2

STANDING COMMITTEE ON AGRICULTURE (1998-99)

TWELFTH LOK SABHA

MINISTRY OF AGRICULTURE

DEPARTMENT OF AGRICULTURE & COOPERATION

DEMANDS FOR GRANTS (1997-98)

[Action taken by the Government on the recommendations/observations contained in the Ninth Report (1997-98) of Standing Committee on Agriculture (1997-98) Twelfth Lok Sabha)]

SECOND REPORT

सत्यमेव जयते

LOK SABHA SECRETARIAT
NEW DELHI

July, 1998/Asadha, 1920 (Saka)

SECOND REPORT

STANDING COMMITTEE ON AGRICULTURE (1998-99)

(TWELFTH LOK SABHA)

MINISTRY OF AGRICULTURE

DEPARTMENT OF AGRICULTURE & COOPERATION

DEMANDS FOR GRANTS (1997–98)

[Action taken by the Government on the recommendations/observations contained in the Ninth Report (1997-98) of Standing Committee on Agriculture (1997-98) (Twelfth Lok Sabha)]

Presented to Lok Sabha on..............
Laid in Rajya Sabha on.................

सत्यमेव जयते

LOK SABHA SECRETARIAT
NEW DELHI

July, 1998/Asadha, 1920 (Saka)

COA No. 58

Price : Rs. 25.00

Published under Rule 382 of the Rules of Procedure and Conduct of Business in Lok Sabha (Eighth Edition) and Printed by Jainco Art India, 13/10, W.E.A., Saraswati Marg, Karol Bagh, New Delhi-110 005.

CONTENTS

COMPOSITION OF THE STANDING COMMITTEE ON AGRICULTURE (1998-99)

Shri Kinjarapu Yerrannaidu — *Chairman*

MEMBERS

Lok Sabha

2. Shri Ramchandra Bainda
3. Shri D.C. Sreekantappa
4. Shri Nandkumar Singh Chauhan
5. Dr. Ramkrishna Kusmaria
6. Shri Baliram Kashyap
7. Smt. Sangeeta Kumari Singh Deo
8. Shri M. Master Mathan
9. Shri Raj Narain Passi
10. Shri Virendra Verma
11. Shri Bhupinder Singh Hooda
12. Shri Sudhakarrao Rajusing Naik
13. Shri Ramkrishna Baba Patil
14. Shri Maganti Venkateswara Rao
15. Shri Uttamrao Deorao Patil
16. Kum. Vimla Verma
17. Shri Chhitubhai Devjibhai Gamit
18. Smt. Usha Meena
19. Shri Kantilal Bhuria
20. Shri Mahaboob Zahedi
21. Shri Abdul Hasnat Khan
22. Shri Mitrasen Yadav
23. Smt. Usha Verma

24. Shri K.P. Munusamy
25. Shri Anup Lal Yadav
26. Shri Bashist Narayan Singh
27. Shri Sode Ramaiah
28. Shri Ram Shanker
29. Dr. Sushil Kumar Indora
30. Lt. Gen. (Retd.) N. Foley

Rajya Sabha

31. Shri Ghufran Azam
32. Maulana Habibur Rahman Nomani
33. Shri Ramji Lal
34. Shri Virendra Kataria
35. Shri Devi Prasad Singh
36. Shri Shiv Charan Singh
37. Shri Ramnarayan Goswami
38. Shri Yadlapati Venkat Rao
39. Shri H.K. Javare Gowda
40. Shri T.M. Venkatachalam
41. Shri Sharief-Ud-Din Shariq
42. Shri Sukh Dev Singh Dhindsa

SECRETARIAT

1. Shri G.C. Malhotra — *Additional Secretary*
2. Shri P.D.T. Achary — *Joint Secretary*
3. Shri S. Bal Shekar — *Deputy Secretary*
4. Smt. Anita Jain — *Under Secretary*
5. Smt. Jyochnamayi Sinha — *Reporting Officer*

INTRODUCTION

I, the Chairman of the Standing Committee on Agriculture (1998-99) having been authorised by the Committee to submit Report on their behalf, present this 2nd Report on Action Taken by Government on the recommendations/observations contained in the 9th Report of the Standing Committee on Agriculture (1997-98) (Twelfth Lok Sabha) on the Demands for Grants (1997-98) of the Ministry of Agriculture (Deptt. of Agriculture & Cooperation).

2. The Ninth Report of the Standing Committee on Agriculture (1997-98) on Demands for Grants (1997-98) of the Ministry of Agriculture (Deptt. of Agriculture & Cooperation) was presented to Lok Sabha on 11th April, 1997. The Ministry of Agriculture (Deptt. of Agriculture & Cooperation) was requested to furnish action taken replies of the Government to recommendations contained in the Ninth Report. The replies of the Government to all the recommendations contained in the Report were received.

3. The Committee considered the action taken replies furnished by the Government in its sitting held on 17th June, 1998, approved the draft comments and adopted the 2nd Report.

4. An analysis of the Action Taken by the Government on the recommendations/observations contained in the 2nd Report (Twelfth Lok Sabha) of the Committee is given in Appendix II.

NEW DELHI;
July, 1998
Asadha, 1920 (Saka)

K. YERRANNAIDU,
Chairman,
Standing Committee on Agriculture.

CHAPTER I

REPORT

This report of the Committee on Agriculture deals with the Action Taken by the Government on the recommendations contained in the Ninth Report (Eleventh Lok Sabha) of the Standing Committee on Agriculture (1997-98) on Demands for Grants (1997-98) of the Ministry of Agriculture (Department of Agriculture & Cooperation) which was presented to the Lok Sabha and laid in Rajya Sabha on 11th April, & 22nd April, 1997 respectively.

1.2 Action Taken Replies have been received from the Government in respect of all the 22 recommendations contained in the Report. These have been categorised as follows:

(i) Recommendations/Observations that have been accepted by the Government (Chapter II of the Report)—

Recommendation Serial Nos. 1, 5, 6, 8, 9, 10, 11, 12, 14, 15, 17, 18, 19 & 20

Total 14

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

(Chapter III of the Report)—

Recommendation Serial Nos. 13, 16, 21

Total 3

(iii) Recommendations/Observations in respect of which reply of the Government have not been accepted by the Committee: (Chapter IV of the Report has been commented upon in Chapter I of the Report)—

Recommendation Serial Nos. 2, 3, 4, 7 & 23

Total 5

(iv) Recommendations/Observations in respect of which final replies of the Government are still awaited : (Chapter V of the Report)—

Recommendation Serial No. 22

Total 1

1.3 The Committee will now deal with the recommendations which have not been accepted and have been included in Chapter IV of the Report.

Recommendation (Sl. No. 2, Para No. 14.2)

Decline in Percentage of allocation for Department of Agriculture & Cooperation out of the total Central Plan Budget

1.4 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 1.69% for 1996-97 and further to 1.54% in 1997-98. Against a proposed outlay of Rs. 2455.07 crores for Central Sectors and Centrally Sponsored Schemes during 1997-98, the Planning Commission had accepted a budgetary support of Rs. 1700 crores only. At the time of budget formulation, this was further reduced to Rs. 1519.25 crores. The Government have furnished a reply that the Plan Budget Estimates of the Department of Agriculture and Cooperation for the year 1997-98 is Rs. 1519.25 crores and as compared to an amount of Rs. 1471.00 crores (excluding State Plan) allocated for the year 1996-97, there is an increase of 3.28% over the previous year's allocation. This reply is far from satisfactory. Keeping in view the inflationary trend 3.28% the increase is a negligible.

The Committee express their displeasure at the manner in which the recommendations of the Committee have been continuously ignored and are highly perturbed by the trend of allocations in favour of this sector. They fail to understand as to how the nation could face the serious problem of the stagnation in the growth of foodgrains with a meagre 1.54% Plan budget allocation out of the total plan allocation. The Committee feel that the Ministry of Agriculture on the one hand has not been able to project its demands in the right perspective before the Planning Commission while on the other hand the Planning Commission and the Ministry of Finance have become insensitive to the demands and recommendations of the Committee. The Committee do not appreciate the attitude of the Planning Commission which has re-prioritized the needs of the country in view of the widening gap between the growth rate of population and the growth rate in foodgrains production. The Committee strongly feel that the strategy of planned development would lose all its sanctity and would remain only on papers, if the life-line of funds to this vital and basic sector is throttled, as the growth of all other sectors is inextricably linked to the growth of the agricultural sector. The Committee, 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.

Reply of the Government

1.5 A Plan allocation of Rs. 2455.07 crores for the Deptt. of Agriculture and Cooperation was projected by the Department to Planning Commission. Against this, Planning Commission agreed to Rs. 1519.25 crores for Plan Budget for 1997-98. The recommendations of the Committee were referred to Planning Commission. They have stated that the committee have compared the share of Plan outlay of the Department of Agriculture and Cooperation which is entirely financed through budgetary support in the total Central Plan Outlay. About 70% of the central plan relates to Plan Outlay of Central Public Sector Enterprises and about 85-90% of their Plan Outlay is financed through Internal and Extra Budgetary Resources (IEBR). For a proper comparison, it is necessary to examine the trend in the share of budgetary support to the Department of Agriculture and Cooperation in the total budgetary support (Gross Budgetary Support) to Central Plan. Statement showing such a comparison is enclosed which shows that this share remained constant at about 5% since 1991-92 except 1996-97 and 1997-98.

Allocation of Plan Outlay for the Deptt. of Agri. & Coop

(Rs. in crores)

Year		Budgetary Support to Deptt. of Agri. & Coop.	Percentage of Total	
			Central Outlay	Budget Support to Central Ministries/ Departments (Gross Budgetary Support)
1991-92	BE	1014.35	2.36	5.33
	RE	1016.93	2.53	5.76
1992-93	BE	1050.00	2.17	5.68
	RE	1273.16	2.56	6.48
1993-94	BE	1330.00	2.08	5.72
	RE	1320.05	2.15	5.20
1994-95	BE	1405.00	2.00	5.15
	RE	1458.84	2.14	5.22
1995-96	BE	1490.00	1.89	5.14
	RE	1325.39	1.78	4.59
1996-97	BE	1471.25	1.69	4.50
	RE	1377.91	1.78	4.59
1997-98	BE	1519.25	1.65	4.20

The matter was taken up with Ministry of Finance who have informed that the allocation for Department of Agriculture and Cooperation in the Plan forms a part of the overall allocation for agriculture in the Plan. The table below shows the position of allocation for agriculture and allied sector under Central Plan. It may be seen therefrom that the outlay 1997-98(BE) represents substantial enhancement over the preceding two years (Revised Estimates).

(Rs. in Crore)

		Revised Estimates 1995-96	Revised Estimates 1996-97	Budget Estimates 1997-98
1.	Agriculture	2708	2620	2969
2.	Rural Development	7137	6664	7641
3.	Irrigation & Flood Control	249	815	323
4.	Power & Non-Conventional Energy Sources	6836	6206	7577
5.	Village & Small Industries	585	443	772
6.	Transport	11963	14384	15016
		29478	31132	34298

Revised Estimates 1996-97 shown for irrigation also includes the provision for accelerated irrigation benefit schemes which have been shifted to State Plan. In addition to these outlays, substantial budgetary support has been provided in the Central assistance for State and UTs Plan for the promotion of agriculture sector including the provision made for the basic minimum services.

Comments of the Committee

1.6 The Committee are not convinced by the reasoning given by the Planning Commission and the Ministry of Finance on the reduced allocation in favour of Department of Agriculture and Cooperation. Even going by the details supplied by the Planning Commission, the

Committee find that the percentage of Plan budgetary support to the Department of Agriculture & Cooperation out of the total budgetary support to Central Plan of all the Departments/Ministries has declined substantially from 6.48 percent in 1992-93 to 4.20 percent in 1997-98.

