

TWENTY FIFTH REPORT
STANDING COMMITTEE
ON AGRICULTURE
(2002)

(THIRTEENTH LOK SABHA)

MINISTRY OF AGRICULTURE
(DEPARTMENT OF AGRICULTURE
AND COOPERATION)

DEMANDS FOR GRANTS
(2001-2002)

*[Action Taken by the Government on the Recommendations/
Observations contained in the Eighteenth Report of the
Standing Committee on Agriculture (2001)]*

Presented to Lok Sabha on.....

Laid in Rajya Sabha on22 MAR 2002
24 APR 2002



LOK SABHA SECRETARIAT
NEW DELHI

March, 2002/Phalguna, 1923 (Saka)

COMPOSITION OF THE STANDING COMMITTEE ON
AGRICULTURE FOR THE YEAR 2002

Shri S. S. Palanimanickam — *Chairman*

MEMBERS

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3. Shri Shivraj Singh Chouhan
4. Shri Thawar Chand Gehlot
5. Shri Chintaman Wanaga
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25. Shri Daud Ahmad
26. Shri Raghunath Jha
27. Shri Surinder Singh Barwala
28. Shri Tarlochan Singh Tur
29. Shri Bhan Singh Bhaura
30. Vacant

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42. Shri Balwant Singh Ramoowalia
43. Shri Rao Man Singh
44. Shri Gandhi Azad
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SECRETARIAT

- | | | |
|--|---|--------------------------------|
| 1. Shri P.D.T. Achary | — | <i>Additional Secretary</i> |
| 2. Dr. (Smt.) Paramjeet
Kaur Sandhu | — | <i>Joint Secretary</i> |
| 3. Shri Raj Shekhar Sharma | — | <i>Deputy Secretary</i> |
| 4. Smt. Anita Jain | — | <i>Under Secretary</i> |
| 5. Ms. Amita Walia | — | <i>Sr. Executive Assistant</i> |

INTRODUCTION

I, the Chairman of the Standing Committee on Agriculture - 2002, having been authorised by the Committee to submit the Report on their behalf, present this Twenty Fifth Report on Action Taken by Government on the recommendations/observations contained in the 18th Report of the Standing Committee on Agriculture (2001) on Demands for Grants (2001-2002) of the Ministry of Agriculture (Department of Agriculture and Cooperation).

2. The Eighteenth Report of the Standing Committee on Agriculture (2001) on Demands for Grants (2001-2002) of the Ministry of Agriculture (Department of Agriculture and Cooperation) was presented to Lok Sabha and laid in Rajya Sabha on 19.4.2001. The Department of Agriculture & Cooperation was requested to furnish action taken replies of the Government to recommendations contained in the Eighteenth Report. The replies of the Government to all the recommendations contained in the Report were received.

3. The Committee considered the action taken replies furnished by the Government, approved the draft comments and adopted the Twenty Fifth Report at their sitting held on 14.3.2002. Minutes of the sittings are placed in Appendix-I.

4. An analysis of the Action Taken by the Government on the recommendations/observations contained in the Eighteenth Report (13th Lok Sabha) of the Committee is given in the Appendix-II.

NEW DELHI;
14 March, 2002
23 Phalguna, 1923 (Saka)

S.S. PALANIMANICKAM,
Chairman,
Standing Committee on Agriculture.

CHAPTER I

REPORT

This Report of the Committee on Agriculture deals with the action taken by the Government on recommendations contained in the Eighteenth Report (Thirteenth Lok Sabha) of the Standing Committee on Agriculture (2001) on Demands for Grants (2001-2002) of the Ministry of Agriculture (Department of Agriculture & Cooperation) which was presented to the Lok Sabha and laid on Rajya Sabha on 19th April, 2001.

1.2 Action taken replies have been received from the Government in respect of all the 17 recommendations contained in the Report. These have been categorized as follows:—

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

Recommendation Sl. Nos. 4, 5, 6, 7, 8, 9, 10, 11, 14 and 15
(Total 10)

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

Total Nil.

- (iii) Recommendations/Observations in respect of which replies of the Government have not been accepted by the Committee (Chapter-IV of the Report to be commented upon Chapter-I of the Report)

Recommendation Sl. Nos. 1, 2, 12, 13 & 17 (Total 5)

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

Recommendation Sl. Nos. 3 & 16 (Total 2)

1.3 The Committee will now deal with the action taken by the Government on some of their recommendations.

Reduced Allocation for 2001-2002 and Decline in Percentage share of Department of Agriculture & Cooperation

Recommendations No. 1 & 2

1.4 The Committee in their recommendation No. I had noted that against the approved Ninth Plan Outlay of Rs. 9228.82 crores, the Department of Agriculture & Cooperation had been given an outlay of Rs. 5828.69 crores through budgetary support (RE) in the first four years of the Plan and an allocation of Rs. 1985 crores had been made for the year 2001-2002. The total allocation became Rs. 7813.69 crores, which was only 84.66% of the approved outlay. The Department had sought Rs. 4101.58 crores for 2001-2002 to meet the objectives of 9th Plan Period. According to the Ministry, in the absence of financial resources of that order, it would be difficult to meet the plan objectives.

The Committee had noted that the Planning Commission had indicated a target of 234 MT of foodgrains by the terminal year of the Ninth Plan, in accordance with the strategy of doubling food production and making India hunger free in 10 years. However, the foodgrain production in the first four years was 192.26 MT, 203.04 MT, 205.91 MT and estimated 199.02 MT respectively, which was no where near the target of Ninth Plan. According to the Planning Commission and also accepted by the Ministry, to achieve the target in the last year of Plan seems to be an impossibility.

