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**COMMITTEE ON AGRICULTURE  
(2010-2011)**

**FIFTEENTH LOK SABHA**

**MINISTRY OF AGRICULTURE  
(DEPARTMENT OF AGRICULTURE & CO-OPERATION)**

**DEMANDS FOR GRANTS (2009-10)**

**{Action Taken by the Government on the Observations/  
Recommendations contained in the First Report  
of the Committee on Agriculture (2009-2010)}**

**THIRTEENTH REPORT**



**LOK SABHA SECRETARIAT  
NEW DELHI**

March, 2011/Phalgun, 1932 (Saka)

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Presented to Lok Sabha on 08.03.2011

Laid on the Table of Rajya Sabha on 08.03.2011



**LOK SABHA SECRETARIAT**

***NEW DELHI***

March, 2011/Phalgun, 1932 (Saka)

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## **COMPOSITION OF THE COMMITTEE ON AGRICULTURE (2010-11)**

**Shri Basudeb Acharia - Chairman**

### **MEMBERS**

#### **LOK SABHA**

2. Shri Narayansingh Amlabe
3. Shri K.C. Singh 'Baba'
4. Shri Thangso Baite
5. Shri Jayant Chaudhary
6. Smt. Shruti Choudhary
7. Smt. Ashwamedh Devi
8. Shri Biren Singh Engti
9. Smt. Paramjit Kaur Gulshan
10. Shri Anant Kumar Hegde
11. Shri Sk. Nurul Islam
12. Shri Naranbhai Kachhadia
13. Shri Surendra Singh Nagar
14. Shri Prabodh Panda
15. Shri Premdas
16. Shri Vitthalbhai Hansrajbhai Radadiya
17. Shri Nripendra Nath Roy
18. Shri Bhoopendra Singh
19. Shri Uday Singh
20. Shri Jagdish Thakor
21. Shri Hukmadeo Narayan Yadav

#### **RAJYA SABHA**

22. Shri Shashi Bhusan Behera
23. Shri Narendra Budania
24. Shri Satyavrat Chaturvedi
25. Shri A. Elavarasan
26. Shri Vinay Katiyar
27. Shri Mohd. Ali Khan
28. Shri Upendra Kushwaha
29. Shri Bharatsinh Prabhatsinh Parmar
30. Shri Rajpal Singh Saini
31. Shri S. Thangavelu

## **SECRETARIAT**

- |    |                         |   |                      |
|----|-------------------------|---|----------------------|
| 1. | Shri S. Bal Shekar      | - | Additional Secretary |
| 2. | Shri Raj Shekhar Sharma | - | Joint Secretary      |
| 3. | Shri P.V.L.N. Murthy    | - | Director             |
| 4. | Shri P. C. Koul         | - | Additional Director  |

## INTRODUCTION

I, the Chairman, Committee on Agriculture (2010-2011) having been authorized by the Committee to submit the Report on their behalf, present this Thirteenth Report on Action Taken by the Government on the Observations/ Recommendations contained in the First Report of the Committee on Agriculture on Demands for Grants (2009-10) pertaining to Ministry of Agriculture (Department of Agriculture and Co-operation).

2. The First Report of the Committee on Agriculture (2009-2010) on 'Demands for Grants' (2009-10) pertaining to Ministry of Agriculture (Department of Agriculture & Co-operation) was presented to the Lok Sabha and laid on the Table of Rajya Sabha on 18 December, 2009. The Action Taken Replies on the Report were received in two batches on 16 & 22 March, 2010 respectively.

3. The Report was considered and adopted by the Committee at their Sitting held on 3 March, 2011.

4. An analysis of the Action Taken by the Government on the Observations/ Recommendations contained in the First Report of the Committee is given in **Annexure**.

**NEW DELHI;**  
**7 March, 2011**  
**16 Phalgun, 1932 (Saka)**

**BASUDEB ACHARIA**  
***Chairman,***  
***Committee on Agriculture.***

## CHAPTER I

### Report

This Report of the Committee on Agriculture deals with the action taken by the Government on the Observations/Recommendations contained in the First Report of the Committee on Agriculture (2009-10) on Demands for Grants (2009-10) pertaining to Ministry of Agriculture (Department of Agriculture & Cooperation which was presented to Lok Sabha and laid on the Table of Rajya Sabha on 18 December, 2009.

**1.2** The Ministry of Agriculture (Department of Agriculture & Co-operation) have furnished Action Taken Replies in respect of all the 21 Observations/Recommendations contained in the Report. These have been categorised as under:

- (i) Observations/Recommendations that have been accepted by the Government :  
Recommendation Para Nos. 2.28 – 2.30, 2.32 - 2.33, 3.76, 3.78 – 3.82, 3.84 – 3.85, 3.87, 3.89 – 3.90
- (ii) Observations/Recommendations which the Committee do not desire to pursue in view of the Government's reply:  
Recommendation Nos. – Nil
- (iii) Observations/Recommendations in respect of which action taken replies of the Government have not been accepted by the Committee  
Recommendation Para Nos. 2.31 and 3.77
- (iv) Observations/Recommendations in respect of which final replies of the Government are still awaited.  
Recommendation Para Nos. 3.83, 3.86 and 3.88

**1.3 The Committee trust that utmost importance would be given to implementation of the Observations/Recommendations accepted by the Government. In cases, where it is not possible for the Department to**

**implement the recommendations in letter and spirit for any reason, the matter should be reported to the Committee with reasons for non-implementation. The Committee desire that further Action Taken notes on the Observations/Recommendations contained in Chapter-I and Final Action Taken Replies to the recommendations contained in Chapter-V of this Report should be furnished to them at an early date.**

1.4 The Committee will now deal with the action taken by the Government on some of their Recommendations in the succeeding paragraphs.

### **PLAN ALLOCATIONS**

#### **Recommendation No. 1 (Para No. 2.28)**

1.5 Considering the decreasing growth rate in agriculture sector; the continued insensitivity of the Government, year after year in making sufficient funds available for proper growth of agriculture sector; the fact that during first three years of Eleventh Plan the actual allocation had been only 45% of the approved Outlay for Department of Agriculture Co-operation and the dearth of private investment in the agriculture Sector, the Committee had recommended the Government to not only increase the allocations in the remaining period of Eleventh Plan in the Public domain but also devise ways and means to attract private investment in the agriculture sector. They had also asked the Government to ensure that the expenditure incurred kept pace with the amount allocated so that the BE amount were not reduced at RE stage subsequently so as to attain the laid down goals. They had further desired to be apprised of steps taken in this respect.

1.6 In their Action Taken Note the Government have stated that the Planning Commission has raised allocation of Plan Funds of DAC, specially under Rashtriya Krishi Vikas Yojana during 2010-11, over previous year. Increase in outlay of RKVY is from Rs.4,067.07 crore (BE) in 2009-10 to Rs.6,722 crore (BE) in 2010-11, representing an increase of 65%. Total Plan Outlay of the Department for Centrally Sponsored, Central Sector Schemes and State Plan Schemes has gone up from Rs.11,307.07 crore (BE) in 2009-10 to Rs.15,042 crore(BE) in 2010-11, an effective increase of 33%.

Private investment in agriculture has also been going up. Private capital investment increased from Rs.71,422 crore (2006-07) to Rs.1,14,145 crore (2008-09). Introduction of schemes like RKVY, NHM, Micro Irrigation and ISOPOM, has encouraged private investment in agriculture sector.

**1.7 The Committee have taken note of the enhanced allocation made during 2010-11 for Rashtriya Krishi Vikas Yojana (RKVY) and Centrally sponsored, Central Sector Schemes and the State Plan Schemes. However, as far as the matter of private investment having grown from Rs. 71,422 crore in 2006-07 to Rs. 1,14,145 crore in 2008-09 is concerned, the Government, apparently, does not differentiate between the need based capital investment by the farmers and the other forms of private investment which could contribute to development and growth of the agriculture sector. The Committee strongly feel that apart from the need based capital investment by the farmers there is an urgent need for additional private investments which can provide the much needed impetus to the growth of agriculture sector.**

The Committee also desire that the break-up of figures of need based capital investment by farmers and other private sector investment be furnished to them in the context of figures cited by the Government in their Action Taken Notes. They would also like the Government to clarify as to how the introduction of Schemes like RKVY, NHM, MI and ISOPOM have contributed to enhancement of private investment in the agriculture sector by furnishing specific instances, facts and figures, etc.

#### **DELAY IN FINALISATION OF MID-TERM APPRAISAL OF ELEVENTH PLAN**

##### **Recommendation No. 4 (Para No. 2.31)**

1.8 Having noted that the Mid-term Appraisal of the Eleventh Five Year Plan for the Department was being conducted by the Mid-term Review Committee of the Planning Commission, the Committee hoped that, as assured to them by the representative of the Planning Commission, during the Oral Evidence held on 22 October, 2009, the Mid-Term Review would be carried out expeditiously and would be over by December, 2009 so that the

results of the same were conveyed to the Department at the earliest and remedial measures were initiated by them accordingly. They also wished to be apprised of the outcome of the Mid-term Review, the remedial measures suggested/taken by the Department at the earliest.

1.9 The Government in their Action Taken Note have stated that meeting to discuss Mid-Term Appraisal of XI Five Year Plan of Department of Agriculture & Cooperation was held under Chairmanship of Prof. Abhijit Sen, Member (Agriculture), Planning Commission on 23 September, 2009. Planning Commission circulated draft Mid Term Appraisal Document on 26 February, 2010 for comments and the comments of DAC on draft Mid Term Appraisal document have been sent to Planning Commission on 15 March, 2010. Planning Commission is in process of finalizing Mid-Term Appraisal (MTA) for XI Five year Plan. MTA will be made available to Hon'ble Committee, as and when the same is available.

**1.10 The Committee find that the non-finalisation of Mid-term Appraisal (MTA) document, which was earlier expected to be over by December, 2009, reveals a very sorry state of affairs in governance. MTA is supposed to be an instrument of mid-course correction and the continued delay in its finalisation would simply make the entire process an exercise in futility. What would happen to the mid-course correction and other such initiatives, which follow a timely MTA is a moot point. It is hugely disappointing that the MTA of DAC could not be completed, though the RE stage of the penultimate year of the Eleventh Five Year Plan was around and the failure of Planning Commission and the Government in this regard ought to be deprecated.**

#### **DECLINING GROWTH RATE**

##### **Recommendation No. 5 (Para No. 2.32)**

1.11 Taking into account the decline in agricultural growth rate, due to susceptibility to climate variations and a host of Country-specific problems like lack of infrastructure, overwhelming dependence on rains, spiraling non-agricultural demand for land due to rapid urbanization, etc. the Committee had recommended the Government to take immediate steps to arrest the decline in

growth rate as also to enable agriculture to be viable and profitable vocation to the farming community at large.

1.12 The Government have stated in their Action Taken Note that growth rate of Agriculture and Allied Sectors for 2006-07 at 3.7 percent increased to 4.7 percent in 2007-08, at 2004-05 prices. In 2008-09 the growth rate declined to 1.6 percent over the previous year, at 2004-05 prices, mainly due to fall in production of coarse cereals, pulses, oilseeds, cotton and sugarcane. It may however be mentioned that there are several factors that determine area under various crops such as farmers' preferences, relative demand for various agriculture commodities, alternate economic opportunities, etc.

As per Land Use Statistics 2007-08, the area under non-Agricultural use has increased from 24263 thousand hectare in 2002-03 to 25923 thousand hectare in 2007-08 i.e. an increase of 6.8 percent. However, area under culturable waste land has decreased from 13607 thousand hectares in 2002-03 to 13121 thousand hectares in 2007-08 i.e. a decline of 3.6 percent. Also area under fallow land has decreased from 33742 thousand hectares in 2002-03 to 25148 thousand hectares 2007-08 i.e. decline of 25.5 percent.

It may be pertinent to note that share of investment in Agriculture and Allied Sectors to GDP of this sector, at constant prices (2004-05), has increased from 14.1 per cent in 2004-05 to 21.3 per cent in 2008-09. The share of public investment to Gross Domestic Product of the Sector has also increased from 2.9 per cent in 2004-05 to 3.8 per cent in 2008-09 at 2004-05 prices. Private investment to Gross Domestic Product of Agriculture and Allied sectors has shown an increasing trend from 11.2 per cent in 2004-05 to 17.5 per cent in 2008-09 at 2004-05 prices.

1.13 The scheme-wise budget estimate and expenditure during 2009-10 is as under:

S.N.	Name of the Division/Scheme	2009-10 (Rs. /Lakh)	
		BE	Exp.(Prov.) (31.12.2009)
1	Rashtriya Krishi Vikas Yojana (RKVY)	406707.00	306726.31
2	National Food Security Mission	135000.00	63712.62
3	National Horticulture Mission (CSS)	110000.00	63371.20
4	Development and Strengthening of Infrastructure Facilities for Production and Distribution of Quality Seed	42159.00	26486.58
5	Integrated Oilseeds, Oil Palm, Pulses and Maize Development (ISOPOM) (CSS)	32000.00	27182.24
6	Support to State Extension Services	29800.00	11069.81

1.14 The Committee have taken note of the various developments taking place in the agriculture and allied sectors over the last few years. They have also taken note of the various Schemes launched by the Government with a view to incentivise investment in Agriculture and allied sectors. However, the Committee are constrained to observe that the substantial under-spending in the first nine months of the Annual Plan 2009-10 does not augur well for the agriculture sector. Even if the Department manages to utilise the balance of the funds in the remaining three months, the uneven infusion of funds would surely water down the intended results. The Government have to bridge this lacuna to produce more tangible results in terms of agricultural growth. For this, the administration of Schemes has to conform with the deadlines right from planning stage to the execution stage and up to assessment of results/performance. It is, however, disconcerting to observe that while the action taken replies were furnished in March, 2010 this reply furnishes figures as at the end of December, 2009 in respect of various Division/Schemes.

