

**TWENTY-FOURTH REPORT**  
**STANDING COMMITTEE ON AGRICULTURE**  
**(1995-96)**  
**(TENTH LOK SABHA)**  
**MINISTRY OF AGRICULTURE**  
**(DEPTT. OF AGRICULTURE & COOPERATION)**  
**— DEMANDS FOR GRANTS (1994-95)**

*[Action taken by Government on the recommendations/observations contained in the Seventh Report of the Standing Committee on Agriculture]*

*Presented to Lok Sabha on 16th May, 1995.*

*Laid in Rajya Sabha on 16th May, 1995.*



**LOK SABHA SECRETARIAT  
NEW DELHI**

*May, 1995/Vaisakha, 1917 (Saka)*

**C.O.A. No. 24**

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**COMPOSITION OF THE STANDING COMMITTEE ON  
AGRICULTURE (1995-96)**

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**Shri Nitish Kumar**

**MEMBERS**

*Lok Sabha*

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3. **Shri Birbal**
4. **Shri Nathuram Mirdha**
5. **Shri G. Ganga Reddy**
6. **Shri Ankushrao Raosaheb Tope**
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19. **Dr. Gunawant Rambhau Sarode**
20. **Dr. Parshuram Gangwar**
21. **Shri Rajendra Kumar Sharma**
22. **Smt. Krishnendra Kaur (Deepa)**
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24. **Shri Zainal Abedin**

25. Shri B.N. Reddy
26. Shri Kamla Mishra Madhukar
27. Dr. R.K.G. Rajulu
28. Shri Upendra Nath Verma
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*Rajya Sabha*

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35. Dr. Bapu Kaldate
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37. Shri Bhupinder Singh Mann
38. Shri N. Thangaraj Pandian
39. Shri S.K.T. Ramachandran
40. Shri K.N. Singh
41. Shri Maheshwar Singh
42. Dr. Ranveer Singh
43. Shri Shiv Charan singh
44. Shri Som Pal

**SECRETARIAT**

1. Shri S.N. Mishra	—	<i>Additional Secretary</i>
2. Smt. Roli Srivastava	—	<i>Joint Secretary</i>
3. Shri P.D.T. Achary	—	<i>Director</i>
4. Shri S. Bal Shekar	—	<i>Under Secretary</i>

## COMPOSITION OF SUB-COMMITTEE 'A'

1. Shri Som Pal	— <i>Convenor</i>
2. Shri Zainal Abedin	— <i>Alternate Convenor</i>
3. Shri Ramnarayan Goswami	
4. Shri Bhupinder Singh Mann	
5. Shri Ranveer Singh	
6. Smt. Krishnendra Kaur 'Deepa'	
7. Shri Shiv Charan Singh	
8. Shri Uttamrao Deorao Patil	
9. Shri D. Pandian	

## INTRODUCTION

I, the Chairman of the Standing Committee on Agriculture (1995-96) having been authorised by the Committee to submit Report on their behalf, present this 24th Report on Action Taken by Government on the recommendations/observations contained in the 7th Report of the Standing Committee on Agriculture 1994-95 (Tenth Lok Sabha) on the Demands for Grants (1994-95) of the Ministry of Agriculture (Dept. of Agriculture & Cooperation)

2. The Seventh Report of the Standing Committee on Agriculture (1994-95) on Demands for Grants (1994-95) of the Ministry of Agriculture (Dept. of Agriculture & Cooperation) was presented to Lok Sabha on 22nd April, 1994. The Ministry of Agriculture (Dept. of Agriculture & Cooperation) was requested to furnish action taken replies of the Government to recommendations contained in the Seventh Report. The replies of the Government to all the recommendations contained in the report were received.

3. The Ministry was also requested to furnish the extent to which the Demands for Grants (1995-96) have been modified in the light of recommendations of the Committee contained in the Seventh Report on Demands for Grants (1994-95) of the Ministry of Agriculture (Dept. of Agriculture & Cooperation). The replies in this regard were also received.

4. The Committee considered these action taken replies and subsequent replies furnished by the Government in its sitting held on 9.5.1995 and approved the draft comments and adopted the 24th Report.

5. An analysis of the Action Taken by the Government on the recommendations/observations contained in the 7th Report (Tenth Lok Sabha) of the Committee is given in Appendix II.

NEW DELHI;  
16 May, 1995  
\_\_\_\_\_  
26 Vaisakha, 1917 (Saka)

NITISH KUMAR,  
*Chairman,*  
*Standing Committee on Agriculture.*

## **CHAPTER I**

### **REPORT**

1.1 This report of the Standing Committee on Agriculture (1995-96) deals with the action taken by the Government on the recommendations/observations contained in their Seventh Report (Tenth Lok Sabha) on the Demands for Grants (1994-95) of the Ministry of Agriculture (Department of Agriculture & Cooperation). The Seventh Report was presented to Lok Sabha on 22nd April, 1994. It contained 15 recommendations/observations. Action taken notes have been received in respect of all the 15 recommendations/observations. The Committee have categorised as under:—

- 1.2 (i) Recommendations/Observations which have accepted by Government:  
Recommendation Nos. 5.2, 5.6, 5.8, 5.11, 5.13 & 5.14.  
(Total 6)
- (ii) Recommendations/Observations which the Committee do not desire to pursue in view of Government's reply:  
Recommendation No. 5.15  
(Total 1)
- (iii) Recommendations/Observations in respect of which final replies of Government have not been accepted by the Committee:  
Recommendation Nos. 5.1, 5.3, 5.4, 5.5, 5.7 & 5.10  
(Total 6)
- (iv) Recommendations/Observations in respect of which replies of Government are awaited:  
Recommendation Nos. 5.9, 5.12  
(Total 2)

1.3 The Committee will now deal with action taken by the Government on some of the Recommendations/Observations.

#### **Recommendation S. No. 1 (Para No. 5.1)**

1.4 The Committee note with concern that the outlay with respect to Agriculture both in the Five Year Plans and Annual Plans has been decreasing. The Committee, further find that overall Budget allocation of Department of Agriculture and Cooperation has decreased from 2.60% in 1991-92 to 1.19% in 1994-95. During 1993-94 out of Rs. 1330.00 crores only Rs. 521.94 crores were

spent till January, 1994. The Ministry of Agriculture have admitted the progress of the releases sluggish in the first 9 months. This Committee had in their first Report recommended for the need to increase the Budgetary Allocation and to make available more funds to Agriculture Sector. The Committee express their resentment that no thought has been given to the recommendation of the Committee.

The Committee again wish that the Plan allocation should be increased and due care should be taken to avoid under-utilisation of Plan allocation with proper monitoring so that Plan scheme/programmes may not be adversely affected and the practice of releasing fund, at the fag end of financial year should be stopped.

The Goverment in their reply have stated as under:—

1.5 "The Agriculture Ministry (Department of Agri. & Coopn.) is implementing a large number of Centrally sponsored and Central Sector schemes. Many of the continuing schemes have been modified in VIII Plan and many new schemes have been introduced necessitating approvals by the competent authority. The whole procedure takes time as it involves coordination with Planning Commission and various Ministries and agencies. The funds, therefore, could not be released in a proportionate manner. Further, it may be mentioned that in some cases, States have left over balances and, therefore, the need for releases in the first quarter is minimal. Before releasing funds to States it is our and endeavour that either Utilisation Certificate or progress report regarding physical and financial performance is received from State Governments. In some cases it is found that the State Governments do not release their share of contribution or provision not available. However, care is taken to see that programmes do not suffer because of lack of funds from the Central Government. In fact, wherever the programme implementation is prompt and effective, funds are released immediately. Thus, coorelating releases to financial and physical performance of the programme while helping in effective monitoring of the schemes is also responsible to an extent in slow release of funds."

"The developmental schemes of the Department are implemented by various Subject-Matter-Divisions. The requirement of funds for each scheme during the five year Plans/year-wise allocation is projected by them keeping in view the overall status/other factors of the scheme. The demands received from the Subject-Matter-Divisions are projected to the Planning Commission in Annual Plans. But we do not get the funds projected/demanded by us from the Planning Commission, who allocate the Plan Outlay keeping in view the overall financial/resource constraints. During 1994-95, Department of Agriculture and Cooperation projected an amount of Rs. 1830 crores, however, Planning Commission allocated an outlay of Rs. 1420 crores only. Even though, while the overall Budget allocation of the Department of Agriculture and Cooperation to the total Central Budget is decreasing, Plan Budget allocations of the Department of Agriculture

and Cooperation has increased since 1991-92 as is evident from the following statement:—

Year	(Rs. in crores)
1991-92	Allocation for Department of Agriculture and Cooperation
1992-93	1014.35
1993-94	1050.00
1994-95	1330.00
	1420.00

The implementation of the various developmental schemes of the Department of Agriculture & Cooperation is properly monitored both in terms of physical and financial achievements and these are not allowed to be adversely affected in any way notwithstanding the practice of releasing more funds at the end of the financial year.

