

SEVENTH REPORT
STANDING COMMITTEE
ON AGRICULTURE
(1994-95)
(TENTH LOK SABHA)

MINISTRY OF AGRICULTURE
(DEPARTMENT OF AGRICULTURE &
COOPERATION)
Demands for Grants—1994-95

Presented to Lok Sabha on ²²~~19th~~ April, 1994
Laid in Rajya Sabha on 19th April, 1994



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COMPOSITION OF THE STANDING COMMITTEE ON
AGRICULTURE
(1994-95)

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2. Shri R.V. Warjri - *Director*
3. Shri Haripal Singh - *Under Secretary*

PREFACE

I, the Chairman, Standing Committee on Agriculture having been authorised by the Committee to submit the Report on their behalf, present this Seventh Report on Demands for Grants of the Ministry of Agriculture (Deptt. of Agriculture and Cooperation) for the year 1994-95.

2. The Standing Committee on Agriculture was re-constituted on 6th April, 1994. One of the functions of the Standing Committee as laid down in Rule 331E of the Rules of Procedure and Conduct of Business in Lok Sabha is to consider the Demands for Grants of the concerned Ministries/Departments and make a report on the same to the Houses. The report shall not suggest anything of the nature of cut motions.

3. The Committee took evidence of the representatives of the Ministry of Agriculture (Deptt. of Agriculture & Cooperation) on 5th April, 1994. The Committee wish to express their thanks to the officers of the Ministry of Agriculture (Deptt. of Agriculture & Cooperation) for placing before them, the material and information which they desired in connection with the examination of Demands for Grants of the Ministry for 1994-95 and for giving evidence before the Committee.

4. The Committee considered and adopted the Report at their sitting held on 8th April, 1994.

NEW DELHI:
19th April, 1994

NITISH KUMAR
*Chairman,
Standing Committee on Agriculture,
(1994-95).*

29 Chaitra, 1916 (Saka)

CHAPTER I

INTRODUCTORY

One of the objectives which has been accorded priority in Eighth Plan is 'Growth and diversification of Agriculture to achieve self-sufficiency in food and generate surpluses for exports'. Further, realising the fact that there are striking regional and crop imbalances, considerable variation of productivity from one region to another and inadequate spread of benefits of Green Revolution, there is need to exploit rainfed areas.

1.2 Keeping in view the increasing population, which has been estimated as 941 million and 1102 million by the years 1997 A.D. and 2007 A.D. respectively as also estimated foodgrain requirement for 1997 and 2007 as around 208 million tones and 283 million tones respectively, the Eighth Plan document has stressed the need for devoting greater attention and resources to the development of rainfed areas as two-third of the cultivated area is still unirrigated as well as utilising efficiently the created facilities of irrigation. Thus, the focus of Eighth Plan document is to develop agriculture through the development of rainfed areas which would, on the one hand meet foodgrain requirement and on the other it would reduce regional disparity.

1.3 The Eighth Plan document also indicates for the growth of horticulture and need to have self-sufficiency in oilseeds and pulses production as valuable foreign exchange is spent on the import of edible oils.

1.4 Plan document truly recognises the fact that Agriculture and allied activities of which two-thirds of the work force is still dependent must continue to receive a major emphasis in the planning efforts.

1.5 Though the contribution of agricultural sector to G.D.P. is about 33%, the major area of concern is decline of share of agriculture in total plan outlay. The outlays to agriculture and allied sector from 1990-91 to 1993-94 are as under:-

Agriculture and Allied sector outlays in the plan

Year Plans	Outlays (Rs. in Crores)	All Sectors	Share in Total Plan Outlay
1990-91	3803	64717	5.9%
1991-92	4473.10	72316.75	6.2%
1992-93	4710.28	80771.96	5.83%
1993-94	5408.93	100120.16	5.4%

Keeping in view the need for agricultural growth to maintain food security, Eighth Plan has intended to tilt the allocation in favour of agriculture.

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

1.7 Sector-wise allocation of the Plan Outlay is given below:-

	<i>(Rs. in Crores)</i>
1. Agriculture Census	18.00
2. Cooperation	900.00
3. Credit	650.00
4. Crop Oriented Prog.	1000.00
5. Extension	40.00
6. Fertilisers	80.00
7. Fisheries	400.00
8. Horticulture	1000.00
9. Agri. Implements & Mach.	63.00
10. Plant Protection	100.00
11. Planning	0.10
12. Rainfed Farming	1100.00
13. Seeds	200.00
14. NDM	9.00
15. Agricultural Statistics	89.90
16. TMOP	950.00
17. Soil & Water Conservation	800.00
Total	<u>7400.00</u>

1.8 Department of Agriculture and Cooperation have brought a demand of Rs. 1420.00 crores (Plan) and Rs. 380.86 crores (Non-Plan) totalling to Rs. 1800.86 crores during 1994-95 against the Budget Estimate of Rs. 1330.00 crores (Plan) and Rs. 713.39 crores (Non-Plan) totalling to Rs. 2043.39 during 1993-94.

