18

STANDING COMMITTEE ON AGRICULTURE

(2001)

THIRTEENTH LOK SABHA

MINISTRY OF AGRICULTURE

(Department of Agriculture and Cooperation)

DEMANDS FOR GRANTS (2001-2002)

EIGHTEENTH REPORT

LOK SABHA SECRETARIAT

NEW DELHI

April, 2001/Chaitra, 1923 (Saka)

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COMPOSITION OF THE STANDING COMMITTEE ON AGRICULTURE FOR THE YEAR - 2001

Shri S.S. Palanimanickam - Chairman

MEMBERS

LOK SABHA

2. Shri Ram Tahal Chaudhari
3. Shri Shivraj Singh Chouhan
4. Shri Shamsher Singh Dullo
5. Shri Ramdas Rupala Gavit
6. Shri Thawar Chand Gehlot
7. Shri Raghunath Jha
8. Shri Shivaji Vithalrao Kamble
9. Shri Abul Hasnat Khan
10. Shri Y.G. Mahajan
11. Shri Haribhau Shankar Mahale
12. Shri Savshibhai Makwana
13. Shri Jagannath Mallick
14. Shri M. Master Mathan
15. Shri Dalpat Singh Paraste
16. Shri Tarachand Shivaji Patel
17. Shri Prakash V. Patil
18. Shri Sharad Pawar
19. Smt. Rama Pilot
20. Shri G. Sukender Reddy
21. Shri N.R.K. Reddy

22. Shri Pyare Lal Sankhwar
23. Shri Adi Shankar
24. Shri Chhattrapal Singh
25. Shri Lakshman Singh
26. Shri Rampal Singh
27. Shri Tejveer Singh
28. Shri Zora Singh Mann
29. Shri Bhal Chandra Yadav
30. Shri Mahaboob Zahedi

RAJYA SABHA

31. Smt. Jamana Devi Barupal
32. Shri Khagen Das
*33. Shri Devi Lal
34. Shri Oscar Fernandes
35. Shri H.K. Javare Gowda
36. Shri Korambayil Ahammed Haji
37. Shri Kailash Joshi
38. Shri Kanshi Ram
39. Dr. A.R. Kidwai
40. Shri R. Margabandu

41. Shri M. Rajashekara Murthy
42. Shri Yadlapati Venkata Rao
43. Shri Sharief-Ud-Din Shariq
44. Shri Devi Prasad Singh
45. Vacant

SECRETARIAT

1.	Dr.(Smt.) Paramjeet Kaur Sandhu	-	Joint Secretary
2.	Shri Raj Shekhar Sharma	-	Deputy Secretary
3.	Smt. Anita Jain	-	Under Secretary
4.	Ms. Amita Walia	-	Reporting Officer

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* Ceased to be a Member of the Committee owing to his demise on 6.4.2001

PREFACE

I, the Chairman, Standing Committee on Agriculture having been authorised by the Committee to submit the report on their behalf, present this Eighteenth Report on Demands for Grants of the Ministry of Agriculture (Department of Agriculture and Cooperation) for the year 2001-2002.

2. The Standing Committee on Agriculture was constituted on 1st January, 2001. One of the functions of the Standing Committee as laid down in Rule 331E of the Rules of Procedure and Conduct of Business in Lok Sabha is to consider the Demands for Grants of the concerned Ministries/Departments and make a report on the same to the Houses. The report shall not suggest anything of the nature of cut motions.

3. The Committee took evidence of the representatives of the Ministry of Agriculture, Department of Agriculture and Cooperation on 27th March, 2001. The Committee wish to express their thanks to officers of the Ministry of Agriculture, Department of Agriculture and cooperation for placing before them, the material and information which they desired in connection with the examination of Demands for Grants of the Ministry for the year 2001-2002 and for giving evidence before the Committee.

4. The Committee considered and adopted the Report at their sitting held on 11th April, 2001.

New Delhi; S.S.Palanimanickam
11th April, 2001 *Chairman,*
21 Chaitra, 1923 (Saka) *Standing Committee on Agriculture*

Sector Wise outlays approved and allocation made during Ninth Five Year Plan

					(Rs. Crores)
S.NO.	Name of the Division	VIIIth Plan Allocation	IXth Plan Allocation		
			Proposed by DAC	Approved by the Planning Commission	Allocation in RE of 4 years and BE of 2001-02
1	Crops	1000.00	1353.00	1279.82	540.97
2	TMOP	950.00	2058.75	906.00	774.21
3	Horticulture	1000.00	2380.00	1200.00	1001.85
4	Seeds	200.00	138.25	111.00	92.01
5	Fertiliser	63.00	186.97	167.50	47.52
6	Plant Protection	100.00	503.90	116.00	118.85
7	Agri Machinery	63.00	1052.00	120.00	60.49
8	Rainfed Farming System	1100.00	1595.00	1030.00	780.81
9	NRM (SWC)	800.00	1656.34	900.00	526.08
10	Credit	650.00	5078.49	1650.00	1533.46
11	Cooperation	900.00	1362.45	918.00	491.32
12	Extension	40.00	421.00	180.00	135.96
13	E&S & CACP	90.00	362.16	244.00	195.60
14	Agriculture Census	18.00	56.50	48.00	37.58
15	Agri Marketing	0.00	0.00	60.00	23.62
16	Information Technology	0.00	0.00	150.00	20.55
17	NDM	9.00	14.00	12.00	18.59
18	Trade	*	20.00	40.00	14.00

PART – I

CHAPTER – I

INTRODUCTORY

Agriculture continues to be the most crucial sector of the Indian economy. With 26.8 per cent contribution to the Gross Domestic Product (GDP) at current prices and providing employment to nearly 2/3rd of the work force, agriculture is so much at the center stage in the Indian economy that any situational change in this sector, positive or negative, has a multiplier effect on the entire economy. The largest industries of the country like sugar, jute, textiles, food processing, milk, etc. are dependent on agriculture for their raw materials. Besides, the agriculture sector and rural areas are the biggest markets for low priced and middle priced consumer goods, including durable use item.

1.2 The Department of Agriculture and Cooperation had proposed an outlay of Rs. 18253.81 crores excluding Rs. 75 crores of State Plan Schemes for the Ninth Five Year Plan but only Rs. 9153.82 crores has been provided to this Department by the Planning Commission. Sector-wise 8th plan allocations, 9th plan outlay proposed by the Department of Agriculture and Cooperation, finally approved by the Planning Commission and allocation in RE of 4 years and BE of 2001-2002 is as under:

CHAPTER – II

OVERVIEW OF DEMANDS

2.1 The BE & RE for 2000-2001 and BE for 2001-2002 for Demand No.1 pertaining to the Department are as under:

(Rs. in crores)

BE 2000-2001		RE 2000-2001		BE 2001-2002	
Plan	*Non-Plan*	*Plan*	*Non-Plan*	*Plan*	*Non-Plan*
1965.00	4190.97	1692.00	4447.81	1985.00	123.36

2.2 Following are the BE, RE and Expenditure during the 9th Plan Period.

(Rs. in crore)

Sl. No.	Year	Budget Estimates (BE)	Revised Estimated (RE)	Expenditure
1.	**1997-98**			
	Plan	1431.00	1266.28	1222.80
	Non-Plan	2048.51	2659.77	2650.63
	Total	**3479.51**	**3926.05**	**3873.43**
2.	**1998-99**			
	Plan	1956.00	1378.41	1358.89
	Non-Plan	3066.57	3863.93	3863.46
	Total	**5022.57**	**5242.34**	**5222.35**
3.	**1999-2000**			
	Plan	1956.00	1492.00	1471.89

	Non-Plan **Total**	4580.85 **6536.85**	4585.84 **6077.84**	4579.12 **6051.01**
4.	**2000-2001** Plan Non-Plan **Total**	 1965.00 4190.97 **6155.97**	 1692.00 4447.81 **6139.81**	 1692.00 4447.81 **6139.81**
5.	**Total** Plan Non-Plan **Total**	 7308.00 13886.00 **21194.90**	 5828.69 15557.35 **21386.04**	 5745.48 15541.02 **21286.60**

2.3 The Budget allocation of the plan funds in first 4 years of 9^{th} plan was Rs.7308 crores, which was reduced to Rs.5828.69 crores in RE. While stating the reasons for poor utilization, the Ministry in a written reply stated that "the reduction of Plan funds at RE stage during the first three years of the 9^{th} Plan was largely due to non-approval of new schemes proposed by the Department. Due to the delay in completion of preliminary formalities relating to new schemes, the outlay earmarked for these schemes could not be utilized, thereby adversely affecting the rate of release of funds. Consequently, the allocation of the Department was reduced at the RE stage. However, during the fourth year of the 9^{th} Plan (2000-01), the rate of expenditure was comparatively good, in that about 40% of funds had been released by October 2000."

2.4 The Committee in their Report on Demands for Grants 2000-2001 have suggested the state-wise performance on various central Schemes be shown in Performance Budget to have more transparency and accountability in utilization of funds. Stating the action taken by the Department in this regard it was stated, "that a regular system of monitoring of release of funds and their utilization has been put into place. Besides the Scheme Officers periodically reviewing releases and utilization against individual schemes and programmes, Area Officers have also been directed to review the position with regard to their respective States. Periodic reviews are also conducted at the level of Additional Secretary and Secretary, as well as at Zonal and Seasonal Conferences. Letters have been addressed by Secretary (A&C) as well Additional Secretaries and Joint Secretaries to the State Governments, including Chief Secretaries. In the newly introduced Macro Management Scheme, under which Rs. 850/- crore is allocated in BE 2001-2002, it is proposed to implement a stringent system, which will link release of funds to utilization. The suggestion of the Committee regarding inclusion in the performance budget of the State-wise performance against Central Schemes has been noted."

2.5 There has been a continuous decline in allocation for department of Agriculture & Co-operation as a percentage to Central plan outlay as shown in table below:

(Rs.in crore)

Sl. No.	**PERIOD**	**CENTRAL PLAN OUTLAY OF GOI**			**ALLOCATION OF DAC**	**% SHARE OF DAC**	
		Total	**IEBR**	**Budgetary Resources**		**Total**	**Budgetary Resources**
1	2	3	4	5	6	7	8
1.	Ninth Plan	489361	285379	203982	9153	1.87	4.49
2.	1997-98	91839	557019	36130	1416	1.54	3.92
3.	1998-99	10518	62723	42464	1941	1.84	4.57

		7					
4.	1999-2000	103521	59521	44000	1941	1.87	4.41
5.	2000-2001	117334	66058	51276	1950	1.66	3.80
6.	2001-2002	130181	70725	59456	1970	1.51	3.31

2.6 The Ministry in their background note stated that, “The Ninth Plan provided an outlay of Rs. 9,153 crores for the Department of Agriculture & Cooperation. This was an increase of more than 30% over the outlay of the 8th Plan. The year 2001-2002 being the last year of the 9th Plan, this Department has proposed an outlay of Rs. 4101.58 crores in order to meet the targets of the Plan Period. The Ninth Plan had indicated a target of 234 million tonnes of food grains by the terminal year, in accordance with the strategy of doubling food production and making India hunger free in ten years. In order to attain the targets identified in the 9th Plan, it is estimated that about Rs. 4000 crores would be required by this Department. The Budget 2001-2002, on the other hand, provides Rs. 1970 crores. Which is only Rs. 20 crores more than the present level. This allocation is likely to be inadequate to meet Plan targets. In particular, it would be difficult to meet the claims under the National Agriculture Insurance Scheme, which are likely to be heavy due to drought conditions in many States. Moreover, the newly introduced scheme on Macro Management of Agriculture will also be subjected to a resource crunch to the tune of about Rs. 400 crores which is likely to disppoint participating State Governments. It is to be noted that the share of the Department of the total Budget has declined to 1.51% from 1.66% in BE of 2000-2001.”

