of the department that “for spill-over activities, funds may be provided to States/UTs where due, at RE stage.” A raw deal to small & marginal farmers has been a matter of concern over decades and various forums & Committees have been expressing this fact in their reports. But the insensitive attitude of the Department is clearly relected by distributing Rs. 500 crores to States for small and marginal farmers which may or may not have reached the farmers because the Committee feel that the Ministry may not have any statistics on its utilization.

A provision of Rs. 500 crores has been made as non-plan BE under Major Head 2401 as payment to manufacturers/agencies for concessional sale of decontrolled fertilizers against a Non-Plan RE of Rs. 517 crores in 1994-95 for the same head. Giving a clarification to the utilisation of budgetary provision under this head Secretary, Department of Agriculture & Cooperation stated:

“There are two types of subsidies. The amount of Rs. 500 crores is for phosphetic and pottasic fertilizer. It is Rs. 1,000 per tonne and administered by the Agriculture Ministry to compensate the farmer

for the high cost of the inputs. The other subsidy is under the Retention Price Scheme which endorses 12% return on the net worth of the companies producing fertilizer to keep them in business. This is administered by the nodal Ministry. Urea a nitrogeous fertilizer is such a control item under the Retention Pricing Scheme. The subsidy amount allocated for 1995-96 is Rs. 5000 crores."

He further clarified the mode of payment of subsidy of Rs. 500 crores by stating that:

"On this there has been some change for the last two years. The Budgeted amount we were giving to the States who in turn give it to the fertilizer manufacturers on delivery to the cooperative societies etc. There was a complaint that the manufacturers were not getting the funds in tune which have affected their liquidity. So, the Agriculture Minister took a decision that we should give it directly to the fertilizer manufacturers on verification by the States that the fertilizer has reached the State. This is the practice followed this year. There is some improvement in the payment."

When asked to explain the reasons as to why the subsidy cannot be given direct to the farmers, the representatives of the Department of Agriculture & Cooperation stated as under:-

"Of course, this has been talked about. But it is not possible to implement the scheme.....The point is that the imported phosphatic potassic fertilizer is cheaper than the indigenously produced fertiliser. Now, the effort is to see that the indigenous fertilizer companies do not close down in a competition with the imported fertilizer. It is also possible that the imported fertiliser becomes more expensive. This difference was of the order of Rs. 1000 per tonne. This was an attempt to see that the fertiliser prices where imported or indogenous are not widely variant."

The Committee observed that the entire benefit was reaching the manufacturer and not the farmer. The Committee pointed out that the subsidy of Rs. 1000/- per tonne given to the indigenous manufacturers was to bridge the gap between the cost of imported fertiliser and the cost of manufacture for indigenous fertilizer. However, the Rs. 1000/- per tonne subsidy was not reduced if the gap decreased. The Committee further observed that the farmer actually did not feel that he was being given any benefit as moneywise there was no deduction in the bill of the farmer/purchaser. The Committee, therefore, suggested that as the whole issue

revolved around the farmer reaping the benefits which cannot be implemented by the Department the subsidy element to manufacturers of potassic & phosphetic fertilizers may as well be given to the Ministry of Fertilizers & Chemicals who was already handling the Rs. 5000 crores for urea. The Committee also opined that Rs. 500 crores could well be utilised by the Department for other useful purposes within the other schemes under operation but were lacking support of funds.

The Committee therefore strongly recommend that provision should be made in the RE 1995-96 for Assistance to Small & marginal farmers and the scheme may not be supported by spill over amounts. This scheme may be made a revolving scheme with replenishment of funds instead of one time scheme assisted with a special dispensation.

The Committee further recommend that if there can be no mechanism of giving the benefit of the subsidy of Rs. 500 crores to the farmers instead of making payment to the manufacturers by the Department. The responsibility of making payment to the manufacturers may be given to the Ministry of Fertilizers & Chemicals and this amount may be utilised by the Ministry in other priority areas of development wherein schemes are lagging behind due to insufficiency of funds.