**The Committee expects an explanation from the Department for furnishing figures of December, 2009 while submitting replies in March, 2010. They desire to be apprised of the reasons for this at the earliest.**

**SUPPORT TO STATE EXTENSION PROGRAMMES FOR EXTENSION SERVICE**

**Recommendation No. 7 (Para No. 3.76)**

1.15 Being constrained to note that the Department were not pursuing the Support to State Extension Programmes for Extension Service (SSEPES) Scheme vigorously, as was evident from the persistent reduction of funds for the Scheme at RE Stage, the Committee had desired the Department to get their act together and endeavour to implement the Scheme forthwith in a professional manner with more anticipation and a better evaluation of the existing constraints including the 32250 vacancies existing in the Agriculture Extension Services in the States. They had also desired that since the intention of the Scheme is to make the extension services farmer driven and farmer accountable by way of new institutional ways of technology dissemination, the Government need to immediately co-opt suitable provisions in the Scheme to help the States in augmenting human resources in the Agriculture Extension Services in the absence of which all other efforts made for and in connection with implementation of this Scheme will be in vain.

Also, considering the serious shortcomings in the performance of the ATMA Scheme since its inception in 2005-06, due to poor planning and management of those institutions, the Committee had further desired that ATMA needed to be revisited by the Department for a total revamp, both in terms of organization and functions, so that it is in sync with efforts of similar entities like KVKS, State Agricultural Universities, State machinery at District/Block Levels, Rural Knowledge Centres, etc.

1.16 The Government, in their Action Taken Note have stated that with a view to provide effective extension support to states, the Department proposed to strengthen and revamp ATMA Programme during 11<sup>th</sup> Plan Period; by way

of providing committed Specialist & Functionary support at various levels; improving mobility and connectivity of extension functionaries; revising norms for selected activities under ATMA Cafeteria and improving infrastructure support for SAMETIs – State Agriculture Management & Extension Training Institutes.

Approval of revamped scheme was delayed, as, EFC in its earlier meeting on 30.01.09 directed Department to revisit, proposed extension mechanism of 'Farmer Friend' at village level. Scheme was finally considered by EFC on 04.08.09 and approval conveyed on 29.10.09. Accordingly, budget outlays planned in anticipation of approval of scheme during 2008-09 and 2009-10 had to be reduced at R.E. stage. Moreover, States were not able to utilize funds made available to them, without full strength of committed manpower support to take up extension activities. All efforts are being made, to help states to revitalize their extension system to take up training and extension activities more effectively, as soon as scheme is approved by Government.

**1.17 The Committee note that with a view to provide effective extension support to States, the Department proposed to strengthen and revamp Agricultural Technology Management Agency (ATMA) Programme during Eleventh Plan Period by way of providing committed Specialist & Functionary support at various levels; improving mobility and connectivity of extension functionaries; revising norms for selected activities under ATMA Cafeteria and improving infrastructure support for SAMETIs – State Agriculture Management & Extension Training Institutes. However, it is matter of deep concern that the revamp of ATMA intended to be implemented during the Eleventh Plan is yet to commence though we are in the penultimate year of the Plan. They are of the opinion that the farmer has been the eventual loser in this delay caused by the wrangling in approvals/sanctions as the much needed transfer of technology to them is being hindered.**

**Even so the Committee feel that now after the Department have secured approval for the restructured ATMA Scheme on 29 October, 2009 things would be more focussed and the revamp would be done on a faster pace and the Department would implement the restructured Scheme in a time-bound and systematic fashion ironing out all teething problems like lack of manpower with States, etc.**

**AGRICULTURE CENSUS**

**Recommendation No. 8 (Para No. 3.77)**

1.18 Keeping in view the immense importance of the Agriculture Census in providing bench mark data for formulation of new agriculture development programmes and their evaluation and noting that the Department were still in the process of compiling the data from 2005-06 inspite of Planning Commission's insistence to publish the same in 2007-08 itself, the Committee had felt that in the era of Information Technology, lagging years behind in collation and preparation of this important index was not at all justified. They had, therefore, recommended that Department should immediately take suitable steps to conduct Census and publish results in the same year, preferably online and also workout feasible and probable interfaces with National e-Governance Plan in this context.

Having also strongly felt that it would be useful to keep a data base on the manpower in agriculture in the country as it can help in formulating strategies and structuring of programmes/schemes they had also recommended the Department to work out a system to gather information on the number of farmers (people actively pursuing agriculture) and analyse it to find out the number of people quitting agriculture alongwith data regarding change in ownership of operational holdings in the country.

1.19 In their Action Taken Note the Government have stated that Agriculture Census in India is conducted, with participation of administrative machinery of States/UTs. In Land Record States, which account for about 85% of operated area, data is collected from revenue records and in Non-land Record States, data is collected on sample basis. Fieldwork for Agriculture Census starts only

after records for Census reference year are updated, which generally takes about 6 months after end of year. Thus, actual data collection activity commences only 6-8 months after end of reference period. For example, for Agriculture Census 2005-06 (reference period: July 05 – June 06), data collection started sometimes after January, 2007.

Services of state revenue officials, mostly patwaries, are utilized for collecting Census data. Due to un-enthusiastic approach of Patwaries towards Census work and their engagement in various other important and time-bound activities, - results in Census work being accorded low priority, thus leading to delay in collection of data. Since coverage in Agriculture Census is vast and data is collected relating to a large number of parameters, -scrutiny/ cleaning / generation of statistical tables- and preparation of report at different levels of administration, like block, tehsil, district, State and hence preparation at All India level, entails considerable time. It may be mentioned that expenditure involved in Agriculture Census operation, is quite meagre, as compared to other Census operations like Population Census, Livestock Census etc.

To make data of Agriculture Census available in time, a schedule is prepared for completing various activities of Agriculture Census. These schedules are prepared keeping in view normal duties of administrative machinery of States. Field work for Agriculture Census 2005-06 has been completed in all States/UTs except in Bihar, Jharkhand and Maharashtra. Data processing viz. data entry, validation/error correction, and finalization of database and generation of various statistical tables has been entrusted to National Informatics Centre. Regarding interface with e-Governance Plan, the same has not proved very useful, since that information relating to ownership holdings only is available, in revenue records which is not in consonance with concept being followed in Agriculture Census, where data relating to actual cultivator and not ownership of land is required. Other information relating to tenancy status, types of holdings, social groups, gender etc is also not available readily, in computerized land records. For collection of data on non-resident holders and tenancy status, dependence on Patwaries cannot be eliminated entirely. Entire work of Agriculture Census is covered in three phases.

1.20 Notwithstanding the pains taken by the Department to explain the reasons behind delay in publishing Agriculture Census figures, the Committee are not convinced by the stand taken by the Department in the matter. Even if some leverage is given to the reasons like absence of dedicated manpower and dependence on secondary data like revenue records, it is inexplicable that the Census process drags on for more than five years. Moreover, as emphasised already, the critical nature of census data in planning and strategizing makes Agriculture Census an indispensable exercise that is to be completed in a time-bound manner. Accordingly, the Committee reiterate their recommendation that every effort be made to publish Agriculture Census data in the same year. The Planning Commission, since they concur with the idea, may be impressed upon to provide more funds, if paucity of funds is hampering updated Census operations. The Committee also feel that as Agriculture Census collects information on persons actually operating agricultural land, there should not be any difficulty in finding out the number of people quitting agriculture alongwith the reasons for the same and recommend that this aspect be included in Agriculture Census.

**RAINFED AREA DEVELOPMENT PROGRAMME (RADP)**  
**Recommendation No. 14 (Para No. 3.83)**

1.21 Having noted that RADP which was proposed to be initiated in 2007-08 and whose recasting was desired by the Ministry of Finance in March, 2009 had not yet taken of, the Committee had recommended that the Department of Agriculture & Co-operation should expedite the revamping of RADP as a farmer centric scheme and get the necessary approvals for implementation at the earliest. They had also recommended that the Planning Commission and the Ministry of Finance needed to accord highest priority in clearing the proposal as soon as submitted by the Department to enable its implementation in this Plan itself.

1.22 In response the Government have stated in their Action Taken Note that based on observations of Ministry of Finance, Rain-fed Area Development Programme is being restructured from original concept of area development approach to farmer-centric, farming-system approach with a view to explore better opportunities of convergence. Various organizations/agencies/departments are being consulted to finalize approach and strategy, to operationalize new concept.

**1.23 The Committee cannot but deplore the delay in implementation of the restructured Rainfed Area Development Programme (RADP). Even the deficient rainfall during Kharif 2009 and the subsequent drought situation in many parts of the Country, like so many similar emergencies in the past, have not motivated the Department of Agriculture & Co-operation and other Agencies/Organisations/Departments involved in the finalisation of the Scheme to expedite action. The large amount of contingency expenses incurred in trying to mitigate the effects of drought, the continuous exploitation of ground water and other measures could have been avoided or at least minimised to some extent had our rainfed areas been given sustained attention under programmes like RADP. The Committee, therefore, recommend that the restructuring of RADP may be completed urgently and operationalised. The Committee may also be provided with a detailed note on the stages/processes through which the RADP has passed before obtaining approval for operationalisation, clearly demarcating the role of each Body/Organisation/Agency/Department involved in the exercise and the time taken by each of them to complete their jobs with a mention of the time frame expected of them and reasons for delay, if any.**

**RATE OF INTEREST ON CROP LOANS**  
**Recommendation No. 17 (Para No. 3.86)**

1.24 On being apprised that during the year 2009-10 an additional subvention of 1 per cent was being paid to farmers who repaid their short term loan on schedule, the Committee had wondered as to how the farmers would be able to avail the benefits of this measure at a time when timely repayment

of loans was not possible due to the devastating effects of drought as well as floods in several parts of the Country. They had, therefore, reiterated their previous recommendation regarding enhancement of the short-term crop loan limit to Rs. 5 lakh and lowering of the rate of interest from 7 to 4 per cent.

1.25 In their Action Taken Note the Government have stated that standing guidelines have been issued by Reserve Bank of India to banks for undertaking financial relief measures, in areas affected by natural calamities like drought, floods, etc. These guidelines provide that principal amount of short-term loan as well as interest, due for repayment in year of occurrence of natural calamity, may be converted into term loan. Repayment period of restructured loan may vary from 3 to 10 years depending on severity of calamity and its recurrence, extent of loss of economic assets and distress caused. Rate of interest on converted loans is same as that charged on short-term loans. Where relief in form of conversion/reschedulement of loans is extended to farmers, such converted/rescheduled dues are treated as current dues and banks have been advised not to compound interest in respect of loans converted/rescheduled. Ministry of Finance, (Department of Financial Services) have been requested to extend benefit of providing additional interest subvention of one per cent on short-term crop loans to farmers who are not in position to repay their loan on schedule, due to occurrence of natural calamities.

Recommendations of Committee regarding enhancing short term crop loan limits to Rs. 5 lakh and lowering rate of interest from 7 to 4 per cent has also been forwarded to Ministry of Finance for taking appropriate action. The Government is providing additional one percent interest subvention as incentive to those farmers who repay their short term crop loan, as per schedule. The Government has proposed to raise subvention for timely repayment of crop loans from one percent to two percent from the year 2010-11. Thus, the effective rate of interest for such farmers, who repay their loan on schedule will be 5% p.a. from the year 2010-11'.

1.26 The Committee find the piecemeal approach of the Department towards the matter of short term crop loans being of immense importance is hugely disconcerting. First, the subvention of 1 per cent was earmarked for farmers who repaid their short-term loans on time. Subsequently, on the Recommendation of the Committee, the Ministry of Finance (Department of Financial Services) have been requested to extend the benefit of this 1 per cent subvention to farmers who are not in a position to repay their loan on schedule due to natural calamities. The Committee assume that this proposal would have been sent to Ministry of Finance somewhere around the time when the Action Taken Notes were furnished to them in the second half of March, 2010 i.e. the fag end of Financial Year 2009-10. What purpose this belated step, even if accepted by Ministry of Finance, would serve is a moot point. Still the Committee would like to be informed about the response of Ministry of Finance (Department of Financial Services) to this request.

The Committee note that their Recommendation about enhancing short-term crop loan limit to Rs. 5 lakh and lowering interest rate from 7 per cent to 4 per cent has also been forwarded to Ministry of Finance for appropriate action. They also note that Government have proposed to raise the subvention for timely repayment of crop loans from 1 per cent to two per cent from the year 2010-11 thus lowering the effective rate of interest from 7 per cent to 5 per cent for the targeted beneficiaries. The Committee would like to be apprised of the present status of both these steps taken by the Department. The Committee are of the firm view that when the cost of credit to the farmer is reduced, defaults would come down and the Government would be spared of the cost involved in offering Debt Waivers.