2.7 When asked as to whether the demands were adequately placed before the Planning Commission the Department stated, "The need for increased investment in agriculture sector is well recognised. In the Planning Commission's Mid-Term Appraisal of 9th Five Year Plan, it was emphasized that investment in agriculture needs to be stepped up in order to achieve developmental objectives. With regard to budgetary allocations, the Planning Commission, during discussions was appreciative of the arguments put forward by this Department for increased outlay. By and large, the Planning Commission supported the Department in seeking a higher level of allocation for the year 2001-2002. The need for enhanced outlay was also taken up at the level of Agriculture Minister through letters and discussions. Although the Planning Commission stated during discussions that they would support a higher level of allocation for this Department, they clarified that the actual outlay would depend on the over all availability of budgetary resources."

2.8 A comparative Statement of the Sector-wise Demand projected by the Department of Agriculture and Cooperation for 2001-02 and the outlay provided in the BE is given below:

(Rs lakhs)

S. NO.	**Sector/Division**	**Demand Projected by Department.**	**Outlay provided in BE**
1	Crops	46777.00	12000.00
2	TMOP	24900.00	15000.00
3	Horticulture	35796.00	17500.00
4	Seeds	5053.00	3200.00
5	Fertiliser	841.00	600.00
6	Plant Protection	3377.00	2300.00
7	Agri Machinery	616.00	400.00

8	Rainfed Farming System	165.00	150.00
9	NRM (SWC)	1309.00	1000.00
10	Credit	87017.00	36000.00
11	Cooperation	14975.00	8500.00
12	Extension	6016.00	4600.00
13	E&S & CACP	7340.00	5000.00
14	Agriculture Census	1942.00	1200.00
15	Agri Marketing	1640.00	1000.00
16	Information Technology	5900.00	1500.00
17	NDM	854.00	800.00
18	Trade	17290.00	500.00
19	Macro Management	125600.00	85000.00
20	Secretariat Eco. Service	350.00	250.00
21	Planning & Management	900.00	500.00
	Total	**388658.00**	**197000.00**
	Plan Outlay outside Normal Budgetary Support		
1	Tax Free Bonds for NCDC	20000.00	0.00
2	Watershed Development Project in Shifting Cultivation areas of NE States (assistance for State plan)	1500.00	1500.00
	Grand Total	**410158.00**	**198500.00**

2.9 It may be seen from the above that against the demand of the Department of Rs. 4101.58 crore, only Rs. 1985 crore was provided in the BE-2001-02. The

Department stated that although the Planning Commission was, by and large, in agreement with the Department's demands for higher level of allocation than in the preceding years of the Ninth Plan.

2.10 During evidence Secretary, Department of Agriculture & Cooperation clarified that, "We work out our requirements based on the targets that is fixed by the Planning Commission for production during the Plan periods and also on annual basis keeping in view how we have been growing. Our first exercise is that we go to the Planning Commission. In fact, we send out requirements. The whole thing is discussed with the Planning Commission."

2.11 When asked as to whether the representative of the Ministry of Finance was also a member of the Planning Commission, he clarified "No, the Finance Ministry is not represented when we discuss the programme with the Planning Commission. Eventually, it is the Ministry of Finance, which indicated to the Planning Commission that this is the total size of the Budget. Thereafter, keeping in view the priorities and the programmes, the Planning Commission finally tells us that this is the allocation to us. For example, for the current year, 2001-2002, at first we went with the programme for Rs. 4100 crore. When we discussed it with the Planning Commission, it appeared to us that it is quite convinced about the requirements in the programme. But eventually, we have been provided overall a plan of Rs. 1985 crores."

2.12 The Department in a written reply clarified that approximately Rs. 4,000 crore was needed in 2001-02 to meet the objectives of the Ninth Plan. In the absence of financial resources of that order, it would be difficult to achieve programme objectives. Moreover, many new schemes of the Department were approved only in the third year of the Plan period or after. This would be another reason for slippages in attaining Plan objectives. It may be pointed out that Planning Commission has indicated a foodgrains production target of 234 million tones by the end of the Plan period (2001-02). Attainment of this target did not seem to be feasible in the present context.

2.13 During evidence when it was enquired that could the Department would be able to double the crop production with the allocated funds, the Secretary, Department of Agriculture & Cooperation stated in negative.

2.14 When asked about the impact of reduced outlays, the Ministry stated as under:

"The major schemes that have been affected by the reduction in outlay at the RE stage are:-

- Technology Mission on Cotton.
- Oilseeds Production Programme.
- Oilpalm Development Programme.
- Technology Mission for Integrated Horticulture Development in the North-Eastern Region.
- National Agriculture Insurance Scheme.
- Investment in Debentures of State Land Development Banks.
- Integrated Cooperative Development Project.
- Share Capital Participation in Cooperative Sugar Mills.
- Macro Management."

Export and Import of Agricultural Produce

2.15 The value of export of agricultural commodities from India to various other countries was US $ 6314.4 Million, US $ 6044.6 Million and US $ 5605.49 Million for the year 1997-98, 1998-99 and 1999-2000 respectively. The import of agricultural commodities from various countries was valued at US $ 1795.53 Million, US $ 2996.40 Million and US $2740.70 Million for the year 1997-98, 1998-99 and 1999-2000 respectively. The major countries to which the exports were prominently made are Russia, USA, Egypt, Sri Lanka, United Arab Emirates, France, Kuwait, Saudi Arabia and Ukraine.

2.16 The Committee enquired about the commodities covered under quantitative restrictions for exports, the Ministry furnished the following information :

"Details of agricultural items allowed for export against quantitative ceilings are as under:

Sl. No	Name of item/ Group of item	Policy	Restrictions
1	Whole and Instant Milk Food, Pure Milk Butter, except when exported as branded products in consumer packs, not exceedings 5 Kg. In weight, for which these conditions shall not apply	Free	(a) Quantitative ceilings as may be notified by the DGFT from time to time. (b) Registration-cum allocation Certificate issued by Agricultural and Processed Foods Export Development Authority (APEDA)
2	Export of Cashew to Russia	Free	(a) Exports allowed subject to Registration of contracts with the Cashew Export Promotion Council. (b) Director General of Foreign Trade may notify Quantitative/value ceiling as from time to time.
3	(a) Wheat and Wheat products (b) Grains and flour of Barley, Maize, Bajra, Ragi and Jowar (excluding hybrid Jowar grown as kharif Crop).	Free	Export permitted under licence (a) Quantitative ceilings as may be notified by DGFT from time to time. (b) Registration Cum Allocation Certificate issued by Agricultural and processed Foods Export Development Authority (APEDA)
4	Brown Sea weeds and	Free	Exports allowed subject to quantitative

	Agarophytes excluding Gedulis of Tamil Nadu coast origin in processed form		ceilings as may be notified by DGFT from time to time.
5	Sugar and Sugar Confectionery	Free	(a) Quantitative ceilings as may be notified by the DGFT from time to time. (b) Registration-cum allocation Certificate issued by Agricultural and Processed Foods Export Development Authority (APEDA)
6	Sandal oil	Free	The Director General of Foreign Trade may notify subject to Quantitative ceilings as from time to time.
7	Pulses all types including lentils, grams, beams and flour made therefrom except those in consumer packs upto 5 KGs.	Restri cted	Exports permitted under licence.
8	Onion (all varieties other than Bangalore Rose onion and Krishnapuram onion) Bangalore Rose onion and Krishnapuram onions.	Canali sed Canali sed	Export through NAFED, KAPPEC, MASAMB, GAIC, APMARKFED, NCCF as per notified ceiling subject to conditions laid by DGFT from time to time by notifications. Export through KAPPEC and APMARKFED without ceiling subject to conditions laid by DGFT from time to time by notifications.”

2.17 The Department further informed that Ministry of Commerce administers the restrictions on exports. If the QRs on exports are removed, farmers of the country are expected to get better remuneration for their products.

2.18 All the QRs on imports have been removed with effect from 1.4.2001. The Ministry of Agriculture giving the background of the situation stated, "India was maintaining the quantitative restrictions permitted under the provisions of GATT, where India has been the founder member since 1947. Later on after having the membership of WTO, in 1997, India had notified 2714 items to WTO on which QRs were being maintained on account of Balance of Payment (BOP) reasons. In 1997, India entered into bilateral agreement with various countries including European Union and Japan, to remove these QRs over a period of 6 years ending March, 2003. However, USA did not agree to these arrangements and raised a dispute before the WTO. In view of the adverse findings of the Disputes Settlement Panel and Appellate Body of WTO, India was committed to removing of QRs being maintained on account of BOP reasons by March, 2001."

2.19 During evidence members of the Committee expressed their concern over the adverse impact of removing the quantitative restrictions on import of certain agricultural produce and desired to know the background of the whole issue. The representative of the Ministry of Commerce stated, "When we lost the case, 1429 items were under quantitative restrictions. So, a direction was given that we had to remove quantitative restrictions on these 1429 tariff lines. So, as per the understanding 714 tariff lines were to be removed by 01.04.2000 and that flexibility was given to India that we could choose out of 1429, which 714 tariff lines we want to remove. For choosing 714 tariff lines, that list was discussed with all Departments. Out of 1429 items, depending on the concurrence given by various Departments – Directorate General of Foreign Trade (DGFT) had discussions with all concerned Departments – the list was finalised and quantitative restriction on 714 items were lifted on 31.03.2000 and on 715 more items, quantitative restrictions would be lifted by 01.04.2001.

I would also like to submit that apart from having quantitative restriction on the ground of balance of payment position, there are about 500 tariff lines on which we are maintaining quantitative restrictions on the grounds of human health, safety and things like that which are permitted under article XX of GATT and also for security considerations under article XXI of GATT."

2.20 In this connection, the Committee enquired that at the time of removing the quantitative restrictions why the Government could not think of imposing import duty and anti-dumping duties. The representative of the Ministry of Commerce during evidence stated that, "As far as import duty calibration within the bound rates are concerned, I would like to submit that before QRs were removed, the details were sent to the Finance Ministry for appropriate calibration of the import duty. The Hon'ble Finance Minister takes into account the consumer interest and the interest of the domestic producers and the duty was raised in many cases. Further in June last year, duties were raised in a lot many cases."

2.21 The Committee enquired whether by resorting to increase in imports duties the Government could check the problems arising out of removal of quantitative restrictions. The representative of the Ministry of Commerce stated that, "Now we are monitoring the import of these sensitive commodities. About 250 sensitive commodities have been identified. Their imports are being closely monitored. Depending on the increase or in their surge imports we will propose increases in the duty within the bound rate. As I submitted, bound rate, imposed on the primary commodities is 100 per cent. On processed foods it is 150 per cent. On edible oil it is 300 per cent, by and large, except soyabean oil. On most of the things the bound rates are very comfortable. If any surge in imports is noticed, we would take it up with the Finance Ministry in order to have the duty increased to give adequate protection to our farmers."

Macro Management

2.22 During 2000-01 a new approach to management of Agriculture named Macro-Management to ensure timely and effective application of limited allocation has been adopted by the Government. The Department proposed to subsume 27 ongoing centrally sponsored schemes under macro-management mode work plans approved on MOU basis. In the National Agriculture Policy stress has been given for macro management mode. During 2001-2002, Rs.774 crores have been earmarked for supplementation/complementation of States efforts through work plan.

2.23 The implementation of the Macro Management Scheme has commenced after its approval by CCEA in October 2000. Administrative approval of the Macro Management Scheme was issued on 3rd November, 2000 and funds to States have been released on the basis of their Work Plans. The Work Plans prepared by all the States were discussed and approved in a series of meetings held with officers of State Governments and Subject Matter Divisions of DAC.