CHAPTER IV

SEEDS

I. Under Sub Head Creation of Infrastructural Facilities Under NSP III

The Committee in its recommendation No. 5.6 of the Seventh Report had recommended as follows :

The Committee observe that out of 12 State Seeds Corporation as also NSC, SFCI to be taken up for organisational restructuring, five seeds Corporation namely NSC, SFCI, U.P. State Tarai Development Corporation (UPS & TDC), Andhra Pradesh State Seed Development Corporation (APSSDC) and Gujarat State Seed Corporation (GSSC) were taken up in the first batch under NSP-III. The Committee have learnt that UPS & TDC, APSSDC & GSSC have recorded profit after organisational restructuring whereas NSC & SFCI which work under the control and supervision of Ministry of Agriculture are still running into losses. The Committee note that M/s. Tata Consultancy Services has been appointed as operating consultant of NSC & to review the set up and financial restructuring of the Corporation. The Committee fail to understand the rationale for engaging Tata Service for this purpose. The Committee regret to note that restructuring upon restructuring of NSC is being done. However, no tangible results are coming. The Committee recommend that NSC should be strengthened. The Committee are of the opinion that Ministry of Agriculture can set an example for SSCs only when functioning on NSC and SFCI are improved.

In reply to the above mentioned recommendation the Ministry has stated:

In order to improve the working efficiency of National Seeds Corporation, implementation of the Agreed Action on Plan under National Seeds Project Phase III (NSP-III) was continued during the year 1994-95 also. The financial position of the Corporation showed improvement as a result of the steps taken under Agreed Action Plan and the net loss suffered by the Corporation which was Rs. 587.26 lakhs in 1992-93 and was reduced to Rs. 337.25 lakhs in 1993-94 is further likely to reduce to approximately Rs. 200.00 lakhs for the year 1994-95. Reduction of the effective staff strength of NSC continued as

a result of implementation of VRS during 1994-95 which will further be implemented during 1995-96. This will help the Corporation to improve its financial position further.

As regards SFCI it may be mentioned that there has been significant improvement in the physical and financial performance of the Corporation. The Corporation incurred a loss of Rs. 176.44 lakhs during 1993-94 against a loss of Rs. 603.88 lakhs in 1992-93. It is expected that as a result of measures taken under the Agreed Action Plan, the Corporation would earn a net profit of about Rs. 50.00 lakhs in its operation during 1994-95.

The Financial position of the National Seeds Corporation has shown to be improving after steps taken under Agreed Action Plan were in the Corporation has reduced its net loss from Rs.587.26 lakhs in 1992-93 to Rs. 337.25 lakhs in 1993-94, with further contemplation in reduction of loss to Rs. 200 for the year 1994-95.

However, on actualisation of improving financial position, it can be seen that the effective reduction in loss of the corporation for the year 1992-93 has been of Rs. 250.00 lakhs approximately, whereas the continued implementation of the Agreed action plan under NSP phase-III during the year 1994-95 has reduced to depletion of loss only to Rs. 137.00 lakhs approximately which stand to only 50% of the depletion in loss achieved in the year 1992-93.

(Rs. in lakhs)

Year	Net loss footed by the Corporation	Reduction of loss
1992-93	Rs. 587.26	—
1993-94	Rs. 337.25	Rs. 250.00 approx.
1994-95	Rs. 200.00	Rs. 137.00 approx.

The reduction in depletion of loss from Rs. 250.00 for the year 1993-94 to Rs. 137.00 for the year 1994-95 is attributed to the negligent/partial implementation of the Agreed Action Plan upon the cooperation during the year 1994-95.

The Committee observes that the Department is lying to restructure NSC through the VRS. The Committte fail to understand whether retiring the staff of NSC through VRS is the only method to restructure NSC.

It further observed that although the Committee had pointed out in its Seventh Report that it failed to understand the rationale for engaging a private consultant for reviewing the set up of NSC the Department continues to do so and bear the heavy costs of private consultancy.

