1

STANDING COMMITTEE ON AGRICULTURE
(2004-05)

FOURTEENTH LOK SABHA

MINISTRY OF AGRICULTURE
(Department of Agriculture & Co-operation)

DEMANDS FOR GRANTS (2004-2005)

FIRST REPORT

LOK SABHA SECRETARIAT
NEW DELHI

August, 2004/Sravana, 1926 (Saka)

Presented to Lok Sabha on 17.08.2004
Laid in Rajya Sabha on 17.08.2004

<CONTENTS>

COMPOSITION OF THE STANDING COMMITTEE ON AGRICULTURE (2004-2005)

Prof. Ram Gopal Yadav – Chairman

MEMBERS

LOK SABHA

2. Shri Hiten Barman
3. Shri Manoranjan Bhakta
4. Shri G.L. Bhargava
5. Shri Kuldeep Bishnoi
6. Shri Nihal Chand Chauhan
7. Shri Shivraj Singh Chauhan
8. Shri Lalchand Kol
9. Shri Khagen Das
10. Shri Dharmendra
11. Shri Sharanjit Singh Dhillon
12. Chaudhary Munawwar Hassan
13. Shri Raghunath Jha
14. Smt. Rupatai D. Patil Nilangekar
15. Shri Prakash V. Patil
16. Shri A. Ravichandran
17. Shri K.J.S.P.Reddy
18. Shri Y.S. Vivekananda Reddy
19. Shri Harihar Swain
20. Shri M.P. Veerendra Kumar
21. Shri Mahboob Zahedi

RAJYA SABHA

22. Smt. Mohsina Kidwai
23. Shri Harish Rawat
24. Shri Raashid Alvi
25. Shri Pyarelal Khandelwal
26. Shri Raj Nath Singh
27. Shri Sk. Khabir Uddin Ahmed
28. Shri Bhagwati Singh
29. Shri Datta Meghe
30. Shri Bashistha Narain Singh
31. Shri Sharad Anantrao Joshi

SECRETARIAT

1.	Shri John Joseph	-	Additional Secretary
2.	Shri N.K. Sapra	-	Joint Secretary
3.	Shri Devender Singh	-	Director
4.	Shri A.S.Chera	-	Deputy Secretary
5.	Shri K.D.Muley	-	Under Secretary
6.	Ms. Amita Walia	-	Committee Officer

INTRODUCTION

I, the Chairman, Standing Committee on Agriculture, having been authorised by the Committee to submit the report on their behalf, present this First Report on the Demands for Grants of the Ministry of Agriculture (Department of Agriculture and Cooperation) for the year 2004-2005.

2. The Standing Committee on Agriculture(2004-2005) was constituted on 5th August, 2004. One of the functions of the Standing Committee, as laid down in Rule 331E of the Rules of Procedure and Conduct of Business in Lok Sabha, is to consider the Demands for Grants of the concerned Ministries/Departments and make a report on the same to the Houses. The report shall not suggest anything of the nature of cut motions.

3. The Committee took evidence of the representatives of the Ministry of Agriculture, Department of Agriculture and Cooperation on 9th August, 2004. The Committee wish to express their thanks to the officers of the Ministry of Agriculture, Department of Agriculture and Cooperation for placing before them the material and information which they desired in connection with the examination of the Demands for Grants of the Ministry for the year 2004-2005 and for giving evidence before the Committee.

4. The Committee considered and adopted the Report at their sitting held on 13th August, 2004.

NEW DELHI;
13 August, 2004
22 Sravana, 1926 (Saka)

PROF. RAM GOPAL YADAV
Chairman,
Standing Committee on Agriculture

PART – I

CHAPTER – I

INTRODUCTORY

1.1 Agriculture is the mainstay of the Indian economy and is central to all strategies of planned economic development in India. Agriculture accounts for 24.2 per cent of the Gross Domestic Product (GDP) and provides livelihood to 65 per cent of the country's population. This sector provides foodgrains to the population and a variety of raw materials to the major industries. India has 328.7 million hectares of geographical area out of which net cropped area is 141 million hectares. It is a unique feature in our country that 52 per cent of the total land is cultivable here as against 11 per cent in the world and all 15 major climatic conditions of the world are here in India. Our country has 20 agro-climatic regions. We have nearly 46 varieties of soil out of 60 varieties available the world over.

1.2 Though a very high priority has been accorded to agriculture in the Five Year Plans, over the years the agriculture sector has not received as much attention as other sectors in services and manufactures. The emerging areas in agriculture like horticulture, floriculture, organic farming, genetic engineering and food processing have high potentials of growth.

1.3 The Department of Agriculture and Cooperation (DAC), under the Ministry of Agriculture, plays a pivotal role in formulating and implementing National Policies and Programmes for increasing agricultural production, productivity and development through a series of Schemes, Programmes aimed at optimum utilization of country's land, water, soil and plant resources. The Department undertakes measures to ensure adequate and timely supply of inputs and services, such as agricultural implements, agricultural credit, fertilizer, pesticides and seeds to the farmers.

1.4 The Department of Agriculture and Cooperation were allocated Rs. 9,293.00 crore during the Ninth Plan period, out of which Rs.7,673.70 crore were utilized by them and Rs.1619.30 crore surrendered.

1.5 For the Tenth Plan against an allocation of Rs.25,001.75 crore projected by the Department, an allocation of Rs.13,300.00 crore has been approved by the Planning Commission. Following is the sector-wise demand proposed by the Department and approved by the Planning Commission for the Tenth Plan Period:

			(Rs. in crore)
Sl. No.	**Sectors**	**Sectorwise demand projected by DAC for Tenth Plan**	**Sectorwise demand approved by the Planning Commission for the Tenth Plan**
1	**Agricultural Extension & Training**	**1,390.00**	**550.00**
2	**Agricultural Census**	**70.00**	**60.00**
3	**Agri. Economics and Statistics**	**450.35**	**365.00**
4	**Seed Development**	**390.00**	**275.00**
5	**Integrated Nutrients Management (Ferti.)**	**125.00**	**110.00**
6	**Plant Protection**	**240.70**	**220.00**
7	**Agril. Implements and Machinery**	**115.00**	**75.00**
8	**Crops**	**1,000.00**	**850.00**
9	**Technology Mission on Oilseeds & Pulses**	**2,300.00**	**950.00**
10	**Rainfed Farming**	**12.00**	**12.00**
11	**Horticulture**	**5,568.00**	**1,945.00**
12	**Secretariat Services**	**-**	**40.00**
13	**Trade**	**760.00**	**190.00**
14	**Natural Disaster Management**	**55.00**	**5.00**
15	**Agricultural Marketing**	**1,526.00**	**600.00**
16	**Information Technology**	**925.00**	**100.00**

17	Natural Resources Management	120.00	40.00
18	Credit & Crop Insurance	3,100.00	2,000.00
19	Cooperation	1,854.70	500.00
20	Macro Management	5,000.00	4,313.00
	Total	**25,001.75**	**13,200.00**
	State Plan Scheme Watershed development in Shifting cultivation areas in NE States	-	100.00
	GRAND TOTAL	**25,001.75**	**13,300.00**

1.6 The Approach Paper had proposed that the Tenth Plan should aim at an indicative target of 8 per cent average growth in GDP for the period 2002-07. In order to achieve this target, the growth rate envisaged for the agriculture sector is 4 per cent per annum.

1.7 Following Table shows the Growth rates of GDP and agricultural production during the last 10 years:-

Growth rates of GDP and Agriculture Production

(Per cent)

Year	GDP*	GDP in agriculture and allied sectors**	Physical production of agriculture***
1992-93	5.1	5.8	4.2
1993-94	5.9	4.1	3.8
1994-95	7.3	5.0	5.0
1995-96	7.3	-0.9	-2.7
1996-97	7.8	9.6	9.3
1997-98	4.8	-2.4	-5.9
1998-99	6.5	6.2	7.6
1999-00	6.1	0.3	-0.6
2000-01	4.4	-0.1	-6.3
2001-02	5.8	6.5	7.6
2002-03	4.0	-5.2	-15.6
2003-04**	8.1	9.1	19.3

* At factor cost at 1993-94 prices.
** Advance estimates.
*** As determined by index of agricultural production (Base: triennium ending 1981-82)

1.8 As per Economic Survey of India ---- 2003-04, Agriculture and Allied Sector value added registered a growth rate of 9.1 per cent in 2003-04, reflecting the growth in physical production and remunerative prices of agricultural goods. The growth rate of the Sector for 2003-04 was one of the highest in recent years, and only marginally lower than the previous high of 9.6 per cent achieved in 1996-97.

1.9 When enquired about the steps taken by the Government to achieve the target of good growth rate of GDP in Agriculture Sector, the Department in a written reply informed that the Government have proposed to raise productive capacity in Agriculture through doubling agriculture credit in three years, increasing area under irrigation, creating a climate conducive for investment by farmers in yield raising inputs through measures aimed at ensuring remunerative prices for farm produce, market reforms and, crop and livestock insurance, etc.

1.10 Following is the Table showing Gross Capital formation in Agriculture at 1993-94 prices:-

(Rs. in crore)

Year	**Total**	**Public**	**Private**	**Per cent share**		**Investment in agriculture as per cent of GDP**
				Public	**Private**	
1990-91	14836	4395	10441	29.6	70.4	1.9
1991-92	13389	3871	9518	28.9	71.1	1.7
1992-93	14508	4076	10432	28.1	71.9	1.8
1993-94	13523	4467	9056	33.0	67.0	1.6
1994-95	14969	4947	10022	33.0	67.0	1.6
1995-96	15690	4849	10841	30.9	69.1	1.6
1996-97	16176	4668	11508	28.9	71.1	1.5
1997-98	15942	3979	11963	25.0	75.0	1.4
1998-99	14895	3870	11025	26.0	74.0	1.3
1999-00	17304	4221	13083	24.4	75.6	1.4
2000-01	16906	3927	12979	23.2	76.8	1.3
2001-02	17328	4127	13201	23.8	76.2	1.3
2002-03*	18657	4538	14119	24.3	75.7	1.3
* Quick estimates						

1.11 The decline in the share of Agriculture Sector's capital formation in GDP from 1.9 per cent 1990-91 to 1.3 per cent in 2000s is a matter of concern. When enquired about the reasons for the gradual decline in agricultural capital formation, the Department informed that in the case of public sector, Gross Capital Formation (GCF) essentially consists of irrigation works. Therefore, the decline in public sector GCF mainly reflects the decline in expenditure on irrigation works. It is, however, significant to note that there has been increase in public sector GCF in real terms during the period 2000-01 to 2002-03. Similarly, there is also increase in private sector GCF during the same period.

1.12 The Department further informed that doubling agricultural credit in three years, accelerating the completion of irrigation projects, investing in rural infrastructure, providing farm insurance and livestock insurance, improving agricultural product markets and promoting agri-business are the thrust areas identified in the Union Budget 2004-05 that are expected to accelerate the pace of Gross Capital Formation in Agriculture.

CHAPTER – II

OVERVIEW OF DEMANDS

2.1 The Budget Estimates and Revised Estimates for 2003-2004 and BE for 2004-2005 for Demand No. 1 pertaining to the Ministry of Agriculture (Department of Agriculture and Cooperation) are as under:

(Rs. in crore)

BE 2003-2004		**RE 2003-2004**		**BE 2004-2005**	
Plan	**Non-Plan**	**Plan**	**Non-Plan**	**Plan**	**Non-Plan**
2,187.00	401.34	2,140.00	389.00	2,670.00	344.00

2.2 **Analysis of Demands for Grants (2004-2005)**

(Rs.in crore)

	Revenue	**Capital**	**Total**
Charged	**-**	**136.50**	**136.50**
Voted	**2782.77**	**94.73**	**2877.50**
Total	**2782.77**	**231.23**	**3014.00**

A total provision of Rs.3,014.00 crore has been made in respect of the Department for the year 2004-2005. The detailed Demands for Grants of the Ministry were laid on 20 July, 2004.

2.3 There has been 2.1 per cent reduction in Plan allocation in RE (2003-2004) as compared to BE (2003-2004). The increase in the BE for 2004-2005 as compared to the BE of 2003-2004 is to be in the tune of 22.08 per cent.

2.4 Stating about the Plans of the Department to ensure full and proper utilization of the funds allocated, the Department informed in a written reply that it has taken a number of steps to ensure full and proper utilization of funds which, inter-alia, include timely release of funds, regular monitoring and review of implementation of Schemes and utilization of funds, submission of utilization certificates by the States in time and continuous interaction with the States.

2.5 During the evidence when Members expressed their concern for late release of funds to the States and monitoring by the Central Government, the Secretary, Department of Agriculture and cooperation stated as under:

> *"According to the recent figures about 35 per cent of the funds have been released to the States. We are trying very hard to see that we release the money in time to the States. Also, we are encouraging them through constant meetings, monitoring etc. for every scheme. There is a matching share which the State Governments have to give. States have to provide this money in their Budget."*

2.6 The following Table shows the Budget Estimates, Revised Estimates and Expenditure during the last 5 years.

(Rs.in crore)

Sl.No.	Year	Budget Estimates (BE)	Revised Estimates (RE)	Expenditure
1.	**1999-2000**			
	Plan	1956.00	1492.00	1471.89
	Non-Plan	4580.85	4585.84	4579.12
	Total	**6536.85**	**6077.84**	**6051.01**
2.	**2000-2001**			
	Plan	1965.00	1692.00	1666.05
	Non-Plan	4190.97	4447.81	4438.97
	Total	**6155.97**	**6139.81**	**6105.02**
3.	**2001-2002**			
	Plan	1985.00	1985.00	1792.92
	Non-Plan	123.36	283.36	441.84
	Total	**2108.36**	**2268.36**	**2234.78**
4.	**2002-2003**			
	Plan	2187.00	1687.00	1676.77
	Non-Plan	200.00	400.00	392.15
	Total	**2387.00**	**2087.00**	**2068.92**
5.	**2003-2004**			
	Plan	2187.00	2140.00	2077.00
	Non-Plan	401.34	389.00	371.45
	Total	**2588.34**	**2529.00**	**2448.45**

2.7 Regarding the scaling down of the allocations at the Revised Estimates stage, it was stated by the Department that the Ministry of Finance undertakes an exercise regarding availability of fund and accordingly determines the final allocation for different

Departments at the RE stage as a result of which the allocation of the Department of Agriculture and Cooperation was fixed at lower levels at Revised Estimates stage.

