

FIRST REPORT

**ESTIMATES COMMITTEE
(2009-2010)**

(FIFTEENTH LOK SABHA)

**MINISTRY OF AGRICULTURE
(DEPARTMENT OF AGRICULTURE AND COOPERATION)**

[Drought Management, Foodgrain Production and Price Situation]



Presented to Lok Sabha on 24.11.2009

**LOK SABHA SECRETARIAT
NEW DELHI**

November, 2009/Agrahayana, 1931(S)

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COMPOSITION OF THE COMMITTEE ON ESTIMATES (2009-2010)

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2.	Shri Bhupesh Kumar	-	Director
3.	Shri C. Kalyanasundaram	-	Under Secretary

INTRODUCTION

I, the Chairman of the Estimates Committee, having been authorized by the Committee to submit the Report on their behalf present this First Report on the aspects of the subject "Drought Management, Foodgrain Production and Price situation" pertaining to the Ministry of Agriculture.

2. The subject 'Drought management, foodgrain production and price situation' was selected for detailed examination by the Estimates Committee (2009-10) taking into view the erratic course of the South-West monsoon this year, its impact on the production of foodgrains and the price rise of essential commodities such as foodgrains, pulses and sugar. The subject matter falls under the purview of two Ministries. Drought management and foodgrain production are the concern of the Ministry of Agriculture. The storage of foodgrains and the price situation are under the purview of the Ministry of Consumer Affairs, Food and Public Distribution.

3. In this Report, the Committee deal with the aspects of the subjects pertaining to the Ministry of Agriculture. The representatives of the Ministry of Agriculture briefed the Committee on 27.8.2009 on the subject. The Committee took their oral evidence on 8.9.2009 and again on 5.10.2009.

4. The Committee would like to express their gratitude to the Estimates Committee 2008-2009 for selection and examination of a similar subject viz. 'Foodgrain production, storage and price situation' and thereby providing valuable guidance to the present Committee.

5. The Committee wish to express their thanks to the Officers of the Ministry of Agriculture for placing before them the written notes on the subject and for furnishing information desired in connection with the examination of the subject during the briefing and oral evidences.

6. The Committee considered the recommendations on the subject on 15.10.2009. They considered and adopted the Report at their sitting held on 18.11.2009.

7. For facility of reference, the observations/recommendations of the Committee have been printed in bold type at the end of the Report.

**New Delhi;
November, 23, 2009
Agrahayana 2, 1931 (Saka)**

**FRANCISCO SARDINHA
Chairman,
Committee on Estimates**

REPORT

INTRODUCTORY

1.1 Rapid growth of agriculture is essential to meet the food and nutritional security of the people of our country. Alongwith the increase in population and the improving living standards, food needs of the people also increases and as such the commensurate increase in production of foodgrains has also to be ensured. Foodgrain production in the country accrues from approximately 142 million hectare of cultivated land. Of this, 40 per cent is irrigated and accounts for nearly 55 per cent of production. The remaining (85 million hectare) is rainfed and contributes only about 45% to total agricultural production. Rainfed agriculture in our country is complex and characterized by low levels of productivity. Moreover, rainfed agriculture is risk prone due to vagaries of monsoon which result in wide variation and instability in yields. This year South-West Monsoon was highly erratic and this had created a drought like situation in many parts of the country. As such, it has adverse impact on the foodgrain production and subsequent price rise of essential commodities such as foodgrains, pulses and sugar. The situation has also adversely affected the interests of farmers in various parts of the country. Managing the drought, meeting the food needs of the people and controlling prices of foodstuffs is the need of the hour. The Estimates Committee, therefore, have selected the subject "Drought management, foodgrain production and price situation" for examination on priority basis. The subject falls under the purview of two Ministries. The drought management and foodgrains production is the concern of Ministry of Agriculture. Procurement of foodgrains, maintenance of their stocks, distribution of foodgrains under Public Distribution System as well as monitoring price situation are the subject matters of the Ministry of Consumer Affairs, Food and Public Distribution. This report deals with the aspects relating to Ministry of Agriculture (Department of Agriculture & Cooperation).

CHAPTER – I

DROUGHT MANAGEMENT

(a) South West Monsoon, 2009

1.2 The India Meteorological Department (IMD) issued the first forecast for South-West Monsoon, 2009 on 17th April, 2009, according to which the rainfall for the country as a whole was likely to be 96% of Long Period Average (LPA) with a model error of $\pm 5\%$. The Monsoon set over Kerala on 23rd May, 2009, about a week earlier than the normal date of 1st June. It covered most parts of Southern States, West Bengal and NE States by the 1st week of June. The progress of monsoon slowed down thereafter, causing a delay of 1 to 2 weeks over many areas. Rainfall during June was weak and erratic in the country and was -39% as on 10.6.2009, declining to -45% as on 17.6.2009 and further to -54% as on 24th June, 2009. Situation improved after 25th June and rainfall in the country, as a whole, on 1.7.2009 was -46%. Due to good rainfall in various parts of the country, during July, rainfall improved to -36% as on 8.7.2009, and to -27% as on 15.7.2009 and further to -19%, as on 29.7.2009. Rainfall during initial period of August was weak being -25% as on 5.8.2009, -29% as on 12.8.2009 & -26% as on 19.8.2009 and -24% as on 27.8.2009 for the country as a whole.

1.3 The Ministry of Agriculture informed the Committee that out of 36 Met Sub-Divisions, 1 Sub-Division received Excess rainfall (+20% or more), 9 received Normal rainfall (+19% to -19%), 23 received Deficient rainfall (-20% to -59%) and 11 received Scanty rainfall (-60% to -99%), as on 27.8.2009.

(b) Drought

1.4 Deficiency in rainfall had created drought/drought like situation in many parts of the country. Rain deficient areas have been declared as drought affected by the respective State Governments. As per the information furnished by the Ministry of Agriculture, the State-wise details of the drought affected districts are as under:-

Sl. No.	Name of the State	Number of districts	Drought/Drought like conditions
1.	Assam	27	drought like conditions
2.	Bihar	26	drought
3.	Himachal Pradesh	12	drought
4.	Karnataka	20	drought

5.	Jharkhand	24	drought
6.	Madhya Pradesh	37	drought
7.	Maharashtra	28	drought
8.	Manipur	09	drought
9.	Nagaland	11	drought like conditions
10.	Rajasthan	26	scarcity
11.	Uttar Pradesh	58	drought
Total		278	

1.5 Since the Department of Agriculture and Cooperation under the Ministry of Agriculture is concerned with the coordination of relief measures necessitated by “drought, hailstorm and pest attack” as per the Government of India (Allocation of Business) Rules 1961, the Committee enquired during their briefing on the subject by the representatives of the Ministry, whether the Department has taken any *suo moto* steps in this regard to deal with the present drought. The Ministry in its written reply stated that the State Governments are primarily responsible, to initiate necessary measures, on immediate basis, in the wake of natural calamities, including drought. Government of India extends advisory, financial, logistic and such other support, as may be necessary to deal with natural calamity in an efficient and effective manner.

(c) Drought Management Division

1.6 During briefing, the Committee observed that the Ministry of Agriculture should have a separate Division in the Ministry to coordinate relief measures in the wake of a drought and to ensure that the relief reaches the farmers. In this regard, the Secretary, Department of Agriculture and Cooperation (DAC) stated that:

“As the Hon’ble Chairman rightly suggested, I will take this view back to the Government that we must have a more integrated drought-management division. Our difficulty in handling the drought is that we are not only dependent on the State Government but we are also dependent on a large number of other Ministries, particularly, IMD, the Ministry of Water Resources, major Ministry, Ministry of Power, and the Ministry of Fertilizers. The Ministry of Rural Development is now really into rural employment and rural water and their Department of Land Resources has the largest programme of the integrated watersheds. So, we will take back this view of the Committee that we should have some kind of a strong drought management division in the Ministry which will coordinate not only with the State Governments but also with these departments that I mentioned.”

1.7 In this regard, the Committee asked for the details of the organizational structure of the Drought Management Division in the Ministry of Agriculture and its capacity to deal with the drought. In reply to the above question, the Ministry furnished a reply which is different to the stand took by the Secretary during briefing. As per the reply, the Drought Management Division in the Department is headed by one Joint Secretary and supported by one Deputy Secretary and two Under Secretaries with one Section and one Monitoring Cell. The details of distribution of work in the Division is indicated below:-

DROUGHT MANAGEMENT DIVISION	
↓	
JOINT SECRETARY DM)	
↓	
Deputy Secretary (DM)	
↓	
Drought Monitoring Cell	Drought Management Section
Functions:	
1. Monitoring of on-going drought situations	1. Release of assistance to States (cash and foodgrains)
2. Coordination work with related Ministries/ Departments/Agencies	2. Processing of requests from States for Central assistance.
3. Preparation of reports.	3. Parliamentary matters (the most heavily loaded Section) including Parliamentary work relating to various Ministries/Departments involving drought related issues.
4. Analysis of IMD weekly data	4. VIP and Public references on drought related issues (average 150 cases per year)
5. Analysis of relief efforts.	5. Impact assessment studies and documentation.
6. Secretariat assistance to crisis Management Croup/GOM/COS (as and when needed)	6. Preparation of situation Reports and important briefs for PMO, A.M
7. Court cases	7. Central Sector Scheme "Drought Management Programme"
	8. All R.T.I. cases.
Staff strength	Staff strength
1. Under Secretary – 1	1. Under Secretary -1
2. Asstt. Monitoring/data entry – 1	2. Section Officer -1
3. P.A. – 1	3. Asstt. All NE states, Budget & Misc. - 1
4. UDC-Typing, dairying & Despatch IMG -1	4. Asstt. All Eastern, Northern States – 1
	5. P.A. -1
	6. UDC – All western States, HLC, IMG, all important meetings.
	7. UDC – All Southern States, IMG & Parl. Work-1

The Ministry has further stated in its reply that in times of drought, other officers of the Department are drafted in drought related work, under direct control of Secretary of the Department, who directs and supervises entire drought related and agricultural operations to ameliorate effects of drought on agricultural production. One Additional Secretary who has been designated as Central Drought Relief Commissioner, takes stock of drought situation on day-to-day basis, coordinates with other Government of India's departments for drought related activities and interacts with State Governments on the extent of drought and decides measures for drought related activities, including relief to drought affected regions/people. In short, services of such officers of DAC as necessary, in combating drought, providing relief to people and advising State Governments of alternative crops for drought affected areas, are utilized. In addition, services of India Meteorological Department, ICAR etc. and services of some senior officers of Ministry of Home Affairs, Finance, Fertilizers and Railway Board, etc. are also utilized. This administrative machinery has delivered, in times of drought, and is considered adequate.

(d) Calamity Relief Fund

1.8 There are two central schemes for providing relief assistance to the States in the wake of calamities viz. Calamity Relief Fund (CRF) and National Calamity Contingency Fund (NCCF). These two funds are administered by the Ministry of Home Affairs and the Department of Expenditure of the Ministry of Finance releases assistance to States under these funds.

1.9 The Department of Agriculture and Cooperation has further stated that CRF available with all State Governments/UTs, enables them to take necessary measures for dealing with natural calamities. State-wise and year-wise allocation, under CRF, is made on the basis of recommendations of Finance Commission. The broad criteria adopted by the 12th Finance Commission in determining the size of the CRF of different States are as under:-

- (i) Average of relief expenditure incurred during the last ten years.
- (ii) An annual rate of inflation of 5% has been added for each year upto 2009-10.

- (iii) Additional allocation of 25% to the “low income States” of undivided Uttar Pradesh, Madhya Pradesh and Bihar alongwith those for Orissa, West Bengal and Special category States.

Government of India and State Government concerned contribute to CRF in the ratio of 3:1. Government of India's share is normally released in two half yearly installments.

1.10 During audio-visual presentation on the subject, the Secretary, DAC presented to the Committee the following details of allocation and release of funds from CRF:

As on 27.8.2009					(Rs. In crores)	
S. No.	Name of State	Calamity Relief Fund (CRF)			CRF (Release of Centre's share)	
		Allocation	Centre's share	State's share	1 st installment	2 nd installment
1	2	3	4	5	6	7
1	Andhra Pradesh	418.23	313.67	104.56	156.835	-
2	Arunachal Pradesh	31.81	23.86	7.95	11.93	-
3	Assam	217.07	162.80	54.27	81.40	-
4	Bihar	167.45	125.59	41.86	62.795	-
5	Chhatisgarh	125.63	94.22	31.41	92.825+47.1103	-
6	Goa	2.56	1.92	0.64	@	-
7	Gujarat	299.00	224.25	74.75	112.125	-
8	Haryana	151.19	113.39	37.80	53.995*	-
9	Himachal Pradesh	113.21	84.91	28.30	21.2275	-
10	Jammu & Kashmir	97.20	72.90	24.30	35.375*	-
11	Jharkhand	141.75	106.31	35.44	104.735 (51.58*+53.155)	-
12	Karnataka	139.36	104.52	34.84	52.26	-
13	Kerala	103.901	77.93	25.98	38.965	-
14	Madhya Pradesh	285.88	214.41	71.47	107.21	-
15	Maharashtra	270.95	203.21	67.74	92.155*	-
16	Manipur	6.25	4.69	1.56	2.345	-
17	Meghalaya	12.68	9.51	3.17	@	-
18	Mizoram	7.40	5.55	1.85	2.695	-

19	Nagaland	4.29	3.22	1.07	1.61	-
20	Orissa	339.03	254.27	84.76	49.369	-
21	Punjab	177.49	133.12	44.37	66.56	-
22	Rajasthan	505.20	378.90	126.30	189.45	-
23	Sikkim	19.71	14.78	4.93	7.39	-
24	Tamil Nadu	254.13	190.60	63.53	@	-
25	Tripura	14.44	10.83	3.61	10.675 (5.26*+5.415)	-
26	Uttar Pradesh	332.74	249.55	83.19	124.775	-
27	Uttarakhan	101.85	76.39	25.46	38.195	-
28	West Bengal	263.91	197.93	65.98	98.965	-
	Total	4604.32	3453.23	1151.0 9	1672.55	-

@ Installment (s) of Centre's share of CRF for the year 2009.10 has not been released for want of information relating to crediting of funds released earlier & submission of utilization certificate.