The Committee had been recommending time and again in various reports for an urgent need for higher allocation for agriculture sector to meet the plan objective and to give right impetus to foodgrain production. In the mid term appraisal of the Ninth Plan, the Planning Commission had themselves expressed that it was imperative that the rate of public investment in Agriculture Sector be increased if the Plan targets were to be achieved. The Committee had therefore, strongly recommended to the Planning Commission and Ministry of Finance to increase plan allocation to the Department of Agriculture & Cooperation in the year 2001-2002 to Rs. 4101.58 crores as proposed by the Department in order to enable it to achieve at least some of the targets laid down for the Ninth Plan.

1.5 The Committee in their recommendation No. 2 were distressed to find that allocation for Department of Agriculture & Cooperation as a percentage of Central Plan Outlay had been continuously declining. As against the percentage share of 1.87% in 1999-2000 and 1.66% in 2000-2001, the share of Department of Agriculture & Cooperation in 2001-2002 was only 1.51%. This was in spite of the fact that Planning Commission was supportive of the Department in seeking a higher outlay for the year 2001-2002. The Committee had failed to understand the reasons for low allocation although the need for higher allocation was well recognized by one and all.

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

1.6 The Government in their reply to recommendation No. 1 have noted that the Standing Committee are in agreement with the Department's Demand of Rs. 4101.58 crore for the year 2001-2002.

They further stated that the Department had taken up the matter of enhancing the budget provision with the Finance Ministry, at the level of the Agriculture Minister as well as at the official level.

The foodgrains production during the first four years of the Ninth Five Year Plan have been as follows:—

Year	Production (Million Tonnes)
1997/98	192.26
1998/99	203.61
1999/2000	208.87
2000/2001 (Third advance estimates)	196.13

The foodgrains production target for 2001-2002, as indicated by the Planning Commission, is 218 million tonnes.

1.7 The Government in their further reply to recommendation No. 1 have stated that the allocation of Rs. 1985 crore was made for Department of Agriculture & Cooperation for the year 2001-2002 against a proposal of Rs. 4101.58 crore. The Department had taken up the matter with Finance Ministry at Agriculture Minister level for additional allocation to the tune Rs. 1150 crore for some of the vital schemes for all-round development of Agriculture which was, however, not agreed to by the Finance Ministry as well as by the Planning Commission.

The foodgrains production during the first four years of the Ninth Five Year Plan have been as follows:—

Year	Production (Million Tonnes)
1997/98	192.26
1998/99	203.61
1999/2000	208.87
2000/2001	196.07
(Fourth advance estimates)	

The foodgrains production target for 2001-2002, as indicated by the Planning Commission, is 218 million tonnes.

1.8 The Government in their reply to recommendation No. 2 have stated that the Standing Committee have supported the Demand of the Department for a higher share in the overall Central Plan Outlay and they have brought the recommendation to the notice of Ministry of Finance.

1.9 In their further reply to the recommendation No. 2 the Government have stated that the Department of Agriculture & Cooperation had made concerted efforts with Finance Ministry and Planning Commission to increase its percentage share in the overall Central Plan Outlay particularly for implementation of some vital Schemes, viz., On-farm Water Management in Eastern India, Technology Mission for Integrated Development of Horticulture in the North East, National Agriculture Insurance Scheme, Macro Management, Oilseeds Production Programme, Capital Investment Subsidy Scheme for Cold Storages, and Scheme for Setting up of Agri-clinics and Agri-Business Centres. However, this was not supported by the Ministry of Finance.

Comments of the Committee

1.10 The Committee are disappointed to note that Planning Commission and Ministry of Finance have not agreed to the demand of the Department of Agriculture & Cooperation for additional allocation of Rs. 1150 crore for some of the vital schemes for all round development of agriculture. The Committee would like to be informed of the reasons stated by the Planning Commission and Ministry of Finance for not agreeing to an increase in plan allocation. The Committee wish to point out that in the mid-term appraisal of the Ninth Plan, although the Planning Commission has itself stated that it is imperative that the rate of public investment in Agriculture should be increased, if the Plan targets are to be achieved but they themselves have ignored their own observation while making actual allocation of much needed plan funds in favour of agricultural sector. The Committee reiterate their recommendation that the Planning Commission and Ministry of Finance should take a realistic view about the quantum of plan funds required by the Department of Agriculture & Cooperation and enhance their budget accordingly.

Agricultural Marketing

Recommendation No. 12

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

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

The Committee had observed that the National Dairy Development Corporation had done a commendable job in increasing India's milk production through cooperatives by providing inputs to the milk cooperatives and undertaking total responsibility for collection of milk, transport, preservation and processing for marketing the produce in big towns for getting maximum returns for the milk cooperatives. In the case of fruits and vegetables it was a much easier process to organize rural cooperatives which could collect and package the entire fruits and vegetable products of the area with the support of NAFED who should take the responsibility for their storage and transporting from the cooperatives to the markets, where fruits and vegetables could be made available to the existing milk depots and through similar depots set up by NAFED in major towns. This would benefit the farmers as well as the consumers, and NAFED as a cooperative marketing organization would emerge as a more important organization than the National Dairy Development Corporation because of the much greater demand of vegetable and fruit marketing.

1.12 The Government in their reply have stated that the plan Schemes under Agriculture Marketing Division are implemented through Directorate of Marketing and Inspection (DMI), Faridabad an attached office of this Department. The Recommendations made by the Standing Committee on Agriculture for 100% utilization of funds have been noted and all efforts will be made to ensure full utilization of Plan Funds. Agricultural Marketing Adviser (AMA) will personally monitor the implementation and utilization of funds. In addition, the Ministry will also follow-up the implementation of the Schemes more closely.

The Planning Commission has constituted a Group under the Chairmanship of Secretary, Planning Commission on 31st July, 2000 to go into the whole gamut of Agricultural Marketing. The Group is likely to assess the utility of the four proposed new Schemes in the context thereof. The observations made by the Standing Committee on Agriculture have been noted and the matter will be further pursued with the Planning Commission for approval of these schemes so that they can be implemented at the earliest.