In further going through the budgetary allocation for grants-in-aid to NSC, SFCI, ICAR, etc, under National Seed Programme Major Head 2401 Sub Head C2 (1) the Committee observes that the RE in the year 1994-95 was Rs. 34,50 crores whereas the BE for 1995-96 is Rs. 11050 crores. A drastic slash in the aid. The Committee in its Seventh Report had recommended that NSC should be strengthened.

The SFCI has achieved a marginal improvement in the physical and financial performance of the corp as a consequence of implementation of steps taken under the Agreed Action Plan. It has been expected to earn a profit of about Rs. 50 lakhs in its operation during 1994-95 after bridging a loss of Rs. 603.88 lakhs in the year 1992-93. But however the amount of profit to be achieved must have been enhanced by firm implementation of the steps under the agreed action plan. The depletion of loss from Rs. 603.88 lakhs in 1992-93 to Rs. 176.44 lakhs in 1993-94 to that of depletion of loss from Rs. 176.44 lakhs in 1993-94 and anticipated profit of Rs. 50.00 lakhs only, for the year 1994-95, proves the inconsistent implementation of the steps under the Agreed Action Plan.

Year	Net less	Reduction of loss
1992-93	Rs. 603.88	—
1993-94	Rs. 176.44	Rs. 427.44
1994-95	—	profit of Rs. 50 lakhs

From the above table it can be seen that Rs. 427.44 lakhs was earned between 1992-93 and 1993-94, but the same percentage of earning has not been achieved/not being anticipated for the year 1993-94 wherein only Rs. 50.00 lakhs has been forecasted as profit. At the consistent rate of improvement the profit should have been 251.00 lakhs approximately.

Transport Subsidy on Seeds

The Committee in its recommendation No. 5.4 of the Seventh Report had recommended as follows :—

The Committee recommended that the transport subsidy on seeds which is given to National Seeds Corporation (NSC)/State Farms Corporation of India (SFCI) for operating in N.E. States including Sikkim should also be extended to hilly areas of the other parts of the country keeping in view the topography, illiteracy and poor economic conditions of the people of these regions. The Committee are happy to note that process of consulting the State Government for preparing appropriate schemes has been initiated.

In reply to the above mentioned recommendation, the Ministry has stated as follows :—

In order to implement the above recommendation this ministry has formulated a new scheme called "INTEGRATED SEED DEVELOPMENT SCHEME FOR THE NOT EASILY ACCESSIBLE AND REMOTE AREAS OF ALL STATES". There is a Budget Provision for Rs. 80.00 lakhs during the year 1995-96 for implementation of this scheme. One of the components of the scheme provides for assistance on transporting of seed to remote and not easily accessible areas of all the States. The implementation of the scheme will be taken up as soon as the approval of full Planning Commission is received.

The Committee in order to know the progress in the transportation of seeds to not easily accessible remote and hilly areas asked the Secretary to explain the position.

The Committee observe that the Budgetary Provision for the year 1995-96 is Rs. 80 lakhs and its implementation will be taken up as soon as the approval of full Planning Commission is received is a very poor show by the Ministry. The Planning Commission should not specify how the money is to be spent in a particular scheme after the scheme has been approved by the Planning Commission. Further Rs. 80.00 lakhs for the year for so many States is a very poor allocation just showing the lack of interest from the Ministry. The Committee observe that the will is there neither with the Planning Commission nor with the Ministry to help farmers in remote & hilly areas to obtain seeds for proper cultivation.

The Committee also observe that the Ministry has no specific plan as regards to allocation of budgetary support keeping in view the topography, illiteracy & poor economic conditions of these regions and whether a study has actually been made by the Ministry to prioritise allocation.