1.9 The Budget Estimates, Revised Estimates and Actuals are as follows:-

	<i>(Rs. in Crores)</i>					
	Budget Plan	Estimates Non-Plan	Revised Plan	Estimates Non-Plan	Actuals Plan	Non-Plan
1992-93	1049.75	1848.45	1272.90	2195.19	1214.90	2195.19
1993-94	1330.00	713.39	1327.14	1354.63	*1327.14	*1354.63
1994-95	1420.00	380.86	--	--	--	--

*(Figures are Estimated)

The Revenue and Capital Estimates and Revised Estimates are as follows_-

(Rs. in Crores)

	Budget Revenue	Estimate Capital	Revised Revenue	Estimate Capital
1992-93	2286.08	612.22	2861.80	608.14
1993-94	1551.99	491.40	2225.31	456.46
1994-95	1472.84	327.02	--	--

CHAPTER II

FINANCIAL AND PHYSICAL PROGRESS OF MAJOR PROGRAMMES

The Eighth Plan priority and thrust, as earlier mentioned, in the context of Agriculture is development of rainfed areas, growth of Horticulture and cash crops, particularly of oilseeds and pulses.

National watershed development project for rainfed areas

2.2 The National Watershed Development Project for Rainfed Areas (NWDPR) which was restructured in October, 1990 and is in operation since then for developing rainfed areas has the following allocation, releases and expenditure of funds made available to States/Union Territories:—

(Rs. in crores)			
Year	Allocations	Release of Funds	Expenditure incurred
1990-91	80.25	71.37	71.37
1991-92	170.00	159.00	159.00
1992-93	161.50	115.20	115.20
1993-94	208.00	116.41	70.10
1994-95	198.00	--	--

2.3 A target of 28 lakh hectare of rainfed areas has been contemplated in the Eighth Five Year Plan with an allocation of Rs. 1100 crores. Ministry of Agriculture (Department of Agriculture and Cooperation) in their written reply stated that no specific targets were fixed during 1990-91 and 1991-92 since these years were the initial years of the project and State/Union Territory Governments identified the micro-watershed projects and prepared model project plans for each agro-climatic zone. Since 1990-91 and 1991-92 were initial years and no targets were fixed, the Budget allocation for the years 1990-91 and 1991-92 is to be utilised during Eighth Plan. Thus, the total plan allocation from 1990-91 to 1996-97 covering 7 years is Rs. 1330.37 crores only (which includes amount released during 1990-91, 1991-92 and plan allocation during Eighth Plan).

2.4 When asked if the Budget allocation for the years 1990-91 and 1991-92 is to be utilised during Eighth Plan, it would be obvious that an area of 28 lakhs hectare will be developed in 7 years instead of 5 years of the Eighth Plan, Department of Agriculture & Cooperation in their written reply stated as under:—

“The State Governments have so far sanctioned 2344 out of 2550 watershed projects selected for development covering total area of 35292.08 hectare with estimated cost of Rs. 104881.08 lakhs bringing per hectare average

cost to Rs. 2971/-As such whereas an area of 28 lakh hectares was to be treated with 1100 crores at the average per hectare cost of Rs. 3928/-, the area being treated is much higher with less cost''.

2.5 The Committee are not in agreement with the reply given by the Ministry keeping in view the fact that if per year average of 28 lakh hectares is taken into account, it would come to 5.6 lakh hectares and cumulatively for 7 years it would come to 38 lakh hectare. Therefore, out of 38 lakh hectare, the area covered so far stand around 35.29 lakh hectares.

Horticulture

2.6 Horticulture has also been accorded priority in Eighth Plan with a higher provision of Rs. 1000 crores keeping in view the growing need for horticulture development, various schemes/programmes are in operation for Horticulture development, the targets and achievements in respect of which are as follows:—

Name of the Crops	Eighth Plan Target	Production in lakh tonnes			
		1992-93 Target	1992-93 Achievement	1993-94 Target	1993-94 Achievement
1. Fruits	380	348	320	350	
2. Vegetables including potato	960	692	665	772	Expected to achieve the target in full.
3. Drip Irrigation (Area in lakh ha.)	1.39	0.139	0.12 (Prov.)	0.133	
4. Cashew	4.72	3.50	3.50	3.78	
5. Spices	29.35	20.50	20.50 (Prov.)	22.00	
6. Coconut (Million nuts)	15000	11000	11329	12000	

2.7 Department of Agriculture and Cooperation have in their written reply stated reasons for shortfall in case of fruits and vegetables on account of various factors like diseases, pests, etc.