As far as fruits and vegetables are concerned, the Department of Agriculture & Cooperation is implementing two schemes for improving linkages between horticulture producers and marketers. These schemes are:

- Development of commercial horticulture through production and post harvest management.
- Capital investment subsidy scheme for construction/extension/modernization of cold storage and storages for horticulture produce.

Comments of the Committee

1.13 The Committee note that satisfaction that the Ministry will make all efforts to ensure full utilization of Plan funds earmarked for agricultural marketing. The Committee are, however, unhappy to find that the Department is silent on the Committee's recommendation regarding establishing rural cooperatives on the lines of milk cooperatives for marketing fruits and vegetables with the support of NAFED. The Committee are of the view that the existing schemes for improving linkages between horticulture producers and marketers as mentioned in the Government's reply, though significant, do not fully meet the farmers's interest in getting them remunerative prices for their produce. Marketing of fruits and vegetables through cooperatives on the lines of milk cooperatives will benefit both the farmers and the consumers. The Committee, therefore, desire that the department should work on the proposal and make serious efforts to implement the same.

Crop Insurance

Recommendation No. 13

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

1.15 The Government in their reply have stated that the department appreciate the view of the Committee regarding increase in allocation of budget at Revised Estimates stage under Crop Insurance Scheme during 2001-2002. An increase in the budget is required in view of meeting the claims liability of various States affected by drought situation.

Inability to give matching share is not the only reason for non-participation by some of the States. States like Punjab, Haryana, Rajasthan etc. have not joined NAIS, not because of paucity of funds but due to other reasons such as assessment of crop loss on individual basis is not made, high premia rates, etc. The criteria of assessing financial capability to contribute may not be acceptable to all the States as the States with sound financial position may object to it.

As regard pattern of sharing of financial liabilities between Central and State Governments in the ratio of 75:25, it may be stated that in view of enlargement of the scope of NAIS in terms of farmers, crops and risk it was considered after examination that pattern of sharing of financial liabilities between the Central and State Government should be 1:1.

Comments of the Committee

1.16 The Committee are not satisfied with the reply of the Government. Some States have not joined NAIS, as they are unable to give matching share due to financial constraints. The farmers in these States have thus been deprived of the benefits of the scheme due to State's inability to provide necessary funds. The Committee recommend that the various reasons for some States for not joining NAIS should be gone into by the Government and the matter be sorted out with the States by discussions across the table. The Committee desire that for making this scheme successful the Government should make sincere efforts to ensure the scheme is adopted by all the States at the earliest.

Need for a Separate Department for Cooperation

Recommendation No. 17

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

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

1.18 The Government in their reply have stated that the Department of Agriculture & Cooperation has not favoured separation of Cooperation from Agriculture as there is an organic link between the two. In fact that origin of Cooperatives took place in the agricultural sector itself. The exploitation of the farmers by the moneylenders in the rural areas led to formation of credit cooperatives by the farmers and the Cooperative Credit Societies Act, 1904 was enacted by the Central Government. Therefore, the Agriculture & Cooperation are complementary to each other.

Comments of the Committee

1.19 The Committee, while appreciating the origin of co-operatives in the agriculture sector, are of the view that cooperatives have grown manifoldly over the years in all the sectors, therefore, a separate department for cooperation in the Ministry of Agriculture will give greater thrust to the development of co-operative movement, which has a great role to play in empowering the poor and the weaker sections of the society. The Committee, therefore, reiterate that a separate Department for Cooperation should be created so as to give an added impetus to the development of Cooperative sector.

CHAPTER II

RECOMMENDATIONS/OBSERVATIONS WHICH HAVE BEEN ACCEPTED BY THE GOVERNMENT

Utilisation of Plan Funds

Recommendation No. 4

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

Reply of the Government

This recommendation of the Committee has been noted for necessary action.

Incentives for Export

Recommendation No. 5

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

Reply of the Government

The recommendation also relates to the Department of Commerce.

The Recommendations of the Committee have been noted and Action Taken Notes thereon will be prepared by the Deptt. of A&C in consultation with the Department of Commerce.

Further Reply of the Government

The Government, keeping in view the withdrawal of the quantitative restrictions on imports of agriculture commodities; and large accretions of surplus from the domestic production, has constituted a Group of Ministers of the concerned Ministries, to review the gamut of Policies relating to:

- (i) Incentives for increasing the agricultural productivity and shift in the pattern of agricultural production towards a diversified cropping pattern. This would enable a higher value addition through food processing and enhance exportability simultaneously, it would reduce the dependence on the imports of edible oil;

- (ii) Devising institutional arrangements to bring about greater price stability over a wider range of agricultural products at the levels remunerative to the farmers, and yet fair to the consumers;
- (iii) Suggesting measures for building up indigenous capability to meet International Competition and evolve a suitable policy for agricultural exports.

Furthermore, the Department of Commerce has also undertaken an exercise to consider the removal of restrictions on exports of some agricultural products and taking initiatives for promoting exports of agricultural products and quantum of subsidy that would be essential to make export of rice and wheat viable and accordingly, had submitted a note for consideration of the Group of Ministers. The GOM has since recommended removal of quantitative restrictions and other restrictions on the export of some of the agricultural commodities such as rice, wheat and wheat products, coarse grains, pulses and butter. A note for approval of removal of these restrictions is also submitted to the competent authority by them.

Removal of Quantitative Restriction on Imports

Recommendation No. 6

The Committee are highly concerned over the impact of WTO agreement, on the farmers in the context of removal of quantitative restrictions. The Committee are very well aware of the circumstances leading to removal of QRs on 1429 items by the Government by 04.01.2001 as per the WTO agreement. In this connection, the Committee feel that if import of the agricultural commodities is encouraged without taking any remedial measures, the farmers of the country will suffer on account of getting less remuneration for their produce. The Committee, therefore, desire that the Government should take appropriate and timely contra steps like imposing rationalised anti-dumping duty and import duty to counter the adverse effect due to removal of QRs.

