



**STANDING COMMITTEE ON AGRICULTURE
(2004)**

THIRTEENTH LOK SABHA

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

**DEMANDS FOR GRANTS
(2003-2004)**

**{Action Taken by the Government on the Recommendations/
Observations contained in the Fortieth Report of the
Standing Committee on Agriculture (2003)}**

REPORT



LOK SABHA SECRETARIAT

January, 2004/Pausa, 1925 (Saka)

CONTENTS

COMPOSITION OF THE COMMITTEE

INTRODUCTION

CHAPTER I	Report
CHAPTER II	Recommendations/Observations which have Been accepted by the Government
CHAPTER III	Recommendations/Observations which the Committee do not desire to pursue in view Of the Government's replies
CHAPTER IV	Recommendations/Observations in respect Of which replies of the Government have Not been accepted by the Committee
CHAPTER V	Recommendations/Observations in respect of Which final replies of the Government are Still awaited

APPENDICES

- II. Analysis of Action Taken by Government on the
Recommendations contained in the Fortieth
Report of the Standing Committee on Agriculture
(2003).

COMPOSITION OF THE STANDING COMMITTEE ON AGRICULTURE (2004)

LOK SABHA

Shri S.S. Palanimanickam - Chairman

2. Shri Daud Ahmad
3. Prof. S.P. Singh Baghel
4. Shri Girdhari Lal Bhargava
5. Shri Ambati Brahmaniah
6. Shri Ram Tahal Chaudhary
7. Shri Shivraj Singh Chouhan
8. Shri Adhir Chowdhary
9. Shri Thawar Chand Gehlot
10. Shri Raghunath Jha
11. Shri Abul Hasnat Khan
12. Dr. C. Krishnan
13. Shri M. Master Mathan
14. Shri Tarachand Shivaji Patel
15. Shri Bhaskar Rao Patil
16. Shri Jaisingrao Gaikwad Patil
17. Smt. Rama Pilot
18. Ms. Prabha Rau
19. Shri N.R.K. Reddy
20. Shri Chandra Bhushan Singh
21. Shri Laxman Singh
22. Shri Ramjiwan Singh
23. Shri Rampal Singh
24. Shri Tejveer Singh
25. Shri Punjaji Sadaji Thakor
26. Shri Tarlochan Singh Tur
27. Shri Chintaman Wanaga
28. Shri Bhal Chandra Yadav
29. Shri Mahboob Zahedi
30. Vacant

RAJYA SABHA

31. Dr. A.R. Kidwai
32. Smt. Jamana Devi Barupal
33. Shri Oscar Fernandes
34. Dr. A.K. Patel
35. Prof. R.B. S. Varma
36. Shri Sudarshan Akarapu
37. Dr. Swami Sakshi Ji Maharaj
38. Shri R. Kamaraj
39. Prof. M. Sankaralingam
40. Shri Gandhi Azad
41. Shri Sukhbir Singh
42. Shri Rao Man Singh
43. Shri Datta Meghe
44. Shri H.K. Javare Gowda
45. Shri R.S. Gavai

* Shri Bhan Singh Bhaura expired on 3rd January, 2004.

SECRETARIAT

- | | | | |
|----|--------------------|---|----------------------|
| 1. | Shri P.D.T. Achary | - | Additional Secretary |
| 2. | Shri S.K. Sharma | - | Joint Secretary |
| 3. | Shri Hardev Singh | - | Deputy Secretary |
| 4. | Smt. Anita Jain | - | Under Secretary |
| 5. | Ms. Amita Walia | - | Executive Officer |
-

INTRODUCTION

I, the Chairman of the Standing Committee on Agriculture (2004) having been authorised by the Committee to submit the Report on their behalf, present this Forty Ninth Report on Action Taken by Government on the recommendations/observations contained in the 40th Report of the Standing Committee on Agriculture (2003) on Demands for Grants (2003-2004) of the Ministry of Agriculture (Department of Agriculture & Cooperation).

2. The Fortieth Report of the Standing Committee on Agriculture (2003) on Demands for Grants (2003-2004) of the Ministry of Agriculture (Department of Agriculture & Cooperation) was presented to Lok Sabha and laid in Rajya Sabha on 25.4.2003. The Ministry of Agriculture (Department of Agriculture & Cooperation) was requested to furnish action taken replies of the Government to recommendations contained in the Fortieth 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 Forty Ninth Report at their sitting held on 16.1.2004. 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 Fortieth Report (13th Lok Sabha) of the Committee is given in Appendix-II

NEW DELHI
16 January, 2004
26 Pausa, 1925(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 the recommendations contained in the Fortieth Report (Thirteenth Lok Sabha) of the Standing Committee on Agriculture (2003) of the Ministry of Agriculture (Deptt. of Agriculture & Cooperation) which was presented to the Lok Sabha on 25 April 2003 and laid in Rajya Sabha on the same day.

1.2 Action taken notes have been received from the Government in respect of all the 21 recommendations contained in the Report. These have been categorised as follows :-

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

Recommendation Nos. 2,5,6,10,12,13,16,17,18,19 and 21

Total - 11

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

NIL

Total - NIL

- (iii) Recommendations/Observations in respect of which reply of the Government have not been accepted by the Committee (Chapter – IV of the Report)

Recommendation Nos. 4,8 and 11

Total - 3

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

Recommendation Nos. 1,3,7,9,14,15 and 20

Total - 7

1.3 The Committee will now deal with the recommendations which have not been accepted and have been included in Chapter – IV of the report.

Recommendation No.1

BUDGETARY ALLOCATIONS

1.4 The Committee were unhappy to find that despite their repeated recommendations in various Reports to substantially increase budgetary allocations for Agriculture Sector to give required impetus to agriculture development, the allocations in respect of this vital sector continues to be unsatisfactory and much below the requirement. As against the requirement of Rs.3269.74 crore projected by the Department for 2003-04, essential for implementation of various schemes/programmes for achieving a growth rate of 4% envisaged in the Tenth Plan, a budgetary allocation of only Rs.2187 crore had been made for 2003-04, which was the same as provided in BE 2002-03. Taking into consideration the inflationary trends, the allocation for agriculture in real terms had come down by around 10% in 2003-04. The Committee found that to be in total contradiction of the Finance Minister's statement at the beginning of his Budget Speech(2003-04), wherein he referred to Agriculture and related aspects as one of the five priorities for economic security of the country. Adequate funds were not being made available to Agriculture for carrying out activities under its various programmes although it had been termed as a priority sector. That could also be gauged from the fact that the percentage share of Department of Agriculture and Cooperation to Central Plan Outlay of Government of India has shown declining trend from 1.87% during the 9th Plan to 1.48% during the 10th Plan. The Committee were of the view that for a developing country like India whose economy depends largely on Agriculture, this was not a healthy trend. The Committee, therefore, strongly recommended that the Planning Commission and the Ministry of Finance should review the allocation of funds to this Sector and make allocations keeping in view its importance and growth targets set by the Government also the policies and programmes aimed at improving agricultural production and productivity should not suffer due to resource crunch.

1.5 The Government in their action taken reply have stated that the recommendation of the Parliamentary Standing Committee for enhancing the Budgetary Allocations in the Tenth Plan has been brought to the notice of the Planning Commission and the Ministry of Finance.

Comments of the Committee

1.6 The Committee would like to be apprised of the response of the Planning Commission and Ministry of Finance on the Committee's recommendation.

Recommendation No. 4

NEW SCHEMES OF TENTH PLAN

1.7 The Committee were constrained to find that even though the first year of Tenth Plan was over, out of nine new schemes proposed by the Department for implementation during the Tenth Plan period, none of them had become operational except one 'Development of Rural Godown Schemes', which was approved only for the first year of the Tenth Plan. For all other schemes, Planning Commission is yet to give 'in principle'

approval. With this pace, the Committee were apprehensive that these may not see the light of the day even in the year 2003-04. The Committee, therefore, desired that the Ministry should vigorously pursue with the Planning Commission for early approval of these schemes, so that these could be implemented in the current year itself.

The Committee further noted that a draft EFC for continuation of the scheme of 'Development of Rural Godowns' which was approved only for first year of Tenth Plan was yet to be considered in EFC meeting. Since the scheme had got a very good response from the entrepreneurs and had been a major success, any gap in the implementation may affect the enthusiasm generated for the scheme. The Committee, therefore, had recommended that this scheme should be approved for the remaining period of Tenth Plan also at the earliest.