#### Subsequent Reply

**Extent to which Demand stands now modified or reasons for inability to accept the recommendation or for accepting it partly**

1.6 The main thrust of the recommendation relating to the Budget is that the allocation for 1995-96 in respect of the Department should be increased. It may be submitted here that while implementing developmental schemes of the Department, the requirement of funds for each scheme during the Five year Plans/year-wise allocation is projected keeping in view the overall status/other factors of the scheme. The demands so formulated are projected to the Planning Commission in Annual Plans. Funds projected/demanded by us are usually not agreed by Planning Commission, keeping in view the overall financial/resource constraints. During 1995-96, Department of Agriculture and Cooperation projected an amount of Rs. 1972 crores. However, Planning Commission allocated an outlay of Rs. 1506 crores only. Even though, while the overall Budget allocation of the Department of Agriculture and Cooperation to the total Central Budget is decreasing, Plan Budget Allocations of the Department of Agriculture and Cooperation has increased since 1991-92 as is evident from the following statement:—

Year	(Rs. in crores)
1991-92	Allocation for Department of Agriculture and Cooperation
1992-93	1014.35
1993-94	1050.00
1994-95	1330.00
1995-96	1420.00
	1506.00

The Plan budget for 1995-96 at Rs. 1506.00 crores involves an increase of 6.07% over the Plan provision of Rs. 1420.00 crores for 1994-95.

**1.7 The Committee observe that the total Plan Budget allocation of the Department of Agriculture and Cooperation 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. 1506 crores by the Planning Commission on the plea of overall resource constraints. The increase of 6.07% over the budgetary allocation for 1994-95 is not even sufficient to tide over the inflationary impact. The Committee are constrained to observe that such a practice on the part of Planning Commission towards the agricultural sector which is the prime concern of more than two-third 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 lifeline of funds to this vital and basic sector is throttled, as 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 the 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. The Committee also recommend that the Government should ensure the prompt and timely utilisation of funds.**

#### **Recommendation Sl. No. 3 (Para No. 5.3)**

**1.8 VIII Five Year Plan contemplates a target of 28 lakh hectares of rainfed areas to be developed with an allocation of Rs. 1100 crore. The National Watershed Development Project for Rainfed Areas was restructured in 1990 and has been in operation since then. During 1990-91 and 1991-92, no targets were fixed and the Budget allocations for these years are to be utilised during VIII Five Year Plan also. Thus, the total Plan allocation from 1990-91 to 1996-97 covering 7 years is Rs. 1330.37 crore (which includes Rs. 1100 crore plan allocation during VIII Plan). Further, Budget Estimates for Rs. 200 crore has been provided during 1994-95 whereas during 1993-94, Rs. 210 crore were provided which shows that Budget allocation has been reduced despite the fact that this programme has been accorded priority.**

The Committee arrive at the conclusion that the target of 28 lakh hectares is to be developed in 7 years instead of VIII Plan only. As regards the progress of the project, 2344 out of 2550 watershed projects covering total area of 35.29 lakh hectares have been sanctioned. The Ministry of Agriculture (Department of Agriculture and Cooperation) stated that area being treated is higher with less cost.

The Committee are of the opinion that 28 lakh hectares to be developed in 5 years, the average works out to be 5.6 lakh hectares and cumulatively for 7 years, it would stand around 38 lakh hectares. The Committee would, therefore, recommend that an area of 38 lakh hectares should be developed by the end of VIII Five Year Plan and Budget allocation increased accordingly.

The Government in their reply have stated as under:—

1.9 "The National Watershed Development Project for Rainfed Areas (NWDPRA) 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. 230.37 crores as well as an unspent balance of Rs. 8,273 crores of VII Plan have been utilised for restructured NWDPRA. Eighth Plan contemplates a target of 28 lakh hectares of rainfed areas to be developed with an allocation of Rs. 1100 crore. The total allocation from 1990-91 to 1996-97 covering 7 years is Rs. 1338.643 crore (which includes Rs. 1100 crore Plan allocation during VIII Plan). Budget Estimates of Rs. 200 crore has been provided during 1994-95 whereas during 1993-94 Rs. 210 crores were provided. These Budget Allocations were made after considering the overall resource position.

It was targeted to cover an area of 28 lakh hectares with an allocation of Rs. 1100 crore during VIII Plan. Average per hectare cost of development works out to be Rs. 3928.00. As indicated in para above, Rs. 1338.643 crores are available for implementing the restructured NWDPRA. 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 2419 microwatersheds covering total area of 36.72 lakh hectares have already been sanctioned with an estimated cost of Rs. 1082.36 crores. Besides, special problem area projects covering an area of 0.87 lakh hectares with an estimated cost of Rs. 24.82 crores have also been taken up. The States/UTs who have savings have been permitted to take up contiguous areas of the existing watersheds which can be saturated during VIII Plan. Thus, with allocated resources the area coverage will be higher."

### Subsequent Reply

1.10 The National Watershed Development Project for Rainfed Areas (NWDPRA) 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 NWDPRA. 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 up to 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 targeted to cover an area of 28 lakh hectares with an allocation of Rs. 1100 crore during VIII Plan. Average per hectare cost of development works out to be Rs. 3928. As indicated in para above, Rs. 1338.64 crores are available for implementing the restructured NWDPRA. Keeping in view per hectare the average cost of Rs. 3928 only, treated area should be around 34.08 lakh hectares. Of this, projects of 3489 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.

**1.11 The Committee is of the view that the National Watershed Development Project for Rainfed Areas (NWDPRA) is an important programme of the Department. Keeping in view the backlog of the Seventh Five Year Plan, during the entire Eighth Five Year Plan period a total of 38 lakh hectare has to be covered under this programme. The Committee is of the view that a sum of Rs. 1338.64 crores available for this programme should be fully utilised to cover the target during the Eighth Plan period and in this regard a proper policy and action Plan should be evolved. The Committee also recommends that the Department should coordinate its endeavours with the concerned States to get the scheme implemented expeditiously and 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.**

#### **Recommendation Sl. No. 4 (Para No. 5.4)**

**1.12 The Committee recommend that the transport subsidy on seeds which is given to NSC/SFCI for operating in North-Eastern 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 the process of consulting the State Governments for preparing appropriate schemes has been initiated.**

The Government in their reply have stated as under:

**1.13 A Central Sector Scheme on Integrated Seed Development Scheme for Himachal Pradesh, Jammu & Kashmir, North-Eastern States including Sikkim, hilly areas of UP, Andaman & Nicobar Islands and not easily accessible remote areas of Andhra Pradesh, Bihar, Gujarat, Karnataka, Kerala, Madhya Pradesh,**

Orissa, Rajasthan and West Bengal with a view to increase production by the use of certified seeds, training to the farmers in seed production and seed quality aspects, to make available seed timely at reasonable prices, laying out of the demonstration to show the superiority of certified seed over local/traditional uncertified seed and creation of needed facilities for the seed production at State Farms/other such institutions has been formulated for the 8th Five Year Plan to be implemented with effect from 1994-95. The same will be implemented after the approval of the Planning Commission/Ministry of Finance.

### **Subsequent Reply**

**Extent to which Demand stands now modified or reasons for inability to accept the recommendation or for accepting it partly.**

1.14 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 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.

1.15 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 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.

### **Recommendation S. No. 5 (Para No. 5.5)**

1.16 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 1994-95. Further Budget Allocation of other seeds schemes which was Rs. 2.10 crores during 1993-94 has been kept at Rs. 1.44 crores during 1994-95. The Committee recommend that 'other seeds schemes' which are vital from the

point of processing and storage infrastructural facilities should not be neglected and allocation should be increased.

The Government in their reply have stated as under:

1.17 "It may be mentioned that discussions were held between Ministry of Agriculture and Planning Commission on 4.5.1994 regarding the need for additional investment in the Seed Sector, particularly, in the context of the post GATT scenario. According, Department of Agriculture and Cooperation (DAC) has developed four new schemes costing about Rs. 60 crores for increasing the infrastructural facilities and availability of seeds in the country. The details of these four new schemes are as under:

- (i) Integrated Seed Development Scehmes for Himachal Pradesh, J&K, North Eastern States including Sikkim, Hilly areas of UP, A&N Island and not easily accessible remote areas of other States and UTs, Andhra Pradesh, Orissa, Rajasthan, West Bengal, Maharashtra, Tamil Nadu, Goa, etc.
- (ii) Centrally sponsored Scheme to streamline certified seed production of important identified vegetable crops.
- (iii) National Programme for Varietal Development.
- (iv) Central Scheme on Quality Seed for Low Yielding Areas.

The above four new shcemes were considered in the meeting of Expenditure Finance Committee on 1-7-94 under the Chairmanship of Secretary (A&C). Further follow-up action has been initiated on the Minutes of the said Meeting held on 1-7-94. Four new schemes would be launched in the Seed Sector after obtaining the approval of the competent authority."

#### **Subsequent Reply**

1.18 In order to give effect to the above recommendation of the Committee this Ministry has formulated the following new schemes:

- (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. 2.28 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.