Reply of the Government

Government is fully alive to safeguarding the interests of domestic farmers in the context of the removal of QRs on the import of the agricultural commodities. Government is closely monitoring the imports of agricultural commodities and whenever a surge in the import of any commodity is noticed, immediate steps can be taken to raise the import tariff thereon within the bound rates. The WTO Agreement on Agriculture further provides for taking other measures such as anti-dumping action, safeguard actions and imposition of countervailing duties in order to provide protection to the domestic farmers under certain specified circumstances.

Agriculture Extension

Recommendation No. 7

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

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

Reply of the Government

Agriculture is a State subject, therefore, revamping of the Agricultural Extension System is the primary responsibility of State Governments. However, the Government of India supports the State Governments in augmenting Extension Services for dissemination of new technologies. The following major programmes are being implemented/initiated by the Ministry of Agriculture (Department of Agriculture & Cooperation):-

- New Institutional arrangements are being pilot tested under National Agricultural Technology Project in seven States namely Andhra Pradesh, Bihar, Jharkhand, Himachal Pradesh, Maharashtra, Punjab and Orissa. Agricultural Technology Management Agencies (ATMAs) have been established at the district level representing stakeholders

responsible for technology generation and dissemination. Farmers Advisory Committees and Farmer Groups are being promoted at Block and Village level respectively to facilitate effective participation of farmers in planning and operation of extension programmes. Intensive Participatory Rural Appraisals (PRAs) are being conducted to develop strategic research and extension plans to reflect the felt needs of the farmers and develop a demand-driven extension service. Effective interface between research and extension agencies and farmers exposure visits are promoted at various levels to address need-based technological solutions to the farmers problems.

- In addition, a special scheme for involvement of Non-Governmental Organisations (NGOs) is being expanded by bringing more NGOs in its fold. A new initiative has also been taken to assist Farmers' Organisations for Technology Dissemination purpose.
- Extension through vernacular print media is being supported to supplement extension efforts together with organisation of Kisan Melas through State Agricultural Universities. Electronic media is being involved proactively in dissemination of farm information.
- The proposal for establishing a separate T.V. channel for Agriculture by Doordarshan is under consideration in the Department of Agriculture & Cooperation. Preliminary discussions on the subject were initiated with the Ministry of Information and Broadcasting. Also, a study has been initiated to work out various modalities for software/hardware and arrangements for implementation of the programme on sustainable basis. Meanwhile a specific time has been allotted for agriculture and allied sectors by Gyan Darshan Channel of Ministry of Human Resource Development through Indira Gandhi National Open University (IGNOU). In addition to Krishi Darshan Programme of Doordarshan, two more sponsored programmes are transmitted on Thursdays and Fridays to disseminate agricultural technologies.

Agriculture Census

Recommendation No. 8

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

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

Reply of the Government

The recommendation of the Committee to persuade States to maintain updated computerised land records, has been noted. In this connection it may be pointed out that the concept of operational holdings as used in the Agricultural Census includes land owned, leased in area and otherwise operated area and combination of these. Such information cannot be retrieved directly from the computerised land records. It will require development of computer system to also include information needed for agricultural census. It is felt that in view of these problems, it may be possible only the years 2010-11 to use the information for agricultural census from the land records because it may take about 10 years to computerise the land records and to update the land records and use them for the purpose of agricultural census.

As regards the reduction of time-lag it may be mentioned that in the past, for the Agricultural Census upto 1990-91, it took 7 to 8 years to publish the All India Report on Agricultural Census. This time is expected to be reduced to 4-5 years for the current census. As suggested by the Committee, efforts would continue to be made to reduce the time-lag.

Seeds

Recommendation No. 9

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

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

Reply of the Government

Distribution of certified/quality seeds to farmers is primarily the responsibility of the State Government. With the help of State Seed Corporations, State Seed Development Farms of the State Department of Agriculture, Cooperative Agencies, State Agro Industries Corporation and Private Seed Companies through their seed dealer network, seeds are distributed to farmers. Efforts of the State Government are supplemented by National Seed Producing Organisation Distribution subsidy on seeds and planting material under various crop development programmes of the Central Government and transport subsidy for movement of seed to North Eastern region and hilly areas of some other States, help in timely supply of certified/quality seeds to farmers. Government of India monitors the situation in the National Conferences, prior to the each sowing season.

Further, under the Scheme of Macro-Management Mode of Work Plan, launched from the year 2000-01, immense flexibility has been provided to the States to develop their need based specific programmes for timely seed production and distribution.

It is true that in spite of various measures taken by the Government, the SRR for some crops has remained much below the desired level. The reason for low SRR, are :

- Lack of awareness and knowledge of farmers about importance of replacement of farm saved seeds with that of the superior quality/certified seed.
- Farmers have to be motivated enough to go in for high quality seed for improving the production and productivity. Perhaps, extension network needs to be further strengthened.
- The purchasing power along with general well being of farmers may not be upto the desired level to enable him to buy good quality/certified seed from market and also to provide associated inputs.
- The adequate availability of good quality/certified seeds of crop/varieties suitable for the particular region is also important.
- In some States, like Punjab farmers are directly buying foundation seed from State Agriculture University and multiplying in their farmers for self use and exchange among fellow farmers. This is not reflected in the SRR projected by the Government.

In order to ensure availability of superior quality seeds, on a timely basis, as envisaged in our National Agriculture Policy (NAP), the Department has finalised a Vision 2020 seed document. This has been circulated to all the States for preparation of perspective plan for seed development and distribution to increase the production of certified/quality seed to meet the availability of at least 25% of the total requirement of seed by the year 2020. Many States have prepared minimum and long term perspective plans for improving the SRR, keeping in view the thrust area of the State for increasing the agricultural production in future. This will provide basic information and direction to the planners, Seed Development Agencies, Plant Breeders, seed producing distribution agencies in planning for necessary infrastructure including manpower for production of nucleus, breeder, foundation and certified/quality seed to make them available to the farmers.