2.8 An outlay of Rs. 65.00 crores was provided during 1992-93 and Rs. 130 crores during 1993-94 which in the Revised Budget came down to Rs. 125 crores. The Budget allocation for 1994-95 has been raised to Rs. 185.00 crores during 1994-95.

Technology Mission on Oilseeds & Pulses

2.9 Eighth Plan has stressed for the self-sufficiency in oilseeds and pulses. Keeping this in view, the Budgetary support Technology Mission on oilseeds and pulses has been increased, to ensure success of the various programmes/schemes and self-sufficiency in oilseeds and pulses production.

2.10 The Budget allocation and Expenditure is as follows:—

(Rs. in crores)		
Year	Budget Estimates	Expenditure
1992-93	117.68	109.78
1993-94	153.27	132.34*
1994-95	181.06	--

*Figures pertain to release made upto 23.3.94.

2.11 The targets projected assuming normal rainfall and crop conditions for Eighth Plan in respect of oilseeds and pulses are as under:—

(in million tonnes)		
Year	Oilseeds Targets	Pulses Targets
1996-97	23.00	17.00

The targets fixed for 1992-93 and 1993-94 are as follows:—

(in million tons)				
Year	Oilseeds targets	Achievement	Pulses targets	Achievement
1992-93	19.0	20.6	14.50	13.60
1993-94	21.0	20.5 (Estimated)	15.50	14.50 (Estimated)

2.12 Shortfall in achievement of target for pulses is on account of unfavourable weather conditions in the pulses growing areas and the high incidence of pest and diseases in the pulses crop.

CHAPTER III

DEMAND WISE ANALYSIS

DEMAND No.1

Seeds (2401)

Sub-Head C2

Seeds are one of the most important input for increasing agricultural production and productivity. Particular attention is to be paid to remote, hilly, inaccessible areas of the country. At present Transport subsidy on seeds is given to National Seeds Corporation/State Farms Corporation of India to operate in North Eastern States including Sikkim keeping in view the difficult terrain for seed production and inaccessibility by train/road.

3.2 As regards, extension of Transport subsidy schemes to other States having hilly areas such as J&K, Himachal Pradesh, West Bengal and Uttar Pradesh Hills etc., Department of Agriculture and Cooperation in their Action Taken Note on the recommendations contained in the First Report of the Committee on Agriculture (1993-94) have stated that these Hilly areas are very well connected with the plains as well as these States are also producing seeds. Therefore, timely supply of seeds in these areas is not a problem.

3.3 A query was asked, whether any study has been undertaken to see whether these States are able to provide seeds in these hilly areas properly and timely and that would it not be proper for the Central Government to initiate its own scheme keeping in view the topography, illiteracy and poor economic status of the people of these regions. Department of Agriculture and Cooperation in their written reply stated that no study had been undertaken to see whether these States are able to provide seeds in these areas properly and timely. However, process of consulting the State Governments for preparing appropriate schemes has been initiated.

3.4 The Budget allocation for the development of seeds has been done in two way, one is 'Grants to N.S.C.' and another is 'Other seeds Schemes'. The provision for 'Other seeds Schemes' includes expenditure on Seed Processing and storage-infrastructure facilities, setting up of national seeds training centre, grants to State Farms Corporation of India for production of foundation and certified seeds, grants to states for strengthening of State Seed Certification organisation etc.

3.5 The Budget allocation for seed development during 1993-94 and 1994-95 both in Plan and Non-Plan is as follows:—

(Rs. in crores)

	Budget Estimate 1993-94	Revised Estimate 1993-94	Budget Estimate 1994-95
Plan	42.27	40.80	35.86
Non-Plan	0.08	0.08	0.08
TOTAL	42.35	40.88	35.94

3.6 The Committee note that the Budget Allocation for seed development has been going down successively as evident in the above statement. The Committee have, further, noted that the lower allocation has also been made for 'other seeds schemes' which are vital from the point of processing and storage-infrastructure facilities. This, according to the Budget Estimates 1993-94, Revised Estimate 1993-94 and Budget Estimate 1994-95 which is given as Rs. 2.10 crores, 1.88 crores and 1.44 crores respectively. Though it is desirable that out of seed development allocation the larger share should go to N.S.C., it should, however, be ensured that seed processing and storage-infrastructure facilities are not neglected.