* Arrears of previous year.

1.11 The above table shows that a few States viz. Jammu & Kashmir, Maharashtra and Mizoram were only released arrears of the previous year. In the case of few other States viz. Goa, Meghalaya and Tamil Nadu, the first installment of CRF for 2009-10 was not released for want of information relating to crediting of funds released earlier and non-submission of utilization certificate. In this regard, when the Committee observed that CRF may be released at a stretch when the States face natural calamities such as droughts, the Secretary, Department of Agriculture and Cooperation stated as follows:-

“We have been quite liberal. Whosoever has asked for second instalment, we are willing to consider. But when they have money to spent, I think, it is also incumbent upon the State to tell us whether they have spent the money. Otherwise, demand for additional money keep coming. Even the last year's account are not finalized. So, we also get into problem with the CAG as to why we are releasing money without at least getting a letter that they have spent the money. In fact, in the case of some of the States, I do not want to get into details, we went out of the way and convinced the Finance Ministry and released the first intalment even though last year's account were not available. But we said the States should not suffer and the people should not suffer. We will take a call on the second instalment so that that will not come in the way of managing the drought. But we must also put some pressure on the States to give us some account of how much they have spent.”

(e) National Calamity Contingency Fund (NCCF)

1.12 The Ministry has further stated that the assistance from NCCF, which is over and above assistance from CRF, is for natural calamities of severe nature, and concerned State is required to send a detailed memorandum to Government of India and the same is examined, in accordance with established procedures, viz. deputation of an Inter-Ministerial Central Team for on-the-spot assessment of the situation and recommendations of Central Team are considered by Inter-Ministerial Group (IMG), under the Secretary (DAC) (for drought, hailstorm and pest attack) and recommendations of IMG are finally considered by High Level Committee (HLC) headed by the Union Minister of Finance and comprising of Union Ministers of Agriculture and Home and Deputy Chairman of Planning Commission. HLC approves quantum of assistance, from NCCF, which is subject to adjustment of available balances in CRF of the concerned State.

1.13 When asked to name the States which have submitted memoranda for release of funds from NCCF and the action taken on them, the Department of Agriculture and Cooperation informed the Committee as follows:

“Out of 11 States mentioned above, 10 States (except Assam) have submitted memorandum for assistance from NCCF. Inter-Ministerial Central Teams were constituted to visit these 10 States for assessment of drought situation and requirement of Central assistance. Central Teams for Bihar, Jharkhand, Karnataka, Manipur and Uttar Pradesh have already visited the States, Central Teams for Himachal Pradesh, Maharashtra and Rajasthan are currently visiting these States and Central Teams for Madhya Pradesh and Nagaland will be visiting the States shortly. Further action will be taken in accordance with procedure on receipt of reports of Central Teams.”

(f) Relief to States which are not covered by NCCF

1.14 During briefing the Committee brought to the notice of the Secretary, DAC the steps taken by Punjab to save the standing khariff crop even in the face of deficiency in rainfall there. In this regard, the Secretary stated as below:-

“We will be very happy to place this even before the Committee to find a way in which such States which saved the crops and saved food security of the country, can be helped if not through the CRF and the NCCF mechanism, but by some other mechanism because it is an admitted fact that the State Governments do spend substantial amount of money for saving the crops.

So, this is an issue which is before the Government, but unfortunately we are not able to come up with a solution at this stage.. But I only want to assure the Committee that this is engaging the attention of both the Agriculture Minister and Finance Minister as to how States which save crops can be helped, if not through the CRF and NCCF mechanisms, but by some other mechanisms. But there has not been any final decision on this subject at this stage. ”

The Secretary, DAC further stated during briefing as under:-

‘Sir, what I am submitting is that both Punjab and Haryana have submitted a certain request for financial assistance from the Central Government. As things stand, they do not qualify under the CRF and NCCF norms. So, we have to find a different financial instrument to help them and this needs consideration and decision at the higher levels of decision making. ’

1.15 During evidence, when the Committee enquired about the steps taken in this regard, the Secretary, Department of Agriculture and Cooperation stated as follows:-

“There are two separate issues here. One is the loss the Punjab Government has claimed that they spent extra money for saving the crops. It is the compensation demand for the Government. Second demand is that the farmers have spent money from their pockets and they should be compensated. So, I did respond to an earlier question that the Government is seized of the matter and it is finding out some way of how to compensate the farmers because in earlier incidents of drought, the Government has come out in addition to an MSP, some drought related bonus. Now, that is under active consideration of the Government. But they have not been able to take a decision on that. The other part of the request of Punjab is also under examination at the appropriate level. The only thing that we are trying to suggest is that whatever formula that we apply for Punjab would apply, *ipsofacto*, to all the States in a similar situation. That is all that we have to take care of”.

1.16 When the Committee asked about the measures initiated to assist those States which saved their standing crops during 2002 drought, the Secretary, DAC stated as follows:

“In 2002, at least, I did not see any special package being given to any State. But they did give a bonus to the farmers at the time of procurement. I do not remember the exact amount but it was probably Rs. 20 on paddy. That was the bonus that was given then. So, that was a drought year. About 1987 drought also, I did not see anything given. I am not really looking after that. You are right that the States do protect their crops in spite of deficient rainfall.

Even from a futuristic perspective, it needs some kind of a support from the Central Government. This is precisely the point that is being examined at this juncture. I think we will be able to report back to you after a decision is taken. This is getting the attention at the highest level.”

1.17 The Committee observed that a higher amount of bonus should be fixed for disbursal to farmers. The Secretary, DAC commented in this regard, “In the last five years, if you see the increase in the MSP, I think, it surpassed all the records of the past. It is probably the biggest increase that has been given in the last three years in particular. So, the Government is aware of these issues. Even this year, an increase of Rs. 50 has already been announced as MSP for paddy. Now, it is a question of trying to figure out what should be the bonus. This is something that the Finance Ministry has to agree. ”

(g) Norms for Relief from CRF and NCCF

1.18 Expenditure from CRF and NCCF is for items, as per norms, laid down in guidelines of these funds and includes crop loss of 50% and above, for small & marginal farmers @ of Rs. 2000/- per hectare for rainfed areas, Rs. 4000/- per hectare for areas with assured irrigation and Rs. 6000/- per hectare for all types of perennial crops. Assistance from these funds, is also admissible to other farmers (other than small & marginal farmers) for crop loss of 50% or above at these rates upto 1 hectare per farmer in case of successive natural calamities, irrespective of size of holding. The norms are same for all natural calamities, including drought.

1.19 During evidence, when it was pointed out that farmers are not getting sufficient compensation as per the norms prescribed by the 12th Finance Commission, the Secretary, DAC stated, “The 13th Finance Commission is looking to the revision of CRF norms. In fact, the Ministry of Home Affairs has already constituted a Committee to study the various norms and then make an interface with the Finance Commission. The Finance Commission independently also has asked for information from us and also from the various State Governments. So, we will have to wait for the Report of the Finance Commission on this.

1.20 To a question, whether the Ministry of Agriculture made any suggestion to the Finance Commission, the Secretary, DAC replied, “No, we do not do that”

CHAPTER-II

IMPACT OF DROUGHT ON FOODGRAIN PRODUCTION

(a) Areas sown under foodgrain crops

2.1 Erratic course of South West Monsoon has affected the Kharif agricultural operations, mainly paddy. As per the presentation made by the Secretary during briefing, the status of sowing operations as on 20th August, 2009 is as below:

(in lakh hectares)

Crop	Normal Area	Area sown		increase/decrease over last year (+/=)
		2009-10	2008-09	
Paddy	391.17	272.83	341.44	-68.61
Jowar	42.08	27.65	26.74	+0.91
Bajra	91.81	67.62	70.48	-2.61
Maize	63.71	68.80	67.11	+1.69
Total Coarse Cereals	228.62	177.31	182.51	-5.20
Cotton	83.73	94.93	84.53	+10.40
Sugarcane	39.27	42.50	43.79	-1.29
Jute	8.24	6.92	7.06	-0.14
Pulses	111.70	88.23	82.25	+5.99
Oilseeds	166.40	152.78	164.15	-11.37

2.2 Above table shows that paddy, sugar and oilseeds have been sown in areas less than the normal sowing areas by 118.34 lakh hectares, 3.47 lakh hectares and 13.62 lakh hectares respectively. When asked whether areas sown under these crops would be enough to meet the requirements of the people this year, the Ministry of Agriculture in a written reply stated that kharif crop is under cultivation, and yield of crops is a function of many parameters (biotic and abiotic), it is not yet possible to assess production of crops as of now.

(b) Initiatives made by the Union Government

2.3 During audio-visual presentation to the Committee on the subject, the Secretary, DAC put forth the following strategies of the Government to salvage the loss and manage the crisis created by the drought:-

- (i) Sustaining crops in rain deficit areas by providing additional power and diesel subsidy to the States;
- (ii) Enhancing productivity in good rainfall areas through adequate levels of inputs, proper protection of crops and efficient harvest operations;
- (iii) Providing relief especially to vulnerable people through distribution of food and by providing drinking water, fodder and employment.

2.4 The Committee wanted to know the initiatives taken by the Union Government to implement the above strategies so as to mitigate the effects of the drought. In this regard, the Department of Agriculture and Cooperation in a written reply furnished to the Committee stated as follows:-

- (i) Meeting of Group of Secretaries/Committee of Secretaries taken by the Cabinet Secretary periodically starting from 24th June, 2009.
- (ii) This was immediately followed by meeting taken by this Department with Secretaries of States with deficit rainfall on 25th June, 2009.
- (iii) Periodic telephonic discussions and video conferences with the State Government officials concerned to review the status of on-going agriculture operations and steps to be taken to mitigate the effect of drought/deficit rainfall.
- (iv) Preparation of State specific Contingency Plans for specific agro-climatic conditions which included planning for early maturing short duration varieties, alternate crops.
- (v) Planning for protective irrigation by efficient use of available water, etc.
- (vi) Allocation of additional power from Central Pool to some States like Assam, Bihar, Haryana, Punjab and Uttar Pradesh.
- (vii) The scheme of "Diesel Subsidy" has been announced for the drought affected States and districts with deficit rainfall of more than 50% as on 15th July, 2009, initially for the period upto 30/9/2009.

- (viii) Allocation of additional quantities of seeds to support alternate crop plans.
- (ix) Ensuring availability of additional quantities of fertilizers to the States receiving good rainfall to enhance productivity and production like those States with normal rainfall, to support alternate crop plans.
- (x) Providing flexibility to States to utilize funds allocated under Crop Development Programmes of Central Schemes to meet contingent situations.
- (xi) Issue of advisories to the State Governments under Rashtriya Krishi Vigyan Yojana (RKVY) Scheme to factor in measures to be taken to mitigate the impact of drought/deficit rainfall on crop production.
- (xii) Issue of advisories to farmers by this Department and ICAR
- (xiii) Krishi Vigyan Kendras (KVKs) and ICAR Institutions located in States have been instructed to provide technical help and also help the State Governments to draw up alternate Action Plans.
- (xiv) Meeting of Union Agriculture Minister with Agriculture Ministers of States and UTs on 21st July, 2009 to review the situation and steps required to be taken.
- (xv) Agriculture Minister has written to the Union Cabinet Ministers and Ministers of State with Independent Charge regarding situation prevailing in various States of the country and steps required to be taken.
- (xvi) Agriculture Minister has written to all the Members of Parliament (Lok Sabha and Rajya Sabha) regarding use of M.P.LAD funds for mitigation of drought.
- (xvii) Agriculture Minister has written to Chief Ministers of all 28 States and UTs of Delhi and Puducherry regarding action to be taken by them to mitigate the adverse effects of drought.
- (xviii) A meeting with the Relief Commissioners of States was held on 27.8.2009.

2.5 When asked what steps have been taken to assist and enable farmers for taking to alternate crops in the cases of non-sowing/failure of regular seasonal crops like paddy, the Department of Agriculture and Cooperation has stated in a written reply that contingency plans have been prepared by all the States for replacing normal crops like paddy with short duration crops of oilseeds, pulses and

coarse cereals in case sowing of main paddy crop is not possible. Worst affected States from deficient rainfall like UP, Bihar and Jharkhand have implemented contingency plan replacing non sowing area with alternate kharif crops. Central Government has 15 lakh quintals more seeds than the requirement for kharif season. States were advised by the Central Government to tie-up their seed requirement with seed producing agencies in case they need more seeds. Some States have taken additional quantity of seeds to meet the requirement. States were advised to use funds available under Rashtriya Krishi Vikas Yojana for distribution of seed minikits if they consider it to be necessary. Central Government has also relaxed the guideline for making available additional quantity of seeds by sourcing truthfully labelled seeds and seeds on which there were restrictions about age of the seeds provided they meet quality standards for seeds. Moreover, the Secretary, DAC during his audio-visual presentation to the Committee stated that requirement of 3,31,652 quintals of seeds has been tied up with the States for late kharif, 2009 to cultivate crops such as urad, moong, arhar, jowar, bajra, maize, vegetables, horsegram, sunflower, groundnut and paddy.