2.24 Details of Funds allocated and released under Macro Management Scheme during the year 2000-01 are as under :

				(Rs in lakhs)			
				Fund released under Macro Management mode			
Sl no.	Name of the State	Approved Outlay (2000-01) (Rs. in crore)	Fund* released during 2000-01 under 27CSS (Rs. in crore)	Funds released under Macro Management mode (2nd instalment)	Funds released under Macro Management mode (3rd instalment)	Total releases under Macro Management (2000-01)	Total releases (2000-01) (col. 4+7)
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
1	Andhra Pradesh	4500.00	889.38	606.57	500.00	1106.57	1995.95
2	Arunachal Pradesh	700.00	60.85	323.15	150.00	473.15	534.00
3	Assam	1160.00	82.59	357.77	51.70	409.47	492.06

4	Bihar		1319.00	91.49	261.07		261.07	352.56
5	Jharkhand		900.00	19.47				19.47
6	Goa		180.00	29.42				29.42
7	Gujarat		3000.00	1488.57	534.64	976.79	1511.43	3000.00
8	Haryana		1500.00	317.11	612.80	303.48	916.28	1233.39
9	Himachal Pradesh		1500.00	553.78	442.98	244.53	687.51	1241.29
10	Jammu & Kashmir		1500.00	355.68	348.11	144.53	492.64	848.32
11	Karnataka		6500.00	1838.38	2322.00	1900.00	4222.00	6060.38
12	Kerala		4000.00	353.77	1836.49	836.44	2672.93	3026.70
13	Madhya Pradesh		4442.00	2402.02	794.00	724.40	1518.40	3920.42
14	Chhattisgarh		1558.00		444.00	519.00	963.00	963.00
15	Maharashtra		10000.00	2050.34	4186.00	2698.75	6884.75	8935.09
16	Manipur		1000.00	88.78		390.35	390.35	479.13
17	Meghalaya		600.00	76.02	353.47	112.83	466.3	542.32
18	Mizoram		950.00	155.64	126.86	270.66	397.52	553.16
19	Nagaland		1200.00	154.20	638.64	377.83	1016.47	1170.67
20	Orissa		3500.00	614.89				614.89
21	Punjab		2500.00	214.65		500.00	500.00	714.65
22	Rajasthan		7000.00	3136.6	967.72	2470.83	3438.55	6575.15
23	Sikkim		800.00	102.58	401.77	233.51	635.28	737.86
24	Tamil Nadu		5000.00	1634.27	1607.00	1200.00	2807.00	4441.27
25	Tripura		800.00	135.32	244.00	97.08	341.08	476.40
26	Uttar Pradesh		7580.00	2254.95	2433.00	1600.00	4033.00	6287.95
27	Uttaranchal		920.00	230.00	383.00	307.00	690.00	920.00

28	West Bengal		1200.00	349.18	313.63	415.02	728.65	1077.83
29	Andman & Nicobar Island		80.00	38.87				38.87
30	Chandigarh		250.00	0.65				0.65
31	Dadar & Nagar Haveli		300.00	21.61				21.61
32	Delhi		120.00	61.03				61.03
33	Daman & Diu		200.00	4.34				4.34
34	Pondicherry		80.00	15.14				15.14
35	Lakshadweep		180.00	10.18				10.18
	Total		77019.00	19831.75	20538.67	17024.73	37563.40	57395.15
	* Funds released prior to merger of 27 C.S.S in Macro Management Mode							

CHAPTER – III

AGRICULTURAL EXTENSION

3.1 Agricultural Extension is aimed at promoting agricultural development by providing farmers with information and training on continuous basis regarding improved production technologies and their adoption. Approved outlay and expenditure during 9th plan is as under:

(Rs. in crores)

Year	Approved Outlay	Expenditure
1997-98	17.50	9.78
1998-99	32.48	12.21
1999-2000	40.00	28.34
2000-2001	43.16	33.24
2001-2002	44.27	-

3.2 The following two schemes of Agriculture Extension are being implemented with foreign assistance.

(i) **Food Security Programme funded by United Nations Development Programme (UNDP) -** the Programme Support Document of UNDP Programme on `Food Security' was signed between UNDP, Department of Economic Affairs and Department of Agriculture & Cooperation on 13th February, 1998 for an amount of US $13 million (approx. Rs. 5200 lakhs). Under this, till now 5 sub-programmes have been finalised and are under implementation.

A total budget allocation of Rs. 5.10 crores was made in the budget of Department of Agriculture & Cooperation during 1999-2000 as against which an expenditure of Rs. 4.66 crores (91%) was incurred. An amount of Rs. 6.00 crores has been released during 2000-2001 against a provision of Rs. 6.00 crores.

(ii) **<u>Innovation in Technology Dissemination Component (ITD) of World Bank Assisted National Agricultural Technology Project (NATP)</u>** is being implemented since November, 1998 to pilot test new institutional arrangements for technology dissemination at the district level and below. Seven States namely Andhra Pradesh, Bihar, Jharkhand, Himachal Pradesh, Maharashtra, Punjab and Orissa have been involved in implementation of this component.

Strengthening and Monitoring of Agricultural Extension Services

3.3 The objectives of the Extension Management Unit of the Directorate of Extension during the Ninth Five Year Plan Period would be to strengthen further the transfer of technology process through:

(i) Agricultural Extension through Voluntary Organisation.
(ii) Strengthening of Research-Extension-Farmers Linkages at various levels.
(iii) Documentation of Indigenous technical Knowledge (ITK).
(iv) Agricultural Extension through Farmers Organisations (Fos) and
(v) Strengthening of Monitoring and Evaluation (M&E) of Agricultural Extension.

3.4 It has been noticed that in high technology adoption areas like Punjab and Haryana, farmer to farmer spread of technology is much faster. Thus, extension network has to take into consideration variations in degree of sophistication and attitude of farmers and other administrative and institutional structures of the region. The present extension system is based on Village Level Workers and community development block manual system.

3.5 The mid-term appraisal of 9th plan states that "the Village Level Workers have responded to the environment in three ways. Firstly, they started falsifying and distorting reports. They soon discovered that they were encouraged to inflate the figures because each officer, be the BDO or the Collector, was being evaluated by his superior on the basis of these figures. Secondly, they started neglecting targets which they found were of a low priority. Thus, even if the Fisheries had a good potential for development in a village, the VLWs paid no attention to this programme because it was not considered to be important by their officers. Thirdly, they started using resources under their own control to stimulate the farmers' participation in unpopular programmes. Besides, the philosophy of extension is hardly consistent with the rigidity of superior subordinate relations so characteristic of Indian administration as a result of which extension services have not been fully effective. However, the present Village Level Worker (VLW) and Community Development Block based manual extension system, which has become outmoded, has got to be replaced with a more vibrant system using modern modes like print and electronic media."

CHAPTER – IV
AGRICULTURAL CENSUS

4.1 The Agriculture census provides essential information as distribution of operational holdings and area operated by them along with other related characteristics such as tenancy, term of leasing, cropping and land use patterns, irrigation status etc. So far five agricultural censuses have been conducted with references year 1970-71, 1976-77, 1980-81, 1985-86, 1990-91. The sixth Agricultural Census with 1995-96 as reference period is in operation. The primary data is being collected from comprehensive land records maintained in number of states and through interview method in non-land record states/Uts.

4.2 The Department in a written reply informed the Committee that the States/UTs where comprehensive land records were not available was: Goa, Kerala, Orissa, West Bengal, Meghalaya, Manipur, Mizoram, Nagaland, Tripura, Sikkim, Daman & Diu, Dadra & Nagar Haveli and Lakshadweep.

4.3 The Department further informed that, "the Agricultural Census is conducted by the State/UT Government. The Agricultural Census operation starts after completion of the agricultural year to which the census refers to. Also from the past experience it is found that the completion of Phases I & II of the Agricultural Census in all the States/UTs takes about 2 to 3 years, and the tabulation and the release of the data takes about 2 years. The Government of India is trying to utilize information technology with the help of NIC for processing the agricultural census data to reduce this time lag."

CHAPTER – V

SEEDS

5.1 Seed is a crucial and vital input for attaining sustained growth in agricultural production and productivity in different agro-climatic regions and different geographical locations. Seeds are also critical for achieving the desirable nutrition attributes in food crops and for introduction of new crop varieties in non-conventional areas.

5.2 During 2001-2002, Rs. 31.40 crores have been allocated for this sector as against the RE of Rs. 25.24 crores during 2000-2001. 9^{th} plan approved outlay is Rs. 130.80 crores. Following schemes are being implemented:

(i) Central Sector Scheme on Transport subsidy for the movement of seeds to the North Eastern States Sikkim, Jammu & Kashmir, Himachal Pradesh, Hill areas of Uttar Pradesh and West Bengal.

(ii) Central Sector `Pilot Scheme for Seed Crop Insurance'.

(iii) Implementation of legislation of Plant varieties and farmers Rights Protection.

(iv) Establishment and maintenance of Seed Bank.

(v) Setting up of NSTC with Modern Seed Testing Laboratories and Strengthening of Seed Quality Control Organisation.

5.3 The target and achievement of production of breeder seed, requirement and availability of foundation and certified seed, and distribution of certified/quality seeds in the last three years are given below:

Class	***Unit***	***1997-98***	***1998-99***	***1999-2000***	***2000-2001***	***2001-2002***
		T A	T	T	T A	T

Breeder Seed Production	Qtls.	46184 46135	A 55069 38994	A 49765 51236	50445 44326*	12447 Kharif 2001
Foundation seed (Require-ment (R)/ Availability (A)	Lakh Qtls.	R A 3.61 5.96	R A 3.48 5.30	R A 3.92 5.61	R A 3.99 5.29	R A 1.41 2.32 Kharif 2001
Certified/ quality seed (Require-ment(R) & Availability (A)	Lakh Qtls.	R A 78.55 99.74	R A 85.17 104.38	R A 89.77 104.95	R A 96.66 112.89	R A 42.2053.68 Kharif 2001
Certified/ Quality	Lak h	T A 75.50 78.79	T A	T A	T A 100.00 100*	T 109.66

Quality seed disrtribution	h Qtls.	78.79	83.00 84.97	91.00 89.23	100*	

T - Target

A - Achievement

*** Expected**

5.4 On a specific query of the Committee as to whether the Government has been able to fulfil the demands of farmers of quality seeds, the Department stated that as per the assessment done by the Government during the Zonal Seed Review Meetings, wherein representatives from States participate, the Government has been able to fulfil the demand of farmers for quality seeds.

5.5 During evidence the Committee pointed out that Seed Replacement Rate was only 10%, which was much below the desired level of 20%. When asked about the reasons for low Seed Replacement Rate despite sufficient availability of quality seeds, the representative of the Department stated that, "About the availability and deployment, in fact, every year, we have two zonal meetings inviting the State Governments to finalize as to what their requirement is. Here in this figure, the overall availability is more than what is projected there.

In the case of hybrid seeds, every year seed has to be replaced. But it is not so in non-hybrid seeds. In the case of rice and wheat, we expect that the replacement ratio should be at least 10 per cent. In certain crops, it can be a little higher. In mustard, it must be one-third.

As per the 9th Plan, if you go by the ideal replacement of certified seeds, then the requirement is high. But a large percentage of required seed is also made by farmers themselves. The farmers use their own seeds also because many of them cannot afford, and sometimes, the timely availability of seed is also not there."

5.6 He further stated that, "Every farmer is willing to change the seeds every year, but every farmers will not change his seed every year."

5.7 Explaining about the various Governmental Schemes in regard to seed quality etc., the representative of the Department stated, "There are several schemes presently to make available good quality seeds. There is a mini kit programme under which minikits of good quality or high yielding variety seeds are given. The purpose behind this programme is to show the farmer good quality seeds and to demonstrate the benefits of these good quality seeds. Apart from this, the State Governments have themselves taken up fairly elaborate programmes for seed production.

Under the programme of Macro-Management mode most of the State Governments have taken up elaborate village-level programmes. This Honourable Committee had recommended that we should propagate a seed village programme where whole villages would be taken up for the purpose of seed production. This has been done in many States and many of them are expecting to bring about a major improvement in their overall seed production. The purpose of the seed crop insurance scheme is to encourage persons to go into the business of seed production, which is risky, and to cover their losses through an insurance package."