2.8 Following is the Statement showing Plan and Non-Plan allocation and expenditure during 2002-03, 2003-04 and the Budget Estimates for 2004-05:

	STATEMENT SHOWING SECTOR-WISE PLAN & NON-PLAN ALLOCATION & EXPR. DURING TENTH PLAN										
Rs. In Crore											
S. NO.	SECTOR	PLAN									
		Alloca-tion 2002-03	Expnd. 2002-03	Alloca-tion 2003-04	Provi. Expnd. 2003-04	Alloca-tion 2004-05	Alloca-tion 2002-03	Expnd. 2002-03	Alloca-tion 2003-04	Provi. Expnd. 2003-2004	Alloca-tion 2004-05
1	Agriculture Extension and Training	86.27	45.17	118.55	59.53	187.45	5.54	5.35	5.77	5.24	5.81
2	Agriculture Census	11.94	8.98	10.00	8.72	13.83	0.00	0.00	0.00	0.00	0.00
3	Agriculture Eco. & Stat.	48.20	37.75	60.30	46.12	57.35	13.39	12.86	14.04	12.80	15.10
4	Seed	26.96	11.53	27.00	22.38	50.51	0.00	0.00	0.00	0.00	10.00
5	Integrated Nutrient Management	6.05	2.25	9.00	3.70	36.73	0.00	0.00	0.00	0.00	0.00
6	Plant Protection	19.78	14.67	25.00	18.69	52.34	15.29	14.56	17.81	15.39	19.22
7	Agri Implements & Machinery	3.90	2.34	3.90	3.22	8.00	4.92	4.63	5.28	4.63	5.71
8	Crops	142.37	109.46	120.00	32.13	100.00	2.87	2.14	2.74	66.54	2.66
9	T.M.O.& P.	165.00	132.22	165.00	154.95	193.00	1.29	0.89	1.70	1.00	1.60
10	Rainfed Farming System	2.00	1.06	2.00	0.83	2.00	0.00	0.00	0.00	0.00	0.00
11	Horticulture	283.15	218.05	291.22	198.25	542.00	1.19	1.17	1.33	1.24	1.34
12	Secretariat Eco. Service	5.97	5.63	6.00	3.32	4.26	23.55	20.94	24.98	22.04	24.48
13	Trade (SFAC)	15.00	15.99	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
14	Natural Disaster Management	4.07	1.16	1.00	0.32	1.00	0.00	0.00	0.00	0.00	0.00
15	Agriculture Marketing	79.98	69.96	100.00	89.13	155.52	18.30	16.33	19.65	16.98	19.14
16	Information Technology	12.92	6.66	15.00	4.40	27.00	0.00	0.00	0.00	0.00	0.00
17	Natural Resource Management	24.75	25.96	43.03	26.48	29.40	1.52	1.36	1.61	1.45	1.65
18	Credit & Crop Insurance	419.13	341.87	420.00	714.49	413.00	0.00	0.00	0.00	55.99	32.00
19	Cooperation	81.45	30.44	70.00	41.90	74.17	100.00	300.00	294	156.00	192.53
20	Policy & Planning	748.11	595.62	700.00	648.44	722.44	0.00	0.00	0.00	0.00	0.00
21	International Cooperation	0.00	0.00	0.00	0.00	0.00	12.14	11.91	12.41	12.15	12.76
	Total	2187.00	1676.77	2187.00	2077.00	2670.00	200.00	392.14	401.3	371.45	344.00

2.9 The Department informed that they had proposed an outlay of Rs.4,513.89 crore for 2004-05 but only Rs.2,670 crore have been provided as Plan Budget for the year.

2.10 Allocation for Central Plan Outlay and the Share of Department of Agriculture and Cooperation is as follows:-

(Rs. in crore)

Sl. No.	**Period**	**Central Plan Outlay**			**Allocation of DAC**	**% share of DAC**	
		Total	**IEBR**	**Budgetary Support**		**Total**	**Budgetary Support**
1	2	3	4	5	6	7	8
I	**Ninth Plan**	**489361**	**285379**	**203982**	**9153**	**1.87**	**4.49**
1	1997-98	91839	557019	36130	1416	1.54	3.92
2	1998-99	105187	62723	42464	1941	1.84	4.57
3	1999-2000	103521	59521	44000	1941	1.87	4.41
4	2000-01	117334	66058	51276	1950	1.66	3.80
5	2001-02	130181	70725	59456	1970	1.51	3.31
II	**Tenth Plan**	**893183**	**487448**	**405735**	**13200**	**1.48**	**3.25**
1	2002-03	144038	77167	66871	2167	1.50	3.24
2	2003-04	147893	75741	72152	2167	1.47	3.00
3	2004-05	163720	75834	87886	2650	1.62	3.00

2.11 It may be observed from the above Table that although there was decrease in percentage share of Department of Agriculture and Cooperation to the total Central Plan Outlay of the Government of India from 1.50 per cent during 2002-03 to 1.47 per cent in 2003-04, it has been increased to 1.62 per cent in the Annual Plan 2004-05. The Plan Outlay of the Department for the year 2003-04 was Rs.2,167.00 crore, which was the same as in 2002-03. However, it has been increased to Rs.2,650.00 crore for the Annual Plan 2004-05.

2.12 Similarly, the percentage share of Department of Agriculture and Cooperation to the Central Plan Outlay of Government of India has also shown declining trend from the 1.87 per cent of the Ninth Plan to 1.48 per cent of the Tenth Plan. However, the Tenth Plan Outlay of the Department has been increased by 44 per cent over the Ninth Plan.

2.13 While presenting the Annual Budget for 2004-05, the Finance Minister has announced that 'boosting agricultural growth through diversification and development of agro-processing' is one of the objectives of the Government. When enquired about the role and strategy of Department of Agriculture and Cooperation in achieving this objective, the Department has, in a written reply, stated that in order to promote agriculture diversification, special thrust is being given on production of oilseeds, pulses, maize and horticulture products. The Technology Mission for Integrated Development of Horticulture in North East including Sikkim, Jammu and Kashmir, Himachal Pradesh and Uttaranchal has been launched to address all the issues relating to development of horticulture in these States. The Department has also adopted a regionally differentiated approach to take care of the special needs of the different regions.

2.14 Following are the new Schemes which were scheduled to be started in the Tenth Plan:-

- High-tech Horticulture for efficient utilization of resources through precision farming
- Sustainable development of horticulture through technological interventions and adoption
- Gramin Bhandaran Yojana
- National Mission on Bamboo Technology and Trade Development
- National Horticulture Mission
- Micro Irrigation
- Forecasting Agricultural Output using Space, Agro-Meteorology and Land Based Observation (FASAL)
- Development of Market Infrastructure, Grading and Standardisation.
- Monitoring of Pesticides Residues at National Level
- Biotechnology Application on Agriculture

- Grants-in-aid to SFCI

2.15 Out of these Schemes, the first three Schemes have been approved and are being implemented. Rest of the Schemes are in the process of being approved. The Ministry has stated in a written reply that *"it is pertinent to mention that operationalization of a new Scheme involves preparation of detailed Project Report for getting 'in principle' approval from the Planning Commission, preparation and approval of the EFC Memorandum and approval of the competent authority which takes a considerable amount of time."*

CHAPTER – III

CREDIT AND CROP INSURANCE

3.1 Progressive institutionalization of agricultural credit for providing timely and adequate credit support to farmers at reasonable rates of interest has been the focus of the credit policy of the country. The Government of India has taken various policy initiatives for strengthening of rural credit delivery system to meet the growing credit needs of the agriculture and rural sectors. In order to strengthen the Cooperative Credit Institutions for meeting the credit requirement of the farmers, Central Assistance is released to the State Governments under various Centrally-Sponsored and Central Sector Plan Schemes.

3.2 Under the Credit and Crop Insurance Division, out of the Ninth Plan outlay of Rs.1,749.87 crore, only Rs.1,557.84 crore could be spent, which amounts to 89.02 per cent of the total outlay. For credit Schemes during 2004-2005, Rs.413.00 crore have been allocated as against the Budget Estimates of Rs.420.00 crore and provisional expenditure of Rs.714.49 crore for 2003-04 as given below:

(Rs.in crore)

Ninth Plan Outlay	Ninth Plan Expenditure	2003-2004 BE	2003-2004 Expenditure	2004-2005
1749.87	1557.84	420.00	714.49	413.00

3.3 About the reasons for substantial increase in expenditure in 2003-04 against Budget Estimates (2003-04) the Ministry, in a written reply, informed that the increase has been in respect of the Scheme of the National Agriculture Insurance Scheme (NAIS) under which due to severe drought conditions during Kharif 2002 season, huge claims amounting to about Rs. 1,823 crore became payable during the financial year 2003-04.

Accordingly, Budget Estimates 2003-04 of Rs. 315.00 crore under the Scheme of NAIS was enhanced to Rs. 637.93 crore at the Revised Estimates stage.

3.4 As per Economic Survey of India – (2003-04), the total credit flow to agriculture in the Ninth Plan (1997-2002) amounted to Rs.2,29,956 crore. A substantial jump in the credit flow to agriculture is envisaged in the Tenth Plan (2002-07) which is projected at Rs.7,36,570 crore, almost three times the Ninth Plan achievement. The following Table shows the flow of institutional credit to agriculture from 1999 to 2004:-

Flow of institutional credit to agriculture
(Rs. in crore)

Institutions	1997-98	1998-99	1999-00	2000-01	2001-02	2002-03	2003-04 (Estimated)
Co-operative Banks	14,085	15,957	18,363	20,801	23,604	24,296	30080
Share (%)	44	43	40	39	38	34	38
Short-term	10,895	12,571	14,845	16,583	18,828	20,247	23920
Medium/Long-term	3,190	3,386	3,518	4,218	4,776	4,049	6160
Regional Rural Banks	2,040	2,460	3,172	4,219	4,854	5,467	6080
Share (%)	6	7	7	8	8	8	8
Short-term	1,396	1,710	2,423	3,245	3,777	4,156	4680
Medium/Long-term	644	750	749	974	1,077	1,311	1400
Commercial Banks	15,831	18,443	24,733	27,807	33,587	41,047	43940
Share (%)	50	50	53	53	54	58	55
Short-term	8,349	9,622	11,697	13,486	17,904	21,878	23400
Medium/Long-term	7,482	8,821	13,036	14,321	15,683	19,169	20440
Total	31,956	36,860	46,268	52,827	62,045	70,810	80000
Per cent increase	21	15	26	14	17	14	13

3.5 Although there is some increase in the agriculture credit in the first two years of the Tenth Plan, the increase is not commensurate with the plan projection.

<u>Rate of Interest for Agricultural Credit:-</u>

3.6 Recently the rate of interest has been decreased for the Agricultural credit. On a query of the Committee regarding the details of the rate of interest charged by Commercial Banks/Regional Rural Banks/Cooperative Banks for agricultural loans, the Ministry in a written reply informed that all the public sector banks have been advised to reduce their lending rate for agriculture to a single digit of not more than 9 per cent per annum on crop loans upto a ceiling of Rs. 50,000/-. Further, in the case of Commercial Banks, there is a stipulation that the rate of interest charged from the ultimate borrower should not exceed the Prime Lending Rate (PLR). For Loans upto Rs. 2 lakh. PLR at present is in the range of 10-11 per cent. After deregulation of interest rates by RBI in October, 1994, the Cooperative Banks and RRBs have been given freedom to fix their own interest rate and their rate of interest for agricultural loans in most of the cases ranges between 9 and 15 per cent.

3.7 NABARD's interest rates on schematic refinance for farm/non-farm sectors is given below :-

SLAB	Loan Size	North Eastern Region including Sikkim & A & N Islands	Other Regions
I	Upto Rs. 50,000	5.50%	5.50%
II	From Rs. 50,001 to Rs. 2 lakh	5.50%	6.25%
III	Above Rs. 2 lakh	5.50%	6.25% to 6.75% (depending upon the purpose of loan)

3.8 Rates of interest on short-term refinance for Seasonal Agricultural Operations (SAO) by NABARD ranges between 5.25 per cent and 5.75 per cent. When asked about the difference in rate of interest in NABARD's refinance and being actually charged from farmers by Commercial and Cooperative Banks, the Ministry informed that the interest rates charged by Cooperative Banks in various States are mostly in the range of 9 per cent to 15 per cent. The Public Sector Banks are charging 9 per cent or even less for crop loans upto Rs. 50,000/- and for other loans upto Rs. 2 lakh, the rate of interest is not to exceed their Prime Lending Rates (PLR) which is currently in the range of 10 per cent to 11 per cent.

3.9 The percentage of total credit provided for agriculture by the major commercial banks is as under:

Sl.No.	Name of the Public Sector Bank	% of Total Agriculture advance to Net Bank Credit
1	SBI	12.79
2	SBBJ	16.35
3	SB HYD	14.36
4	SB INDORE	19.77
5	SB MYSORE	15.20
6	SB PATIALA	18.62
7	SB SAURASHTRA	19.14
8	SB TRA' CORE	11.13
9	ALLAHABAD BANK	18.41
10	ANDHRA BANK	17.07
11	BANK OF BARODA	16.03
12	BANK OF INDIA	16.92
13	BANK OF MAHARASHTRA	11.74
14	CANARA BANK	14.69
15	CENTRAL BANK OF INDIA	16.32
16	CORPORATION BANK	9.58
17	DENA BANK	11.08
18	INDIAN BANK	18.08
19	IOB	18.13
20	OBC	11.30
21	PNB	18.44
22	P & S BANK	17.35
23	SYNDICATE BANK	16.29
24	UNITED BANK OF INDIA	13.73
25	UCO BANK	11.83
26	VIJAYA BANK	12.72
	TOTAL	15.45

3.10 The Department informed that the Cooperative Banks mostly lend for agriculture, since more than 90 per cent of loans disbursed by them are for Agriculture and allied purposes.

3.11 Subsequent to the announcement made by the Government to double the flow of agricultural credit in three years, Finance Minister has requested Chief Ministers of all the States to take necessary measures to involve the State Administration and functionaries in implementing the same. NABARD and Reserve Bank of India have already issued guidelines to the Banks for implementation of the announced measures.

Crop Insurance

3.12 In replacement of the Comprehensive Crop Insurance Scheme (CCIS), the Government have introduced a new Scheme entitled 'National Agricultural Insurance Scheme' (NAIS) from Rabi Season, 1999-2000.

3.13 Under NAIS Crop-wise premium rates are as under :-

S. No.	Season	Crops	Premium rate
1	Kharif	Bajra & Oilseeds	3.5% of Sum Insured (SI) or Actuarial rate, whichever is less
		Other crops (cereals, other millets & pulses)	2.5% of SI or Actuarial rate, whichever is less
2	Rabi	Wheat	1.5% of SI or Actuarial rate, whichever is less
		Other crops (other cereals, millets, pulses & oilseeds)	2.0% of SI or Actuarial rate, whichever is less
3	Kharif & Rabi	Annual Commercial / annual Horticultural crops	Actuarial rates

3.14 Small and marginal farmers are entitled to 50 per cent subsidy on the premium, which is shared on 50 : 50 basis by the Central and State Governments. As per provision in the Scheme, premium subsidy is to be phased out over a period of 5 years. For the year 2004-05, 10 per cent premium subsidy is available to small and marginal farmers under NAIS.