Strengthening of Seed Division

The Committee in its Recommendation No. 5.5 of the Seventh Report had expressed and recommended the following :—

“The Committee note that the Budget Allocation for seed development has been going down successively from Rs. 42.35 crores in 1993-94 to Rs. 35.94 crores in 1994-95. Further Allocation of ‘other seed schemes’ which was Rs. 2.10 crores during 1993-94 has been kept at Rs. 1.4 crores during 1994-95 the Committee recommend that other seed schemes’ which are vital from the point of processing and storage infrastructural facilities should not be neglected and allocation should be increased.”

In reply to the above mentioned recommendation the Ministry of Agriculture Department of Agriculture & Cooperation have stated the following :

“In Order to give effect to the above recommendation of the Committee this Ministry has formulated the following new scheme :—

- (i) Integrated seed Development Scheme, for the not easily accessible and remote areas of all States.
- (ii) Scheme to streamline certified seed production of important identified vegetable crops.
- (iii) National programme for Varietal Development.

The total provision of Rs. 3.28 crores has been made in the Budget Estimates 1995-96 for these new schemes. The schemes will be taken up for implementation as soon as approval of the full Planning Commission is received.”

The Ministry has not provided any reason whatsoever for or against the successive reduction in the Budget allocation for Seed Development Programme. A Budget Estimate of Rs. 22.28 crores has been demanded for the above mentioned new schemes without any mention of specific allocation for each scheme keeping in view the viability factor of these schemes.

The "Not so easily accessible and remote areas of all states" being specific to few states, the "Integrated Seed Development Scheme must be planned out is a Statewise and area-wise programme to be carried out substantially also keeping in view the financial viability of these Schemes at its launch.

The Scheme to streamline certified seed production of important identified vegetable crops shows no specific indication of Export oriented vegetables crops.

The Scheme of National Programme for varietal Development must include the other 2 new schemes alongwith private seed sector industry as its thrust area.

All the three schemes formulated for the "other seeds" must take up oilseeds and pulses as a major investment.

The Committee observes that even though the financial position of the National Seeds Corporation and SFCI has shown to be improving after they underwent organisational and financial restructuring under the NSP-III, still the reduction in depletion of loss and further recording of profits during 1992-93 to 1993-94 have not been satisfactory. The Committee feel that implementation of the steps under the Agreed Action Plan is not being taken seriously by the Ministry. The Ministry must plan out a systematic monitoring of the implementation of the steps under the Agreed Action Plan. Further, the Committee feel that in future no private consultant services must be availed for restructuring any NSP or SFCI. Any physical or financial restructuring must be undertaken directly by the Ministry or by any other authorised Department after making prior additional allocation with regard to the expenditure to be met for the process of restructuring, the Committee strongly recommends that the BE for 1995-96 under this head must be increased to keep it at par (+11% inflation) with the revised estimates of 1994-95.

The Committee also feel that the Budget provision of Rs. 80.00 lakhs for the year 1995—96 for implementation of the 'Integrated Seed Development Scheme' for not so easily accessible and remote areas of all states must be enhanced in view of large topographical areas and high illiteracy and poor economic condition of these regions. The Committee feel satisfied about the increased allocation for the Other Seeds Schemes with launching of three new schemes. However, the Committee also feels that the Ministry develop a statewise

implementation programme for the integrated seed development scheme for not so easily accessible and remote areas keeping in view the degree of variation of the topography of the State *vis-a-vis* the allocation required for the same. This is to be done from the point of long term viability of the scheme. (2) The streamlined certified seed production of important identified vegetables crops scheme must include export oriented seeds also. Under the national programme for varietal developments, thrust must be on the provision of infrastructural facilities from the point of view of processing and storage for these very new schemes.

Similar such schemes may be chalked out for oilseeds also.

CHAPTER V

OILSEEDS

The technology mission on oilseeds was launched in 1986 and consequently the oilseeds production from 10.83 million tonnes in 1985-86 (pre-technology mission year) consistently improved to 21.48 million tonnes in 1993-94 and a very ambitious target of 22.0 million tonnes has been forecasted for the year 1994-95.