2.6 The Ministry further informed the Committee that the area under short duration pulses, oilseeds and coarse cereals is likely to increase in place of paddy crop as a result of availability of larger quantity of seeds of suitable crops/varieties. State of UP had requested additional quantity of seeds of green gram, black gram, jowar, bajra, tur and some other crops for sowing of kharif season sourcing seeds from both public and private sector out of funds of RKVY. Department of Agriculture and Cooperation has allowed the State to distribute additional quantity of minikits of above crops in place of paddy. Similarly Bihar and Jharkhand requested for additional quantity of seeds of maize and tur to increase area under these crops. These measures will certainly increase the area under oilseeds, pulses and coarse cereals like maize, bajra and jowar in these States in place of paddy.

2.7 In regard to a query on steps taken to compensate loss in kharif by gain in rabi crops, the Department of Agriculture and Cooperation in a written reply stated that Department has adopted two pronged approach to compensate losses of foodgrains due to drought in kharif season. Firstly, protect standing kharif crops by additional irrigation for which Government has provided subsidy on use of diesel and also arrangement has been made to provide more electricity to States like Punjab, UP and Bihar which are highly deficient in rainfall. These arrangements will

improve productivity of standing crops. Secondly, States namely, Punjab, Haryana, UP, Bihar are geared to go for planting of early Rabi crops like toria of short duration, green gram, black gram and field peas also. States such as West Bengal, Bihar, UP, Orissa, Andhra Pradesh and Chattisgarh have been advised to cover more area under boro rice. Efforts are on to cover the area which was not sown in kharif by timely sowing of Rabi crops for enhancing productivity. Preliminary assessment of availability of seeds for kharif season indicates that central agencies have about 20 lakh quintal more seeds for Rabi season. During his presentation to the Committee, the Secretary, DAC has stated that tie-ups have been achieved for requirement of 41,78,176 quintals of seeds for early Rabi, 2009-10 to cultivate crops such as toria, fodder, gram, wheat, peas, mustard, potato, linseed and lentils. The Ministry has hoped that these efforts will certainly compensate loss in kharif production to a great extent.

2.8 During briefing the Committee asked as to what are the differences between the measures taken during 2002 drought and the measures being taken now. In this regard, the Secretary, Department of Agriculture and Cooperation replied as follows:-

“In 2002, it was more or less a conventional drought management kind of a situation. It was addressing the welfare concerns and the concerns of drought mitigation. This time what we have done and tried to do is to look at agriculture, and saving the standing crops and keeping our production levels high as one of the most important components of our strategy. So, actually we have gone beyond CRF and NCCF norms. The difference between 2002 and today is that we have announced a diesel subsidy and we have National Rural Employment Guarantee Scheme, a very successful scheme, which is available all over the country. One of the biggest issues in earlier drought has been providing employment to people. So, the Central team used to go and come back. Thereafter, the money used to be given and works would start or Food-for-Work Programmes used to start, with a sanction from here. Now, there is no question of any sanction. It is a locally available scheme which people can access up to 100 days. Now, questions have been raised what happens after you cross 100 days. Sir, of course, that is an issue which we would like to take on board when it comes.”

(c) Foodgrains production

(i) Rice and wheat

(Million tonnes)

Crop	2007-08			2008-09		
	Demand	Target	Production	Demand	Target	Production
Rice	90.9	93.0	96.7	92.9	97.0	99.2
Wheat	71.2	75.5	78.6	72.7	73.5	80.6

2.9 Above data shows that production of rice and wheat during last two years was more than the target fixed for the purpose. As already mentioned, area sown under paddy crop during kharif season this year was less than last year. Secretary, DAC briefed the Committee about the prospects of paddy cultivation during “late kharif 2009” for which the Department has tied-up with the State Governments for supply of seeds. He further stated that there is a plan for increasing the area and productivity under Boro Rice in Assam, Bihar, West Bengal and Eastern UP. In regard to Boro cultivation, the Committee observed that Boro rice is a water intensive crop and we need to have adequate water in the reservoirs. In this regard a representative of the Ministry of Agriculture stated during evidence as under:-

“As far as Boro cultivation is concerned, it is basically a non-rain season cultivation. Boro cultivation’s duration is more than non-Boro cultivation. Although it has a long growing period, productivity is also two or three times more than the Kharif productivity. In Assam and West Bengal, there is a lot of ground water available. So, we have given a contingency plan also and we are advocating that under RIDP, good quality ground water in Eastern India which is unutilized can be used here.”

The Committee thereupon further observed that Boro farmers depend on water from aquifers in their areas and that a comprehensive study should be made on the availability of ground water as more and more water is drawn by farmers from aquifers.

2.10 As far as wheat is concerned, the production during last two years was more than the target. Wheat being a Rabi crop, the Government has plans for early Rabi, 2009-10. The Secretary, DAC stated during briefing that the plans include (i) awareness campaign for completing the sowing of wheat by 15th November especially in Eastern UP, Bihar and West Bengal and (ii) Active promotion of crop development schemes to enhance rabi crop productivity. During evidence (8th September, 2009), the Committee pointed out that there was improvement in rainfall in many areas of the country and enquired whether this would mitigate drought conditions in the States. In this regard, the Secretary, DAC replied as under:-

“Sir, we have to look at this in the sense that the kharif sowing season is over. So even if we got rainfall post 15th August which point I made even in the last hearing of the Committee, we will not be able to recoup the area that we had already lost in kharif. But what this rainfall in last 8/9 days will do, are the following. It improves our potential for rabi crop. So, the area which has

been lost could be covered by an early rabi. These are the areas of Uttar Pradesh and Bihar which seem to have lost more area in kharif and these are the areas that we are targeting for this early rabi season. It also helps the standing crops. Wherever people have been able to sustain those crops by using pump sets or irrigation, particularly in the regions of Punjab and Western Uttar Pradesh, the crops would get a lease of life. Even crops like sugarcane in UP would probably give us a little more yield than what we anticipated earlier. Secondly, to some extent, the fodder shortage that we were apprehending later during the year could get mitigated, because this rain would help a little more in the fodder management of the country.”

(ii) Pulses

2.11 Pulses are a basic ingredient in the diets of a vast majority of the Indian population as they provide a perfect mix of high biological value when supplemented with cereals. Pulses are also an excellent feed and fodder for livestock. The major pulses grown in the country are chickpea, pigeonpea (tur), moong bean, urad bean, fieldpea and lentil.

(Million tonnes)

Crop	2007-08			2008-09		
	Demand	Target	Production	Demand	Target	Production
Pulses	16.8	15.5	14.8	17.5	15.5	14.7

2.12 Above table shows production of less quantity of pulses during last two years than the target fixed for the purpose. However, as stated in para 2.1 of this Report, this year pulses have been sown in more area than the previous year, due to drought as an alternative crop.

2.13 In regard to a question on the reasons for lower quantum of production of pulses in the country, the Department of Agriculture and Cooperation stated in a written reply that major constraints in production of pulses in India may be attributed to following reasons:-

- Cultivation of pulses continues on marginal and sub-marginal lands, under rainfed conditions, by small and marginal farmers, whose capacity for input use is quite low.
- Pulses are genetically low yielding and less input responsive as compared to other cereals and oilseeds.
- High yielding varieties/ hybrids are required which can yield higher productivity in rainfed conditions.

- No hybrid of pulses except pigeonpea, is available, no genetically modified pulse variety/hybrid is available, which can enhance productivity.
- Pulses are more prone to pest and diseases.

2.14 The department further stated that only 15% area of pulses is irrigated, exposing balance areas under pulses to water related yield risks. Pulses production in India increased from 12.86 million tonnes in 1989-90 to 14.66 million tonnes in 2008-09 (IV advance estimates). Despite efforts made by Government, area under pulses has been stagnating between 22 and 23 million hectare. There is, therefore, urgent need for enhancing production of pulses in the country. Although, efforts have been made to enhance production and productivity of pulses, the country is still far from achieving self-sufficiency in production of pulses. At present, about 2-3 million tonnes of pulses are imported in the country annually to meet domestic demand. Government of India has taken steps to enhance production of pulses during XI plan period. These steps are likely to help in meeting domestic demand by end of 11th plan period.

2.15 In regard to the steps taken to augment the production of pulses, the Department of Agriculture & Cooperation stated that During the Tenth Plan, the Department of Agriculture and Cooperation restructured the development programmes of oilseeds, pulses, oil palm and maize into a Centrally Sponsored Integrated Scheme of Oilseeds, Pulses, Oil palm and Maize (ISOPOM) which is being implemented in 14 major States for oilseeds and pulses, 15 States for maize and 10 States for oilpalm with effect from 1.4.2004. ISOPOM was modified for XIth plan, as under, to facilitate assistance for cultivation of pulses and oilseeds:-

- (i) Financial assistance on production and distribution of certified seeds, pulses has been enhanced from Rs. 800/ qtl to Rs. 1200/ qtl.
- (ii) In addition to NSC & SFCEI, NAFED, KRIBHCO & IFFCO have been designated as Central seed producing and distributing agencies of oilseeds, pulses & maize crops.
- (iii) Agencies vis-à-vis public sector seed producing agencies, financial incentive of distribution subsidy has been extended to private sector seed producing agencies, subject to seeds being certified and distribution undertaken through State Governments.

- (iv) Enhancement/rationalization of subsidy on demonstration, sprinkler sets, rhizobium cultures, irrigation pipes besides inclusion of new components i.e. supply of improved farm implements and micronutrients.

2.16 The Department further informed the Committee that National Food Security Mission (NSFM) Pulses and Rashtriya Krishi Vikas Yojana (RKVY) have been launched in 2007-2008 and Macro Management of Agriculture (MMA) (Revised) to increase production and productivity of pulses. National Food Security Mission (NFSM) – Pulses is being implemented in 171 districts in 14 States of the country from the current year. NFSM-Pulses is focused towards enhancing production of pulses not only in existing pulses area but also through area expansion of about 4 million hectares through inter cropping and utilization of rice fallows and envisages increasing the production of pulses by 2 million tonnes by the end of Eleventh Plan (2011-12).

d. Productivity in Foodgrains Production

2.17 The Committee sought the comparative figures of per hectare yield of wheat, rice and pulses in India and the countries such as China, Japan, USA and Canada. The details furnished by the Department are as follows:-

Yield of major foodgrain crops (kg/ha)					
Crops	China	Japan	USA	Canada	India
Paddy	6074	5850	7448	-	3000
Wheat	3907	-	2974	2250	2617
Pulses	1644	1953	1720	1808	610

In regard to the reasons for less per hectare yield of wheat, rice and pulses in our country when compared to other countries, the Department had stated in written reply to a question that productivity of wheat, rice and pulses in India is less as compared to crops grown in Asian continent including China and Japan but as crop calendar as a whole is concerned, crops in India are found to be grown in a definite

system of khariff (rainy season or SWM season), followed by rabi (winter season) followed by short duration zaid (summer season), each of four month duration while zaid season ranges from 60-85 days and productivity per day in India is more than crops grown in long duration seasons in countries like China and Japan. Punjab, Haryana and UP have crossed productivity of 40-45 qtls. per ha in wheat and 35-40 qtls in rice, which is very high. Productivity of coarse cereals, including sorghum, pearl millet, maize and other small millets; has increased appropriately though area shift from these crops has been recorded. Productivity levels in Punjab and Haryana for rice and wheat, are comparable to world levels. Average productivity in West Bengal and Tamil Nadu is lower on account of huge regional variations. National Food Security Mission (NFSM) is targeting these low productivity districts to bridge yield gaps and to push up average productivity of food crops.

2.18 The Department further stated in its reply that rice cultivation in India is under diverse agriculture situation such as upland, low land and deep water flooded condition and sub-mergence etc. and suffers from biotic and abiotic stresses. Use of fertilizers in India is also less than other countries where productivity is high. Some of countries which have high productivity use high inputs, in terms of higher level of fertilizer consumption. Fertilizer Consumption per Hectare of Agriculture Land in some Countries in 2004-05 is as follows:-

Kg./Per hectare

Country	2004-05			
	N	P	K	Total
Japan	116.0	137.4	109.5	362.9
Korea Rep.	208.3	82.9	103.5	394.7
Netherlands	142.4	29.6	77.4	249.4
India	65.0	25.7	11/4	102.1

2.19 During briefing, the Committee observed that it is high time that Indian Council for Agriculture (ICAR) comes with better varieties of foodgrain crops

because our production per hectare is much less when compared to countries like China, Brazil and USA. In this regard, a representative of the Department replied as under:

“Yes Sir, Our production is less. The kinds of situations that we have about 100 days crop whereas in the western part of the country, it takes about 160 days. As far as rice is concerned, our productivity in Punjab and Haryana, where we have hundred per cent irrigation, matches very well with many of the countries. But in other parts of the country where it is still under rainfed condition, the productivity is certainly low. We need to do probably more in terms of varieties. As far as productivity of Punjab is concerned, it is four tonnes – 40 quintals. Some farmers even produce more. That is the average of Punjab. In China, it is 4.5 to 5. They use two-thirds hybrid varieties as compared to us whereas we have most of the varieties. They take hybrid varieties. They better manage their inputs compared to what we do in terms of the availability of the fertilizers and in terms of integrated management. So, if we take all these things together, we shall be reaching the same potential.”

2.20 In this regard, the Secretary, Agriculture further stated:

“Sir, in fact, our productivity challenge really is the difference between say Punjab, Haryana and UP, Bihar, since Punjab produces four tonnes per hectare, U.P. is on an average of 2.1 and Bihar is below 2. So, one of the things we are trying to address is how do we get these low productivity areas into higher productivity.”

2.21 The Committee asked about the steps taken by the Union Government to improve per hectare yield of wheat, rice and pulses in the country. The Department in its reply stated that Government of India has launched schemes/programmes viz. RKVY, NFSM, ISOPOM, Macro Management and Input support through schemes, with a view to supplement efforts of State Government and delivery of inputs at appropriate time so as to achieve 4% growth in agriculture. Ministry of Water Resources have also engaged to increase irrigation potential in about 16 million ha area during XI plan period, comprising 9 million ha under major and medium irrigation projects, 6 million ha under minor irrigation (surface water and ground water) and 1 million ha through repair, renovation and restoration of water bodies,

through different irrigation sources increased availability of irrigation, will result in increase in productivity of crops.