5.8 To a query about the quantum of seeds provided by private sector agencies, the Department in a note stated that as per information provided by States during Zonal Seed Review Meetings, the quantum of seeds made available by private sector agencies during the last 3 years, 1997-1998 to 1999-2000 for Kharif and Rabi seasons was as under:

(in lakh quintals)

Year	Pvt.	Total	%age of private seed
1997-1998	Kharif 20.80 Rabi 17.82 --------- 38.62	50.23 49.52 ------- 99.75	38.72%
1998-1999	Kharif 22.24 Rabi 24.19 --------- 46.43	50.95 53.44 --------- 104.39	44.86%
1999-2000	Kharif 20.05 Rabi 22.23 --------- 42.28	50.29 54.67 --------- 104.96	40.28%

On an average roughly 40% of seed on volume basis was made available by private sector.

5.9 In this connection, the Committee desired to know as to how the Government monitored the quality of seeds sold by private agencies. The Department in a written reply clarified that, "Seeds Act and Seed (Control) Order are the legal instruments to ensure the availability of quality seeds to farmers. Implementation of these legal instruments lies with the State Government. Seeds Act provides minimum quality standard for notified/kind varieties whereas Seed (Control) Order ensures that the standards as claimed by the dealer for unnotified varieties are adhered to. Quality control as envisaged in the Act is achieved through pre and post marketing control, voluntary certification and compulsory labelling of notified/kind varieties. Notification of the varieties is done under Section 5 of the Seeds Act in consultation with the Central Seed Committee."

CHAPTER – VI

FERTILIZERS AND MANURE

6.1 To support Crop Production to reach the level contemplated great stress has been laid in the 9th Plan on adequate and timely delivery of core inputs such as fertilizer. For obtaining the best response from fertilizer use, it is imperative that all the three nutrients i.e. Nitrogen (N), Phosphate (P) and Potash (K) are used in a balanced proportion, which is termed to optimum NPK ratio. At the national level, a consumption ratio of 4:2:1 has been referred to as being optimum.

6.2 Out of the total 9th Plan Outlay of Rs. 167.50 crores, total expenditure during the first 4 years is Rs. 36.57 crore. Budget Estimate for 2001-2002 is Rs. 5.40 crores.

Soil Testing Laboratories

6.3 Out of the target of 70 labs proposed to be set up in 9th plan, only 17 labs have been set up in the first 4 years. When asked the reasons for low performance, the Department stated; "This Department has been providing financial assistance to the States/UTs for establishment of new soil testing laboratories and also to strengthen the existing ones. Under the scheme `Balanced and Integrated Use of Fertilizers', only limited proposals were received for setting up of new laboratories since it involved a commitment of staff, land and buildings on the part of the State Govts. However, under the scheme, strengthening was done for a total of 273 existing labs, out of which 129 labs were strengthened during 9th Plan period. The scheme stands transferred to macro management mode since October, 2000. The State Govts. are expected to take up the programme under this system for further strengthening."

6.4 Statement showing state-wise soil testing laboratories (static/mobile) is as under:

S.NO.	NAME OF THE STATE	NO. OF SOIL TESTING LABORATERIES		
		STATIC	MOBILE	TOTAL
A.	LABORATORIES WITH STATES			
I	SOUTH ZONE			
	1. Andhra Pradesh	23	4	27
	2. Karnataka	19	3	22
	3. Kerala	13	7	20
	4. Tamil Nadu	19	16	35
	5. Pondicherry	2	-	2
	6. A& N Islands	1	-	1
	7. Daman & Diu	-	-	-
	8. Lakshadweep	-	-	-
	TOTAL	77	30	107
II	WEST ZONE			
	9. Gujarat	16	5	21
	10. Madhya Pradesh	19	5	24
	11. Maharashtra	29	-	29
	12. Rajasthan	8	12	20
	13. Goa	1	1	2
	14. Dadra & Nagar Haveli.	1	-	1
	TOTAL	74	23	97
III	NORTH ZONE			
	15. Harayana	25	-	25
	16. Punjab	48	13	61
	17. Himachal Pradesh	11	-	11

	18. Uttar Pradesh 19. Jammu & Kashmir 20. Delhi 21. Chandigarh	56 3 1 -	15 3 - -	71 6 1 -
	TOTAL	144	31	175
IV	EAST ZONE 22. Bihar 23. Orissa 24. West Bengal	 29 11 8	 2 - 4	 31 11 12
	TOTAL	48	6	54
V	NORTH EASH ZONE 25. Assam 26. Tripura 27. Manipur 28. Nagaland 29. Arunachal Pradesh 30. Meghalaya 31. Sikkim 32. Mizonram	 7 2 1 3 1 1 1 1	 4 1 1 - - 1 1 -	 11 3 2 3 1 2 2 1
	TOTAL	17	8	25
	GRAND TOTAL	360	98	458
B.	LABORATORIES WITH FERTILISER INDUSTRIES	36	20	56
	TOTAL ALL INDIA (A+B)	396	118	514

National Project on Development and Use of Bio-fertilisers

6.5 Under the scheme, Government provides upto Rs. 20 lakhs as one time grant for establishment of Bio-fertiliser production units with annual capacity of 150 m.t.

This grant is available to the state governments, institutional agencies and also to private enterprenuers.

6.6 When asked as to what was the demand and actual production of Bio-fertilizer, the Department in a note stated that, "Biofertilisers, though an important supplementary source of plant nutrients is a newly developing area where no system of demand assessment has been devised. Its use is crop, soil and location specific. Production of biofertilisers can be taken up by any entrepreneur as per the possible demand in a given area. Production of biofertilisers in the country during last three years is estimated to be as under:-

1997-98	*7016 tonnes*
1998-99	*6677 tonnes*
1999-2000	*7565 tonnes"*

6.7 As per the Annual Report 2000-2001 the number of samples analysed for quality control and found non-standard during last 7 years was as under:

Year	No. of Fertiliser & Control Labs.	Analysing Capacity	No of Samples analysed	Percentage of Non-Standard Samples
1992-93	52	94560	79958	5.3
1993-94	53	96750	89068	5.4
1994-95	55	104275	85666	5.6
1995-96	62	106725	93833	5.2
1996-97	63	107430	96450	5.5
1997-98	63	109920	98386	6.0
1998-99	64	113400	92958	6.6
1999-2000	66	120115	101092	6.9

6.8 It has been observed that the percentage of non-standard samples was increasing. In regard to capacity utilization of fertilizer control laboratories, the Department informed that national level capacity utilization was about 84%. The State Governments were being advised from time to time to ensure that the quality of fertilizer was regularly checked through collection of more fertilizer samples and to take administrative and legal steps to implement the provision of Fertiliser (Control) Order, 1985 effectively.

CHAPTER – VII
PLANT PROTECTION

7.1 Plant Protection involves protection of Indian Agriculture from the ingress of exotic pests and diseases, promotion of Integrated Pest Management for eco-friendly management of pests, implementation of Insecticides Act for ensuring the availability of safe and quality pesticides, training and extension activities in plant protection and locust control in scheduled desert areas. Rs. 21.50 crores have been allocated during 2001-2002 as against outlay of Rs. 25.66 crores during 2000-2001.

7.2 Following are the schemes being implemented under this division:

(i) Promotion of Integrated Pest Management.

(ii) Implementation of Insecticides Act.

(iii) Strengthening and Modernisation of Plant Quarantine facilities in India.

(iv) Strengthening and Modernisation of Locust Warning Organisation.

(v) Strengthening of National Plant Protection Training Institute, Hyderabad.

Integrated Pest Management (IPM)

7.3 This is an on-going activity of VIII Five Year Plan with emphasis on (I) pest and monitoring surveillance to forewarn the crop pests, (ii) production and field releases of laboratory reared potential bio-control agents, (iii) conserving the naturally occurring bio-control agents by avoiding unnecessary spray of chemical pesticides; and (iv) human resources development in IPM through a chain of Farmers' Field Schools to train farmers and extension workers in IPM.

7.4 Under the 'Integrated Pest Management' the budget allocation 2000-2001 of Rs.9.44 crores was provided but it was later reduced to Rs.7.92 crores at the revised estimates stage. Rs. 9.57 crore have been allocated for 2001-2002.

Implementation of Insecticides Act, 1968

7.5 The import, manufacture, sale and use etc. of pesticides as one of the important inputs in crop production is being regulated under the provisions of the Insecticides Act, 1968 and the Rules framed thereunder. For this purpose the scheme "Implementation of Insecticides Act, 1968' is being continued during IX Plan with the following components:-

i) Strengthening of Central Insecticides Laboratory (CIL);

ii) Strengthening of Secretariat of Insecticides Board and Registration Committee;

iii) Setting up and strengthening of Regional Pesticides Testing Laboratories (RPTLs) including co-ordinating Cell at Headquarters;

iv) Grants-in-aid to States/UTs to set-up/strengthen the existing State Pesticides Testing Laboratories (SPTLs).

7.6 Based on the reports received from some of the States, the status of judgements obtained and persons convicted for manufacture or sale of misbranded pesticides under the Act during the last three years were as under:-

	1997-98	1998-99	1999-2000
(i) Judgement s obtained	57	80	29
(ii) Persons convicted	42	72	43

7.7 The Insecticides (Amendment) Act 2000 has come into force with effect from 07.08.2000.

CHAPTER – VIII

AGRICULTURAL IMPLEMENTS AND MACHINERY

8.1 Use of Modern Agricultural Implements and Machinery in the crop cultivation increases the productivity besides improving the quality of farm produce. To promote and popularise the use of modern agricultural machines/implements and popularise the use of modern agricultural machines/implements and human resource development. The following schemes are being implemented during IX Plan.

(i) Strengthening of Farm Machinery Training & Testing Institutes at Budni (MP), Hissar (Haryana), Garladinne (AP) and Biswanath Chairali (Assam).

(ii) Development of Industrial Designs of Agricultural Implements including Horticultural Equipments and their trials at farmers' fields.

(iii) Promotion of Agricultural Mechanisation among Small Farmers.

(iv) Conducting Study and Formulating Long-Term Mechanisation strategies for each Agro Climatic Zone.

(v) Establishment of Farm Machinery Training and Testing Institute in Tamil Nadu.

During 2001-2002 Rs. 3.48 crores have been allocated for implementation of these schemes.

Setting up of Farm Training and Testing Institute in Tamil Nadu

8.2 The Committee in their 6th Report on DFG 2000-2001 had recommended that the Department should take up the matter of creation of posts for setting up of Farm Training and Testing Institute in Tamil Nadu, with the Ministry of Finance expeditiously. In their reply, it was stated that matter had been referred to the Finance Ministry in May, 2000.

8.3 Stating the latest position in this regard, the Department in a written note stated; "In order to operationalise Farm Machinery Training and Testing Institute in Tamil Nadu, the Department took up the matter with the Ministry of Finance for creation of the posts in May, 2000. Ministry of Finance sought additional information/clarification in September, 2000. Department processed the matter as per advice of the Ministry of Finance and submitted the file in October, 2000, to Integrated Finance Division (IFD) for obtaining the approval of the Ministry of Finance. IFD observed that the proposal for creation of the posts might be referred to them only after the ban on the creation of new posts is lifted by the Ministry of Finance and they referred the file with the above observation to the Ministry of Finance on 30th Oct., 2000. This matter has remained under correspondence with the Ministry of Finance who returned the file on 7th Feb., 2001 advising this Department to first process the matter of filling up of 22 posts earlier sanctioned in 1994 as per the prescribed procedure, i.e., after obtaining approval of Ministry of Finance. Further necessary action in this regard is being taken."

8.4 In regard to completion of the project, the Department stated that, "the Institute would require infrastructure in terms of construction of buildings, procurement of equipments, development of supporting services and also an agricultural farm. The completion of these facilities would normally take around 5 years, once the necessary staff is posted. However, training on agricultural equipments would be started much earlier with temporary arrangement."

CHAPTER – IX
CROPS

9.1 As against the 8th Plan (1996-97) achievement of 199.44 million tonnes, food grains production targets for the terminal year of the Ninth Plan (2001-2002) has been fixed at 234 million tonnes. As per mid-term appraisal of Ninth Plan, to achieve the targets, production will have to increase by 14 per cent in the remaining two years. Estimated production of food grains in 2000-2001 is 199.02 million tonnes.