However, it is pointed that BE of 1995-96 for grant-in-aid for development of oil seed crops has been reduced by Rs. 65 lakhs to that of RE of the year 1995-96, which was 4.65 crores. It has also been noted that the grant-in-aid for production of breeder and foundation seeds of oilseed crops. has been slashed to 9.20 crores in BE 1995-96 to that of RE of Rs. 10.40.

(Rs. in lakhs)				
Sl. No.	Classification	RE 1994—95	BE 1995—96	Reduction or Addition
1.	Grant-in-aid for Development of Oilseeds Crops	4,65,00.00	4,00,00.00	-65,00
2.	Grant-in-aid for the production of Breeder and foundation seeds of oilseeds crops	10,04,00.00	9,20,00.00	-84,00
3.	Research & Development of Post Harvest Technology in Oilseeds	7,00,00.00	9,99,00.00	+2,99,00

From the above tabulation, it can be seen that there has been an overall cut in BE 1995-96 in Grant-in-aid for Development of oilseed crops to the tune of 65 lakhs and also a cut in BE 1995-96 in Grant-in-aid for production of Breeder and Foundation seed of oilseeds to the tune of 84 lakhs. On the other hand Rs. 2 crores 99 lakhs have been increased for the Research & Development of Post harvest Technology in Oilseeds.

However, the Committee points out that in order to let the States sustain the development achieved during the year 1994-95 in the field of 'Development of Oilseeds' the Grant-in-aid in BE for 1995-96 must be enhanced to at least the RE for 1994-95 plus a 11% inflation. It was felt that the a similar enhancement in Grant-in-aid for production of Breeder and Foundation seeds of oilseed crops need to made so that the States are able to sustain the very foundations of the Development of Oilseed programme.

An appreciable enhancement has been done for the Research & Development of Post harvest Technology in Oilseeds, but, however, the achievement under this head will be effected if no reasonable support in the form of Grant-in-aid for 'Development of oil seed crops' and for 'production of Breeder and Foundation Seeds' is given to the States, as these have a direct impact on the total productivity of oil seeds. The reduced budget estimate (Grant-in-aid) under these sub head will in no way help the States to achieve the self sufficiency in oilseeds.

One important aspect of the major components of the oilseed production programme is that of providing assistance to the farmers by way of subsidised purchase of breeder seed and production of foundation seed. However, the Ministry for reasons best known to them, have made a cut in the Grants-in-aid under the minor heads 'Development of oilseeds' and production of breeder and foundation seed crops.

The Committee feel that if these cuts in the Grant-in-aid for the minor heads, mentioned above, have been made by the Ministry with any specific reasons, it must be ensured that this does not effect the already achieved development in oilseeds *i.e.* in 1993-94 (21.84 million tonnes) and the achievements forecasted in 1994-95 (22.00 million tonnes). If in case the Ministry at these stage (Before presenting the RE) feel that the state may be unable to sustain the development achieved so far, or may be unable to improve upon the marginal increase achieved (1 million tonnes) during the period between 1993-94 and 1994-95, the Ministry must make adequate increase in Grants-in-aid under these minor head. This must also be done keeping in view the target fixed for the terminal year of the VIII Five Year Plan *viz* 23 million tonnes.

CHAPTER VI

PULSES

The National Pulses Development Projects main objective was to increase the area under pulses by popularising the cultivation of summer pulses in irrigated areas and also raising the productivity per unit area through adoption of improved production technologies in rainfed areas.

However, despite the fact that under the purview of Technology mission 14.26 million tonnes was recorded in 1990-91 and a targeted 15.5 million tonnes are expected in 1993-94. The Committee is of the view that the area under pulse cultivation has been steadily coming down and giving way to highly profitable, irrigation intensive cash crops.

The National Pulses Development Project by virtue of "multiple and intercropping" seems to be a good alternative for increasing the area under the pulses cultivation and also the yield per unit area. However, the Committee is of the view that no substantial increase in area under pulses or yield per unit area can be achieved until the Ministry comes out adequate measures for procuring attractive prices for pulses to the farmers.