1.8 The Government in their reply have stated that the Department had proposed nine new Schemes for implementation in the Tenth Five Year Plan. These are as follows:-

1. High-tech horticulture for efficient utilization of resources through precision farming.
2. Sustainable development of horticulture through technological interventions and adoption.
3. National Project on promotion of organic farming.
4. Establishment of National Institute for agricultural mechanization and appropriate technology.
5. Rehabilitation Package for Revamping of the Cooperative Credit Structure.
6. Forecasting of Agricultural Output Using Space, Agro-Meteorology and Land Based Observation (FASAL)
7. Development of Market infrastructure, Grading and Standardization.
8. Development of Rural Godowns.
9. Strengthening of IT Apparatus in Agriculture and Cooperation for States and UTs.

Out of the nine new Schemes, One Scheme on Establishment of National Institute for Agricultural Mechanization and appropriate Technology has been dropped on the

advice of the Planning Commission. Another Scheme Rehabilitation Package for Revamping of Cooperative Credit Structure is proposed to be implemented by the Ministry of Finance. The Scheme on IT Apparatus in Agriculture and Cooperation for States and UTs has been merged with on-going Schemes of information technology of Ninth Plan on the advice of Planning Commission making a single Scheme which is under formulation.

The Department has made concerted efforts for clearance of the remaining six new Schemes, “In-principle approval” of the Planning Commission has been obtained for all the Schemes except for Forecasting of Agricultural Output Using Space, Agro-Meteorology and Land Based Observation (FASAL) for which Planning Commission has made some comments which are being looked into it.

In so far as Development of Rural Godown Scheme is concerned, it was approved for first year of the Tenth Plan. For the remaining period of Tenth Plan Ministry of Finance has been approached for fixing a date for EFC meeting. However, Ministry of Finance has also been requested to give their concurrence for its implementation in the current year on the existing basis till the Scheme is cleared by EFC. The other new Schemes are at different stages of its formulation.

Comments of the Committee

1.9 The Committee are not happy with the progress made by Department in obtaining approval of Planning Commission/ Ministry of Finance for new schemes for implementation in the Tenth Plan. Almost 1 ½ years of the Tenth Plan are over, yet no new scheme of Tenth Plan has been finally approved/cleared for implementation and only “in principle” approval for some schemes has been obtained from the Planning Commission.

The Committee, therefore, reiterate their recommendation that the Department should vigorously pursue with Planning Commission for early clearance of the schemes. The Committee also urge upon the Planning Commission and Ministry of Finance to expedite approval of the schemes.

The Committee are further disappointed to note that the Department is still unable to fix the date for EFC meeting with Ministry of Finance for continuation of a very important scheme of 'Development of Rural Godown' which was approved only for the first year of Tenth Plan. The Committee note that the Ministry of Finance has been requested to give their concurrence for its implementation in the current year on the existing basis till the scheme is cleared by EFC.

Keeping in view the importance of the scheme the Committee desire that the scheme, be approved for the remaining period of the 10th Plan urgently and till its approval the scheme be operated on existing basis.

Recommendation No. 8

DISTRIBUTION OF QUALITY SEEDS

1.10 The Committee had found that there was continuous shortfall in achievement of targets for distribution of certified & quality seeds in respect of oilseeds, pulses, cotton, jute and potato. The seed is the most important input and without good quality seeds, it is not possible to increase productivity and have a good crop. The Committee, therefore, strongly recommended that reasons for non-achieving the targets should be analysed and suitable steps be taken to achieve the target.

1.11 The Government in their reply have stated:

(i) OIL SEEDS & PULSES

There has been shortfall in the achievements of physical targets for production of foundation & certified seeds of oilseeds because of the drought like conditions prevailing in the major oilseeds growing States in the country. But the distribution of seeds of

oilseeds under Oilseeds Production Programme (OPP) is higher than targeted. The physical achievement thereof up to February 2003 is 4.35 lakh quintals against the target of 2.28 lakh quintals. Similarly in the case of pulses, the achievements in all the components have been more or less satisfactory. The achievement upto Dec. 2002 under National Pulses Development Project (NPDP) is reported to be 46,956.78 quintals against the target of 55,839.00 quintals. However the State Governments have been advised to monitor the component-wise progress strictly in order to achieve the physical targets under these components.

(ii) JUTE

As regards jute, the achievement is less than the target mainly because the Govt. of Bihar could not implement the scheme. In order to improve the situation as per the State requirement/priorities, the Special Jute Development Programme has been subsumed under Macro Management mode of agriculture since October 2000.

3. COTTON

Assistance is being provided @ 50% of the cost limited to Rs. 1000/- per quintal under Mini-Mission-II of Technology Mission on Cotton. The shortfall in achievement is primarily due to farmers' preference for private hybrids/varieties.

4. POTATO

The production of potato seed during 1999-2000 was 6.89 lakh quintals against the target of 9.56 lakh quintals. During 2000-2001 the achievement was 6.86 lakh quintals against the target of 3.14 lakh quintals while during 2001-2002 it declined to 7.14 lakh quintals against the target of 16.50 lakh quintals. Due to high cost of certified/quality seed, farmers prefer to use their own saved seed.

A statement showing requirement & availability position of certified/quality seeds for the last two years (2001-02 & 2002-03) and Kharif 2003 is enclosed

(Annexure-I) from which it is clear that sufficient certified/quality seed was available to meet the seed requirements.

However, in order to maximize the yield of commercial produce, obtain sufficient germination percentage, avoid attack of pests and diseases, etc., the Government of India through various forums like Zonal Seed Review Meetings and National Conference on Agriculture for Kharif and Rabi Campaign has been emphasizing upon State Governments to use certified/quality seed not only for seed potato but also for all crops and vegetables. Besides, they are also advised that the benefits/utility of the certified/quality seed should be publicized through various media and methods like extension machinery, farmers fairs, front-line demonstrations, radio, TV, local newspapers, etc.

Comments of the Committee

1.12 The Committee are not satisfied with the reply of the Government. The Department has not mentioned about the concrete steps taken by them to achieve the targets for distribution of certified/quality seeds to the farmers. In case of Jute, the targets could not be achieved as Bihar Government could not implement the scheme. The Committee would like to know the reasons therefor and how the jute development programme would be implemented in a better way under Macro Management mode. As regards cotton and potato, the Committee observe that the high cost of certified/quality seeds is proving a deterrent in using certified seeds by the farmers. The Committee, therefore, desire that Government besides giving publicity on the benefits of certified/quality seeds, should also endeavour to reduce the prices of certified seeds so that the farmers are motivated to use them.

Recommendation No. 11

MARKETING OF AGRICULTURAL PRODUCTS

1.13 The Committee were happy to note that there had been good production of horticultural produce. The horticultural production during 2000-2001 had been 152.5 million tonnes as compared to 149.2 million tonnes during 1999-2000. India contributes 13.7% of vegetables production and 10% of the fruit production of the world. But approximately 30-40 per cent of the horticulture produce go waste for want of adequate marketing facilities. Therefore, the Indian farmers do not get adequate return for their produce and hard labour. The Committee felt that it is also through good marketing that farmers could prosper and country's economy could go in all directions.

The Committee had felt that the model has been set for the marketing of milk by the Dairy Development Board. The successful marketing of milk had not only enriched the farmers but has also helped in increasing milk production as a result of which India, with production of 88 Million Tonnes of milk (2002-03), is the largest producer of milk in the world. Therefore, the Horticulture Board should immediately adopt exactly the same strategy, organizational structure and procedure as had been done in the case of milk industry. The Committee recommended that for this purpose the expertise and experience of NDDDB should be utilized by the Horticulture Board and also by the growers of vegetables and fruits. The essential feature of this new scheme in this regard should be the formation of Primary Horticultural Cooperatives in rural areas through which the horticultural produce of individual farmers should be collected in each village and after packaging dispatched to distant markets in towns and cities by rail. For this purpose, Railways should provide necessary facilities for quick transport to places where fruits and vegetables should be sold through milk depots at fixed prices on commission basis. The new scheme should ensure full utilization of fruits and vegetables by an efficient marketing system so that the farmers may get full benefit of their produce and the consumers get plenty of horticultural produce at reasonable prices.

1.14 The Government in their reply have stated that recognizing the importance of backward and forward linkages in marketing of fruits and vegetables, Department of Agriculture & Cooperation mooted a proposal that was discussed by the Committee of Secretaries (C.O.S). In pursuant to this, a detailed feasibility study was carried out to formulate a project for fruits & vegetable marketing. One of the highlights of this report was that the marketing of fruits & vegetables can be viable provided current APMC regulations are repealed and availability of certain infrastructure facilities are facilitated. On the basis of the recommendations, National Dairy Development Board (NDDDB) has been asked to establish the concept of Alternate market having backward and forward linkage. The work has been taken up in Karnataka, which is expected to be operational at the end of the year.

It is, however, stated that National Horticulture Board has also been implementing a number of schemes for Integrated Development of Horticulture Sector in the country.