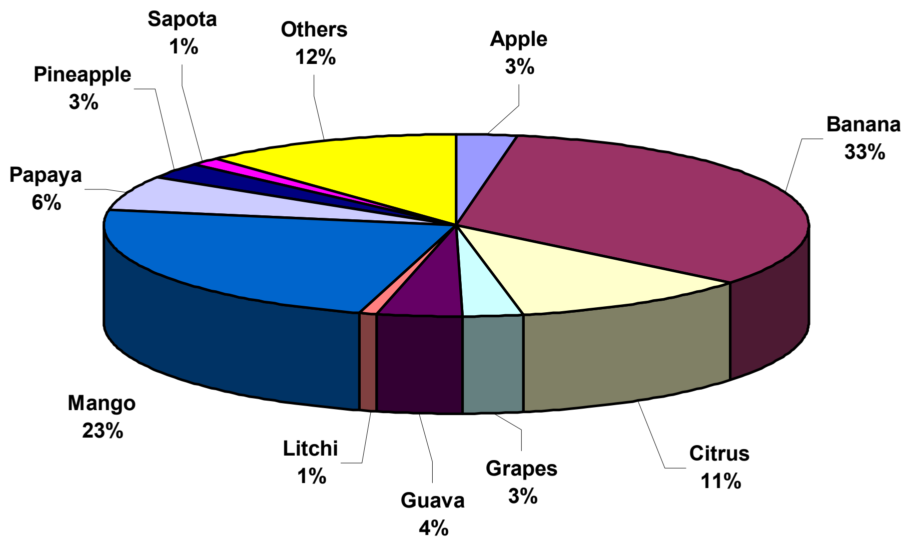
3.15 In order to target the two critical components of a farmer's income, namely yield and price through a single policy instrument, the Department of Agriculture and Cooperation has formulated the Farm Income Insurance Scheme (FIIS). This Scheme has been conceived to provide income protection to the farmers by integrating the mechanism of insuring production as well as market risks and will be implemented on pilot basis. Farmer's income would be protected by ensuring minimum guaranteed income.

CHAPTER – IV

HORTICULTURE

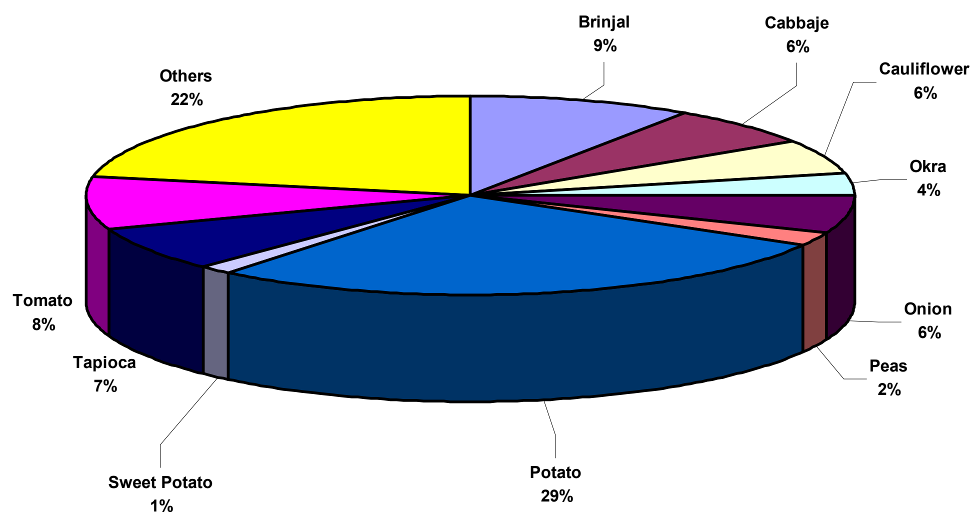
4.1 India is bestowed with a varied agro-climate, which is highly favourable for growing large number of horticultural crops such as fruits, vegetables including root tuber and ornamental crops, medicinal and aromatic plants, spices and plantation crops like coconut, arecanut, cashew and cocoa. Presently, horticultural crops occupy 8.5 per cent of gross cropped area of the country producing 145.78 million tonnes and contribute to 29.65 per cent GDP of agriculture and 52 per cent of export earnings in agriculture. India is the second largest producer of fruits and vegetables. Total production of fruits has been estimated at 43.11 million tonnes from 4.01 million hectares. Vegetables occupy an area of 6.15 million hectares with a production of 88.62 million tonnes. Our share in world fruit and vegetables production is 10 per cent and 13.28 per cent, respectively. About 54.2 per cent of world's Mango and 11 per cent of world's Banana is produced in the country.

Production Share of Major Fruits in India



4.2 India is next only to China in area and production of vegetables and occupies prime position in the production of cauliflower, second in onion and third in cabbage in the world. The area and production of major vegetables during 2001-02 is estimated at 6.15 million hectare with a production of 88.62 million tonnes and average productivity of 14.4 tonnes per hectare.

Production Share of Major Vegetables in India



4.3 India is the largest producer, consumer and exporter of spices and spice products and cashewnut. Coconut is grown over an area of 1.89 million hectares with a production of 12,821 million nuts with a productivity of 6,776 nuts per hectare.

4.4 The emphasis for horticulture development is mainly focused through the developmental programmes of Department of Agriculture and Cooperation such as development of commercial horticulture and capital investment subsidy Scheme of National Horticulture Board(NHB), Integrated Development of Coconut including Technology Mission on Coconut of Coconut Development Board (CDB), Human Resource Development, Integrated Development of Horticulture in Tribal/Hilly Areas and Technology Mission for Integrated Development of Horticulture in North Eastern States, Sikkim, Jammu & Kashmir, Himachal Pradesh and Uttaranchal.

4.5 The main thrust of Schemes in Horticulture Division has been to facilitate availability of quality seeds and planting material, rejuvenation of senile orchards and productivity improvement of existing plantations, Technology dissemination through training and demonstration, integrated management of pests and diseases, post harvest management and dissemination of market information etc. Budget allocation for the year 2004-05 is Rs. 542.00 crore.

4.6 The Schemes are implemented as central intervention directly by Horticulture Division or through National Horticulture Board, Coconut Development Board, Small Farms Agro Business Consortium. The details of the Schemes along with the allocations for 2004-05 are as follows: (Rs. in Crore)

Sl. No.	Name of the Scheme	Budget Estimates 2004-05
1.	National Horticulture Board-Capital Investment Subsidy Construction/Modernization/ Expansion of Horticulture Produce	90.00
2.	Coconut Development Board including Technology Mission on Coconut	20.00
3.	Human Resource Development in Horticulture	0.80 0.20
4.	Integrated Programme for Development in Horticulture in Tribal/Hilly Areas	16.00 --
5.	Technology Mission for Integrated Development of Horticulture in North East Including Sikkim, Jammu & Kashmir, Himachal Pradesh and Uttranchal.	200.00
New Schemes		
6.	Hi-Tech Horticulture for efficient utilization of resources through Precision Farming	30.00
7.	Sustainable Development of Horticulture through Technological Intervention and Adoption.	25.00
8.	Micro Irrigation	10.00
Announced Scheme		
9.	National Mission on Bamboo Technology and Trade Development	100.00
10.	National Horticulture Mission	50.00
	Total	**542.00**

4.7 During Annual Budget 2004-05, Hon'ble Finance Minister stressed on the need to encourage farmers to diversify into areas such as horticulture and floriculture with the goal to double horticulture production from the current level of 150 million tonnes to 300 million tonnes by 2011-12. The Scheme of National Horticulture Mission proposed to be launched for this purpose has been sent to Planning Commission for 'in priniciple approval'.

4.8 The Standing Committee had in their 40th Report on Demands for Grants (2003-04) and 49th Action Taken Report recommended for the formation of Primary Horticultural Cooperatives for the marketing of Horticultural produce on the lines of National Dairy Development Board. The Finance Minister during his Budget speech also endorsed the Committee's view while appreciating Anand/NDDB model of success of milk and milk products. In this regard, it has been announced to emulate the Anand model and establish a State Level Cooperative Society for promoting Horticulture. On a query of the Committee about the action taken/ proposed by the Government, the Department stated:

> *"With a view to promoting formation of primary horticultural cooperatives for the marketing of horticultural produce on the lines of National Dairy Development Board (NDDB), this Department has requested the Managing Director, National Cooperative Development Corporation (NCDC) to convene a meeting with all the State Governments in order to identify the States where such cooperatives could be promoted or existing cooperatives, if any, assisted. One of the important requirements is the new marketing structure. The participating States would be required to amend the law governing agricultural markets*

(APMC Act). In order to facilitate NDDB to set-up an integrated horticultural market for fruits and vegetables at Bangalore, Government of Karnataka has amended its APMC Act."

4.9 Major development programmes undertaken during the Ninth Plan in Horticulture Division were (1) Integrated Development of Tropical and Arid Zone Fruits, (2)Integrated Development of Vegetable including Root and Tuber Crops, (3)Integrated Development of Commercial Floriculture, (4) Integrated Development of Mushroom, (5) Integrated Development of Medicinal and Aromatic Plants, (6) Development of Bee-keeping for improving crops productivity, (7) Integrated Development of Spices, (8) Integrated Development of Cashewnut and Cocoa, (9) Development of Horticulture through Plasticulture Intervention. These Schemes have been subsumed under the Centrally-Sponsored Scheme 'Macro Management in Agriculture- Complementation and Supplementation of State Efforts through Work Plans', with effect from October, 2000 where the State Governments are given the flexibility to take up programmes as per their priority and the felt need.

CHAPTER – V

COOPERATION

5.1 The Cooperatives have been playing an important role in shaping our agricultural and rural economy. They are engaged in several economic activities such as disbursement of credit, distribution of agricultural inputs like seeds, fertilizers, agro-chemicals and in arranging storage, processing and marketing of farm produce. Cooperatives enable farmers in getting quality inputs at reasonable price as well as in getting remunerative returns for their farm produce.

5.2 The Cooperative Sector in India has emerged as one of the largest in the world with more than 5.45 lakh societies of various types with a membership of more than 23.62 crore and working capital of Rs.34 crore as on 31st March 2002. Almost 100 per cent villages have been covered under the cooperative fold and about 75 per cent of the rural household are the members of the cooperative institutions.

5.3 During the Ninth Plan period Rs.527.98 crore has been utilised as compared to Rs.662.43 crore allocated for the Cooperation Division. During the Tenth Five Year Plan, total allocation for various Schemes of the Division is Rs.458.50 crore.

5.4 Following is the Scheme-wise BE and Expenditure for 2002-03 and 2003-04 and BE for 2004-05, for the Cooperation Division:

(Rs. crore)

Sr. No.	Scheme	2002-2003		2003-04		2004-05
		BE	Expenditure	BE	Expenditure	BE
Ongoing Schemes						
1.	Scheme for Cooperative Education and Training	9.00	18.95	33.00	20.30	18.00
2	Assistance to National Cooperative Federations	1.50	1.49	1.50	0.50	0.30
3.	Assistance for coop. Marketing, processing, storage etc. in UD States/UTs	0.50	10.00	10.00	9.06	9.30
4.	Share Capital Partici-pation in Growers Coop. Spinning Mills.	-	-	10.00	0.50	2.00
5.	ICDP in Selected Districts	-	-	12.00	12.00	12.00
Restructured Schemes						
6.	Restructured Scheme of Coop. Education and Training	31.95	-	1.50	-	27.07
7.	Restructured Scheme of Assistance to NCDC Programmes for Coop. Development	38.50	-	2.00	-	5.50
	Total	**81.45**	**30.44**	**70.00**	**42.36**	**74.17**

5.5 The Number of Cooperatives functioning at present in different States/UTs is as under: -

Sl. No.	State/UT	Credit	Non- Credit	Total
1	Andhra Pradesh	8175	47744	55919
2	Arunachal Pradesh	38	90	128
3	Assam	1509	5797	7306
* 4	Bihar/ Jharkhand	7619	29025	36644
5	Gujarat	12564	44167	56731
6	Haryana	2963	10723	13686
7	Himachal Pradesh	2516	1837	4353
8	Jammu & Kashmir	5	182	187
9	Karnataka	7053	16605	23658
10	Kerala	3597	15549	19146
*11	Madhya Pradesh/ Chhatishgarh	8092	19770	27862
12	Maharashtra	41618	110543	152161
13	Meghalaya	251	720	971

14	Manipur	281	4129	4410
15	Mizoram	116	1649	1765
16	Nagaland	365	682	1047
17	Orissa	3504	3974	7478
18	Punjab	4291	13171	17462
19	Rajasthan	6103	12124	18227
20	Sikkim	1	139	140
21	Tamil Nadu	6780	19830	26610
22	Tripura	402	1197	1599
*23	Uttar Pradesh/ Uttaranchal	10212	23955	34167
24	West Bengal	10426	9320	19746
25	Andaman & Nicobar Islands	45	0	45
26	Delhi	199	4076	4275
27	Lakshadweep	0	82	82
28	Pondicherry	130	352	482
29	Chandigarh	187	208	395
30	Dadar & N.H.	35	103	138
31	Goa	438	1386	1824
32	Daman & Diu	19	39	58
	Total	**139534**	**399168**	**538702**

* Indicate figures of undivided States.

5.6 With phenomenal expansion of cooperatives in almost all the sectors, signs of structural weaknesses and regional imbalances have also become apparent. The reason for such weaknesses would be attributed to the large percentage of dormant membership, heavy dependence on Government assistance, poor deposit mobilization of members, lack of professional management, mounting overdues, etc.

5.7 As informed by the Department, the objective of the National Policy on Cooperatives, formulated in consultation with States, is to facilitate all round development of the cooperatives in the country. Under this policy, cooperatives would be provided necessary support, encouragement and assistance, so as to ensure that they work as autonomous, self-reliant and democratically managed institutions accountable to their members and make a significant contribution to the national economy, particularly in areas which require people's participation and community efforts. The Department informed that the State Governments are being persuaded to undertake legislative and policy reforms in State cooperative laws.

<u>Price support for farmers</u>

5.8 In order to provide remunerative prices to the growers of agricultural commodities, the Government of India on recommendation of the Commission on Agricultural Cost and Prices (CACP), announces the Minimum Support Price (MSP) for each crop season, i.e. Rabi and Kharif for various agricultural commodities. The Cooperation Division, through National Agricultural Cooperative Marketing Federation of India Ltd. (NAFED), implements the Price Support Scheme (PSS). When the prices of the specific commodities fall below MSP, purchases under PSS by NAFED are continued till the prices are stabilized and rule above MSP. Under PSS, losses, if any, incurred by NAFED are fully reimbursed by the Government.