The Committee is also surprised that despite increasing dependency on import of pulses, only a nominal increase in B.E. for Research and Development in Post harvest Technology in pulses and Directorate of pulses Development has figured in the Budget.

It is also noted that despite the fact that NABARD had sanctioned a credit limit amounting to Rs. 2,21,00,00 thousands through Central Cooperative Banks and State Cooperative Banks for the identified most important pulse growing districts of six states, but only Rs. 13,41,00 thousand has been utilised so far. This proves that the farmers feels discouraged to go in for loans from the CCBs and SCBs to undertake pulse, cultivation, for which they only get unsatisfactory returns from the open market or unattractive remunerative prices from NAFED. Moreover, NAFED has stopped the price support scheme during 1994-95 which may further discourage the already practising as well as in coming farmers from taking up pulses cultivation.

Adequate increase in the BE under the head R & D activities must be made with stress on development of short term, high yielding and

pest resistant varieties of various crops and pulses. All out effort must be taken by the Ministry to implement the mixed/inter cropping throughout the country.

The Committee feel that by having discontinued the minimum price support scheme offered by the NAFED injustice has been done to the farmers undertaking pulse cultivation. The Committee recommend that the minimum price support must be reinstated to support the farmers. The Ministry must also come out with a strategy for timely purchase from the farmers and effective marketing to provide the farmers with sustainably handsome returns for pulse cropping.

The Committee further recommends that all the pulse crops must be covered under the crop insurance scheme which must be made to cover all risks of crop failure.

CHAPTER VII

COMPREHENSIVE CROP INSURANCE SCHEME

Sub Head C. 10 : E 2 (7) (1) : F1 (4) (1)

In the Detailed Demands for Grants for 1995-96. under the head C. 10 (1) (1), an estimate of Rs. 35.30 crores have been earmarked on plan side for contribution to payment to General Insurance Corporation (GIC) for Central Crop Insurance Fund. Under the Head C (10) (3) (11) Rs. 1 crore has been earmarked for other charges relating to reimbursement of administrative expenses to GIC for implementation of Crop insurance scheme. With some other 2 items, the budget projection under Sub-head C.10 is Rs. 36.37 crores. The corresponding Budget Estimate and Revised Estimate for 1994-95 under the sub-head is Rs. 69.99 crores and Rs. 106.71 crores. Under the sub-head E 2 (7) (1), the Budget Estimate for 1995-96 is Rs. 3 lakhs whereas in 1994-95 it was Rs. 5 lakhs. Under the Sub-head F. 1 (40) (1), no allocation has been made in 1995-96 while Rs. 1 lakh was the Budget Estimate in 1994-95.

In the Performance Budget 1995-96 it has been stated at page 124 that the Comprehensive Crop Insurance Scheme (CCIS) is an area-based and credit linked scheme. It is voluntary in nature. In other words, States are free to opt for this scheme. The scheme was introduced from 1.4.89. It covers wheat, paddy, millets, oilseeds and pulses. The basic objectives of the Scheme are :

- (i) To provide a measure of financial support to farmers in the event of crop failure as a result of drought, flood, etc.
- (ii) To restore the credit eligibility of Farmers for the next crop season, after a crop failure.
- (iii) To support and stimulate production of cereals, pulses and oilseeds.

The sum insured is equal to the crop loan disbursed subject to maximum of Rs. 10,000/- per farmer. The premium payable is 2% (wheat, paddy and millets) and 1% (oilseeds and pulses) of the sum insured. 50% of the premium payable by small and marginal farmers is shared equally between the Central and State Governments. Indemnity claims are shared between the Central and State Governments in the ratio of 2 : 1.

From 1985 onwards, 19 States and 4 Union Territories have implemented the scheme in one or more seasons. So far, from Kharif 1985 to the end of Rabi 1993-94 season, 414.41 lakh farmers have been covered for an area of 719.84 lakh ha. insuring a sum of Rs. 10004.43 crores. Claims amounting to Rs. 963.42 crores have been paid to the farmers till 30.6.94 against the premium income of Rs. 166.66 crore only.