These schemes have helped in creation and strengthening of the marketing, post-harvest

and cold chain infrastructure in the country on a large scale during the last few years. NHB has been making consistent effort to strengthen post-harvest management infrastructure. As a step in this direction, it has promoted nine Fruit Growers' Association viz. Banana, Litchi, Mango, Flower, Amla, Grapes, Orange, Apples and Guava at the national level. These are expected to trigger the formation of Associations at State/Region/District & Block levels. These associations will motivate the farmers to come together for post-harvest management and collective marketing of their produce by creating community infrastructure with the assistance of NHB scheme.

The Department of Agriculture & Cooperation agrees with the Parliamentary Standing Committee that it is through good marketing that farmers can prosper. Towards this goal NHB has been making efforts as enumerated above. However to adopt the same strategy, organizational structure and procedure as has been done by NDDB for horticultural produce may not be possible. This is so because of the huge amount of funding, manpower and infrastructural facilities including coordination and involvement of farmers that would be required at the grass root level.

Comments of the Committee

1.15 The Committee are dismayed to note that the Department has failed to understand the importance of marketing of horticultural produce through primary horticultural cooperatives as recommended by them. The Government is reluctant to adopt the strategy of National Dairy Development Board in this regard. The reservations as put forth by the Department in their reply are: the huge amount of funding, manpower and infrastructural facilities including coordination and involvement of farmers that would be required at the grass root level. The Committee do not agree with the Department's reservations for formulating a scheme for marketing of agricultural produce through cooperatives. The Committee are of the firm view that with proper planning by the Government,

coupled with the desire of the farmers to reach an efficient level of marketing, a network for marketing of horticultural produce can be established which will go a long way in getting remunerative prices to the farmers and reducing the wastage of horticultural produce. They, therefore, desire that the Government should start following the strategy of NDDB for creating some set up for the marketing of horticultural produce with full enthusiasm. Once it is well chalked out and started farmers will themselves take interest and help in fulfilling the requirements. The Committee are confident that by this, farmers will get the real benefit of their horticultural produce.

CHAPTER II
RECOMMENDATIONS/OBSERVATIONS WHICH HAVE BEEN
ACCEPTED BY THE GOVERNMENT

Recommendation No. 2

UNSPENT BALANCE WITH STATES

2.1 The Committee find that against the Ninth Plan allocation of Rs.9293 crore, the actual utilization was Rs.7673.70 crore only and the rest Rs.1619.30 crore have been surrendered by the Department. They are also constrained to note that large amount of unspent balances are lying with the states under different schemes, which is one of the major factors leading to the underutilization of Ninth Plan allocation. In the first year of Tenth Plan itself, there has been no improvement in utilization of funds by States and the Committee was informed that as on 25.3.2003, Rs.774 crore were lying unspent with the States. The Committee are of the view that with so much of unspent balances with the States it would be difficult for the Department to justify their demand for more funds from the Planning Commission. The Committee, therefore, desire that a detailed analysis should be done to identify the States with large unspent balances in order to find out the reasons for these states lagging behind in utilization of funds along with suitable remedial steps to be taken in this regard. They further desire that suitable monitoring mechanism should be put in place so that the States are able to utilize the full amount made available to them.

Reply of the Government

2.2 The Committee has observed that against the Ninth Plan BE of Rs.9293 crores, the actual utilization was Rs.7673 crores and the rest Rs.1619 crore had been surrendered by the Department. In this regard it is pertinent to mention that against the Ninth Plan BE of Rs. 9293 crore, the Ninth Plan RE was reduced to Rs.7646 crores, out of which actual utilization was 7518 crores. Thus against RE of Rs.7646 crore, only Rs.128 crore remained unutilized in the 9th Plan. Regarding unspent balances, the Committee has mentioned that as on 25.03.2003, Rs.774 crores were lying unspent with the States. The reason for large unspent balance indicated against the States was that there is a delay in reporting the utilization of the funds by the States, which generally has some time lag. The figures of unspent balances are updated regularly on the receipt of utilization report from the States. The position of unspent balance lying with the States as on 1.4.2002 was Rs.269 crores in the beginning of 1st Year of Tenth Plan which has been reduced to Rs.227 crores as on 1.4.2003 in the beginning of the second year of the Tenth Plan. The Department is making concerted efforts for speedy utilization of funds by the States. A suitable monetary mechanism has already been in place under various Centrally Sponsored Schemes wherein subsequent funds are released to the State Governments on the receipt of Utilization Report of the previous funds available with the States. There are few States which are lagging in utilization of plan funds. These States are being regularly pursued for utilizing the unspent balances.

Recommendation No. 5

MACRO MANAGEMENT MODE

2.3 The Committee find that one of the major section affected by the unilateral cut by the Ministry of Finance during 2002-03 is the Macro Management Mode. The Budget Estimates (2002-03) of Rs.736.86 crore has been reduced to Rs.587.00 crore in Revised Estimates (2002-03), even though a higher allocation of Rs.746.85 crore was proposed by the Department in R.E. (2002-03). The Committee are of the view that since agriculture is a State subject and schemes under Macro Management mode are being implemented by States according to their work plans, any delay in release of funds will affect the smooth implementation of the various ongoing schemes. The Committee, therefore, strongly recommend that the Government should not reduce the allocation at the Revised Estimates stage in Macro Management Mode so that funds can be released timely to the States as per their requirement.

The Committee also observe that in some of the States during 2001-02, utilization of funds under the macro-management mode is very poor. They, therefore, desire that the Department should intensify the monitoring so that these states gear up their activities so as to have full utilization of the funds under the programme.

Reply of the Government

2.4 As against the Plan allocation of Rs. 2187 Crore in the B.E. 2002-03, Ministry of Finance reduced the allocation to Rs. 1887 Crore at the Revised Estimates stage keeping in view the overall expenditure and the progress of implementation under the scheme reported by the states at the time of finalizing the R.E. in the month of November.

Regarding very poor utilization of funds by some of the States under the Macro Management Mode, it may please be stated that the scheme is a relatively new and was operationalised from the year 2000-01. Separate guidelines have been laid down for the implementation of this Scheme. According to these guidelines, the Central assistance is released in two installments. 50% of the annual allocation is released as first instalment and the release of second & final instalment is governed by the prescribed conditions. We had requested the States for submission of proposals for the release of 2nd and final instalment. But only 18 States out of 35 came forward with the proposals for the release

of 2nd instalment. The States of Bihar, Gujarat and Punjab have larger unspent balances with them under the scheme. The Chief Secretaries of these States have been requested to take personal interest in the speedy implementation of the scheme so that funds provided to these States could be fully utilized.

Recommendation No.6

ON FARM WATER MANAGEMENT SCHEME

2.5 The Committee are constrained to find that the centrally sponsored scheme of 'On Farm Water Management for increasing Crop Production in Eastern India' which was expected to make a big impact on the foodgrain production in the eastern states' has not picked up to the desired level. Even though NABARD has disbursed Rs.52 crore, the number of beneficiaries has been very low. In some States, especially in North Eastern States, the number of beneficiaries have been nil. The Committee desire that the Department should find out the reasons for this scheme not picking up in these states and take remedial steps in this regard. They further recommend that sufficient publicity to this scheme should be given in these States to motivate farmers to take up this scheme in a big way.

Reply of the Government

2.6 The Centrally Sponsored Scheme of, "On Farm Water management for Increasing Crop Production in Eastern India" is being implemented in 10 eastern states of the country with view to increase the crop production of Eastern India through exploiting the ground / surface water. Only four states of the North Eastern region namely Assam, Arunanchal Pradesh, Manipur and Mizoram are included. The problems faced by the implementing states including the North Eastern States were discussed on 22.4.2003 in the Central Level Coordination committee under the Chairmanship of Secretary (A&C) constituted to monitor this scheme. Representatives of some of the implementing states, central ministries, and NABARD participated in this meeting. In case of Assam, the state government is implementing state schemes where in 70% of the cost is given as subsidy while in On Farm Water management scheme, the level of subsidy is only 30% which is

the main reason for the scheme being not picked up in Assam. However, state schemes are to be completed by December 2003 and after that the state government may take up this programme.

In other North Eastern States irrigation works are being undertaken with 100% budgetary support from state government, which makes it difficult for this scheme to pick up on large scale.