**DEBT RELIEF FOR FARMERS**  
**Recommendation No. 18 (Para No. 3.87)**

1.27 Noting that the onetime bank loan waiver of nearly Rs. 71000 crore under the Agricultural Debt Waiver and Relief Scheme, 2008 to cover an estimated 40 million farmers has not had any mitigating effect on a large numbers of farmers who have taken loans from private money lenders, the Committee had recommended expeditious submission of Report by the Task Force set up on 6 October, 2009 to look into the issue, so that further action to mitigate this big burden on the small medium and marginal farmers was taken at the earliest.

Taking further note that on their instance, the Department of Financial Services, Ministry of Finance being the implementing agency for the Scheme, had been requested by Department of Agriculture Co-operation to undertake a study for assessing the benefits of Agricultural Debt Waiver and Relief Scheme, 2008, they had strongly felt that a study in this regard by Department of Agriculture & Cooperation instead of study by the Department of Financial Services, by virtue of its reach and spread, would provide a more realistic assessment of the Scheme. The Committee were of the firm view that as the nodal Department for the agriculture sector in the country, the Department should have their own point of view on these issues from a farmer centric angle. They had, therefore, desired that while furnishing the additional information being collected from the Department of Financial Services, the Department should also communicate their own considered views on these issues at an early date.

1.28 The Government in their Action Taken Note have stated that a Task Force set up by Government to look into issues of large number of farmers, who had taken loan from private money lenders, has held two meetings on 17.12.2009 and 3.2.2010. Task Force has constituted four Sub-groups to get regional perspective on Terms of Reference of Task Force. Each of Sub-group will be visiting States in respective regions and hold discussions with various stakeholders and study various measures initiated by State

Government/other agencies to provide relief to borrowers, who are indebted to private money lenders. Findings and field perceptions of Sub-groups will be duly considered by Task Force.

As informed by Department of Financial Services, Ministry of Finance, Comptroller & Auditor General of India (CAG) has selected Agricultural Debt Waiver and Relief Scheme, 2008 for conducting a comprehensive performance audit to examine efficiency of its implementation and to provide assurance that eligible beneficiaries have actually been granted debt waivers and debt relief, by implementing banks/institutions, as intended by Government and Parliament. The Department would like to bring to notice of Committee that there is neither a proposal for allowing private informal credit in agriculture sector nor a policy exists, to regulate this activity. Approach of Government of India is to expand institutional credit among farmers and to improve the incomes of farmers, through various policy measures and programmes'.

**1.29 The Committee note that the Agriculture Debt Waiver and Relief Scheme, 2008 has been selected by the Comptroller and Auditor General of India for conducting a comprehensive performance audit and the Parliament will be apprised of the same in due course. The Committee feel that the Department has to ensure that the farmer centric issues are culled out from the performance audit and analysed from a purely agricultural point of view for improvements in Agriculture Credit Policy.**

**The Committee also note that the Task Force set up to look into issues of farmers who have taken loan from private money lenders has constituted sub-groups to get regional perspectives. In view of the urgency involved, they would like to be informed about the time frame set for the sub-groups and the Task Force in general to complete their work as per the terms of reference. They desire the Task Force Report to be expedited so as to be available to them alongwith the proposed Review of the Scheme by C&AG of India.**

**MODIFIED NATIONAL AGRICULTURE INSURANCE SCHEME**  
**Recommendation No. 19 (Para No. 3.88)**

1.30 Noting the inordinate delay in the implementation of the Modified National Agriculture Insurance Scheme (MNAIS) due to wrangling between the Planning Commission, the Ministry of Finance and the Department of Agriculture and Cooperation in regard to the Scheme being taken on Plan or Non-Plan side, the Committee had strongly decried the delay of three years in the matter. Since MNAIS was intended to remove the deficiencies in the existing Scheme, the Committee had recommended that the Government and Planning Commission should finalise and implement MNAIS during the currency of Eleventh Plan itself.

1.31 In their Action Taken Note the Government have stated that as decided in the meeting of Agriculture Minister, Finance Minister and Deputy Chairman, Planning Commission on 29 September, 2008, a proposal for implementation of Modified National Agricultural Insurance Scheme (MNAIS) on pilot basis in 100 districts, has been prepared and submitted for consideration of Committee on Non Plan Expenditure (CNE). Department of Expenditure in their reply have informed that MNAIS is essentially a modified version of on-going National Agricultural Insurance Scheme (NAIS) under Plan Scheme in Eleventh Five Year Plan and suggested that MNAIS may be continued as Plan Scheme for remaining period of Eleventh Five Year Plan. The issue of converting MNAIS in to Non-Plan, can be considered at the time of next Plan. Accordingly, Planning Commission is being requested to accord 'in principle' approval for implementation of MNAIS in 100 districts from Rabi 2010-11 season on pilot basis.

**1.32 The Committee find the decision making of the Government in the context of the implementation of Modified National Agriculture Insurance Scheme (MNAIS) really perplexing. The Modified Scheme has been hanging fire right upto the fourth year of the Eleventh Plan simply because it was proposed to be implemented as a Non-Plan Scheme. Now**

again it has been decided that the Scheme may be implemented during the remainder of Eleventh Plan as a Plan Scheme on Pilot basis in 100 districts and a decision about treating it as a Non-Plan Scheme be deferred to the Twelfth Plan. Nothing could be more unfortunate than this dilly-dallying by the Government for years together on this matter of great importance for millions of farmers in the Country. If the Government has to finally decide on treating this Modified Scheme as a Plan Scheme, the Pilot Project could have commenced around the time the Eleventh Plan commenced and by now the farmers all over the Country would have been reaping its benefits. The Committee find the situation all the more galling in view of the fact that weather conditions have been very unkind to several parts of the Country during these years leading to huge losses to our farmers.

The Committee would even at this belated stage insist upon the Government to implement MNAIS in right earnest in the ongoing Plan and sort out the issue of it being on Plan side or Non-Plan side well before the commencement of the Twelfth Plan. They would also like to be apprised of the results of the efforts of the Department under the MNAIS in 100 Districts during RABI 2010-11 including the number of insurees, the premium paid, the number of claims received, the number of claims processed and the number of claims settled and paid along with the total amount.

## CHAPTER – II

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

#### **PLAN ALLOCATIONS**

##### **Recommendation No. 1 (Para No. 2.28)**

Agriculture, which accounts for over 58 per cent employment in the Country and in spite of declining trends over the years, still contributes more than 17 per cent of the Gross Domestic Product while continuing to be the life-line of the Country's economy, growth and development. Though the average growth rate of agriculture sector was over 4.9 per cent during the years 2005-06 to 2007-08, it declined substantially to 1.6 per cent in 2008-09. With deficient monsoons and drought in most of the parts of the country this year, the Committee apprehend that the situation may worsen further in the ongoing year. They, therefore, expect the Government would in consonance with the prevailing situation make enhanced provisions in the Demands for Grants (2009-10) of the Department of Agriculture and Cooperation at the RE stage to tide over the situation. They are, however, highly disappointed to note that a sum of Rs.11,307.07 crore only has been allocated to the Department as BE on the Plan Side. Thus, there is hardly an increase of 15 per cent over the last year's Revised Estimates on the Plan Side (Rs.9800 crore). The size of approved outlay for the Department at Rs. 66,577 crore for the Eleventh Plan *vis-à-vis the actual allocation of Rs. 26,972.74 crore (which is about 45% of outlay) so far during the Three years 2007-08 to 2009-10 speaks volumes of the insensitivity and less than serious attitude of the Government* towards this most crucial sector of Indian economy. Viewed in the context of the mandated tasks of the Department, the development of the agriculture sector at the national level coupled with the responsibility of synergizing agricultural development in States as well, the task of the Department becomes all the more complex and loaded. The Committee have been time and again recommending to the Government for enhancement of the allocations to the Agriculture Sector but it seems these are falling on deaf ears of the Planners and all others responsible for development of this prime sector of the economy. In the last fiscal also, the Budget Estimate of Rs. 10,105.67 crore

was pruned down to Rs. 9800.00 crore and as admitted by the representative of the Department before the Committee, it definitely affected the implementation of the Schemes of the Department. As admitted by the Government, apart from need based capital investments made by the farmers, there is no private investment in the agriculture sector. Therefore, it becomes all the more necessary that the Government need to enhance the quantum of public investment in the agriculture sector so as to ensure self-reliance, food and nutritional security, equitable distribution of income and wealth and poverty alleviation and improvement of the quality of life of the people. The Committee, therefore, desire the Government to not only increase the allocations in the remaining period of the Eleventh Plan in the Public domain but also devise ways and means to attract private investment in the Agriculture sector. The Government should also ensure that the expenditure incurred keeps pace with the amounts allocated so as not to invite reduction of BE amounts at RE stage subsequently so as to attain the above stated goals. They further desire to be apprised of the steps taken in this respect.

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

Planning Commission has raised allocation of Plan Funds of DAC, specially under Rashtriya Krishi Vikas Yojana during 2010-11, over previous year. Increase in outlay of RKVY is from Rs.4,067.07 crore (BE) in 2009-10 to Rs.6,722 crore (BE) in 2010-11, representing increase of 65%. Total plan outlay of the Department for Centrally Sponsored, Central Sector Schemes and State Plan Schemes has gone up from Rs.11,307.07 crore (BE) in 2009-10 to Rs.15,042 crore (BE) in 2010-11, effective increase of 33%.

Private investment in agriculture has also been going up. Private capital investment increased from Rs.71,422 crore (2006-07) to Rs.1,14,145 crore (2008-09). Introduction of schemes like RKVY, NHM, Micro Irrigation and ISOPOM, has encouraged private investment in agriculture sector.

*(Vide Ministry of Agriculture (Department of Agriculture & Co-operation), No.6-11/2009-B&A dated the 22<sup>nd</sup> March, 2010)*

## **Comments of the Committee**

For comments of the Committee please refer to Para No. 1.7 of Chapter I of this Report.

### **BACKLOADING OF PLAN FUNDS**

#### **Recommendation No. 2 (Para No. 2.29)**

The Committee observe that for the Eleventh Five Year Plan, the Department had proposed an outlay of Rs. 51,052.12 crore against which an amount of Rs. 66,577 crore was approved. The increase is a whopping 30 per cent more than what was asked for. They further observe that the Eleventh Plan Allocation constitutes a 404% increase over Tenth Plan approved outlay of Rs. 13,200 crore. They, however, are highly perturbed to note that upto September, 2009, that is exactly on completion of half of the Eleventh Five Year Plan, they have been able to spend only Rs. 21,874.10 crore which is less than 33 per cent of the total allocation. The Committee were informed that in the Eleventh Five Year Plan there has been back loading of funds and higher investments are planned during last two-three years of the Plan which however, is not palatable to them keeping in mind the trend of expenditure so far. According to the Department, this is being done to complete the phase of fiscal consolidation as mandated by the Fiscal Responsibility and Budget Management Act which would be over in 2009-10. It is disconcerting to note further that by their own admission, the additional expenditure requirement on account of global economic slow-down as at present, has delayed fiscal consolidation and its effect on allocations of DAC and other Department/Ministries during 2010-11 and 2011-12, onwards is still to be assessed. Given this scenario and with hardly one-third of the allocations spent in the first half of the Plan, the Committee cannot but conclude that this back loading of funds would undoubtedly have the effect of delaying the growth in Agricultural Sector. They are of the considered opinion that a more equitable allocation of funds in the preceding years of the Plan by the Government could have avoided this serious *impasse* that we are now facing. Now that it is a *fait-accompli*, they desire the Government to work out a judicious plan for allocation and spending in the remaining part of the Eleventh

Plan so that not only the Schemes and programmes are not staggered but also reckless and knee jerk spending on ill-conceived and half-baked Schemes and programmes is avoided.

### **Reply of the Government**

Department share the view of Hon'ble Committee that a more equitable allocation of funds in all five years of 11<sup>th</sup> Plan, would have helped better development of Agriculture and equi-phased implementation of schemes would have avoided the possibility of actual allocation falling short of envisaged outlay of 11<sup>th</sup> Plan or disproportionate allocations in last two years of XIth Plan period. This inequitable allocation may put pressure on implementing machinery of the states during last two years. However, the Department respectfully suggest that there is no ill-conceived or reckless or knee-jerk reaction and no half-baked schemes / programmes have been taken up.

*(Vide Ministry of Agriculture (Department of Agriculture & Co-operation), No.6-11/2009-B&A dated the 22<sup>nd</sup> March, 2010)*

### **NEW/REVAMPED SCHEMES**

#### **Recommendation No. 3 (Para No. 2.30)**

The Committee note that the extant procedure being followed for launching of new schemes or revamping of schemes is highly time consuming and cumbersome. For instance, the Rain Fed Area Development Scheme which was to commence in 2007-08 is still pending for want of approval. The Modified National Agricultural Insurance Scheme mooted in 2006 is still at proposal stage, while the Technology Mission for North East States is pending at EFC stage. The Support to State Extension Programmes for Extension Reforms approved for revamping by Planning Commission on 4 August, 2008 had its EFC exactly a year later on 04.08.2009 and is pending for finalization for want of approved minutes from DOE and the approvals from National Horticulture Mission and the National Horticulture Board are also pending at various stages. This, in their view is a very worrisome situation. They, therefore, feel that the Department's suggestion that the time taken by each

Department/Agency to expedite clearance of proposals through rigorous adherence to time limits could be compressed requires urgent consideration. Instead of circulating documents of Planning Commission to other Ministries/Departments for comments, the suggestion that a meeting of various agencies need to be convened to clear the proposals within a time limit, is worth a try. They, therefore, desire the Department to prepare a comprehensive proposal on these lines and after getting it approved at appropriate levels/fora, get it implemented at the earliest so that delays of years together in obtaining requisite clearances/approvals are eliminated from the system for all times to come. They desire to be apprised of the steps taken and the positive outcome thereof in this regard.