The Committee also do not agree with the reasoning of the Ministry of Finance that the outlay for 1997-98 for agriculture and allied sector under Central Plan represents substantial enhancement over the preceding two years. The Committee find that that allocation for power, non-conventional energy, transport and village and small industries etc. have been clubbed together with agriculture and there is an attempt to show that the allocation in the agriculture sector has increased over the years. The Committee wish to point out that the allocation to agriculture should be looked at in isolation, as this is the key sector upon which all other activities depend.

The Committee, therefore, reiterate their recommendation that a reasonable and liberal approach be adopted by Planning Commission and the Ministry of Finance and the allocation for Department of Agriculture & Cooperation be suitably enhanced.

Recommendation (Sl No. 3, Para No. 14.3)

Pulses Production

1.7 The Committee note that during the year 1995-96, out of the budgetary outlay of Rs. 34.38 crores, only Rs. 33.34 crores have been released for the plan schemes for the cultivation of pulses. During 1996-97 out of the budgetary outlay of Rs. 36.36 crores only an amount of Rs. 26.28 crores have been released upto February, 1997. furthermore, against an amount of Rs. 2.6 crores, Rs. 1.6 crores has been made in the revised estimate earmarked for subsidy on certified seeds of Pulses to NSC/SFCI. For Grants-in-aid of production of breeder seeds, the RE for 1996-97 has been brought down to Rs. 1.5 crores against an allocation of Rs. 2.5 crores in the BE stage. The reason for reduced allocations as furnished by the Ministry is that the agencies needed less fund, and the agencies are also having some unspent amount with them.

The Committee observe that there has been major shortfall in the utilization of funds every year from 1992-93 onwards. The Committee wish to point out that the cultivation of Pulses is a risky proposition as they are more prone to damage by drought conditions and pest attacks and are generally cultivated by the resource poor, small and marginal farmers in less remunerative lands with inadequate use of inputs. The Committee are disappointed to note that there is no major genetic breakthrough in evolving new varieties of pulses which would give better yields amid adverse conditions and no proper strategy been evolved to encourage the farmers to take the cultivation of Pulses in a big way.

Despite the pulse production programme having been undertaken on a mission mode, there is heavy shortfall in the Financial utilisation and there is less demand for funds from the agencies like NSC and SFCI distribute quality seeds to the small and marginal farmers.

Therefore, the Committee strongly recommend that :

(i) The Government must formulate proper price policy which must include price support operation for pulses so that the cultivation of pulses would become an attractive proposition for the farmers.

(ii) There should be greater coordination with the scientific institutions/organisations so that greater efforts are made in the field of genetic breakthrough in pulses.

(iii) The poor and marginal farmers should be provided adequate amount of inputs in proper time.

(iv) The Government should ensure that the amounts allocated for pulses are fully utilized through a suitable monitoring mechanism.

Reply of the Government

1.8. The minimum support price scheme for four major Pulses namely, Pigeon-pea, Greengram, Blackgram and Chick-pea, is in operation. However, the market prices are generally higher than the Minimum Support Prices and there has not always been the need to resort to purchase of pulses at Minimum Support Price. There is, however, need to give incentive prices so as to attract the farmers to cultivate the pulses in irrigated productive lands with better use of inputs and management practices.

(ii) The ICAR is working continuously for the varietal improvement of pulses and some varieties have, in-fact, been developed. However, no major genetic break-through has been achieved yet not only in India but also anywhere in the world.

(iii) To motivate the farmers particularly poor and marginal for the adoption of improved pulses production technology, higher incentives are required to be provided on the use of inputs like seeds, micro-nutrients Rhizobium culture, improved farm implements, plant protection equipment, sprinkler sets etc. under the National pulses Development Project.

(iv) To ensure full utilisation of funds allocated under the National Pulses Development Project, the states/implementing agencies are being pursuaded through holding meetings, making visits to the states, emphasising through letters etc. However, due to resource problem some of the states have not been able to provide their contribution in full and release the funds in time to field functionaries for the implementation of the project. This has affected seriously the utilisation of funds for the production purposes. The efforts would continue to improve the utilisation of funds under the scheme during the Ninth Plan, by exercising a closer monitoring of the implementation.

1.9 The Committee note that the Government have admitted that the National pulses Development Project could not achieve the desired results due to the failure of the Government to provide incentive prices to attract the farmers having irrigated productive lands to cultivate pulses with better use of inputs and management practices. The Committee feel that the strategy of declaring Minimum Support Price for pulses has no meaning and is an exercise in futility, as the market prices of pulses have always been higher than the Minimum Support Price. Therefore, they recommend that the strategy requires refashioning by declaring incentive prices to farmers so that the production of pulses could increase. The Committee further note the argument of the Government that nowhere in the World the agricultural scientists could achieve a major genetic break-through in the varietal development of pulses and the Committee feel that this can be no justification for the inability of the Indian agricultural scientists to achieve any break-through in their research efforts in the field of pulses development.

The Government here should take note of the fact the average yield of pulses per hectare in other parts of the World was 809 kg in 1994-95 and the highest per hectare yield in France has been recorded at 4769 kg while it was only 595 kg per hectare in India even in 1996-97 and, therefore, there is need for research effort in India to improve the situation. The Committee, therefore, recommend that the Government should redouble its research efforts in this area instead of deriving consolation from the fact that no one else in the world has made any progress in the matter.

Recommendation (Sl. No. 4, Para 14.4)

Comprehensive Crop Insurance Scheme

1.10 The Comprehensive Crop Insurance Scheme is Voluntary Scheme and States are free to opt for the scheme. From 1985 onwards 19 States and 4 Union territories have implemented the scheme. At present, 15 States and 2 Union Territories are availing the Crop Insurance facility. The scheme is being implemented by the General Insurance Corporation on behalf of the Government of India and the State Governments. During 1996-97, the total outlay for Crop Insurance was Rs. 110.43 crores including Rs. 4.00 lakhs as grant-in-aid for making contribution to new schemes. Since no new State opted for the scheme during 1996-97 no provision has been made at the RE stage. The Committee note with concern that the number of States opting for the scheme has decreased since the implementation of this scheme in 1985 and therefore funds earmarked for the scheme remained unutilised. Regarding the steps taken by the Ministry to treat Crop Insurance at par with the insurance cover given to industrial sector and to make it really comprehensive, the committee have been informed that it is difficult to determine both the extent of insurance cover and the losses become because crops are not properties of fixed and known values. The Committee are not satisfied with the reply furnished by the Department. The Committee wish to point out that the draft Agriculture Policy has suggested that Agriculture should be treated at par with the Industry and therefore, they recommended that the Government should reconsider the entire matter to find a suitable way out to make the crop insurance scheme more broad based and really comprehensive.

Reply of the Government

1.11 The Comprehensive Crop Insurance Scheme (CCIS) under implementation in the country since 1985 is a voluntary scheme.

The State Governments, therefore, are free to opt for the scheme. In 1985-86, when the CCIS was started only 13 States/UTs participated. The no. of participating States/UTs was increased to 23 in 1987-88. Efforts to persuade the non-participating States for joining the scheme have been made from time to time. As regards the question of treating Crops Insurance at par with the insurance cover given to the industrial sector, it is worthwhile mentioning that the main objective of the scheme is to help the farmers in the event of crop failure and to support and stimulate the production of crops in the country. The insurance premium (*i.e.* 2% of sum-insured in respect of cereals and millets and 1% in case of Pulses and Oilseeds crops) being charged under the CCIS is very nominal. Further, 50% of the premium is subsidised in respect of small and marginal farmers. It is also reiterated that agricultural crops are not properties of fixed and known values. Therefore, determination of both the insurance cover and the losses, which are mostly partial and variable with the stage of crop growth, is difficult. While in case of insurance in industrial sector, valuation of the existing properties in most of the cases are known and can be easily assessed. Keeping these factors in view, the Crop Insurance cannot be treated at par in terms of insurance cover given in industrial sector.

2. As a first step towards modifying the Crop Insurance Scheme, the Government has decided to launch a Pilot Crop Insurance Scheme, covering non-loanee small and marginal farmers, in 25 selected districts of nine States from Kharif, 1997 season. List of selected districts and States is annexed.

List of States/Districts indentified for the implementation of the proposed pilot scheme

S. No.	Name of State	Name of districts
1	2	3
1.	Andhra Pradesh	Prakasam Mahabub Nagar
2.	Tamil Nadu	Nagapattanam Tiruvarur Pannirselvam

1	2	3
3.	Orissa	Bolangir Kalahandi Naupada Kendrapara Jajpur
4.	Madhya Pradesh	Bastur Sarguja
5.	Bihar	Sitamarhi Darbhanga Madhubani Samastipur Khagaria Palamau Vaishali
6.	Maharashtra	Amaravati
7.	Assam	Nagaon N. Lakimpur Dhemaji Nalbari
8.	Karnataka	Bijapur
9.	Rajasthan	Jhunjhunu
Total No. of Districts 25		

Comments of the Committee

1.12 The Committee note with concern that since 1986 only 19 states and 4 Union Territories are availing the facilities provided under the scheme. The Committee are further distressed to note that the Government is not willing to treat Crop Insurance at par with the insurance cover given to industrial sector by taking the plea that agricultural crops are not properties of fixed and known values and determination of both insurance cover and the losses which are mostly partial and variable with the stage of crop growth is difficult. The

Committee are of the view that the value of agricultural produce can be determined by taking into account the potential of average output of the produce per unit area in the locality and also the market value and such other factors.

The Committee, therefore, feel that the Government should reconsider the entire matter with a great sense of urgency in view of the recent spate of suicides by farmers in many states in the country and throw up immediately a really comprehensive scheme of insurance for the whole country to cover the total losses suffered by the farmers. The Committee feel that the nationalised insurance companies should be given a free hand to tackle the issue, while the Government should consider subsidizing the premium in favour of the poor small and marginal farmers in order to protect this valnerable part of the society.

Recommendation (Sl. No. 7, Para No. 14.7)

Out lay for Central Institute of Coastal Engineering for Fishery

1.13 The Committee observer that there has been major shortfall in achieving financial targets in Central Institute of Coastal Engineering for Fishery which is located at Bangalore for studying techno-economic feasibility for location of fishery harbours and brackish water farms. The Committee further note from the consolidated notes that the reasons for shortfall is due to reduction in annual Plan outlays as various expansion plans of the Institute could not be executed because of delay in acquisition of land for the office site from Bangalore Development Authority. In the Action Taken Reply the Government have replied that the matter is being vigorously pursued.

The Committee note that the delay in acquisition of land for the Institute has been adversely affecting the functioning of this Institute. The Committee, therefore, recommend that the Institute should be immediately shifted to some other place in the country and it should be situated preferably in the coastal area where there will be no dearth of land for the Institute. The Committee feel that the Institute would serve the objective for which it is created if it is situated in the coastal area and the very name of the Institute also suggests that it should be on the coasts.

Reply of the Government

1.14 An outlay of Rs. 4 crore was approved for Central Institute of Coastal Engineering for Fishery (CICEF) for the 8th Plan keeping in view the expansion Plan of the Institute. Though the Institute could not utilize the 8th Plan outlay fully largely because the expenditure on work services and on procurement of equipment could not be incurred due to delay in acquisition of land, the Institute has been able to fully meet the physical targets assigned to it during the 8th Plan period. However, the delay in acquisition of land for the Institute is adversely affecting its functioning.

It would not, however, be desirable at this juncture to shift the Institute to any other place outside Bangalore because of the following factors:—

(i) In connection with the preparation of project reports for the development of fish harbours, which is the main task of the Institute, survey teams comprising normally 15 to 20 personnel are required to visit the proposed harbour site with a view to carry out engineering and economic survey for Location of the Institute at Bangalore, which is well connected by air, water & road as the advantage of minimising the time spent in transit.

(ii) The bulk of the harbour sites, which are likely to be surveyed by the Institute during the 9th Plan period, are located in the neighbouring States of Karnataka, Tamilnadu, Kerala & Andhra Pradesh. Bangalore offers an added advantage of Central location with reference to the harbour sites to be investigated in these States.

(iii) Selection and acquisition of an alternate site in any Coastal State is also likely to be a cumbersome and long drawn out process.