5.9 Market Intervention Scheme (MIS) is implemented in order to protect the growers of horticultural commodities from making distress sale in the event of bumper crop during the peak arrival period when prices tend to fall below economic levels.

5.10 When the Members of the Committee expressed their concern about the prices that are being fixed under Price Support Scheme (PSS) and Minimum Support Price (MSP) several commodities really do not quite reflect and capture all the costs that the farmers are referring, the Secretary, Department of Agriculture and Cooperation replied as under:

> *"These prices are fixed by an independent Commission considering the paid out costs in cash and kind, including sent for leased in land and imputed value of wages for family labour, rent for own land and interest on fixed capital etc. This*

is called C2 cost. It is fixed by examining international demand and supply. We encourage few crops and discourage few others we have to import them. Therefore, cost is determined taking into account many factors."

CHAPTER – VI

AGRICULTURAL MARKETING

6.1 The objective of the various Schemes operated by the Agriculture Marketing Division is to provide a network of services that will improve the quality and availability of agricultural products in the country. The Government has been playing an important role in developing the Agricultural Marketing System in the country. Department of Agriculture and Cooperation has two organizations dealing with marketing under its administrative control, namely, the Directorate of Marketing and Inspection (DMI) and the National Institute of Agricultural Marketing (NIAM), Jaipur.

6.2 Following are the Budget Estimates and expenditure in `Agriculture Marketing' against the approved outlay for 2002-2003 and 2003-2004 and Budget Estimates for 2004-2005:

(**Rs. in crore**)

2002-2003		**2003-2004**		**2004-2005**
Approved Outlay	**Actual Expenditure**	**Approved Outlay**	**Actual Expenditure**	**Approved Outlay**
79.98	69.96	100.00	89.13	155.52

6.3 The Department informed that the quantum jump in Budget allocation for the year 2004-05 is due to enhanced allocation of funds for the on-going Central Sector Scheme of Construction of Rural Godowns from Rs.80.00 crore for 2003-04 to Rs.100.00 crore for 2004-05. The enhanced allocation will be utilized for creation of 31.00 lakh tonnes of new storage capacity and 1.60 lakh tonnes of renovation of cooperative storage capacity.

The allocation for the Central Sector Scheme of Marketing Research and Information Network has been increased from Rs.5.51 crore for 2003-04 to Rs.11.0 crore for 2004-05 to achieve the target of internet-connectivity of 2000 markets during Tenth Plan period. An amount of Rs.40.00 crore has been provided for the new Central Sector Scheme Development of Marketing Infrastructure, Grading and Standardization. The Department further informed that the new Scheme has been approved by Expenditure Finance Committee and is pending approval of Cabinet Committee on Economic Affairs.

6.4 To benefit the farming community from new market access opportunities, the internal agricultural marketing system in the country needs to be integrated and strengthened. In this context, an Inter-Ministerial Task Force set up by the Ministry of Agriculture has suggested a package of reform measures.

6.5 As per one of the suggestions, the Ministry has formulated a 'Model Act' on agricultural marketing in order to assist the States in removing barriers, whether legal or policy induced, which introduce inefficiencies and monopoly rents in the functioning of agricultural markets. The Model Act enables any person, grower or local authority to establish new markets in any area, removes compulsion on growers to sell their produce through existing regulated markets, allows establishment of direct purchase centers and Farmers Markets for direct sale, promote Public Private Partnership in management and development of markets, establish special markets for commodities like Onions, Fruits, Vegetables, Flowers etc. In order to support contract farming arrangements, model specifications and supporting legislation requiring amendment to the State APMC Acts have been formulated and sent to State Governments/ Union Territories for necessary action.

CHAPTER – VII

CROPS

7.1 Indian Agriculture has transformed from food shortages to self-reliance and surplus owing to technological breakthrough as well as policy and programmatic initiatives of the Government. Agriculture and allied sectors contribute 24.2 per cent of country's Gross Domestic Product (GDP) and 15.2 per cent of export. The foodgrain production has risen to 212.9 million tonnes in 2001-02 from merely 50.82 million tonnes in 1950-51. Rice and wheat constitute 77.8 per cent of total production while pulse only 6.5 per cent.

7.2 The following Table shows the foodgrains production in the country for the last few years:-

(Million tonnes)

Crop/Year	**1997-98**	**1998-99**	**1999-2000**	**2000-01**	**2001-02**	**2002-03**	**2003-04***
Rice	82.5	86.1	89.7	85.0	93.3	72.7	86.4
Wheat	66.4	71.3	76.4	69.7	72.8	65.1	72.7
Coarse Cereals	30.4	31.3	30.3	31.1	33.4	25.3	36.8
Pulses	13.0	14.9	13.4	11.1	13.4	11.1	14.9
Foodgrains							
Kharif	101.6	102.9	105.5	102.1	112.1	87.8	110.5
Rabi	90.7	100.7	104.3	94.7	100.8	86.4	100.3
Total	**192.3**	**203.6**	**209.8**	**196.8**	**212.9**	**174.2**	**210.8**
* Third advance estimates							

7.3 Under the Crops Division, the following are the Plan Budget Estimates and Expenditure for 2002-2003 and 2003-2004 and Budget Estimates for 2004-2005:-

(Rs. in crore)

2002-2003		**2003-2004**		**2004-2005**
BE	Expenditure	BE	Prov. Expenditure	BE
142.37	109.46	120.00	32.12	100.00

7.4 When asked the reasons for such a poor financial performance during 2003-2004, i.e. only 26.77 per cent utilization, the Ministry in a written reply stated:

"The Crops Division is implementing two Centrally Sponsored Plan Schemes, namely 'Mini Mission II of Technology Mission on Cotton (MM II –TMC)' and 'On Farm Water Management for Increasing Crop Production in Eastern India (OFWM)'. The Scheme wise Budget Estimates and Utilisation of funds during 2003-2004 is as under:

(Rs. in Crore)

Scheme.	***2003-2004***		
	BE	***Expenditure***	***% Utilisation***
MM II – TMC	*38.00*	*32.14*	*84.58*
OFWM	*82.00*	*0.00*	*0.00*

The poor performance of funds utilization under 'O F W M' is due to huge unspent balance amounting to Rs.98.20 crore with NABARD from the funds released in the year 2002-03. The progress of the implementation of the OFWM Scheme is slow due to some reasons, viz (i) low cost norms of various components; (ii) difficulties faced by the borrowers in contributing 20 per cent of the project cost as margin money; (iii) no provision of fund for miscellaneous purposes like publicity, monitoring, etc; (iv) disinclination on the part of banks to sanction loans especially in areas with high incidence of poor recovery of loans, etc."

Cotton

7.5 The State-wise area, production and productivity of cotton during last three years is as follows:-

State-wise area , production and yield of cotton during 2001-02 to 2003-04				
A= area in Lakh hectares , P= production in Lakh bales and Y= yield in Kg per hectares				
STATE		**2001-2002**	**2002-2003**	**2003-04**
				(Provisional)
Andhra Pradesh	A	11.08	8.03	8.25
	P	18.77	10.86	16.26
	Y	288	230	335
Gujarat	A	17.49	16.34	16.47
	P	17.03	16.85	43.6
	Y	165	175	450
Haryana	A	6.30	5.19	5.26
	P	7.22	10.38	14.05
	Y	195	340	454
Karnataka	A	6.08	3.93	5.00
	P	6.12	3.67	5.86
	Y	171	159	199
Madhya Pradesh	A	5.42	5.45	5.75
	P	3.94	3.79	3.99
	Y	124	118	118
Maharasthra	A	31.05	28.00	27.66
	P	26.90	25.96	26.78
	Y	147	158	165
Orissa	A	0.63	0.29	0.37
	P	0.55	0.47	0.76
	Y	284	276	349
Punjab	A	6.07	4.49	4.52
	P	13.07	10.83	14.78
	Y	366	410	556
Rajasthan	A	5.10	3.86	3.35
	P	2.81	2.52	6.74
	Y	94	111	342
Tamil Nadu	A	1.88	0.85	1.03
	P	3.26	1.53	1.64

	Y	295	306	271
Uttar Pradesh	A	0.05	0.08	0.04
	P	0.05	0.07	0.01
	Y	310	149	43
All-India	A	91.32	76.67	77.85
	P	99.97	87.16	134.70
	Y	186	193	294

7.6 Under the Scheme of 'Intensive Cotton Development Programme under Mini Mission-II of Technology Mission on Cotton', there is significant shortfall in achievement of targets in various components as under :-

	NINTH PLAN		**2002-03**		**2003-04**		**2004-05**
	Target	**Ach.**	**Target**	**Ach.**	**Target**	**Ach.**	**Target**
Drip Irrigation (Nos.)	3894	1670	740	434	725	603	3000
Seed Distribution (Qtls.)	226245	162003	28363	15896	20604	12852	50000

7.7 It is observed that the distribution of seeds had been very much below the target in 2002-2003 and 2003-2004. As per Government reply, the shortfall in achievements was mainly due to the reasons like non-implementation of the Scheme by Punjab State, non-contribution of matching share by States and the shortfall in seed distribution due to farmers' preference for private hybrids/varieties of cotton, etc. The Department further informed that the private varieties / hybrids are generally not certified and, therefore, are not eligible for assistance as Scheme provides assistance for certified seeds of varieties / hybrids notified during the last 15 years.

CHAPTER – VIII

AGRICULTURE EXTENSION AND TRAINING

8.1 Agricultural Extension is aimed at promoting agricultural development by providing farmers with information and training on continuous basis regarding improved production technologies and their adoption.

Approved Plan outlay and expenditure during Ninth Plan and two years of Tenth Plan are as under:

(Rs. in crore)

Year	Approved Outlay	Expenditure
Ninth Plan	180.98	123.54
2002-2003	86.27	45.17
2003-2004	118.55	59.53
2004-2005	187.45	-

8.2 The following Schemes are being implemented by the Extension Division with the foreign assistance:

(i) World Bank assisted Innovation in Technology Dissemination (ITD) component of National Agriculture Technology Project (NATP)

(ii) UNDP assisted Food Security Programme

(iii) Danish assisted project on Women in Agriculture

8.3 The Scheme of **'Mass Media Support to Agriculture Extension'** has been augmented with three new initiatives. The first component establishes a cable satellite channel for national broadcast using the existing facilities available with IGNOU. The second component is use of low and high power transmitters of Doordarshan for providing areas specific telecast. Initially 12 LPTs/HPTs have been chosen to launch narrow casting. The third component of the mass media initiative is use of FM Transmitter network of AIR to provide area specific broadcast through 96 FM Stations. Rs.68.37 crore has been allocated for 2004-05 for the purpose.

Kisan Call Centres

8.4 Kisan Call Centres have been initiated with a view to utilising massive telecom infrastructure. These Centres operate through toll free lines throughout the country and provide expert advise to the farmers. A country wide common four digit number 1551 has been allocated to these Centres. Twelve such centres located at Delhi, Mumbai, Chennai, Kolkota (2), Hyderabad, Bangalore, Chandigarh, Lucknow, Jaipur, Indore and Kochi have started functioning from 21 January 2004.

8.5 The farmers' queries are responded at 3 levels. Kisan Call Centres are being manned by 114 agriculture graduates, who receive the calls at initial stage and respond to the farmer's queries. If the call centre agents are unable to respond, the call is connected to an expert in conference call mode. The queries during the non-working hours are recorded in interactive voice response system. The queries are processed by the Call Centre Agents (CCAs) on the next working day and the answers to these queries are sent by post at the respective address within 48 hours. Ten Nodal officers of the Ministry of Agriculture are coordinating the work of Kisan Call Centres.

8.6 The Ministry has informed that since the launch of the Scheme on 21 January 2004, 3,93,047 Calls have been received up to 30 June, 2004. A multi-media campaign has been planned through electronic and print media to encourage farmers to use this facility.

8.7 The total financial implication of the Scheme is Rs. 11 crore for the Tenth Plan period and of which Rs.2.375 crore has been allocated for the year 2004-2005 for the purpose.

Agri-Clinics/Agri-Business Centres

8.8 The Scheme "Agri-Clinics Agri- Business Centre" provides for supplementing the efforts of Government and public sector agencies in providing fee-based extension services through agriculture graduates. The Scheme presently aims at providing training to the agriculture graduates to enable them to establish these ventures. A sum of Rs. 16.50 crore has been allocated for 2004-2005 (inclusive of subsidy) under the Scheme. 4,854 candidates have been trained under the Scheme so far. And, 988 candidates have set up agri-clinics and agri-business ventures.

8.9 The Standing Committee on Agriculture in their earlier Reports on Demands for Grants of the Department have recommended for providing some subsidy to the willing candidates for opening Agri-clinics. When asked about the status of the action taken on it, the Department informed that as advised by the Planning Commission and the Ministry of Finance, only training component has been included in the EFC. Consequently, the subsidy component has been dropped.

8.10 In the light of the announcement made by the Union Finance Minister in the Annual Budget 2004-05 to aggressively promote agri-business in the country, the Small Farmers Agri-Business Consortium is now developing a prioritized road map for its agri-business venture capital operation, including improvement of governance of Small Farmers Agri-Business Consortium. The aim is to support innovative ideas for generating income and employment in rural areas through support to various types of agri-businesses.

8.11 During the evidence, the Secretary, Department of Agriculture and Cooperation informed that the Finance Minister has announced a scheme under which bank will come forward to assist agricultural graduates to set up Agri-clinics/Agri-business centres.

CHAPTER – IX

TECHNOLOGY MISSION ON OILSEEDS AND PULSES(TMOP)

9.1 The Technology Mission on Oilseeds was launched by the Central Government to increase the production of oilseeds to reduce import and achieve self-sufficiency in edible oils. Subsequently, pulses, oilpalm and maize were also brought within the purview of the Mission in 1990-91, 1992 and 1995-96 respectively. In addition, the National Oilseeds and Vegetable Oils Development (NOVOD) Board is also supplementing the efforts of TMOP by opening of newer areas for non-traditional oilseeds and non-traditional areas for promotion of traditional oilseeds cultivation. It is also promoting tree-borne oilseeds. The Schemes being implemented by TMOP are as under:-

(a) Oilseeds Production Programme (OPP)

(b) National Pulses Development Project (NPDP)

(c) Accelerated Maize Development Programme (AMDP)

(d) Post Harvest Technology (PHT)

(e) Oil Palm Development Programme (OPDP)

(f) National Oilseeds and Vegetable Oils Development (NOVOD) Board.

9.2 During the Tenth Plan these Schemes have been restructured as below:-

(a) Integrated Scheme on Oilseeds, Pulses, Oil Palm and Maize (ISOPOM), by converging the ongoing Schemes of OPP, NPDP, AMDP and OPDP.