Under the Macro-Management Mode, taking advantage of the flexibility given to the States to achieve the desired target/objectives, many States have drawn up innovative strategies/programme, such as seed village programme, for increasing availability of required seed at village level. State like Madhya Pradesh has launched a special Scheme 'Suraj Dhara' for production of quality seeds of pulses and oilseeds and 'Annapurna' for production of cereal seeds at village level. Similarly, Rajasthan, Uttar Pradesh, Assam and Andhra Pradesh have also introduced the seed village programme wherein foundation seed is provided to farmers for further multiplication into certified/quality seeds. The efforts of the State Governments are also reviewed and discussed at National Conference to share the experience with all the participating States and also to encouraging other States to take up similar programmes.

The work plans of the States, which include components on seed development, production and distribution, have been finalised after discussion with States at various forums. The allocated share of the Central Government is released to States only after reviewing their past performance.

Fertilisers and Manure

Recommendation No. 10

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

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

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

Reply of the Government

Under the Centrally Sponsored Scheme of "Balanced and Integrated Use of Fertilizers", the target fixed for strengthening of labs during the 9th Plan was 200. The figure of 273 relates to the total number of labs strengthened under the scheme i.e. during the 8th Plan and 9th Plan. With the latest information available from the States, 149 (and not 129 as reported earlier) soil testing labs have been strengthened in the first four years of the Plan making an achievement of 74.5%. Now the scheme stands transferred to macro management mode since October, 2000 and, therefore, State Governments are expected to take up the programme under this system for further strengthening.

The Government of India is impressing upon the States/UTs to encourage NGOs/private entrepreneurs, in addition to State Govt. efforts to set up the soil testing laboratories. The Government has been promoting enhanced use of organic manure/compost produced from recycling of rural and urban waste in order to increase the fertility of the soil. In addition the use of bio-fertilizers is also propagated through the National Project on Development and Use of Bio-fertilizers.

Kisan Credit Card Scheme

Recommendation No. 11

The Committee are happy at the success of Kisan Credit Card Scheme, which has become very popular with the farmers. However, the performance of the scheme in North-Eastern States viz. Mizoram, Manipur, Nagaland etc. is poor. The number of Kisan Credit Cards issued in North Eastern States was Arunachal Pradesh - 155, Meghalaya-182, Mizoram-4, Manipur-262, Nagaland-12, Tripura-663 and Sikkim-174 only. The Committee would like the Department to analyse the reasons for below par performance in these States and initiate suitable steps to popularize them in these areas. This will enable the farmers in these areas to avail to the benefits that will accrue to them by way of sufficient credit flow in time of their need. Since Kisan Credit Cards are very useful for the farmers, it should be the endeavour of the Government that Credit Cards should be provided to all the bonafide farmers. There should be a time bound programme to achieve this objective.

Reply of the Government

The Kisan Credit Card Scheme is being implemented by NABARD through the cooperative banks, commercial banks and RRBs. Maximum number of KCCs have been issued by the Cooperative Banks. The progress in the Northern Eastern States however has not been satisfactory because of the following reasons:—

1. The infrastructure of Cooperative Banks in these States is quite weak.
2. In order to become eligible to avail the facility of Kisan Credit Card from the bank the borrower should be regular in repayment of his loans and there should be no overdue in his account. In the Northern Eastern Region the recovery performance of the banks has been very poor.
3. Basically KC Cards are issued to farmers availing of crop loans from banks. As the crop loans disbursement in various States computerised in the NER are very much on the lower side the progress of banks in issue of KC Cards has also been relatively poor.

In order to accelerate the progress, the following steps have been/are being taken:—

- (a) Fixing bank-wise/branch-wise/month-wise targets and periodical review.
- (b) Organising Awareness Programmes/sensitisation Meets for CEOs/Staff of SCBs/DCCBs/RRBs.
- (c) Training staff of DCCBs/PACs and RRBs in the mechanics of KCC scheme.
- (d) Printing and circulation of brochures/pamphlets/leaflets etc. in local language for generating awareness among rural clientele.
- (e) A scheme has been formulated to strengthen the cooperating credit structure in the country. The Task Force appointed by the Ministry of Finance has suggested a package of strategy for the credit societies. The recommendation of the Task Force are under examination of the Finance Ministry.

Natural Resource Management

Recommendation No. 14

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

Reply of the Government

The matter of transfer of watershed and soil conservation related activities to Department of Land Resources, Ministry of Rural Development, was considered by the Committee of Secretaries on 6.7.2000. It was decided in the first instance that the Planning Commission may prepare an inventory of all the Watershed management schemes in operation at present whether as Central Scheme or Centrally Sponsored Schemes and bring up a paper evaluating in depth the performance of various soil conservation and watershed based schemes/projects. The required input from the Agriculture Ministry was sent to the Planning Commission.

Meanwhile, in compliance with the Finance Minister's Budget (1999-2000) Scheme recommending "Unification of the multiplicity of Watershed Development Programmes within the framework of Single national initiative", Ministry of Agriculture and Ministry of Rural Development have jointly formulated and adopted a Common Approach for Watershed Development in 1999. This aims at bringing about a greater degree of uniformity in the implementation of the watershed based programmes in the field.

Further Reply of the Government

The matter of transfer of watershed and soil conservation related activities to Department of Land Resources (DLR), Ministry of Rural Development (Mord) was considered by the Committee of Secretaries on 6.7.2000. It was decided in the first instance that the Planning Commission may prepare an inventory of all the Watershed management schemes in operation at present whether as Central Scheme or Centrally Sponsored Schemes and bring up a paper evaluating in depth the performance of various soil conservation and watershed based schemes/projects. The required input from the Agriculture Ministry was sent to the Planning Commission.