(In Million Tonnes)

Name of the Crop	9th Plan Target (2001-2002)	1997-98		1998-99		1999-2000		2000-2001
		Tar.	Achi.	Tar.	Achi.	Tar.	Likely Ach.	Advanced Estimates as on 22.01.2000
Rice	99.00	83.00	82.54	86.00	86.00	86.00	88.25	86.76
Wheat	83.00	70.00	66.35	74.00	70.78	74.00	74.25	70.01
Coarse Cereals	35.50	34.00	30.40	34.50	31.46	34.50	30.35	29.92
Pulses	16.50	15.00	12.97	15.50	14.80	15.50	13.06	12.33
Total Foodgrain	234.00	202.00	192.26	210.00	203.04	210.00	205.91	199.02

9.2 For crops division plan allocation of Rs. 110.00 crores has been made for 2001-2002 as against the RE of Rs. 65.40 crores during 2000-2001. Following Plan Schemes are being implemented:-

(i) Minikit Programme covering Rice, Wheat and Coarse Cereals.

(ii) Technology mission on cotton.

(iii) Centrally sponsored scheme on `On Farm Water Management for increasing crop production in Eastern India'.

(iv) Centrally sponsored Scheme for increasing production and productivity of Wheat and Pulses in Hills and Plateau region of Central India.

(v) Strengthening of commodity Development Directorates.

9.3 The Committee desired to know as to whether the scheme for `On Farm Water Management' system for increasing production in Eastern States has been cleared by Planning Commission and CCEA. The Department in a written note stated that, "Planning Commission vide letter no. M-13043/1/2000-Agri. dated 13th February, 2001 have agreed to launching of this scheme in principle and have also made allocation of 70 crore out of which Rs. 9 crore for North Eastern States. On the advice of the Planning Commission the scheme has been circulated to appraisal agencies so that their comments could be taken into account in the EFC meeting to be held shortly. After clearance of EFC, further steps will be taken for the approval of the full Planning Commission and the Government."

CHAPTER – X

TECHNOLOGY MISSION ON OILSEEDS, PULSES & MAIZE

10.1 The Technology Mission on Oilseeds was set up in 1986 to increase the production of oilseeds to reduce import and achieve self sufficiency in edible oils by adopting a mission mode approach to tackle all aspects of production, processing, input-support and services, marketing, storage and credit. Pulses were brought within the purview of the Mission in 1990-91, Oil Palm in 1992-93 and maize in 1995-96. Research and Development in Post Harvest Technology is an important component of Technology Mission. Activities of NOVOD Board set up in 1983 have also been brought under the purview of TMOP. The immediate objectives of the TMOP were to increase production of Oilseeds, Pulses & Maize and thereby cut down import of oilseeds and pulses and achieve self-sufficiency in these items.

10.2 Under the Technology Mission, the following programmes are included at present:-

(i) Oilseeds Production Programme (OPP);

(ii) National Pulses Development Project (NPDP);

(iii) Oil Palm Development Programme (OPDP);

(iv) Accelerated Maize Development Programme (AMDP);

(v) Research and Development of Post Harvest Technology in Oilseeds & Pulses (PHT); and

(vi) National Oilseeds & Vegetable Oils Development Board (NOVOD Board).

10.3 The proposed plan outlay for 2001-2002 is Rs. 136.45 crores as against the Revised Outlay of Rs. 134.15 crores during 2000-2001. Total Ninth Plan outlay for the mission was approved to the tune of Rs. 906.00 crores.

10.4 The area and production of pulses and oilseeds during the years 1998-99, 1999-2000 and 2000-01 are given below:-

Area in Million Ha.

Production in Million Tonnes

	Area	**Production**	**Area**	**Production**
	Pulses		**Oilseeds**	
1998-1999	23.85	14.91	26.23	24.75
1999-2000	21.19	13.35	24.38	20.87
2000-2001	Not yet finalized	12.33 (Estimated)	Not yet finalized	18.82 (Estimated)

10.5 The import of pulses and edible oils during the last 3 years quantity-wise and amount-wise is given below:

Year	**Quantity (lakh tonnes)**	**Value (Rs. in crores)**	**Quantity (lakh tonnes)**	**Value (Rs. in crores)**
	Pulses		**Edible oils**	
1997-98	10.08	1194.64	12.66	2767.140
1998-99	5.64	708.81	26.22	7588.93
1999-2000	2.04	273.77	41.96	7983.87

10.6 The Committee enquired that after the imposition of increased import duties on edible oils, how the price of imported edible oil compared with the indigenous oil prices. The Department in a note stated as under:

"Import duties were recently increased from 1st March, 2001. It is too early to assess the impact of this increase. However, after the imposition of increased import duties on edible oil w.e.f. 21.11.2000, the prices of edible oils declined. The analysis of the prices indicate that

- The domestic price of edible oils went down by 2.1 % in case of sunflower to 6.4 % in case of mustard oil in the month of February 2001 as compared to December, 2000.
- The annual average prices of edible oils were lower by 5.6% (groundnut oil) to 17.5 % (coconut oil) as on 9th February, 2001 as compared to the average prices of year 2000.
- In comparison to the 1995 prices, there has been reduction in the prices of edible oils from 4.4 % (coconut oil) to 18.5 % (mustard oil) as compared to the prices as on 9th February, 2001.
- The above analysis indicates that there has not been any impact of hike in import duty on domestic prices of edible oil as the prices have gone down after the hike in import duty structure w.e.f. 21.11.2000."

10.7 In this connection, the Department informed that the import duties have further been increased with effect from 1st March, 2001. The details of the import duty hike are given below:-

Name of Oil	***As on 21.11.2000***	***As on 1.3.2001***
Soyabean oil (crude) (refined)	35% 45%	45% 45%
RBD Palmolein	71.6%	85%
Palm oil	71.6%	85%
Crude Palm oil (for manufacturer of vanaspati) for sick units	25%	55%
Crude Palm oil (for manufacturer of vanaspati) for other units	25%	75%
Palm oil (for other than manufacturer of vanaspati)	55%	75%
Groundnut oil (crude) (Refined)	35% 50.8%	75% 85%
Sunflower oil (crude) (refined)	35% 50.8%	75% 85%
Coconut Oil (Crude) (Refined)	45% 50.8%	75% 85%
Rapeseed oil/Colza or Mustard (crude) (refined)	35% 50.8%	75% 75%
Others oils(Crude) (Refined)	35% 50.8%	75% 85%

Oil Palm Development Programme

10.8 The Oil Palm Development Programme (OPDP) was launched with a total outlay of Rs. 126.17 crores for development of oil palms over 80,000 hectares during 8th Plan. Again in 9th Plan it is continued to bring an additional area of 80,000 ha. under Oil Palm. The physical targets and achievements are as under:-

Year	Target	Achievement
1997-98	7097.00 ha	6,807 ha
1998-99	15975.00 ha	4,169 ha
1999-2000	17500.00 ha	8000 ha
2000-2001	19200.00 ha	3500 ha (anticipated)

10.9 Under Oil Palm Development Programme the BE (2000-2001) of Rs.14.84 crores has been reduced to Rs.7.00 crores in RE (2000-2001). As regards physical performance, it is anticipated that expansion of area will be only 3500 ha. as against a target of 19,000 ha. Informing about the reasons for not meeting the financial & physical targets the Department stated that, "after the launch of Oil Palm Development Programme (OPDP) for promoting cultivation of this new crop in India, annual area covered under oil palm increased steadily up to 1995-96 but has declined after that. 1995-96 is the year during which import duty on edible oils was reduced from 65% to 35%. In subsequent years, the import duty on edible oils was further reduced to 15%. Further, import of edible oil being under OGL, large quantities of edible oils have been imported. Against the estimated gap of 15 lakh tonnes between the demand and supply, during 1999-2000 quantity of 41.96 lakh tonnes was imported. With excessive import of edible oils the indigenous prices of edible oils depressed to a very low level. Due to low market prices of edible oil, it has become difficult for the farmers to get remunerative prices and there has been a loss of motivation to grow oil palm over more area. Hence, the farmers are not interested in oil palm cultivation. Interest of farmers in oil palm has declined and farmers are reluctant to take up new crop of oil palm having long gestation period.”

CHAPTER – XI
HORTICULTURE

11.1 India is the second largest fruit and vegetable producing country in the world after China. Horticulture sector suffers from various technological and infrastructural constraints, preponderance of old and senile trees, poor management, acute shortage of seeds and planting material of improved quality and lack of post harvest handling, sorting, grading, packaging, storage and transportation etc. Besides, inadequate processing infrastructure and poor marketing network are other constraints for growth and expansion of horticulture. The North-East region, which has tremendous potential for horticulture development, has severe constraints of connectivity. Organically produced, chemical free horticulture products are labour intensive. There is scope for organic farming, but potential remains under-utilized.

11.2 Under the Horticulture sector following are the allocations and expenditure:-

(Rs. in crores)

	1998-99	**1999-2000**	**2000-2001**	**2001-2002**
BE	300.00	360.00	132.55	137.00
Expenditure	221.14	240.20	180.21 (RE)	-

11.3 The Department in their annual Report 2000-2001 have stated that to address marketing problems in horticultural crops especially perishables and to raise the quality standard etc. a feasibility study has been carried out through NDDB.

11.4 The study conducted by NDDB in four metropolitan markets in the country, namely, New Delhi, Calcutta, Mumbai and Bangalore emphasized that "the present system cannot easily be transformed, therefore, the only way to modernize horticulture marketing is to set up an alternative marketing set up that operates parallel to, and in addition to the present mandis". An alternative marketing structure with the following elements were proposed:-

(i) Professionally managed central auction to ensure transparency;

(ii) Farmers' associations owned collection centers to provide backward linkages;

(iii) Establishment of cash and carry stores at the terminal markets providing retailers with the facility to purchase major part of produce directly from the market;

(iv) Ownership and management of terminal markets by professionally managed company formed with the internal finances comprising equity and borrowings;

(v) Investors, farmers' association, retailers' associations, wholesalers and other users are eligible to produce equity; and

(vi) The market will handle 6.80 MT of perishable produce in Delhi, 4.40 MT in Mumbai, 2.66 MT in Bangalore & 2.45 MT in Calcutta.

Capital Investment Subsidy Scheme

11.5 Under the Capital Investment Subsidy scheme, launched in December, 1999 for Construction/Expansion/ Modernization of cold storages and storage for horticulture produce, which is implemented by National Horticulture Board in collaboration with NABARD/NCDC, 25% Capital subsidy subject to maximum limit of Rs. 60.00 lakhs is provided. Rs. 85.10 crores has been earmarked for NHB to implement this scheme during 2001-2002.

11.6 As on 9.3.2001, 218 number of cold storage projects (which have been completed/nearing completion) creating a capacity of 11.43 lakh tonnes have been sanctioned. Subsidies of Rs 79.00 crores have been released to NABARD/NCDC. In addition, 127 numbers of projects involving subsidy of Rs 31.72 crores are under consideration.

11.7 The Finance Minister in his budget speech proposed to extend the coverage of this scheme to cover rural godowns also. In this connection, the Department informed that, "The scheme of building rural godowns is proposed to be implemented by the Directorate of Marketing and Inspection under the Department of Agriculture and Cooperation through NABARD and NCDC. The details of the scheme are being worked out for taking the Government approval and accordingly necessary budget provision will be made."

Scheme of Agri-Business and Agri-Clinics

11.8 For the purpose of accelerating the process of technology transfer in agriculture a new scheme named 'Scheme of Agri-Business and Agri-clinics' is proposed to be implemented from 2001-2002.

11.9 Elaborating about the above scheme, the Department in a note stated that, "the scheme has not yet been finally approved and is under various stages of examination for approval. The scheme, however, proposes to make use of the vast resource of agriculture graduates to provide extension and technical support services to the farmers on a commercial basis. The scheme envisages the training of group of agriculture graduates and providing them financial assistance through bank loan and subsidy for setting up their agri-clinics and agri-business ventures. The various activities identified for setting up of the ventures are soil and water quality cum inputs testings labs, crop protection services, tissue culture labs, custom hiring, post harvest management centres, market outlets etc."