3.7 The Committee have also noted that the total fund released under NSP-III which was started in March, 1992 with a total cost of Rs. 236.01 crores, has been of the order of Rs. 91.70 crores and only Rs. 55.90 crores has so far been utilised till 1992-93. In 1993-94, out of Rs. 40.00 crores only Rs. 24.21 crores has been released. Thus, there is an under-utilisation of fund. Under NSP-III, NSC, SFCI and 12 State Seeds Corporations are to be included as beneficiaries. In the first batch, five seeds corporations namely National Seeds Corporation, State Farm Corporation of India (SFCI), U.P. State Tarai Development Corporation (UPST&DC), Andhra Pradesh State Seed Development Corporation (APSSDC) and Gujarat State Seed Corporation (GSSC) were taken up for organisational restructuring under NSP-III. Ministry of Agriculture (Department of Agriculture and Cooperation) in their written reply to a query have stated that out of these five corporations, UPST&DC, APSSDC and GSSC have recorded profit in 1992-93, whereas NSC and SFCI have reported losses. The Committee note that UPST&DC, APSSDC and GSSC have recorded profit after organisational restructuring and whereas NSC and SFCI whose control and supervision are under the Central Ministry of Agriculture (Department of Agriculture and Cooperation) are still running into losses.

Manures and Fertilisers (2041, 3601 & 3602)

Sub-Heads C3(6) (1), C14(5), E2(8)(1), F1(5)(1)

3.8 The phosphatic and potassic fertilisers were decontrolled in August, 1992. There is a fall of about 14% in the consumption of phosphatic fertilisers alone whereas total decline of fertiliser consumption was 4.52% during the year 1992-93 as compared to previous year due to decontrol. When asked whether

fertiliser consumption has further declined during 1993-94 as compared to 1992-93, Ministry of Agriculture state that estimated consumption during 1993-94 is 128.33 lakh tonnes which is 5.6% higher than the 1992-93 estimated consumption of 121.53 tonnes. In order to make fertiliser available to the farmers at reduced cost, two schemes viz. Assistance for fertiliser promotion and Assistance to small and Marginal Farmers for Implementation of various schemes including infrastructure building were taken up during 1992-93 to increase the consumption of fertilisers. One of the schemes *i.e.* Assistance to small and Marginal Farmers including infrastructure building was provided Rs. 300 crores during 1992-93 and Rs. 123.86 crores during the Revised Estimate of 1993-94. This Committee had in its First Report, strongly recommended for the allocation of Rs. 1000 crores. However, only Rs. 123.86 crores have been provided.

3.9 The Committee have noted that no budget provision have been made for both these schemes during 1994-95. When asked whether any subsidy has been provided during 1994-95 for fertiliser in the Budget of the Department of Agriculture & Cooperation, Ministry have stated that no decision has so far been taken in regard to fertiliser subsidy during 1994-95 in the Budget of Department of Agriculture and Cooperation. The Committee are of the opinion that the current situation with regard to fertilisers is that on the one hand there has been an imbalanced use of fertilisers as NPK ratio widened due to fertiliser pricing policy and on the other, the production of foodgrains is coming down against the laid down targets. The foodgrain production during 1992-93 was 180.0 million tonnes against the target of 183.0 million tonnes and during 1993-94 the likely production is 179.1 million tonnes against the target of 188.0 million tonnes.

Bio-Fertilisers

Sub-Heads C3(2), E2(1)(1), F2(4)(1), AA2(2)

3.10 Since the country is heavily dependent on import of phosphatic and potassic fertilisers, it is desirable that focus should be diverted towards the development of Bio-fertilisers. However, the production of Bio-fertilisers is not sufficient and there is a big gap between demand and supply. The Budget provision during 1993-94 for Bio-fertiliser promotion was Rs. 1.75 crores which has been increased to Rs. 2.05 crores during 1994-95.

Comprehensive Crop Insurance Scheme (CCIS)

Sub-Head C10, E2(7)(1), F1(4)(1)

3.11 One of the major areas which has been given increased allocation during 1994-95 in the Budget Estimates of the Department of Agriculture and Cooperation credit. Accordingly, the Budget allocation for Comprehensive Crop Insurance Scheme, which covers wheat, paddy, millets, oilseeds and pulses, for 1994-95 has been of the order of Rs. 70.05 crores against Rs. 62.15 crores during 1993-94.