It was explained to the participants in the Central Level Coordination Committee meeting on 22.04.2003 that it is not possible to provide assistance to the level of 100% as the components and the level of assistance were approved by the CCEA. Besides, this is a credit linked back ended scheme implemented by NABARD and the assistance is not meant for states but provided directly to the beneficiary farmers. Therefore, it is not possible to extend 100% assistance under the Scheme. The Government of India is stressing the state governments to effectively monitor the scheme through State Level Monitoring Committees and popularize the scheme amongst the farmers. NABARD has been popularizing the scheme through mass media such as Radio, Newspapers, and Leaflets in vernacular language etc. Sufficient publicity was made through local newspapers, leaflets in vernacular language, through All India Radio and during conduct of district level workshops as well as Bankers committee meetings. Publicity was also made through the conduct of extension officers of the state department during Krishi Mela and Farmers' Club. It is proposed that interviews will be telecasted highlighting the salient features of the scheme in the relevant Doordarshan Programme (Krishi Darshan).

Recommendation No. 10
BT. COTTON

2.7 The Committee are perturbed to find that there has been wide disparity in the results achieved after one year of sowing of Bt. Cotton and the publicity being given by Bt. Cotton Industry on the efficacy of Bt. Cotton seed. The Department in their note have stated that during Kharif 2002 productivity in case of Bt. Cotton is about 400 kg lint/ha against an average productivity of 325 kg lint/ha. It shows that the productivity in case of Bt. Cotton is only marginally more than the general cotton crop. In regard to Bt. Cotton's resistance to bollworm, the Department have informed that farmers have sprayed between 6-8 sprays on general cotton, but it was only between 2-3 sprays in Bt. Cotton. It shows that Bt. Cotton farms can not totally dispense with insecticidal sprays to eliminate the bollworm. Taking into consideration the high cost of Bt. Cotton seeds and the need for more application of fertilizer and water in cultivation of Bt. Cotton, the Committee find that farmers who have grown Bt. Cotton have been put to loss in most of the places. Moreover, the risk of reducing the biodiversity and other environmental hazards does not make the sowing of Bt. Cotton a sensible proposition.

Since the Genetic Engineering Approval Committee (GEAC) has approved the cultivation of Bt. Cotton for three years, the Committee recommend that a mid term evaluation by an independent team of experts drawn from various fields should be done on environmental integrity and economic viability of Bt. Cotton. The Committee also recommend that the Government should also ensure that conditions imposed by GEAC on sowing of Bt. Cotton are strictly adhered to by the farmers so that the environmental damages are avoided.

Reply of the Government

2.8 The Genetic Engineering Approval Committee in the Ministry of Environment & Forests had granted permission to Mahyco in March-April 2002 for the release of three Bt. Cotton Hybrids into the environment for a period of three years. The Ministry of Environment & Forests had also constituted various Committees to monitor the performance of Bt. Cotton during Kharif 2002. The final report on the performance of Bt. Cotton during Kharif 2002 is under finalization by the Ministry of Environment & Forests. However, prima facie from the information so far received by this Department, it has been observed that three Bt. Cotton Hybrids have been found to be reasonably resistant to bollworm whereby reducing the requirement of spray of insecticides. It may, however, be noted that there was low incidence of pests in cotton during Kharif 2002 in general due to prolonged dry spell. In view of this, the efficacy of this technology against bollworm may need to be assessed for one or two years more.

The Department of Agriculture & Cooperation has also requested all the concerned State Departments of Agriculture to closely monitor the performance of Bt. Cotton on farmers' field. The State Government has also been suggested to constitute the State level and district level Monitoring Team to evaluate the performance of Bt. Cotton Hybrids. The mechanism, parameters and formats for monitoring Bt. Cotton have been developed by this Department in consultation with ICAR and Ministry of Environment & Forests.

Recommendation No. 12

TIMELY ANNOUNCEMENT OF PRICES UNDER MIS AND PSS

2.9 The Committee note that there has been good production of Potatoes in Uttar Pradesh and some other States. Despite higher production, the farmers could not reap the benefits due to lack of adequate storage/holding and transportation capacity with them and they had to resort to distress sales.

NAFED is entrusted with the responsibility of purchase of the produce under Market Intervention Scheme (MIS) and Price Support System(PSS). It has come to the notice of the Committee that prices under MIS & PSS were not timely announced with the result farmers were being put to great loss. The Committee, therefore, recommend the NAFED to effectively monitor the price of agriculture produce in various States and immediately intervene in case of drastic reduction in prices and take steps to announce MIS and PSS so that farmers could sell their produce to the NAFED and get their remunerative prices. The Government should immediately open the NAFED Centres at these places and procure the produce under MIS and PSS.

The Committee also desire that the Department should ensure that the benefits of these purchases should go to the farmers directly and not to the middlemen.

Reply of the Government

2.10 The Minimum Support Prices for notified agricultural commodities are declared by the Central Government under the Price Support Scheme (PSS) before each harvesting season. For the Kharif crops of 2002, the MSP for oilseed and pulses was notified by the Government on 26th Sept., 2002 (special drought relief on 10th Oct., 2002) and for Rabi crops of 2002-03, the MSP was declared on 14th Feb., 2003. NAFED is the Central Nodal Agency for procurement of oilseeds and pulses under PSS. NAFED undertakes procurement of oilseeds and pulses whenever price of these commodities rule below the MSP declared by the Government. Procurement undertaken by NAFED in the last three years is given in Annexure-II.

MIS is implemented on the request of a State/UT Government in the event of fall of price of a horticultural/agricultural product, not covered under PSS, below economic level in a situation of glut in the market due to bumper crop. Under MIS loss, if any, is shared on 50:50 basis by the Central and State Governments. In case of North-Eastern Region the ratio of sharing of loss is 75:25 between the Central and State Government. Under the guidelines of the MIS, reimbursable losses have been confined to 25% of the procurement value (MIP + overhead expenses) of the commodity. On receipt of the proposal from the State/UT Government, modalities of MIS like the quantity to be procured, procurement price, duration of procurement etc. are finalized in consultation with the concerned State/UT Government. Market Intervention Price is fixed on the basis of cost of production.

During 2003 season Central Govt. has sanctioned MIS in Uttar Pradesh for procurement of one lakh MTs of potato at the Market Intervention Price of Rs.190/- per Qtl. for the period from 22.2.2003 to 25.4.2003 and in West Bengal for procurement of 20,000 MTs. of potato at the Market Intervention Price of Rs.200/- per Qtl. from 7.4.2003 to 6.5.2003 on the request of the State Governments. MIS has also been sanctioned in

Mizoram for procurement of 10750 MT ginger at the MIP of Rs.4.00 per kg. to be implemented from 1.4.03 to 30.6.03.

Thus, the MSP under the Price Support Scheme is timely announced by the Government before each harvesting season. MIP under MIS is fixed in consultation with the State/UT Government on receipt of their proposal. NAFED keeps watch on the price trends of the agricultural commodities in the States during harvesting season and remain in full preparedness for timely intervention in the market if the price of a commodity falls below MSP. Adequate publicity is made by NAFED by way of posters, banners, handbills etc. for creating awareness among the farmers through print and audio visual media so that maximum number of farmers may reap the benefits of the PSS and MIS. For undertaking procurement under PSS and MIS, areas of operation and procurement centres are finalised by NAFED in consultation with the concerned State Government as per the requirement.

Procurement under PSS and MIS is undertaken by NAFED directly from the farmers or through cooperative organizations in the State and not through the middlemen.

Recommendation No. 13

MSP/MIS(SPECIAL DROUGHT RELIEF PRICES)

2.11 The Committee find that due to drought in many parts of the country, the farmers had to undergo extra expenditure on inputs and investments. Further, special drought relief prices have been announced by the Government in excess of normal MSP taking into account the extra expenditure. The Committee, however, find that most of the States are not implementing the additional prices announced by the Government. They, therefore, desire that the Department should effectively monitor the implementation of additional prices by all the States so as to ensure that the benefits reach the affected farmers.

Reply of the Government

2.12 NAFED has procured 17678 MTs urad in the States of Uttar Pradesh, Madhya Pradesh, Gujarat, Bihar, Assam, Chhattisgarh and West Bengal during kharif 2002 season at the MSP of Rs.1330 per quintal plus Rs.5 per qtl as special drought relief. NAFED has also procured 50 MT toor/arhar in Andhra Pradesh during the kharif 2002 season at the MSP of Rs. 1320 per qtl plus Rs. 5 per qtl. Special drought relief. NAFED has paid the special drought relief to the farmers' along with MSP. Market prices of other oilseeds and pulses were ruling above the MSP declared by the Central Government for the season, hence no procurement was made.