(iv) More than 75% of the staff in Group 'D' to Group 'B' categories has been locally recruited. Any move to shift the Institute outside Bangalore would be strongly resisted by the various staff organisations/unions resulting in further delays.

(v) The money for cost of land having been already deposited with Bangalore Development Authority, vigorous efforts are being made to get an alternative site from them. The possibility of getting land from any other Government Department located in Bangalore is also being explored.

Comments of the Committee

1.15 The Committee are not satisfied with the reply of the Government, as the land for setting up the Institute has not been allotted so far by the Bangalore Development Authority, despite depositing the money for cost of land with them already. The Committee desire that the concern of the Committee on the delay in allotment of land by BDA should be conveyed to the Karnataka Govt. & the BDA and also the recommendation of the Committee to shift the headquarter Institute away from Bangalore. The Committee recommend that if no land is allotted within the next three months, the other States should be addressed to make available the required land without any further waiting in the matter.

Recommendation (Sl. No. 23, Para No. 14.23)

Agricultural Implements & Machinery

1.16 It is observed from the Eighth Plan Outlay and the anticipated expenditure that the schemes of Development of Prototypes of Industrial Designs of Agricultural Implement and setting up of Farm Machinery Training and Testing Institutes in Rajasthan and Tamil Nadu have virtually not taken off. In the other sectors also there is an all round shortfall in the utilisation of allocations.

Development of Prototypes is a research oriented programme. The ICAR has also a similar programme for the same purpose under their Agricultural Engineering Plan Schemes. It has been observed that out of Rs. 58.20 Crores, only Rs. 14.01 crores had been spend during the entire Eighth Plan period.

The Committee feel that this programme could be merged with the ICAR programme and there is no need for having a duplicate allotment of money to two different Departments of the same Ministry for the same purpose. Since ICAR is doing research for the entire agriculture the programme may be taken up entirely by them.

The Committee also recommend that the setting up of Training and Testing Institutes in Rajasthan & Tamil Nadu which are virtually non—starters may be taken up at a war-footing and the funds for the purpose should be fully utilized.

Reply of the Government

1.17 The Recommendation for the transfer of scheme of Development of Prototypes of Industrial Designs of Agricultural Implements to ICAR was taken up with them. They have stated that Deptt. of Agri. & Coopn. have specialized mandate under the Scheme "Development of Prototypes". ICAR institutes and Agricultural Universities were expected to be partners in execution of this programme. Due to lack of logistic supports, the mandate could not be fulfilled and thus resulted in lower expenditure, during the Eighth Plan Period.

Further, ICAR has informed that they will co-operate in development work of Prototypes whereas laboratory & field testing for developed prototype will have to be taken up by Farm Machinery Training & Testing Institutes namely Budni, Hissar, Anantpur and Biswanath Charialli. Thereafter, field—demonstration in required to be organised by the Department of Agriculture & Cooperation. While ICAR has mandate in the field of research, the Department of Agriculture & Cooperation has to play an important and active role in all developmental activities in the field of Agricultural Implements & Machinery. It is, therefore, necessary to continue the scheme under the Deptt. of Agric. & Coopn.

It is proposed to continue the scheme in the IXth Five Year Plan with an outlay of Rs. 300 lacs.

Initially the Deptt, of Agri. & Coopn. had proposed setting up of Farm Machinery Training & Testing Institutes in the States of Rajasthan and Tamil Nadu but the matter was re-examined in detail. It has been found that *prima facie*, the subject of training in agriculture, including farm machinery, should be the responsibility of the State Governments. They may use the existing infrastructure for arranging training and augment the same, if considered necessary. After considering the issue, in depth, the Department is of the view that setting up of new Farm Machinery Training & Testing Institutes by the Govt. of India may not be desirable. As such, the continuance of the Plan Scheme for setting up of the Farm Machinery Training & Testing Institutes in the States of Rajasthan and Tamil Nadu, during 9th Plan Period, has not been proposed.

Comments of the Committee

1.18 The Committee are disappointed to note that the Government has chosen not to take up the plan programme of setting up Farm Machinery Training and Testing Institute in the States of Rajasthan and Tamil Nadu during the Ninth Plan whereas the recommendation of the Committee was to take up the setting up of these Institutes on a war-footing as no expenditure was incurred on this plan programme during the entire Eighth Plan period. The Committee take a serious view of this decision of the Government as union government has in their reply tried to shift the responsibility of training to the State Governments to cover up their sheer inability and inefficiency which are reflected in their failure to set up these two institutes in the last six long years. The Committee have been informed in the same reply that the Prototypes of agricultural machinery and implements will be put to laboratory-testing and field testing in the Farm Machinery Training and Testing Institutes and, therefore, it is surprising to find in the same reply that it is not desirable to set up such Institutes, as training is the responsibility of the State Governments. The Committee find the reply of the Government self-contradictory and is indicative of the lack of will on the part of the Government to go ahead with the implementation of the plan schemes for the development of agriculture. The Committee strongly condemn the decision of the government not to set up the Farm Machinery Training and Testing Institutes in Rajasthan and Tamilnadu and reiterate their recommendation that the Government should allocate sufficient funds to implement the scheme in this financial year itself by reviving the scheme. The Committee should be appraised of the decision taken in this regard within 3 months of presentation of this report.

CHAPTER II

RECOMMENDATIONS/OBSERVATIONS THAT HAVE BEEN ACCEPTED BY THE GOVERNMENT

Recommendation (Sl. No. 1, Para No. 14.1)

Utilization of funds by State Government

2.1 The total Budget estimate (BE) for 1996-97 is much on the higher side as compared to Revised Estimates (RE) of the year both on the Plan and the Non-Plan side. The Committee also note that there is a major difference between the BE, RE and actual expenditure since 1993-94. The RE is less than BE and the actual expenditure is further on lower side in comparison to the RE. Government prepares revised estimates by taking into account the availability of balance funds with the State Governments/implementing agencies from out of previous years release, progress of the implementation of the schemes, their utilization capacity and fulfillment of procedural requirements with regards to the scheme. The Committee is informed that there is heavy reduction on the non-plan side in the year 1996-97 due to less provision made under the non-plan scheme for concessional sale of de-controlled fertilizer.

The obvious conclusion before the Committee from the above mentioned facts is that the State Government and implementing agencies are not fully utilizing the amount sanctioned by the Government.

The Committee are constrained to observe that while it has persistently been maintaining in its reports for higher allocation to do justice to Agriculture sector which is the prime sector for sustaining the million of people, the State Governments and the implementing agencies are not fully utilizing the amount sanctioned to them to achieve hundred percent physical target. While important schemes are starved of funds, the money earmarked for other schemes have been remaining unutilized year after year. The Committee, therefore, recommended that the nodal Ministry should intensify the monitoring mechanism and reallocate funds priority-wise to oversee the implementation of the schemes, to remove bottlenecks, and to ensure speedy implementation without any delay.

Reply of the Government

2.2 Particular care is taken by the Department to release funds to States as early as possible, after the commencement of the financial year to give them enough time for incurring expenditure on execution of schemes. The relative priorities of the programmes and the progress of expenditure in earlier years is kept in view at the time of allocation of funds for various programmes. Re-allocations wherever necessary are also made at the revised estimate stage.

The release of Central assistance in respect of various Central/ Centrally Sponsored Schemes and the expenditure incurred by the States thereon is closely monitored. The Agriculture Minister had addressed the Agriculture Ministers of all states requesting them to ensure full and effective utilisation of Plan funds. This was followed by another letter from Secretary (A&C) to Chief Secretaries of all States to give special attention to utilisation of funds since release of further Central assistance for Central/Centrally Sponsored schemes would be made after consideration of unutilised balances. These issues were also emphasised in the National Conference on Agriculture for Kharif Campaign when representatives from all the states were present. As desired by the Committee the schemes will be monitored more intensively by the Ministry.

Recommendations (Sl. No. 5, Para No. 14.5)

Natural Disaster Management

2.3 The Committee note that during the Eighth Plan period an expenditure of Rs. 2.60 crores only has been incurred out of the actual total Plan outlay of Rs. 6.40 crores in favour of the Central Sector Scheme on Natural Disaster Management leaving an amount of Rs. 3.71 crores unspent. The Committee note that the shortfall in expenditure was due to the fact that the Government could not muster enough efforts for generating response from State Governments Research Institutions/Organisation etc. to utilise the funds. Even during the year 1996-97, only an amount of Rs. 62 lakhs has been utilised out of budgetary allocation of Rs. 200 lakhs. With the kind of shortfalls, the Committee are at a loss to know as to how the government would achieve the objective of promoting preparedness among the people and to undertake mitigation measures for reducing the adverse impact of Natural Disasters. The Committee, therefore, recommend that suitable special steps should be urgently taken to speed up the momentum of activities under the Plan scheme so that more institutions/organisations are goaded to undertake appropriate activities in the matter of disaster reduction.

Reply of the Government

2.4. The Central Sector Scheme on National Disaster Management Programmes is intended to enhance the national capability for reducing the impact of natural disasters on the national economy. Such a scheme was implemented for this first time during the Eighth Five Year Plan. The scheme provided for developing human resources and conducting studies, research, documentation as also measures for public education and community awareness in the field of disaster management. A National Centre for Disaster Management has been set-up under the scheme since 1994. Identified State Training Institutions have also been provided financial assistance to start separate faculties on disaster management. Various programmes were also undertaken as part of International Decade for Disaster Reduction for enhancing the public education and community awareness about disaster preparedness. Since this is a new concept in the country, its acceptance by various concerned agencies is taking time. Final expenditure under this scheme during 1996-97 were Rs. 1.23 crores. In the first week of March 1997 the expenditure incurred was Rs. 72.00 lakhs (not 62 lakhs) Analysis of the pattern of expenditure under the scheme indicates that things are definitely improving with the cooperation of State Governments and scientific and technical organization of State Governments and scientific and technical organizations. Efforts are being made to secure more active participation of the State Governments and involve more institutions and organizations particularly the non-governmental organizations to undertake Disaster Reduction Programmes. So far Disaster Management faculties have been established in 11 State Training Institutions and efforts are continuing to widen the coverage to other States. All efforts will be made to speed up activities in the Ninth Plan.

Recommendation (Sl. No. 6, Para No. 14.6)

Under Utilisation of Funds in the Schemes under Crops Division

2.5 The Committee observe that in Crop Division there has been a major shortfall in terms of fund utilisation in almost all the Centrally Sponsored Scheme/Programmes during the 8th Plan period and the foodgrains output in 1995-96 has come down to 185 million tonnes from 191.5 million tonnes in 1994-95. The Committee further note from the Economy Survey of India that the decrease in production was mainly on account of wheat, rice, kharif, rice, bajra and pulses. The most unexpected development was the late realization in 1996 that the wheat harvest would be just about 62.6 million tonnes which is lower by about 3 million tonnes than that of the preceding year. This was a serious set back and its late realization did cause some distortions in wheat availability. The Committee express concern about the stagnation in the foodgrains production during the last two years, as foodgrains account for about 63 per cent of country's agricultural output and even a marginal decline in food grains production has a 'ripple effect' on rest of the economy. It this trend continues it could become a matter of grave concern. In order to achieve the required foodgrain production of 210 million tonnes for a vast population of millions of people during 1997-98 and in the coming years the Committee recommend that the Ministry should take comprehensive measures for maximising the production.

The Committee desire that in order to improve production the area under cultivation should be increased and the department should ensure optimum and timely availability of inputs such as water, fertilizers, pesticides and machinery to the farmers. The Committee, further, recommend that the Central Government should take strict measures to ensure the utilization of the allocations provided to the schemes under the Crops Division.

Reply of the Government

2.6 There is very little scope for increasing the net area under cultivation consequent to the incidence of land use for non agricultural uses and diversion of land from crop cultivation to horticultural crops. Therefore, for increasing the production of foodgrains, further increase in the cropping intensity and use of quality seeds of location specific High Yielding Varieties-Hybrids, Integrated Nutrient Management, improved farm implements, efficient utilisation of water and adopting of improved agronomic practices including Integrated Pest Management Approach are of paramount importance. During the 9th Five Year Plan, the Integrated Cereals Development Programmes for rice/wheat/coarse cereals is proposed to be implemented with added thrust on these aspects.