(b) Research and Development in Post Harvest and Processing Technology (PHT) in Oilseeds, Pulses, Oilpalm and Maize including TMOP Head Quarters.

(c) Integrated Development of Tree Borne Oilseeds to be implemented by NOVOD Board.

9.3 Approved Outlay and Expenditure for Ninth Plan, 2002-2003 and 2003-2004 for the Technology Mission on Oilseeds and Pulses (TMOP) Division is as under:-

(Rs. in crore)

Ninth Plan		**2002-2003**		**2003-2004**		**2004-2005**
BE	Expenditure	BE	Expenditure	BE	Expenditure	BE
855.00	796.95	165.00	132.22	165.00	154.95	193.00

9.4 The production and area coverage under oilseeds during each of the last three years is as under:-

Year	**Production (lakh tonnes)**	**Area (lakh hectares)**
2001-02	206.62	226.36
2002-03	150.58	212.24
2003-04*	250.08	233.54
(*Adv. Estimate)		

9.5 The quantity and value of oilseeds imported during the last three years are as under:-:

Year	**Quantity (000 tonnes)**	**Value (Rs. in crore)**
2001-02	2.968	1.35
2002-03	4.429	11.48
2003-04	1.479	11.35

(April 2003-Feb.2004)

9.6 Union Finance Minister in the Annual Budget 2004-2005 has assured that the Government will facilitate farmers to diversify into oilseeds by promoting superior seed technology and through an appropriate policy of price support.

9.7 The Department informed that *"in order to increase the production and productivity of oilseeds in the country and to motivate the farmers to undertake oilseed cultivation, Government of India is implementing a Centrally Sponsored Integrated Scheme of Oilseeds, Pulses, Oil Palm and Maize (ISOPOM) in 14 major oilseeds growing states."*

9.8 To protect the interests of the Oilseeds growers and to ensure remunerative prices to them, the Government of India is implementing Price Support Scheme. It announces in each crop season the Minimum Support Price (MSP) for oilseeds and organizes purchase operations through NAFED.

9.9 During Tenth Five Year Plan, it has been proposed to implement the 'Integrated Scheme of Oilseeds, Pulses, Oil Palm and Maize' (ISOPOM) after merging four Centrally-sponsored on-going Schemes, namely, Oilseeds Production Programme (OPP), National Pulses Development Programme (NPDP), Oil Palm Development Programme (OPDP) and Accelerated Maize Development Programme (AMDP). It has been informed that ISOPOM has already been approved by the Expenditure Finance Committee and clearance of CCEA is awaited. A sum of Rs.152.75 crore has been allocated for 2004-2005.

CHAPTER – X

SEEDS

10.1 The seed is a critical and basic input for attaining sustained growth in agricultural production. Distribution of assured quality seed is necessary for attaining higher crop yields. Policy initiatives taken by the Government of India during 1960s and 1970s for generating quality seed production and distribution of improved plant varieties developed by the scientists is one of the reasons for our self sufficiency in foodgrains. The role of the seed industry is not only to produce adequate quantity of quality seeds but also to achieve varietal diversity.

10.2 Indian Seeds Programme largely adheres to the limited generation system for seed multiplication. The system recognises three generations, namely, breeder, foundation and certified seed. The target and achievement of production of breeder seed, foundation seed and distribution of quality seeds during the last 3 years and target for 2004-05 are as under:

Class		**2001-02**	**2002-03**	**2003-04**	**2004-05 (Target)**
Breeder seed production (in quintals).	Target Achievement	54999 47676	46951 47848	47480 47480*	49431.17
Foundation seed production (in quintals)	Achievement	543926	614132	6,54,201*	6,70,000
Certified/quality seed distribution (in lakh quintals	Target Availability Distribution	109.66 114.03 91.08	112.00 103.96 98.03	117.00 124.38 100.00*	127.00 - -

*Likely to be achieved.

10.3 During the year 2002-03, the quantity of seed distributed by the private sector was 56.61 lakh quintals which is 57.75 per cent of total seed distributed in the country.

10.4 Following are the Budget Estimates and Expenditure for Ninth Plan, 2002-03 and 2003-04 and Budget Estimates for 2004-05 for the Seeds Sector :-

(Rs. in crore)

Ninth Plan		**2002-03**		**2003-04**		**2004-05**
BE	**Expenditure**	**BE**	**Expenditure**	**BE**	**Expenditure**	**BE**
114.65	93.44	26.96	11.53	27.00	22.38	50.51

Pilot Scheme for Seed Crop Insurance:-

10.5 'Pilot Scheme for Seed Crop Insurance' was initiated from Rabi 1999-2000 on a pilot basis in 10 States. The main objectives of the Scheme are to provide financial security and income stability to the Breeder Seed growers in the event of failure of seed crop and encourage participation of new/breeders/growers to undertake seed production programme of newly released hybrid/improved varieties.

10.6 The Scheme is being implemented through the General Insurance Corporation of India Limited (GIC) to provide protection against risks, which are beyond the control of the breeder/registered growers. Rs.1.00 lakh has been allocated for 2004-2005.

10.7 The Department in a written reply stated: "*The Scheme has not been found popular with the seed growers. The crop-wise premium rates charged from the farmers on the sum insured are as under:-*

(i)	*Wheat and Groundnut*	*2.0%*
(ii)	*Sunflower*	*2.5%*
(iii)	*Paddy*	*3.0%*

(iv) *Bajra, Maize, Gram, Arhar, Soybean and Cotton* *5.0%"*

10.8 They further informed that *"The Scheme is not popular with the seed growers/organizations. Therefore, it is proposed to drop the Scheme during Tenth Plan period on the advice of Planning Commission."*

CHAPTER – XI

AGRICULTURAL IMPLEMENTS AND MACHINERY

11.1 Over the years, for promotion of agricultural mechanization, the strategy and programmes of the Department have been directed towards the promotion of eco-friendly and selective agricultural implements and machines with the aims of optimal utilization of the available sources of human, animal and mechanical/electrical power, increasing productivity of land and labour, efficient utilisation of inputs and by reducing the cost of production.

11.2 Details of production and sale of tractors and power tillers, during the last seven years are given in the Table below:

Year wise production and sale of tractors and power tillers:

Year	Tractors		Power Tillers	
	Production (Nos.)	Sale (Nos.)	Production (Nos.)	Sale (Nos.)
1997-98	255327	251198	12750	12200
1998-99	261609	262322	14480	14488
1999-2000	278556	273181	16891	16891
2000-2001	255690	254825	17315	16018
2001-2002	219620	225280	14837	13563
2002-2003	168742	173098	14438	14623
2003-2004	190687*	190348*	15850*	15665*

*Provisional

11.3 The Budget Estimates for 2004-05 under the division of Agriculture Implements and Machinery is Rs.8.00 crore against the expenditure of Rs.3.22 crore for 2003-2004. Besides the functioning of 3 Farm Machinery Training and Testing Institutes, the other activities undertaken by the Department to strengthen the Agricultural Mechanisation are:

(i) Demonstration of New Equipment

(ii) Outsourcing of training

(iii) Financial Assistance for the purchase of agricultural equipment

(iv) Display of agricultural equipment in Exhibitions/Fairs

11.4 While giving the details of the new mechanised agricultural equipments developed and introduced in the market during the last three years, the Department stated:

> *"The new mechanised agricultural equipment developed and introduced in agriculture are Zero till drill, Strip till drill, Raised bed planter, Tractor mounted till planter, High clearance sprayer, Straw reaper, Pneumatic planter, Straw cutter-cum shredder, Inclined plate planter, Fodder harvester, Ridger seeder, Cultivator seed planter, Rotary power weeder, Sugarcane cutter planter etc. The machines are popularized among the farmers through their demonstration. Some of these equipments have been well accepted by the farmers. Popularisation of the equipments is also done by providing the assistance to the farmers through an element of subsidy."*

<u>Farm Machinery Training and Testing Institute in Tamil Nadu</u>

11.5 For establishment of Farm Machinery Training and Testing Institute in Tamil Nadu, an amount of Rs. 5 crore had been allocated for the Ninth Plan. Now, it has been informed that Planning Commission have not favoured the setting up of the Institute.

11.6 When asked the reasons, the Department in a written reply stated as under:

> *"Planning Commission, while considering the Schemes of Agricultural Implements and Machinery Division for the Tenth Plan, approved the continuance of only the existing Farm Machinery Training and Testing Institutes.*

Planning Commission has indicated there may not be any need to have a new set up/establishment."

11.7 The Department had decided to set up a new Farm Machinery Training and Testing Institute at Tamil Nadu during the 8^{th} Plan and 22 posts were sanctioned. However, on account of inordinate delay in making available land by the concerned State Government, the Scheme could not be taken up during the Eighth Plan. The Parliamentary Standing Committee (1997-98) took serious exception for not setting up the Institute. Thereafter, the Scheme was approved afresh in September 1999. The proposal for revival of 22 posts was sent to Ministry of Finance many times but it was never approved and now the proposal has been dropped.

CHAPTER – XII

INTEGRATED NUTRIENTS MANAGEMENT

12.1 Continuing use of chemical fertilizers has started showing deleterious effects on soil fertility specially in high fertilizer consuming and intensively cultivated areas. Micronutrient deficiencies is another emerging problem of imbalanced fertility status. Imbalance in use of plant nutrients results into declining response and profitability in crop production. The Government has, therefore, been giving special thrust on integrated plant nutrient supply. This involves the use of organic manures of various types like compost, vermi compost, phospho compost, sugarcane press mud, etc. and biological nutrient sources like bio-fertilizers along with chemical fertilisers. The fertilizer use recommendations have to be made on the basis of soil test reports to ensure balanced and efficient fertilization of soils. During the Tenth Plan Rs. 100 crore has been proposed.

12.2 The following are the allocation and expenditure under the Integrated Nutrient Management sector:-

(Rs. in crore)

Ninth Plan		**2002-2003**		**2003-2004**		**2004-2005**
BE	Expenditure	BE	Expenditure	BE	Expenditure	BE
70.83	38.77	6.05	2.25	9.00	3.70	36.73

12.3 The consumption of chemical fertilizers in terms of nutrients has been estimated to increase to 174.74 lakh tonnes during 2003-04 from 160.94 lakh tonnes in 2002-2003. All chemical fertilizers, except urea, continue to be decontrolled. The Government provide subsidy to the manufacturers of urea to enable its availability to farmers at reasonable prices.

National Project on Organic Farming:

12.4 It is being increasingly realized that use of high amounts of chemicals like fertlizers, insecticides, weedicides, etc. cause pollution of soils and underground waters. There are special benefits and scope for developing Organic Farming in the country in some specified areas and crops. Organic produce will meet the requirement of such consumers who prefer food items grown in a chemical free environment. The demand for organically grown food is increasing in the Western world which will increase the scope of export of organic produce.

12.5 During Tenth Plan, the Scheme of 'National Project on Organic Farming' has been formulated which includes setting up of a 'National Institute of Organic Farming' in the country by subsuming the existing infrastructure of National/Bio-fertilizers Development Centre and six regional centres into this new Scheme. Rs.32 crore has been allocated for 2004-05 for the purpose. According to the Department, the Expenditure Finance Committee (EFC) on 22.4.2004, has recommended to implement the Scheme as Pilot Project. However, the time being short, an expenditure of only Rs.4.47 crore is likely to be incurred during 2004-2005.

Strengthening of Central Fertilizer Quality Control and Training Institute:-

12.6 Under the Scheme of 'Strengthening of Central Fertilizer Quality Control and Training Institute and Regional Labs', one of the activities is 'Analysis of Fertilizer Samples'. During 2002-2003, as against the target of 8,500 samples only 7,228 samples were analyzed, while during 2003-2004, as against the target of 8,500 samples, 7,729 samples have been analyzed. The target for 2004-2005 is 8,500 samples.

12.7 As per the background material furnished by the Ministry, the shortfall is due to arrival of less number of fertiliser vessels. When asked to give the details the Department replied as under:-

> *"During 2001-2002 the total number of fertiliser vessels discharged at Indian Ports were 193. Against that, the number of ships were 150 during 2002-2003 and 185 during 2003-04. Since major source of receipt of samples in CFQC&TI/RFCLs are imported fertilisers, the less arrival of the imported fertiliser vessels reduced the number of receipt of samples.*
>
> *The Ministry of Agriculture periodically advise the State Governments to tone up their Enforcement machinery and drawal of adequate number of samples from the manufacturing units/retail dealers to ensure the quality of fertilisers being sold to the farmers. The State Governments have also been advised to accept the samples directly sent by the farmers for analysis in Fertiliser Quality Control Laboratories on a very nominal cost to instill confidence in farmers about the quality of fertilisers being supplied to them."*

CHAPTER – XIII

PLANT PROTECTION

13.1 Plant Protection involves protection of Indian Agriculture from the ingress of exotic pests and diseases, promotion of Integrated Pest Management for eco-friendly management of pests, implementation of Insecticides Act for ensuring the availability of safe and quality pesticides, training and extension activities in plant protection and locust control in scheduled desert area. Rs.52.34 crore has been allocated for 2004-2005 as against the expenditure of Rs.18.69 crore during 2003-04.

Integrated Pest Management:-

13.2 Considering the global concern of ill effects of chemical pesticides and also National Policy on Agriculture, 'Integrated Pest Management' (IPM) has been adopted as the cardinal principle and main plank of plant protection by aiming at employment of alternate methods of pest control like cultural, mechanical and biological control. Following are the physical target and achievements under the Scheme.

S.No.	Parameters	Physical Targets & Achievement					
		2001-02		2002-03		2003-04	
		T	A	T	A	T	A
1.	Pest Monitoring (lakh hectares)	8.00	8.41	8.00	8.72	8.00	8.48
2	Releases of biocontrol agent (million)	2000	2147	2000	2238	2025	2326
3	Area coverage augmentation and conservation of biocontrol agents (lakh hectares)	6.00	6.36	6.00	6.83	6.20	7.17

4	IPM trainings & Demonstration (i) FFS (nos.) (ii) AEOs trained (iii) Farmers trained	 520 2600 15,600	 520 1902 15,989	 520 2600 15,600	 504** 1807 15,123	 652 3260 19,560	 652 2151 19,815

Implementation of Insecticides Act, 1968:

13.3 The residues of pesticides also enter into the food chain and are harmful to human and animal health. The Government of India is regulating manufacture, sale, transport, use and import/export of pesticides through implementation of the Insecticides Act, 1968 and the Rules framed thereunder. The Central Insecticides Laboratory (CIL), Faridabad is serving as a referral laboratory for quality control of pesticides. Besides, there are two Regional Pesticides Testing Laboratories (RPTLs) at Kanpur and Chandigarh to assist the States in the quality control tests. The Insecticides (Amendment) Act, 2000 has come into force with effect from 7.8.2000 which incorporates some amendments to the Principal Act.