3.12 The sum insured is equal to the crop loan disbursed subject to a maximum of Rs. 10,000/- per farmer. When asked what are the reasons to cover only limited crops and would not it be proper to extend insurance cover for all crops in an area, Ministry of Agriculture (Department of Agriculture and Cooperation) have stated that limited number of crops are covered under the existing C.C.I.S. in order to gain experience. Based on which, insurance coverage may be extended to other crops also in due course of time.

Agricultural Implements & Machinery (2401 & 3601)

Sub-Heads C12, E2(6)(2), E2(6)(3)

3.13 The Budget provision for strengthening of Agricultural Engineering Department of State Agricultural Universities and for the import of farm machinery developed abroad for trial and introduction have been stepped up during 1994-95. This, in the opinion of the Committee, would certainly improve the part played by Agricultural implements and the Machinery. It will also update and help to adopt the latest technology developed abroad.

3.14 As regards the overall budget allocation to Agricultural implements and Machinery, it is Rs. 9.08 crores during 1992-93, Rs. 15.70 crores during 1993-94 and Rs.15.75 crores during 1994-95 which shows that budget allocation for the last two years is the same and there has been no substantial increase. On scrutiny of Demands for Grants, it has been seen that provisions of Rs. 1.67 crores and Rs. 1.72 crores have been provided for salaries, O.T.A., wages, maintenance etc. during 1993-94 and 1994-95 out of Rs. 15.70 crores and Rs. 15.75 crores respectively. Therefore, the Budget provision for Agriculture implements and Machinery which includes setting up of Farm Machinery Training and Testing Institutes during 1993-94 and 1994-95 are Rs. 14.03 and Rs. 14.03 crores respectively. It is obvious that the marginal increase of Rs.5 lakhs in the Budget for 1994-95 is on salaries etc. whereas the need is to boost agricultural implements and machinery.

3.15 The Committee express their unhappiness over the achievements during 1992-93 and 1993-94 in respect of testing done by various Farm Machinery Training and Testing Institutes. The Committee note with concern that while on the one hand more and more institutes are being set up, on the other the institutes, which are already in existence, are not giving satisfactory results.

3.16 The Committee feel that the need for publicity to Agriculture implements and Machinery is vital. In the opinion of the Committee, all the exercise in the field of Agricultural implements would be futile unless farmers, who are the users of the implements, are well informed about their use. Therefore, Budget allocation needs to be stepped up for this purpose.

Agricultural & Rural Debt Scheme (2401)

Sub-Head DI(1)

3.17 The total amount released to Agricultural & Rural Debt Scheme which was started in 1990-91 for providing debt relief to farmers, landless cultivators, arisans and weavers upto Rs.10,000/- has been so far, of the order of Rs. 4569 crores as against the cost of Rs. 5882.00 crores of the scheme.

3.18 In order to contain the liabilities of Government of India, Penal and Compound Interest and the amounts already received by banks from Deposit Insurance and Credit Guarantee Corporation and kept in suspense account were excluded.

3.19 In this context, the Committee in their First Report (1993-94), had expressed that decision to exclude penal and compound interest and the amounts already received by banks from deposit would be discriminatory in nature, and had recommended to implement the scheme 'in a uniform basis'. The Committee had also recommended to rescinde 'the decision to exclude penal and compound interest'.

3.20 The Ministry of Agriculture in their action taken notes on the recommendation contained in the First Report have stated that:—

“The question of reviewing the decision to disallow the compound and penal interest from the claims under A.R.D.R. Schemes, has been taken up by the Agriculture Ministry with the Finance Ministry on 10th August, 1992 and 15th February, 1993 and it has also been brought to the notice of the Prime Minister on the 7th December 1992. But the Ministry of Finance is yet to take a view.

These recommendations of the Standing Committee on Agriculture have also been brought to the notice of the Ministry of Finance, Department of Economic Affairs (Banking Division) on 11th June, 1993 and their comments called for. The response of the Ministry of Finance is yet to be received.”

3.21 The Committee are dismayed to note that due weightage has not been given to the recommendation of the Committee. Further only, Rs. 144 crores were relased during 1993-94 out of the provision of Rs. 500 crores. During the year 1994-95 the Budget Provision of Rs. 341 crores has been provided.

3.22 The Committee, no doubt, agree with the view (as indicated in the Performance Budget) that the scheme has adverse effects on the loan recoveries process and also act a set back on advances to agriculture sector. But the Committee are equally of the opinion that once the scheme has been started it should have been implemented on uniform basis.