As regards the Committee's recommendation that the Central Government should take strict measures to ensure the utilisation of funds allocated to the Crops Division's Schemes, it may be stated that immediately, on the commencement of the current financial year, the States concerned were informed (in mid April) that the on-going Centrally Sponsored Schemes will continue on the existing basis. Simultaneously, sanction was also conveyed for re-validation of the GOI's sanction for utilisation of the available balance of funds from the releases made during 1996-97 for the implementation of the schemes during 1997-98. Further, with a view to facilitate sanction of the programmes at the State Government end, steps are also being taken to ensure adequate availability of the Central share of the funds as allocated for the respective schemes.

The State Governments are also urged upon to issue the State level sanctions releasing the State share alongwith the Central share to the implementing agencies and also ensure availability of funds to the field level functionaries in order to facilitate fuller implementation of the different components by them.

INTEGRATED FISHERIES PROJECT, KOCHI

Recommendation (Sl. No. 8, Para No. 14.8)

Shortfall in achievement of target by Integrated Fisheries Project, Kochi.

2.7 It has been observed by the Committee that under the Integrated Fisheries Project, Kochi, there is a major shortfall in the achievement of both the physical and financial targets. During 1996-97 against an allocation of Rs. 5.64 crores, an expenditure of Rs. 4.75 crores only has been incurred leaving an amount of Rs. 89.00 lakhs unspent. The reasons for shortfall have been largely due to the delay in acquisition of 2 vessels from Bharati Shipyard Limited in replacement of the 2 Japanese vessels which were destroyed in an accident. The repair work on one of the vessels is going on and the vessel is likely to be operational shortly and the other one will be ready for operation only in the next financial year. The Committee observe that this, may be, one of the reasons for not achieving the target but the physical achievement relating to processing, popularising the test marketing of unconventional varieties of fish is not dependent on these factors. The Committee find the reply of the Government evasive and do not approve of it. The Committee would like to be apprised of the specific reasons for the shortfall in achieving the physical targets and the corrective steps proposed to achieve both physical and financial targets in the matter.

Reply of the Government

2.8 At the outset it may be clarified that procurement of non-conventional varieties of fish almost entirely centres around landings by fishing vessels of the Integrated Fisheries Project (IFP). The procurement of non-conventional variety of fish from open market at a workable price and in a hygienic condition is almost negligible. During to non-availability of the vessels, and only the volume of the fish catch was inadequate, it also had an adverse impact on the volume of fish processed during this period. Of late various operations of the project have also been affected by erratic power supply from Kerala Electricity Board due to which the ice plant has to be shut down occasionally. Steps are now being taken not only to make the existing fleet of IFP fully operational but action to procure one 250 K.V. generator has also been initiated so as to ensure optimum operation of the ice plant.

Recommendation (Sl. No. 9, Para No. 14.9)

Development of Coastal Marine Fisheries and Welfare of Fishermen Scheme

2.9 Although it has been accepted by the Ministry that Coastal aquaculture has to be done in a regulated manner and there is a need to protect the traditional fishermen, it has been observed by the Committee that there has been major shortfall under the scheme for Development of Coastal Marine Fisheries during 8th Plan period. Further during 1996-97 the allocation has come down in the RE stage in view of less demand from States and from Fisherman Community. The Committee desire that the Union Government should contemplate taking some steps to make these important programmes more attractive which may induce the State Government as well as the traditional fisherman having poor economic background to accept them for implementation.

Reply of the Government

2.10 The Development of Coastal Marine Fisheries, scheme consist of 4 components out of which performance of 2 components namely 'Introduction of Intermediate Craft for Off-Shore Pelagic Fishing' and 'Introduction of Ply-wood Craft', which were introduced in 1993-94, has not been satisfactory due to the following reasons:—

(i) The fishermen were reluctant to take up the above programmes since they were not fully aware of the economic viability of operations of these fishing craft.

(ii) Unsuitability of these craft to various types of topographic and climatic conditions in the country.

(iii) Non-availability of sufficient number of Boat Building Yards to construct and make available above boats in sufficient numbers as and when required.

During the 9th Plan period it is proposed not only to discontinue these two components but to also carry out various modifications in the scheme, including introduction of new components, so as to make the scheme more acceptable to the traditional fishermen. The modified scheme would also enable them to extend their area of fishing operation with a view to bring more catch.

Recommendation (Sl. No. 10, Para No. 14.10)

Budgetary outlay for Horticulture

2.11 The Committee note that against VIIIth Plan outlay of Rs. 1000 crores in this Sector, the actual budgetary outlay was for Rs. 784.45 crores, and out of this, an amount of Rs. 711.34 crores has been actually spent. An amount of Rs. 73.11 crores remained unspent. The reasons given by the Ministry for the gradual decrease in expenditure are:— (i) non-implementation of the schemes of export enhancement programme, foreign aided projects, Human Resources Development and Infrastructure support to horticulture; and (ii) the non-performance of a few major States namely UP, Bihar and West Bengal. The Committee are alarmed at the distressing state of affairs obtaining in the sphere of horticulture plans which have been projected as great export revenue earners for the nation. While the farmers could not obtain sufficient funds, the Government could not spend the funds allocated to them for horticulture development. The Committee further note that the development of infrastructure was one of the thrust areas envisaged during the 8th Plan and the funds remained unutilized due to non-implementation of the scheme relating to infrastructure support to horticulture. The Committee also note that in the first 4 years of the 8th Plan, there was no target fixed for distribution of plants from the Nutritional Gardens in Rural Areas. Even where targets were fixed, only 6.33 lakh plants were distributed and a shortfall of 210.15 lakh plants was registered.

Therefore, the Committee desire that the Ministry must make sincere efforts in implementing the schemes by gearing up the implementation machinery both in the Central and State Governments in general and in Uttar Pradesh, Bihar and West Bengal in particular. Further, the Committee expect that special efforts should be made to utilise the funds allocated for this important sector during the 9th Plan and wherever necessary, the strategy should be modified in the light of the experience gained during the Eighth Plan period. The Committee would like to know from the Ministry about the steps being taken with reference to the States which have not actually utilized the yearly allocations and have been lagging behind other in the matter.

Reply of the Government

2.12 The recommendations of the Committee are noted for future guidance. The State Governments were requested earlier to strengthen their implementing machinery for effective implementation of the horticulture development schemes. Further, the State Governments of UP, Bihar and West Bengal in particular and other States in general will again be apprised about the concern expressed by the Committee with the request that sincere efforts should be made to gear up the implementing machinery for implementing the schemes for development of horticulture. The schemes to be implemented in 9th Plan are also proposed to be modified/revised in view of the experience gained in the implementation during the 8th Plan period for utilisation of the funds allocated.

Further regarding the concern expressed by the Committee that the scheme of infrastructure support to horticulture programmes was not implemented although infrastructure development was one of the most crucial aspects of the horticulture sector, it is mentioned that the scheme for infrastructure support referred to in the material furnished to the Committee actually was meant for providing manpower and computer network support to the State Governments. This scheme was not implemented as this was not approved finally. However, the development of infrastructure facilities like units for post-harvest management, production of spawn for mushroom development, establishment of nurseries and tissue culture centres for production of planting material etc. were taken care of as part of various schemes.

As regards, the observation of the Committee in respect of National Horticulture Board for distribution of plants for nutritional gardens during 8th Plan period, 210.15 lakhs plants were distributed against VIII Plan demand of 216.48 lakh plants with the shortfall was of 6.33 lakh plants in place of 210.15 lakh plants as mentioned in the Report. The targets under the scheme were not fixed as it is a demand oriented programme.

Recommendation (Sl. No. 11, Para No. 14.11)

Scheme for Integrated Development of Tropical, Arid and Temperate Zone Fruits

2.13 The Committee note that under the scheme for Integrated Development of Tropical, Arid and Temperature Zone fruits, against a target of 69 big nurseries during the 8th Plan period only 50 could be established and against the target of 498 small nurseries only 299 could be established. The Committee have also been informed that the targets have been scaled down considering the achievement and the fewer number of requests from the State Governments.

The Committee in its 1st Report had expressed its this displeasure regarding the poor performance of the Government in this regard and had recommended to pay special attention to the task of establishment of nurseries all over the country. The Committee are pained to note that despite the Committee's recommendation, the Ministry could not achieve the targeted goal during 8th Plan and instead the targets have been scaled down. The Committee find that the States have not evinced much interest in this programme.

Keeping in mind the important role played by big and small nurseries in the development of horticulture, the Committee reiterate its earlier recommendation that special attention should be paid by the Government in the matter of establishment of nurseries all over the country so that goals are achieved in full by proper and adequate supply of saplings.

Reply of the Government

2.14 The observations of the Committee have been noted for follow-up action. The targets for components like big/small nurseries had to be scaled down as these involved infrastructure development including availability of land which was one of the major constraints. However, for meting the growing demand of planting material for various horticulture crops, State Governments are being persuaded to take up larger Programmes including promotion of tissue culture. As regards the IXth Plan, the State Governments in this context have also been requested to furnish their planting material requirements of various fruit crops indicating the present potentiality of the State to fulfil the norms so that adequate efforts are taken in this direction while formulating programmes for the IXth Plan.

Recommendation (Sl. No. 12, Para No 14.12)

Achievement in Drip Irrigation & Drip Demonstration Programme

2.15 The Government has informed that the actual target for drip irrigation during the VIIIth Plan was 1,07,802 hectares and the achievement is expected to be 1,06,103 hecrcres subject to availability of additional funds. The shortfall has been attributed to restriction on the area eligible for subsidy per beneficiary during 1994-95.

The Committee has been further informed that out of the increased allocation of Rs. 97.98 crores in 1997-98 under the Major Head 3601, a sum of Rs. 33.57 crores has been kept for meeting the increased demand from States for assistance for drip installations.

During evidence the Government has informed that the entire use of plastics in the country, is roughly 3.7 million tonnes out of which 1.4 lakh tonnes is used by agriculture. This is likely to go up despite the multiple use of plastics throughout the economy.

The Committee is happy to note that 98% of targets have been met in the drip irrigation during the VIIIth Plan and feel that the Government would keep up this progress in the 9th Plan also.

However, Committee recommends to undertake the study to find out its actual use on farmers field.

However, they are disappointed to note that in the matter of coverage under drip demonstration programme, the physical achievement is only 33% of the original target which will adversely affect the rate of absorption of this technology by the farmers in the absence of proper demonstrations. They, therefore, recommend that the Government should ensure 100% achievement of target in this demonstration scheme.

The Committee also recommends that NCPA should work in close coordination with the Engineering Division of ICAR so that the duplication of research can be avoided. There is need to emphasis on conducting the research on design parameters of drip and sprinkler irrigation system.

Reply of the Government

2.16 With reference to the recommendations, suggestions and observations made by the Standing Committee of the Parliament on 'Use of Plastics in Agriculture', the following actions have been taken:—

(i) In so far as the recommendation about undertaking of the study to find out the actual use on farmer's fields, it is stated that an evaluation study to assures the impact and usefulness of drip irrigation covering 8 States has been taken up through the Agricultural Finance Corporation Ltd. to ascertain the status of drip irrigation, its impact, absorption of various new applications and technology in these 8 States during 8th Five Year Plan.

(ii) Regarding the observation about the inadequate coverage under drip demonstration, it may be mentioned that the States which have been found deficient in the achievement of drip demonstration programme are being and would be closely monitored and it is hoped that during 1997-98, a good progress in drip demonstration programmes will be achieved.

(iii) In so far as the recommendation about the need for close coordination between NCPA and Engineering division of ICAR is concerned, the National Committee on Use of Plastics in Agriculture (NCPA) has been addressed to initiate the process for working in close coordination with the Engineering Division of ICAR so that duplication of research work is avoided. The modalities for such an arrangement will be worked out in details.