### **Reply of the Government**

Appreciating the Committee's views about setting up processes for faster clearance of new schemes / programmes, factual position with respect to programmes mentioned above, is as under:

- 1) Rainfed Areas Development Programme is still pending as there is duplication with certain aspects of Integrated Watershed Management Programme of Ministry of Rural Development.
- 2) MNAIS- A decision has been taken that MNAIS will be funded on Plan side in the Eleventh Plan Period and proposal for taking it to non-Plan side will be considered, at the time when its implementation is considered during Twelfth Plan Period.
- 3) Proposals for modifications to Technology Mission for North East, National Horticulture Board and Support to State Extension Programmes for Extension Reforms, are still pending.
- 4) The Department has already forwarded its suggestions regarding expeditious clearance of EFC / CCEA proposals to Planning Commission.

*(Vide Ministry of Agriculture (Department of Agriculture & Co-operation), No.6-11/2009-B&A dated the 22<sup>nd</sup> March, 2010)*

## **DECLINING GROWTH RATE**

### **Recommendation No. 5 (Para No. 2.32)**

The Committee observe that the Growth rate in Agriculture Sector has shown a declining trend over the last three years from 4.0 and 4.9 per cent growth witnessed in 2006-07 and 2007-08 respectively to 1.6 per cent (as per the revised estimates of CSO) in 2008-09. This is attributable amongst other reasons to an estimated decline in production of wheat, coarse cereals, pulses and oilseeds. It is a recognized fact that agricultural growth most of the times is characterized by sharp fluctuations and remains vulnerable to the vagaries of nature and some of the other problems besetting Indian agriculture include widening economic disparities between irrigated and rainfed areas; uneven and slow development of technology coupled with inefficient use of available technology and inputs; lack of adequate incentives and appropriate institutions; and rapid and widespread decline in ground water table with *particular* adverse impact on small and marginal farmers etc. Apart from these, the Committee feel that the increase in non-agricultural demand for land and water as a result of the higher overall GDP growth and urbanisation, etc. have proved to be detrimental to the production of cereals, pulses and oilseeds resulting in shortages thereby raising the prices of these commodities in the markets to substantially higher levels in the current year. They, therefore, desire the Government to take immediate steps to arrest the decline in growth rate as also to enable agriculture to be viable and profitable avocation to the farming community at large. The Committee may be apprised of the steps taken in this direction.

### **Reply of the Government**

Growth rate of Agriculture and Allied Sector for 2006-07 at 3.7 percent increased to 4.7 percent in 2007-08, at 2004-05 prices. In 2008-09 the growth rate declined to 1.6 percent over the previous year, at 2004-05 prices, mainly due to fall in production of coarse cereals, pulses, oilseeds, cotton and sugarcane. It may however be mentioned that there are several factors that determine area under various crops such as farmers' preferences, relative

demand for various agriculture commodities, alternate economic opportunities, etc.

As per Land Use Statistics 2007-08, area under non-Agricultural use has increased from 24263 thousand hectare in 2002-03 to 25923 thousand hectare in 2007-08 i.e. increase of 6.8 percent. However, area under culturable waste land has decreased from 13607 thousand hectares in 2002-03 to 13121 thousand hectares in 2007-08 i.e. decline of 3.6 percent. Also area under fallow land has decreased from 33742 thousand hectares in 2002-03 to 25148 thousand hectares 2007-08 i.e. decline of 25.5 percent.

It may be pertinent to note that share of investment in Agriculture and Allied Sectors to GDP of this sector, at constant prices (2004-05), has increased from 14.1 per cent in 2004-05 to 21.3 per cent in 2008-09. The share of public investment to Gross Domestic Product of the Sector has also increased from 2.9 per cent in 2004-05 to 3.8 per cent in 2008-09 at 2004-05 prices. Private investment to Gross Domestic Product of Agriculture and Allied sectors has shown an increasing trend from 11.2 per cent in 2004-05 to 17.5 per cent in 2008-09 at 2004-05 prices. The details are given in Table 1.

**Table 1**

Investment ( Public and Private) in Agriculture and Allied Sector and percent share to GDP in the Agri. & Allied Sector at 2004-05 prices

(Rs.in crore)

Year	Public	Private	Total Investment (2+3)	GDP Agriculture and Allied Sector	percent public GCF to GDP (2/5*100)	percent private GCF to GDP (3/5*100)	percent GCF to GDP(Agri &Allied) (4/5*100)
1	2	3	4	5	6	7	8
2004-05	16183	62665	78848	560308	2.9	11.2	14.1
2005-06	19909	73211	93120	589697	3.4	12.4	15.8

2006-07	22978	71422	94400	611409	3.8	11.7	15.4
2007-08	23039	86967	110006	640315	3.6	13.6	17.2
2008-09	24452	114145	138597	650461	3.8	17.5	21.3

### **Steps taken by Government**

To incentivize states to increase investment in Agriculture and Allied Sector and thus increase production and productivity of this Sector, Government has taken several measures such as:

1. A new Plan Scheme, namely Rashtriya Krishi Vikas Yojana that incentivizes states to increase public investment in Agriculture and Allied sectors was launched during 2007-08, to achieve 4 % agricultural growth during 11<sup>th</sup> Five Year Plan. This has incentivized States to allocate more funds to agriculture and allied sector.
2. Another, Centrally Sponsored Scheme “National Food Security Mission (NFSM)” was been launched in 312 identified districts of 17 States from Rabi 2007-08, with aim to increase production of food grain by20 million tone, comprising of 10 million tonne of rice, 8 millions tonne of wheat and 2 million tonne of pulses, by the end of Eleventh Plan (2011-12).
3. Central Sector Scheme “Development and Strengthening of Infrastructure Facilities for Production and Distribution of Quality Seed” with objective to develop and strengthen existing infrastructure for the production and distribution of certified/quality seeds.
4. Centrally Sponsored Scheme of “National Horticulture Mission” for holistic development of horticulture sector, duly ensuring forward and backward linkages, with active participation of all the stakeholders. Improvement in production and productivity, technology promotion, extension, post harvest management and marketing are major programmes of the Scheme.
5. Centrally Sponsored Scheme “Integrated Oilseeds, Oil Palm, Pulses and Maize Development (ISOPOM) for integrated strategy for development of

production technologies, crop production, post harvest processing and marketing of pulses, oilseeds and maize.

6. Centrally Sponsored Scheme “Support to State Extension Programmes for Extension Reforms” was launched during 2005-06 and aims at making extension system farmer-driven and farmer-accountable, by way of new institutional arrangement in form of Agricultural Technology Management Agency (ATMA). ATMA has active participation of farmers, farmer groups, NGOs, KVK, Panchayati Raj Institutions (PRIs) and other stakeholders, operating at district level and below. Over 90 lakh farmers have benefited under the scheme since its implementation. The scheme-wise budget estimate and expenditure during 2009-10 is as under:

S.N.	Name of the Division/Scheme	Rs. /Lakh	
		2009-10	BE Exp.(Prov.) (31.12.2009)
1	Rashtriya Krishi Vikas Yojana (RKVY)	406707.00	306726.31
2	National Food Security Mission	135000.00	63712.62
3	National Horticulture Mission (CSS)	110000.00	63371.20
4	Development and Strengthening of Infrastructure Facilities for Production and Distribution of Quality Seed	42159.00	26486.58
5	Integrated Oilseeds, Oil Palm, Pulses and Maize Development (ISOPOM) (CSS)	32000.00	27182.24
6	Support to State Extension Services	29800.00	11069.81

*(Vide Ministry of Agriculture (Department of Agriculture & Co-operation), No.6-11/2009-B&A dated the 22<sup>nd</sup> March, 2010)*

### **Comments of the Committee**

For comments of the Committee please refer to Para No. 1.14 of Chapter I of this Report.

### **ZERO BASED BUDGETING**

#### **Recommendation No. 6 (Para No. 2.33)**

The Committee observe that the Zero Based Budgeting is carried out in the beginning of the Plan. ZBB of the Department in the context of 11<sup>th</sup> Plan was conducted by the Planning Commission on 16<sup>th</sup> May and 16<sup>th</sup> November, 2007 about 5 to 10 months after the 11<sup>th</sup> Plan commenced. The specific purpose of this exercise was to weed out the schemes or programmes which have become redundant. To upscale the programmes which needed more investment and to try to merge the schemes and programmes which are having overlapping or a similar kind of objectives. Further, the Committee observe that as a result of the ZBB exercise conducted by Planning Commission, the Department accepted several suggestions arising there from including merger of Rainfed, Watershed and Dryland Development Scheme with the proposed RADP. The ZBB exercise recommended the evaluation of various schemes by third party which have also been initiated as a result thereof. The Committee recommend that evaluation studies be carried out by third parties wherever not done in a time bound manner and the suggested remedial action be taken at the earliest to shore up the implementation of the Schemes.

### **Reply of the Government**

For certain schemes like NHM, TMNE etc. evaluation studies have already been conducted and remedial steps taken. Suggestion for getting Departmental schemes evaluated by third parties will be taken up for implementation.

*(Vide Ministry of Agriculture (Department of Agriculture & Co-operation), No.6-11/2009-B&A dated the 22<sup>nd</sup> March, 2010)*

## **SUPPORT TO STATE EXTENSION PROGRAMMES FOR EXTENSION SERVICE**

### **Recommendation No. 7 (Para No. 3.76)**

The Committee observe that the Support to State Extension Programmes for Extension Service, as rightly pointed out by the Planning Commission, is of critical importance since success of all other schemes depends upon its success. The Committee are, however, constrained to observe that the Department is not pursuing this Scheme as vigorously as it should have been. The repeated and a very sizable reduction of BE 2007-08 from Rs. 230.00 crore to Rs. 153.52 crore at RE stage and that of BE 2008-09 from Rs. 298.00 crore to Rs. 198.00 crore at RE stage are pointers to the fact that the Department has not been able to persuade the States positively to benefit from this Scheme. The financial planning for the ongoing fiscal when the Department was fully aware that being an election year, funds release would not be smooth and the revamp of the Scheme was not yet finalised for 2009-10 also indicates the slack attitude. The BE of Rs. 298.00 crore was kept in anticipation of approval of the Scheme with revised cost norms. Subsequently, a budget outlay of Rs.682.07 crore with Government of India share of Rs. 566.90 crore had been finalised and duly approved by EFC on 4 August, 2009 but then realizing that States may not be able to fully utilize the allocated amount, in the absence of committed manpower support to take up extension activities, an amount of Rs.100.00 crore has already been proposed for reduction at RE stage. The Committee, therefore, desire the Department to get their act together and endeavour to implement the Scheme forthwith in a professional manner with more anticipation and a better evaluation of the existing constraints including the 32250 vacancies existing in the Agriculture Extension Services in the States. They, furthermore, desire that since the intention of the Scheme is to make the extension service farmer driven and farmer accountable by way of new institutional ways of technology dissemination, the Government need to immediately co-opt suitable provisions in the Scheme to help the States in augmenting human resource in the Agriculture Extension Services in the absence of which all other efforts made for and in connection with implementation of this Scheme will be in vain.

The Committee having evaluated the performance of ATMA in the context of the number of farmers trained since its inception in 2005-06, find it inexplicable that no farmer could be trained under the Scheme in 13 States in 2005-06, in 4 States in 2006-07 and in 3 States each in 2007-08 and 2008-09 and the training is yet to be imparted to farmers in 12 States in the ongoing Fiscal even when we are half way through it. They are of the considered view that such serious shortcomings are basically because of poor planning and management of these institutions. They, therefore, desire that ATMA needs to be revisited by the Department for a total revamp, both in terms of organisation and functions, so that it is in sync with efforts of similar entities like KVKS, State Agricultural Universities, State machinery at District/Block levels, Rural Knowledge Centres, etc. The Committee would like to be informed of a well laid out roadmap for the above purpose from the Department within three months of presentation of this Report.

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

With a view to provide effective extension support to states, the Department proposed to strengthen and revamp ATMA Programme during 11<sup>th</sup> Plan Period; by way of providing committed Specialist & Functionary support at various levels; improving mobility and connectivity of extension functionaries; revising norms for selected activities under ATMA Cafeteria and improving infrastructure support for SAMETIs – State Agriculture Management & Extension Training Institutes.

Approval of revamped scheme was delayed, as, EFC in its earlier meeting on 30.01.09 directed Department to revisit, proposed extension mechanism of 'Farmer Friend' at village level. Scheme was finally considered by EFC on 04.08.09 and approval conveyed on 29.10.09. Accordingly, budget outlays planned in anticipation of approval of scheme during 2008-09 and 2009-10 had to be reduced at R.E. stage. Moreover, States were not able to utilize funds made available to them, without full strength of committed manpower support to take up extension activities. Suitable provisions have now been made in revamped proposal to provide needed HRD/manpower

support to States, at various levels, which is likely to be considered by Government shortly. All efforts are being made, to help states to revitalize their extension system to take up training and extension activities more effectively, as soon as scheme is approved by Government.