Recommendation No. 16

INTEREST ON AGRICULTURAL LOANS

2.13 The Committee have repeatedly in various Reports expressed their concern on the high rate of interest being charged on agriculture loan despite a general lowering of interest by banks. Recently, the Finance Minister in his budget speech has himself

admitted that full benefits of declining rate of interest rates have not percolated to the agriculture sector. The Committee note that in order to pass on the benefits of lower rates of interest to agriculture, the State Bank of India has announced an interest rate band of 2 per cent above and below the prime lending rate (PLR) for secured advances. The Committee, not being fully satisfied with this announcement, desire that the Government should review the entire system of providing agricultural loans to farmers along with the interest rates charged from them as compared to other sectors. They also desire that a committee should be set up to go into the entire gamut of the agricultural credit in order to study the percentage recovery of agricultural loans, NPA portion of agricultural loans as compared to loans given to various other sectors and work out a justified rate of interest for agricultural loans so that farmers are not discriminated against as compared to other sectors.

Reply of the Government

2.14 Department of Agriculture & Cooperation is in agreement with the views of the Parliamentary Standing Committee on Agriculture on Demand for Grants for 2003-04. The matter has been taken up with the Ministry of Finance for evolving a suitable mechanism for dispensation of credit at comparatively lower and affordable rates of interest for the agriculture sector so that the credit requirement of the agriculture sector could be met adequately.

Recommendation No. 17

WAIVER OF INTEREST ON AGRICULTURAL LOANS

2.15 The Committee find that to mitigate the suffering of farmers in the drought hit areas, the Prime Minister announced the waiver of interest on Agricultural loans. However, the Committee feel that the announcement has not been properly interpreted by Reserve Bank of India and interest on the loans for only first year has been waived which has given very little relief to the farmers. The Committee desire that the Government should look into the matter and provide the benefit of full waiver of interest to the affected farmers.

It has come to the notice of the Committee that farmers having Kisan Credit Cards were not being extended the benefit of interest waiver. The Committee fail to understand the logic behind it and strongly recommend that the interest waiver should also be extended to the farmers holding Kisan Credit Cards.

Reply of the Government

2.16 Following the announcement made by the Hon'ble Prime Minister for reschedulement of crop loans and interest waiver on Kharif 2002 loans in drought affected States, Government of India decided to waive completely the first year's deferred liability of interest on Kharif loans, as a one-time measure. RBI/NABARD has

accordingly instructed Commercial Banks, State Cooperative Banks and RRBs to defer the interest due in, the current financial year on Kharif crop loans in such a way that the first installment of interest repayment would be 20% of the deferred interest which is to be waived off. Banks were advised that the balance amount of the deferred interest may be recovered in reasonable installments thereafter.

In view of reservations expressed by various states regarding waiving of interest liability, the matter relating to amending the instructions issued by RBI/NABARD has been taken up with the Ministry of Finance. RBI has clarified vide their letter, dated the 12th May, 03 that the interest waiver will be confined to 20% of the deferred interest and Government of India will reimburse the instalment of deferred interest, which is to be waived by banks as per Government announcement.

The instrument of Kisan Credit Card (KCC) has been introduced to provide instant credit facility to the farmers for their cultivation needs in a flexible and cost effective manner. As per the scheme, borrower means an individual farmer who had availed of loans for raising Kharif 2002 crop. KCC holder is also a borrower as per the scheme definition. Therefore, in terms of the scheme, the KCC holders are also eligible for waiver of partial interest on kharif crop loans 2002 and the banks will endorse waiver of interest in the loan pass books issued under KCC scheme to the borrower.

Recommendation No. 18

AGRICULTURAL CREDIT

2.17 The Committee are highly perturbed to note that most of the banks have not been able to achieve the stipulated minimum limit of 18% net bank credit to agriculture. In this connection, the Committee are further distressed to find that RBI has not taken any action against the defaulting banks. The reasons stated for not adhering to the stipulated minimum limit that while showing improvement in absolute terms, the bank credit to other sectors has been increasing at a faster pace do not convince the Committee. They have come to the conclusion that there is lack of commitment on the part of banks and RBI to reach the limit and no concrete effort has been made in this direction. The Committee strongly recommend the Government to give due attention to the matter and Banks be instructed by RBI to reach the stipulated limit in a suitable timeframe.

Reply of the Government

2.18 As on the last reporting Friday of March 2002, six public sector banks and one private sector bank achieved the stipulated target of 18 percent. The achievement of public sector banks and private sector banks as groups stood at 15.81 percent and 8.53 percent respectively. The following steps have been taken by Reserve Bank of India (RBI) to improve the flow of agriculture credit:-

- Priority sector lending by scheduled commercial banks is monitored by RBI through receipt of half-yearly returns as on the last reporting Friday of March and September and banks which do not achieve the priority sector lending target are advised to take steps for improving flow of credit to these sectors.
- In April 2001, it was decided to set a time frame of two years within which private sector banks should achieve the target of 18 percent of net bank credit for lending to agriculture as also the target stipulated for lending to priority sector and weaker sections. The same time frame was subsequently made applicable to public sector banks also.
- RBI has been holding meetings with banks from time to time where their performance under priority sector lending is discussed. Steps taken/proposed to be taken by the banks to improve lending to the agriculture sector are discussed.

RBI has asked the commercial banks to prepare Special Agricultural Credit Plan (SACP) to achieve targeted lending in agriculture sector.

Recommendation No. 19

CROP INSURANCE

2.19 The Committee are constrained to note that although the National Agricultural Insurance Scheme (NAIS) has been introduced 3 years back but it is still not being implemented in all the States. Implementation of NAIS by States/UTs has been kept optional by the Government. Even within a State, it is open to the State to declare only certain portions of the State as eligible for the insurance scheme obligation. Although the Department have listed several reservations expressed by the non-implementing States/UTs of the scheme, the Committee during evidence found two main reasons for non-implementation of the scheme by these States viz. (i) sharing of financial liabilities between Central and States i.e. the ratio of 2:1 instead of 1:1 and (ii) Some States irrigated area is quite large and their agricultural system are relatively immune from the hazards of natural calamities.

The Committee are of the strong view that NAIS which greatly benefits the farmers should not be allowed to be unimplemented on account of some difference between the Centre and the States. States like Rajasthan, Punjab and Haryana, which faced drought during last years are not implementing the scheme with the result, the farmers are being deprived of the benefits of NAIS. The Committee, therefore, recommend that the Government should make NAIS mandatory for all States and at the same time the Government should look into the reservations of the States and work out a formula for sharing financial liabilities acceptable to them.

The Committee further note that some NAIS claims are pending in some States, as the stipulated 50% share of the concerned State Governments have not been received by the Centre. The Committee desire that the Government should take up the matter with the concerned State Government urgently and settle the claim expeditiously so that the farmers do not suffer due to delay on the part of the State Government.

Reply of the Government

2.20 National Agricultural Insurance Scheme (NAIS), at present, is being implemented by 21 States and 2 UTs. Other States like Punjab, Haryana, and Rajasthan etc. are not implementing the Scheme due to various reasons. But the Government of India from time to time is impressing upon the States/UTs to implement the scheme.

Keeping in view the financial constraints due to enlargement of National Agricultural Insurance Scheme (NAIS) in terms of farmers (loanee and non-loanee), crops (food grains, oilseeds and annual commercial/horticultural crops) and risks, it is not

feasible for the Government to change the sharing pattern for financial liabilities between the Centre and States. This has already been discussed with the states in a conference of Agriculture Ministers on 14.09.2000. However, Government is trying to resolve the other constraints/reservations expressed by States/UTs. The matter was also discussed in the Standing Committee of Union Ministers and Chief Ministers on Food Management and Agriculture Export on 31st October, 2001. Based on the recommendations/decisions of the Conference of State Ministers for Agriculture and the Standing Committee of Union Ministers and Chief Ministers, review of NAIS is under process.

As regards making the scheme mandatory for all the States/UTs it is stated that in most of the States/UTs farming community is objecting to the compulsory implementation of the scheme. Due to this reason, a proposal regarding voluntary participation of loanee farmers paying actuarial rates of premium for cotton crop for all the implementing States is also under consideration of the Government.

The Scheme envisages time bound settlement of claims. It is Government's endeavor that claims of any season are settled before the commencement of the same season next year and the Implementing Agency has been instructed accordingly. States/UTs are being requested from time to time by the Implementing Agency and the Government of India for timely payment of their share to Implementing Agency for expeditious payment of the pending claims to the farmers.

Recommendation No. 21

COOPERATIVES

2.21 The Committee note that the number of cooperatives are very less in north eastern states like Arunachal Pradesh, Meghalaya, Manipur, Mizoram, Nagaland, Sikkim and Tripura. It shows that Cooperative movement has not picked up in these states. The Committee recommend that the Government should analyse the reasons for it and take appropriate effective steps to spread the cooperative movement in these States.