Delay in Release of Funds for Scheme on Integrated Seed Development Programme.

Recommendation (Sl. No. 14, Para No. 14.14)

2.17 Under the Centrally Sponsored Scheme on Integrated Seed Development Programme, almost the entire allocation of Rs. 80 lakhs for 1995-96 was released only in March 1996 and the State Governments could not utilize the amount so released as it was not possible for them to issue administrative approval for implementing the schemes at such a late stage. The Planning Commission approved the scheme in the month of April, 1995.

The Committee do not appreciate the habit of last minute release of funds at the fag end of the financial year with respect to important plan schemes. The Committee expect that the Government would hereafter ensure the early release of funds in the begining of the financial year itself so that the implementation of plan schemes is not impeded due to non-availability of funds in time.

Reply of the Government

2.18 This was a new Centrally sponsored scheme introduced in 1995-96. The final approval of the Planning Commission for the scheme could be obtained only in January 1996. In view of this, release of funds could be effected only in March, 1996.

Every effort would be made during the 9th Plan period to ensure that funds under plan schemes are released in the beginning of the financial year itself. States have also been advised to take necessary corrective actions, including making adequate matching provision available in the State Budget for effective implementation of the scheme.

Recommendation (Sl. No. 15, Para No 14.15)

Transport Subsidy on Seeds

2.19 The Committee note that against an envisage outlay of Rs. 3.00 crores for the 8th Plan, the actual budgetary provision made during the entire 8th Plan period under the scheme of transport subsidy on seeds was only Rs. 2.10 crores. Even out of this Rs. 2.10 crores, only a sum of Rs. 1.57 crores was actually spent. The Ministry have stated that due to the time taken for making tie-up arrangements amount various agencies and seeds producing States which are situated in far of places from North-East there was shortfall in expenditure. The Committee feel that although the soil in North-Eastern Sector is very fertile to grow various commercial crops, agricultural production could not pick up due to non-availability of quality seeds in time. The Committee recommend that special efforts should be made to expedite the tie-up arrangements among various agencies and the receiving States and the farmers of the North-Eastern States should be educated about the advantages of using the improved varieties of seeds in order to enhance production in those States.

Reply of the Government

2.20 The North-Eastern States including Sikkim are being constantly persuaded to take full advantage of the scheme for transport subsidy on seeds. These States are being repeatedly advised to make tie-up arrangements with NSC, SFCI and other State Seeds Corporations for the supply of certified seeds of required varieties to farmers in the States. The tie-up-arrangements made by North-Eastern States with various agencies are reviewed in the zonal seed Review meetings, the National Conference on Kharif and Rabi Campaign. To popularise new varieties and to popularise the use of certified seeds amongst the farmers and North-Eastern States, seed demonstrations, distribution of minikits etc. are organised through crop development schemes of the Crops Division and TMOP.

Recommendation (Sl. No. 17, Para No. 14.17)

Plant Protection

2.21 The Committee observe that on account of indiscriminate use of chemical pesticides over the years, poisonous substances have entered into the food chains posing a severe health hazard. The situation is more alarming in the case of vegetable crops. The Committee note that the department has launched an ambitious programmes on Integrated Pest Management through which a number of IPM field schools/training centres have been established and demonstrations at various places are being organised. The Standing Committee on Critical

Agricultural Inputs and Pesticides had recommended an outlay of Rs. 298.95 crores for this scheme during IXth Plan against Rs. 45.00 crores during 8th Plan. However, the Committee are disappointed to note that during the entire Eighth Plan period, under the scheme of Integrated Pest Management Centres only 1,55,713 farmers were trained against a target of 2,10,000 in the IPM Farmers Field Schools. The Committee recommend that in the years to come the Government should endeavour to achieve 100 per cent physical target in this regard, as this training alone could make them adopt the IPM techniques and would make them analyse the agro-ecosystem properly to take their decisions in their fields.

Reply of the Government

2.22 Integrated Pest Management (IPM) is broad eco-friendly approach of managing crop pest problems with least or no application of chemical pesticides so as to minimise human and animal health hazard and poisoning; pesticides residues in food, fodder, soils, water, air, ecological imbalances and environmental pollution, besides minimising the cost of pesticides on crop production. The impact of IPM Programme, implemented so far, in reducing the use of hazardous chemicals could be realised from the fact the consumption of pesticides has come down from about 75,000 MT during 1990-91 to 60,000 MT during 1996-97. The IPM approach encompasses adoption of all available methods, techniques, skills and strategies of pest management in a harmonious manner based on agro-ecosystem analysis and field observations. This clearly implies that our country is producing foodgrains with lasser consumption of pesticides. The decreasing trend in consumption of pesticides would protect our environment and improve the quality of our food. Adoption of IPM, *inter-alia* lays emphasis on use of chemical pesticides as a last resort, is becoming popular with the farming community. During IX Plan all out efforts would be made to organise 2500 Farmers Fields Schools by IPM centres and 30,000 by States to trains the farmers for decreasing the use of pesticides, for which an outlay of Rs. 3900 lakh in the scheme has been recommended.

Recommendation (Sl. No. 18, Para No. 14.18)

Inadequate outlay for Modernization of Soil Testing Facilities

2.23 The progress made under the Fertilizer Sector in terms of assured availability and supply of organic and inorganic fertilizers, their balanced use and rational distribution of subsidy on decontrolled as well as controlled fertilizers has been proceed shoddy beyond doubt.

The Central plans being propagative by the Central Government could not deliver the coveted goods (i) to stop hoarding of fertilizers and then their black marketing (ii) to rectify the imbalanced use of fertilizers and (e) to provide the real benefit of subsidy to the beneficiaries *i.e.* peasantry. The statistics achieved during VIII plan in respect of physical as well as financial have not been encouraging and worth appreciating. Under the Central Plans scheme *i.e.* Balanced and Integrated use of Fertilizers out of Rs. 24.75 crores VII Plan allocations only Rs. 18.30 crores were spent leaving a sizeable amount of Rs. 6.45 crores unspent. Against the training targets (in composite technique) of 1405, only 1024 person were trained during VIII Plan. Similar is the case with frontline demonstrations. The Committee note with satisfaction that this year. *i.e.* 1997-98 a new scheme Modernisation of Soil Testing has been introduced to check the imbalance of NPK nutrients but at the same time they do not want to lose the opportunity to criticise the very meagre amount of Rs. 1 crore allocated for this purpose.

Reply of the Government

2.24 Government is aware of the problems concerned with the assured availability, supply of fertilizers and rational distribution of subsidy on decontrolled as well as controlled fertilizers. It is with this in view that realistic assessment about the demand of various fertilizer is made every year before the Rabi and Kharif season by organising zonal conferences where besides States Government officials, representatives of lead manufacturing industries and Fertilizer Association of India are also present. Based on the consensus figures of demand and supply which emerge out of these zonal conferences, the Essential Commodities Act allocation for controlled fertiliser *i.e* urea is made. Information about potential requirement of decontrolled fertilizers like DAP, MOP, SSP and various complexes are also collected in these meetings. Based on these assessed requirements it is the responsibility of the Department of Fertilizers to ensure availability of fertilizers the States both from indigenous as well as the imported sources. The information about the assessed requirement, availability and actual consumption of urea from 1993-94 to 1996-97 is given in Annexure I. The question of providing the real benefits of subsidy to the beneficiaries has been the prime concern of the Government. Under the existing circumstances keeping in view the large number of farmers in the country the same is being done by announcing the Maximum Retail Prices of various fertilizers at which these are to be made available to the farmers. Various manufacturing units are being compensated by disbursement of subsidy/concession. In case of urea, it is the Department of Fertiliser which disburses the subsidy and in case of potassic and phosphatic fertilisers, the disbursement of concession is done by the DAC.

Department of Agriculture & Cooperation is implementing a scheme entitled Balanced & Integrated Use of Fertilizers. This scheme was initiated during the year 1991-92. Under this scheme, the cost sharing between Central and State was 50:500 basis. With the start of VIII Five Year Plan during 1992-93, the scheme was implemented on the same financing pattern during first year on its operation. The performance of the scheme was not satisfactory because many of the States could not provide matching provision of 50% cost sharing. From the year 1993-94 onwards, it was decided to raise the Central assistance to 100% level, which actually became operative towards the end of 1993. Various components of the scheme are, setting up of mechanical compost plants, laying out demonstrations on the use of micro-nutrients, training of farmers on preparation of bio-compost and vermiculture, popularisation of green manures and strengthening of testing facilities for seeds, fertilizers and soils. Year-wise allocation of funds and amount released to various States are given in the statement below:—

(Rs. in lakh)

Year	Budget allocation	Funds released
1992-93	500	149.96
1993-94	500	205.00
1994-95	475	475.00
1995-96	500	500.00
1996-97	500	548.00
Total	2475	1877.66

The savings of an amount of Rs. 6.45 crores under this scheme was mainly due to the inability of the States to provide matching share in the first year of the VIIIth Plan. It took some time for the States to gear up implementation of the scheme. The scheme is proposed to be continued during IX Five Year Plan. A budget provision of Rs. 7 crore has been made for the year 1997-98. Significantly higher amounts of allocations have been proposed for IX Five Year Plan under the scheme, in view of the importance of popularising the plants and integrated use of nutrients.

ASSESSMENT, AVAILABILITY AND CONSUMPTION OF UREA

(lakh tonnes)

Year	Season	Assessed requirement	Availability	Consumption
1993-94	Kharif	73.57	86.16	72.90
	Rabi	89.97	96.54	85.20
1994-95	Kharif	79.74	84.42	79.45
	Rabi	92.78	102.75	91.67
1995-96	Kharif	87.67	97.27	88.20
	Rabi	101.42	112.93	90.89
1996-97	Kharif	100.94	100.85	92.28
	Rabi	103.94	110.94	104.01 (Estimate)

Recommendation (Sl. No. 19, Para No. 14.19)

Modernization of Soil Testing Facilities

2.25 The Committee are not happy with present state of affairs prevailing in respect of the fertilizers' timely and adequate availability, their efficient distribution and balanced use and genuine prices to be paid by the farmers. The Committee believe firmly that to meet the required target of 1210 million tonnes by 2000 AD, it is most imperative to increase our growth rate of production which can be done only with better production be done only with a better productivity. To attain the same, the Committee recommended whereas:

The new scheme i.e. Modernisation of Soil Testing be made a national campaign and farmers should be educated to use only those fertilizer nutrients which are found deficient in their land and also upto the extent required. The funds under this scheme, it found inadequate, must be raised through revised estimates.

Reply of the Government

2.26 The Department of Agriculture & Cooperation is only vested with the responsibility of making an assessment about the demand and supply of various fertilizers. Their timely and adequate availability and their efficient distribution is the responsibility of the Department of Fertilizers. So far as the question of prices to the farmers is concerned, the price of urea has been fixed at Rs. 3600 per tonne applicable throughout the country. In the decontrolled regime the prices of phosphatic and potassic fertilizers are governed by the market forces of demand and supply. However, with a view to ensure their supply to the farmers without any hindrance this year from Kharif 1997 the Government of India has decided the Maximum Retail Prices in case of DAP, MOP and various complexes applicable throughout the country. With a view to reduce the imbalance in the use of NPK fertilizers Government of India has increased the urea by 10% with effect from 21.2.1997 and the saving on subsidy thereof has been sloughed back by way of increasing concession on the decontrolled fertilizers.