The Working Group Report on Watershed Development, Rainfed Farming and Natural Resource Management for Tenth Five Year Plan, constituted by Planning Commission has gone into the need for Single National Initiative for watershed and Land Reclamation Programmes. It has suggested alternatives:

- (a) Bringing Department of Land Resources under the Umbrella of Ministry of Agriculture and assigning all the land related activities to the Department, or
- (b) Abolishing DLR and assigning all the land related activities to the Department of Agriculture, or
- (c) Creation/establishment of a new body/committee to oversee the planning and implementation of all the watershed development programmes of the MoA, MoRD, MoE&F and Planning Commission.

Agriculture Sector is the largest user of the land resources in India. Out of 328 million ha. of geographical area of the country, an area of 142 million ha. is utilized for agriculture. Land is the primary resource for food production in the country. As per projections, in a period of 10 years the food production would have to be doubled to meet the food and nutrition requirement of the people. Productivity in many tracts of the irrigated areas is leveling off. Future additional production would have to come from rainfed areas. Production from rainfed areas is dependent upon the effective management of natural resources in these areas based on the watershed approach.

It is therefore, considered necessary that watershed development programmes must focus on land and water management together with enhancement of production and productivity. To achieve these objectives it would be desirable that Department of Agriculture and Cooperation (DAC) become the focal point for all the watershed development programmes as it has got all the requisite technical expertise. The DAC, therefore, supports alternative (a) as suggested in Working Group of the Planning Commission Report.

Cooperation

Recommendation No. 15

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

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

Reply of the Government

The Department of Agriculture & Cooperation has been implementing various Central/Centrally Sponsored Schemes for the development of Cooperative Sector through NCDC, NCUI, NCCT and NAFED etc. It is true that against the approved 9th Plan outlay of Rs. 765.00 crores for the Cooperative Sector, only Rs. 445.44 crores has been spent during the first four years of the 9th Plan. It is however, submitted that the B.E. for the first four years of 9th Plan was reduced to Rs. 577.00 crores and the R.E. was fixed at Rs. 445.46 crores, which was fully utilised during the period. The reduction in the allocations was because of the following:

- (i) The allocations under the revised estimates in respect of two major schemes viz. Share capital participation in cooperative sugar mills and assistance for cooperative marketing, processing and storage in under-developed States/UTs was reduced due to budgetary constraints.
- (ii) There was less utilisation of funds by the National Cooperative Development Corporation (NCDC) under Integrated Cooperative Development Project (ICDP), Development of Rural Growth Centres in Bihar (EAP) and Coconut Development Projects in Kerala (EAP) and Share Capital Participation in Growers' Cooperative Spinning Mills.
- (iii) Five new schemes (a) Strengthening of Cooperative Sector, (b) Janta Personal Accident Insurance Scheme for Labour Cooperatives, (c) Annual Collection and dissemination of Cooperative Statistics, (d) Development of Reservoir Fisheries through Cooperatives and (e) Development of Wool Processing and Industrial Cooperatives were not approved during the 9th Plan. Therefore, the allocation against these schemes could not be utilised.
- (iv) The schemes of Assistance to Weaker Section Cooperatives and assistance for Women Cooperatives have been transferred to macro-Management mode during the current financial year 2000-2001.

The recommendations of the Standing Committee will be strictly followed for the formulation of the new schemes for the development of Cooperative Sector in the next Five Year Plan.

CHAPTER III

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

— NIL —

CHAPTER IV

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

Reduced Allocation for 2001-2002

Recommendation No. 1

The Committee note that against the approved Ninth Plan Outlay of Rs. 9228.82 crores, the Department of Agriculture & Cooperation have been given an outlay of Rs. 5828.69 crores through budgetary support (RE) in the first four years of the Plan and an allocation of Rs. 1985 crores has been made for the year 2001-02. The total allocation becomes of Rs. 7813.69 crores, which is only 84.66% of the approved outlay. The Department had sought Rs. 4101.58 crores for 2001-02 to meet the objectives of 9th Plan period. According to the Ministry, in the absence of financial resources of that order, it would be difficult to meet the plan objectives.

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

The Committee has been recommending time and again in various reports for an urgent need for higher allocation for agriculture sector to meet the plan objective and to give right impetus to foodgrain production. In the mid term appraisal of the Ninth Plan, the Planning Commission has themselves expressed that it is imperative that the rate of public investment in Agriculture Sector be increased if the Plan targets are to be achieved. The Committee, therefore, strongly recommend to the Planning Commission and Ministry of Finance to increase plan allocation to the Department of Agriculture & Cooperation in the year 2001-02 to Rs. 4101.58 crores as proposed by the Department in order to enable it to achieve at least some of the targets laid down for the Ninth Plan.

Reply of the Government

The Standing Committee are in agreement with the Department's Demand of Rs. 4101.58 crore for the year 2001-02.

The Department has taken up the matter of enhancing the budget provision with the Finance Ministry, at the level of the Agriculture Minister as well as at the official level.

The foodgrains production during the first four years of the Ninth Five Year Plan have been as follows:—

Year	Production (Million Tonnes)
1997-98	192.26
1998-99	203.61
1999-2000	208.87
2000-2001	196.13
(Third advance estimates)	

The foodgrains production target for 2001-02, as indicated by the Planning Commission, is 218 million tonnes.

Further Reply of the Government

The allocation of Rs. 1985 crore was made for Department of Agriculture & Cooperation for the year 2001-02 against a proposal of Rs. 4101.58 crore. The Department had taken up the matter with Finance Ministry at Agriculture Minister level for additional allocation to the tune of Rs. 1150 crore for some of the vital schemes for all-round development of Agriculture which was, however, not agreed to by the Finance Ministry as well as by the Planning Commission.

The foodgrains production during the first four years of the Ninth Five Year Plan have been as follows:—

Year	Production (Million Tonnes)
1997-98	192.26
1998-99	203.61
1999-2000	208.87
2000-2001	196.07
(Fourth advance estimates)	

The foodgrains production target for 2001-02, as indicated by the Planning Commission, is 218 million tonnes.