1.19 The main thrust of the recommendation of the Committee was allocation for improving infrastructural facilities for the other "Seed Schemes" should be raised. The Committee note that the Ministry has started

four new schemes costing about Rs. 60 crores for this purpose. But the Committee is unhappy that only a meagre amount of Rs. 2.28 crores has been made in the budget estimate of 1995-96.

The Committee feel that with such a meagre allocation the purpose for which these schemes have been started will not be fulfilled. The Committee, therefore, reiterates the recommendation that greater allocation should be made for this purpose.

#### **Recommendation Sl. No. 7 (Para No. 5.7)**

1.20 The Committee noted that the phosphatic and potassic fertilisers were decontrolled in 1972, following which two schemes were taken up during 1992-93 to increase the consumption of fertilisers. Rs. 632.14 crores for Assistance for Fertiliser Promotion and Rs. 123.86 crores for Assistance to Small & Marginal Farmers for implementation of various schemes including infrastructure building were provided in Revised Estimates during 1993-94. The Committee note that no budget provisions have been made for both these schemes during 1994-95 and no decision has so far been taken in regard to subsidy during 1994-95 for fertiliser by the Department.

The Committee also note that since NPK ratio has widened, there is imbalanced use of fertiliser. The Committee also observe that the foodgrains production during 1992-93 was 180.0 million tonnes against the target of 183.0 million tonnes and during 1993-94 the likely production is 179.1 million tonnes against the target of 188.0 million tonnes. The Committee apprehend that imbalanced use of fertiliser might be one of the factors leading to lower foodgrain production, as both these years have witnessed good monsoons.

The Committee recommend that Budget Provision for both the schemes should be made forthwith so that consumption of fertiliser may not be adversely affected. The cause for lower production should be looked into so that the development perspective for agriculture which envisages food self-sufficiency in Eighth Plan document could be achieved.

The Government in their reply have stated as under:

1.21 "The Scheme to provide concession to the States on Sale of decontrolled fertiliser is being continued from year to year on *ad-hoc* basis. The continuation of the scheme for 1994-95 has been communicated to the States on 9-6-94. For the current financial year the scheme commenced from 10-6-94.

With the increase in the price of Urea by 20% with effect from 10-6-94 and continuation of the scheme for sale of decontrolled fertilizers with concession, it is expected that the imbalance in the use of NPK ratio will be narrowed down."

### Subsequent Reply

**Extent to which Demand stands now modified or reasons for inability to accept the recommendation or for accepting it partly.**

1.22 The scheme of Assistance for Fertiliser Promotion is not being continued during 1995-96. Instead a scheme 'Payment to Manufacturers/Agencies for Concessional Sale of Decontrolled Fertilisers' 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 Fertilisers'.

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.

**1.23 The Committee observe that the renewing of the scheme of "Assistance for Fertiliser Promotion" to 'Payment to Manufacturers/Agencies for Concessional Sale of Decontrolled Fertilisers' and making a provision thereunder does not help the farmer in real money terms because the payment/subsidy is for the manufacturer. There is no deduction in the bill of the farmer.**

**The Committee, therefore, being not satisfied with the reply stated that if there is no mechanism of giving the benefit to the farmer than some effective mechanism should be developed so that the farmers directly get the benefit of the Scheme and quality fertilisers.**

**The Committee further noted that the scheme for Assistance to small and marginal farmers should be a revolving scheme with replenishment of funds instead of one time scheme assisted with a special dispensation and not to be supported by spill over amounts.**

### Recommendation Sl. No. 10 (Para No. 5.10)

1.24 The Budget allocation for agricultural implements and machinery during 1993-94 and 1994-95 is Rs. 15.70 crores and Rs. 15.75 crores respectively. The marginal increase of Rs. 5.00 lakhs for 1994-95 is on salaries, O.T.A. etc. whereas the need is to increase allocation for agricultural implements and machinery. The Committee also express their resentment over the achievements during 1992-93 and 1993-94 in respect of testing done by various Farm Machinery Training and Testing Institutes. The Committee would like to point out that while on the one hand more and more institutes are being set up where as on the other institutes already existing are not giving satisfactory results. The Committee recommend that allocation for agricultural implements and machinery should be increased and allocation needs to be increased for publicity purposes. Working of Farm Machinery and Testing Institutes should also be reviewed.

The Government in their reply have stated as under:

1.25 "The directives of the Committee have been noted for compliance, and these would be kept in view while proposing allocation of funds for the year 1995-96 and subsequent years. There are other plan Schemes on Wheat, Rice, Maize, Millets, Oilseeds, Pulses, Use of Plastics in Agriculture, etc. being implemented by the Department of Agriculture and Cooperation during the 8th Plan whereunder subsidy/assistance is provided to the farmers for purchase of Agricultural Machines/ Implements. Under these Schemes, during 1994-95, about Rs. 91.00 crores have been allocated for promotion of agricultural equipment.

The working of Farm Machinery Training and Testing Institutes has been reviewed regularly with a view to improving their performance. The testing of agricultural machinery being voluntary, not mandatory, the flow of test samples, particularly from small scale sector is not regular. Whereas 21 test reports have already been released, 50 machines were under test by the end of August, 1994. Further efforts are being made for improving the position with regard to testing on a voluntary basis of Agricultural Machinery/ Implements by the Farm Machinery Training & Testing Institutes."

#### **Subsequent Reply**

1.26 Pursuant to the directives of the Committee, while formulating the proposals for the Annual Plan 1995-96 in respect of the Agricultural Implements and Machinery Division, an enhanced allocation of Budget to the extent of Rs. 21.10 crore had been sought, mainly, for the scheme 'Promotion of Agricultural Mechanisation among Small Farmers', for popularising and promoting the use of modern Agricultural Implements and Machinery in the country as also for strengthening the necessary in structure at the Farm Machinery Training & Testing Institutes for extension/publicity purposes.

However, against the above demand, an amount of Rs. 10.00 crore has been allocated for 1995-96, presumably, due to the cut imposed by the Planning Commission on the overall demand of the Department of Agriculture and Cooperation.

The working of Farm Machinery Training & Testing Institutes has been reviewed twice during 1994-95 with a view to improving their performance. As a result of these reviews, the performance of the Institutes has considerably improved in as much as, till February, 1995, these Institutes have trained 2414 personnel on the various aspects of farm machinery. It is hoped that upto March, 1995, the Institutes would have trained 2600 personnel i.e. the target of training set for the year. As to the testing of Agricultural Machines and Implements, the Institutes have already tested 49 Agricultural Machines/ Implements till February, 1995. Besides, 36 machines were at different stages of testing with these Institutes. Notwithstanding the testing of Agricultural Machinery not being

mandatory, it is expected that the Institutes would have achieved the targets of testing 65 machines set for them for the year.

**1.27** The Committee had observed that the existing institutes for testing farm machinery are not giving satisfactory results and therefore it was the desire of the Committee that the Ministry should take necessary steps to see that these Institutes produce satisfactory results. The reply of the Government does not give any information as to what improvement in their performance has been brought about as a result of the review which they have undertaken. The Committee is not happy with this reply. The Government should give the correct information about the improvement in the performance of these training institutes.

## CHAPTER II

### RECOMMENDATIONS/OBSERVATIONS WHICH HAVE BEEN ACCEPTED BY GOVERNMENT

#### **Recommendation Sl. No. 2 (Para No. 5.2)**

2.1 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 funds in Revised Estimates should be done away with and allocation should be made in the Budget Estimates itself for those schemes the allocation for which are normally made in the Revised Estimates.

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

2.2 It is true that there is some raise in the Revised Estimates as compared to the Budget estimates since 1991-92 to 1993-94. 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.

Revised Estimates are not normally raised as a matter of routine, but only in cases of pressing and committed expenditure that too with the approval of the Competent Authority.

As stated above, since the Revised Estimates provisions are to be raised as a result of post-budget developments which are not anticipated at the time of framing the Budget Estimates, these provisions cannot be incorporated in the Budget Estimates.

Besides it may also be not true that Revised Estimates are always more than the Budget Estimates. Sometimes, Revised Estimates can be less than that of the Budget Estimates in a particular year depending upon the requirement of funds taking into consideration the economy instructions issued by the Ministry of Finance from time to time.

### **Subsequent Reply**

#### **Extent to which Demand stands now modified or reasons for inability to accept the recommendation or for accepting it partly.**

2.3 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.

#### **Recommendation Sl. No. 6 [Para No. 5.6(i)]**

2.4 The Committee observe that out of 12 State Seeds Corporations 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 of NSC and SFCI are improved.

### Reply of the Government

#### **2.5 (a) Performance of National Seeds Corporation**

National Seeds Corporation improved its financial position by reducing their net and accumulated losses during the year 1992-93. The position in this regard is as under:

	(Rs. in lakhs)		
	1990-91	1991-92	1992-93
Net loss	898.73	849.64	587.26
Accumulated loss carried	2450.91	2754.69	1707.99

The assistance provided to NSP-III is as follows:

	(Rs. in crores)		
	Sanction	Release	Utilisation
	50.87	50.87*	40.59

\*Rs. 7.09 crores has been frozen under VRS component.