Reply of the Government

2.22 Some of the challenges faced by the Cooperative movement in the NE States are lack of awareness among the masses about the principles and practices of cooperatives, community ownership of land, method of farming, lack of basic infrastructure, area

remoteness and inaccessibility, difficult topographical conditions, weak cooperative structure, mounting over-dues and non performing assets, excessive bureaucratic control and inadequate state financial support.

Under the Seventh Schedule to the Constitution of India, “Cooperation” is a state subject and the legislative and executive responsibility for the promotion of cooperatives, primarily rests with the State Governments. However, the Central Government has taken a number of steps to promote the cooperative movement in the NE States:

- The National Policy on Cooperatives has been formulated in consultation with the State Governments. The Policy, inter-alia, enunciates to devise and execute suitable programmes and schemes to build and develop cooperative institutions in the cooperatively underdeveloped States/regions with particular reference to the North Eastern States including Sikkim to reduce regional imbalances in cooperative development.
- The NCDC Act has been amended to enable NCDC to lend directly to cooperative societies without State Government guarantee and to cover more activities allied to agriculture, service sector and industrial cooperatives including goods produced by the village and cottage industries.
- The Central Government is implementing various cooperative development programmes through the National Cooperative Development Corporation (NCDC), National Cooperative Union of India (NCUI) and National Council of Cooperative Training (NCCT). These programmes supplement the efforts of the State Governments to bridge the gap and remove the imbalances occurring in the growth of cooperative movement in the NE Region.

- Department of Agriculture & Cooperation has requested all the State Governments of NE region to prepare action plan for revitalization and promotion of cooperative movement in the region for which all possible help will be rendered by this Department.
- Further, in order to accelerate the pace of cooperative development in the NE region, NCDC has categorized NE States as “Cooperatively Least Developed” and has been providing assistance up to 95% of the project cost on comparatively liberal terms.
- In order to step up the cooperative awareness and training programmes in the NE region, the NCUI has set up two institutes of cooperative management at Imphal (Manipur) and Guwahati (Assam). These institutes are catering to the training needs of the cooperatives.
- NCUI is also organizing leadership development programmes in NE region, besides conducting cooperative education programmes through 8 cooperative field projects located in Kamrup and Jorhat (Assam), Vishnupur and East Imphal (Manipur), South Sikkim (Sikkim), Shillong (Meghalaya), Kohima (Nagaland) and Aizwal (Mizoram). These projects are helping in creating awareness, revitalizing existing cooperatives and promoting new cooperatives.
- 283 number of self-help groups have been formed by the NCUI cooperative education field projects in NE region and particularly in Manipur in the area of handloom and handicraft. These Self-help Groups are instrumental in creating income generating activities for the members.

Government of India carries out its Minimum Support Price and Market Intervention Scheme through the National Agricultural Cooperative Marketing Federation of India

(NAFED). NAFED has opened its branches at Guwahati, Siliguri and Agartala for NE States. It has enhanced its effort to promote and extend business activities for the benefit of farmers through marketing cooperatives in NE States. The business activities of NAFED in the NE States during 2000-01, 2001-02 and 2002-03 were to the tune of Rs. 9.24 crore, Rs. 24.16 crore and Rs. 108.41 crore respectively.

CHAPTER III
RECOMMENDATIONS/OBSERVATIONS WHICH THE COMMITTEE DO
NOT DESIRE TO PURSUE IN VIEW OF THE GOVERNMENT'S REPLIES

NIL

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

Recommendation No. 4

NEW SCHEMES OF TENTH PLAN

4.1 The Committee are constrained to find that even though the first year of Tenth Plan is over, out of nine new schemes proposed by the Department for implementation during the Tenth Plan period, none of them has become operational except one 'Development of Rural Godown Schemes', which was approved only for the first year of the Tenth Plan. For all other schemes, Planning Commission is yet to give 'in principle' approval. With this pace, the Committee are apprehensive that these may not see the light of the day even in the year 2003-04. The Committee, therefore, desire that the Ministry should vigorously pursue with the Planning Commission for early approval of these schemes, so that these could be implemented in the current year itself.

The Committee further note that a draft EFC for continuation of the scheme of 'Development of Rural Godowns' which was approved only for first year of Tenth Plan is yet to be considered in EFC meeting. Since the scheme has got a very good response from the entrepreneurs and has been a major success, any gap in the implementation may affect the enthusiasm generated for the scheme. The Committee, therefore, recommend that this scheme should be approved for the remaining period of Tenth Plan also at the earliest.

Reply of the Government

4.2 The Department had proposed nine new Schemes for implementation in the Tenth Five Year Plan. These are as follows:-

10. High-tech horticulture for efficient utilization of resources through precision farming.
11. Sustainable development of horticulture through technological interventions and adoption.
12. National Project on promotion of organic farming.
13. Establishment of National Institute for agricultural mechanization and appropriate technology.
14. Rehabilitation Package for Revamping of the Cooperative Credit Structure.

15. Forecasting of Agricultural Output Using Space, Agro-Meteorology and Land Based Observation (FASAL)
16. Development of Market infrastructure, Grading and Standardization.
17. Development of Rural Godowns.
18. Strengthening of IT Apparatus in Agriculture and Cooperation for States and UTs.

Out of the nine new Schemes, One Scheme on Establishment of National Institute for Agricultural Mechanization and appropriate Technology has been dropped on the advice of the Planning Commission. Another Scheme Rehabilitation Package for Revamping of Cooperative Credit Structure is proposed to be implemented by the Ministry of Finance. The Scheme on IT Apparatus in Agriculture and Cooperation for States and UTs has been merged with on-going Schemes of information technology of Ninth Plan on the advice of Planning Commission making a single Scheme which is under formulation.

The Department has made concerted efforts for clearance of the remaining six new Schemes, “In-principle approval” of the Planning Commission has been obtained for all the Schemes except for Forecasting of Agricultural Output Using Space, Agro-Meteorology and Land Based Observation (FASAL) for which Planning Commission has made some comments which are being looked into it.

In so far as Development of Rural Godown Scheme is concerned, it was approved for first year of the Tenth Plan. For the remaining period of Tenth Plan Ministry of

Finance has been approached for fixing a date for EFC meeting. However, Ministry of Finance has also been requested to give their concurrence for its implementation in the current year on the existing basis till the Scheme is cleared by EFC. The other new Schemes are at different stages of its formulation.

Comments of the Committee

4.3 For Comments of the Committee please refer to Para 1.9 of Chapter I of this report.

Recommendation No. 8

DISTRIBUTION OF QUALITY SEEDS

4.4 The Committee find that there is continuous shortfall in achievement of targets for distribution of certified & quality seeds in respect of oilseeds, pulses, cotton, jute and potato. The seed is the most important input and without good quality seeds, it is not possible to increase productivity and have a good crop. The Committee, therefore, strongly recommend that reasons for non-achieving the targets should be analysed and suitable steps be taken to achieve the target.

Reply of the Government

4.5 1. OIL SEEDS & PULSES

There has been shortfall in the achievements of physical targets for production of foundation & certified seeds of oilseeds because of the drought like conditions prevailing in the major oilseeds growing States in the country. But the distribution of seeds of oilseeds under Oilseeds Production Programme (OPP) is higher than targeted. The physical achievement thereof up to February 2003 is 4.35 lakh quintals against the target of 2.28 lakh quintals. Similarly in the case of pulses, the achievements in all the components have been more or less satisfactory. The achievement upto Dec. 2002 under National Pulses Development Project (NPDP) is reported to be 46,956.78 quintals against the target of 55,839.00 quintals. However the State Governments have been

advised to monitor the component-wise progress strictly in order to achieve the physical targets under these components.

2. JUTE

As regards jute, the achievement is less than the target mainly because the Govt. of Bihar could not implement the scheme. In order to improve the situation as per the State requirement/priorities, the Special Jute Development Programme has been subsumed under Macro Management mode of agriculture since October 2000.

3. COTTON

Assistance is being provided @ 50% of the cost limited to Rs. 1000/- per quintal under Mini-Mission-II of Technology Mission on Cotton. The shortfall in achievement is primarily due to farmers' preference for private hybrids/varieties.

4. POTATO

The production of potato seed during 1999-2000 was 6.89 lakh quintals against the target of 9.56 lakh quintals. During 2000-2001 the achievement was 6.86 lakh quintals against the target of 3.14 lakh quintals while during 2001-2002 it declined to 7.14 lakh quintals against the target of 16.50 lakh quintals. Due to high cost of certified/quality seed, farmers prefer to use their own saved seed.

A statement showing requirement & availability position of certified/quality seeds for the last two years (2001-02 & 2002-03) and Kharif 2003 is enclosed (Annexure-I) from which it is clear that sufficient certified/quality seed was available to meet the seed requirements.