Comments of the Committee

(For Comments of the Committee please *see* Para No. 1.10 of Chapter I of this Report.)

Decline in Percentage Share of Department of Agriculture and Cooperation

Recommendation No. 2

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

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

Reply of the Government

The Standing Committee have supported the Demand of the Department for a higher share in the overall Central Plan Outlay.

This recommendation has been brought to the notice of Ministry of Finance.

Further Reply of the Government

The Standing Committee has supported the Demand of the Department for a higher share in the overall Central Plan Outlay.

The Department of Agriculture & Cooperation had made concerted efforts with Finance Ministry and Planning Commission to increase its percentage share in the overall Central Plan Outlay particularly for implementation of some vital schemes, *viz.*, On-farm Water Management in Eastern India, Technology Mission for Integrated Development of Horticulture in the North-East, National Agriculture Insurance Scheme, Macro Management, Oilseeds Production Programme, Capital Investment Subsidy Scheme for Cold Storages, and Scheme for Setting up of Agri-clinics and Agri-Business Centres. However, this was not supported by the Ministry of Finance.

Comments of the Committee

For Comments of the Committee please *see* Para No. 1.10 of the Chapter-I of this Report.

Agriculture Marketing

Recommendation No. 12

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

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

The Committee observe that the National Dairy Development Corporation has done a commendable job in increasing India's milk production through cooperatives by providing inputs to the milk cooperatives and undertaking total responsibility for collection of milk, transport, preservation and processing for marketing the produce in big towns for getting maximum returns for the milk cooperatives. In the case of fruits and vegetables it is a much easier process to organize rural cooperatives which could collect and package the entire fruits and vegetables products of the area with the support of NAFED who should take the responsibility for their storage and transporting from the cooperatives to the markets, where fruits and vegetables could be made available to the existing milk depots and through similar depots set up by NAFED in major towns. This will benefit the farmers as well as the consumers, and NAFED as a cooperative marketing organization will emerge as a more important Organization than the National Dairy Development Corporation because of the much greater demand of vegetable and fruit marketing.

Reply of the Government

The Plan Schemes under Agricultural Marketing Division are implemented through Directorate of Marketing and Inspection (DMI), Faridabad an attached office of this Department. The recommendations made by the Standing Committee for 100% utilization of funds have been noted and all efforts will be made to ensure full utilization of Plan funds. Agricultural Marketing Adviser (AMA) will personally monitor the implementation and utilization of funds. In addition, the Ministry will also follow-up the implementation of the Schemes more closely.

The Planning Commission has constituted a Group under the Chairmanship of Secretary, Planning Commission on 31st July, 2000 to go into the whole gamut of Agricultural marketing. The Group is likely to assess the utility of the four proposed new Schemes in the context thereof. The observations made by the Standing Committee have been noted and the matter will be further pursued with the Planning Commission for approval of these schemes so that they can be implemented at the earliest.

As far as fruits and vegetables are concerned, the Department of Agriculture & Cooperation is implementing two schemes for improving linkages between horticulture producers and marketeers. These schemes are:

- Development of commercial horticulture through production and post harvest management.
- Capital investment subsidy scheme for construction/extension/modernization of cold storages and storages for horticulture produce.

Comments of the Committee

For Comments of the Committee please see Para No. 1.13 of Chapter-I of this Report.

Crop Insurance

Recommendation No. 13

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

Reply of the Government

This department appreciate the view of the Committee regarding increase in allocation of budget at Revised Estimates stage under Crop Insurance Scheme during 2001-2002. An increase in the budget is required in view of meeting the claims liability of various States affected by drought situation.

Inability to give matching share is not the only reason for non-participation by some of the States. States like Punjab, Haryana, Rajasthan etc. have not joined NAIS, not because of paucity of funds but due to other reasons such as assessment of crop loss on individual basis is not made, high premia rates, etc. The criteria of assessing financial capability to contribute may not be acceptable to all the States as the States with sound financial position may object to it.

As regard pattern of sharing of financial liabilities between Central and State Governments in the ratio of 75:25, it may be stated that in view of enlargement of the scope of NAIS in terms of farmers, crops and risk it was considered after examination that pattern of sharing of financial liabilities between the Central and State Government should be 1:1.

Comments of the Committee

For Comments of the Committee please *see* Para No. 1.16 of Chapter-I of this Report.

Need for a Separate Department for Cooperation

Recommendation No. 17

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

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

Reply of the Government

The Department of Agriculture & Cooperation has not favoured separation of Cooperation from Agriculture as there is an organic link between the two. Infact the origin of Cooperatives took place in the agricultural sector itself. The exploitation of the farmers by the moneylenders in the rural areas led to the formation of credit cooperatives by the farmers and the Cooperative Credit Societies Act, 1904 was enacted by the Central Government. Therefore, the Agriculture and Cooperation are complementary to each other.

Comments of the Committee

For Comments of the Committee please *see* Para No. 1.19 of Chapter I of this Report.

CHAPTER V

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

Non Approval of Some of the Schemes of the Ninth Plan

Recommendation No. 3

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

Reply of the Government

Due to likely delays in approval process, it has been decided to defer the schemes (a) Increasing Production and Productivity of Wheat and Pulses in Central India and (b) Rehabilitation Package for revamping of Co-operative Credit structure during the year 2001-2002. The Scheme for On Farm Water Management for increasing crop production in Eastern India has been provided an outlay of Rs. 61 crore in the BE for 2001-2002. Procedural formalities for clearance of the Scheme are underway.

Further Reply of the Government

The Scheme for On Farm Water Management for increasing crop production in Eastern India has been provided an outlay of Rs. 70 crore in the BE for 2001-02. The Department is vigorously pursuing clearance of the Scheme for On Farm Water Management as well as establishment of Agri-Business and Agri-Clinics. These are expected to be cleared for implementation during the current financial year.