11.10 On the question of funding obligations, the Department stated that, "the proposed scheme envisages a per entrepreneur capita average investment of Rs. 5 lakh. The beneficiary has to bring in 5% to 10% of the project cost as his own contribution. The subsidy proposed to be given under the scheme is back ended. The balance project cost is to be met from bank loan for which NABARD refinance would also be available."

CHAPTER – XII
COOPERATION

12.1 The Co-operation Sector has been playing a significant role in the area of disbursing agricultural credit providing marketing support for farmers, distribution of agricultural inputs, imparting co-operation education and training. It has been allocated Rs. 765.00 crores for 9^{th} plan, out of which Rs. 77.75 crores has been allocated in BE 2001-2002. The Co-operation Division is implementing following ongoing Central Sector/Centrally sponsored Schemes during the 9^{th} Five-Year Plan for promotion and development of Co-operation:-

(i) Central Sector Scheme for Cooperative Education and Training;

(ii) Assistance to National Cooperative Federations;

(iii) Development of Multi-State Cooperative Societies and Strengthening of Cooperation Division (Direction and Administration);

(iv) Integrated Cooperative Development Project in selected districts;

(v) Assistance for Cooperative Marketing, Processing and Storage Programmes in Cooperatively Underdeveloped States and Union Territories;

(vi) Share capital participation in cooperative sugar mills;

(vii) Share Capital participation in Cooperative Spinning Mills;

(viii) Development of Cooperative Rural Growth Centre (EAP);

(ix) Coconut Development Project in Kerala (EEC Assisted); and

(x) Janta Personal Accident Insurance Scheme for Labour Cooperatives.

12.2 During the first four years of 9th plan approximately Rs. 436.46 crores could be spent, which amounts to 57.05% of the total outlay. As regards the reasons for low performance and efforts for improvement, the Department stated that, "An outlay of Rs. 765.00 crores was earmarked for the implementation of the schemes during the 9th five year plan. During the first four years of 9th Plan approximately Rs. 431.74 crores has been incurred so far. The year-wise break-up of funds released is as follows:

(Rs. in crores)

Year	***B.E.***	***R.E.***	***Actual Exp.***
1997-98	131.09	114.08	114.08
1998-99	170.00	136.22	136.22
1999-2000	170.00	110.18	110.18
2000-2001	106.33	84.98	71.26 (as on 20.3.2001)
	577.42	**445.46**	**431.74**

Due to budgetary constraint, an outlay of Rs. 445.46 at RE Stage against BE of Rs. 577.42 has been provided during the first four years (1997-98 to 2000-2001) of the 9th Plan, which have been utilised in full. There has been, thus, no shortfall vis-a-vis the revised allocation."

12.3 The State wise number of cooperatives functioning in each of the State/UT as on 31.3.2000 are as under:-

S.No.	**State/UT**	**Credit Cooperatives**	**Non Credit Cooperatives**	**Total**
1.	Andhra Pradesh	9828	28017	37845
2.	Arunchal Pradesh	35	127	162
3.	Assam	1516	3161	4677
4.	Bihar	7717	22139	29856
5.	Gujarat	11803	39027	50830
6.	Harayana	3351	16626	19977
7.	Himachal Pradesh	2480	1737	4217
8.	Jammu & Kashmir	4	90	94
9.	Karnataka	6819	15803	22622
10.	Kerala	2677	12493	15170
11.	Madhya Pradesh	6780	14071	20851
12.	Maharashtra	38903	99701	138604
13.	Meghalya	243	528	771
14.	Manipur	332	3853	4185
15.	Mizoram	657	840	1497
16.	Nagaland	431	748	1179
17.	Orissa	3456	3794	7250
18.	Punjab	4828	15535	20363
19.	Rajasthan	6108	13283	19391

20.	Sikkim	0	455	455
21.	Tamil Nadu	6640	21877	28517
22.	Tripura	404	1145	1549
23.	Uttar Pradesh	0636	24227	34863
24.	West Bengal	1868	13648	25516
25.	Andaman & Nicobar			
26.	Delhi	1061	3891	4952
27.	Lakshdweep	0	26	26
28.	Pondicherry	123	331	454
29.	Chandigarh	336	1289	1625
30.	Dadra & N.H.			
31.	Goa			
32.	Daman & Diu			
	Total	139512	360324	499836

Total Credit Coops (Primary) **139512**

Non-Credit Coops. (Primary) 360324

Tree Growers Cooperatives 633

Other Co-ops. such as Rikshaw Pullers, Litteracy,
Printing, Social Welfare, Washermen, Education etc 528

Total Non-credit Coops. (Primary) **361485**

National Level Cooperatives 21

State Level Credit Cooperatives 65

District Level Credit Cooperatives 367

State Level Non-Credit Cooperatives 292

District Level Non-Credit Cooperatives	2220
Grand Total	**503962**

12.4 On the question of extending support to cooperatives, the Secretary Department of Agriculture & Cooperation during evidence stated; "So far as the cooperative sector is concerned, there are two or three types of programmes under which we are extending support to them. One support to cooperative is going via NCDC, National Cooperative Development Corporation. The NCDC is generally promoting storage, agro-processing, sugar cooperatives, spinning mills and also certain weaker sections' cooperatives like fisheries cooperatives etc. NCDC is providing loans to the State Governments, which is going to the respective cooperative societies for various activities. The other programme of NCDC is Integrated Development Project. They take up a district and have an overall assessment of the programmes that can be taken up, like storage, marketing, fisheries etc., and NCDC supports those programmes again through the State Governments. We are supporting mostly the credit cooperatives in two or three ways. One larger programme that we have is participation in the debenture schemes of the land development banks, which are in cooperatives. We also provide some help to the State Governments to give it to the cooperative societies for participating in various activities. There are some small programmes like providing money to the national federation."

12.5 He further added, "Unless some financial support is extended to rural credit cooperatives, they will not become healthy. For the credit needs of the rural sector, I think, we cannot totally depend on the commercial banks. These are our major programmes. For urban cooperative banks, we do not give any support."

12.6 In this connection, the representative of the Department added that, "In the cooperative sector, apart from the flow of financial support, structural changes, like providing autonomy to the cooperatives and improving the management are also needed. Legal reforms are also required. A model cooperative law was also prepared. We are also running multi-cooperative societies. Even, there also a lot of changes have been proposed. Reforms in the cooperatives, with reference to autonomy and professional management are required. But we still need to give some financial support to the cooperatives."

12.7 The Committee enquired as to whether there was any subsidy programmes to rural cooperative societies from the Centre. The Secretary of the Department stated during evidence that, "Subsidy programme is only under the ICDP, Integrated Cooperative Development Project. In NCDC some subsidy is there. That subsidy is shared between State Government and the Central Government on half-half basis. Basically, about 25 per cent is subsidy. This generally does not promote income. This is more of a promotional activity."

12.8 When the Committee pointed out that in most of the State Governments two different Ministries for Agricultural and Cooperatives was there. It was because the scope of the cooperatives was very wide and also the Department of Agriculture and Cooperation was not able to give full attention to the cooperatives. During evidence the Secretary, Department of Agriculture & Cooperation opined that, "There is an organic link between agriculture and cooperative sector that has to be developed. There are specialised cooperatives, which are administered by different Ministries. For example, housing cooperative is governed by the Ministry of Urban Development. So, we have to develop the cooperatives as they have better linkage with the agriculture."

12.9 The three schemes of cooperative sector which had been proposed during the ninth plan, viz. (i) strengthening of cooperative sector, (ii) Development of Reservoir Fisheries through cooperatives; and (iii) Integrated Development of Wool Processing and Industrial Cooperatives have been dropped since Planning Commission has not approved them.

12.10 The reasons for dropping the schemes given by Department in a written reply are as under:

"(i) Strengthening of Cooperative Sector

"The scheme was proposed to meet the expenditure on organising meetings/Conference/Seminars during the 9th Plan. The proposal with an outlay of

Rs. 15.00 lakhs (during the 9^{th} plan) was sent to the Planning Commission who did not support the scheme with the advice to accommodate the expenditure within the overall budget provision of the department. Hence, the scheme was dropped for want of funds.

(ii) **Development of Reservoir Fisheries through cooperatives**

Planning Commission have informed that a new scheme on Integrated Development of Inland Capture Fisheries Resources (including reservoirs/rivers/lakes etc.) has been envisaged by the Department of Animal Husbandry and Dairying. This Department had been advised for incorporation of the above scheme in the proposed scheme of the Department of Animal Husbandry to avoid duplication/ overlapping of the activities under two different schemes in the Ministry of Agriculture. Since the scheme of the Department of Animal Husbandary was having similar features, the newly proposed scheme of this department has been dropped to avoid duplication of efforts.

(iii) **Integrated Development of Wool Processing and Industrial Cooperatives.**

Planning Commission has opined that some activities proposed under the scheme like introduction of mechanical shearing in place of hand shearing, introduction of grade measuring, marketing of wool on grade basis to improve overall quality, introduction of carbonization and grease removal processes for quality improvement, processing of wool to manufacture woolen yarn for value addition, etc. are being implemented by the Central Wool Development Board and hence may result in duplication. The Ministry of Textiles and Central Wool Development Board were consulted in the matter and the scheme was dropped to avoid duplication of efforts".

CHAPTER – XIII

NATURAL RESOURCE MANAGEMENT (S&WC)

13.1 Land, which is the most precious heritage and the physical base of bio mass production of life supporting systems, is finite. In this natural non-renewable endowment, the share of our country is fixed at about 329 m.ha. It is not only inelastic but also heterogeneous in different parts and regions of the country with a definite set up, capabilities, suitabilities for different land resources. Conservation of land resources can promote sound land use to match with the land capabilities or suitabilities and to initiate correct land resources, development/suitability in the country.

13.2 A close look at the present health of the soil and water resources reveals their wanton mis-use and degraded environment. About 173 m.ha. covering slightly half of the country are threatned by various types of degradation like salinity, alkalinity, waterlogging, ravinous and gullied lands, areas under ravages of shifting cultivation, desertification, etc. About 800 ha. of arable land are being lost annually due to ingress of ravines.

13.3 In this connection the Committee desired to know the estimated degraded area in the country, target of reclamation during 9th Plan and achievement there against during the first 4 years of the Plan. In reply, the Department in a note stated as follows:-

"Out of the geographical area of 329 m. ha. of the country an estimated area of 173 m. ha. suffers from degradation due to water and wind erosion and other problems like salinity, waterlogging and shifting cultivation practices etc. During 9th Plan, it is proposed to treat an area of 1.08 m. ha. through the schemes of Department of Agriculture and Cooperation, out of which an area of 0.987 m ha. has already been treated during the first 4 years of the 9th Five Year Plan. In addition, the Ministry of Rural Development, Ministry of Water Resources and Ministry of Environment and Forests also take up programmes for land treatment and afforestation under their various schemes."

13.4 On the same subject a representative of the Department during evidence informed that, "173 million hectares of land have been estimated all over the country as being in varying degrees of degradation. Some of this land is also cultivated land. Out of this 173 million hectares, we are cultivating 142 million hectares but even that is partly degraded.

Upto the end of the Eighth Plan Period, as against 173 million hectares of degraded land 16.5 million hectares of land was treated by all the Departments concerned including the Department of Agriculture, Ministry of Rural Development and the Ministry of Environment and Forests. For the Ninth Plan period, it was targeted to treat 10 million hectares of which approximately five million by the Ministry of Rural Development. Out of that five million, against one of the scheme of NRM, treatment in the catchment of river valley projects and flood prone rivers, is the figure of target of 1.08 million hectares in 9th Plan.