As regards Committee's observations about training of farmers, it is submitted that scheme was launched during May, 2005. In first year, preparatory activities viz. constitution/ notification of various Committees at district and block level and preparation of Strategic Research & Extension Plans (SREPs) - for identified districts-, could only be taken up by majority of states. During 2006-07, 2007-08 and 2008-09, no reports, as specified in guidelines of the scheme, were received from states. Hence, no information on number of farmers trained could be furnished. During the current year, State Extension Work Plans (SEWPs) of States/UTs namely – Manipur, J&K, Goa & Puducherry, have not been approved till date. While, progress reports are still awaited from West Bengal & Assam, progress reports have been received from A.P., H.P., Arunachal Pradesh, Mizoram, Sikkim & Tripura after furnishing of information to Committee.

*(Vide Ministry of Agriculture (Department of Agriculture & Co-operation), No.6-11/2009-B&A dated the 16<sup>th</sup> March, 2010)*

#### **Comments of the Committee**

For comments of the Committee please refer to Para No. 1.17 of Chapter I of this Report.

#### **AVAILABILITY OF FERTILISERS** **Recommendation No. 9 (Para No. 3.78)**

The Committee observe that in order to ensure equitable availability of fertilisers to the farmers, the Department of Agriculture and Cooperation makes a demand assessment well in advance through half yearly input zonal conferences in consultation with State Governments, the Department of Fertilisers and the Fertiliser Industry. Thereafter, under the Essential Commodities Act, Supply Plan and the Fertilisers Movement Control Order, movement Orders for both indigenous and imported urea are issued by the

Department of Fertilisers to ensure timely availability to farmers. The Department of Fertilisers also facilitates availability of decontrolled phosphatic and potassic fertilisers to the States/UTs. They, however, further observe that in spite of this well laid out mechanism being in place, the availability of fertilisers to the farmers at the ground level has been beset with serious problems. Non-availability, delayed availability, over inflated prices, etc. are some of the problems being faced by the farmers with regard to procurement of fertilizers, season after season, with monotonous regularity. The Secretary of the Department of Agriculture and Cooperation during the oral evidence, while admitting to the existence of a distribution problem tried to pass on the buck to the district administrations. It was also admitted that because of certain limitations, the Department could not monitor this aspect. The Committee are, however, not fully convinced by the logic extended and the helplessness expressed by the Secretary. The relationship of comfort that the Department, as per their own admission, are enjoying with the agriculture departments of the State Governments and the network of ATMA and other agencies of Department of Agriculture and Cooperation functioning in States should itself ensure that the concerns and instructions of the Department in all matters are treated with seriousness at all levels in the State Administrations. The Committee, therefore, expect the Department to play a more proactive role in the matter in future.

### **Reply of the Government**

In addition to demand assessment, well in advance, through half yearly-“Input Zonal Conferences”, Department of Agriculture (DAC) monitors availability of fertilizers in various States, by contacting State authorities, on regular basis. DAC also organizes video conferences with States, during peak cropping season, where representatives of Department of Fertilizers also participate and availability of fertilizers is reviewed, in these conferences DAC has also requested State Governments to ensure that fertilizer dealers display stock position as well as, maximum retail price of fertilizers, prominently.

In Zonal Conferences for Agricultural Inputs, organized during February 2010, prior to Kharif 2010 season, States were asked to indicate tentative

requirement of fertilizers for Kharif 2010 as well as Rabi 2010-11 so that Department of Fertilizers, could better facilitate supplies of decontrolled phosphatic and potassic fertilizers.

Observations of Committee have been noted and also shared with Department of Fertilizers, as well as State Governments, for ensuring timely availability of fertilizers, in adequate quantities to farmers.

*(Vide Ministry of Agriculture (Department of Agriculture & Co-operation), No.6-11/2009-B&A dated the 16<sup>th</sup> March, 2010)*

**NATIONAL PROJECT ON MANAGEMENT OF SOIL HEALTH AND FERTILITY**

**Recommendation No. 10 (Para No. 3.79)**

The Committee note that a new scheme viz. National Project on Management of Soil Health and Fertility (NPMSF) has been introduced in the last Fiscal with an outlay of Rs.429.85 crore by subsuming two existing schemes. The objectives of the Scheme include strengthening of soil testing laboratories, permitting use of integrated nutrient management and strengthening of fertiliser quality control laboratories. The Department had interestingly, sought a sum of Rs.228.42 crore for the Scheme for 2009-10. However, the allocation is Rs.47.00 crore only. Given this backdrop, surprisingly, the Department stated that the allocation is adequate. The reason attributed by the Department for a higher proposed amount of Rs.248.42 crore was that they anticipated more proposals from more States with higher physical targets to be received in 2009-10. The allocation of Rs.47.00 crore was considered adequate both in view of the actual proposals received from State Government and deficiencies observed in some of them. Apart from this, the Department also brought to the notice of the Committee that some of the States accessed funds under the Rashtriya Krishi Vikas Yojna (RKVY) for soil testing activities. The funds of RKVY utilised by the State Governments for soil testing activities during 2007-08 and 2008-09 have been of the order of Rs.22.91 crore and Rs.98.69 crore respectively. The Committee are not happy with the conceptualisation, implementation and the

financial management of the Scheme 'National Project on Management of Soil Health and Fertility'. The fact that the Scheme failed to pick up is evident from the release in the first year (2008-09) of Rs.16.63 crore to the States for soil testing activities. The State Governments have accessed a far greater share of funds viz.Rs.98.69 crore for similar activities under RKVY. In the ongoing Fiscal also because of the poor response from the State Governments and the resource constraints, the Department expects to manage the affairs of the Scheme even from a hugely reduced allocation of Rs.47.00 crore as against Rs.228.42 crore sought by them. They, therefore recommend the Department to give a serious thought to implement it as a component of RKVY instead of a stand alone Scheme.

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

Considering inadequate number of proposals from State Governments for taking up soil testing activities under National Project on Management of Soil Health and Fertility and in view of recommendation of Standing Committee, it has been decided to encourage States to implement soil testing activities, as a component under RKVY, in addition to resources available under National Project for Management of Soil Health and Fertility, so as to facilitate setting up of 500 static Soil Testing Laboratories (STLs) and 250 mobile STLs during 11<sup>th</sup> Five Year Plan period.

*(Vide Ministry of Agriculture (Department of Agriculture & Co-operation), No.6-11/2009-B&A dated the 16<sup>th</sup> March, 2010)*

#### **STRENGTHENING AND MODERNISATION OF PEST MANAGEMENT CONTROL IN INDIA**

##### **Recommendation No. 11 (Para No. 3.80)**

The Committee note an inexplicable mismatch of figures pertaining to the allocations made for this Scheme in the Demand for Grants and other documents pertaining to Demand for Grants, furnished to them by the Department. The BE for current year has been shown as Rs.16.50 crore in Outcome Budget, though, the BE for Scheme in 2008-09 was Rs.20.87 crore.

The Department's contention that the BE 2009-10 had not been reduced and that Rs.20.00 crore was at the same level as the BE for 2008-09 is not convincing. They further observe that the Annual Plan 2009-10 shows an amount of Rs.20.00 crore as BE for this Scheme but includes an amount of Rs.3.50 crore for National Institute of Plant Health Management while in the Outcome Budget the BE for National Institute of Plant Health Management has been separately shown as Rs.3.50 crore and the detailed Demands for Grants of the Department shows BE for Strengthening and Modernisation of Pest Control Management in India separately in both the Revenue (including Grants in Aid) and Capital Sections and the BE for National Institute of Plant Health Management has been separately shown in the Revenue Section. The Committee, therefore desire a detailed clarification on this issue from the Department within fifteen days of presentation of this Report to the Parliament. They further caution the Department to take utmost care while presenting facts and figures in various documents to Parliament and its various bodies.

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

Mismatch in figures in Outcome Budget and Demands for Grants 2009-10 and consequent inconvenience caused to Standing Committee on Agriculture is deeply regretted. As directed by Committee utmost care will be taken while presenting budget figures to Parliament for 2010-11.

As desired by Committee, clarification regarding mismatch is as follows. Government of India had established an Institute by name of National Plant Protection Training Institute (NPPTI) at Hyderabad in 1966, with main objective of imparting training for human resource development in plant protection technology. This institute was functioning under Directorate of Plant Protection Quarantine & Storage (DPPQ&S), Faridabad, an attached office under Department of Agriculture & Cooperation (DAC). Plan funds were provided to NPPTI under Central Sector scheme Strengthening and Modernization of Pest Control Management in India.

To meet emerging training needs and in order to function as a centre of excellence and policy support centre in matters of bilateral/multilateral

negotiations on Sanitary and Phytosanitary (SPS) matters, plant protection activities, and providing training capability to private sector and farmers, this Institute was converted into an autonomous society, namely, National Institute of Plan Health Management (NIPHM) on 24.10.2008. Plan assistance was being provided to NPPTI under Central Sector scheme - Strengthening and Modernization of Pest Control Management in India-, till 2008-09 and same arrangement was continued during 2009-10 for NIPHM. However, a separate budget head was created to allow direct transfer of Plan funds to NIPHM in keeping with its autonomous status, instead of through DPPQ&S, and a provision of Rs.3.50 crore under Central Sector scheme Strengthening and Modernization of Pest Control Management in India, was earmarked separately under this Head.

With a view to avoid mismatch in figures, Plan provision for NIPHM will be shown separately from 2010-11, both in Outcome Budget and in Demand for Grants.

*(Vide Ministry of Agriculture (Department of Agriculture & Co-operation), No.6-11/2009-B&A dated the 16<sup>th</sup> March, 2010)*

**NATIONAL FOOD SECURITY MISSION**  
**Recommendation No. 12 (Para No. 3.81)**

The National Food Security Mission (NFSM) is being implemented w.e.f. Rabi 2007-08 in pursuance of a National Development Council resolution to increase the production of Rice by 10 million tonnes, of wheat by 8 million tonnes and of pulses by 2 million tonnes by the end of the Eleventh Five Year Plan (2011-12). The Mission has 3 components viz. NFSM-Rice, NFSM-Wheat and NFSM-Pulses and is being implemented in 312 districts of 17 states. It is funded entirely by the Government of India with the farmers having to contribute 50% of the cost of activities. A sum of Rs.4883.00 crore has been allocated for the scheme in the Eleventh Five Year Plan. During the first two years of the Eleventh Five Year Plan, a sum of Rs.1264.57 crore has been spent on the scheme. The Budget Estimate for the ongoing Fiscal is pegged at Rs.1350.00 crore. The Committee observed during the course of

their examination of this scheme that there have been substantial slippages in the achievements of the physical targets in all the three components of NFSM viz. Rice, Wheat and Pulses during 2007-08 as well 2008-09. When these abysmal shortfalls were pointed out, the Department denied them and tried to justify by extending the logic that overall the performance may be reflecting on an average, achievement of physical targets of about 70 percent but as compared to 2007-08 there is significant improvement in the uptake of various programmes. When disparities in the figures regarding achievements under various components of NFSM in the Outcome Budget were pointed out, the Department contended that by the time Outcome Budget is finalised states could not finalise their expenditure figures for 2008-09 hence there is difference in figures of Outcome Budget and the figures furnished to them in their replies. The Committee, therefore, collated the figures pertaining to the achievements of physical targets under various components of NFSM during 2008-09 from the material other than the Outcome Budget which are indicated in table in Para 3.31 of the Report. The serious shortfalls in virtually all the activities as reflected in the table mentioned above goes on to prove that the NFSM is not at all working satisfactorily. The Committee, therefore, desire that this scheme which has all the potentials of changing production/productivity and performance in the agriculture sector be implemented judiciously and professionally. They further desire the Department to rework on the shortcomings/ constraints impending its proper implementation at the ground level to eliminate them forthwith. They would like to be informed of the steps taken in this regard:

### **Reply of the Government**

Following steps have been initiated to improve performance of NFSM, in future:

- Proposal for merger of NFSM Pulses and ISOPOM and implementation of Accelerated Pulses Production Projects for increased production of pulses has been approved and will be implemented from Kharif 2010.

- National level seed producing agencies like NSC, SFCI, are involved in supply of adequate certified seed of rice, wheat, pulses to states, to ensure of quality of seeds for distribution.
- State seed producing agencies like Karnataka State Seed Corporation are taken on board, for supply of certified seeds to other states, as per state's requirement.
- Allocation of rice minikits, has been finalised for next Kharif 2010 in consultation with seed producing agencies.
- Efforts are on for initiating public- private partnerships in seed sector, to ensure adequate quantity of certified seeds.
- Meeting with NFSM states is scheduled in month of April 2010, for finalizing action plans for 2010-11.
- Principle Secretaries (Agriculture) of all states are being informed to complete procurement of inputs in time for ensuring timely availability to farmers.
- National consultants are being sent to states for monitoring procurement of inputs –seeds, gypsum, micronutrients, and plant protection chemicals, machinery, as per requirement of NFSM States, before onset of Kharif season.
- State level Workshops, are being organized in month of January and February 2010 for familiarization of reporting formats, concurrent evaluation formats. This will help in uniform reporting by all states.
- Zonal Workshops for online submission of progress report, for capturing real time data, were started, in month of December 2009.
- Regular monitoring roster for NFSM cell officials is finalised and regular visit to NFSM states is under implementation to provide solutions to ground level problems.