13.4 When enquired about the persons arrested under the Act, the Department stated as under:

"According to the information made available by the State Government, action taken by way of prosecutions launched, judgment obtained and persons convicted under Insecticides Act, 1968, during the last three years are given below:

YEAR	PROSECUTION LAUNCHED	JUDGMENT OBTAINED	PERSONS CONVICTED
2001-02	315	28	9
2002-03	724	198	13
2003-04	258	66	2

CHAPTER – XIV

MACRO MANAGEMENT OF AGRICULTURE

14.1 With a view to ensuring that the Central assistance is spent on well focused and specific interventions in areas of priority of different States and to ensure maximum benefits in terms of increased productivity and consequential increased prosperity of the farming community, a Centrally Sponsored Scheme---Macro Management of Agriculture was evolved by integrating 27 Centrally Sponsored Schemes.

14.2 The approved pattern of assistance is in the ratio of 90:10 for the Centre and the States respectively except in the case of North–Eastern States, which are given 100 per cent Central assistance. The Central assistance, to be released, is in the ratio of 80 per cent Grant and 20 per cent Loan.

14.3 When asked about the mechanism being followed by the Government to monitor the financial and physical performance of various Schemes under Macro Management made, the Department replied:

> *"Government of India has approved separate guidelines for implementation of the Macro Management Scheme. According to these guidelines, 50 per cent of the annual allocation would be released as 1st instalment on the commencement of the financial year. The release of 2nd and final instalment would be considered on submission of Utilization Certificate upto the previous financial year and expenditure of at least 60 per cent of available funds i.e. unspent balance of the previous year plus the releases in the First instalment. While financial performance is being monitored by Macro Management Unit, the physical performance of the various component Schemes (subsumed under Macro*

Management of Agriculture Scheme) is being monitored by various Subject Matter Divisions concerned in the Department. The States are required to furnish the quarterly physical progress reports to the concerned Subject Matter Divisions."

14.4 Following is the Statement showing the State-wise allocations, unspent balance and expenditure for the year 2001-02, 2002-03 and 2003-04 and allocation for 2004-05 under Macro Management of Agriculture:- (Rs. in lakh)

S. No.	States	2001-02			2002-03			2003-04			2004-05
		Allocation	Unspent balance as on 1.4.2001	Expen-diture	Allocation	Unspent balance as on 1.4.2002	Expen-diture	Allocation	Unspent balance as on 1.4.2003	Expen-diture	Allocation
1	ANDHRA PRADESH	4500.00	1985.93	3421.40	3800.00	814.53	2648.15	3400.00	66.38	3279.20	3600
2	ARUNACHAL PRADESH	439.00	171.92	373.85	440.00	17.57	304.60	400.00	182.72	466.12	500
3	ASSAM	1047.00	804.49	769.86	700.00	558.13	512.97	700.00	395.16	490.00	800
4	BIHAR	3600.00	1130.27	1309.77	2500.00	1620.50	1175.00	1800.00	991.34	1573.84	1800
5	JHARKHAND	1400.00	366.00	675.00	1200.00	786.00	1146.00	1200.00	240.00	561.28	1400
6	GOA	200.00	84.04	199.29	200.00	84.75	138.47	200.00	108.96	231.44	200
7	GUJARAT	3800.00	1020.32	625.92	3200.00	2394.40	1994.40	2300.00	2958.09	2886.08	2300
8	HARYANA	1800.00	294.40	1767.57	1600.00	146.83	1742.47	1600.00	4.36	1608.67	1600
9	HIMACHAL PRADESH	1800.00	160.08	1751.76	1600.00	208.32	1473.47	1600.00	334.85	1894.10	1600
10	JAMMU & KASHMIR	1800.00	498.19	1130.41	1600.00	267.78	1674.64	1600.00	525.05	1442.36	1600
11	KARNATAKA	6500.00	1340.88	6072.36	5800.00	1118.52	6236.40	5500.00	220.12	5681.23	5700
12	KERELA	3600.00		2313.54	3000.00	NIL	2636.35	2900.00	125.65	2018.02	2900
13	MADHYA PRADESH	5000.00	10.97	3674.88	4500.00	1336.09	5686.09	4400.00		2458.87	4500
14	CHHATTISGARH	1700.00	690.75	1483.00	1400.00	546.77	1483.90	1400.00	201.10	960.52	1800
15	MAHARASHTRA	9000.00	2527.76	9443.78	8200.00	2108.98	9720.98	8000.00		4006.00	8200
16	MANIPUR	690.00	579.21	517.11	600.00	407.10*	290.00	600.00	417.10	515.92	700
17	MIZORAM	720.00	68.87	785.75	800.00	3.12	784.62	800.00	28.50	828.50	900
18	MEGHALAYA	405.00	595.75	677.90	600.00	120.59	648.50	600.00	172.75	584.05	700
19	NAGALAND	1002.00	NIL	776.80	1000.00	NIL	500.00	800.00	160.00	1040.00	900
20	ORISSA	3000.00	1894.38	1756.58	2500.00	1702.80	2060.11	2300.00	792.69	1179.33	2300
21	PUNJAB	2100.00	1398.60	370.26	1700.00	2098.34	392.36	1500.00	2520.98	114.05	1500
22	RAJASTHAN	7500.00	1714.91	6667.52	6700.00	640.98	5397.17	6700.00	1943.81	7396.56	6800

23	SIKKIM	422.00	250.46	541.23	513.00	13.01	343.01	500.00		499.47	600
24	TAMILNADU	4500.00	1445.56	5333.81	4200.00	611.75	3971.75	4200.00		4081.50	4300
25	TRIPURA	700.00	32.20	653.23	800.00	8.97	648.97	800.00	264.66	413.72	800
26	UTTAR PRADESH	7500.00		6270.65	6885.00	1229.35	7663.52	6800.00	450.83	6717.24	7000
27	UTTARANCHAL	1400.00	130.57	1469.15	1400.00	61.42	1305.30	1400.00	46.12	1423.20	1600
28	WEST BENGAL	2500.00	53.69	1908.03	2400.00	645.66	1845.66	2400.00	340.07	2041.95	2400
29	DELHI	200.00	60.08		160.00	60.08	67.81	100.00	68.31	6.97	100
30	PONDICHERRY	300.00	71.42	99.44	200.00	106.98	156.98	100.00	68.01	65.80	100
31	A&N ISLANDS	200.00		60.11	200.00			100.00		65.58	100
32	CHANDIGARH	100.00			100.00			50.00			25
33	DADRA & NAGAR HAVELI	300.00		6.54	200.00		4.87	100.00		9.11	50
34	DAMAN & DIU	100.00			100.00			50.00			25
35	LAKSHADWEEP	200.00		64.02	200.00			100.00		47.70	100

Mid Term Appraisal:-

14.5 The Scheme guidelines provide for Mid Term Appraisal of the programme to be done by Ministry of Agriculture in the second year of the operation of the programme. Accordingly, three institutes/organizations have been assigned the work of Mid-Term Appraisal of the Macro Management Scheme. Name of the institutes and zones allotted are given below:

S. No.	Name of the Institute	Zones allotted
1	NABARD	(i) Gujarat, Rajasthan and Dadra & Nagar Haveli (ii) MP, Maharashtra, Goa & Chhattisgarh (iii) Andhra Pradesh, Tamil Nadu, Kerela, Karnataka Pondicherry & Lakshadweep
2.	IIM Calcutta	(i) NE States including Sikkim (ii) Bihar, Jharkhand, Orissa, West Bengal and A&N Islands
3	AFCL	(i) Punjab, Haryana, Himachal Pradesh and J&K (ii) Uttar Pradesh & Uttaranchal

14.6 When asked as how many appraisals have been received by the Ministry so far, it was replied that, *"The Department of Agriculture and Cooperation is yet to receive any Mid-Term Appraisal Reports from the agencies which have been assigned this work."*

CHAPTER – XV

NATURAL RESOURCES MANAGEMENT

15.1 Out of the geographical area of 3,290 lakh hectare of the country, an estimated area of 1,730 lakh hectares suffers from degradation due to water and wind erosion and other problems like alkalinity, salinization, water logging and shifting cultivation practices, etc. Besides, diversion of prime agricultural land for various developmental activities such as roads, industries, mining, etc. have affected the land availability for agriculture. Droughts and floods are also a common feature in many parts of the country. Moreover, another critical input, namely, water is also becoming limited. In view of the above, Soil and Water Conservation Programmes assume special importance and play a vital role in increasing production, reducing land degradation and maintaining ecological balance.

15.2 The details of Plan Budget allocation under Natural Resources Management sector are given as under:

(Rs. in crore)

BE 2002-03	Expenditure 2002-03	BE 2003-04	Expenditure 2003-04	Allocation 2004-05
24.75	25.96	43.03	26.48	29.40

15.3 The Plan allocation of Rs.29.40 crore for 2004-05 is for three Schemes as under:

(i) All India Soil and Land Use Survey - Rs.8.50 crore

(ii) National Land Use and Conservation Board - Rs.0.9 crore

(iii) Watershed Development Project in Shifting-Cultivation Areas in North-East Region — Rs.20.00 crore

15.4 Allocation under these Schemes is about 7 per cent higher as compared to the allocation of Rs.27.03 crore during 2003-04. The Plan allocation during the year 2003-04 under the Scheme was earmarked at Rs.43.03 crore whereas the expenditure has been reduced to Rs.26.48 crore. When asked as to why the expenditure has been reduced drastically to the tune of 61 per cent only during 2003-04, the Department replied as under:

> *"Since the entire allocation of Rs.16.00 crore under the Scheme of Prime Minister's special package on Eco-restoration development and prevention of Land Degradation in the State of J & K. was transferred to the Macro Management of Agriculture division, the expenditure of NRM division reflected less utilization vis-à-vis B.E. 2003-04."*

15.5 The Committee in their 35th Report on Demands for Grants (2002-2003) of the Department had recommended that the Schemes of National Resource Management Division should be taken out of Macro Management mode and implemented as a Central Sector Scheme. Though the Department admitted that the Budget provision made by the State Government is on the decline as compared to the allocation made by the Department before being subsumed macro management, they also stated that the allocation for NRM programmes are sufficient to implement the Schemes.

15.6 As informed by the Department, during 2002-03 and 2003-04, an area of 3.16 lakh hectares under Detailed Soil survey, 67.54 lakh hectares under Rapid Reconnaissance Survey and 21.29 lakh hectares under Land Degradation Mapping has been covered at a total expenditure of Rs.11.66 crore. For 2004-05, a target of 1.6 lakh hectares under Detailed Survey, 33 lakh hectares under Reconnaissance Survey and 20 lakh hectares under Land Degradation Mapping is proposed to be achieved at a total allocation of Rs.8.50 crore.

15.7 The Department informed that the Centrally Sponsored Programme of Soil Conservation for Enhancing Productivity of Degraded Lands in the Catchments of River Valley Projects and Flood Prone Rivers (RVP & FPR) was launched in Third Five Year Plan. This programme of RVP and FPR has been subsumed under Macro Management Mode w.e.f. November 2000. It is being implemented in 53 Catchments spread over 27 States.

CHAPTER – XVI

DROUGHT MANAGEMENT

16.1 As drought in the country has a direct causal relationship with the activity and coverage of Monsoons, the progress of this natural phenomenon continues to be monitored by the Department in close collaboration with the India Meteorological Department (IMD).

16.2 As informed by the Department, States have the primary responsibility of dealing with natural disasters including drought. Central Government extends financial and logistical support to the State Governments to deal with such disasters. For the Drought of 2002-03, the Union Government had released Central share of Calamity Relief Fund (CRF) amounting to Rs.2,013.22 crore and another Rs.2,201.73 crore was released from the National Calamity Contingency Fund (NCCF) for drought mitigation works. In addition, 87.87 lakh MTs of foodgrains were also released under Special Component of Sampoorna Grameen Rozgar Yojana (SGRY) free of cost, for generation of relief employment in the drought affected States.

16.3 Following is the summary of assistance sanctioned from the NCCF, and food-grains allocated to the various States during 2003-2004:

State	Assistance provided for Drought of 2003-2004		Assistance provided so far for Drought of 2004-2005	
	NCCF [Rs in crore]	**Food grains** [in lakhs MT]	**NCCF** [Rs in crore]	**Food grains** [in lakhs MT]
(2)	**(4)**	**(5)**	**(6)**	**(7)**
Andhra Pradesh	50.58	6.00	--	1.82
Karnataka	298.16	4.89	--	2.40
Kerala	----	0.61	--	--
Maharashtra	77.46	4.00	165.33	3.00
Rajasthan	----	--	--	0.14
Tamil Nadu	173.35	3.04	--	--
Total:	**599.55**	**18.54**	**165.33**	**7.36**

16.4 'The Natural Disaster Management Programme' has been divided into two parts. The main part relating to calamities other than drought is now with Ministry of Home Affairs and the subsidiary portion dealing with drought remains with Department of Agriculture and Cooperation for which a budgetary provision of Rs.2 crore has been made for 2004-2005 as against utilization of Rs.32 lakh during 2003-2004.

16.5 In their 45th Report on 'Drought Situation in the country', the Standing Committee on Agriculture had recommended the Department to plan for the long term measures to combat the drought. When asked to state the action taken by the Government thereon, the Government replied as under:

> *"Long term measures to deal with drought mainly fall within the purview of Drought Prone Area Progaramme (DPAP) and the Desert Development*

Progaramme (DDP) administered by the Department of Land Resources in the Ministry of Rural Development."

Suicides Committed by the Farmers:-

16.6 There have been news of the farmers committing suicides due to drought, crop failures and indebtedness etc. When asked about the details of such farmers, the Government replied as under:

"*Following is the statement showing number of farmers who have committed suicide in States and reasons therefor:-*

S. NO.	NAME OF THE STATE/UT	NUMBER OF FARMERS WHO HAVE COMMITTEE SUICIDE		AMOUNT OF COMPENSATION PAID	REASONS FOR SUICIDE
		Period	**Number**		
1.	Andhra Pradesh	1999 2000 2001 2002 2003 (June end) 14-5-04 to 1-7-2004	151 34 62 36 8 144	Rs.1.00 lakh to the family/next of kin of the deceased farmers as ex-gratia	Crop failure, indebtedness, inability, to repay the loans taken at high rate of interest.
		Total	435		
2.	Karnataka	1999-2000 2000-2001 2001-2002 2002-2003 2003-2004 (upto 8.10.03)	9 29 120 75 236	Rs.110.22 lakh have been given as compensation to the families of the deceased.	Social & economic insecurity, drought, burden of debt taken at high rate of interest and family disputes.
		Total:	469		
3.	Maharashtra	2001-03 1.1.04 to 6/04	190 7	In 64 cases, the heirs of the deceased were given an assistance @ Rs.1,00,000 from CM Relief Fund	Incurable ailments, family problems, addiction to alcohol, crops losses and failure to repay private/bank loans.
		Total:	197		
4.	Orissa	Upto August, 03	100	-----	Suicides were not related to agriculture sector.