2.22 The Committee were further informed by the Department that research System of ICAR is making available technologies for improved seed varieties/hybrids, cropping system, soil health care, irrigation management, PP chemicals and biopesticides for popularization. State Agriculture Universities and ICAR institutions located in different agro-climatic regions of the country in association with field level KVKs functioning in almost all districts of the country are propagating technologies through demonstrations, farmer's field schools, seminars, symposia and video conferencing etc.

(e) Typical sugar cycle

2.23 The Department of Food and Public Distribution has informed the Committee that a typical sugar cycle from onset to termination leads to periodic peak and lower production of sugar. In this regard, the Committee enquired that why don't the Ministry initiates some steps to break this cycle and stabilize the cultivation of sugarcane crop in the country and as such the price as well. The Ministry in a written reply stated that it has taken the following measures to encourage farmers to increase/maintain sugarcane production in the country:-

- (i) To increase production and productivity of sugarcane, a Centrally Sponsored Scheme of Sustainable Development of Sugarcane Based Cropping System (SUBACS) under Macro Management Mode of Agriculture is implemented by Department of Agriculture & Cooperation in 22 States/Union Territories namely Andhra Pradesh, Assam, Bihar, Goa, Gujarat, Haryana, Karnataka, Kerala, Madhya Pradesh, Maharashtra, Manipur, Mizoram, Nagaland, Orissa, Punjab, Rajasthan, Tamil Nadu, Tripura, Uttarakhand, Uttar Pradesh, West Bengal and Pondicherry.

The scheme provides assistance for extension and developmental activities to increase production and productivity of sugarcane. The main components are: production technology demonstration, training of farmers and extension

of workers, multiplication of planting materials, supply of drip irrigation system, supply of farm implements/machines, supply of micronutrients/soil ameliorants etc.

- (ii) The Ministry of Consumer Affairs, Food and Public Distribution is providing annually soft loans to sugar mills from Sugar Development Fund (SDF) for cane development in mill areas for production of planting materials, irrigation purposes, incentive to farmers for switching over to improved varieties, ration management, etc.
- (iii) Besides, Central Government announces the Statutory Minimum Price (SMP) annually for sugarcane and has fixed SMP for 2009-10 sugar season at Rs. 107.76 per quintal of sugarcane linked to a recovery rate of 9.5%, subject to a premium of Rs. 1.13 per every 0.1 percentage point increase in recovery above that level. This is substantially higher as compared to SMP 2008-09 sugar season which was Rs. 81.18 per quintal of cane linked to a recovery above that level.
- (iv) In addition to above, Government takes necessary measures from time to time to protect interest of farmers. Some of the steps taken in recent past includes assistance for buffer stock subsidy claim, export assistance scheme, interest subvention on loans from banks against excise duty paid/payable etc. by Ministry of Consumer Affairs, Food and Public Distribution and it was decided that this assistance is to be utilized by sugar factories to make payments to sugarcane farmers as first priority.

(f) National Rural Employment Guarantee Scheme

2.24 During briefing when it was further asked whether there is any proposal to increase the number of days of employment provided under NREGA Scheme, the Secretary, DAC stated as under:-

“One was a question about the proposal to increase the NREGA from 100 days. As of now, this request has come from many State Governments. We have not taken a final decision yet because nobody has crossed 100 days of work. We have flagged this for a decision because nobody has crossed 100 days of work. We have flagged this for a decision subsequently as we reach that level because no State, in any part of the country, has come up and said

that it has actually crossed hundred days. So, this is one option that will be available to the Government to use if the demand for employment goes up.”

(g) Scheme on Diesel Subsidy

2.25 This year, in view of deficit rainfall in a number of States during South-West Monsoon, 2009 (1st June, 2009 onwards), a new scheme on Diesel Subsidy has been introduced by the Government of India for the drought/deficit rainfall affected areas for supplementary irrigation, and the scheme has been made applicable to:

- (a) such districts where the rainfall deficit is more than 50% as on 15th July, 2009 (as per reports of IMD); (or)
- (b) such talukas/districts which have been declared drought affected areas by the States.

2.26 The scheme is estimated to cover about 20 million hectares, for which total financial requirement will be around Rs. 4,000 crores. Government of India will bear 50% of subsidy proposed to be provided by State Governments, i.e., Rs. 1,000 crores. The scheme had been initially made applicable upto 30th September, 2009. In case State Governments decide on a higher percentage of subsidy, Government of India's contribution will be capped based on a maximum of 50% subsidy, with a per litre cap of GOI contribution of Rs. 7.50/- per litre. In case, the State Government offers a lower subsidy, the share of GOI will be limited to 50% of lower subsidy. The scheme will operate on a reimbursement basis, i.e., State Government would claim reimbursement as a special grant-in-aid for getting Central share after disbursement of amount.

2.27 During briefing, the Committee enquired about the status of implementation of the scheme including its extension to Rabi season. In this regard, the Secretary, DAC replied as under:-

“Sir, as far as diesel subsidy is concerned, officially only Bihar has communicated that they are giving that subsidy. In fact, during the discussion in Parliament on drought, the Minister announced it, primarily on the statement that Bihar had announced a subsidy. So, we have not received formally any communications from any State that they have

announced or implemented a subsidy scheme. Sir, as regards your question whether we will give direct subsidy to the State where they have not given it, I would submit that the scheme envisages that the State Government will share 50 per cent of the burden. Otherwise, we will find it difficult to administer it from here. As regards extension to Rabi season, I think, the Government will be able to take a view on it only after 30th September because we would like to see how this scheme has protected the Kharif crop because this was done, really speaking, in a very short time because we thought that the first thing we should do is to protect the standing crop. That is the context in which this decision was taken.”

(h) Development of Rainfed areas

2.28 As stated earlier, rainfed areas in the country are prone to vagaries of monsoon. As happened this year, when monsoon is erratic deficient rainfall in rainfed areas leads to decrease in area sown under foodgrain crops as well as result in less survival of crops already raised in the hope of a normal monsoon. Such a situation impacts the production of foodgrains in the country. In regard to development of rainfed areas, during briefing, the Committee observed that there is a huge gap between the actual and potential yields in rainfed areas. Therefore, a movement is to be launched to bridge the yield gap in the rainfed areas. In this regard, the Ministry in a written reply stated that the Government of India accords very high priority to holistic and sustainable development of rainfed areas and recent strategy for development of rainfed areas, focuses on enhanced farm productivity and diversification of income generation through non-farm activities for landless and micro enterprises. To achieve goals for enhanced production in rainfed areas, following steps have been taken/proposed to be taken by the Government:

2.29 With the aim to scientific development and enhancing farm productivity of degraded lands including rainfed areas, the following major schemes/programmes are being implemented to enhance agriculture productivity in these areas.

(i) Ministry of Agriculture

- (i) National Watershed Development Project for Rainfed Areas (NWDPA)
- (ii) Soil conservation in the catchments of River Valley Projects and Flood Prone River (RVP & FPR)
- (iii) Watershed Development Project in Shifting Cultivation Areas (WDPSCA).
- (iv) Reclamation and Development of Alkali and Acid Soils (RADAS)

- (ii) **Ministry of Rural Development**
- (i) Drought Prone Area Programme (DPAP)
- (ii) Desert Development Programme (DDP)
- (iii) Integrated Wasteland Management Project (IWMP)

[These three schemes are merged and renamed as Integrated Watershed Development Programme (IWMP)]

2.30 In these watershed programmes, apart from natural resource management activities like water harvesting, in-situ moisture conservation, erosion control, run-off control, bio mass improvement etc., increase in productivity and cropping intensity, is ensured by adoption of improved crop production technologies, integrated farming systems, demonstration and training on improved cultivation practices, etc., Apart from these, livelihood support activities are also undertaken for landless people in watershed areas.

2.31 National Rainfed Area Authority (NRAA) has been set up on 3.11.2006 to address problems of farmers of rainfed areas. The Authority is mandated to provide much needed knowledge inputs regarding systematic up-gradation and management of country's dry land and rainfed agriculture and to bring about convergence and synergy among numerous ongoing programmes. For better convergence and coordination of programmes, NRAA has developed 'Common Guidelines for Watershed Development Projects' which came into force, from 1st April, 2008.

2.32 Government of India is also implementing various schemes for increasing productivity of irrigated and rainfed areas namely Rashtriya Krishi Vikas Yojana (RKVY) & National Food Security Mission (NFSM), National Horticulture Mission (NHM), Micro Irrigation (MI) and Integrated Scheme of Oil seeds, Pulses, Oil Palm & Maize (ISOPOM).

2.33 During XI Plan period, it is proposed to implement a Rainfed Area Development Programme (RADP) for development of rainfed areas. The scheme will have four unique features such as (i) a farmer centric approach focusing mainly on small and marginal farmers through supplementary/complementary support for maximizing return from farm units, (ii) composite farming linked with water source to sustain livelihood and food security at farm level, (iii) introducing farming system to

help farmers in minimizing impacts of possible crop failures through supplementary production/income from remaining production systems and (iv) developing capacity of farmers to adapt to climate change and even manage droughts.

2.34 The above mentioned scheme of 'Rainfed Area Development Programme' was announced in the Budget speech (2007-08) of Union Finance Minister. When asked about the implementation of the scheme, the Ministry in a written reply stated as under:-

"Planning Commission" communicated in-principle approval to implementation of Central Sponsored Scheme – Rainfed Area Development Programme (RADP) with expenditure of Rs. 3500 crores, during XI Five Year Plan which included creation of National Rainfed Area Authority (NRAA) with expenditure of Rs. 170 crore on 20th March, 2008. Draft revised EFC Note for implementation of this scheme, based on revised outlay of Rs. 3330 crore, has been forwarded to Ministry of Finance for approval of Expenditure Finance Committee. Department of Expenditure have observed that proposal may be recast, in view of Cabinet's decision for implementation of Integrated Watershed Management Programme (IWMP), being implemented by Department of Land Resources to benefit from convergence of RADP with IWMP. Revised proposal for consideration of EFC is under examination.

CHAPTER – III

WELFARE OF FARMERS

(a) Minimum Support Price

3.1 Commission for Agriculture Costs and Prices (CACP) advises Government on price policy of major agricultural commodities. The Commission is functioning under Chairman and has one Member-Secretary, two official members and three non-official members, who represent farming community. Commission, at present, recommends MSP in respect of 24 agricultural items, and covers, all important cereals, pulses, oilseeds, cotton, jute, sugarcane and VFC tobacco.

3.2 Main task of the Commission is to advise the Government on price policy of paddy, wheat, jowar, bajra, maize, ragi, barley, gram, tur(arhar), moong, urad lentil (masoor), groundnut, safflower, soyabean, sunflowerseed, sesamum, nigerseed, rapeseed/mustard, sugarcane, cotton, jute, tobacco, copra and such other commodities, as Government may indicate from time to time, with a view to evolve a balanced and integrated price structure in perspective of the overall needs of economy and with due regard to interests of producer and consumer. The Commission also suggests such non-price measures as will facilitate achievement of price policy objectives.

3.3 Five Reports as named below, are submitted by CACP to Government every year:

1. Price Policy Report on Kharif Crops.
2. Price Policy Report on Rabi Crops.
3. Price Policy Report on Sugarcane.
4. Price Policy Report on Copra
5. Price Policy Report on Raw Jute

3.4 When asked what mechanism is being adopted by the Commission to arrive at Minimum Support Prices of various crops, the Ministry in a written reply stated that CACP takes comprehensive view of entire structure of crop economy and factors such as cost of production; movement in input price; input/output price parity; trends in market prices; demand and supply; inter crop price parity; and changes in terms of trade between agriculture and non-agriculture sector, while formulating its recommendations on level of minimum support prices. It has further

stated that the Commission's recommendations on minimum support price use feedback from State Governments and concerned agencies on issues related to procurement, cost of production and their respective assessment on price situation etc., The Commission also visits States, for on the spot observations and feedback from local level organizations and farmers.

3.5 In regard to the terms of reference of the Commission, the Committee were informed that terms of reference of the CACP have been revised based on the recommendation of the Alagh Committee. The following is the revised terms of Reference of the Commission:-

- (i) The need to provide incentive to the producers for adapting improved technology and for developing a production pattern broadly in the light of national requirements;
- (ii) The need to ensure rational utilization of land, water and other production resources;
- (iii) The likely effect of the price policy on rest of the economy, particularly on the cost of living, level of wages, cost structure of agro-based products and the competitiveness of agriculture and agro-based commodities; and
- (iv) The CACP will consider the cost of additional two items while recommending the MSP. (I) The premium actually paid by the farmers for crop insurance; and (II) Marketing and Transport charges incurred by farmers.

3.6 During briefing, the Committee enquired to know whether the criterion (C2+50 percent) (cost of cultivation + 50% of cost), as recommended by Swaminathan Committee, for fixing the Minimum Support Price was followed or not. In this regard, the Secretary, Department of Agriculture and Cooperation replied "Sir the C2 plus 50 percent has not been followed yet. We go strictly by what the CACP recommends on a particular crop. Quite often it is C2 plus 40 to 45 per cent depending upon which crop it is. But as a matter of policy, we have not seen CACP recommending C2 plus 50 percent". In this regard it has been further clarified in a written reply to the Committee that National Commission on Farmers recommended fixation of MSP by adding 50% over C2 cost of production. In this regard, it may be

stated that Minimum Support Price (MSP) is in the nature of minimum guaranteed price for farmers offered by Government for their produce in case market prices fall below that level. If market offers higher price than MSP, farmers are free to sell at that price. The Government decides on support price, *interalia*, taking into account recommendations of Commission for Agricultural Cost and Prices (CACP), views of State governments and Central Ministries and other relevant factors. Cost of production covers not only actual expenses in cash and kind but also imputed value of owned assets including land and family labour. Hence, a mechanical linkage of MSP with cost of production is neither desirable nor practicable. This is so because cost of production is subject to fluctuations. In bumper crop years, productivity is generally high which brings down cost of productions. In bad years, productivity falls resulting in increase in cost per quintal. This is noticed particularly in case of rainfed crop such as coarse cereals, pulses and cotton. Hence, mechanical linkage of MSP with cost will result in price instability, creating uncertainty for farmers.