In addition, under the National Watershed Development Project, we had treated somewhere around 2.25 million. So, against the target of five million hectares that this Department had to treat in the Ninth Plan, we needed something like Rs. 2,500 crore as resources but we got only Rs. 1,600 crore. Accordingly, we will be able to treat by the end of the Ninth Plan some 3.24 million hectares against our target of five million hectares. So, at the end of the Ninth Plan, we would be looking at a cumulative treatment of 16.5 million that was treated at the end of the Eighth Plan plus an addition of 3.24 million hectares that our Ministry would have added. Also, approximately a similar amount would have been added by the Ministry of Rural Development and the Ministry of Environment and Forests. So, this would take us to somewhere around 25 million hectares as against the target of some 73 million hectares."

CHAPTER –XIV

AGRICULTURAL CREDIT

14.1 In order to strengthen the Cooperative Credit Institutions for meeting the credit requirement of the farmers, Central Assistance is released to the State Governments under various Centrally Sponsored and Central Sector Plan schemes.

14.2 Under the Credit division out of the 9th Plan Outlay of Rs. 903.85 crores, only Rs. 420.54 crores could be spent during first four years of Plan Period, which accounts for 46.53% of total outlay. For credit schemes during 2001-2002, Rs. 55.00 crores have been allocated.

14.3 The Finance Minister in his budget speech informed that the total Credit flow to agriculture through institutional channels of commercial banks, cooperative banks and regional rural banks is estimated to have reached a level of Rs. 51500 crores this year, an increase of about 15 per cent over last year. It is expected to increase to Rs. 64000 crores in 2001-2002 representing an increase of 24%.

Kisan Credit Card Scheme

14.4 Under the Kisan Credit Cards Scheme during 2000-2001, 47.56 lakhs cards could be issued upto December, 2000 as against the target of 75 lakhs cards. The total number of Kisan Credit Cards issued upto 31st January, 2001 by RRBs, Cooperative Banks and Commercial Banks since inception of the Scheme, State-wise, is as under:

S. No.	State Name	Commercial Banks	COOPs	RRBs	Total
1.	Andhra Pradesh	678676	2534273	140251	3353200
2.	Assam	2547	0	645	3192
3.	Arunachal	33	0	122	155

	Pradesh				
4.	Bihar	110984	36054	16086	163124
5.	Gujarat	221329	245959	22920	490208
6.	Goa	1029	235	0	1264
7.	Haryana	89589	240704	17880	348173
8.	Himachal Pradesh	12700	11193	585	24470
9.	Jammu & Kashmir	516	1456	667	2639
10.	Karnataka	407572	169049	117992	694613
11.	Kerala	168732	96145	108645	373522
12.	Madhya Pradesh	131232	167386	16465	315083
13.	Maharashtra	237728	1405097	19594	1662419
14.	Meghalaya	645	80	127	852
15.	Mizoram	4	0	0	4
16.	Manipur	262	0	0	262
17.	Nagaland	12	0	0	12
18.	Orissa	61942	760468	39370	861780
19.	Punjab	231684	0	12426	244110
20.	Rajasthan	92404	1088362	14464	1195230
21.	Sikkim	174	0	0	174
22.	Tamil Nadu	340336	46722	8651	395709
23.	Tripura	354	66	243	663
24.	Uttar Pradesh	536431	470792	135655	1142878
25.	West Bengal	60571	14266	4098	78935

26.	Andman & Nicobar	222	269	0	491
27.	Chandigarh	0	0	0	0
28.	Daman & Diu	0	0	0	0
29.	Delhi	281	991	0	1272
30.	Dadra & Nagar Haveli	1	0	0	1
31.	Lakshadweep	63	0	0	63
32.	Pondicherry	3579	76	0	3655
	Total	3391632	7289643	676886	11358161

Note: Data for Commercial Banks relate to 31st December, 2000.

National Agriculture Insurance Scheme (NAIS)

14.5 This scheme has been introduced to enlarge the coverage in terms of farmers (loanee and non-loanee both), more crops and more risks. It envisages coverage of all the food crops (cereals, millets and pulses), oilseeds and annual commercial/horticultrural crops, in respect of which past yield data is available for adequate number of years.

14.6 Small and marginal farmers are entitled to subsidy of 50% of the premium charged from them, which will be shared on 50:50 basis by the Central and State Governments. The following 17 States and 2 Union Territories are implementing this scheme:

(i) Andhra Pradesh
(ii) Assam
(iii) Bihar
(iv) Goa

(xiii) Tamil Nadu
(xiv) Uttar Pradesh
(xv) Chattisgarh
(xvi) West Begal
(xvii) Sikkim
(xviii) Andaman & Nicobar

(v) Gujarat

(vi) Himachal Pradesh

(vii) Karnataka

(viii) Kerala

(ix) Madhya Pradesh

(x) Maharashtra

(xi) Meghalaya

(xii) Orissa

14.7 For 2001-2002 the Department had proposed an outlay of Rs. 650.00 crores but the allocated amount is only Rs. 261.21 crores. In this connection the Department have stated that with this allocation it would be difficult to meet the claims under the scheme, which are likely to be heavy due to draught conditions in many States.

CHAPTER – XV

AGRICULTURE MARKETING

15.1 The object of the various schemes operated by the Agriculture Marketing Division is to provide a network of services that will improve the quality and availability of agricultural products in the country. Following schemes are being implemented for the purpose.

(i) Strengthening of Agmark grading Facilities and Export Quality Control.

(ii) Market Survey, Investigation and Research Grants.

(iii) National Institute of Agricultural Marketing.

(iv) Market Information Network.

15.2 There has been continuous shortfall in expenditure in 'Agriculture Marketing' against the approved outlay as shown below:

(Rs. In Crores)

1997-98		1998-99		1999-2000		2000-2001		2002
Approved outlay	**Actual Expenditure**	**Approved outlay**	**Actual Expenditure**	**Approved outlay**	**Actual Expenditure**	**Approved outlay**	**Actual Expenditure**	**Approved outlay**
7.25	5.78	7.25	3.64	20.00	3.95	10.00	6.67	10.00

15.3 While giving the reasons for shortfall, in expenditure, the Department stated that "For the proposed four new schemes of (i) Development of Rural Periodic

Markets, (ii) Promotion of Agmark in Domestic Trade, (iii) Setting up of ‘Apni Mandis & (iv) Improvement of Wholesale Markets, there is a budget provision of Rs.215.00 lakhs during the current financial year. As these schemes are yet to be finally sanctioned by the Planning Commission, no expenditure on these proposed new schemes could be incurred. The Planning Commission has constituted a Group under the Chairmanship of Secretary, Planning Commission to go into the whole gamut of Agricultural Marketing in the country. Approval of these schemes will be considered in the light of the recommendations of the Group set up for this purpose.”

PART – II

RECOMMENDATIONS/OBSERVATIONS

RECOMMENDATION NO. 1

REDUCED ALLOCATION FOR 2001-2002

The Committee note that against the approved Ninth Plan Outlay of Rs. 9228.82 crores, the Department of Agriculture & Cooperation have been given an outlay of Rs. 5828.69 crores through budgetary support (RE) in the first four years of the Plan and an allocation of Rs. 1985 crores has been made for the year 2001-2002. The total allocation becomes of Rs. 7813.69 crores, which is only 84.66% of the approved outlay. The Department had sought Rs. 4101.58 crores for 2001-2002 to meet the objectives of 9th Plan Period. According to the Ministry, in the absence of financial resources of that order, it would be difficult to meet the plan objectives.

The Committee note that Planning Commission had indicated a target of 234 MT of food grains by the terminal year of the Ninth Plan, in accordance with the strategy of doubling food production and making India hunger free in 10 years. However, the food grain production in the first four years is 192.26 MT, 203.04 MT, 205.91 MT and estimated 199.02 MT respectively, which is nowhere near the target of Ninth Plan. According to the Planning Commission and also accepted by the Ministry, to achieve the target in the last year of Plan seems to be impossibility.

The Committee has been recommending time and again in various reports for an urgent need for higher allocation for agriculture sector to meet the plan objective and to give right impetus to food grain production. In the mid term appraisal of the Ninth Plan, the Planning Commission has themselves expressed that it is imperative that the rate of public investment in Agriculture Sector be increased if the Plan targets are to be achieved. The Committee, therefore, strongly recommend to the Planning Commission and Ministry of Finance to increase plan allocation to the Department of Agriculture & Cooperation in the

year 2001-2002 to Rs. 4101.58 crores as proposed by the Department in order to enable it to achieve at least some of the targets laid down for the Ninth Plan.

RECOMMENDATION NO. 2
DECLINE IN PERCENTAGE SHARE OF DEPARTMENT OF AGRICULTURE & COOPERATION

The Committee are distressed to find that allocation for Department of Agriculture & Cooperation as a percentage of Central Plan Outlay has been continuously declining. As against the percentage share of 1.87% in 1999-2000 and 1.66% in 2000-2001, the share of Department of Agriculture & Cooperation in 2001-2002 is only 1.51%. This is inspite of the fact that Planning Commission was supportive of the Department in seeking a higher outlay for the year 2001-2002. The Committee fail to understand the reasons for low allocation although the need for higher allocation is well recognized by one and all.

It is observed that for the different schemes of the Department, the allocated outlay is far less than the proposed outlay for 9th Plan. The reduced outlay has adversely affected some very important sectors like TMOP, Credit, Plant Protection and Cooperation, where allocations has been reduced by more than 50% of the amount proposed. The Committee desire the Government to arrest this slide in percentage share of the Department and provide sufficient resources to this vital sector for all round development of the agricultural sector.

RECOMMENDATION NO. 3
NON APPROVAL OF SOME OF THE SCHEMES OF THE NINTH PLAN

The Committee are distressed to find that out of 41 new schemes proposed in 9th plan, 18 schemes have still not been approved by the Planning Commission, despite this being the terminal year of the Plan. This has greatly affected the overall achievement of targets of 9th Plan. The Committee have been informed that three schemes viz. (i) On farm Water Management for increasing crop production in Eastern India; (ii) Scheme for increasing production and productivity of wheat and pulses in Central India; and (iii) Rehabilitation Package for revamping of the Cooperative Credit Structure, are very significant and when implemented would greatly intensify the agricultural development in the country. The Committee, therefore, recommend that the Planning Commission should expedite approval of the pending schemes particularly the above 3 important schemes, so that they can be taken up for implementation during remaining period of the Ninth Plan.

RECOMMENDATION NO. 4
UTILISATION OF PLAN FUNDS

The Committee are further constrained to note the low utilization of plan funds by the Department. While appreciating the Department's proposal to introduce a system whereby a higher level of financial discipline among the States would ensure quicker and more effective utilization of plan funds, the Committee are of the view that a transperancy and accountability in release/utilization of funds will go a long way to motivate states to show better performance and enforce financial discipline among the States. The Committee would like the Department to urgently implement their recommendation made last year in regard to giving detailed performance of the States on various schemes/Macro Management mode in Performance Budget, so that any lapse on part of Department/State is brought to the notice of Parliament and serve as a deterrent against showing lethargic attitude in implementation of various schemes. The Committee further recommend that while formulating centrally sponsored schemes' investment plan, particularly the financial capability of State Governments to contribute their share should also be assessed so as to have effective implementation of the schemes.

RECOMMENDATION NO. 5
INCENTIVES FOR EXPORT

The Committee while scrutinizing the exports of the agricultural commodities are constrained to note that the exports has come down to the level of Rs. 14437.73 crores in 1999-2000 from Rs. 16146.93 crores in 1998-99. The percentage of agricultural export to the total export has also come down from 11.55% in 1998-99 to 8.86% in 1999-2000. The Committee are further constrained to note that adequate incentives are not being given to the farmers for increasing export of their produce. Besides, there are quantitative restrictions on export of several items of agriculture, which have hindered the farmers in getting good price for their produce. The Committee desire the Ministry of Commerce to review the restriction on export of agricultural commodities and remove the same keeping a balance between interests of consumers and farmers. The Committee, also recommend that Government should give sufficient incentives to the farmers along with necessary technical support for exporting their products and also publicise the same in order to encourage and help the farmers in fetching good price for their produce. An Expert Committee in this regard should also be constituted to explore the export potential of various agricultural commodities in other countries and the result of this systematic study should be made available to the farmers regularly.