5.	Punjab	2001 2002 2003 _______ Total	1 --- 2 _____ 3	-----	Non-payment of bank and private loan.
6.	Rajasthan	2000-01 2001-02 2002-03 _______ Total:	1 1 1 _____ 3	-----	Financial distress and crop failure.
7.	Tripura	-----	Actual Number of deaths not reported	-----	Marital disharmony, family disputes, psychiatric problems.

16.7 It was brought to the notice of the Committee that there were some cases of suicide by female farmers but while giving compensation to the farmers' families, these females are not considered as farmers. When asked the number of female farmers who committed suicide the Department replied:

> "*No details relating to cases of suicide by female farmers have been given by the concerned States. The States have been asked to furnish the required information.*"

16.8 On the query of the Committee about the suicide committed by the Farmers in various States the representatives of the Department informed as under:

> *"State Governments do not inform us about the suicides of the farmers. The stand that State Governments have taken is that they are not sure that these suicides are related to the agricultural practices, drought, or crop failures or because of indebtness. They are the investigating agency. Their Police investigate as to the reasons why this has happened. States do not report the actual causes of the farmers' death."*

PART – II

OBSERVATIONS/RECOMMENDATIONS

RECOMMENDATION NO. 1

Allocation for the Department

The Committee are happy to note that Agriculture and allied Sector registered a growth rate of 9.1 per cent in 2003-04, reflecting the growth in physical production and remunerative prices of agricultural goods. The growth rate of the sector for 2003-04 has been one of the highest in recent years and only marginally lower than the previous high of 9.6 per cent achieved in 1996-97. The Committee also note that against the proposed outlay of Rs.25,001.75 crore by the Department the Planning Commission made an allocation of Rs. 13,000 crore during the Tenth Plan. In the same way for 2004-05, the Department proposed an allocation of Rs. 4,513.89 crore but the plan allocation made is only Rs. 2,670 crore as against Budget Estimates of Rs. 2,187 crore during 2003-04 which shows an increase of 22.08 per cent.

The Committee have been time and again recommending that there should be substantial increase in allocation of Plan funds in favour of the Agriculture sector, as this crucial sector of the Indian economy provides employment to around 65 per cent of the total work force and contributes 24.2 per cent of the total Gross Domestic Product (GDP). Despite the unparallel role of agriculture in the national economy, agriculture has not received the desired attention. The Committee also note that despite the announcement of the Prime Minister to accord priority to it, agriculture sector is yet to receive adequate budgetary allocation. The Committee, therefore, strongly recommend that the Ministry of Agriculture must take up the matter with the Planning Commission and Ministry of Finance and impress upon them to take a realistic view about the quantum of Plan funds required for the Department of Agriculture and Cooperation and make allocations accordingly at least at the revised estimates stage as per the projections made by the Department.

RECOMMENDATION NO. 2

Investment in Agriculture

Although the Agriculture sector is the backbone of the Indian economy, it is starved of capital. The share of Agriculture in total Gross Capital Formation (GCF) has declined from 21 per cent in 1951-52 to 15.4 per cent in 1980-81, and further reduced to mere 8 per cent in 1999-2000. Investment in Agriculture as per cent of Gross Domestic Product (GDP) has declined from 1.9 per cent in the early 1990s to 1.3 per cent in 2000, which is a matter of grave concern. The contribution of the public sector in GCF has also sharply declined. The Committee are concerned to note that the decline in public sector Gross Capital Formation mainly reflects the decline in expenditure on irrigation works.

It is estimated that in order to achieve the national growth of 8 per cent in the Tenth Plan period an investment of approximately Rs. 33,000 crore (at 1993-94 prices) in the years 2006-2007 would be required. Government spending in the Agriculture will have to be significantly stepped up from the present level to meet the growth targets. The Committee, therefore, desire the Government to increase the investment in Agriculture Sector and formulate suitable Schemes to attract more capital from the Private Sector to give boost to the Agriculture in the country.

RECOMMENDATION NO. 3

Utilisation of Plan Funds

The Committee are constrained to note the low utilization of Plan funds by the Department. During the Ninth Plan the Department could utilize Rs. 7673.70 crore out of the allocated amount of Rs. 9,293 crore. During 2002-2003 and 2003-2004 also the Department could not utilize the entire allocated amount. The Committee are informed that one of the reasons for under utilization is unspent balances with the States and also non-submission of utilization certificates by most of the States on time. The Committee observe that most of the times Central Government delay release of funds to the States or release it at the fag end of the financial year and expect the States to utilize it in very short time. Obviously, the States are not in a position to spend the entire amount and have unspent balance lying with them. The Committee, therefore, recommend that the release of the funds to the States should be made on time so that they could utilize the amount rationally and there is proper monitoring of expenditure. The Committee also desire that there should be proper coordination with the State Governments so as to obtain Utilisation Certificates and to safeguard that money released is spent only on approved Schemes and programmes.

The Committee notice that in respect of some of the Schemes, the funds have been utilized by the States but they have expressed their inability to contribute the matching shares. The Committee, therefore, recommend that while formulating Centrally Sponsored Schemes the financial capability of State Governments to contribute their share should also be assessed so that they do not face difficulties at a later stage and the Schemes are implemented effectively. The Government may also consider the peculiar socio-economic conditions and industrial backwardness of States so that suitable incentives and concessions are incorporated in the Centrally Sponsored Schemes for harmonious growth and development of all Regions and States.

RECOMMENDATION NO. 4

Suicides by farmers

The Committee are appalled over the continuing incidences of suicide committed by the Farmers in the country. In Andhra Pradesh – 435, in Karnataka – 469, in Maharashtra – 197, in Orissa – 100 cases, in Rajasthan and Punjab – 3 cases in each state of suicides by farmers have been reported. Similarly, cases of suicides have been reported in varying number from other States. The extremity which drives the farmers to commit suicide demonstrates their agonizing plight and the scant attention paid by the concerned States to their problems. On a query, the Committee were shocked to learn that even the actual reasons for suicides are also not reported by some of the State Governments. The Committee draw an unmistakable conclusion that certainly crop failures due to drought and other natural calamities, heavy indebtedness of the farmers and the ruthlessness of the money lenders are some of the immediate and direct causes for these acts of suicides. It is all the more painful that the State Governments, which are the investigating agencies, do not want to share the facts. As a result the families of all such farmers do not get compensation and the Union Government cannot take appropriate preventive measures for want of factual position from the State Governments.

The Committee, therefore, recommend that the Union Government should not always wait for the reports from the State Governments, whenever there is drought or any other natural calamity. The Union Government <u>ab initio</u> should come forward and enquire the factual position on their own also and take adequate

and immediate steps to mitigate the sufferings of the bereaved family. The Committee are shocked to learn that in some cases the deaths of female farmers are not counted as farmer's death as the agriculture holdings are owned by male members with the result the bereaved family is deprived of compensation. The Committee see no reason for such a gender based discrimination and remind that if any female farmer commits suicide for the same reasons, her family should also be equally compensated.

The Committee strongly recommend that the Department should take concrete preventive measures to arrest the recurrence of such tragic deaths. The farmers should be educated by extension workers to face the challenges of life and not to take such an extreme step, which besides being self-destructing devastates the family as well. The India Meteorological Department(IMD) can also come to the rescue of farmers considerably by making correct forecast of the weather condition. Farmers can be motivated to opt for crop-insurance by providing them soft-term packages and in case of crop failures, insurance claims should be settled immediately. To tackle their heavy indebtedness problem and to see that the farmers are not trapped in the vicious circle of indebtedness, the flow of soft-term institutional credit should be increased so that they are not forced to take loans from private moneylenders. The Committee would also like the Government to make a case study of farmers committing suicide due to indebtedness and the suicides committed by the commercial borrowers, if any.

RECOMMENDATION NO. 5

Credit Flow to Agriculture

The Committee note that the total credit flow to Agriculture in the Ninth Plan (1997-2002) amounted to Rs. 2,29,956 crore. A substantial jump in the credit flow to Agriculture is envisaged in the Tenth Plan (2002-2007) which is projected at Rs. 7,36,570 crore almost three times the Ninth Plan Achievement. The total flow of institutional credit to agriculture during 2002-2003 has been Rs. 70,810 crore as against Rs. 62,045 crore in 2001-2002. During 2003-04, the estimated figure of such credit is Rs. 80,000 crore. The Committee feel that although there is some increase in the Agricultural credit in the first two years of the Tenth Plan, the increase is not commensurate with the Plan projection. The Committee, however, note that the Finance Minister in his Budget Speech (2004) has announced to double the flow of agricultural credit in three years.

The Committee note that out of the 26 major commercial banks only 8 banks have achieved the target of 18 per cent (as stipulated by RBI) of total agriculture advance to Net Bank credit. While commending the Banks like State Bank of Indore, State Bank of Saurashtra, Punjab National Bank who extended credits to farmers even beyond the stipulated target of 18 per cent, the Committee deplore the poor performance of some major banks like State Bank of Travancore, Bank of Maharashtra, Dena Bank, Oriental Bank of Commerce, UCO Bank who could not reach beyond 12 per cent and the Corporation Bank which could lend only 9.58 per cent.

The Committee are concerned to note that some of the banks are not able to meet the RBI stipulation of 18 per cent of total bank advances to Agricultural Sector, with the result, the farmers are taking loans from unscrupulous private money lenders on exorbitant rate of interest in absence of institutional loan. The Committee also note lack of easy accessibility of bank branches in rural areas and the long and arduous procedural formalities for taking loans making them easy prey to the private moneylenders. The Committee, therefore, recommend that the loan procedure should be simplified and the commercial Banks should reach the farmers, as they are doing in the cases of housing and auto loans, so that more and more farmers are able to avail of the bank loans in time of need. This would go a long way to save the farmers from the clutches of money lenders and the claws of death. The Committee would also like the Government to make it incumbent upon every bank to meet the stipulation of providing a minimum of 18 per cent agricultural credit.

RECOMMENDATION NO. 6

Interest rate for Agricultural Loans

The Committee are happy to note that following their earlier recommendations, the Government have lowered the rate of interest on Agricultural credit and all the public sector banks have been advised to reduce their lending rate for agriculture to a single digit of not more than 9 per cent per annum on crop loans upto a ceiling of Rs. 50,000. But, they are disappointed to note that this lower rate of interest is only upto a ceiling of Rs. 50,000 and in case of commercial banks the interest rate is not to exceed the Prime Lending Rate (PLR) that is 10-11 per cent. Moreover, Cooperative Banks and Regional Rural Banks are free to fix their own interest rate ranging between 9 and 15 per cent. The Committee are seriously concerned to note that though the National Bank for Agriculture and Rural Development (NABARD) is giving refinance on Agricultural loans at the rate of 5.25 per cent to 6.75 per cent (depending upon the size and purpose of loan) to the Banks but the rate of interest ultimately being charged by such leading institutions from the borrower is in the range of 9 to 15 per cent.

The Committee came across a number of cases of farmers committing suicides due to their poor financial position and failure of crops due to various reasons. The Committee feel that high rate of interest and the perpetual burden of loans are perhaps the major factors compelling the poor farmers to commit suicide. The Committee, therefore, recommend that the Government should instruct cooperative Banks and Rural Banks also to reduce the rate of interest rationally because small and marginal farmers take loans from these banks only. They further recommend that the ceiling of Rs. 50,000 should be increased to Rs. 1,50,000 for

charging the minimum rate of interest. The Committee also desire that since NABARD is providing refinance at lower rate of interest, the actual rate of interest to be charged from the farmers should also be reasonably reduced and the difference should not, in any case be, more than 2-3 per cent.

The Committee further note that while giving agricultural loans many a times, the land, crop or agricultural machinery of the farmers is used as collateral guarantee by the credit giving bank/institution. In case of non-payment of the loans, some times farmers not only loose their lands but also undergo the trauma of being sent to jails and sometimes they have to pay all the expenditure incurred by the enforcement agencies viz. police etc. in the process and for his food etc. in the jail. The Committee desire the Government to ensure that in case of their inability to pay the debts, the farmers may not be deprived of their hypothecated land or agricultural machinery because the whole existence of poor farmers is entirely dependent on his land, cattle and machinery, etc.

RECOMMENDATION NO. 7

Crop Insurance

The Committee are constrained to note that the `National Agricultural Insurance Scheme' (NAIS), which is being implemented in 23 States and 2 Union Territories is not delivering the desired results. The remaining States/Union Territories are also reluctant to adopt the Scheme for one or the other reasons. The Committee also note that a sum of Rs. 1,879.02 crore during 2002-2003 (Kharif & Rabi) and Rs. 278.46 during 2003 (Kharif) has been released to the Agriculture Insurance Company of India Ltd. (AIC), which is the Implementing Agency (IA) of NAIS, but claims to the tune of Rs. 474.26 crore are pending under NAIS till July 2004. It has been informed that in most cases, the concerned State Government's share of funds is awaited. The Committee are of the view that payment of insurance should not be delayed due to any reason otherwise the very purpose of insurance is defeated and farmers are just helpless in the time of crisis. They, therefore, desire the Union Government to persuade the State Governments to make adequate provision in their Budgets for meeting the financial liabilities under NAIS so that farmers' interests do not suffer on account of inability of a State Government to make its contribution. The Committee also recommend the Government to bring more crops under the purview of NAIS so that more and more farmers are benefited.

The Committee observe that under NAIS `Block' or `Tehsil' is being taken as unit for collection of data for assessing the damage to the crops. Under such a system, if the crop of a few farmers is damaged in a village, they do not receive the benefit of the Insurance Scheme as they are not counted as sufferer. The

Committee, therefore, recommend that the village should be taken as a unit of collecting data. Initially `Gram Panchayat' level should be reached and ultimately it is the village level data which will accrue actual benefits to the poor farmers under the National Agricultural Insurance Scheme.

RECOMMENDATION NO. 8

Agricultural Marketing

There can be no denying the fact that the Marketing of agricultural produce is the most important factor for the farming community, particularly for those who are small producers and completely dependent on the marketing of their crop. They get their livelihood by marketing their agri produce which is the product of a year long labour of their entire families. An inter-Ministerial Task Force set up by the Government suggested a package of reform measures, such as amendments in the State Agricultural Produce Marketing Control (APMC) Act to encourage development of competitive agricultural markets in the private and cooperative sectors, and deregulation of marketing system to promote private investment in marketing infrastructure. The Committee recommend the Government to implement all the measures suggested by the Task Force in a time bound manner.