*(Vide Ministry of Agriculture (Department of Agriculture & Co-operation), No.6-11/2009-B&A dated the 16<sup>th</sup> March, 2010)*

**INTEGRATED OILSEED, OIL PALM, PULSES AND MAIZE DEVELOPMENT SCHEME**

**Recommendation No. 13 (Para No. 3.82)**

The Committee note that the Department is implementing a Centrally Sponsored Integrated Oilseeds, Pulses, Oil Palm and Maize Development Scheme (ISOPOM) with the objective of increasing area, production and yield of these crops from 2004-05. During the last two years, the BE for this Scheme has been Rs. 300.00 crore and Rs. 320.00 crore respectively. At RE stage these allocations have been enhanced to RS. 320.75 crore and Rs. 400.00 crore respectively. The Actuals during these two years have been Rs. 343.46 crore and Rs. 399.78 crore. Thus, the Actual Expenditure has exceeded even the Revised Estimates in 2007-08 and has been upto the extent of enhanced RE during 2008-09. The Committee, however find that the stated objectives of the Scheme viz. increasing area, production and yield of these crops have not been that encouraging. The area under cultivation, the production and the yield in case of oil seeds has gone down from 29.75 million tones and 1115 Kg. per hectare to 28.12 million tones and 1016 Kg. per hectare from 2007-08 to 2008-09 respectively. In case of pulses, area under cultivation, the production as well as yield have gone down from 23.63 million hectare, 14.76 million tones and 688 kg. per hectare in 2007-08 to 22.99 million hectare, 14.18 million tones and 617 kg. per hectare in 2008-09. The Planning Commission have been insisting on an indepth and independent evaluation of the Scheme because it has not produced the desired results and productivity/production has stagnated since long. The Department had in fact got an impact Evaluation Study done from an independent agency whose report was submitted in 2008. The Report was accepted by the Department and action was taken on main suggestions contained therein. The Committee have been informed further that now the Planning Commission in conducting an evaluation of the Programme through a private consultant and the study was entrusted in July, 2009 and is expected to be completed by 2010. The Committee are of the firm opinion that instead of delaying remedial action in the context of this Scheme by evaluations and further evaluations, the Department should immediately work out a revamp of the Scheme with a view

to enhance its effectiveness. While doing so the integration of the pulses component of ISOPOM with NFSM – Pulses component may also be given a serious thought. They desire that evaluation study by the private consultant initiated by the Planning Commission be completed in time and results thereof be informed to them.

### **Reply of the Government**

BE, RE and actual expenditure during 2007-08 and 2008-09 under ISOPOM is as under:-

(Rs. in crores)

2007-08			2008-09		
BE	RE	Actual	BE	RE	Actual
300	343.75	343.45	320	400	399.78

BE of Centrally Sponsored Integrated Scheme of Oilseeds, Pulses, Oil Palm and Maize (ISOPOM)- is kept within approved budget of the Department. The expenditure under ISOPOM, during 2007-08 and 2008-09 has increased mainly due to higher demand from States and modification of ISOPOM during XI Plan period, leading to an increase in subsidy for various components and also due to inclusion of new components (supply of improved farm implements and supply of micronutrients) w.e.f 21<sup>st</sup> August, 2007. Further, emphasis has also been placed on enhanced supply of seed minikits, particularly in situation of drought. These measures lead to higher allocation at RE Stage.

The production of oilseeds increased from 25.19 million tonnes in 2003-04 to 29.75 million tonnes in 2007-08. This was brought about, not only by an increase in area, but also by improving productivity from 1064 kg. to 1115 kg. per hectare, during above period. However, production of oilseeds declined from 29.75 million tonnes in 2007-08 to 27.72 million tonnes in 2008-09 due to unfavorable conditions in the States of Karnataka, Maharashtra and Andhra Pradesh. Oilseeds are mainly grown on marginal and sub-marginal land, under rainfed conditions with low input usage. About 28% area of oilseeds is irrigated, exposing most oilseeds production to, weather related yield risks.

Despite increase in production and productivity of oilseeds, production of oilseeds is less than demand in the country.

Besides ISOPOM, Government of India has launched a Centrally Sponsored Scheme for pulses under National Food Security Mission from 2007-08. The scheme is being implemented in 171 pulses growing districts. Proposal for merger of NFSM Pulses and ISOPOM and implementation of Accelerated Pulses Production Projects for increased production of pulses has been approved and will be implemented from Kharif 2010.

In order to make ISOPOM more effective, Government of India has modified/restructured Centrally Sponsored Integrated Scheme of Oilseeds, Pulses, Oil Palm and Maize (ISOPOM) during 2007-08. Details of modifications made under ISOPOM are as under;

- i) Financial assistance on production and distribution of certified seeds of oilseeds and pulses has been enhanced from Rs.500/-qtl. to Rs.1000/- qtls. and from Rs.800/ qtl. to Rs.1200/ qtls. For effective management of drought and related issues, government of India has enhanced subsidy for distribution of certified seed from Rs1200/- per quintal to Rs2000/- per quintal for Rabi 2009-10 and Summer 2010.
- ii) In addition to NSC & SFCI, new seed producing agencies viz. NAFED, KRIBHCO & IFFCO have been designated as Central seed producing and distributing agencies of oilseeds, pulses & maize crops.
- iii) In order to provide a level playing field to private sector seed producing agencies, vis.a.vis, public sector seed producing agencies, benefits of distribution subsidy has also been extended to private sector seed producing agencies, subject to seeds being certified and that distribution undertaken through State Governments.
- iv) Enhancement/rationalization of subsidy on demonstration plots, sprinkler sets, rhizobium cultures, irrigation pipes besides inclusion of new components, i.e. supply of improved farm implements and micronutrients.

*(Vide Ministry of Agriculture (Department of Agriculture & Co-operation), No.6-11/2009-B&A dated the 16<sup>th</sup> March, 2010)*

**NATIONAL MISSION ON BAMBOO TRADE AND TECHNOLOGY DEVELOPMENT**

**Recommendation No. 15 (Para No. 3.84)**

The Committee observe that the conceptualization and formulation of National Mission on Bamboo Trade and Technology Development a Centrally Sponsored Scheme (ISOPOM) is again indicative of the way schemes of immense national importance are being handled by the Department. During 2007-08, the BE of Rs. 70.00 crore was enhanced to Rs. 129.27 crore at RE and the actual expenditure was Rs. 114.39 crore only. During 2008-09 the BE of Rs. 70.00 crore was enhanced to Rs. 110.00 crore at RE stage while the actual expenditure was Rs. 84.66 crore only. The representative of the Department in a candid admission before the Committee during the oral evidence stated that one of the constraints they were facing with regard to implementation of this Scheme was that it was being implemented through Forest Departments of the State Governments with whom their relationship was not as comfortable as with the Agricultural Departments in the States. It was also admitted funds were released in the initial years of this Scheme without really insisting upon, without really rigoursly looking at utilisation certificates and receipts and outcomes. This resulted as the Department have now belatedly realised that the State sit on a huge stockpile of funds still unutilized. In fact there are a lot of States who can implement the Scheme with the balances already available with them. The Committee strongly feel that in their anxiety to push through Scheme in the first two years of its implementation, the Department have not acted very commendably. The Committee, therefore, recommend that the Department should work out a very comprehensive system of scrutiny, release of funds, monitoring and feedback in the context of this Scheme so as to ensure that it is not mired in controversies and failures in the coming years.

Before concluding on this issue, the Committee would also like to comment on the relationship problems of the Department with the Forest Department of the State Government. Since, this would have been known to the Department right from the conceptualization stage, a little extra effort for developing right interfaces so as to synergies the efforts of the Department

and the Forest Departments of the State Governments would have taken care of this problem right at the commencement of the Scheme. They feel it is not too late to do the needful at this stage as well so that the implementation of the Scheme does not get bogged down because of reason of different mindsets.

### **Reply of the Government**

National Bamboo Mission (NBM) was launched towards end of 2006-07, due to which, its implementation could only commence from 2007-08. Operational Guidelines of Mission, required States to take a number of steps, involving setting up of necessary administrative setup to implement Scheme by identifying Nodal Agency, constituting State Level Steering Committee, Bamboo Development Agency (BDA), Forest Development Agency (FDA), District level implementation set-up, opening of separate bank accounts etc. and these requirements took time longer than anticipated, in several States. Many states were not ready with progress reports and Utilization Certificates, in time, which delayed further release of funds, which, in turn, slowed down expenditure.

After initial hiccups during infancy of Scheme, States have since established necessary administrative setup and implementation of Mission is improving. Closer monitoring of utilization of funds has resulted in sharp reduction in unspent balances available with states. On basis of review of implementation of scheme, funds in current year (2009-10) were reallocated from States with large unspent balances to those states, who were utilizing funds efficiently. This is likely to lead to better and effective utilization of funds, under the scheme. An elaborate system for release of funds and for monitoring and obtaining feedback regarding implementation of Scheme has been put in place. Forest Departments of State Governments are following instruction and guidelines of this Department and teething problems in implementation of Scheme, are now on the wane.

*(Vide Ministry of Agriculture (Department of Agriculture & Co-operation), No.6-11/2009-B&A dated the 16<sup>th</sup> March, 2010)*

**GRAMEEN BHANDARAN YOJANA**  
**Recommendation No. 16 (Para No. 3.85)**

The Committee note that the Grameen Bhandaran Yojana caters to creation of storage capacity in the rural areas. During 2007-08, a sum of Rs.70.00 crore was allocated as BE for the Scheme and virtually the entire amount (Rs.69.96 crore) was spent. In 2008-09 the BE of Rs.70.00 crore was enhanced to Rs.80.00 crore at RE stage and the entire amount was spent. A sum of Rs.70.00 crore has been earmarked as BE for the ongoing Fiscal. What, however, is of concern to the Committee is the physical achievement part of the Scheme. The Government intended to create Storage Capacity of 15 Lakh MT under the Scheme during each of the last two years. However, on the achievements front it has been merely indicated by the Department that capacity of 32.11 lakh tonnes was sanctioned by NABARD/NCDC in the year 2007-08 and a further capacity of 24.08 lakh tonnes was sanctioned by the same agencies in the next year. Thus, there is inexplicably no mention of the actual Storage Capacity created. The Committee not only wish to be apprised about the actual Storage Capacity created during each of these years but also desire that henceforth the actual Storage Capacity created should be reflected by the Department in unambiguous terms in their records.

**Reply of the Government**

During the year 2007-08, 22.80 lakh MT storage capacity was created under the scheme. Similarly, during the year 2008-09, 25.05 lakh MT storage capacity was created.

*(Vide Ministry of Agriculture (Department of Agriculture & Co-operation), No.6-11/2009-B&A dated the 16<sup>th</sup> March, 2010)*

**DEBT RELIEF FOR FARMERS**  
**Recommendation No. 18 (Para No. 3.87)**

The Committee note that the one time bank loan waiver of nearly Rs. 71000 crore under the Agricultural Debut Waiver and Relief Scheme, 2008 to cover an estimated 40 million farmers has not had any mitigating effect on a large numbers of farmers who have taken loans from private money lenders.

The Government have already set up a Task Force on 6 October, 2009 to look into the issue. One of the terms of reference of this 'Task Force on Private Money Lenders' is to suggest measures for providing relief to farmers indebted to private money lenders. The Committee also understand that as of now there is no assessment of the quantum of debt from private money lenders. In view of the common perception that the debt in respect of private moneylenders is a substantial liability and is a cause of concern for a large number of farmers, the Committee desire that the Task Force need to complete the mandated task with a missionary zeal so that further action to mitigate this big burden on the small, medium and marginal farmers is taken at the earliest.

The Committee further note that the Department of Financial Services, Ministry Finance being the implementing agency for the Scheme, are being requested to undertake a study for assessing the benefits of Agricultural Debt Waiver and Relief Scheme, 2008. The Committee strongly feel that a study in this regard by Department of Agriculture and Cooperation instead of study by the Department of Financial Services, by virtue of its reach and spread, would provide a more realistic assessment of the Scheme. The Committee are also disturbed from the response of the Department about the possibility of allowing private informal credit in agriculture sector and having a policy to regulate this activity. They are of the firm view that as the nodal Department for the agriculture sector in the Country, the Department should have their own point of view on these issues from a farmer centric angle. They, therefore, desire that while furnishing the additional information being collected from the Department of Financial Services, the Department should also communicate their own considered views on these issues at an early date.

### **Reply of the Government**

Task Force set up by Government to look into issues of large number of farmers, who had taken loan from private money lenders, has held two meetings on 17.12.2009 and 3.2.2010. Task Force has constituted four Sub-groups to get regional perspective on Terms of Reference of Task Force. Each of Sub-group will be visiting States in respective regions and hold discussions

with various stakeholders and study various measures initiated by State Government/other agencies to provide relief to borrowers, who are indebted to private money lenders. Findings and field perceptions of Sub-groups will be duly considered by Task Force.

As informed by Department of Financial Services, Ministry of Finance, Comptroller & Auditor General of India (CAG) has selected Agricultural Debt Waiver and Relief Scheme, 2008 for conducting a comprehensive performance audit to examine efficiency of its implementation and to provide assurance that eligible beneficiaries have actually been granted debt waivers and debt relief, by implementing banks/institutions, as intended by Government and Parliament.

The Department would like to bring to notice of Committee that there is neither a proposal for allowing private informal credit in agriculture sector nor a policy exists, to regulate this activity. Approach of Government of India is to expand institutional credit among farmers and to improve the incomes of farmers, through various policy measures and programmes.