3.7 During briefing, the Committee observed that the procurement price and MSP would not be same. Minimum Support Price means that it is the minimum price. Now, the procurement price and the Minimum Support Price seem to be identical. Therefore, the Committee enquired whether any restructuring or reviewing of the policy is being planned by the Ministry. The Secretary, Department of Agriculture and Cooperation replied as under:

“The problem here is that when we distinguish between MSP and procurement price, particularly in the case of foodgrains, most of the minimum purchases are through procurement. So, effectively it becomes a procurement price for the whole country. It is difficult to operate two-level pricing mechanism, particularly in paddy because the crop in Northern India come in October-November and Southern India has a second crop. So, we have to have a uniform MSP. Quite often the government have tried to distinguish the procurement price by announcing a bonus. That is the way they have tried to distinguish the MSP from the procurement price. So, for foodgrains, there is also this issue of maintaining the food security of the country. The economists argue that this price should be different, but there are administrative difficulties in ensuing two-level of pricing, particularly for any of the foodgrains.”

When it was asked whether demands/expectations of the farmers were fulfilled in regard to fixation of Minimum Support Price, the Ministry of Agriculture in a written reply stated that the Minimum Support Price (MSP) fixed by Government is perceived by farmers as an assurance from Government that price of his produce

will not fall below that level but demands for sharp increase in MSP, do exists. However, correct remedy lies in improving all three contributing factors viz., technology, delivery services and price support system.

3.8 In reply to a query whether rise in MSP of paddy and wheat is one of the factors of price rise of rice and wheat in the market, the Ministry of Agriculture stated that MSPs fixed by the Government act as floor price for these commodities and to that extent, MSP influences prevailing market price.

(b) Measures taken for the welfare of farmers

3.9 When asked what steps were taken by the Ministry of Agriculture for the welfare of farmers particularly small and marginal farmers who stand at disadvantage as compared with the farmers who have large land holdings, the Ministry of Agriculture informed the Committee that 80% farm holdings in India fall under the category of small and marginal farmers' holdings, and various measures taken by the Government in farm sector, focus on small, marginal, SC/ST and women farmers, by earmarking funds under these programmes/schemes for these groups. Subsidy for these groups namely small, marginal farmers, farmers of SC/ST category and women is higher than general category farmers. The Ministry further informed the Committee that during the last few years, Government has taken a number of measures for revitalizing agriculture with a view to – (a) increase of production and productivity and thereby increasing income and well-being of farmers; (b) achieve inclusive growth by focusing on requirements of SC/ST, small, marginal and women farmers; and (c) mitigate agrarian distress felt in some parts of India. These highlights and initiatives, are as listed below:

- (i) Government announced National Policy on Farmers (NPF), 2007, which contained many provisions aimed at above objectives. NPF provides for various initiatives by central and State governments that will improve economic viability of farming, through substantially improving net income of farmers, specially small and marginal farmers and landless agricultural labourers.

NPF, 2007 provides for greater focus on accelerated development of rural non-farm sector and thereby generating non-farm employment and income, for small and marginal farmers.

- (ii) Two important schemes at a national level were started in year 2007-08, namely National Food Security Mission (NFSM), with outlay of Rs. 4884 crore and Rashtriya Krishi Vikas Yojna (RKVY) with outlay of Rs. 25,000 crore, Under NFSM, at least 33% of financial outlay, is earmarked for small, marginal and women farmers.
- (iii) In order to make agriculture a remunerative vocation on a sustainable basis, substantial increase in Minimum Support Price (MSPs) of major cereals ranging from 49% to 78% was provided during the last 5 years. MSP of pulses & oilseeds was enhanced, by up to 83% in the last five years.
- (iv) In order to address problem of indebtedness of farmers, a scheme of Debt Waiver and Debt Relief for Farmers was announced in 2008-09, and settlement period of the scheme has been extended upto 31.12.2009. 3.01 crore small and marginal farmers and 0.67 crore other farmers have benefited from debt waiver and debt relief scheme and Rs. 65,318 crore has been waived so far.
- (v) Government of India, approved a rehabilitation package of Rs. 16798 crore in 2006 for 31 suicide prone Districts, in Andhra Pradesh, Maharashtra, Karnataka and Kerala.
- (vi) The following measures relating to Farm Credit, have been taken:
 - (a) Announcement of farm credit package on 18th June, 2004 to improve flow of credit and mitigate distress situation of farmers due to problem of indebtedness. Special one-time settlement scheme for old and chronic loan of small and marginal farmers, is the major feature of this package.
 - (b) Making available agricultural loans upto Rs. 3 lakh at 7% p.a. interest rate with provision for further 1% additional interest subvention, for timely repayments by borrowing farmers.

- (c) Waiving of margin/security requirements for agricultural loans up to Rs. 50,000/-
- (d) Kisan Credit Card (KCC) Scheme to ensure timely and hassle free credit to farmers.

(vii) Setting up of National Rainfed Area Authority (NRAA), National Bamboo Mission and National Fisheries Development Board. Government of India constituted NRAA in 2006 to give focused attention to the problem of rain-fed areas. As per mandate of NRAA, the authority will focus on issues relating to landless and marginal farmers, since they constitute large majority of inhabitants of rain-fed areas.

3.10 Because of the above concerted efforts of Government, as claimed by the Ministry in its written reply, the following important achievements have been possible:

- Average growth rate of agriculture sector was more than 4%, during last 4 years.
- Total foodgrain production increased from 213.19MT in 2003-04 to 233.88 MT in 2008-09 (4th Advance Estimates)
- Total credit flow has increased from Rs. 86,981 crore in 2003-04 to Rs. 2,87,149 crore in 2008-09 and is further targeted to increase to Rs. 3,25,000 crore in 2009-10.

3.11 As against the target of Rs. 3,25,000 crore fixed for agricultural credit this year (2009-10) an achievement of Rs. 54816 core which is only 16.87% of the target, was achieved upto June, 2009. During evidence, the Committee pointed out that in a drought year, timely agricultural credit would help the farmers in saving their crops and asked what steps are being taken in this regard. The Ministry in a written reply stated that against the target of agriculture credit of Rs. 3,25,000 crore for the year 2009-10, Rs. 91,888 crore was disbursed during April-July, 2009 achieving 28.27% of the target. During corresponding period of previous year 2008-09, achievement was Rs. 54,180 crore, which was 19.35% of the target and hence, credit flow to agriculture sector, is positive in 2009-10, compared to corresponding

period of previous year and is possible to achieve agriculture credit flow target of 2009-10.

3.12 In regard to credit, the Committee during evidence pointed out that 7% interest on agricultural loans is only confined to short-term loans. It is not extended to long-term loans. Capital formation in agriculture is declining day by day. So, without providing less interest to long term loans the capital formation in agriculture may not be increased.

3.13 In regard to Kissan Credit Cards issued to farmers, the Ministry in a written reply to a query stated that 8.53 crore Kissan Credit Cards (KCC) have been issued to farmers upto July, 2009. It has further been stated in reply to another question on agricultural credit that the Government has advised all the State Governments/Union Territories to launch state-wide Branch level/village campaign to ensure that eligible and willing farmers particularly small and marginal farmers are provided with active Kissan Credit Card in a time-bound manner, preferably by 30.9.2009.

3.14 When the Committee have asked whether Kissan Call Centres have been set up in all the districts of the country, the Ministry in a written reply stated that the Kissan Call Centres (KCC) scheme of the Department of Agriculture & Cooperation, is operational since January, 2004, and caters to all the States and Union Territories through 25 call centres. Location of these KCCs is as under:

Sl. No.	KCC Location	States/UTs served
1.	Hyderabad	Andhra Pradesh
2.	Itanagar	Arunachal Pradesh
3.	Guwahati	Assam, Manipur, Nagaland
4.	Samastipur	Bihar
5.	Raipur	Chattisgarh
6.	Shimla	Himachal Pradesh
7.	Jammu	Jammu & Kashmir
8.	Pitampura, Delhi	Delhi

9.	Ahmedabad	Gujarat, Dadra & Nagar Haveli, Daman & Diu
10.	Chandigarh	Haryana, Punjab & Chandigarh
11.	Ranchi	Jharkhand
12.	Bengaluru	Karnataka
13.	Jabalpur	Madhya Pradesh
14.	Nagpur	Maharashtra, Goa
15.	Shillong	Meghalaya
16.	Aizawal	Mizoram
17.	Bhubaneswar	Orissa
18.	Jaipur	Rajasthan
19.	Veorali, Gangtok	Sikkim
20.	Agartala	Tripura
21.	Kanpur	Uttar Pradesh
22.	Dehradun	Uttarakhand
23.	Kolkata	West Bengal, Andaman & Nicobar Islands
24.	Trichur	Kerala and Lakshadweep

KCCs are not located at district level but all districts of country are being served from these 25 call centres. Since January 2004 to August 2009, 36.18 lakh calls were received and answered through KCCs. Calls are answered by agricultural graduates in local dialects from 6 A.M. to 10 P.M. on all seven days of week. Toll free number of KCC “1551”, now expanded to “1800-180-1551”, is accessible through landline and mobile network, from public or private telephones.

(c) Suicide of Farmers

3.15 During evidence, the Committee pointed out to the newspaper reports on suicide of seven farmers in the last week of August, 2009 in Vidarbha region of Maharashtra taking the toll to 638 this year and on suicide of farmers in Karnataka due to drought and other reasons and asked about the reasons for the continuance of suicides. In this regard, the Ministry of Agriculture in a written reply stated that the copies of Press clippings of above-mentioned news items were forwarded to concerned State Governments for examination and necessary action. Karnataka has constituted a Committee under the Presidentship of Assistant Commissioner at Sub-Divisional level, to examine/investigate farmers’ suicide cases. Similarly, in Maharashtra, each farmer’s suicide case is enquired by Taluka and District Level

Committees, where non-official members are also included and these Committees enquire into reasons of suicide and these suicide cases are classified – due to agrarian distress caused by failure of crops, due to indebtedness, or due to other reasons. Maharashtra Government has reported reasons for suicides by farmers are broadly- crop failure, indebtedness, drought, social and economic insecurity. However, Veeresh Committee (in the context of Karnataka Farmers' suicide) concluded that connecting spate of suicides directly to any single cause would be erroneous, since suicide is a personal decision and post suicide search for causes, gives only circumstantial evidence. Typical social factors like family support, failure of social institutions, alcoholism, social insecurity, introvert nature and intra family problems, are some critical social issues, which prevailed over victims, to take this extreme step. In regard to steps taken by the Government, the Ministry further stated in their reply that the Government of India is implementing rehabilitation package in 31 identified districts of Andhra Pradesh, Karnataka, Kerala and Maharashtra, where comparatively higher number of suicides were reported. Rehabilitation package includes, ex-gratia assistance from PMNRF, debt relief to farmers, interest waiver, assured irrigation facilities, seed replacement programme, watershed development, horticulture development, extension services and subsidiary income etc. Rs. 16087.57 crore have been released under rehabilitation package in 31 districts as on 31st May, 2009 against total approved allocation of Rs. 16978.69 crore.

3.16 In order to make Rehabilitation Package more effective, Government of India approved the following modifications in rehabilitation package on October 8, 2008:

- i. Increase in area limit under Seed Replacement Programme from 1 ha. to 2 ha. per farmer.
- ii. Adoption of 'Cafeteria Approach' for participatory Watershed Development Programmes, where State Governments have flexibility to adopt any model for watershed development from models – circulated by NABARD, Sujala Model of Watershed Development Programme or models in accordance with common guidelines for Watershed Development Projects approved by NRAA; subject to condition that financial assistance will be as per approved norms of Watershed Development Fund (WDF).
- iii. Inclusion of 'Women Farmers Empowerment Programme' as an eligible activity under extension services.

- iv. Constitution of Empowered Committee under the Secretary, Department of Animal Husbandry, Dairying & Fisheries for taking decisions regarding modification or inclusion of new components under subsidiary income activities subject to total financial implication remaining within the existing approved outlay for concerned State.

OBSERVATIONS/RECOMMENDATIONS

4.1 The Committee note that the South West Monsoon this year was highly erratic and that the deficiency in rainfall had created drought/drought like situation in many parts of the country. Rain deficient areas were declared as drought affected by the State Governments. As many as 278 districts across 11 States were declared as either facing drought or the drought like conditions. Erratic course of the monsoon had affected the Kharif agriculture operations and Kharif crops such as paddy and sugarcane were sown in an area which was less than the normal sowing area of these crops. Moreover, the standing crops were also affected due to drought. The Committee, therefore had selected the subject 'Drought management, foodgrain production and price situation' and examined the same on priority basis. The Committee examined the aspects of the subject such as adverse impact of the drought on the foodgrain production, resultant rise in prices of essential commodities such as rice, wheat, pulses, sugar etc. management of demand and supply position of essential commodities, relief to the drought affected States and other related issues. The observations and recommendations of the Committee, on the aspects of the subject relating to the Ministry of Agriculture, are given in the subsequent paragraphs.