And its utilisation will be based on actual basis. similarly, an amount of Rs. 1.25 crores has also been frozen under cash losses and margin money for work capital components and its utilisation is linked with the completion various trigger actions.

Some of the positive actions taken by NSC under NSP-III are as under:

1. Repayment of outstanding loan of Rs. 16.99 crores to GOI towards loan plus interest. At present, the Corporation has no liability of loans towards the GOI.
2. The Corporation has increased its financial turn over from Rs. 26.16 crores during 1991-92 to Rs. 30.50 crores during 1992-93. The Corporation further expect the increase in financial turn over during 1993-94.
3. The Corporation has revised the product mix and incorporated high value crop seeds in the product mix.
4. The Corporation introduced the Voluntary Retirement Scheme under which about 388 persons have undertaken the voluntary retirement and 110 persons have opted for Voluntary Separation Scheme.
5. The Corporation reorganised its set up by reducing regional offices from 22 to 10 and processing plants from 51 to 33.
6. The Corporation emphasised the economy consciousness by reducing the expenditure on certification, treatment, transport and packaging cost and also making more attractive packages of VRS/VSS. With these measures, NSC expects to reverse the loss making trend during 1994-95.

7. The Corporation has made proposal for diversification plan like monitoring of breeder seed plots and undertaking the Grow out Test at its farms.

(b) Appointment of Tata Consultancy Services as Operating Consultant for NSC. As per the stipulations of the project, the diagnostic study of the Corporation is carried out by the Professional consultants who are selected as per procedures and guidelines developed by the World Bank. The guidelines give substantial weightage to technical competence of the bidders. The procedure also includes the constitution of a selection committee in the Department of Agriculture & Cooperation and issue of tender to shortlisted consultants. In respect of NSC, due procedures were allowed for appointment of consultants. After evaluating the various tenders, the committee found the proposal of Tata Consultancy Services (TCS) as most suitable and therefore the work was allotted to TCS with the approval of the competent authority.

(c) *State Farms Corporation of India*. SFCI increased their profit during 1991-92 from 1990-91 level. However, during 1992-93, the Corporation sustained the loss. The profit and loss position of the Corporation during last 3 years is as under:

(Amount in Rs. Lakhs)		
1990-91	1991-92	1992-93
(+) 141.62	(+) 208.14	(-603.88)

Under the NSP-III, following assistance was provided to SFCI:

Sanction	Release	Utilization
31.00	25.65*	13.99

\*Rs. 5.35 crores for margin money for working capital has been frozen and its utilisation is linked with the completion of certain trigger actions.

The Corporation sustained the losses during 1992-93 due to many reasons, some of which are as under:

1. Increases in the wages and salaries of the employees.
2. The Corporation paid high interest on the working capital loan drawn from the commercial bank.
3. Failure of crops at certain farms due to spread of epidemic diseases and pest attacks.
4. Non-availability of canal water for irrigation at Jetsar farm.
5. Due to vagaries of weather on certain farms, the production was very low.

The Corporation has taken various steps to improve its financial performance some of these are as under:

1. Revision of the product mix based on contribution analysis and inclusion of high value crop in the product mix.
2. Improvement in the farm management system for increasing the productivity at the farm.
3. The Corporation has repaid Rs. 6.00 crores GOI loan and Rs. 4.00 crores commercial bank loans and reduced the interest liability.
4. Strengthening of the marketing aspects for improving the sales of seeds.
5. The corporation projects a reversion of making trend during the year 1994-95.

#### **Subsequent Reply**

**Extent to which Demand stands now modified or reasons for inability to accept the recommendation or for accepting it partly.**

2.6 In order to improve the working efficiency of National Seeds Corporation, implementation of the Agreed Action 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.

#### **Recommendation Sl. No. 6 [Para No. 5.6 (ii)]**

2.7 The Committee further note that against the release of Rs. 91.70 crores; Rs. 55.90 crores has been utilised till 1992-93 and during 1993-94 only Rs. 24.21 has been released out of the budget of Rs. 40.00 crores. The Committee recommend that such under utilisation of fund should be avoided so that the programme/schemes under NSP-III are not adversely effected. The causes for under utilisation should also be looked into.

### Reply of the Government

2.8 Of the total released amount of Rs. 91.70 crores upto 1992-93, the year-wise break-up of amount released was as follows:

Year	(Rs. in Crores)
(a) 1991-92	43.17
(b) 1992-93	48.53
	91.70

Of the above stated released amount of Rs. 91.70 crores, amount effectively released stood at Rs. 66.11 crores since in respect of an amount of Rs. 25.59 crores, released in favour of National Seeds Corporation, utilisation was linked with the Corporation's taking specified trigger action like implementation of VRS (linked with actual use), revision in the product-mix, introduction of costing system, initiation of cost cut measures and reduction in the rate of condemnation of seed. Subsequently of the frozen amount of Rs. 25.59 crores, utilisation of Rs. 12.24 crores was later permitted. Thus, utilisation of Rs. 55.90 crores constituted 71% of effectively released amount of Rs. 78.35 crores.

It is also relevant to mention here that the World Bank has laid down elaborate guidelines for tendering procedure etc. for execution of civil works and procurement of equipments and goods which naturally result in longer time in ensuring utilisation of funds for the above said purposes.

During 1993-94, out of total budget allocation of Rs. 40.00 crore under NSP-III the actual amount released was of Rs. 39.93 crore as on 31.3.94. Thus, near by 100% release of allocated amount was made.

It is also pertinent to mention that against the total effective release of Rs. 107.37 crores, the total utilisation is Rs. 97.09 crores up to 15.9.94 as per unaudited but certified figures and constitutes 90.42% effectively released amount.

### Subsequent reply

#### **Extent to which Demand Stands now modified or reasons for inability to accept the recommendation or for accepting it partly.**

2.9 Delay in utilisation of funds takes place because of the elaborate guidelines for tendering procedures etc. laid down by the World Bank for execution of civil works and procurement of equipments and goods etc. It may be mentioned that total effective release upto 15-9-94 was Rs. 107.37 crores against which the total utilisation on that date was Rs. 97.09 crores which constitutes 90.42% of the effectively released amount. Further amounts were released under NSP-III mainly during March, 1995 and as such latest figures of the utilisation of funds are not available.

During 1993-94 out of total Budget Allocation of Rs. 40.00 crores under NSP-III the actual amount released was Rs. 39.93 crores which works out to about 100% release. During 1994-95 out of total Budget Allocation of Rs. 35.00 crores actual release was Rs. 24.94 crores. Less release of funds against the Budget Allocation during 1994-95 is mainly due to following reasons:

- (a) Termination of contract with the Operating Consultant for Assam State Seeds Corporation; and
- (b) Delay in updating of accounts by some of the State Seeds Corporations which is a pre-requisite for getting any assistance under the Project.

#### **Recommendation Sl. No. 8 (Para No. 5.8)**

2.10 The Committee express their happiness that the Budget allocation for Bio-fertiliser promotion which was Rs. 1.75 crores during 1993-94 has been raised to Rs. 2.05 crores during 1994-95. The Committee would like the Budget allocation to be further increased. Keeping in view the fact that country is heavily dependent on import of phosphatic and potassic fertilisers and there is wide gap between demand and supply of Bio-fertilisers. Therefore, focus should be diverted towards development of Bio-fertiliser.

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

2.11 The Budget allocation to implement the National Project on Bio-fertiliser has been raised to Rs. 2.00 crores during 1994-95 in comparison to 1993-94 which was Rs. 1.75 crores. More efforts are being diverted towards development, promotion and use of Bio-fertiliser, keeping in view its importance as renewable and cheaper source of nutrient. Increasing amount of budget are being regulated/provided year after year keeping in view the need for promotion and development of Bio-fertiliser.

#### **Subsequent Reply**

**Extent to which Demand stands now modified or reasons for inability to accept the recommendation or for accepting it partly.**

2.12 For bio-fertiliser Promotion in BE 1995-96 a total of budget provision of Rs. 2.00 crores has been made. In addition, a provision of Rs. 6.10 crores has also been made for establishment of a technology Mission on Bio-fertilisers.