RECOMMENDATION NO. 6
REMOVAL OF QUANTITATIVE RESTRICTIONS ON IMPORTS

The Committee are highly concerned over the impact of WTO agreement, on the farmers in the context of removal of quantitative restrictions. The Committee are very well aware of the circumstances leading to removal of QRs on 1429 items by the Government by 04.01.2001 as per the WTO agreement. In

this connection, the Committee feel that if import of the agricultural commodities is encouraged without taking any remedial measures, the farmers of the country will suffer on account of getting less renumeration for their produce. The Committee, therefore, desire that the Government should take appropriate and timely contra steps like imposing rationalised anti dumping duty and import duty to counter the adverse effect due to removal of QRs.

RECOMMENDATION NO. 7

AGRICULTURE EXTENSION

The Committee find that Agriculture Extension is a weak area in agriculture. As per a study not more than 25% of Agriculture technology is reaching the farmers. This is indicative of the fact that there is a need for revamping the extension machinery to make it more farmer oriented especially in view of WTO regime. The present village level worker and community block based extension system should be revitalized and strengthened and made more responsive to the changing needs of the system. Village Panchayats/farmers organisations should play a critical role in the effective transfer of agricultural technology. In addition, modern modes like print and electronic media should also be extensively used to get the desired results. The Committee further recommend that necessary changes should be carried out by encouraging the Research, Education and Extension Agencies to interact with the farmers to know their needs and problems and come out with demand driven solutions.

The Committee further desire the Government to consider starting an exclusive TV Channel for Agriculture by Doordarshan which besides giving entertaining programmes also educate the farmers on new agricultural technologies, marketing and opportunities thrown open due to WTO agreement.

RECOMMENDATION NO. 8
AGRICULTURE CENSUS

The Committee observe that Agriculture Census gives essential information as distribution of operational holdings and area operated by them, tenancy, term of leasing, cropping, land use pattern and irrigation status etc. They are, however, constrained to find that in several States comprehensive land records are not available with the result, the data collection is time consuming and subject to errors. The information is very essential as without it, it is not possible to give any clear policy directives or formulations. The Committee, therefore, recommend that the Government should make concerted efforts to persuade States to maintain updated computerized land records.

The Committee have been further informed that Agriculture Census takes 2 to 3 years for completion, which involves collection of data and tabulation. The release of data takes another 2 years. The Committee feel that in the modern era of information technology time taken of 4 to 5 years is very much on the higher side, hence, the Government should endeavour to complete it within 1 or 2 years.

RECOMMENDATION NO. 9

SEEDS

On going through the information furnished by the Department, the Committee find that there is sufficient availability of quality seeds as per the demands of the farmers. However, this is contrary to the situation experienced by the Members themselves as the farmers are not getting adequate quality seeds in time. Moreover, the Seed Replacement Rate for various crops remains much below the desired level of 20%. The Committee would like the Department to look in the matter and find out the reasons for this low Seed Replacement Rate (SRR). They recommend that the production of quality seeds should be increased and all out efforts should be made to achieve the desired SRR in order to increase the overall productivity.

The Committee are satisfied to note that as per the recommendation of the Committee, some States have taken up the seed village programme where whole villages are taken up for seed production. The Committee desire that the Government should review the progress of seed village programme periodically so as to encourage more States to take up this programme.

RECOMMENDATION NO. 10

FERTILISERS & MANURE

The Committee are constrained to find that the soil testing facilities in the Country are inadequate. Out of the target of 70 Soil testing labs proposed to be set up during the 9th plan only 17 labs have been set up in the first 4 years of the Ninth Plan. The Department is stated to have received only limited number of proposals for setting up new labs since it involved a commitment of staff, land and buildings on the part of the State Governments. Out of the target of strengthening of existing 273 labs only 129 labs could be strengthened during the 9th Five Year Plan Period.

The Committee recommend that the Department should give encouragement to the private sector also for setting up soil testing laboratories so that the endeavour to provide one soil-testing laboratory in each block could be reached.

The Committee have noted that the carbon content in soil is going down affecting the soil health and productivity. The Committee desire that the Government should promote use of organic manures and fertilizers by recycling urban and rural waste in a scientific manner to increase the fertility of the soil.

RECOMMENDATION NO. 11
KISAN CREDIT CARD SCHEME

The Committee are happy at the success of Kisan Credit Card Scheme, which has become very popular with the farmers. However, the performance of the scheme in North-Eastern States viz. Mizoram, Manipur, Nagaland etc. is poor. The number of Kisan Credit Cards issued in North Eastern States was: Arunachal Pradesh – 155, Meghalaya – 852, Mizoram – 4, Manipur – 262, Nagaland – 12, Tripura – 663 and Sikkim – 174 only. The Committee would like the Department to analyse the reasons for below par performance in these States and initiate suitable steps to popularise them in these areas. This will enable the farmers in these areas to avail of the benefits that will accrue to them by way of sufficient credit flow in time of their need. Since Kisan Credit Cards are very useful for the farmers, it should be the endeavour of the Government that Credit Cards should be provided to all the bonafide farmers. There should be a time bound programme to achieve this objective.

RECOMMENDATION NO. 12

AGRICULTURAL MARKETING

The Committee are constrained to find that there has been continous shortfall in utilization of plan funds in Agricultural Marketing during the entire Ninth Plan Period. The Committee are not convinced by the reasons put forward by the Ministry for non-utilization of funds viz. extensive use of agmark replica, non-finalization of the requirements of chemicals, apparatus and equipments for agmark laboratories and non-approval of schemes. This is indicative of lack of proper planning and inability of the Department to make use of resources available to them. The Committee, therefore, recommend the Department to tone up the Agriculture marketing division so as to ensure 100% utilization. Profits of the farmers depend on effective agricultural marketing. It should, therefore, be strengthened to provide better returns to the farmers.

The Committee are further unhappy to find that despite the recognised need for giving more focus to marketing, the four schemes of Marketing division proposed to be implemented during 9th plan, viz. (i) Development of Apni Mandis, (ii) Development of Rural Primary Markets, (iii) Assistance for infrastructure Development in wholesale Markets and (iv) Assistance for Agmark Laboratories, have not yet been approved by the Planning Commission. The Committee desire the Department of Agriculture & Cooperation to vigourously pursue with Planning Commission for approval of these schemes so that they can be implemented at the earliest in order to give desired impetus to the Agricultural Marketing.

The Committee observe that the National Dairy Development Corporation has done a commendable job in increasing India's milk production through cooperatives by providing inputs to the milk cooperatives and undertaking total responsibility for collection of milk, transport, preservation and processing for marketing the produce in big towns for getting maximum returns for the milk cooperatives. In the case of fruits and vegetables it is a much easier process to

organize rural cooperatives which could collect and package the entire fruits and vegetables products of the area with the support of NAFED who should take the responsibility for their storage and transporting from the cooperatives to the markets, where fruits and vegetables could be made available to the existing milk depots and through similar depots set up by NAFED in major towns. This will benefit the farmers as well as the consumers, and NAFED as a cooperative marketing organization will emerge as a more important Organization than the National Dairy Development Corporation because of the much greater demand of vegetable and fruit marketing.

RECOMMENDATION NO. 13

CROP INSURANCE

The Committee find that against the allocation of Rs. 650 crores proposed by Department of Agriculture & Cooperation for Crop Insurance, only Rs. 261.21 crores has been provided for 2001-2002. The Department has stated that with this allocation it would be difficult to meet the claims under the scheme, which are likely to be heavy due to drought conditions in many States. The Committee are of the view that the payment of insurance should in no case be delayed due to paucity of funds. Therefore, the allocation for the scheme should be enhanced at Revised Estimates stage. The Committee further note that some States have still not implemented the National Agriculture Insurance Scheme due to their inability to give the matching share. The Committee desire the Government to assess the financial capability of the State Governments to contribute their share and accordingly take concrete steps to ensure that the scheme is adopted by all the States so that farmers' interests do not suffer on account of inability of the State Government. The Government should also consider the relaxation in funding pattern of Centre:State contribution from 50:50 to 75:25 for the States which are continuously affected by droughts/floods.

RECOMMENDATION NO. 14

NATURAL RESOURCE MANAGEMENT

The Committee note that out of the geographical area of 329 million hectare of the country an estimated area of 173 million hectare suffers from degradation due to water and wind erosion and other problems like salinity, waterlogging and shifting cultivation practices etc. The Committee observe that various Ministries viz. Ministry of Rural Development, Ministry of Water Resources, Ministry of Environment and Forests besides Ministry of Agriculture have been implementing the schemes for land treatment and afforestation. In the Ninth Plan a target for treatment of 10 million hectare of land was kept out of which an area of 5 million hectare was to be treated by the Department of Agriculture & Cooperation for which Rs. 1600 crores had been allocated. The Committee are of the opinion that to achieve success in treatment of lands, various schemes on reclaimation of lands of all these Ministries should be reviewed by Inter Ministerial Committee and Group of Ministers in order to integrated them into a comprehensive scheme dealt by one nodal Ministry. So that there is no overlapping of schemes and funds are utilised more efficiently.

RECOMMENDATION NO. 15

COOPERATION

The Committee are distressed to find that against the approved Ninth Plan outlay of Rs. 763 crores for the cooperative sector only Rs. 435.46 crores, working out to 57.05%, has been spent in the first 4 years of the Plan. For 2001-2002, a reduced outlay of Rs. 77.75 crores has been provided raising the total allocation to Rs. 513.91 crores. The Committee wish to emphasise that Cooperatives play an important role in agriculture and rural economy and, therefore, it is imperative to increase flow of investment to the sector so as to give impetus to their activities.

The Committee are further unhappy to find that three new schemes in the Cooperation sector viz. (i) strengthening of Cooperative sector; (ii) Development of Reservoir Fisheries through Cooperatives; and (iii) Integrated Development of Wool Processing, which were proposed by the Department for the Ninth Plan have been dropped due to non approval by the Planning Commission since they were covered under similar schemes of Cooperation division, Department of Animal Husbandry and Central Wool Development Board. This indicates lack of spadework done by the Department before formulating the schemes and also shows lack of coordination among various Departments of the Government. The Committee, therefore, recommend that the Department should chalk out schemes for the Cooperation Division carefully so that there is no overlapping with other schemes of other Departments, before placing it for approval of the Planning Commission.

RECOMMENDATION NO. 16

COOPERATIVES CREDIT

The Committee are constrained to note that an important scheme `Revamping of Cooperative Sector' has still not been approved by the Planning Commission. The Credit Cooperative Societies play a very crucial role in extending institutional credit to the farmers. About 45% of total flow of credit to farmers is through cooperatives. However, the Credit cooperative structure is in a state of decay and disintegration and it is imperative that urgent steps should be taken to revitalize it.

The Committee were informed that Planning Commission had constituted a Committee under chairmanship of Deputy Governor, Reserve Bank of India (RBI), Sh. Jagdish Capoor on revamping of cooperatives. It has given certain recommendations, which are stated to be having far reaching implications. The Committee, therefore, recommend that the Planning Commission should urgently approve the scheme in light of recommendations of the Jagdish Capoor Committee so that the decline in Credit Cooperative Sector is arrested and this sector is on road to recovery.

RECOMMENDATION NO. 17

NEED FOR A SEPARATE DEPARTMENT FOR COOPERATION

The Committee find that the cooperatives in our country are weak but their scope is very wide. Now a days, the Government is encourging the village level self-help groups organised by NGOs. They are concentrating on cooperatives, which are giving good results in the rural areas. In the opinion of the Committee the cooperatives are carrying out multifarous activities and greater thrust has to be given to their development. The Committee find that most of the State Governments have two different Ministries for agricultural and co-operation.

The Committee, therefore, recommend that with a view to strengthening the cooperatives and benefitting the farmers in turn, the Department of Agriculture & Cooperation should be bifurcated into two separate Departments so that more attention could be given to development of the co-operative sector.

New Delhi;	**S.S.Palanimanickam**
11th April, 2001	***Chairman,***
21 Chaitra, 1923 (Saka)	***Standing Committee on Agriculture***