4.2 The Committee are concerned to note that the forecasting of monsoon by India Meteorological Department (IMD) fell short of accuracy this year. As per the first forecast issued by IMD, the rainfall for the country as a whole was likely to be 96% of Long Period Average with a model error of $\pm 5\%$. Contrary to this forecast, out of 36 Met Sub Divisions of the country, 23 received deficient rainfall to the extent of -20% to -59% and 11 Met sub divisions received scanty rainfall to the extent of -60% to -99% as on 27th August, 2009. Had such an erratic course of monsoon and

the resultant deficiency in rainfall, been predicted in advance it would have been helpful to the farmers to plan in advance their agricultural operations. This year's instance alone suggests that IMD's weather forecast particularly on progress of Monsoon and expected rainfall cannot be fully relied upon. Such inaccurate forecasts of IMD deprived the Government of taking advance steps to ensure adequate production of foodgrains in the country and to avoid spiraling of food prices. The Committee therefore, recommend that the necessary steps should be taken by IMD to forecast monsoon behavior accurately. Wherever necessary, technological upgradations of dedicated satellites, on which IMD relies upon for weather forecasts, should be carried out in a time bound manner and at the same time, speedy dissemination of these weather forecasts should also be ensured. Moreover, required training should be imparted to the scientists/personnel of IMD on advanced techniques in the field so as to enable them come up with reliable weather forecasts.

- 4.3 The Committee desired during their deliberations with the representatives of the Ministry of Agriculture that the Ministry should have a separate Division in the Ministry to coordinate effectively the relief measures in the wake of a drought and to ensure timely reaching of relief to the farmers. The Secretary, while admitting the difficulty in handling the drought due to dependence on State Governments and a large number of other Ministries, assured the Committee that he will take this view back to the Government. However, in the subsequent reply furnished to the Committee, the Ministry nosedived from this stand taken by the Secretary during deliberations with the Committee and stated that the present administrative machinery has delivered in times of drought and is considered adequate. The Committee note that the present 'Drought Management Division' in the Ministry which is functioning under a Joint Secretary and one Deputy Secretary is comprised of a Drought Monitoring Cell and a Drought management Section. The former is headed by an Under Secretary and assisted

by one Assistant to monitor drought situation to analyse IMD weekly data etc. The later is headed by one Under Secretary assisted by one Section Officer, two Assistants and two UDCs. One Additional Secretary in the Ministry has been designated as Central Drought Relief Commissioner who takes stock of drought situation on day-to-day basis, coordinates with other departments of the Government of India and interacts with State Governments and decides measures for drought related activities, including relief to drought affected regions/people. The Committee views this arrangement awfully inadequate and ineffective in tackling the cases of droughts of severe magnitude. The Committee desire a powerful Management Division, comprising of adequate number of senior officers and experts who have experience in the field, should be set up in the Ministry on regular basis to coordinate relief efforts in the wake of a drought. Moreover, every year in one or the other part of this big country we face drought like situations. Therefore, it is imperative to set up a strong Division with adequate powers and expertise in the ministry to deal with droughts. The Committee, therefore, recommend that a work study should be conducted on the adequacy of the present set up of Drought Management Division in the Ministry. The terms of reference of such work study should include, coordination with State Governments and other Departments. Based on the study restructuring of the Division should be taken up in a time bound manner.

- 4.4** The Committee are of the opinion that drought management should involve a holistic approach. Due to global warming and climate change etc. droughts have become a recurring feature. They, therefore, recommend that a mechanism of permanent nature should be in place with the involvement of multi-disciplinary wings such as Meteorology, Agriculture, Agricultural Engineering, Agricultural Research, Rural Development, Irrigation, Cooperation, Relief commissioners etc. to deal with contingencies arising out of the drought. This should be a national approach involving State

Governments as well. The Committee, therefore, recommend that the Ministry of Agriculture should convene a meeting of all the concerned departments to evolve a common code of action plan to be undertaken during drought and to finalise the organizational structure of the permanent mechanism to be put in place. According to the decisions arrived at the meeting necessary steps should be taken by the Ministry in that regard.

- 4.5 The Committee also note that the assistance from National Calamity Contingency Fund (NCCF) which is over and above assistance from Calamity Relief Fund (CRF) is for natural calamities of severe nature. Release of funds from NCCF involves a cumbersome four-tier process. Firstly the State Government concerned has to submit a detailed Memorandum, secondly visit of a Inter-Ministerial Central (IMC) Team for on the spot assessment, consideration of recommendations of IMC by an Inter-Ministerial Group (IMG) headed by the Secretary concerned and the consideration of recommendations of IMG by a High Level Committee of Ministers headed by the Minister of Finance. Completion of such a lengthy procedure involves considerable time which results in avoidable delays in providing relief to affected people. In Committee's view, role of Inter-Ministerial Group in the process is infructuous since visiting Central Team itself comprised of officials from the Ministries concerned. The only thing to be ensured is the composition of the IMC which should be comprised of senior officers not less than the level of Joint Secretary. IMC may submit its recommendations to the Secretary concerned and he may directly place the recommendations before the High Level Committee alongwith his comments. The Committee, therefore, recommend that the decision should be taken within 45 days so that suffering of the common man may be mitigated. The Committee also recommend that assistance under National Calamity Contingency Fund (NCCF) and Calamity Relief Fund (CRF) should also be increased.**

- 4.6 The Committee further note that 10 States have submitted Memorandum for assistance from NCCF. They were informed that the Central teams visited these States to assess the situation. The Committee regret that further information in this regard was not furnished by the Ministry. The Committee should be informed of the details such as date of submission of Memorandum and the date of disbursal of the funds and the quantum of assistance provided to each State.**
- 4.7 The Committee are glad to learn that the State Government of Punjab and the farmers there have together saved the standing crops in the State even in the face of deficiency in rainfall. The Committee further learnt that both Punjab and Haryana have submitted requests for financial assistance from the Central Government as they do not qualify for relief under NCCF norms. There are two issues here – one was the extra money spent by the State Governments to save the crops and the second was the money spent by the farmers from their pockets to save the crops. The Committee feel that both the State Governments and the farmers should be suitably and adequately compensated for saving the standing crops and contributing to the food security of the country. The Secretary of the Department of Agriculture and Cooperation informed the Committee in this regard that the matter is engaging the attention of both the Minister of Agriculture and the Minister of Finance as to how the States which save the crops can be helped. The Committee recommend that the requests of these States should be considered positively and expeditiously and special central assistance should be provided to them at the earliest. Moreover, farmers of these States should also be given bonus over and above MSP. The Committee desire that a formula be worked out which would apply, *ipso facto*, to all the States and their farmers who take proactive steps to save crops even in the face of a severe drought and other calamities.**

- 4.8 The Committee regret to note that the Ministry of Agriculture has no suggestion to make to 13th Finance Commission regarding revision of CRF norms on compensation to farmers in the wake of loss occurred during natural calamities including drought. Presently 13th Finance Commission is looking into revision of CRF norms. Eventhough the Finance Commission has asked for information from the Ministry, it has none to furnish to the Commission. In Committee's view, the Ministry of Agriculture should play a proactive role in regard to the welfare of farmers. When the farmers are not getting adequate compensation for the losses suffered on account of drought, it is the duty of the Ministry of Agriculture to properly represent their case to the Finance Commission. The Committee recommend that the Ministry of Agriculture would conduct a study into the compensation needs of the farmers in this regard and take up the same with the Finance Commission.**
- 4.9 The Committee note that the Ministry of Agriculture, unlike in the case of earlier droughts, has taken initiatives to save the standing crops by providing additional power and diesel subsidy to the States, to implement State specific contingency plans for specific agro-climatic conditions which included planning for early maturing short duration varieties and alternate crops and to go for sowing of early Rabi crops. However, it has to be seen how much of these initiatives have actually been translated into production and productivity. The Committee urge the Ministry to continue to coordinate effectively with each of the State Governments which were affected by the drought to ensure saving of standing crops, to achieve productivity of short duration alternate crops and to promote crop development schemes for ensuring higher Rabi crop productivity. In this regard, they recommend that the Ministry of Agriculture should ensure timely distribution of adequate quantum of seeds, fertilizers and other inputs to farmers. The Ministry should**

also assess the requirements of seed and other inputs for the next Kharif season and arrangements should also be made for their timely distribution to farmers. The scientists of ICAR, Krishi Vigyan Kendras and Agricultural Technology Management Agency (ATMA) should also play a proactive role in providing technical help to State Governments in achieving the above objectives. The results of the state specific initiatives should be communicated to the Committee.

- 4.10** As regards production of rice, the Committee note that area sown under Paddy crop during Khariff season this year was much less than last year due to drought conditions. The Ministry informed the Committee that it has tied-up with the State Governments for supply of seeds for late Khariff, 2009 for which there are prospects due to improvements in monsoon during August-September period. The Ministry further informed that there is a plan for increasing the area of productivity under Boro rice in Assam, Bihar, West Bengal and Eastern U.P. The Committee expect that concrete steps will be taken by the Ministry to achieve the desired level of production of rice during late Khariff and Boro rice cultivation. Achievements made in this regard should be intimated to the Committee. The Committee observe that Boro rice is a water intensive crop. In the absence of adequate quantum of water, the farmers depend on ground water for cultivation of these crops. Large scale exploitation of ground water for irrigation purposes is a cause for concern as it lowers the water table in several areas of the country. The Committee recommend that the farmers be made water literate. There should be an awareness campaign among farmers on the judicious use of ground water. Importance and priority should be given to construction of adequate number of simple rain water harvesting structures in rural areas as this would also improve the ground water level in rainfed areas apart from its use for irrigation.

- 4.11 The Committee recommend that Farm Animal Camps near a water source have to be set up for saving farm animals from distress sale during droughts.**
- 4.12 The Committee are concerned to note that the production of pulses in the country is much less than the requirements of the population. As a result of this lower production, the country has to import huge quantities of pulses leading to very high retail prices of the same. One of the constraints in production of pulses is the requirement of high yielding varieties / hybrids which can yield higher productivity in rainfed conditions. Unfortunately no hybrid variety of pulses is available in the country except pigeonpea. In this regard, Committee recommend that the ICAR should be directed by the Ministry to take up research and development of hybrid varieties of pulses which can provide more yield. The Committee note that the Ministry is presently implementing two schemes namely Integrated Scheme of Oil Seeds, pulses and Maize (ISOPOM) and National Food Security Mission (Pulses) to mitigate the low production of pulses. ISOPOM Scheme is under implementation since the Tenth Plan period. The Scheme has been modified for improved performance during Eleventh Plan period. NFSM (pulses) aims at increasing production of pulses by 2 million tonnes by the end of the Eleventh Plan. Both the schemes are being implemented in 14 States. The Committee hope that the necessary steps would have been taken by the Ministry to avoid overlapping of these schemes and to ensure that the intended benefits of both the schemes reach the farmers. The Committee also recommend that the performance of these two schemes should be periodically reviewed and the corrective steps taken so as to augment production of pulses in the country. Results achieved in this regard should be informed to the Committee.**
- 4.13 The Committee note that the per hectare yield of wheat and rice are not uniform in the country. Punjab and Haryana are enjoying a productivity which is comparable to that of the higher producing**

countries in the world. However, other parts of the country are still lagging behind in per hectare productivity. The Countries such as China and Japan use hybrid varieties of wheat and rice and practice Integrated Management of Crops to achieve better productivity. In Committee's view Research and Development in the field of agriculture particularly in developing hybrid varieties of foodgrain crops is to be strengthened further in the country. They, therefore, recommend that ICAR and DARE should be mandated to concentrate its research initiatives in developing hybrid varieties of wheat and paddy which can yield higher level of production particularly in rainfed areas of the country. The Committee further consider that integrated management of crops and an effective awareness campaign among farmers on optimum use of inputs etc. are equally important in increasing productivity of crops. They, therefore, recommend that the Ministry of Agriculture in coordination with the State Governments should take steps for the integrated management of the crops and for launching nationwide awareness campaign among farmers regarding effective use of inputs etc.

4.14 The Committee note that the country is presently comfortable in production of wheat and rice. Alongwith the increase in population and the improving living standards, food needs of the people also increases and as such the commensurate increase in production of foodgrains has also to be ensured. So, there is no place for any complacency. Continuous and concerted efforts are needed to augment further the production of wheat and rice, according to the future needs of the country. The Committee in this regard recommend that a separate Division should be started in the Ministry of Agriculture to analyse the future requirements of the country and to initiate measures to augment the production of foodgrains and traditional crops.

4.15 The Committee note with concern that the sugarcane production in the country is affected by a typical sugar cycle from onset to

termination which leads to periodic peak and lower production of sugar. Periodic lower production of sugar, as is the case presently, leads to huge import of sugar at a higher cost and the consequent sky-rocketing of retail price of sugar. When the Committee asked the Ministry to initiate some steps to break this cycle so as to stabilize the cultivation of sugarcane crop in the country, the Ministry regrettably stated the measures which it has already initiated and which have not been successful in breaking this cycle. The Committee, therefore, recommend that the Ministry of Agriculture should activate its think tank to take appropriate and effective measures like giving incentives to farmers to make growing of sugarcane crop as viable and profitable to stabilize the production of sugar in the country. Action taken in this regard should be conveyed to the Committee.