Development of Oilseeds (2401 & 3601)

Sub-Head C6

3.23 The Budget allocation for Oilseed Production Programmes (OPP) during 1991-92, 1992-93, 1993-94 was Rs. 60.00 crores, Rs. 73.00 crores and Rs. 97.50 crores respectively and for 1994-95 it has been raised to Rs. 105.44 crores. The Budgetary support to this programme has been steadily increasing. This is a positive step, in the drive to increase the production of oilseeds. The Committee express their happiness over the fact that the production target of oilseeds has been satisfactory during 1992-93 and 1993-94. However, the Committee are concerned to note that the achievements in the components of OPP such as Distribution of Certified Seeds (subsidised) and Retail Outlets have been far below the targets from 1990-91 to 1993-94 as reflected in the Performance Budget 1994-95.

3.24 To a query regarding the reasons for non-achievements; Ministry of Agriculture (Department of Agriculture and Cooperation) in their written reply stated as under:—

“Under Oilseeds, groundnut is the major oilseed crop in which the requirement of seed is maximum followed by soyabean. The share of groundnut in the total seed is about 60%. The production and distribution does not commensurate with the demand of the seed, because of low seed multiplication ratio. Taking this point in view, some relaxations were made to allow distribution assistance on TL seeds. In spite of this, the farmer considered the price of the seed on a higher side and he preferred to use his own seed rather than purchasing from the distribution agencies. There has been request from the States for allowing higher rate of subsidy for groundnut and soyabean and for hybrids of sunflower and castor, which could not be agreed to. The seeding rate in groundnut and soyabean is very high at 150 kg. and 80 kg. per ha. respectively. As regards the retail outlets, the States have informed that the network of State Seed Corporation is being utilised for the distribution of seeds. Only few States have made some progress in this component.”

DEMAND 2

Integrated Fisheries Project (2405)

Sub-Head B3

3.25 According to Ministry of Agriculture (Department of Agriculture and Cooperation.), Fisheries has been given increased allocation during Eighth Plan as well as during 1992-93, 1993-94 and 1994-95 so as to promote diversification of agriculture. The allocation for fisheries during 1992-93, 1993-94 and 1994-95 is Rs. 64.20 crores, 101.35 crores and Rs. 100.26 crores respectively.

3.26 On scrutinising Demands for Grants and Performance Budget 1994-95, the Committee have noted that Ministry of Agriculture (Department of Agriculture and Cooperation), under 'Integrated Fisheries Project', is engaged in the processing of diversified products with a view to popularise in the internal market value fishes by converting them into value added products. However, Ministry of Food Processing Industries which came into existence in 1988, is also involved in the processing of fish (including canning and freezing).

3.27 The Committee are also concerned to note that the achievements against the targets set out under this project during 1991-92, 1992-93 as also 1993-94 as shown in Performance Budget 1994-95 have not been satisfactory.

3.28 The Committee have further noted that the Budget allocation under this head for 1994-95 has been reduced drastically from 24.88 crores to 8.18 crores.

**Central Institutes of Fisheries
Nauticals Engineering Training (2405)**

Sub-Head B4

3.29 The Committee find that the Budget allocations under this head has been increasing steadily as Rs. 4.13 crores in Budget Estimate (1993-94), Rs. 4.71 crores in Revised Estimate (1993-94) and Rs. 7.20 crores in Budget Estimate (1994-95). However, the achievement as shown in the Performance Budget with respect to training vessels is far below the targets. The reasons given for non-achievement of the target is because the vessels with their machinery and equipments imported from various countries during late sixties and early eighties need repairs very frequently.

CHAPTER IV

BUDGETARY ALLOCATION

The share of Department of Agriculture and Cooperation to the total Central Budget during the years 1991-92, 1992-93, 1993-94 and 1994-95, as furnished by the Ministry of Agriculture (Department of Agriculture and Cooperation) are as under:-

Year	Total Central	Allocation for DOAC (BE)	%age to total Central Budget
1991-92			
Plan	33260.00	1014.35	3.05
Non-Plan	76907.00	1848.45	2.40
TOTAL	110167.00	2862.80	2.60
1992-93			
Plan	34612.00	1050.00	3.03
Non-Plan	84475.00	1848.55	2.19
TOTAL	119087.00	2898.55	2.43
1993-94			
Plan	41251.00	1330.00	3.22
Non-Plan	90072.00	713.39	0.79
TOTAL	131323.00	2043.39	1.56
1994-95			
Plan	46582.00	1420.00	3.05
Non-Plan	110117.00	380.86	0.36
TOTAL	151699.00	1800.86	1.19