The rate of concessions in cases of NPK fertilizers over the years have being progressively increased as follows:

Rate of Concession

(Rupees per tonne)

Product		Upto 5.7.96	6.7.96 to 31.3.97	From 1.4.97
Indigenous	DAP	1000	3000	3750
Imported	DAP	—	1500	2250
	MOP	1000	1500	2000
	SSP	340	500	600
Complexes		435 to 999	1304 to 2633	1149 to 3320

A new scheme entitled Modernisation of Soil Testing has been proposed to be launched during IX Five Year Plan. A token provision of Rs. one crore has been made for the year 1997-98 for the purpose of creating required budget head and formulating the scheme for its approval. It has been tentatively proposed under this scheme to modernise the existing static soil testing laboratories through supply of required equipments, set up new laboratories in areas which are not presently adequately serviced by the existing labs, create mobile soil testing services in interior and specified areas and organise training programme for the staff of soil testing laboratories to bring them to the latest development in the techniques of soil analysis and interpretation of results. It has been also envised under the scheme to get the soild fertility maps prepared for the Blocks/districts and States. The approval of the scheme by the Government has yet to be given. However, the central scheme has been proposed in view of the need for strengthening the soil testing service in the country, the activity though is the direct concern of State Government because it involves collection of samples and farmers' field and get them analysed locally for making recommendation of fertilizer use.

Recommendation (Sl. No. 20, Para No. 14.20)

Balanced & Integrated use of Fertilizer

2.27 The Central Plan Scheme *i.e.* Balanced and Integrated use of Fertilizers must be executed more vigorously and the entire allocation made during 1997-98 be utilized effectively.

Reply of the Government

2.28 The recommendation of the Committee has been noted. During 1997-98, Budget provision pf Rs. 7.0 crores has been made for the scheme "Balanced and Integrated Use of Fertilizers". In the light of recommendation of 9th Plan working Group and recommendations of the Planning Commission, the scheme is being revised for implementation during 1997-98.

CHAPTER III

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

Recommendation (Sl. No. 13, Para No. 14.13)

Allocation for Central Scheme on Seeds

3.1 The Committee observe that the allocation for Central Scheme on seeds during the 9th Plan has been reduced to Rs. 142.95 crores in comparison to Rs. 200 crores during the Eighth Plan. For the year 1997-98 under the Minor Head 103 the BE is Rs. 1.4 crores against an amount of Rs. 25.56 crores for 1996-97. Further, the Government has reduced the grants-in-aid to National Seeds Corporation etc. sizeably from Rs. 24.90 crores in 1996-97 to Rs. 0.49 crores in 1997-98. With regard to the reasons for the reduced allocations, the Committee have been informed that the assistance available from the World Bank Aid Project to NSP-III did not any longer exist and therefore the amount has been slashed down. When asked about the impact of the reduced allocations on the agencies who are assigned the task of providing adequate certified/quality seeds, the Committee have been informed that under the World Bank aided NSP-II, substantial assistance have been provided to NSC, SFCI and eleven State Seeds Corporations for organisational and financial restructuring and they have now become self-reliant. Under NSP-III, many restructuring works have been completed and they have started earning profit. Hence, there is no immediate need for providing further assistance.

The Committee observe that in many States, the farmers are using locally available seeds which are not having any guarantee for germination and the farmers are not getting due returns from their investment as a result of it. The Committee strongly feel and desire that the Union Government should have a freshlook at this important scheme especially at this crucial juncture when the quantum of production of foodgrains is going down at an alarming rate *vis-a-vis* the population growth-rate.

Reply of the Government

3.2 The responsibility for production and distribution of quality seeds to farmers is that of the State Governments. Seed production and distribution is organised by the State Governments through the Departmental agricultural farms and the State Seeds Corporations (wherever they exist). The two national level public undertakings *viz.* the National Seeds Corporation and the State Farms Corporation of India play a supplementary role in the production and distribution of quality seeds to farmers. Government of India monitors the requirement, availability, production and distribution of quality seeds of different crops in the States through intensive interaction with the State Governments in the Zonal Seed Review meetings and the National Conferences on Kharif and Rabi Campaign. The Ministry of Agriculture attempts to ensure that the seed supply plans prepared by the State Governments are based on a proper assessment of the demand for different varieties of seeds taking into account farmers preferences and firm tie-up arrangements for production and distribution with State Seed Corporations, NSC, SFCI, etc. The assessment of requirement and availability of different types of seeds assessed by the Ministry of Agriculture serves as an important input to the seed producing agencies for planning their production activity. In recent years, private sector seed producing companies have also started to play an important role in the production and distribution of seeds of certain important crops *e.g.* maize, sunflower, vegetables, etc.

It may also be noted that a very large part of the seed production in organised sector is accounted for by the Central and State level public sector corporations *viz.* National Seeds Corporation, State Farms Corporation of India and State Seeds Corporations. Substantial financial assistance for strengthening these corporations to put them on financially viable footing has been provided under the National Seeds Project Phase I, II and III. Assistance has been given to these corporations for development of infrastructure facilities for seed production, organisational and financial restructuring. The performance of these corporations has improved substantially, over the last 6-7 years both in terms of seed production and financial viability. But some of the activities of these corporations do not find a reflection in the budget. The Seeds Act 1966 and the Seeds (Control) Order, 1983 contain adequate provisions for ensuring quality control of seeds supplied to farmers. Enforcement of quality control provisions is the responsibility of the seed law enforcement machinery of the State Governments.

Activities of the seed law enforcement agencies of the State Governments are periodically monitored by the Ministry of Agriculture.

Recommendation (Sl. No. 16, Para No. 14.16)

Grants to NAFED

3.3 The Committee is informed that the National Agricultural Co-operative Marketing Federation of India Ltd. is the nodal agency for undertaking Price Support Scheme (PSS) and the Market Intervention Operation (MIS). Under the Price Support Scheme (PSS) the agricultural commodities covered are pulses and oil seeds. Losses, if any, are reimbursed fully by the Government to NAFED under the Market Intervention Scheme (MIS) the losses are shared between the Central and State Government on 50:50 basis.

In the year 1995-96 a sum of Rs. 0.01 crores was allocated at Budget Estimate stage which rose to Rs. 120.00 crores at RE Estimate stage. In 1996-97 the Budget Estimate was Rs. 0.01 crores and Revised Estimate was Rs. 1.00 crores. In 1997-98 the Budget Estimate is Rs. 1.00 crores.

The Committee is further informed that in 1994 season 61,749 MTs of Copra was procured under (PSS) and a amount of Rs. 458.53 lakhs was incurred as loss. In 1995 season, a quantity of 5619 MTs of Copra was procured and a profit of Rs. 8.37 lakhs was earned. Thus the total liability toward losses of Copra was Rs. 4580.16 lakhs.

NAFED was allocated Rs. 120.00 crores for PSS and MIS by the Government in Revised Estimate 1995-96. The other losses suffered by NAFED in 1994-95 and 1995-96 were Rs. 3.05 crores (MIS) and Rs. 1.91 crores (MIS). The total liability being Rs. 45.80 + 3.05 + 1.91 = Rs. 50.76 crores. Thus NAFED was left with a balance of Rs. 120.00 - 50.76 = Rs. 69.24 crores. However, in their written replies the Department has stated that Rs. 23.50 crores was surrendered as surplus allocation further under the MIS the share of State Governments is 50%. Therefore another Rs. 4.96 - 2.48 = Rs. 2.48 crores should be surplus to NAFED.

The Committee are surprised at the calculations of NAFED and feel that NAFED has accured advantages to itself through PSS & MIS huge funds to the tune of Rs. 69.24 - 23.50 + 2.48 Rs. 48.22 crores.

Reply of the Government

3.4 Out of the total grant of Rs. 120.00 crores obtained by way of supplementary grant (first batch) in August 1995 NAFED was sanctioned only an amount of Rs. 96.50 crore in three instalments as under:

1.	June, 1995 (Contingency fund of India)	—Rs. 20.00 crore
2.	September, 1995	—Rs. 46.00 crore
3.	March, 1996	—Rs. 30.50 crores
	Total =	Rs. 96.50 Crores

2. During 1994 owing to bumper production of copra, NAFED had to procure a sizeable quantity of 61,749 MTS valuing at Rs. 142.78 crores under Price Support Scheme under which 100% losses are borne by the Government of India. As there was only a provision of Rs. 0.01 crore under the relevant budget head, during 1994-95, NAFED had to procure the aforesaid quantity of copra during the year from its own resources. In the process, NAFED incurred a loss of Rs. 4580.53 lakhs. As NAFED had exhausted its resources on the procurement of Copra during 1994 seasons, an immediate amount of Rs. 20.00 crore was needed to start the procurement of Copra under Price Support Scheme during 1995 season and it was provided to NAFED from Contingency Fund of India adjustable in the amount of Rs. 120.00 crore obtained subsequently through supplementary grants. Therefore, in September, 1995, an "on account" of payment of Rs. 46.00 crores was released to NAFED against the losses of 1994 copra crop. The amount of Rs. 30.50 crore was provided as advance money to NAFED to enable it to commence copra operations during 1996 crop season.

3. As will be seen from the preceding para the amount of Rs. 96.50 crores out of Rs. 120.00 crore was given to NAFED for meeting the losses and as advance for purchase. The amounts of Rs. 20.00 crore for procurement during 1995 season and Rs. 30.50 crore for 1996 season's copra procurement were given to NAFED on the basis of the trend experienced during 1994 season and were adequately planned and projected. However, the prices of copra during 1995 and 1996 seasons behaved in an erratic manner with wider fluctuations and the

projections were distorted on account of various reasons including the State Government of Kerala's decisions for not going for import of Palmolein oil in the State.

4. In this context, it is mentioned that the contribution of Government of India for various marketing intervention/price support operations (in the form of advances) the profit/loss of such operations are routed through "Price Support Operations Reserve Fund" maintained by NAFED and this Department obtains annual accounts of this fund from NAFED. The unutilized amount out of the advance given by the Government of India and the profit/loss incurred on various Market Intervention Price Support Operations, are credited/debited in the said fund and are utilised on the operations of the subsequent years. The Copra Committee constituted as per the decision of Cabinet Committee on Economic Affairs which amongst others include the representatives of the Integrated Finance and Ministry of Finance, in its meeting held on 9.5.97, has, *inter-alia* recommended to get the balance amount of Rs. 50.96 crores available in "Price Support Reserve Fund of NAFED" deposited back with the Department of Agriculture and Cooperation.

Recommendation (Sl. No. 21, Para No. 14.21)

3.5 The Central Government must explore and come out with any patent land impregnable mechanism so that the real benefit of subsidy of fertilizers go down to the real beneficiaries i.e. peasantry.

Reply of the Government

3.6 Price at which controlled fertilizers are to be made available to farmers are fixed by the Government of India, under the Fertilizer (Control) Order, 1985 an Order issued under Essential Commodities Act 1955. At present, only Urea is covered under statutory price control.

In order to compensate the manufactures for lower realisation in the form of sale price of controlled fertilizers as compared to their cost of production (i.e. cost of production plus reasonable return on net worth as determined by the Government as retention price for each unit), the difference between the retention price and notified sale price minus the distribution margin is paid as subsidy to the individual manufacturing units under the Retention Price-cum-Subsidy scheme (RPS). Freight subsidy is also paid to the individual units to cover the cost of transportation of fertilizer, as per the State-wise allocation made, from the production points to block headquarters. Similarly, the difference between the notified sale price and the cost of important is borne as subsidy by Government. This work is handled by Department of Fertilizers in the Ministry of Chemical & Fertilizers. The price of urea has been fixed at a low Rs. 3660 per tonne which is possible because of the subsidy given to the manufacturers under the RPS Scheme.

For Kharif 1997 season (April to September), Government of India has decided maximum retail prices of decontrolled phosphatic and potassic fertilizers (DAP, MOP and Complexes) to ensure their availability to the farmers at reasonable prices which are as follows:—

(Rs. per tonne)

PRODUCT		
Indigenous	DAP	8300
Imported	DAP	8300
	MOP	3700
Complexes		6200 to 8000

CHAPTER IV

RECOMMENDATIONS/OBSERVATIONS IN RESPECT OF WHICH REPLY OF THE GOVERNMENT HAVE NOT BEEN ACCEPTED BY THE COMMITTEE

Recommendation (Sl. No. 2, Para No. 14.2)

Decline in Percentage of allocation for Department of Agriculture & Cooperation out of the total Central Plan Budget

4.1 The Committee observe that the total Plan Budget allocation on 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 1.69% for 1996-97 and further to 1.54% in 1997-98. against a proposed outlay of Rs. 2455.07 crores for Central Sectors and Centrally Sponsored Schemes during 1997-98, the Planning Commission had accepted a budgetary support of Rs. 1700 crores only. At the time of budget formulation, this was further reduced to Rs. 1519.25 crores. The Government have furnished a reply that the Plan Budget Estimates of the Department of Agriculture and Cooperation for the year 1997-98 is Rs. 1519.25 crores and as compared to an amount of Rs. 1471.00 crores (excluding State Plan) allocated for the year 1996-97, there is an increase of 3.28% over the previous year's allocation. This reply is far from satisfactory. Keeping in view the inflationary trend 3.28% the increase is a negligible.