For this scheme, VIII Plan outlay is Rs. 275 crore. During 1992-93, Rs. 30 crore was released, while in 1993-94 Rs. 61.40 crore was released. For 1994-95, Rs. 70.05 crore is provided and so far Rs. 55.00 crore has been released. The remaining amount will be released before the end of financial year. An additional amount of Rs. 36.72 crore will be required in revised estimate 1994-95 to settle the claims of Kharif 1993 season for Gujarat State. For 1995-96 an amount of Rs. 36.40 crore is provided for the claims of that year as well as for pending claims.

The present Comprehensive Crop Insurance Scheme (CCIS) is proposed to be modified with a view to make it viable with rationalized rates of premia and larger coverage of crops.

The Committee note that the Comprehensive Crop Insurance Scheme (CCIS) is voluntary scheme and the States are free to opt for the scheme and only 19 States and 4 Union Territories have implemented the scheme. The Committee recommend that the Government should devise a method so that this scheme is made to cover all the farmers in all parts of the country. The Committee also note that this scheme has been envisaged only as an indemnity measure towards the institutional loans secured by the farmers and it does not cover comprehensively all other risks due to natural calamities and other causes. The Committee further note that only a crop loan upto a maximum of Rs. 10,000/- could be covered by the scheme and no final decision has been taken about extending its scope to other crops. The Committee recommend that the scheme should be modified to cover comprehensively all kinds of risks due to natural calamities etc. and should cover the entire risk instead of merely acting as an indemnity towards the institutional loans secured by farmers for their seasonal crops and that too upto a paltry sum of Rs. 10,000 only. The Committee desire that the modified scheme should extend to all kinds of agricultural crops instead of restricting it only to certain selective crops. The Committee also feel that the insurance companies should be given a free hand to undertake all comprehensive insurance coverage activities with some directional norms and guidelines issued from the Union Government. The Governmental

assistance by way of sharing of premia with the farmers can be secured from the Union Government and State Governments by the Insurance companies. The Committee do not approve of the concept of making good the losses suffered by the GIC by the Government against claims under the scheme, as in the nature of things, the insurance business has in it the in-built risk and the insurance companies have to accept the fact about the business. Therefore, the Committee desire that the modified and really comprehensive insurance scheme should be formulated urgently and implemented within six months.

CHAPTER VIII

NATIONAL WATERSHED DEVELOPMENT PROJECT FOR RAINFED AREAS

Major Head-2401, 3601, 3602-Grants-in-aid and 4401—Loan

Sub-Head-C7 (4), E3 (3) (2), F2 (3) (1)—Grants-in-aid & CC2 (1) (1)—Loan

National Watershed Development Project for Rainfed Areas was restructured during VIIIth Plan with 100% Central assistance (75% grants-in-aid and 25% loan). Eighth Plan outlay is Rs. 1090.00 crores, This project aims at restoring ecological balance in degraded and fragile rainfed ecosystems and promoting diversified farming systems to enhance the income levels of farmers and village communities on a sustainable basis.

Under this project, each block where less than 30% of the arable area is under assured means of irrigation is being taken up for development in micro-watershed of 500 to 5000 hectare area on a project basis for development. In all the 25 States and 2 UTs, 2550 micro-watershed have been identified in 115 agro-climatic zones for development during VIIIth Plan covering area of about 28 lakhs hectare.

The project envisages treatment of arable and non-arable lands as well as drainage lines for conserving soil and water by using low cost measures with higher reliance on vegetative measures.

The project is being implemented through the active participation of the watershed community in the project planning, implementation, monitoring and evaluation. From each village five contract farmers (called Mitra Kishans) have been selected to form a core group of farmers for acquiring new skills and knowledge for further dissemination to other farmers. One of these selected farmers is an educated landless agricultural labourer called "Gopal".