4.2 The above statement shows that the Non-Plan allocation has been decreasing in the successive years from 2.40% in 1991-92, to 0.36% in 1994-95 as a total Central Budget. However, on close scrutiny, the Committee have noted that Non-Plan Budget allocations are drastically increased at the time of formulation of Revised Estimates. The Budget Estimate, Revised Estimate and

Actual expenditure during the years 1991-92, 1992-93, 1993-94 and 1994-95 on Non-Plan are as follows:-

(Rs. in Crores)			
	Budget Estimate	Revised Estimate	Actuals
1991-92	1848.45	2178.45	2154.91
1992-93	1848.55	2197.04	2195.19
1993-94	713.39	1354.63	1354.63
			(Estimated)
1994-95	380.86	--	--

4.3 The increase in expenditure during 1991-92, 1992-93 and 1993-94 are mainly due to the provision of funds for the scheme "Assistance for Fertiliser Promotion". The Committee further find that during 1994-95 Non-Plan Budget Estimate is only Rs. 380.86 crores which includes Rs. 341.00 crores on account of Debt relief to farmers. The Committee conclude from the past practices that Budget provision for Assistances for Fertiliser Promotion are normally provided in the Revised Estimate. The rationale behind this practice, is not clear.

4.4 The Committee also note that whereas the actual expenditure on Non-Plan has been increasing as compared to Budget Estimate due to reasons as mentioned earlier, the expenditure on Plan side has been coming down as is evident from the Statement below:-

(Rs. in Crores)			
	Budget Estimate	Revised Estimate	Actuals
1990-91	808.90	819.86	799.54
1991-92	1014.35	1016.31	957.86
1992-93	1049.75	1272.90	1214.90
1993-94	1330.00	1327.14	1327.14
			(Estimated)

4.5 The Committee note that overall Budget allocation to Department of Agriculture and Cooperation has been decreasing from 2.60% in 1991-92 to 1.19% in 1994-95 as a total Central Budget. However, allocation to plan during 1991-92, 1992-93, 1993-94 and 1994-95 is as follows:-

(Rs. in Crores)		
	Budget Estimate	%age to total Central Budget
1991-92	1014.35	3.05
1992-93	1050.00	3.03
1993-94	1330.00	3.22
1994-95	1420.00	3.05

4.6 The Committee find that Budget allocation to plan on an average is the same except during 1993-94 when it has increased.

Release and Expenditure During 1993-94

4.7 Against the Budget Estimate of Rs. 1330.00 crores and Revised Estimate of Rs. 1327.14 crores for plan during 1993-94, the expenditure incurred till January, 1994 is to the tune of Rs. 521.9 crores only. The Budget Estimate, Revised Estimate and Actual shown from April-December, 1993 and during January, 1994 are as under:-

(Rs. in Crores)					
Sl. No.	Head of Development	B.E. 93-94	R.E. 93-94	Actuals April-Dec. 1993	Jan. 1994
1.	Agriculture Extension and Training	15.00	14.10	3.31	3.20
2.	Agriculture Census	9.42	9.42	6.56	-
3.	Agricultural Economics and Statistics	16.63	16.70	7.81	1.52
4.	Seed Development	42.27	40.80	10.76	0.01
5.	Fertilizer and Manures	10.00	129.33	1.28	0.08
6.	Plant Protection	19.60	18.04	3.75	0.38
7.	Agricultural Implements and Machinery	14.00	13.37	10.07	0.04
8.	Crop-oriented Programmes				
	a) Crops	190.00	135.42	44.51	1.03
	b) Technology Mission on oilseeds & pulses	151.60	152.90	59.38	23.54
	c) Dryland Farming	210.00	199.88	2.99	69.34
9.	Horticulture	130.00	124.83	23.26	10.84
10.	Secretariat Economic Services	2.38	2.15	0.88	0.15
	1. Crop Insurance	62.15	62.15	30.00	30.00
	2. Trade	-	-	-	-
	3. Scarcity Relief	1.10	1.00	0.02	-
	4. Soil & Water	123.00	102.97	47.60	3.19
	5. Fisheries	97.00	85.14	24.42	4.84
	6. Credit	67.85	67.85	42.94	8.61
	- Cooperation	168.00	142.97	43.82	1.81
	- State Plan	-	8.12	-	-
	Total:	1330.00	1327.14	363.36	158.58

4.8 To a query on the possible under-utilisation of funds at the fag end of the financial year and its possible effects on the plan schemes/programmes, the Ministry of Agriculture (Department of Agriculture and Cooperation) in their

written reply admitted that the progress of the releases is often sluggish in the first 9 months of the financial year and the expenditure figure of Rs. 521.94 crores upto January, 1994 represents the figure actually accounted for by P.A.O. Ministry of Agriculture further explained as under:—