The Committee express their displeasure at the manner in which the recommendations of the Committee have been continuously ignored and are highly perturbed by the trend of allocations in favour of this sector. They fail to understand as to how the nation could face the serious problem of the stagnation in the growth of foodgrains with a meagre 1.54% Plan budget allocation out of the total plan allocation. The Committee feel that the Ministry of Agriculture on the one hand has not been able to project its demands in the right perspective before the Planning Commission while on the other hand the Planning Commission and the Ministry of Finance have become insensitive to the demands and recommendations of the Committee. The Committee do not appreciate the attitude of the Planning Commission which has re-prioritized the needs of the country in view of the widening gap between the growth rate of population and the growth rate in foodgrains production. The Committee strongly feel that the strategy of planned development would lose all its sanctity and would remain only on papers, if the life-line of funds to this vital and basic sector is throttled, as the growth of all other sectors is inextricably linked to the growth of the agricultural sector. The Committee, therefore, expect a reasonable and liberal approach to be adopted by the Planning Commission and the Ministry of Finance in making allocations in favour in agriculture and allied activities in the present and future budgets.

Reply of the Government

4.2 A Plan allocation of Rs. 2455.07 crores for the Deptt. of Agriculture and Cooperation was projected by the Department to Planning Commission. Against this, Planning Commission agreed to Rs. 1519.25 crores for Plan Budget for 1997-98. The recommendations of the Committee were referred to Planning Commission. They have stated that the Committee have compared the share of Plan outlay of the Department of Agriculture and Cooperation which is entirely financed through budgetary support in the total Central Plan Outlay. About 70% of the Central plan relates to Plan Outlay of Central Public Sector Enterprises and about 85-90% of their Plan Outlay is financed through Internal and Extra Budgetary Resources (IEBR). For a proper comparison, it is necessary to examine the trend in the share of budgetary support to the Department of Agriculture and Cooperation in the total budgetary support (Gross Budgetary Support) to Central Plan. Statement showing such a comparison is enclosed which show that this share remained constant at about 5% since 1991-92 except 1996-97 and 1997-98.

Allocation of Plan Outlay for the Deptt. of Agri. & Coop.

(Rs. in crores)

Year		Budgetary Support to Deptt. of Agri. & Coop.	Percentage of Total	
			Central Outlay	Budget Support to Central Ministries/ Departments (Gross Budgetary Support)
1991-92	BE	1014.35	2.36	5.33
	RE	1016.93	2.53	5.76
1992-93	BE	1050.00	2.17	5.68
	RE	1273.16	2.56	6.48
1993-94	BE	1330.00	2.08	5.72
	RE	1320.05	2.15	5.20
1994-95	BE	1405.00	2.00	5.15
	RE	1458.84	2.14	5.22
1995-96	BE	1490.00	1.89	5.14
	RE	1325.39	1.78	4.59
1996-97	BE	1471.25	1.69	4.50
	RE	1377.91	1.78	4.58
1997-98	BE	1519.25	1.65	4.20

The matter was taken up with Ministry of Finance who have informed that the allocation for Department of Agriculture and Cooperation in the Plan forms a part of the overall allocation for agriculture in the Plan. The table below shows the position of allocation for agriculture and allied sector under Central Plan. It may be seen therefrom that the outlay 1997-98(BE) represents substantial enhancement over the preceding two years (Revised Estimates).

(Rs. in Crore)

		Revised Estimates 1995-96	Revised Estimates 1996-97	Budget Estimates 1997-98
1.	Agriculture	2708	2620	2969
2.	Rural Development	7137	6664	7641
3.	Irrigation & Flood Control	249	815	323
4.	Power & Non-Conventional Energy Sources	6836	6206	7577
5.	Village & Small Industries	508	443	772
6.	Transport	11963	14384	15016
		29478	31132	34298

Revised Estimates 1996-97 shown for irrigation also includes the provision for accelerated irrigation benefit schemes which have been shifted to State Plan. In addition to these outlays, substantial budgetary support has been provided in the Central assistance for State and UTs Plan for the promotion of agriculture sector including the provision made for the basic minimum services.

Recommendations (Sl. No. 3, Para No. 14.3)

Pulses Production

4.3 The Committee note that during the year 1995-96, out of the budgetary outlay of Rs. 34.38 crores, only Rs. 33.34 crores have been released for the plan schemes for the cultivation of pulses. During 1996-97 out of the budgetary outlay of Rs. 36.36 crores only an amount of Rs. 26.28 crores have been released upto February, 1997. Furthermore, against an amount of Rs. 2.6 crores Rs. 1.6 crores has been made in the revised estimate earmarked for subsidy on certified seeds of Pulses to NSC/SFCI. For Grants-in-aid of production of breeder seeds, the RE for 1996-97 has been brought down to Rs. 1.5 crores against an allocation of Rs. 2.5 crores in the BE stage. The reason for reduced allocations as furnished by the Ministry is that the agencies needed less fund, and the agencies are also having some unspent amount with them.

The Committee observe that there has been major shortfall in the utilization of funds every year from 1992-93 onwards. The Committee wish to point out that the cultivation of Pulses is a risky proposition as they are more prone to damage by drought conditions and pest attacks and are generally cultivated by the resource poor, small and marginal farmers in less remunerative lands with inadequate use of inputs. The Committee are disappointed to note that there is not major genetic breakthrough in evolving new varieties of pulses which would give better yields amid adverse conditions and no proper strategy been evolved to encourage the farmers to take the cultivation of Pulses in a big way.

Despite the Pulse production programme having been undertaken on a mission mode, there is heavy shortfall in the Financial utilisation and there is less demand for funds from the agencies like NSC and SFCI distribute quality seeds to the small and marginal farmers.

Therefore, the Committee strongly recommend that:

(i) The Government must formulate proper price policy which must include price support operation for pulses so that the cultivation of pulses would become an attractive proposition for the farmers.

(ii) There should be greater coordination with the scientific institutions/organisations so that greater efforts are made in the field of genetic breakthrough in pulses.

(iii) The poor and marginal farmers should be provided adequate amount of inputs in proper time.

(iv) The Government should ensure that the amounts allocated for pulses are fully utilized through a suitable monitoring mechanism.

Reply of the Government

4.4 The minimum support price scheme for four major Pulses namely, Pigeon-pea, Greengram, Blackgram and Chick-pea, is in operation. However, the market prices are generally higher than the Minimum Support Prices and there has not always been the need to resort to purchase of pulses at Minimum Support Price. There is, however, need to give incentive prices so as to attract the farmers to cultivate the pulses in irrigated productive lands with better use of inputs and management practices.

(ii) The ICAR is working continuously for the varietal improvement of pulses and some varieties have, in-fact, been developed. However, no major genetic breakthrough has been achieved yet not only in India but also anywhere in the world.

(iii) To motivate the farmers particularly poor and marginal for the adoption of improved pulses production technology, higher incentives are required to be provided on the use of inputs like seeds, micro-nutrients Rhizobium culture, improved farm implements, plant protection equipment, sprinkler sets etc. under the National Pulses Development Project.

(iv) To ensure full utilisation of funds allocated under the National Pulses Development Project, the States/implementing agencies are being pursuaded through holding meetings, making visits to the States, emphasising through letters etc. However, due to resource problem some of the States have not been able to provide their contribution in full and release the funds in time to field functionaries for the implementation of the project. This has effected seriously the utilisation of funds for the production purposes. The efforts would continue to improve the utilisation of funds under the scheme during the Ninth Plan, by exercising a closer monitoring of the implementation.

Recommendation (Sl. No. 14.4, Para No. 14.4)

Comprehensive Crop Insurance Scheme

4.5 The Comprehensive Crop Insurance Scheme is voluntary scheme and States are free to opt for the scheme. From 1985 onwards 19 States and 4 Union Territories have implemented the scheme. At present, 15 States and 2 Union Territories are availing the Crop Insurance facility. The scheme is being implemented by the General Insurance Corporation on behalf of the Government of India and the

State Governments. During 1996-97, the total outlay for Crop Insurance was Rs. 110.43 crores including Rs. 4.00 lakhs as grant-in-aid for making contribution to new schemes. Since no new State opted for the scheme during 1996-97 no provision has been made at the RE stage. The Committee note with concern that the number of States opting for the scheme has decreased since the implementation of this scheme in 1985 and therefore funds earmarked for the scheme remained unutilised. Regarding the steps taken by the Ministry to treat Crop Insurance at par with the insurance cover given to industrial sector and to make it really comprehensive, the Committee have been informed that it is difficult to determine both the extent of insurance cover and the losses become because crops are not properties of fixed and known values. The Committee are not satisfied with the reply furnished by the Department. The Committee wish to point out that the draft Agriculture Policy has suggested that Agriculture should be treated at par with the Industry and therefore, that the Government should reconsider the entire matter to find a suitable way out to make the crop insurance scheme more broad based and really comprehensive.

Reply of the Government

4.6 The Comprehensive Crop Insurance Scheme (CCIS) under implementation in the country since 1985 is a voluntary scheme. The State Governments, therefore, are free to opt for the scheme. In 1985-86, when the CCIS was started only 13 States/U.Ts participated. The no. of participating States/U.Ts was increased to 23 in 1987-88. Efforts to persuade the non-participating States for joining the scheme have been made from time to time. As regards the question of treating Crops Insurance at par with the insurance cover given to the industrial sector, it is worthwhile mentioning that the main objective of the scheme is to help the farmers in the event of crop failure and to support and stimulate the production of crops in the country. The insurance premium (i.e. 2% of sum-insured in respect of cereals and millets and 1% in case of Pulses and Oilseeds crops) being charged under the CCIS is very nominal. Further, 50% of the premium is subsidised in respect of small and marginal farmers. It is also reiterated that agricultural crops are not properties of fixed and known values. Therefore, determination of both the insurance cover and the losses, which are mostly partial and variable with the stage of crop growth, is difficult. While in case of insurance in industrial sector, valuation of the existing properties in most of the cases are known and can be easily assessed. Keeping these factors in view, the Crop Insurance cannot be treated at par in terms of insurance cover given in industrial sector.

2. As a first step towards modifying the Crop Insurance Scheme, the Government has decided to launch a Pilot Crop Insurance Scheme covering non-loanee small and marginal farmers, in 25 selected districts of nine States from Kharif, 1997 season. List of selected districts and States is annexed.

List of States/Districts identified for the implementation of the proposed pilot scheme

S. No.	Name of State	Name of districts
1	2	3
1.	Andhra Pradesh	Prakasam Mahabub Nagar
2.	Tamil Nadu	Nagapattanam Tiruvarur Pannirselvam
3.	Orissa	Bolangir Kalahandi Naupada Kendrapara Jajpur
4.	Madhya Pradesh	Bastur Sarguja
5.	Bihar	Sitamarhi Darbhanga Madhubani Samastipur Khagaria Palamau Vaishali
6.	Maharashtra	Amaravati
7.	Assam	Nagaon N. Lakimpur Dhemaji Nalbari
8.	Karnataka	Bijapur
9.	Rajasthan	Jhunjhunu

Total No. of Districts 25

Recommendation (Sl. No. 7, Para No. 14.7)

Outlay for Central Institute of Coastal Engineering for Fisheries

4.7 The Committee observe that there has been major shortfall in achieving financial targets in Central Institute of Coastal Engineering for Fishery which is located at Bangalore for studying techno-economic feasibility for location of fishery harbours and brackish water farms. The Committee further note from the consolidated notes that the reasons for shortfall is due to reduction in annual Plan outlays as various expansion plans of the Institute could not be executed because of delay in acquisition of land for the office site from Bangalore Development Authority. In the Action Taken Reply the Government have replied that the matter is being vigorously pursued.