### **Recommendation Sl. No. 11 (Para No. 5.11)**

2.13 The Budget allocation for Oilseed Production Programmes (OPP) which was Rs. 64.57 crores during 1991-92, has been increased to Rs. 105.44 crores during 1994-95 which, in the opinion of the Committee is a **positive step to increase the production of oilseeds**. The Committee express their satisfaction that **production of oilseeds has been commensurate with the increased Budget allocation over the last 3-4 years**. However, the Committee are concerned to note that achievements in the components of O.P.P. such as Distribution of Certified Seeds (Subsidised) and Retail outlets have been far below the targets since 1990-91 to 1993-94. Non-commensurability of production and distribution with the demand of the seeds due to low seed multiplication ratio have been the reasons advanced by the Agriculture Ministry. Therefore, some relaxations were made to allow distribution assistance on T.L. seeds. However, farmers considered the price of the seed to be still on hihger side even after such relaxation. The Committee was informed that there has been requests from the States for allowing higher rate of subsidy for groundnut and soyabean and for hybrids of sunflower and castor which could not be agreed to. The Committee are of the opinion that if higher rate of subsidy is allowed, the possibility of oilseeds production would definitely outmatch the targets as one of the vital inputs would reach farmers on cheaper price and interest of farmers would be enhanced. The Committee hope that higher subsidy would be allowed. The Committee would also urge that the network of seed distributing agencies in the Staes need to be strengthened.

### **Reply of the Government**

2.14 In order to obtain higher production and productivity per unit of area intensive efforts are contemplated to transfer the latest available production technologies on the farmer's field and for encouragement subsidies are being provided under OPP for various key inputs. Seed is one of the major constraints and therefore higher allocations have been made for this component during 1994-95. The present rates for various seed components have been approved by the Planning Commission and E.F.C. for the VIII Plan period. As opined by the Standing Committee on Agriculture providing higher rates of subsidy would be considered during the IX Plan. Cummulative effects of all the subsidised key inputs components have provided positive impacts on oilseed production. The programme is being implemented through the States who have the flexibility to increase or decrease the financial allocation and physical targets as per their location specific situation between different seed components including retail outlets. The higher rate of assistance on foundation seeds and hybrids was proposed by the Ministry of Agriculture but the Planning Commission did not agree to this proposal.

**Recommendation Sl No. 13 (Para. No. 5.13)**

2.15 The Committee find both Department of Agriculture and Cooperation and Ministry of Food Processing Industries are engaged in processing of fish. This should be avoided it should be entrusted to a single Ministry/Department. The Committee, further, observe that the achievements against the targets set out under integrated Fisheries Projects from 1991-92 to 1993-94 are not satisfactory and the budget allocation for this project has been for this project has been derastically reduced from Rs. 24.88 crores in 1993-94 to Rs. 8.18 crores during 1994-95. The Committee cannot but comment that when targets were not achieved even with increased allocation, then how could it be achieved during 1994-95, with meagre allocation. The Committee recommend that allocation for this project should be increased.

**Reply of the Government**

2.16 When a separate Ministry of Food Processing Industries (MFPI) was set up in July, 1988, matters pertaining to fishing and fisheries beyond territorial waters including deep sea fishing were transferred to the new Ministry. Thus, all the matters pertaining to costal marine fisheries, etc. including Integrated Fisheries Project were retained in the Ministry of Agriculture. The question of including Integrated Fisheries Project in the MFPI was considered and the Ministry of Agriculture decided to continue the project in Agriculture Ministry. Processing of diversified fishery products with a view to popularise in the internal market the low value fishes by converting them to the value added products is only one of the objectives of the Project.

The Department of Agriculture & Coopn., however, find it necessary that all matters pertaining to fisheries should be brought under one Department in order to have better integration between various fields of fishery development. The Department have been taking the matter of setting up of a separate Department of Fisheries with the Government of India.

The main reason for not achieving the target set out under the Integrated Fisheries Project during 1991-92, 1992-93 and 1993-94 is that no new developmental schemes, proposed under 6th and 7th Five Year Plans, were approved except the scheme of a new unit of IFP at Visakhapatnam towards the fag end of the 7th Five Year Plan period. This unit was also not provided with proper manpower and infrastructure facilities. The achievement of the targets set out with regard to many of the sections of the project depends on the succes of fishing operations. The fishing fleet of the Project is very old and there was no replacement during the last few decades. Unexpected breakdowns and frequent repairs made it impossible to carry out the operations as programmed. Added to this, during 1990-91, four out of six vessels of the project got demaged in fire accident in Cochin backwaters. The remaining vessel Samudradevi was also lying idle since March, 1990 due to a breakdown of the crankshaft. Thus, only one old vessel was under operation during the major part of the above period, that too

with frequent breakdowns. It is under this context, the Ministry has approved the acquisition of two indigenously constructed fishing trawlers and acquisition of two more trawlers under Japanese grant-in-aid as part of the fleet renewal programme of the Project. The construction of these two vessels was unduly delayed, after initial stage upto the hull portion. However, it is expected to commission the vessels during 1994-95. The Japanese-grant-in aid vessels are operating in full swing and during the first two months in April-May, 1994, the vessels landed about 37 tonnes of fish (almost 80% of last year's total catch). It is expected to achieve the target fixed from 1994-95 onwards if the other two vessels under construction join the fleet and the vessel Samudradevi also commences operation after refitting.

The allocation of Rs. 24.38 crores made during 1993-94 includes Rs. 22 crore provided for the two Japanese grant-in-aid vessels. thus, the amount of Rs. 8.18 crore provided in the 1994-95 budget for IFP is to be compared with Rs. 2.38 crore for 1993-94. However, additional amount would be required for construction of the vessel during the current financial year and for running the fishing fleet. With increased allocation to the Project, it is expected that the targets set forth would be achieved.

### **Subsequent Reply**

#### **Extent to which the demand has now been fulfilled**

2.17 The budget allocation for the Integrated Fisheries Project has been generally increasing as may be seen below:

Year	(Rs. in lakhs)
1992-93	255.00 (BE)
1993-94	254.00 (RE)*
1994-95	594.00 (BE)
1995-96	578.00 (BE)

\*After deducting Rs. 2,200.00 lakhs provided for acquisition of two Japanese Vessels which was one time allocation.

With the operation of these vessels, it is expected that the targets fixed for the project would be achieved.

#### **Recommendation Sl. No. 14 (Para. No. 5.14)**

2.18 The Budget allocation for Nautical Engineering Training has been increasing which is evident from the fact that Rs. 4.13 crore in Budget Estimates (1993-94), Rs. 4.71 crores in Revised Estimates (1993-94) and Rs. 7.20 crores in Budget Estimates (1994-95) have been provided. However, achievements with respect to training vessels are not, satisfactory because vessels with their

machinery and equipments were imported from various countries during late sixties and early eighties which need repairs frequently. As non-adaptability of indigenous spares of the domestic market and non-adaptability of indigenous spares of the engine and machinery for replacement are the major constraints, the Committee hope that the Budget allocation under this head would be further increased.

### Reply of the Government

2.19 All the four fishery training vessels of the Central Institute of Fisheries Nautical & Engineering Training (CIFNET) were imported from different countries during the sixties and eighties and are 14 to 26 years old. Some of the major reasons for low achievement are as under:

- a) Machinery, equipment, etc. are subjected to heavy wear & tear warranting repairs/replacement resulting long lay-offs. Replacement with various crucial components to carry out repairs is difficult either due to non-adaptability of indigenous substitutes or due to lengthy import procedural formalities of such components which are not available in the domestic market.
- b) The efficiency of the vessels has reduced considerably due to aging process and hence vessels are not suitable for venturing into deep sea fishing beyond 100 m. depth. Vessels are, therefore, operated within the 50m. depth zone where the resource is poor due to heavy pressure of exploitation by various categories of vessels. This is the reason for the low landing by the training vessels. Moreover, these vessels are mainly deployed for imparting practical training onboard to the institutional and post-institutional trainees of the institute and the catch, whatsoever, is only incidental.
- c) One of the major constraints in achieving the target is the non-cooperation and increasing agitating tendencies of the floating staff who are the mainstay for effective operation of fishing vessels. Unless the vessel is operated on a long sailing and operation resorted to for 12 to 15 hours, productive fishing cannot be done. As this is not the practice during the last few years, low production was achieved.

The following corrective measures are being taken/proposed to be taken to achieve the target and to optimise the utility of the vessels during 1994-95:

- a) Action has been taken to arrange spares/equipments to replace through NORAD/DANIDA assistance. Some of them have already arrived. The dry dock repairs/cost of equipment/spares including customs duty make the budget, higher year after year.
- b) Training vessels have been programmed to fish in productive grounds within 50m. depth.

c) Proposals are made to delink the floating staff from the ambit of CCS Rules or appoint them on contract basis for a limited period which is the practice followed by all fishing enterprises.

### Subsequent Reply

#### Extent to which the demand has now been fulfilled

2.20 The allocation for Nautical Engineering and Training for 1995-96 has been kept around the same level as that in 1994-95 as shown below:-

Year	Allocation (Rs. in lakhs)
1993-94	216.00 (RE)
1994-95	465.00 (RE)
1995-96	435.00 (BE)

Various measures are being taken/proposed to be taken to optimise the utility of the vessels such as arranging space/equipment to replace through NORAD/DANIDA assistance, programming of training vessels to fish in productive grounds within 50m. depth, etc.