“The Agriculture Ministry is implementing a large number of Centrally Sponsored and Central Sector Schemes. Many of the continuing schemes have been modified in the VIII Plan and also many new schemes have been introduced necessitating approvals by the competent authority. The whole procedure takes time as it involves coordination with Planning Commission and various Ministries and agencies. The funds, therefore, could not be released in a proportionate manner. Further it may be mentioned that in some cases States have left over balances and, therefore, the need for releases in the first quarter is nominal. Before releasing funds to the States it is also our endeavour that either Utilisation Certificate or Progress Reports regarding physical and financial performance is received from the State Governments. In some other cases it is found that the State Governments do not release their share of contribution. However, care is taken to see that programmes do not suffer because of lack of funds from the Central Government. In fact wherever the programme implementation is prompt and effective, funds are released immediately. Thus, correlating releases to financial and physical performance of the programme helps in effective monitoring of the schemes.”

CHAPTER V

Recommendations/Observations

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

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

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

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

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

The Committee arrive at the conclusion that the target of 28 lakh hectare is to be developed in 7 years instead of Eighth Plan only. As regards the progress of the project, 2344 out of 2550 watershed projects covering total area of 35.29 lakh hectare have been sanctioned. The Ministry of Agriculture

(Deptt. of Agriculture & Cooperation) stated that area being treated is higher with less cost.

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

5.4 The Committee recommend that the transport subsidy on seeds which is given to NSC/SFCI for operating in North Eastern States including Sikkim should also be extended to hilly areas of the other parts of the country keeping in view the topography, illiteracy and poor economic conditions of the people of these regions. The Committee are happy to note that the process of consulting the State Governments for preparing appropriate schemes has been initiated.

5.5 The Committee note that the Budget Allocation for seed development has been going down successively from 42.35 crores in 1993-94 to 35.94 during 1994-95. Further Budget Allocation of 'other seeds schemes' which was Rs. 2.10 crores during 1993-94 has been kept at Rs. 1.44 crores during 1994-95. The Committee recommend that other 'seeds schemes' which are vital from the point of processing and storage-infrastructure facilities should not be neglected and allocation should be increased.

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

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

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

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

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

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

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

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

5.10 The Budget allocation for agricultural implements and machinery during 1993-94 and 1994-95 is Rs. 15.70 crores and Rs. 15.75 crores respectively. The marginal increase of Rs. 5 lakhs for 1994-95 is on salaries, O.T.A. etc. whereas the need is to increase allocation for agricultural

implements and machinery. The Committee also express their resentment over the achievements during 1992-93 and 1993-94 in respect of testing done by various Farm Machinery Training and Testing Institutes. The Committee would like to point out that while on the one hand more and more institutes are being set up whereas on the other institutes already existing are not giving satisfactory results. The Committee recommend that allocation for agricultural implements and machinery should be increased and allocation needs to be increased for publicity purposes. Working of Farm Machinery and Testing Institutes should also be reviewed.

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

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

recommendation of the Committee. The Committee reiterate their recommendation and recommend that the allocation should be made as per requirement.

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

5.14 The Budget allocation for Nauticals Engineering Training has been increasing which is evident from the fact that Rs. 4.13 crores in Budget Estimates (1993-94), Rs. 4.71 crores in Revised Estimates (1993-94) and Rs. 7.20 crores in Budget Estimates (1994-95) have been provided. However, achievements with respect to training vessels are not satisfactory because vessels with their machinery and equipments were imported from various countries during late sixties and early eighties which need repairs frequently. As non-adaptability of indigenous spare of the domestic market and non-adaptability of indigenous spares of the engine and machinery for replacement are the major constraints, the Committee hope that the Budget allocation under this head would be further increased.

5.15 Horticulture has been accorded priority in Eighth Five Year Plan. Accordingly Budget allocation has been raised from Rs. 65 crores during 1992-93 to Rs. 185 crores during 1994-95. As regards the achievements the Committee find that there is shortfall in case of fruits and vegetables. The Committee are concerned to note that on the one hand Budget allocation is being raised on the other targets are not being achieved. The Committee are further not aware to what extent regional imbalance has been reduced by taking various steps for Horticulture Development.

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

NEW DELHI;
19th April, 1994

19 Chaitra, 1916 (Saka)

NITISH KUMAR,
Chairman,
Standing Committee on Agriculture
(1994-95)