However, in order to maximize the yield of commercial produce, obtain sufficient germination percentage, avoid attack of pests and diseases, etc., the Government of India through various forums like Zonal Seed Review Meetings and

National Conference on Agriculture for Kharif and Rabi Campaign has been emphasizing upon State Governments to use certified/quality seed not only for seed potato but also for all crops and vegetables. Besides, they are also advised that the benefits/utility of the certified/quality seed should be publicized through various media and methods like extension machinery, farmers fairs, front-line demonstrations, radio, TV, local newspapers, etc.

Comments of the Committee

4.6 For Comments of the Committee please refer to Para 1.12 of Chapter I of this report.

Recommendation No. 11

MARKETING OF AGRICULTURAL PRODUCTS

4.7 The Committee are happy to note that there has been good production of horticultural produce. The horticultural production during 2000-2001 has been 152.5 million tonnes as compared to 149.2 million tonnes during 1999-2000. India contributes 13.7% of vegetables production and 10% of the fruit production of the world. But approximately 30-40 per cent of the horticulture produce go waste for want of adequate marketing facilities. Therefore, the Indian farmers do not get adequate return for their produce and hard labour. The Committee feel that it is also through good marketing that farmers can prosper and country's economy can go in all directions.

The Committee feel that the model has been set for the marketing of milk by the Dairy Development Board. The successful marketing of milk has not only enriched the farmers but has also helped in increasing milk production as a result of which India, with production of 88 Million Tonnes of milk (2002-03), is the largest producer of milk in the world. Therefore, the Horticulture Board should immediately adopt exactly the same strategy, organizational structure and procedure as has been done in the case of milk industry. The Committee recommend that for this purpose the expertise and experience of NDDB should be utilized by the Horticulture Board and also by the growers of vegetables and fruits. The essential feature of this new scheme in this regard should be the formation of Primary Horticultural Cooperatives in rural areas through which the horticultural produce of individual farmers should be collected in each village and after packaging dispatched to distant markets in towns and cities by rail. For this purpose, Railways should provide necessary facilities for quick transport to places where fruits and vegetables should be sold through milk depots at fixed prices on commission basis. The new scheme should ensure full utilization of fruits and vegetables by an efficient marketing system so that the farmers may get full benefit of their produce and the consumers get plenty of horticultural produce at reasonable prices.

Reply of the Government

4.8 Recognizing the importance of backward and forward linkages in marketing of fruits and vegetables, Department of Agriculture & Cooperation mooted a proposal that was discussed by the Committee of Secretaries (C.O.S). In pursuant to this, a detailed feasibility study was carried out to formulate a project for fruits & vegetable marketing. One of the highlights of this report was that the marketing of fruits & vegetables can be viable provided current APMC regulations are repealed and availability of certain infrastructure facilities are facilitated. On the basis of the recommendations, National Dairy Development Board (NDDB) has been asked to establish the concept of Alternate market having backward and forward linkage. The work has been taken up in Karnataka, which is expected to be operational at the end of the year.

It is, however, stated that National Horticulture Board has also been implementing a number of schemes for Integrated Development of Horticulture Sector in the country. These schemes have helped in creation and strengthening of the marketing, post-harvest and cold chain infrastructure in the country on a large scale during the last few years. NHB has been making consistent effort to strengthen post-harvest management infrastructure. As a step in this direction, it has promoted nine Fruit Growers' Association viz. Banana, Litchi, Mango, Flower, Amla, Grapes, Orange, Apples and Guava at the national level. These are expected to trigger the formation of Associations at State/Region/District & Block levels. These associations will motivate the farmers to come together for post-harvest management and collective marketing of their produce by creating community infrastructure with the assistance of NHB scheme.

The Department of Agriculture & Cooperation agrees with the Parliamentary Standing Committee that it is through good marketing that farmers can prosper. Towards this goal NHB has been making efforts as enumerated above. However to adopt the same strategy, organizational structure and procedure as has been done by NDDB for horticultural produce may not be possible. This is so because of the huge amount of funding, manpower and infrastructural facilities including coordination and involvement of farmers that would be required at the grass root level.

Comments of the Committee

4.9 For Comments of the Committee please refer to Para 1.15 of Chapter I of this report.

CHAPTER V

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

Recommendation No. 1

BUDGETARY ALLOCATIONS

5.1 The Committee are unhappy to find that despite their repeated recommendations in various Reports to substantially increase budgetary allocations for Agriculture Sector to give required impetus to agriculture development, the allocations in respect of this vital sector continues to be unsatisfactory and much below the requirement. As against the requirement of Rs.3269.74 crore projected by the Department for 2003-04, essential for implementation of various schemes/programmes for achieving a growth rate of 4% envisaged in the Tenth Plan, a budgetary allocation of only Rs.2187 crore has been made for 2003-04, which is the same as provided in BE 2002-03. Taking into consideration the inflationary trends, the allocation for agriculture in real terms has come down by around 10% in 2003-04. The Committee find this to be in total contradiction of the Finance Minister's statement at the beginning of his Budget Speech(2003-04), wherein he referred to Agriculture and related aspects as one of the five priorities for economic security of the country. Adequate funds are not being made available to Agriculture for carrying out activities under its various programmes although it has been termed as a priority sector. This can also be gauged from the fact that the percentage share of Department of Agriculture and Cooperation to Central Plan Outlay of Government of India has shown declining trend from 1.87% during the 9th Plan to 1.48% during the 10th Plan. The Committee are of the view that for a developing country like India whose economy depends largely on Agriculture, this is not a healthy trend. The Committee, therefore, strongly recommend that the Planning Commission and the Ministry of Finance should review the allocation of funds to this Sector and make allocations keeping in view its importance and growth targets set by the Government also the policies and programmes aimed at improving agricultural production and productivity should not suffer due to resource crunch.

Reply of the Government

5.2 The Government in their action reply have stated that the recommendation of the Parliamentary Standing Committee for enhancing the Budgetary Allocations in the Tenth Plan has been brought to the notice of the Planning Commission and the Ministry of Finance.

Comments of the Committee

5.3 For Comments of the Committee please refer to Para 1.6 of Chapter I of this report.

Recommendation No. 3

REDUCTION IN REVISED ESTIMATES

5.4 The Committee are distressed to note that the Ministry of Finance unilaterally reduced the Revised Estimates 2002-03 to Rs.1887 crore against Budget Estimates 2002-03 of Rs.2187 crore which amounts to 23% reduction. Out of Rs.1887 crore, Rs.200 crore was diverted from Plan to Non-Plan (for procurement of oilseeds by NAFED), thus effectively the outlay of the Department has been reduced to only Rs.1687 crore. The Committee highly deplore this attitude of the Planning Commission/Ministry of Finance and urge upon them not to resort to such unilateral reduction in Revised Estimates as it affect the smooth implementation of various schemes of the Department.

The Committee are also perturbed to note that the Department have still not fully utilized the reduced amount of Rs.1887 crore made available to them. The Committee were informed that Rs.1667 crore i.e. 85% of the amount have been spent up to 25.3.2003. The Secretary, Department of Agriculture & Cooperation during evidence informed the Committee that they were hopeful of utilizing the full amount by 31.03.2003. The Committee wonder as to how the Department would spend the rest of the amount i.e. Rs.240 crore in the remaining 6 days. They, therefore, desire that such a huge release of funds at the fag end of the financial year should not be resorted to lest it may result into unfruitful expenditure without any tangible benefits to the farmers.

Reply of the Government

5.5 The recommendation of the Parliamentary Standing Committee for not reducing the allocation at Revised Estimate Stage has been brought to the notice of the Planning Commission and the Ministry of Finance. With regard to utilization of funds for the year 2003-04, it is stated that an amount of Rs. 1665.90 crore (Provisional) has been utilized against R.E. of Rs. 1667 crores.

Recommendation No. 7

SEEDS

5.6 The Committee are highly perturbed to note the continued low allocation to the seed sector. The already meagre budget provision for seed sector of Rs.26.96 crore in 2002-03 was further scaled down to Rs.21.20 crore in Revised Estimate (2002-03). For Budget Estimate (2003-04) again a meagre provision of Rs.27 crore has been made. As stated by the Department, the provision in Budget Estimate (2002-03), Revised Estimate (2002-03) and Budget Estimate (2003-04) has been scaled down at the unilateral instance of the Planning Commission and the Ministry of Finance. The Committee strongly deplore the approach of these organizations for making unilateral cuts without giving adequate reasons to the concerned Department who are instrumental in executing the planned development of Agriculture in the country.

The Committee in their 30th Report on Demands for Grants 2002-03 and again in 35th Report on Action Taken by Government on 30th Report had strongly recommended that allocations for seeds should be enhanced sufficiently and no cut should be imposed on seeds sector, it being the most crucial input of the Agricultural production.