- 4.16 The Committee note that the Union Government implements a scheme of diesel subsidy to the States for saving the standing crops in the wake of the drought. However, they regret to note that only one State namely Bihar has announced diesel subsidy. As such, it seems that the scheme with its present provisions of diesel subsidy is not attractive to the State Governments. The Committee, therefore, recommend that the subsidy provisions of the scheme should be reviewed to make it more attractive and viable to the State Governments and it should be implemented during Rabi season as well to ensure higher production of foodgrains in the Rabi season to compensate the loss occurred during Khariff season.
- 4.17 The Committee note that the rainfed areas in the country are prone to vagaries of monsoon. As happened this year, when monsoon is erratic deficient rainfall in rainfed areas leads to decrease in area sown under foodgrain crops as well as result in less survival of crops already sown/planted in the hope of a normal monsoon. Such a situation adversely impacts the production of foodgrains in the country. As of now, there is a huge gap between the actual and

potential yields in rainfed areas. The Committee, therefore, feel that a holistic approach should be adopted by the Government for the development of rainfed areas in the country. At present, Ministry of Agriculture is implementing four schemes viz. National Watershed Development Project for Rainfed Areas, Soil conservation in the catchments of River Valley Projects and Flood Prone River, Watershed Development Project in Shifting Cultivation Areas and Reclamation and Development of Alkali and Acid Soils. Similarly Ministry of Rural Development is also implementing a major scheme called Integrated Watershed Development Programme. National Rainfed Area Authority has been set up to bring about convergence and synergy among all these programmes. During XI Plan Period, it is proposed to implement a Rainfed Area Development Programme with an outlay of Rs. 3,330 crore. This programme has not yet been implemented as the Department of Expenditure has asked the Ministry of Agriculture to recast the scheme in view of the implementation of IWDP. Third year of the XI Plan Period is running now and the scheme is still at the proposal stage thereby unnecessarily locking more than Rs. 3000 crore. The Committee recommend that a thorough study on feasibility of a scheme should be conducted by the Government before launching of the scheme including its overlapping with the schemes of other departments on the subject. As far as development of rainfed areas is concerned, the Ministry of Agriculture should convene a meeting of other concerned Ministries and NRAA to take a holistic approach for the development of rainfed areas in coordination with other Ministries. Steps taken in this regard should be conveyed to the Committee.

- 4.18** The Committee note that Minimum Support Price is fixed by the Government on paddy, wheat, gram, tur (arhar), moong, urad, sugarcane etc. However, the Committee find that cost of cultivation +50% (C2+50%) formula recommended by National Commission on Farmers is not followed by the Government for

fixing Minimum Support Price of food crops. The Government decides on Minimum Support Price taking into account recommendations of the Commission for Agricultural Cost and Prices (CACP), views of State Governments, Central Ministries and other relevant factors. Even after such a big exercise, the MSP of different food crops fixed by the Government is always less than $C_2+50\%$. In this regard, the Government's stand, of a mechanical linkage of MSP with the cost of production is not practicable and not acceptable to the Committee. The concern of small and marginal farmers should be taken care in particular. The Committee, therefore, recommend that Minimum Support Price of food crops should always start from $C_2+50\%$. Moreover, the Ministry should make arrangements for the setting up of procurement camps/centres by FCI instead of leaving procurement of foodgrains to private mill owners. Wide publicity should also be made about the MSP and about the locations of procurement centres so as to create awareness among the farmers.

4.19 The Committee feel that the Government is at present extending agricultural loans to farmers upto 3 lakh at 7% per annum interest with a provision of 1% additional interest subvention, for timely repayments by borrowing farmers. Ours is an agrarian economy and more than 60% of the population still depend on agriculture. Vast majority of them particularly the families of small and marginal farmers are eking out a hand to mouth life. The Committee, therefore, recommend the following for the welfare of farmers:-

- (1) Entire farming community should be brought under institutional credit arrangement in a time bound manner.
- (2) Kissan Credit Cards should be issued to all the remaining farmers within a fixed period of time.
- (3) Interest charged on farm credit from small and marginal farmers should be brought down to 4% as recommended by Dr. Swaminathan Committee. This should also be applicable to medium and long term loans availed by farmers.
- (4) Interest subvention should be increased to 2% for timely repayments by borrowing farmers.

- (5) Farm credit to farmers should be extended upto Rs. 1 lakh without any collateral.**
- (6) Kissan Call Centres should be opened at every State/Union Territory.**

4.20 The Committee note that a target of agriculture credit of Rs. 3,25,000 crore has been fixed for the current financial year. However, only 28.27% of the target i.e. Rs. 91,888 crore has been achieved during April-July, 2009. Eventhough the Ministry are confident that it is possible to achieve the credit flow target, the Committee are of the view that timely agricultural credit to farmers in a drought affected year would help the farmers in saving their crops. They, therefore, recommend that the Ministry should make special initiatives to achieve targets including instructions to Public Sector Banks and Agricultural Cooperative Banks to reach out to farmers in this regard. Progress made in achieving the target should be intimated to the Committee.

4.21 The Committee express their serious concern to note that suicides by farmers still continue in the country despite the initiatives taken by the Government in this regard. The Government is implementing a rehabilitation package in 31 identified districts of Andhra Pradesh, Karnataka, Kerala and Maharashtra where comparatively higher number of suicides were reported. The scheme provides ex-gratia assistance from PMNRF, debt relief to farmers, interest waiver, subsidiary income etc. The Committee observe that since farmers still continue to take the extreme step of committing suicide, it indicate that there is no change in the financial conditions of farmers and Government's efforts have not been able to take them out of the vicious circle of debt trap, crop failure etc. There is need to take a long term, effective and result oriented strategy. In this regard, they recommend that the small and marginal farmers who are exploited by private money lenders should be brought to the institutional credit mechanism, Public sector banks in the respective region should be given a specific role to play in this regard. Moreover,

subsidiary employment of farmers would help them to earn even in the wake of failure of crops. Rural women should be brought under Self Help Groups Schemes to ensure their financial upliftment.

4.22 The Committee find that the chemical fertilizers, pesticides etc. are presently used for increasing the productivity of food crops. These chemicals are harmful to human beings when they enter food chain through the foodgrains, pulses and vegetables. The Committee, therefore, recommend that the Ministry should take steps for taking up organic farming in a big way throughout the country and the production and use of bio-fertilizers should also be encouraged. Action taken in this regard should be conveyed to the Committee.

4.23 The Committee note that the many parts of the country also faced the fury of floods during this year. This is also a recurring phenomena every year. The Committee, therefore, recommend that the losses occurred to farmers in the flood affected States should be assessed by the Union Government and suitable amount of compensation should be given to farmers. Moreover, the farmers who are engaged in cultivation of crops near international border/line of actual control especially in Jammu & Kashmir could not take care of their crops for days together and even for a month or so due to security disturbances along the border. The losses being suffered by those farmers should also be assessed regularly and they should be adequately compensated for the losses suffered by them in this regard.

**New Delhi;
November, 23, 2009
Agrahayana 2, 1931 (Saka)**

**FRANCISCO SARDINHA
Chairman,
Committee on Estimates**

MINUTES OF SECOND SITTING OF THE ESTIMATES COMMITTEE

(2009-2010)

The Committee sat on Thursday, the 27th August, 2009 from 1500 hrs. to 1730 hrs.

PRESENT

Shri Francisco Sardinha - Chairman

MEMBERS

2. Smt. Harsimrat Kaur Badal
3. Shri Adhir Ranjan Chowdhury
4. Shri Milind Deora
5. Shri Mohinder Singh Kaypee
6. Shri Chandrakant Khaire
7. Shri M. Krishnaswamy
8. Shri Prabodh Panda
9. Shri Ravindra Kumar Pandey
10. Shri Kabindra Purkayastha
11. Shri C. Rajendran
12. Shri K. Jaya Surya Prakash Reddy
13. Shri M. Sreenivasulu Reddy
14. Shri S. Semmalai
15. Shri Madan Lal Sharma
16. Shri Brij Bhushan Sharan Singh
17. Dr. Raghuvansh Prasad Singh
18. Shri Sushil Kumar Singh
19. Shri Lalji Tondon
20. Shri K.C. Venugopal

SECRETARIAT

1. Shri U.S. Saxena - Joint Secretary
2. Shri Bhupesh Kumar - Director
3. Smt. Manju Chaudhary - Deputy Secretary
4. Shri C. Kalyanasundaram - Under Secretary

WITNESS

Ministry of Agriculture (Dept. of Agriculture and Cooperation)

1. Shri T. Nanda Kumar : Secretary
2. Shri S.M. Jharwal : Principal Adviser
3. Shri P.K. Basu : Additional Secretary
4. Shri N.K. Das : Additional Secretary
5. Shri C.V. Ananda Bose : Additional Secretary
6. Shri A.S. Lamba : Additional Secretary & Financial Adviser
7. Shri G.C. Pati : Additional Secretary
8. Shri Jiji Thomson : Joint Secretary (M&T, Extension)

9. Shri S.K. Pattanaik	:	Joint Secretary (Horticulture)
10. Shri Upma Chawdhry	:	Joint Secretary (Seeds, TMOP)
11. Shri Atanu Purkayastha	:	Joint Secretary (DM)
12. Shri Mukesh Khullar	:	Joint Secretary (Crops, NFSM)
13. Shri Rajendra Kumar &	:	Joint Secretary (Cooperation, Credit Marketing)
14. Shri Sanjeev Gupta	:	Joint Secretary (IT & Policy)
15. Shri Pankaj Kumar INM	:	Joint Secretary (Plant Protection, and Agri Census)
16. Shri E.K. Manjhi and	:	Joint Secretary (NRM, RFS, Jute Cotton Technology Mission)
17. Smt. Uma Goel	:	Joint Secretary (EA)
18. Shri O. Ravi	:	Joint Secretary, Ministry of Home Affairs
19. Ms. N. Sumati	:	Chief Controller of Accounts
20. Dr. Ajay Tyagi Department.	:	DG, Indian Meteorological
21. Shri J.S. Samra	:	CEO, NRAA

2. At the outset, the Chairman welcomed the Members of the Committee and representatives of Ministry of Agriculture (Department of Agriculture & Cooperation) to the sitting of the Committee.

3. Thereafter, the Secretary, Ministry of Agriculture made an audio-visual presentation to the Committee on the subject 'Drought management, foodgrain production and price situation'. The Members of the Committee raised questions on various issues involved in the subject and the representatives of the Ministry replied to the same. The Secretary was requested to furnish replies in writing to the questions for which answers were not readily available at the time of briefing.

4. A verbatim record of the proceedings has been kept.

The Committee then adjourned to meet again on 28th August, 2009.

MINUTES OF FOURTH SITTING OF THE ESTIMATES COMMITTEE
(2009-2010)

The Committee sat on Tuesday, the 8th September, 2009 from 1445 hrs. to 1630 hrs.

PRESENT

Shri Francisco Sardinha - Chairman

MEMBERS

2. Smt. Harsimrat Kaur Badal
3. Shri Sanjay Singh Chauhan
4. Shri Milind Deora
5. Shri T.K.S. Elangovan
6. Dr. Sanjay Jaiswal
7. Shri P. Karunakaran
8. Shri Mohinder Singh Kaypee
9. Shri M. Krishnaswamy
10. Shri Vikrambhai Arjanbhai Madam
11. Shri Prabodh Panda
12. Shri Ravindra Kumar Pandey
13. Shri K. Jaya Surya Prakash Reddy
14. Shri S. Semmalai
15. Shri Madan Lal Sharma
16. Shri Brij Bhushan Sharan Singh
17. Dr. Raghuvansh Prasad Singh
18. Shri Sushil Kumar Singh
19. Shri Manish Tewari
20. Shri K.C. Venugopal

SECRETARIAT

- | | | | |
|----|-------------------------|---|------------------|
| 1. | Shri U.S. Saxena | - | Joint Secretary |
| 2. | Shri Bhupesh Kumar | - | Director |
| 3. | Smt. Manju Chaudhary | - | Deputy Secretary |
| 4. | Shri C. Kalyanasundaram | - | Under Secretary |

WITNESSES

MINISTRY OF AGRICULTURE
(DEPARTMENT OF AGRICULTURE AND COOPERATION)

- | | | | |
|-----|-------------------------|---|--|
| 1. | Shri T. Nanda Kumar | - | Secretary (F&PD) |
| 2. | Shri S.M. Jharwal | - | Principal Adviser |
| 3. | Shri P.K. Basu | - | Additional Secretary |
| 4. | Shri N.K. Das | - | Additional Secretary |
| 5. | Shri A.S. Lamba | - | Additional Secretary & Financial Adviser |
| 6. | Shri G.C. Pati | - | Additional Secretary |
| 7. | Shri N.B. Singh | - | Agriculture Commissioner |
| 8. | Dr. Gorakh Singh | - | Horticulture Commissioner |
| 9. | Shri K.G. Radhakrishnan | - | Member Secretary (CACP) |
| 10. | Shri A.K. Singh | - | DDG (NRM) ICAR |

- | | | | |
|-----|-------------------------|---|--|
| 11. | Dr. K.D. Kokate | - | DDG (Agri. Extension), ICAR |
| 12. | Shri K.S. Sethi | - | Director (Finance) |
| 13. | Shri J.S. Samra | - | C.E.O., National Rainfed Area Authority (NRAA) |
| 14. | Shri M.J. Chandre Gowda | - | Additional Commissioner |

DEPARTMENT OF ANIMAL HUSBANDRY AND DAIRYING

- | | | | |
|----|---------------------|---|-----------------|
| 1. | Ms. Swarnmala Rawla | - | Joint Secretary |
|----|---------------------|---|-----------------|

MINISTRY OF CONSUMER AFFAIRS, FOOD AND PUBLIC DISTRIBUTION
DEPARTMENT OF FOOD AND PUBLIC DISTRIBUTION

- | | | | |
|----|----------------------|---|-----------------|
| 1. | Shri Nilanjan Sanyal | - | Joint Secretary |
|----|----------------------|---|-----------------|

INDIAN METEOROLOGICAL DEPARTMENT

- | | | | |
|----|----------------|---|------|
| 1. | Dr. Ajit Tyagi | - | D.G. |
|----|----------------|---|------|

MINISTRY OF HOME AFFAIRS

- | | | | |
|----|--------------|---|-----------------|
| 1. | Shri O. Ravi | - | Joint Secretary |
|----|--------------|---|-----------------|

2. At the outset, the Chairman welcomed the Members of the Committee and representatives of Ministry of Agriculture (Department of Agriculture and Cooperation) and other Ministries/Departments to the sitting of the Committee.