## CHAPTER III

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

#### Recommendation Sl. No. 15 (Para No. 5.15)

3.1 Horticulture has been accorded priority in Eighth Five Year Plan. Accordingly, Budget allocation has been raised from Rs. 65 crores during 1992-93 to Rs. 185 crores during 1994-95. As regards the achievements the Committee find that there is shortfall in case of fruits & vegetables. The Committee are concerned to note that on the one hand Budget allocation is being raised on the other targets are not being achieved. The Committee are further no aware to what extend regional imbalance has been reduced by taking various steps for horticulture development.

The Committee recommended that effort should be made to reduce regional imbalance in the field of horticulture development.

#### Reply of the Government

3.2 It is true that budget allocations for horticulture schemes have been increased from Rs. 65 crores during 1992-93 to Rs. 185 crores during 1994-95. The table below given the year-wise targets and achievements of fruits & vegetables:-

S. No.	Name of the crop	92-93	Esti- mated Achieve- ment	93-94	Esti- mated Achieve- ment	94-95	(in lakh tonnes) VIII Plan
		Target		Target		Target	Target
1.	Fruits	348	329	350	350	372	380
2.	Vegetable including potatoes.	692	716	722	722	800	960

During 1992-93, while the target of vegetables was exceeded, there was some short-fall under fruits due to incidence of pests & diseases. However, during 1993-94, the targets set both for fruits & vegetables are expected to be achieved. It may be added here that fruit trees require longer gestation period, ranging from

6 to 7 years. Therefore, the development efforts being made from 1992-93 would give results after a few years.

As regards regional imbalance the same have been reduced to the extent possible by covering all the States and UTs. in the horticulture development strategy for the VIII plan. This has been achieved by allocating sufficient funds for the crops which can be grown in the States. The allocations, however, differ from State to State on the basis of number of crops grown, extent of coverage and the gravity of the problems being faced.

## CHAPTER IV

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

#### **Recommendation Sl. No. 1 (Para No. 5.1)**

4.1 The Committee note with concern that the outlay with respect to Agriculture both in the Five Year Plans and Annual Plans has been decreasing. The Committee, further find that overall Budget allocation of Department of Agriculture and Cooperation has decreased from 2.60% in 1991-92 to 1.19% in 1994-95. During 1993-94 out of Rs. 1330.00 crores only Rs. 521.94 crores were spent till January, 1994. The Ministry of Agriculture have admitted the progress of the releases sluggish in the first 9 months. This Committee had in their First Report recommended for the need to increase the Budgetary Allocation and to make available more funds to Agriculture Sector. The Committee express their resentment that no thought has been given to the recommendation of the Committee.

The Committee again wish that the plan allocation should be increased and due care should be taken to avoid under-utilisation of plan allocation with proper monitoring so that plan scheme/programmes may not be adversely affected and the practice of releasing fund, at the fag end of financial year should be stopped.

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

4.2 The Agriculture Ministry (Department of Agriculture & Cooperation) is implementing a large number of Centrally Sponsored and central Sector schemes. Many of the continuing schemes have been modified in VIII Plan and many new schemes have been introduced necessitating approvals by the competent authority. The whole procedure takes time as it involves coordination with Planning Commission and various Ministries and agencies. The funds, therefore, could not be released in a proportionate manner. Further, it may be mentioned that in some cases States have left over balances and, therefore, the need for releases in the first quarter is minimal. Before relasing funds to states it is our endeavour that either Utilisation Certificate or Progress report regarding physical and financial performance is received from State Governments. In some cases it is found that the State Governments do not release their share of contribution or provision not available. However, care is taken to see that programmes do not

suffer because of lack of funds from the Central Government. In fact wherever the programme implementation is prompt and effective, funds are released immediately. Thus, coorelating release to financial and physical performance of the programme while helping in effective monitoring of the schemes is also responsible to an extent in slow release of funds.

The developmental schemes of the Department are implemented by various Subject-Matter-Divisions. The requirement of funds for each scheme during the five year plans/year-wise allocation is projected by them keeping in view the overall status/other factors of the scheme. The demands received from the Subject Matter-Divisions are projected to the Planning Commission in Annual Plans. But we do not get the funds projected/demanded by us from the Planning Commission, who allocate the Plan Outlay keeping in view the overall financial/resource constraints. During 1994-95, Department of Agriculture and Cooperation projected an amount of Rs. 1830 crores, however, Planning Commission allocated an outlay of Rs. 1420 crores only. Even though, while the overall budget allocation of the Department of Agriculture and Cooperation to the total Central Budget is decreasing, Plan Budget allocations of the Department of Agriculture and Cooperation has increased since 1991-92 as is evident from the following statement:

Year	Allocation for Department of Agriculture and Cooperation	(Rs. in crores)
1991-92	1014.35	
1992-93	1050.00	
1993-94	1330.00	
1994-95	1420	

The implementation of the various developmental schemes of the Department of Agriculture & Cooperation is properly monitored both in terms of physical and financial achievements and these are not allowed to be adversely affected in any way notwithstanding the practice of releasing more funds at the end of the financial year.

#### Subsequent Reply

**Extent to which Demand stands now modified or reasons for inability to accept the recommendation or for accepting it partly.**

4.3 The main thrust of the recommendation relating to the Budget is that the allocation for 1995-96 in respect of the Department should be increased. It may be submitted here that while implementing developmental schemes of the Department, the requirement of funds for each scheme during the five year plans/year-wise allocation is projected keeping in view the overall status/other factors of the scheme. The demands so formulated are projected to the Planning Commission in Annual Plans. Funds projected/demanded by us are usually not agreed by

Planning Commission, keeping in view the overall financial/resource constraints. During 1995-96, Department of Agriculture and Cooperation projected an amount of Rs. 1972 crores. However, Planning Commission allocated an outlay of Rs. 1506 crores only. Even though, while the overall budget allocation of the Department of Agriculture and Cooperation to the total Central Budget is decreasing, plan Budget Allocations of the Department of Agriculture and Cooperation has increased since 1991-92 as is evident from the following statement:

Year	Allocation for Department of Agriculture and Cooperation (Rs. in crores)
1991-92	1014.35
1992-93	1050.00
1993-94	1330.00
1994-95	1420.00
1995-96	1506.00

The plan budget for 1995-96 at Rs. 1506.00 crores involves an increase of 6.07% over the Plan provision of Rs. 1420.00 crores for 1994-95.

#### **Recommendation Sl. No. 3 (Para No. 5.3)**

4.4 VIII Five Year Plan contemplates a target of 28 lakh hectares of rainfed areas to be developed with an allocation of Rs. 1100 crore. The National Watershed Development Project for Rainfed Areas was restructured in 1990 and has been in operation since then. During 1990-91 and 1991-92, no targets were fixed and the budget allocations for these years are to be utilised during VIII Five Year Plan also. Thus, the total plan allocation from 1990-91 to 1996-97 covering 7 years is Rs. 1330.37 crore (which includes Rs. 1100 crore plan allocation during VIII Plan). Further, Budget Estimates for Rs. 200 crore has been provided during 1994-95 whereas during 1993-94, Rs. 210 crore were provided which shows that budget allocation has been reduced despite the fact that this programme has been accorded priority.

The Committee arrive at the conclusion that the target of 28 lakh hectares is to be developed in 7 years instead of VIII Plan only. As regard the progress of the project, 2344 out of 2550 watershed projects covering total area of 35.29 lakh hectares have been sanctioned. The Ministry of Agriculture (Department of Agriculture and Cooperation) stated that area being treated is higher with less cost.

The Committee are of the opinion that 28 lakh hectares to be developed in 5 years, the average works out to be 5.6 lakh hectares and cumulatively for 7 years, it would stand around 38 lakh hectares. The Committee would, therefore, recommend that an area of 38 lakh hectares should be developed by the end of VIII Five Year Plan and budget allocation increased accordingly.

### **Reply of the Government**

4.5 The National Watershed Development Project for Rainfed Areas (NWDPRA) 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. 230.37 crores as well as an unspent balance of Rs. 8,273 crores of VII Plan have been utilised for restructured NWDPRA. Eighth Plan contemplates a target of 28 lakh hectares of rainfed areas to be developed with an allocation of Rs. 1100 crore. The total allocation from 1990-91 to 1996-97 covering 7 years is Rs. 1338.643 crore (which includes Rs. 1100 crore plan allocation during VIII Plan). Budget Estimates of Rs. 200 crore has been provided during 1994-95 whereas during 1993-94 Rs. 210 crores were provided. These Budget Allocations were made after considering the overall resource position.

It was targetted to cover an area of 28 lakh hectares with an allocation of Rs. 1100 crore during VIII Plan. Average per hectare cost of development works out to be Rs. 3928.00. As indicated in para above, Rs. 1338.643 crores are available for implementing the restructured NWDPRA. 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 2419 microwatersheds covering total area of 36.72 lakh hectares have already been sanctioned with an estimated cost of Rs. 1082.36 crores. Besides, special problem area projects covering an area of 0.87 lakh hectares with an estimated cost of Rs. 24.82 crores have also been taken up. The States/UTs who have savings have been permitted to take up contiguous areas of the existing watersheds which can be saturated during VIII Plan. Thus, with allocated resources the area coverage will be higher.