*(Vide Ministry of Agriculture (Department of Agriculture & Co-operation), No.6-11/2009-B&A dated the 16<sup>th</sup> March, 2010)*

#### **Comments of the Committee**

For comments of the Committee please refer to Para No. 1.29 of Chapter I of this Report.

#### **RASHTRIYA KRISHI VIKAS YOJANA** **Recommendation No. 20 (Para No. 3.89)**

The Committee note that the Rashtriya Krishi Vikas Yojana (RKVY) is an ambitious State Plan Programme of the Government of India aimed at rejuvenating agriculture and to achieve 4 per cent annual growth rate during the Eleventh Plan through Additional Central Assistance for agriculture & allied sectors. The States have been provided flexibility and autonomy in the process of selection, planning, approval & examination of schemes. The Yojana has been launched from 2007-08 with an approved outlay of Rs. 25000

crore for the Eleventh Plan. The Committee further note that as against the approved outlay of Rs. 1500 crore and actual allocation of Rs. 1263.00 crore for 2007-08, the actual disbursement to States/UTs has been Rs. 1246.89 crore. In 2008-09 against the approved outlay of Rs. 5875.00 crore the actual allocation has been Rs. 2891.70 crore and the actual disbursement to States has been Rs. 2866.80 crore. In 2009-10 the approved outlay is Rs. 5875.00 crore and the actual allocations is Rs. 4100.00 crore. Rs. 2127.14 crore has been disbursed till now (21.10.2009). Thus, at half way mark of the Eleventh Plan against the approved Outlay of Rs. 13250.00 crore (for first three years) a sum of Rs. 8254.70 crore has actually been allocated for the Scheme. Out of this Rs. 6240.83 crore has been disbursed to the States as on 22 October, 2009. The Committee apprehend that going by the current trends, there will be a severe underutilisation of funds and the curtailment of finances will have a crippling effect on the implementation and performance of this important Scheme. The Committee, therefore, desire that instead of harping on the usual constraints of resources, the Government need to be more realistic and allocate necessary funds to RKVY, in tune with the requirements of the Scheme, without any further delay. The Committee would also like to comment on the manner in which the information pertaining to this Scheme has been furnished to them by the Department. There have been mismatches of figures in the information furnished to them at different points of time. While taking exception to this, the Committee expect the Department to be careful in future while furnishing information to the Parliament and its entities.

### **Reply of the Government**

The factual position on implementation of RKVY Scheme is as under:-

Rashtriya Krishi Vikas Yojana (RKVY) was launched in month of August, 2007 during financial year 2007-08, as a 100% additional central assistance (ACA) to States to incentivize States to increase public investments in Agriculture and Allied Sectors to achieve 4% growth rate in agriculture and allied sectors in 11<sup>th</sup> Five Year Plan and adopt a planned strategy for the sector, through District Agriculture Plans and State Agriculture Plan.

Government, while approving the scheme on 16 August, 2007 envisaged year-wise outlay of Scheme at Rs.1500 crore for first year of 2007-08 and Rs.5875 per year for the remaining four years of Eleventh Plan, totaling to Rs.25,000 crores for XIth Plan period. Year to year allocations are, however, provided by Planning Commission, and DAC has to operate within the allocated ceiling provided by Planning Commission.

Total releases made to States/UTs under scheme till 05.03.2010 is Rs. 7818.98 crore, out of available funds of Rs. 7861.77 crore, which is 99.46% of the funds provided for implementation of scheme during 2007-08, 2008-09 and 2009-10. As such, there is no shortfall of funds released under the scheme vis-à-vis funds provided.

RKVV has incentivized States and States have stepped up allocation for agriculture and allied sectors. Allocation to agriculture and allied sector was 5.11% of total State Plan Expenditure in 2006-07, which has since gone up to 5.84 % in 2008-09 (RE/Approved). The Scheme has thus triggered substantial additional public investment in agriculture.

Department will certainly like to make higher allocations for balance XI Plan Period. Accordingly enhanced plan outlay of Rs. 6722 crore has been proposed for RKVV in 2010-11 budget proposals. Department is grateful to the Standing Committee's strong support, for higher allocation of funds under RKVV.

*(Vide Ministry of Agriculture (Department of Agriculture & Co-operation), No.6-11/2009-B&A dated the 16<sup>th</sup> March, 2010)*

**NATIONAL POLICY FOR FARMERS**  
**Recommendation No. 21 (Para No. 3.90)**

The Committee note that the Government of India announced a National Policy for Farmers (NPF) in 2007 based on the recommendations of the National Commission for Farmers (NCF) and the Policy Document was laid in the Parliament in November, 2007. The Committee note further that a Plan of Action for operationalisation of NPF, 2007 was prepared by an Inter-

Ministerial Committee. This document was circulated to the State Governments and Central Ministries/Departments concerned for follow-up action. Another Inter-Ministerial Committee has been constituted on 3 June, 2009 to work on other recommendations of NCF. The Committee are of the opinion that the Reports of the National Commission for Farmers are comprehensive documents on Indian agriculture and contain recommendations that are very much actionable. They, therefore, recommend that all recommendations, regardless of their inclusion in the draft National Policy for Farmers, submitted by the National Commission for Farmers, deserve equal attention for operationalisation. The Inter-Ministerial Committee constituted on 3 June 2009 should attend to their task with this clear mandate in their mind. The follow-up action by all States Governments and Ministries/Departments of the Government of India should be relentlessly pursued and a timeframe should also be set for operationalisation of all recommendations of the NCF. The Committee desire that the time frame set for operationalisation of the recommendations of NCF alongwith the action taken by various State Governments and Ministries/Departments of the Government of India be intimated to them at periodic intervals.

### **Reply of the Government**

1. At the outset, it is brought to kind notice of the Hon'ble Committee on Agriculture that mandate of Inter-Ministerial Committee (IMC) constituted on 3rd June 2009, is to monitor progress of plan of action for operationalisation of NPF, 2007 as also to monitor follow-up work on other recommendations of National Commission for Farmers (NCF) and not to work on other recommendations of NCF, as noted by Committee in above mentioned recommendation No. 3.90.

2. NCF submitted five Reports to Government over a period of time. In fourth Report, Commission submitted a Draft National Policy for Farmers which was based on work done and recommendations made by Commission since its formation. Commission discussed Draft National Policy in State level consultations with farmers and other stakeholders including NGOs, bankers, media and scientists. Based on these consultations, Commission revised and

elaborated Draft Policy and submitted “Revised Draft National Policy for Farmers” along with its fifth and final report on 4.10.2006. Based on this “Revised Draft National Policy for Farmers” submitted by NCF and after consulting Central Ministries and Departments concerned and States, Government of India approved National Policy for Farmers (NPF), 2007.

3. Thus NPF, 2007 itself is based on draft NPF submitted by Commission and it is imperative that IMC shall concentrate on its operationalisation. This is the reason for forwarding, other recommendations of NCF, not incorporated in NPF, 2007, to respective Ministries / Departments for taking appropriate action on their part. Further, Agriculture is a state subject and state governments can only be impressed upon to operationalise recommendations of NCF and hence it will be difficult for this Department to set timeframes for their implementations, as suggested by Hon’ble Committee on Agriculture. However, Hon’ble Committee will be informed, of action reported by all concerned to IMC from time to time.

*(Vide Ministry of Agriculture (Department of Agriculture & Co-operation), No.6-11/2009-B&A dated the 16<sup>th</sup> March, 2010)*

## **CHAPTER III**

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

**-NIL-**

## CHAPTER IV

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

#### MID-TERM APPRAISAL OF ELEVENTH PLAN Recommendation No. 4 (Para No. 2.31)

The Committee also note that the Mid-term Appraisal of the Eleventh Five Year Plan for the Department is being conducted by the Mid-term Review Committee of the Planning Commission. The first meeting of the Review Committee was held on 1 September, 2009. The Committee hope that as assured to the Committee by the representative of the Planning Commission during the Oral Evidence held on 22 October, 2009, the Mid Term Review will be carried out expeditiously and would be over by December, 2009 so that the results of the same are conveyed to the Department at the earliest and remedial measures are initiated by them accordingly. They wish to be apprised of the outcome of the Mid-term Review, the remedial measures suggested/taken by the Department at the earliest.

#### Reply of the Government

Meeting to discuss Mid-Term Appraisal of XI Five Year Plan of Department of Agriculture & Cooperation was held under Chairmanship of Prof. Abhijit Sen, Member (Agriculture), Planning Commission on 23<sup>rd</sup> September, 2009.

Planning Commission has circulated draft Mid Term Appraisal Document on 26<sup>th</sup> February, 2010 for comments and comments of DAC on draft Mid Term Appraisal document have been sent to Planning Commission on 15<sup>th</sup> March, 2010. Planning Commission is in process of finalizing Mid-Term Appraisal (MTA) for XI five year Plan. MTA will be made available to Hon'ble Committee, as and when the same is available.

*(Vide Ministry of Agriculture (Department of Agriculture & Co-operation), No.6-11/2009-B&A dated the 22<sup>nd</sup> March, 2010)*

## **Comments of the Committee**

For comments of the Committee please refer to Para No. 1.10 of Chapter I of this Report.

### **AGRICULTURE CENSUS**

#### **Recommendation No. 8 (Para No. 3.77)**

The Committee note that the objectives of the Agriculture Census include (i) providing benchmark data needed for formulating new agricultural development programmes and for evaluating their progress and (ii) laying a basis for developing an integrated programme for agricultural statistics. With the Department still busy with the work of 2005-06 Census, the Committee can very well imagine how and to what extent the above objectives of Agriculture Census are being met. It is disturbing to note further that even after being impressed upon by the Planning Commission about devising ways and means for publishing the 2005-06 Census in 2007-08 itself, the Committee find that the task has not been accomplished even in the year 2008-09 and it is now likely to be completed by the end of Fiscal 2009-10. Unfortunately, this staggering of timelines is taking place inspite of the fact that there is no dearth of funds for this Scheme. Against a BE of Rs.14.50 crore in 2007-08, the RE allocation was enhanced by about 27 per cent to Rs.18.50 crore. In the next year, the BE was Rs.20.00 crore and the same amount was retained at RE stage. However, in both the years, the Actuals were substantially less at Rs. 15.31 crore and Rs. 16.41 crore respectively.

It is needless to state that the Agriculture Census is the most important tool in the hands of the Government and planners for evaluation and taking stock of their ongoing efforts in the agriculture and allied sectors for initiating corrective measures in future. In this era of Information Technology, lagging years behind in collation and preparation of this important index is not at all justified. The Committee are, therefore, one with Planning Commission on this vital matter and recommend that Department should immediately take suitable steps to conduct Census and publish results in the same year, preferably online. In this context feasible and probable interfaces with National

e-Governance Plan may also be worked out and implemented with utmost promptitude. They also strongly feel that it will be useful to keep a data base on the manpower in agriculture in the country as it can help in formulating strategies and structuring of programmes/schemes. They, therefore, recommend the Department to work out a system to gather information on the number of farmers (people actively pursuing agriculture) and analyse it to find out the number of people quitting agriculture, with the reasons if possible. It will also be useful to keep data regarding change in ownership of operational holdings in the Country. They desire to be informed of the status of the Census 2005-06 before the next Demands for Grants of the Department are considered by them.

### **Reply of the Government**

Agriculture Census in India is conducted, with participation of administrative machinery of States/UTs. In Land Record States, which account for about 85% of operated area, data is collected from revenue records and in Non-land Record States, data is collected on sample basis. Fieldwork for Agriculture Census starts only after records for Census reference year are updated, which generally takes about 6 months after end of year. Thus, actual data collection activity commences only 6-8 months after end of reference period. For example, for Agriculture Census 2005-06 (reference period: July 05 – June 06), data collection started sometimes after January, 2007.

Services of state revenue officials, mostly patwaries, are utilized for collecting Census data. Due to un-enthusiastic approach of Patwaries towards Census work, in some of the States, fieldwork got delayed further, as Central Government has to depend upon State Government machinery, particularly, revenue officials. Engagement of these revenue officials, in various other important and time- bound activities,- like revenue related work, natural calamities like drought and floods, elections etc results in Census work being accorded low priority, thus leading to delay in collection of data. Since coverage in Agriculture Census is vast and data is collected relating to a large number of parameters, -scrutiny/ cleaning / generation of statistical tables- and preparation of report at different levels of administration, like block, tehsil,

district, State and hence preparation at All India level, entails considerable time. It may be mentioned that expenditure involved in Agriculture Census operation, is quite meagre, as compared to other Census operations like Population Census, Livestock Census etc.

To make data of Agriculture Census available in time, a schedule is prepared for completing various activities of Agriculture Census. These schedules are prepared keeping in view normal duties of administrative machinery of States. Field work for Agriculture Census 2005-06 has been completed in all States/UTs except in Bihar, Jharkhand and Maharashtra. Data processing viz. data entry, validation/error correction, and finalization of database and generation of various statistical tables has been entrusted to National Informatics Centre. Regarding interface with e-Governance Plan, the same has not proved very useful, since that information relating to ownership holdings only is available, in revenue records which is not in consonance with concept being followed in Agriculture Census, where data relating to actual cultivator and not ownership of land is required. Other information relating to tenancy status, types of holdings, social groups, gender etc is also not available readily, in computerized land records. For collection of data on non-resident holders and tenancy status, dependence on Patwaries cannot be eliminated entirely.