3. Thereafter, the Committee took the oral evidence of the representatives of the Ministries/Departments on the subject 'Drought management, foodgrain production and price situation'. The Members of the Committee raised questions on various issues relating to the subject and the Secretary replied to the same. The Secretary was requested to furnish replies in writing to the questions for which answers were not readily available during evidence.

4. The Chairman invited the suggestions/recommendations, if any, on the subject from the Members of the Committee.

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7. A verbatim record of the proceedings has been kept.

The Committee then adjourned.

**MINUTES OF THE EIGHTH SITTING OF THE ESTIMATES COMMITTEE
(2009-2010)**

The Committee sat on Monday, the 5th October, 2009 from 1445 hrs. to 1715 hrs.

PRESENT

Shri Francisco Sardinha – Chairman

MEMBERS

2. Smt. Harsimrat Kaur Badal
3. Shri Sanjay Singh Chauhan
4. Shri T.K.S. Elangovan
5. Shri Ramesh Jigajinagi
6. Shri Mohinder Singh Kaypee
7. Shri M. Krishnaswamy
8. Shri Vikrambhai Arjanbhai Madam
9. Shri Prabodh Panda
10. Shri Ravindra Kumar Pandey
11. Shri Jagdish Singh Rana
12. Shri S. Semmalai
13. Shri Madan Lal Sharma
14. Shri Brij Bhushan Sharan Singh
15. Dr. Raghuvansh Prasad Singh
16. Shri Sushil Kumar Singh
17. Shri Lalji Tandon
18. Shri K.C. Venugopal

SECRETARIAT

- | | | |
|----------------------------|---|------------------|
| 1. Shri U.S. Saxena | - | Joint Secretary |
| 2. Shri Bhupesh Kumar | - | Director |
| 3. Smt. Manju Chaudhary | - | Deputy Secretary |
| 4. Shri C. Kalyanasundaram | - | Under Secretary |

WITNESSES

MINISTRY OF AGRICULTURE

1. Shri T. Nanda Kumar, Secretary
2. Shri P.K. Basu, Additional Secretary
3. Shri N.K. Das, Additional Secretary
4. Shri A.S. Lamba, Additional Secretary & Financial Adviser
5. Shri G. C. Pati, Additional Secretary

6. Shri Ashish Bahuguna, Additional Secretary
7. Shri S.M. Jharwal, Principal Adviser, Deptt. of Agriculture & Cooperation
8. Shri N.B. Singh, Agriculture Commissioner
9. Shri Jiji Thomson, Joint Secretary
10. Shri S.K. Pattanaik, Joint Secretary
11. Shri Atanu Purkayastha, Joint Secretary
12. Shri Mukesh Khullar, Joint Secretary
13. Ms. Upma Chawdhry, Joint Secretary
14. Shri Rajendra Kumar Tiwari, Joint Secretary
15. Shri Pankaj Kumar, Joint Secretary
16. Shri S.C. Garg, Joint Secretary
17. Dr. Gorakh Singh, Horticulture Commissioner
18. Shri A.K. Singh, DDG(NRM) ICAR
19. Shri R. Viswanthan, Member (official)CACP
20. Shri O. Ravi, Joint Secretary M/o Home Affairs
21. Dr. Ajit Tyagi, D.G. India Meteorological Department
22. Ms. Swarnamala Rawla, Joint Secretary, D/o Animal Husbandry & Dairying
23. Shri J.S. Samra, CEO, National Rainfed Authority of India

**MINISTRY OF CONSUMER AFFAIRS, FOOD AND PUBLIC DISTRIBUTION
(DEPARTMENT OF CONSUMER AFFAIRS)**

1. **Shri Rajiv Agarwal, Secretary**
2. **Shri Rakesh Kacker, Addl. Secy. (CA)**
3. **Shri Chaman Kumar, AS&FA**
4. **Dr. Kewal Ram, Sr. Economic Adviser**
5. **Shri Sanjay Singh, Joint Secretary (CA)**
6. **Ms. Anandi Ravichandaran, EA**

DEPT. OF FOOD & PUBLIC DISTRIBUTION

7. **Smt. Alka Sirohi, Secretary (F&PD)**
8. **Shri Chaman Kumar, AS&FA**
9. **Shri A.K. Mangotra, AS&FA**
10. **Shri Siraj Hussain, Joint Secretary (P&FCI)**
11. **Dr. Bhagwan Sahai, Joint Secretary (BP, PD&IC)**

12. Dr. C.I. Joy, Joint Secretary (I&EOP)
13. Shri Naveen Prakash, Joint Secretary (A&STG)
14. Shri Nilanjan Sanyal, Joint Secretary (S&SA)
15. Shri P.C. Das, CCA
16. Shri R.P. Bhagria, CD (Sugar)

FOOD CORPORATION OF INDIA (FCI)

17. Shri Deepak Kumar Panwar, CMD, FCI
18. Shri Javed Yusuf Zai, ED (C), FCI
19. Shri P.P. Singh, ED (G), FCI
20. Shri Rakesh Garg, ED (T), FCI
21. Shri B.S. Mohapatra, ED (F), FCI

2. **** **** **** ****.

3. Thereafter, the Chairman welcomed the representatives of the Ministry of Agriculture and Ministry of Consumer Affairs, Food and Public Distribution. The Committee took further oral evidence of the representatives of these Ministries on the subject 'Drought Management, foodgrains production and price situation'. The Members of the Committee raised questions on various issues involved in the subject and the representatives of the concerned Ministry replied to the same. The Secretaries of the concerned Ministries were requested to furnish replies in writing for which answers were not readily available at the time of evidence. The evidence was concluded.

4. A verbatim record of the proceedings has been kept.

5. The Committee then adjourned to meet again on 6th October, 2009.

MINUTES OF THE TENTH SITTING OF THE ESTIMATES COMMITTEE

(2009-2010)

The Committee sat on Thursday, the 15th October, 2009 from 1445 hrs. to 1630 hrs.

PRESENT

Shri Francisco Sardinha – Chairman

MEMBERS

2. Shri Sanjay Singh Chauhan
3. Shri Adhir Ranjan Chowdhury
4. Shri T.K.S. Elangovan
5. Dr. Sanjay Jaiswal
6. Shri Ramesh Jigajinagi
7. Shri M. Krishnaswamy
8. Smt. Raneer Narah
9. Shri Probodh Panda
10. Shri Ravindra Kumar Pandey
11. Shri Jagdish Singh Rana
12. Shri S. Semmalai
13. Shri Brij Bhushan Sharan Singh
14. Dr. Raghuvansh Prasad Singh

SECRETARIAT

1. Shri U.S. Saxena - Joint Secretary
2. Shri Bhupesh Kumar - Director
3. Smt. Manju Chaudhary - Deputy Secretary

2. At the outset, the Chairman welcomed the Members of the Committee to the sitting of the Committee.

3. Thereafter, the Committee considered the draft recommendations on the subject 'Drought management, foodgrain production and price situation' and have decided to adopt the draft Report on the subject after incorporating the suggestions made by the Members on the recommendations.

The Committee then adjourned.

MINUTES OF THE TWELFTH SITTING OF THE ESTIMATES COMMITTEE

(2009-2010)

The Committee sat on Wednesday, the 18th November, 2009 from 1200 hrs. to 1400 hrs.

PRESENT

Shri Francisco Sardinha – Chairman

MEMBERS

- | | |
|----|---------------------------------|
| 2 | Shri Sanjay Singh Chauhan |
| 3 | Shri Adhir Ranjan Chowdhury |
| 4 | Shri P. Karunakaran |
| 5 | Shri Mohinder Singh Kaypee |
| 6 | Shri Chandrakant Khaire |
| 7 | Shri Vikrambhai Arjanbhai Madam |
| 8 | Shri Prabodh Panda |
| 9 | Shri Kabindra Purkayastha |
| 10 | Shri Jagdish Singh Rana |
| 11 | Shri Madan Lal Sharma |
| 12 | Dr. Raghuvansh Prasad Singh |
| 13 | Shri Manish Tewari |

SECRETARIAT

- | | | | |
|---|-------------------------|---|-----------------|
| 1 | Shri U.S. Saxena | - | Joint Secretary |
| 2 | Shri Bhupesh Kumar | - | Director |
| 3 | Shri C. Kalyanasundaram | - | Under Secretary |

2. At the outset, the Chairman welcomed the Members of the Committee. Thereafter, the Committee took up for consideration the draft Report on the subject 'Drought management, foodgrain production and price situation' pertaining to the Ministry of Agriculture (Dept. of Agriculture and Cooperation) and adopted the same with modifications/additions as given in the Annexure.

3. The Committee authorized the Chairman to finalise the Report in the light of modifications/additions and other consequential changes, if any, arising out of factual verification by the concerned Ministry and present the same to the House.

The Committee then adjourned.

Modifications/additions made by the Estimates Committee in the Draft Report on the subject 'Drought management, foodgrain production and price situation' pertaining to the Ministry of Agriculture (Dept. of Agriculture and Cooperation).

Page No.	Para No.	Line	Modifications/Additions
40	4.1	-0-	Para has been amended as enclosed.
42	4.3	10 (from top)	<u>For</u> : totally <u>Substitute</u> : awfully
42	4.3	11 (from top)	<u>For</u> : Present <u>Substitute</u> : severe
42	4.4	Last line	<u>After</u> : Research, <u>Add</u> : Rural Development,
43	4.5	-	Delete the entire para
44	4.6	4 (from bottom)	<u>For</u> : Specific timeframe <u>Substitute</u> : 45 days
46	4.10	4 (from bottom)	<u>After</u> : to farmers <u>Add</u> : The Ministry should also assess the requirements of seed and other inputs for the next Kharif season and arrangements should be made for their timely distribution to farmers.
46	4.10	4 (from bottom)	<u>After</u> : Kendras <u>Add</u> : and Agricultural Technology Management Agency (ATMA)
47	4.11	Last sentence	Delete: The Committee further recommend that Farm Animal Camps near a water source or near a ground water sanctuary have to be set up for saving farm animals from distress sale <u>Add</u> : a fresh para: The Committee recommend that Farm Animal

			Camps near a water source have to be set up for saving farm animals from distress sale during droughts.
48	4.12	First line 5 (from top)	<u>Delete:</u> or genetically modified <u>Delete:</u> / genetically modified
48	4.13	3 (from top)	<u>For:</u> Other <u>Add:</u> higher producing
48	4.13	2 (from bottom)	<u>After:</u> ICAR <u>Add:</u> and DARE
49	4.14	Last line	<u>For:</u> Accordingly <u>Add:</u> and traditional crops
50	4.16	--	Delete the entire para
52	4.19	4 th to 7 th line from bottom	<u>Delete:</u> the Committee feel that the cost of all the capital inputs like cost of cultivation of land, seed, fertilizers, irrigation, labour etc. should be taken into consideration while fixing MSP of a particular crop to ensure remunerative prices to the farmers.
52	4.19	At the end	<u>Add:</u> Moreover, the Ministry should make arrangements for the setting up of procurement camps/centres by FCI instead of leaving procurement of foodgrains to private mill owners. Wide publicity should also be made about the MSP and about the locations of procurement centres so as to create awareness among the farmers.
52	4.20	Point 3	<u>Add at the end:</u> This should also be applicable to medium and long term loans availed by farmers.
53	4.20	Between points (4) and (5)	<u>Add a new point:</u> Farm credit to farmers should be extended upto Rs. 1 lakh without any collateral.

53	4.21	Line 3 (from bottom)	<p><u>After:</u> Public Sector Banks</p> <p><u>Add:</u> and Agricultural Cooperative Banks</p>
54	--	--	<p><u>Add a new para:</u></p> <p>The Committee find that the chemical fertilizers, pesticides etc. are presently used for increasing the productivity of food crops. These chemicals are harmful to human beings when they enter food chain through the foodgrains, pulses and vegetables. The Committee, therefore, recommend that the Ministry should take steps for taking up organic farming in a big way throughout the country and the production and use of bio-fertilizers should also be encouraged. Action taken in this regard should be conveyed to the Committee.</p>
54	--	--	<p><u>Add a new para:</u></p> <p>The Committee note that the many parts of the country also faced the fury of floods during this year. This is also a recurring phenomena every year. The Committee, therefore, recommend that the losses occurred to farmers in the flood affected States should be assessed by the Union Government and suitable amount of compensation should be given to farmers. Moreover, the farmers who are engaged in cultivation of crops near international border/line of actual control especially in Jammu & Kashmir could not take care of their crops for days together and even for a month or so due to security disturbances along the border. The losses being suffered by those farmers should also be assessed regularly and they should be adequately compensated for the losses suffered by them in this regard.</p>

4.1 The Committee note that the South West Monsoon this year was highly erratic and that the deficiency in rainfall had created drought/drought like situation in many parts of the country. Rain deficient areas were declared as drought affected by the State Governments. As many as 278 districts across 11 States were declared as either facing drought or the drought like conditions. Erratic course of the monsoon had affected the Kharif agriculture operations and Kharif crops such as paddy and sugarcane were sown in an area which was less than the normal sowing area of these crops. Moreover, the standing crops were also affected due to drought. The Committee, therefore had selected the subject 'Drought management, foodgrain production and price situation' and examined the same on priority basis. The Committee examined the aspects of the subject such as adverse impact of the drought on the foodgrain production, resultant rise in prices of essential commodities such as rice, wheat, pulses, sugar etc. management of demand and supply position of essential commodities, relief to the drought affected States and other related issues. The observations and recommendations of the Committee, on the aspects of the subject relating to the Ministry of Agriculture, are given in the subsequent paragraphs.