### **Subsequent Reply**

4.6 The National Watershed Development Project for Rainfed Areas (NWDPRA) 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. 230.37 crores as well as an unspent balance of Rs. 8,273 crores of VII Plan have been utilised for restructured NWDPRA. Eighth Plan contemplates a target of 28 lakh hectares of rainfed areas to be developed with an allocation of Rs. 1100 crore. The total allocation from 1990-91 to 1996-97 covering 7 years is Rs. 1338.643 crore (which includes Rs. 1100 crore plan allocation during VIII Plan). It is estimated that a sum of Rs. 1150 crores (Rupees Eleven hundred and fifty crores) will be expended upto the end of VII Plan) Budget Estimates of Rs. 198 crore 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 crore 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 NWDPRA. 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 microwatersheds covering total area of 34.08 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.

#### **Recommendation Sl. No. 4 (Para No. 5.4)**

4.7 The Committee recommend that the transport subsidy on seeds which is given to NSC/SFCI for operating in North Eastern 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 the proses of consulting the State Governments for preparing appropriate schemes has been initiated.

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

4.8 A Central Sector Scheme on Integrated Seed Development Scheme for Himachal Pradesh, Jammu & Kashmir, North Eastern States including Sikkim, hilly areas of U.P., Andaman & Nicobar Islands and not easily accessible remote areas of Andhra Pradesh, Bihar, Gujarat, Karnataka, Kerala, Madhya Pradesh, Orissa, Rajasthan and West Bengal with a view to increase production by the use of certified seeds, training to the farmers in seed production and seed quality aspects, to make available seed timely at reasonable price, laying out of the demonstration to show the superiority of certified seed over local/traditional uncertified seed and creation of needed facilities for the seed production at State Farms/other such insitutions has been formulated for the 8th Five Year Plan to be implemented with effect from 1994-95. The same will be implemented after the approval of the Planning Commission/Ministry of Finance.

#### **Subsequent Reply**

**Extent to which Demand Stands now modified or reasons for inability to accept the recommendation or for accepting it partly.**

4.9 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 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.

### **Recommendation Sl. No. 5 (Para No. 5.5)**

4.10 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 Budget Allocation of other seeds schemes' which was Rs. 2.10 crores during 1993-94 has been kept at Rs. 1.44 crores during 1994-95. The Committee recommend that 'other seeds schemes' which are vital from the point of processing and storage infrastructural facilities should not be neglected and allocation should be increased.

### **Reply of the Government**

4.11 It may be mentioned that discussions were held between Ministry of Agriculture and Planning Commissionon 4.5.1994 regarding the need for additional investment in the Seed Sector, particularly, in the context of the post GATT scenario. Accordingly, Department of Agriculture and Cooperation (DAC) has developed four new schemes costing about Rs. 60/- crores for increasing the infrastructural facilities and availability of seeds in the country. The details of these four new schemes are as under:

- (i) Integrated Seed Development Schemes for Himachal Pradesh, J&K, North Eastern States including Sikkim, Hilly areas of U.P. A&N Island and not easily accessible remote areas of other States and UTs, Andhra Pradesh, Orissa, Rajasthan, West Bengal, Maharashtra, Tamil Nadu, Goa etc.
- (ii) Centrally Sponsored Scheme to streamline certified seed production of important identified vegetable crops.
- (iii) National Programme for Varietal Development.
- (iv) Central Scheme on Quality Seed for Low Yielding Areas.

The above four new schemes were considered in the meeting of Expenditure Finance Committee on 1.7.1994 under the Chairmanship of Secretary (A&C). Further follow-up action has been initiated on the Minutes of the said Meeting held on 1.7.1994. Four new schemes would be launched in the Seed Sector after obtaining the approval of the competent authority.

### **Subsequent Reply**

4.12 In order to give effect to the above recommendation of the Committee this Ministry has formulated the following new schemes:

- (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. 2.28 crores has been made in the Budget Estimates 1995-96 for these new scheme. The schemes will be taken up for implementation as soon as approval of the full Planning Commission is received.

#### **Recommendation No. 7 (Para No. 5.7)**

4.13 The phosphatic and potassic fertilisers were decentred in 1972, following which two schemes were taken up during 1992-93 to increase the consumption of fertilisers. Rs. 632.14 crores for Assistance for Fertiliser Promotion and Rs. 123.86 crores for Assistance to Small & Marginal Farmers for implementation of various schemes including infrastructure building were provided in Revised Estimates during 1993-94. The Committee note that no budget provisions have been made for both these schemes during 1994-95 and no decision has so far been taken in regard to subsidy during 1994-95 for fertiliser by the Department.

The Committee also note that since NPK ratio has widened, there is imbalanced use of fertiliser. The Committee also observe that the foodgrains production during 1992-93 was 180.0 million tonnes against the target of 183.0 million tonnes and during 1993-94 the likely production is 179.1 million tonnes against the target of 188.0 million tonnes. The Committee apprehend that imbalanced use of fertiliser might be one of the factors leading to lower foodgrain production, as both these years have witnessed good monsoons.

The Committee recommend that budget Provision for both the schemes should be made forthwith so that consumption of fertiliser may not be adversely affected. The cause for lower production should be looked into so that the development perspective for agriculture which envisages food self-sufficiency in Eighth Plan document could be achieved.

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

4.14 The Scheme to provide concession to the States on Sale of decontrolled fertiliser is being continued from year to year on ad-hoc basis. The continuation of the scheme for 1994-95 has been communicated to the States on 9.6.94

For the current financial year the scheme commenced from 10.6.94.

With the increase in the price of Urea by 20% with effect from 10.6.94 and continuation of the scheme for sales of decontrolled fertilizers with concession, it is expected that the imbalance in the use of NPK ratio will be narrowed down.

### Subsequent Reply

**Extent to which Demand Stands now modified or reasons for inability to accept the recommendation or for accepting it partly.**

4.15 The scheme of Assistance for Fertiliser Promotion is not being continued during 1995-96. Instead a scheme 'Payment to Manufacturers/Agencies for Concessional Sale of Decontrolled Fertilisers' 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 Fertilisers'.

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.

### Reccommendation Sl. NO. 10 (Para No. 5.10)

4.16 The Budget allocation for agricultural implements and machinery during 1993-94 and 1994-95 is Rs. 15.70 crores and Rs. 15.75 crores respectively. The marginal increase of Rs. 5.00 lakhs for 1994-95 is on salaries, O.T.A. etc. whereas the need is to increase allocation for agricultural implements and mahcinery. The Committee also express their resentment over the achievements during 1992-93 and 1993-94 in respect of testing done by various Farm Mahinery Training and Testing Institutes. The Committee would like to point out that while on the one hand more and more institutes are being set up whereas on the other institutes already existing are not giving satisfactory results. The Committee recommend that allocation for agricultural implements and machinery should be increased and allocation needs to be increased for publicity purposes. Working of Farm Machinery and Testing Institutes should also be reviewed.

### Reply of the Goverment

4.17 The directives of the Committee have been noted for compliance, and these would be kept in view while proposing allocation of funds for the year 1995-96 and subsequent years. There are other Plan Schemes on Wheat, Rice, Maize, Millets, Oilseeds, Pulses, Use of Plastics in Agriculture, etc. being implemented by the Department of Agriculture and Cooperation during the 8th Plan whereunder subsidy/assistance is provided to the farmers for purchase of Agricultural Machines/Implements. Under these Schemes,during 1994-95, about Rs. 91.00 crores have been allocated for promotion of agricultural equipment.

The working of Farm Machinery Training and Testing Institutes has been reviewed regularly wih a view to improving their performance. The testing of agricultural machinery being voluntary; not mandatory, the flow of these samples,

particularly from small scale sector is not regular. Whereas 21 test reports have already been released, 50 machines were under test by the end of August, 1994. Further efforts are being made for improving the position with regard to testing on a voluntary basis of agricultural machinery/implements by the Farm Machinery Training & Testing Institutes.

#### **Subsequent Reply**

4.18 Pursuant to the directives of the Committee, while formulating the proposals for the Annual Plan 1995-96 in respect of the Agricultural Implements and Machinery Division, an enhanced allocation of Budget to the extent of Rs. 21.10 crore had been sought, mainly, for the scheme 'Promotion of Agricultural Mechanisation among Small Farmers', for popularising and promoting the use of modern agricultural implements and machinery in the country as also for strengthening the necessary infrastructure at the Farm Machinery Training & Testing Institutes for extension/publicity purposes.

However, against the above demand, an amount of Rs. 10.00 crore has been allocated for 1995-96, presumably, due to the cut imposed by the Planning Commission on the overall demand of the Deptt. of Agri. & Coop.