Entire work of Agriculture Census is covered in three phases. 1<sup>st</sup> phase covers collection of data on number of operational holdings and area operated, on census-cum-sample survey basis. As part of this work, information on number of farmers is collected. In Agriculture Census, an operational holding is defined as 'all land which is used wholly or partly for agricultural production and is operated, as one technical unit by one person alone or with others without regard to title, legal form, size or location'. Thus, in Agriculture Census, information is collected only on persons actually operating agricultural land. Revenue records, which are basic documents from where number of holders and operated area is culled out, also does not have any information on people who are not operating any land.

Status of data processing of Agriculture Census 2005-06 is given below.

1. Data on number and area of operational holdings for 17 States/UTs viz. Arunachal Pradesh, Sikkim, Meghalaya, Nagaland, Manipur, Mizoram, Tripura, West Bengal, Chhattisgarh, Goa, Tamil Nadu, Assam, Chandigarh, Andhra Pradesh, Orissa, Rajasthan and Uttarakhand, has been tabulated by NIC and is under examination by respective States/UTs. In remaining 15 States/UTs, generation of tables is under process.
2. Data entry and validation/correction regarding detailed information on tenancy, land use, irrigation, source of irrigation, irrigated and unirrigated crops, dispersal of holdings and village infrastructure in all States/UTs is under process where Census has been conducted.
3. Data collection for Agriculture Census in State of Bihar is not yet complete.
4. Census has not been conducted so far, in Jharkhand and Maharashtra.

*(Vide Ministry of Agriculture (Department of Agriculture & Co-operation), No.6-11/2009-B&A dated the 16<sup>th</sup> March, 2010)*

#### **Comments of the Committee**

For comments of the Committee please refer to Para No. 1.20 of Chapter I of this Report.

## CHAPTER V

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

#### **RAINFED AREA DEVELOPMENT PROGRAMME (RADP)**

#### **Recommendation No. 14 (Para No. 3.83)**

The Committee note that the Department of Agriculture & Co-operation had proposed to initiate RADP during 2007-08. It was envisaged as a farmer Centric Scheme aimed at improving food, nutritional and income securities, providing support to farmers for risk management in agricultural operation by promoting other allied farming activities, creating sustained employment opportunities by way of improved on-farm agriculture technologies through adoption of an integrated and systematic approach. However, the programme could not take off. The Department have been asked to recast the programme by the Ministry of Finance on 16 March, 2009 in the light of the decision of the Cabinet to implement a Centrally Sponsored Scheme of Integrated Watershed Management Programme (IWMP) by the Ministry of Rural Development.

The Committee are of the firm opinion that considering the critical importance of rainfed farming in the Country, a scheme of the nature of RADP has been long over due and any further delay would add to the woes of the farmers in rainfed areas. They, therefore, recommend that the Department of Agriculture & Co-operation should expedite the revamping of RADP as a farmer centric scheme and get the necessary approvals for implementation at the earliest. They also recommend that the Planning Commission and the Ministry of Finance need to accord highest priority in clearing the proposal as soon as submitted by the Department to enable its implementation in this Plan itself.

## **Reply of the Government**

Based on observations of Ministry of Finance, Rain-fed Area Development Programme (RADP) is being restructured from original concept of area development approach to farmer-centric, farming-system approach with a view to explore better opportunities of convergence. Various organizations/agencies/departments are being consulted to finalize approach and strategy, to operationalize new concept.

*(Vide Ministry of Agriculture (Department of Agriculture & Co-operation), No.6-11/2009-B&A dated the 16<sup>th</sup> March, 2010)*

### **Comments of the Committee**

For comments of the Committee please refer to Para No. 1.23 of Chapter I of this Report.

### **RATE OF INTEREST ON CROP LOANS**

#### **Recommendation No. 17 (Para No. 3.86)**

The Committee note that from Kharif 2006-07 onwards the Government are providing short term crop loans upto Rs. 3.00 lakh at 7 per cent interest rate. The Committee also note that during this year an additional subvention of 1 per cent will be paid as an incentive to those farmers who repay their short term crop loans on schedule, thus, bringing down the effective rate of interest for such farmers to 6 per cent. The Committee wish to point out that during this year most parts of the country are reeling under the devastating effects of drought as also floods and in most of the areas Kharif crops have been badly affected. When viewed in this context, linking the additional subvention of one per cent with timely repayment of loan is incomprehensible when the farmers to whom the benefit is proposed to be extended would not be able to take advantage of the same. The Committee, therefore, once again recommend that in view of the prevailing situation in the agriculture sector in the country, there is a pressing need to enhance the short term crop loan limit to Rs. 5 lakh and lowering of the rate of interest from 7 to 4 per cent. The Committee hope the Government to give due consideration to their recommendation not only in farmers interest but also in national interest.

### **Reply of the Government**

Standing guidelines have been issued by Reserve Bank of India to banks for undertaking financial relief measures, in areas affected by natural calamities like drought, floods, etc. These guidelines provides that principal amount of short-term loan as well as interest, due for repayment in year of occurrence of natural calamity, may be converted into term loan. Repayment period of restructured loan may vary from 3 to 10 years depending on severity of calamity and its recurrence, extent of loss of economic assets and distress caused. Rate of interest on converted loans is same as that charged on short-term loans. Where relief in form of conversion/reschedulement of loans is extended to farmers, such converted/rescheduled dues are treated as current dues and banks have been advised not to compound interest in respect of loans converted/rescheduled. Ministry of Finance, Department of Financial Services has been requested to extend benefit of providing additional interest subvention of one per cent on short-term crop loans to farmers who are not in position to repay their loan on schedule, due to occurrence of natural calamities.

Recommendations of Committee regarding enhancing short term crop loan limits to Rs.5 lakh and lowering rate of interest from 7 to 4 per cent has also been forwarded to Ministry of Finance for taking appropriate action. The Government is providing additional one percent interest subvention as incentive to those farmers who repay their short term crop loan, as per schedule. The Government has proposed to raise subvention for timely repayment of crop loans from one percent to two percent from the year 2010-11. Thus, the effective rate of interest for such farmers, who repay their loan on schedule will be 5% p.a. from the year 2010-11.

*(Vide Ministry of Agriculture (Department of Agriculture & Co-operation), No.6-11/2009-B&A dated the 16<sup>th</sup> March, 2010)*

### **Comments of the Committee**

For comments of the Committee please refer to Para No. 1.26 of Chapter I of this Report.

**MODIFIED NATIONAL AGRICULTURE INSURANCE SCHEME**  
**Recommendation No. 19 (Para No. 3.88)**

The National Agriculture Insurance Scheme (NAIS), in its existing form, is beset with several limitations and shortcomings. It was, therefore, rightly decided by the Government that NAIS be recast. A Modified NAIS was accordingly mooted. The EFC meeting to discuss the Modified NAIS was scheduled to be held three years ago on 20 December, 2006 but was postponed at the insistence of the Planning Commission. The Commission's objection is that the Scheme should be implemented on Non-Plan side as pure subsidy i.e. subsidy on premium. As the classification of a Scheme into Plan or Non-Plan is decided jointly by the Planning Commission and Ministry of Finance and the Ministry had already opined that the Scheme should be considered as a Plan Scheme, the *impasse* continued. Subsequently, in a meeting between the Minister of Agriculture, the Finance Minister and the Deputy Chairman, Planning Commission held on 29 October, 2008 it was decided that MNAIS be implemented on Non-Plan Side. Accordingly, a proposal for the consideration of the Committee on Non-Plan Expenditure (CNE) was prepared and submitted to CNE in March, 2009. While there has been no progress on that front, there has been another meeting of the Agriculture Minister, the Finance Minister and the Deputy Chairman, Planning Commission on 29 September, 2009 in the meantime where again it has been decided to implement MNAIS as a Non-Plan Scheme.

In the opinion of the Committee this is the most glaring example of delays due to red-tapism. The net result of which is that MNAIS still continues to be on paper and the existing NAIS continues to underperform inspite of its serious shortcomings causing untold sufferings to the farmers. The Committee strongly feel that though this delay of three years cannot be condoned, still the Government and the Planning Commission should at least now make haste so that MNAIS is finalised and implemented without any delay in the currency of the current Plan itself. They desire to be apprised of the final outcome of the decision taken in this respect at the earliest.

## **Reply of the Government**

As decided in meeting of Agriculture Minister, Finance Minister and Deputy Chairman, Planning Commission on 29<sup>th</sup> September, 2008, a proposal for implementation of Modified National Agricultural Insurance Scheme (MNAIS) on pilot basis in 100 districts, has been prepared and submitted for consideration of Committee on Non Plan Expenditure (CNE). Department of Expenditure in their reply has informed that Modified National Agricultural Insurance Scheme (MNAIS) is essentially a modified version of on-going National Agricultural Insurance Scheme (NAIS) under Plan Scheme in 11<sup>th</sup> Five Year Plan and suggested that MNAIS may be continued as Plan Scheme for remaining period of XI Five Year Plan. The issue of converting MNAIS in to Non-Plan, can be considered at the time of next Plan. Accordingly, Planning Commission is being requested to accord 'in principle' approval for implementation of MNAIS in 100 districts from Rabi 2010-11 season on pilot basis.

*(Vide Ministry of Agriculture (Department of Agriculture & Co-operation), No.6-11/2009-B&A dated the 16<sup>th</sup> March, 2010)*

## **Comments of the Committee**

For comments of the Committee please refer to Para No. 1.32 of Chapter I of this Report.

**NEW DELHI;**  
**3 March, 2011**  
**12 Phalgun, 1932 (Saka)**

**BASUDEB ACHARIA**  
***Chairman***  
***Committee on Agriculture***

## **APPENDIX**

### **COMMITTEE ON AGRICULTURE (2010-11)**

#### **MINUTES OF THE EIGHTEENTH SITTING OF THE COMMITTEE**

The Committee sat on Thursday, the 3<sup>rd</sup> March, 2011 from 1500 hours to 1515 hours in Committee Room 'D', Parliament House Annexe, New Delhi.

#### **PRESENT**

*Shri Basudeb Acharia - Chairman*

#### **LOK SABHA**

2. Shri Narayansingh Amlabe
3. Shri Thangso Baite
4. Shri Jayant Chaudhary
5. Smt. Shruti Choudhary
6. Smt. Ashwamedh Devi
7. Smt. Paramjit Kaur Gulshan
8. Shri Naranbhai Kachhadia
9. Shri Prabodh Panda
10. Shri Premdas
11. Shri Uday Singh
12. Shri Hukmadeo Narayan Yadav

#### **RAJYA SABHA**

13. Shri Mohd. Ali Khan
14. Shri Rajpal Singh Saini
15. Shri S. Thangavelu

#### **SECRETARIAT**

1. Shri P.V.L.N. Murthy - Director
2. Shri P.C. Koul - Additional Director

2. At the outset, the Chairman welcomed the members to the Sitting of the Committee. The Committee, thereafter, took up the following Draft Reports for consideration:

(i) Action Taken Report on Observations/Recommendations contained in the First Report of the Committee (2009-10) on Demands for Grants (2009-2010) relating to the Ministry of Agriculture (Department of Agriculture & Co-operation).

\*(ii) \*\*\* \*\*\* \*\*\* \*\*\* \*\*\* \*\*\* \*\*\* \*\*\* \*\*\* \*\*\* \*\*\* \*\*\*

\*(iii) \*\*\* \*\*\* \*\*\* \*\*\* \*\*\* \*\*\* \*\*\* \*\*\* \*\*\* \*\*\* \*\*\* \*\*\*

\*(iv) \*\*\* \*\*\* \*\*\* \*\*\* \*\*\* \*\*\* \*\*\* \*\*\* \*\*\* \*\*\* \*\*\* \*\*\*

3. After some deliberations, the Committee adopted the draft Reports. They also authorized the Chairman to finalise the above Draft Reports in the light of the factual verifications made by the concerned Ministry/Department and present the same to the Houses.

\*4. \*\*\* \*\*\* \*\*\* \*\*\* \*\*\* \*\*\* \*\*\* \*\*\* \*\*\* \*\*\* \*\*\* \*\*\*

***The Committee then adjourned.***

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*\*Matter not related to this Report.*

## ANNEXURE

(Vide Para 4 of Introduction of the Report)

### ANALYSIS OF ACTION TAKEN BY GOVERNMENT ON THE FIRST REPORT OF COMMITTEE ON AGRICULTURE ON DEMANDS FOR GRANTS (2009-10) PERTAINING TO MINISTRY OF AGRICULTURE (DEPARTMENT OF AGRICULTURE & CO-OPERATION)

(i)	Total number of Recommendations	21
(ii)	Recommendations/Observations which have been Accepted by the Government	
	Para Nos. 2.28-2.30, 2.32-2.33, 3.76, 3.78-3.82, 3.84-3.85, 3.87 and 3.89-3.90	
	Total	16
	Percentage	76.19%
(iii)	Recommendations/Observations which the Committee Do not desire to pursue in view of the Government's replies	
	Total	NIL
	Percentage	0%
(iv)	Recommendations/Observations in respect of which replies of the Government have not been accepted by the Committee	
	Para Nos. 2.31 and 3.77	
	Total	2
	Percentage	9.52%
(v)	Recommendations/Observations in respect of which Final replies of the Government are still awaited	
	Para Nos. 3.83, 3.86 and 3.88	
	Total	3
	Percentage	14.29%