The Committee note that the delay in acquisition of land for the Institute has been adversely affecting the functioning of this Institute. The Committee, therefore, recommend that the Institute should be immediately shifted to some other place in the country and it should be situated preferably in the coastal area where there will be no dearth of land for the Institute. The Committee feel that the Institute would serve the objective for which it is created if it is situated in the coastal area and the very name of the Institute also suggests that it should be on the coasts.

Reply of the Government

4.8 An outlay of Rs. 4 crore was approved for Central Institute of Coastal Engineering for Fishery (CICEF) for the 8th Plan keeping in view the expansion Plan of the Institute. Though the Institute could not utilize the 8th Plan outlay fully largely because the expenditure on work services and on procurement of equipment could not be incurred due to delay in acquisition of land, the Institute has been able to fully meet the physical targets assigned to it during the 8th Plan period. However, the delay in acquisition of land for the Institute is adversely affecting its functioning.

It would not however, be desirable at this juncture to shift the Institute to any other place outside Bangalore because of the following factors:—

(i) In connection with the preparation of project reports for the development of fish harbours, which is the main task of the

Institute, survey teams comprising normally 15 to 20 personnel are required to visit the proposed harbour site with a view to carry out engineering and economic survey for Location of the Institute at Bangalore, which is well connected by the air, water & road as the advantage of minimising the time spent in transit.

(ii) The bulk of the harbour sites, which are likely to be surveyed by the Institute during the 9th Plan period, are located in the neighbouring States of Karnatka, Tamilnadu, Kerala & Andhra Pradesh. Bangalore offers an added advantage of Central location with reference to the harbour sites to be investigated in these States.

(iii) Selection and acquisition of an alternate site in any Coastal State is also likely to be a cumbersome and long drawn out process.

(iv) More than 75% of the staff in Group 'D' to Group 'B' categories has been locally recruited. Any move to shift the Institute outside Bangalore would be strongly resisted by the various staff organisations/unions resulting in further delays.

(v) The money for cost of land having been already deposited with Bangalore Development Authority, vigorous efforts are being made to get an alternative site from them. The possibility of getting land from any other Government Department located in Bangalore is also being explored.

Recommendation (Sl. No. 23, Para No. 14.23)

Agricultural Implements & Machinery

4.9 It is observed from the Eighth Plan Outlay and the anticipated expenditure that the schemes of Development of Prototypes of Industrial Designs of Agricultural Implement and setting up of Farm Machinery Training and Testing Institutes in Rajasthan and Tamil Nadu have virtually not taken off. In the other sectors also there is an all round shortfall in the utilisation of allocations.

Development of Prototypes is a research oriented programme. The ICAR has also a similar programme for the same purpose under their Agriculture Engineering Plan Schemes. It has been observed that out of Rs. 58.20 crores, only Rs. 14.01 crores had been spend during the entire Eighth Plan period.

The Committee feel that this programme could be merged with the ICAR programme and there is no need for having a duplicate allotment of money to two different Departments of the same Ministry for the same purpose. Since ICAR is doing research for the entire agriculture the programme may be taken up entirely by them.

The Committee also recommend that the setting up of Training and Testing Institutes in Rajasthan & Tamil Nadu which are virtually non-starters may be taken up at a war-footing and the funds for the purpose should be fully utilized.

Reply of the Government

4.10 The Recommendation for the transfer of scheme for Development of Prototypes of Industrial Designs of Agricultural Implements to ICAR was taken up with them. They have stated that Deptt. of Agri. & Coopn. have specialized manadate under the Scheme "Development of Prototypes". ICAR institutes and Agricultural Universities were expected to be partners in execution of this programme. Due to lack of logistic supports, the mandate could not be fulfilled and thus resulted in lower expenditure, during the Eighth Plan Period.

Further, ICAR has informed that they will co-operate in development work of Prototypes whereas laboratory & field testing for developed prototype will have to be taken up by Farm Machinery Training & Testing Institutes namely Budni, Hissar, Anantpur and Biswanath Charialli. Thereafter, field-demonstration is required to be organised by the Department of Agricultural & Cooperation. While ICAR has mandate in the field of research, the Department of Agriculture & Cooperation has to play an important and active role in all developmental activities in the field of Agricultural Implements & Machinery. It is, therefore, necessary to continue the scheme under the Deptt. of Agri. & Coopn.

It is proposed to continue the scheme in the IXth Five Year Plan with an outlay of Rs. 300 lacs.

Initially the Deptt. of Agri. & Coopn. had proposed setting up of Farm Machinery Training & Testing Institutes in the States of Rajasthan and Tamil Nadu but the matter was reexamined in detail. It has been found that *prima facie*, the subject of training in agriculture, including farm machinery, should be the responsibility of the State Governments. They may use the existing infrastructure for arranging training and augment the same, if considered necessary. After considering the issue, in depth, the Department is of the view that setting up of new Farm Machinery Training & Testing Institutes by the Government of India may not be desirable. As such, the continuance of the Plan Scheme for setting up of the Farm Machinery Training & Testing Institutes in the States of Rajasthan and Tamil Nadu, during 9th Plan Period, has not been proposed.

CHAPTER V

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

Recommendations (Sl. No. 22, Para No. 14.23)

Revival of Sick Fertilizer Production Units

5.1 The indigenous production of fertilizer should be enhanced by reactivizing the fertilizer factories which are sick/closed. A specific scheme should be drawn up in this scheme in order to save foreign exchange which is spent to importing fertilizers.

Reply of the Government

5.2 According to the Department of Fertilizers which handle the subject of production of fertilizers, the Fertilizer Corporation of India Ltd. (FCI) and Hindustan Fertilizer Corporation Ltd. (HFC) are the two fertilizer manufacturing Central Public Undertakings (PSUs) declared sick by the Board for Industrial and Financial Reconstruction (BIFR). The revival package for these Public Sector Undertakings (PSUs) formulated by the Government in April, 1995 envisaged revamp of Sindri, Ramagundam and Talcher units of FCI; and Durgapur, Barauni and Namrup units of HFC with a fresh investment of Rs. 2201.13 crore at 1994 price level. The funding arrangements or these packages could not be tied up. An Expert Group was, therefore, constituted to reformulate the revival packages from the stand point of funding by the Financial Institutions (FIs). The Group appointed a consultancy organisation to undertake an independent appraisal of the technical viability of the revival packages alongwith a study on the plant health. The Group submitted it report on 25.2.97. Based on the report of the Expert Group the revival packages for HFC and FCI have recently been reformulated from the stand point of funding by the Financial Institutions. The revised estimates envisage fresh investment of Rs. 3507 crores (Rs. 869 crores for HFC and Rs. 2638 crores for FCI), apart from other financial reliefs and concessions to the undertaking. The reformulated revival packages have been submitted for consideration of the competent authority. Final decision on implementation of the reformulated packages would depend upon the tie up of funding arrangements and outcome of the proceedings pending before the BIFR, which is a quasi-judicial authority. Pending finalisation of the revival packages, Department of Fertilisers had sought extension of time from the BIFR.

With the implementation of revival packages, HFC and FCI would be able to sustain a production capacity of 23 LMT of Urea per annum as against the existing production level of about 7.8 LMT of urea (1996-97)

In spite of budgetary constraints the Government is providing financial assistance to sick PSUs, to the extent possible, to enable them to partly meet their working capital requirements and undertake essential renewals/replacements in their plants so as to augment/ sustain the indigenous production of fertilisers.

The import of fertilizers is resorted to with a view to bridge the gap between demand and indigenous availability.

NEW DELHI;
July, 1998
Asadha, 1920 (Saka)

K. YERRANNAIDU,
Chairman,
Standing Committee on Agriculture.

APPENDIX I

MINUTES OF THE SECOND SITTING OF THE STANDING COMMITTEE ON AGRICULTURE HELD ON WEDNESDAY, THE 17TH JUNE, 1998 AT 1100 HRS. IN COMMITTEE ROOM 'B', PARLIAMENT HOUSE ANNEXE, NEW DELHI

The Committee sat from 1100 hrs. to 1300 hrs.

PRESENT

Shri Kinjarapu Yerrannaidu — *Chairman*

MEMBERS

Lok Sabha

2. Shri Ramchandra Baindu
3. Shri D.C. Sreekantappa
4. Dr. Ramkrishna Kusmaria
5. Shri Baliram Kashyap
6. Smt. Sangeeta Kumari Singh Deo
7. Shri M. Master Mathan
8. Shri Raj Narain Passi
9. Shri Virendra Verma
10. Shri Sudhakarrao Rajusing Naik
11. Shri Ramkrishna Baba Patil
12. Shri Maganti Venkateswara Rao
13. Shri Kantilal Bhuria
14. Shri Mahaboob Zahedi
15. Shri Abdul Hasnat Khan
16. Shri Mitrasen Yadav
17. Shri K.P. Munusamy
18. Shri Anup Lal Yadav
19. Shri Bashist Narayan Singh
20. Shri Ram Shanker
21. Dr. Sushil Kumar Indora

Rajya Sabha

22. Maulana Habibur Rahman Nomani
23. Shri Ramji Lal
24. Shri Devi Prasad Singh
25. Shri Shiv Charan Singh
26. Shri Ramnarayan Goswami
27. Shri Sharief-Ud-Din Shariq
28. Shri Sukh Dev Singh Dhindsa

SECRETARIAT

1. Shri G.C. Malhotra — *Additional Secretary*
2. Shri S. Bal Shekar — *Deputy Secretary*
3. Smt. Anita Jain — *Under Secretary*
4. Shri K.L. Arora — *Assistant Director*

Chairman (AC) took the Chair and welcomed the Members. Thereafter the Committee took up for consideration the draft Reports on Action Taken by the Government in respect of the recommendations/observations contained in the following reports:

1. 1st Report on Demands for Grants (1996-97) relating to Ministry of Agriculture (Department of Agriculture and Co-operation).

2. 9th Report on Demands for Grants (1997-98) relating to Ministry of Agriculture (Department of Agriculture & Co-operation).

3. 10th Report on Demands for Grants (1997-98) relating to Ministry of Agriculture (Department of Agricultural Research & Education).

4. 11th Report on Demands for Grants (1997-98) relating to Ministry of Agriculture (Department of Animal Husbandry & Dairying).

5. 12th Report on Demands for Grants (1997-98) relating to Ministry of Water Resources.

6. 13th Report on Demands for Grants (1997-98) relating to Ministry of Food Processing Industries.

The Committee considered the draft comments of the Committee and adopted the 1st, 2nd, 3rd, 4th, 5th and 6th Action Taken Reports (1998-99) one by one with minor additions.

The Committee, then, authorised the Chairman to present all the six Action Taken Reports (1998-99) of the Committee to the House on a date and time convenient to him.

The Committee then adjourned to meet again soon after the lunch at 1400 hrs. on the same day.

APPENDIX II

(*Vide* Introduction of the Report)

Analysis of Action Taken by Government on The 9th Report of Standing Committee On Agriculture (11th Lok Sabha)

I	Total Number of recommendations	23
II	Recommendations/Observations which have been accepted by Government Serial Nos. 1, 5, 6, 8, 9, 10, 11, 12, 14, 15, 17, 18, 19 & 20	
	Total	14
	Percentage	
III	Recommendations/Observations which the Committee do not desire to pursue in view of Government's replies— Serial Nos. 13, 16 & 21	
	Total	3
	Percentage	
IV	Recommendations/Observations in respect of which Government's replies have not been accepted by the Committee— Serial Nos. 2, 3, 4, 7, & 23	
	Total	5
	Percentage	
V	Recommendations/Observations in respect of which final replies are still awaited Serial No. 22	
	Total	1
	Percentage	