Cooperatives Credit

Recommendation No. 16

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

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

Reply of the Government

As recommended by the Working Group on Agricultural Credit and Cooperation for formulation of 9th, an innovative and comprehensive proposal for revamping of the Cooperative Credit Structure (CCS) was initiated by the Ministry of Agriculture.

To expedite the decision on the proposal, an EFC memo was circulated among various appraising agencies for their comments/views, Ministry of Finance (Banking Division) was of the view that the initiative for recapitalisation needs to come from the equity holders of CCS and the Planning Commission did not take up the appraisal of proposal due to inadequate outlay for the scheme in the IX Plan.

Government of India, Ministry of Finance constituted a Task Force under the Chairmanship of Shri J. Capoor, Deputy Governor, Reserve Bank of India to study the functioning of Cooperative Banks and to suggest package for their revival/restructuring. The Task Force has submitted its report to the Ministry of Finance on 24th July, 2000 and its recommendations are under consideration of the Ministry of Finance. The Ministry of Finance organised a consultation meet on 15th and 16th December, 2000 at New Delhi with the State Cooperation Ministers, Cooperation Secretaries, the Presidents and Chief Executives Officers of the State Cooperative Banks/State Cooperative Agriculture and Rural Development Banks etc. for eliciting their views and for facilitating consensus for the recommendations of the Task Force. However, so far, no final decision has been taken on the recommendations of the Task Force by the Ministry of Finance.

Further Reply of the Government

In order to facilitate consensus on the recommendations of the Task Force, a Conference of Chief Ministers was organized by the Ministry of Finance on 25th August 2001. While there was a broad consensus on a number of issues, there were diverse views among the States on certain key issues such as finding strategy, delaying etc. and therefore, a common approach could not be evolved. In view of this, a Joint Committee under the Chairmanship of Shri B.V. Patil, Minister of State for Finance and consisting of State Cooperation Ministers of Maharashtra, Gujarat, Andhra Pradesh, Assam, Bihar, Uttar Pradesh, Punjab and West Bengal and Secretary (A&C), Ministry of Agriculture, Deputy Governor, RBI, Chairman, NABARD and additional Secretary (Financial Sector), Ministry of Finance has been formed to look into the matter and suggest a commonly acceptable solution in respect of the recommendations on which a common approach could not be evolved. The Joint Committee has been asked to submit its recommendations by 30th November 2001.

NEW DELHI;
14 March, 2002
23 Phalguna, 1923 (Saka)

S.S. PALANIMANICKAM,
Chairman,
Standing Committee on Agriculture.

APPENDIX I

MINUTES OF THE FOURTH SITTING OF THE STANDING COMMITTEE ON AGRICULTURE HELD ON THURSDAY, THE 14TH MARCH, 2002 IN COMMITTEE ROOM 'B', PARLIAMENT HOUSE ANNEXE, NEW DELHI

The Committee sat from 1500 hrs. to 1540 hrs.

Shri S.S. Palanimarickam — *Chairman*

MEMBERS

Lok Sabha

2. Shri Ram Tahal Chaudhari
3. Shri Chintaman Wanaga
4. Shri Ramdas Rupala Gavit
5. Shri Y.G. Mahajan
6. Shri M. Master Mathan
7. Shri Rampal Singh
8. Smt. Prabha Rao
9. Shri Tarachand Shivaji Patel
10. Shri Adhir Chowdhary
11. Shri Abul Hasnat Khan
12. Shri Mahboob Zahedi
13. Shri A. Brahmaniah
14. Prof. S.P. Singh Baghel
15. Shri Chandra Bhushan Singh
16. Shri Anant Gudhe
17. Shri Raghunath Jha
18. Shri Bhan Singh Bhaura

Rajya Sabha

19. Shri Oscar Fernandes
20. Smt. Jamana Devi Barupal
21. Shri Kailash Joshi
22. Shri M. Rajashekara Murthy
23. Shri R. Kamraj
24. Shri Sharief-Ud-Din Shariq

SECRETARIAT

1. Dr. (Smt.) Paramjeet
Kaur Sandhu — *Joint Secretary*
2. Sh. Raj Shekhar Sharma — *Deputy Secretary*
3. Smt. Anita Jain — *Under Secretary*
4. Shri K.L. Arora — *Under Secretary*

At the outset, Chairman (AC) welcomed the Members to the sitting of the Committee and requested them to take up the following Memoranda for consideration and adoption.

Memoranda No.	Reports
5	Draft Action Taken Report on 18th Report on Demands for Grants (2001-2002) of Department of Agriculture and Co-operation.
6	Draft Action Taken Report on 19th Report on Demands for Grants (2001-2002) of Department of Agricultural Research and Education.

The Committee considered the Draft Action Taken Reports one-by-one and adopted them with minor additions/modifications.

The Members of the Committee, thereafter, authorized the Chairman to present all the above mentioned Reports to the House on a date and time convenient to him. The Committee decided to hold its next meeting on 26th March, 2002.

The Committee then adjourned.

APPENDIX II

ANALYSIS OF ACTION TAKEN BY GOVERNMENT ON THE 18TH REPORT OF STANDING COMMITTEE ON AGRICULTURE (13TH LOK SABHA)

(i) Total number of Recommendations	17
(ii) Recommendations/Observations which have been accepted by the Government	
Serial Nos. 4, 5, 6, 7, 8, 9, 10, 11, 14 & 15	
Total	10
Percentage	58.82%
(iii) Recommendations/Observations which the Committee Do not desire to pursue in view of the Government's replies	
Nil	
Total	Nil
Percentage	0%
(iv) Recommendations/Observations in respect of which replies of the Government have not been accepted by the Committee	
Serial Nos. 1, 2, 12, 13 & 17	
Total	5
Percentage	29.41%
(v) Recommendations/Observations in respect of which Final replies of the Government are still awaited	
Serial Nos. 3 & 16	
Total	2
Percentage	11.77%