Notwithstanding the Committee's repeated recommendations the Planning Commission and Ministry of Finance have made very inadequate allocations for this sector. While showing disappointment on the disregard shown to their recommendation by the Government, the Committee once again recommend that the Government should review the allocation to the seeds sector afresh so as to bring the necessary reforms in the sector as envisaged in the Tenth Plan.

Reply of the Government:

5.7 Every effort shall be made to get the allocation of funds to the seeds sector increased. The allocation to the seed sector would be reviewed at RE stage and increased subject to availability of funds.

Recommendation No. 9

SEEDS BILL

5.8 The Committee note that a draft Seeds Bill for replacing the Seeds Act, 1966 had been formulated by the Department in consultation with State Governments and various stakeholders. The Committee has also been informed that the draft Seeds Bill had been submitted to the Ministry of Law on 8th July, 2002 for vetting but it is still pending with them.

The Committee are dismayed to note that this draft Bill is pending with the Ministry of Law for the last Nine months and they have not returned the draft after vetting so far. The Committee, therefore, strongly desire that the Department should take up the matter with the Ministry of Law for expediting immediate clearance of the draft so that the Bill could be passed during the current Budget Session of Parliament itself and the ensuing Act could be implemented at the earliest.

Reply of the Government

5.9 The draft Seeds Bill was submitted to the Ministry of Law & Justice on 8th July, 2002 for vetting/approval. The Ministry of Law & Justice has been requested from time to time to expedite their approval to the aforesaid Bill at the earliest. It is understood that the Department of Legal Affairs have since vetted the draft Bill which is now under consideration of the Legislative Department. The Legislative Department has been requested to expedite clearance of the draft Bill. They have been reminded once again on 8th May, 2003.

The Department of Agriculture & Cooperation is sparing no efforts to get the revised Seeds Bill introduced during the forthcoming Monsoon Session of the Parliament.

Recommendation No. 14

AGRI-CLINICS & AGRI BUSINESS CENTRES

5.10 The Committee note with satisfaction that the establishment of Agri-Clinics and Agri-Business Centres Scheme which was launched in April, 2002, intended to assist Graduates of Agriculture and allied subjects, has generated tremendous response among agriculture graduates across the country. Till February, 2003, 16,471 applications have been received and 1865 applicants have completed their training. In this connection, the Committee note with concern that only 387 trained graduates could set up agri-business centres so far. The Committee were informed that these ventures were set up by the Agriculture graduates with the help of bank finance.

The Committee in their 30th report on Demands for Grants had recommended that the Department should approach the Planning Commission to provide incentive of about 25% subsidy on initial cost to the eligible people for setting up agri-business ventures, so that they get attracted towards the programme. The Planning Commission has so far not agreed to the subsidy component of the scheme. The Committee are of the firm opinion that if the subsidy component is not provided to the trained graduates, they would not be in a position to set up the agri-ventures thereby defeating the very purpose of the training. They, therefore, strongly recommend that the Department should take up the matter with the Planning Commission for providing about 25% subsidy to the budding entrepreneurs willing to establish agri-clinics & agri-business centres in their areas, so that they could utilize their trained expertise for their self-employment as well as for the benefit of the poor farmers at large.

REPLY OF THE GOVERNMENT

5.11 A Revised EFC Memorandum containing both Training and Subsidy components (25 % for general candidates and 33.33% for North Eastern and Hill states, SCs / STs and women) is being submitted to Planning Commission and other appraising agencies shortly.

Recommendation No. 15

LAND USE POLICY

5.12 The Committee note that one of the activities of National Land Use and Conservation Board (NLCB), is formulation of Land Use Policies. But, till now only Uttar Pradesh has formulated the draft land Use Policy and in other states the formulation is still in process. The Committee desire that the Department should persuade States to speed up the action in this regard and monitor the progress of the States monthly, instead of quarterly as being done at present.

The Committee have also observed that Finance Minister in his Budget Speech (2000-2001) had announced for setting up of 'National Commission on Land Use Policy'. In this connection, the Committee have been informed that, the proposal for constitution of the 'National Commission on Land Use Policy' after approval of Agriculture Minister has been sent to Prime Minister's Office in November, 2000 and the decision is still awaited. The Committee are not aware of the reasons for delay in approval of the proposal. They, therefore, desire that the Department should take up the matter with the Prime Minister's Office and take necessary steps to set up the Commission at the earliest.

Reply of the Government

5.13 The National Land Use & Conservation Board (NLCB) has been constituted under the Chairmanship of Agriculture Minister to serve as a policy planning, coordinating and monitoring agency at National level for issues concerning the health and scientific management of land resources of the country. National Land Use Policy Outline has been prepared and circulated to State/UT Governments to take necessary follow up action as land is a State subject. Also State/UT Governments have been requested to formulate Land Use Policy and Perspective Plan for their State/UT, keeping in view the existing land based issues. Action taken by State Governments in this regard, are being monitored regularly. However, as recommended, monthly monitoring will also be done.

Department of Agriculture & Cooperation, Ministry of Agriculture, as a follow up action of Finance Minister's Budget Speech proposed a Constitution of National Commission on Land Use Policy. The proposal was approved by Agriculture Minister and was sent to Prime Minister's Office for approval in the month of November, 2000. The approval is awaited. This Department is pursuing with PMO in this regard.

Recommendation No. 20

REVITALIZATION OF CO-OPERATIVE CREDIT STRUCTURE

5.14 The Committee are unhappy to find that even after one year since the Finance Minister had made an announcement in the Union Budget 2002-03 for revitalization of co-operative credit structure in the country for which a provision of Rs.100 crore was made in budget 2002-2003, the scheme has still not been formulated and finalized by the Ministry of Finance. The matter of revitalization of co-operative structure is pending with the Government for a number of years. The Report of the Task Force headed by Shri Jagdish Capoor was received by the Government in July, 2000 and had been under their consideration since then. Meanwhile, the cooperatives are in a complete disarray with the result, the financial position of cooperatives, which are backbone of agriculture is going from bad to worse. The Committee feel that unless urgent steps are taken to arrest this decline, the Cooperatives can not perform effectively in making available

credit requirements of the farmers. They are constrained to find that such an important issue requiring urgent attention has been pending with the Government for so long, though the Finance Minister himself had made the announcement in the House to this effect. The Committee are of the opinion that any announcement made by the Finance Minister in budget speech becomes a commitment of the Government which has to be, not only fulfilled but also implemented expeditiously within a reasonable time. The Committee, therefore, strongly recommend that the Ministry of Finance should urgently finalize the scheme so that after its approval by the Competent authority, it can be implemented in the current year itself.

Reply of the Government

5.15 Based on the recommendations of the Capoor Committee and Joint Committee, an announcement was made in the Union Budget for the year 2002-03 for revitalization of the Cooperative Credit Structure in the country with a token provision of Rs. 100 crore. Action on the scheme for revitalization of cooperative credit structure in the country as announced in the Union Budget for 2002-03 has to be formulated and finalized by the Ministry of Finance. This Department has been in constant touch with the Ministry of Finance for expediting the action on the finalization of the modalities for implementation of the scheme for revitalization of cooperative credit institutions. The Ministry of Finance that has formulated the Note for the Cabinet for the “Revitalization Scheme for Cooperative Credit Structure” within the broad guidelines of Capoor Committee and Vikhe Patil Committee and has sent the same to the appraising agencies for their comments. Finance Ministry has been requested to finalise the Revitalisation Package urgently.

NEW DELHI
16 January, 2004
26 Pausa, 1925(Saka)

S.S PALANIMANICKAM
Chairman
Standing Committee on Agriculture

APPENDIX II

ANALYSIS OF ACTION TAKEN BY GOVERNMENT ON
THE 40TH REPORT OF STANDING COMMITTEE
ON AGRICULTURE (13TH LOK SABHA)

(i)	Total number of Recommendations	21
(ii)	Recommendations/Observations which have been Accepted by the Government	
	Serial Nos. 2,5,6,10,12,13,16,17,18,19 and 21	
	Total	11
	Percentage	52.4%
(iii)	Recommendations/Observations which the Committee Do not desire to pursue in view of the Government's replies	
	Serial No. Nil.	
	Total	Nil.
	Percentage	Nil.
(iv)	Recommendations/Observations in respect of which replies Of the Government have not been accepted by the Committee	
	Serial Nos. 4,8 and 11	
	Total	3
	Percentage	14.3%
(v)	Recommendations/Observations in respect of which Final replies of the Government are still awaited	
	Serial No. 1,3,7,9,14,15 and 20	
	Total	7
	Percentage	33.3%