In pursuance of the earlier recommendation of the Committee in its 7th Report regarding the achievement of physical and financial targets

under NWDPR, the Ministry submitted in a note "Extent to which Demands for Grants (1995—96) stand now modified" as under :

"The National Watershed Development Project for Rainfed Areas (NWDPR) was restructured in 1990 and has been in operation since then. During 1990-91 and 1991-92, no targets were fixed and the fund released during these years amounting to Rs. 230.370 crores as well as an unspent balance of Rs. 8.273 crores of VII Plan have been utilised for restructured NWDPR. Eighth Plan contemplates a target of 28 lakh hectares of rainfed areas to develop with an allocation of Rs. 1100 crores. The total allocation from 1990-91 to 1996-97 covering 7 years is Rs. 1338.643 crores (which includes Rs. 1100 crores Plan allocation during VIII Plan). It is estimated that a sum of Rs. 1150 crores (Rupees Eleven hundred and Fifty crores) will be expanded upto the end of VIII Plan. Budget estimates of Rs. 198 crores has been provided during 1994-95 whereas during 1995-96 Rs. 188 crores have been provided. These Budget allocations have been made after considering the overall resource position.

It was targetted to cover an area of 28 lakh hectares with an allocation of Rs. 1100 crores during VIII Plan. Average per hectare cost of development works out to be Rs. 3928.00. As indicated in para above, Rs. 1338.64 crores are available for implementing the restructured NWDPR. Keeping in view the per ha. average cost of Rs. 3928 only, treated area should be around 34.08 lakh hectares. Of this, projects for 2489 micro-watersheds covering total area of 38.63 lakh hectares have already been sanctioned with an estimated cost of Rs. 1125.85 crores. Thus, with allocated resources the area coverage will be higher."

During the evidence, on being asked by the Committee to come out with the reasons for less allocation during the current year 1995-96 under NWDPR, the Secretary of Ministry of Agriculture replied as under :

"I would say that the fund constraint in the year 1995-96 is weighing upon us. We had made some studies and found that they were not making enough progress in watershed development. So, we had refrained from releasing funds to them. It is because of this that we assessed our requirements at a lower level. But again I would like to assure the Committee that if we are able to utilize this amount, we will again obtain more funds and make it available to them. The problem indeed is about the effective utilisation by the States."

Replying to another query whether the Ministry, in case of shortfall of allocation due to effective utilisation of funds by the States, would be able to provide more funds to the States, the Secretary stated as under :

"We will get the money at the stage of the Revised Estimates, we will go to the Finance Ministry. At that time, we can ask for more funds."

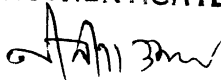
After having gone through all the aspects of constraints being felt by the Ministry in executing the National Watershed Development Project for Rainfed Areas effectively, the Committee observe that due to lack of perspective planning in formulating and implementing this project, the very essence of top priority accorded by the Planning Commission to develop the rainfed area which is almost 2/3 of the total arable land in the country has been destroyed. The Committee fail to understand as to why States are not coming forward for a cent percent Centrally funded projects like NWDPR. This shows that the Central Ministry has not been serious enough in projecting the real objectives of the Project to State Governments for the benefit of the peasantry of rainfed areas of the country. The Committee in this connection, recommend to the Ministry of Agriculture that the National Watershed Development Project for Rainfed Areas must be accorded top priority as already done by the Planning Commission and accordingly ensure efficient and effective implementation by the States. A perspective plan for the same should be prepared and sent to concerned States. The Committee also suggest suitable and necessary funds as required by the States for execution of the above Project must be ensured and provided without delay.

The Committee feels that an effective monitoring and supervision arrangement has to be made to ensure that the States make proper use of the funds allotted to them for watershed management.

NEW DELHI ;
26 April, 1995
6 Vaisakha, 1917 (Saka)

NITISH KUMAR,
Chairman,
Standing Committee on Agriculture.

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