The working of Farm Machinery Training & Testing Institutes has been reviewed twice during 1994-95 with a view to improving their performance. As a result of these reviews, the performance of the Institutes has considerably improved in-as-much as, till February, 1995, these Institutes have trained 2414 personnel on the various aspects of farm machinery. It is hoped that upto March, 1995, the Institutes would have trained 2600 personnel i.e. the target of training set for the year. As to the testing of Agricultural Machines and Implements, the Institutes have already tested 49 Agricultural Machines/Impements till February, 1995. Besides, 36 machines were at different stages of testing with these Institutes. Notwithstanding the testing of Agricultural Machinery not being mandatory, it is expected that the Institutes would have achieved the targets of testing 65 machines set for them for the year.

## CHAPTER V

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

#### **Recommendation Sl. No. 9 (Para No. 5.9)**

5.1 The Allocation for Comprehensive Crop Insurance Scheme (CCIS) has been raised from Rs. 62.15 crores during 1993-94 to Rs. 70.05 crores during 1994-95. The sum insured is equal to the crop loan disbursed subject to a maximum of Rs. 10,000 per farmer.

The Committee observe that limit of Rs. 10,000 for all farmers seems to be inadequate and is not in consonance with the objective of scheme for farmers of flood prone, cyclone prone, drought prone and hilly areas where the possibility of risk/damage are maximum and where the economic condition of farmers is very poor. The Committee, therefore, recommend that higher insurance cover should be provided to the farmers of these areas. The Committee would also like to extend CCIS to other crops expedited.

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

5.2 1. Under the existing scheme of CCIS the sum insured is equal the crop loan disbursed subject to a maximum of Rs. 10,000 per farmer. The crops covered under this scheme are wheat, paddy, millets, oilseeds and pulses.

2. In areas prone to natural calamities where loss of yield is greater the amount payable to the farmers would also be higher, for a given level of indemnity. Therefore, there has not been a separate provision in the CCIS for natural calamity prone areas. It is also relevant to mention that if the maximum sum insured is increased for natural calamity prone areas, it could lead to adverse selection of areas i.e. the State may choose to notify only those areas which have a high risk of natural calamities. Adverse selection of areas would affect the viability of the scheme.

3. However, with a view to broadening the scope in terms of crops, farmers, area coverage and sum insured etc. the scheme has been reviewed. A pilot crop insurance scheme covering all crops (except fruits) and all farmers, preferably in lower unit areas, charging actuarial rates of premia and a much higher limit for farmers of sum insured as compared to the existing CCIS is proposed to be

implemented in one district of every State/UT. The scheme as proposed by the Department is under consideration.

### **Subsequent Reply**

#### **Extent to which Demand stands now modified or reasons for inability to accept the recommendation or for accepting it partly**

5.3 The proposal of Pilot Crop Insurance Scheme (PCIS) covering all crops (except fruits) and all farmers, preferably in lower unit areas, charging actuarial rates of premia and a much higher limit of sum insured as compared to existing Comprehensive Crop Insurance Scheme (CCIS) was finalised in Department of Agriculture and Cooperation and sent to the Cabinet in March, 1994 for their approval. Cabinet referred the proposal to a Group of Ministers for detailed consideration. The Group of Ministers after their deliberations have recommended that the existing CCIS may be modified to incorporate some of the features of proposed PCIS.

Accordingly, a revised proposal to modify the existing CCIS is under preparation in consultation with Ministry of Finance and other nodal agencies.

#### **Recommendation Sl. No. 12 (Para No. 5.12)**

5.4 The Agricultural and Rural Debt Scheme has been in operation since 1990-91 for providing debt relief to farmers, landless cultivators, artisans and weavers upto Rs. 10,000. The total cost of the programme is Rs. 5882 crores and total expenditure incurred upto the end of 1993-94 is to the tune of Rs. 4569 crores. Rs. 500 crores were provided in Budget Estimate of 1993-94 and Rs. 341 crores have been provided in Budget Estimate of 1994-95. Therefore, there is reduction in Budget allocation for this programme. In order to contain the liabilities, penal and compound interest and the amounts already received by banks from Deposit incurred and Credit Guarantee Corporation and kept in suspense account were excluded. This Committee had, in its First Report, recommended to rescind the decision to exclude penal and compound interest and to implement in a uniform basis. The Committee are dismayed to note that due weightage has not been given to the recommendation of the Committee. The Committee reiterate their recommendation and recommend that the allocation should be made as per requirement.

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

5.5 The Department of Agriculture and Cooperation is in agreement with the opinion expressed by the Committee in its first report that the decision to exclude penal and compound interest from the reimbursement to be made under the Agricultural and Rural Debt Relief Scheme would be discriminatory in nature.

This Department also agrees with the recommendation of the Committee that the ARDR Scheme should be implemented on a uniform basis and the decision to exclude penal and compound interest should be rescinded, and accordingly budget allocation should be as per requirement.

These recommendations of the Standing Committee on Agriculture have also been brought to the notice of the Ministry of Finance, Department of Economic Affairs (Banking Division) on 1st June, 1994, and their comments have been called for. Inspite of reminders, the response of the Ministry of Finance is yet to be received.

### **Subsequent Reply**

#### **Extent to which Demand stands now modified or reasons for inability to accept the recommendation or for accepting it partly**

5.6 The recommendations of the Standing Committee on Agriculture were referred to the Ministry of Finance, Department of Economic Affairs (Banking Division). The same has not been considered favourably by them. The matter has been taken up again at the level of Agriculture Minister reiterating our views and requesting the Finance Ministry to reconsider their views. The response from Finance Ministry is awaited. On the presumption that the suggestion would be acceded to, Department of Agriculture and Cooperation had suggested a token provision of Rs. 10.00 lakh in budget for 1995-96. This was not agreed to by the Ministry of Finance.

NEW DELHI;  
16 May, 1995

26 Vaisakha, 1917 (Saka)

NITISH KUMAR,  
Chairman,  
Standing Committee on Agriculture.

## APPENDIX I

MINUTES OF THE EIGHTY FIRST SITTING OF THE STANDING COMMITTEE ON AGRICULTURE HELD ON TUESDAY, THE 9TH MAY, 1995 AT 15.30 HRS. IN COMMITTEE ROOM 'C', PARLIAMENT HOUSE ANNEXE, NEW DELHI.

The Committee sat from 15.30 hrs. to 17.40 hrs.

### PRESENT

Shri Nitish Kumar — *Chairman*

### MEMBERS

#### *Lok Sabha*

2. Shri Birbal
3. Shri Nathuram Mirdha
4. Shri G. Ganga Reddy
5. Shri Govindrao Nikam
6. Shri Tara Singh
7. Shri Uttamrao Deorao Patil
8. Shri Rajvir Singh
9. Dr. Gunawant Rambhau Sarode
10. Shri Zainal Abedin
11. Shri Upendra Nath Verma

#### *Rajya Sabha*

12. Shri Govindrao Adik
13. Shri H. Hanumanthappa
14. Shri David Ledger
15. Shri Bhupinder Singh Mann

16. Shri N. Thangaraj Pandian
17. Dr. Ranveer Singh
18. Shri Som Pal

**SECRETARIAT**

1. Shri S.N. Mishra	—	<i>Additional Secretary</i>
2. Smt. Roli Srivastava	—	<i>Joint Secretary</i>
3. Shri P.D.T. Achary	—	<i>Director</i>

At the outset Chairman (AC) welcomed the Members to the sitting of the Committee and requested them to take up the adoption of the Draft Action Taken Reports on the Demands for Grants for 1994-95 in respect of all five Departments/Ministries.

2. Members drew the attention of Chairman (AC) to the shortage of staff in the Agriculture Committee Branch and expressed the hope that the shortage will be fulfilled without any further delay failing which they would address the Hon'ble Speaker in the matter.

3. The Draft Reports were considered one by one and adopted with certain modifications. The Members of the Committee thereafter, authorised the Chairman to present the Action Taken Reports on Demands for Grants 1994-95 in respect of Ministry of Agriculture (Department of Agricultural Research & Education), Ministry of Agriculture (Department of Animal Husbandry & Dairying), Ministry of Agriculture (Department of Agriculture & Cooperation), Ministry of Water Resources and Ministry of Food Processing Industries to the House on a date convenient to him.

*The meeting then adjourned.*

## APPENDIX II

(*Vide* Introduction of the Report)

*Analysis of Action Taken by Government on the Seventh Report of Standing Committee on Agriculture (10th Lok Sabha)*

I.	Total number of Recommendations.	15
II	Recommendations/Observations which have been accepted by Government (Para No. 5.2, 5.6, 5.8, 5.11, 5.13 & 5.14)	
	Total	6
	Percentage	40%
III	Recommendations/Observations which the Committee do not desire to pursue in view of Government's replies (Para No. 5.15)	
	Total	1
	Percentage	6.66%
IV	Recommendations/Observations in respect of which Government's replies have not been accepted by the Committee (Para No. 5.1, 5.3, 5.4, 5.5, 5.7 & 5.10)	
	Total	6
	Percentage	40%
V	Recommendations/Observations in respect of which final replies are still awaited (Para No. 5.9 & 5.12)	
	Total	2
	Percentage	13.33%