The Committee is pleased to note that the Government have formulated a Model Law on Agricultural Marketing and Contract Farming in consultation with the State Governments and representatives of trade and industry. The Committee recommend the Government to insist upon the State Governments to make the desired amendments in their respective State APMC Act at the earliest so that the implementation process is started in right earnest.

The Committee have noticed that one of the reasons for farmers for not getting the remunerative price for their crop/produce is the inadequate marketing facilities, for want of which major part of their crop go waste. Farmers are not in a position to reach the market in time due to improper forward linkages forcing them to resort to

distress sale or complete degeneration of their produce for lack of timely market access.

The Committee consider this as an unmitigated double disaster, that is to say, the loss of the farmer and the colossal national loss. The Committee, therefore, recommend the Government to provide the basic marketing facilities to the farmers in their vicinity so that they get full remuneration for their produce within time before the foodgrain or produce get perished.

RECOMMENDATION NO. 9

Watershed Development in Shifting Cultivation Area in North Eastern States:

The Committee are constrained to note that for Watershed Development in Shifting Cultivation Areas in North Eastern States only Rs. 100 crore have been allocated for Tenth Plan. Every year Rs. 20 crore are being allocated under the Scheme. The Committee fail to see the tokenism of providing same meagre amount year after year without taking into consideration the rising inflation and the mounting cost. Considering the fact that the people in these areas do not have any permanent land or House and they keep on shifting from one hilltop to another for cultivation and the financial constraints of these States, the Committee recommend that the allocation under Watershed Development in Shifting Cultivation Areas in North Eastern States be increased to Rs. 50 crore for 2004-05 at the Revised Estimate stage.

RECOMMENDATION NO. 10

Seed Crop Insurance

The Committee note that `Pilot Scheme for Seed Crop Insurance' was initiated from Rabi 1999-2000 on pilot basis in 10 States with the objective to provide financial security and income stability to the Breeder Seed growers in the event of failure of seed crop and encourage participation of new/breeders/growers to undertake seed production programme of newly released hybrid/improved varieties. The Committee find that the Scheme has not been found popular with the seed growers, therefore, it was proposed to drop the Scheme during Tenth Plan period on the advice of Planning Commission. One of the reasons for non popularity of the Scheme among the farmers as advanced by the Department, is delay in settlement of claims by General Insurance Corporation (GIC), which is the implementing agency.

The Committee take strong exception to the dilatory settlement procedure of GIC. This is purely an administrative matter which can be amicably resolved by stipulating speedy settlement of claims of the farmers. The Committee, therefore, strongly recommend that the GIC should be asked to review their procedure to settle such claims on priority basis. The Committee may be apprised of the action taken by GIC in this regard.

The Committee also note that the National Council for Applied Economic Research (NCAER) was assigned the task to evaluate the Scheme, but they have not submitted any Report so far. The Committee desire that the NCAER should be asked to submit their report within one month of presentation of this Report and

only after examining their evaluation Report any decision regarding the fate of this important Scheme should be taken.

The Committee are of the considered view that unless protection is given to the seed growers through the Scheme of Seed Crop Insurance, it will be very difficult to encourage the private seed growers to take up seed production. The Committee consider that this Scheme is one of the rarest methods by which the seed production can be encouraged all over the country and risk in sowing such new variety of seeds can be covered and adequate protection be given to the farmers. The Committee, therefore, recommend that the Scheme should not be discontinued and efforts should be made to suitably popularise the Scheme among the farmers by spreading awareness about the advantages of the Scheme.

RECOMMENDATION NO. 11

Organic Farming

The Committee are pleased to note that a Scheme of `National Project on Organic Farming' has been formulated during Tenth Plan and Rs. 32 crore have been allocated for 2004-05 for the purpose. The Committee also note that there is a proposal to set up the `National Institute of Organic Farming'.

The Committee opine that there are special benefits and scope for Organic Farming in the country. There is large awareness among the people world over about the harmful effects of the inorganic farming with the result the demand for organic products in the western world is increasing which also increases the scope of export of organic produce. The Committee, therefore, recommend that the Government should provide incentives and encouragement to the farmers for Organic Farming and the financial provision under the Scheme should be enhanced to meet the requirement. The project for 'National Institute of Organic Farming' may be completed at the earliest.

RECOMMENDATION NO. 12

Availability of Quality Seeds

On going through the documents furnished by the Department, the Committee understand that there is sufficient availability of certified quality seeds as per the demands of the farmers. However, some members of the Committee expressed their concern over the fact that the farmers are not getting adequate quality seeds in time. In reply to a particular question, the Ministry have informed that during the year 2002-03, the quantity of seed distributed by private sector was 56.61 lakh quintals, which is 57.75 per cent of total seed distributed in the country. The Committee observe that when the farmers require the quality seed, the Government agencies do not have the adequate stock to supply, in that case, the farmer either cannot sow the seeds in time or have to buy the same from the private dealers at exorbitant prices without any guarantee of germination and healthy produce. The Committee expect the Government to ensure timely availability of certified quality seeds according to the needs of the farmers.

The Committee also hold the view that the farmers should also be involved in development and strengthening of infrastructure facilities in the production, preservation and distribution of quality seeds and the Government should provide technical and financial support to them so that the shortage of good quality seeds can be minimised.

RECOMMENDATION NO. 13

Remuneretive Prices to Farmers

The Committee are informed that the Commission on Agricultural Costs and Prices (CACP), which is an independent Commission, recommends the Minimum Support Price (MSP) for some crops under Price Support Scheme (PSS). The CACP fixes the price based on some formula taking into consideration many factors relating to costs, International Schemes and demand and supply position, etc. Based on their recommendation and after taking the Cabinet approval, the Government declare the MSP for notified Agricultural commodities. The Committee are further informed that MSP functions as one of the factor to encourage or discourage production of any particular crop.

The Committee observe that under the Price Support Scheme (PSS) new crops/commodities are not being included. They desire that some more agricultural commodities like cash crops, which largely affect the farmers' financial condition, should also be included under the list of notified commodities for PSS.

The Committee feel that the prices under MSP, really do not quite reflect and include all the costs and labour invested by the farmers. There is substantial deviation from the actual costs and market price. The farmers are not getting remunerative price for their produce and the margin is becoming less day by day. The Committee, therefore, desire the Government to chalk out specific Schemes for the farmers so that they are able to receive the full benefits of their produce at the appropriate time.

The Committee are of the opinion that fixing of MSP cannot be the criteria for discouraging any particular crop, because the farmer knows best about his soil and the crop best suited for his land. He cannot grow a particular crop on the soil simply on the basis of high support price. It is just unrealistic to fix low support price of a specific commodity for merely discouraging its production. It is unfair to impose low MSP on the farmers if they are not inclined to grow the alternative crop because of non-suitability of soil. The Committee, therefore, recommend that the factor of encouraging or discouraging the production of any particular crop should not be taken into consideration for fixing the Minimum Support Price of any Agricultural Commodity.

RECOMMENDATION NO. 14

Revival of Cooperatives

The Committee note with satisfaction that the Cooperative sector in India has emerged as one of the largest in the world with more than 5.45 lakh societies of various types with a membership of more than 23.62 crore. The Committee note that during Ninth Plan period Rs. 527.98 crore have been utilised as compared to Rs. 662.43 crore allocated for cooperation division. During 2002-03 and 2003-04 also the utilization had been around only 37 per cent and 60 per cent respectively. The Committee hardly need to emphasise that cooperatives play an important role in agriculture and rural economy and, therefore, it is imperative to increase the flow of investment to the sector so as to give it further impetus. They, therefore, desire the Government to improve the financial performance of the cooperatives by strengthening the cooperative movement and utilize the fund allocated for the sector.

The Committee also note with concern the weak conditions of some of the Cooperative Societies in the country. Unless these cooperatives are revived, the farmers cannot avail benefits from these Societies. They, therefore, recommend the Government to ensure that the Cooperatives are provided necessary support, encouragement and assistance so that they work as autonomous, self reliant and democratically managed institutions accountable to their members and make a significant contribution to the Agricultural sector of the National economy. The Committee further recommend that one time catch up grant should be provided for the revival of sick cooperatives so that they start working for the welfare of the farmers and the community as a whole.

RECOMMENDATION NO. 15

Construction of Cold Storages/Rural Godowns

The Committee note that under the Central Sector Scheme for Construction of Rural godowns, Rs. 100 crore have been allocated for 2004-2005. During the last three financial years, 1,120 rural godowns have been renovated and 3,731 godowns have been sanctioned for modernization/construction but the Committee is surprised to know that the availability of cold storage/rural godown is almost NIL in most of the North Eastern States. The Committee are at a loss to find that north eastern region is completely neglected as such. They, therefore, recommend that cold storages/rural godowns should immediately be constructed in these areas.

In other areas of the country also the situation of cold storages is far from enthusing. The farmers are selling their produce at a throw-away prices because there is no cold storage or godown available in their vicinity and brokers and middlemen are taking advantage of their plight. The Committee, therefore, desire that the Scheme of construction/renovation of cold storages/rural godowns should be strengthened for the benefit of the small, medium and marginal farmers. The allocation under the Scheme be enhanced at the revised estimate level so that more farmers could store their farm produce in the vicinity of their farms and are prevented from resorting to distress sale immediately after harvest.

RECOMMENDATION NO. 16

Agri clinics/ Agri Business Centres

The Committee are happy to note that the Scheme of 'Agri-clinics/Agri-Business Centre' aims at providing training to the agricultural graduates to enable them to establish fee based extension services. A sum of Rs. 16.50 crore has been allocated for 2004-2005 under the Scheme. So far 4,854 candidates have been trained but only 988 candidates could set up their agri-clinics/agri-business ventures. The Committee in their earlier Reports on Demands for Grants of the Department had recommended for providing some subsidy to the willing candidates for opening agri-clinics but it has been informed that the demand of subsidy component has been dropped by the Department as the proposal could not get the nod of the Planning Commission.

The Committee observe that a large number of agriculture graduates in the country are unemployed. Though they can receive training under the above mentioned Scheme but they are not in a position to set up their ventures without the help of the Government. The Committee, therefore, strongly recommend that at least 25 per cent subsidy under the Scheme should be provided to the willing agriculture graduates to set up their venture if the Government really want to make this Scheme successful. The Committee further recommend that the banks should

be instructed to provide easy loans to the unemployed agricultural graduates so that they could set up their our centres. Needless to say, such an innovative step will encourage the young graduates to come forward to earn their livelihood and will also benefit the farmers as they can avail agricultural services like soil testing facilities and expertise in their vicinity.

NEW DELHI;
13 August, 2004
22 Sravana, 1926 (Saka)

PROF. RAM GOPAL YADAV
Chairman,
Standing Committee on Agriculture

APPENDIX-I

MINUTES OF THE FIRST SITTING OF THE STANDING COMMITTEE ON AGRICULTURE HELD ON MONDAY, 9 AUGUST, 2004 IN COMMITTEE ROOM 'C', PARLIAMENT HOUSE ANNEXE, NEW DELHI

The Committee sat from 1100 hours to 1350 hours.

PRESENT

Prof. Ram Gopal Yadav – Chairman

MEMBERS

LOK SABHA

2. Shri Hiten Barman
3. Shri G.L. Bhargava
4. Shri Shivraj Singh Chauhan
5. Shri Khagen Das
6. Shri Raghunath Jha
7. Shri M.P. Veerendra Kumar
8. Shri Mahboob Zahedi

RAJYA SABHA

9. Shri Harish Rawat
10. Shri Pyarelal Khandelwal
11. Shri Sk. Khabir Uddin Ahmed

SECRETARIAT

1.	Shri John Joseph	-	Additional Secretary
2.	Shri N.K. Sapra	-	Joint Secretary
3.	Shri Devender Singh	-	Director
4.	Shri A.S.Chera	-	Deputy Secretary
5.	Shri K.D.Muley	-	Under Secretary
6.	Smt. Ratna Bhagwani	-	Assistant Director

WITNESSES

1.	Shri Radha Singh	-	Secretary(A&C)
2.	Smt. C.T. Mishra	-	Additional Secretary
3.	Shri Champak Chatterjee	-	Additional Secretary
4.	Shri Prem Prakash Mathur	-	Additional Secretary F&A

At the outset, Chairman, Parliamentary Standing Committee on Agriculture, welcomed the Members of the newly-constituted Committee for the year 2004-2005 to the First Sitting. The Chairman then requested the Members to introduce themselves one by one. After the introduction was over, the Committee placed on record their appreciation for the efforts made by the officers and staff of the Agriculture Committee Branch in preparing and providing the list of points and other documents relating to Demands for Grants to the Members in such a short time. Thereafter, the Chairman called the representatives of the Ministry of Agriculture, Department of Agriculture & Cooperation.

2. The Chairman welcomed the representatives of the Department to the sitting of the Committee and requested the Secretary to introduce himself and his colleagues to the Committee. After the introductions, the Secretary, DAC gave a brief account of the issues pertaining to the Department like the allocations made in favour of the Department vis-à-vis proposals made, new schemes of Tenth Plan, production of foodgrains, agricultural credit, performance of Horticulture sector, rainfall position, etc.

3. Thereafter, the Chairman and Members of the Committee sought clarifications on the Demands for Grants (2004-2005) of the Department in general and management of resources, unspent balance with the States, marketing reforms, cold storages, rural godowns, revamping of cooperatives, suicides committed by farmers due to drought and other calamities, rate of interest being charged by various banks for agricultural credit,

the crop insurance scheme and taking the village as a unit for collection of data, availability of quality seeds, support for crops and organic farming, in particular. The representatives of the Department of Agriculture and Cooperation replied to all the queries of the Members.

4. A verbatim record of the proceeding of the sitting has been kept.

The witnesses then withdrew.

The Committee then adjourned with a vote of thanks to the Chair.

APPENDIX-II

MINUTES OF THE FIFTH SITTING OF THE STANDING COMMITTEE ON AGRICULTURE HELD ON FRIDAY, 13 AUGUST, 2004 IN COMMITTEE ROOM 'D', PARLIAMENT HOUSE ANNEXE, NEW DELHI

The Committee sat from 1100 hours to 1300 hours

PRESENT

Prof. Ram Gopal Yadav – Chairman

MEMBERS

LOK SABHA

2. Shri G.L. Bhargava
3. Shri Kuldeep Bishnoi
4. Shri Khagen Das
5. Shri Raghunath Jha
6. Smt. Rupatai D. Patil Nilangekar
7. Shri A. Ravichandran
8. Shri Mahboob Zahedi

RAJYA SABHA

9. Smt. Mohsina Kidwai
10. Shri Harish Rawat
11. Shri Raashid Alvi
12. Shri Pyarelal Khandelwal
13. Shri Sk. Khabir Uddin Ahmed
14. Shri Bhagwati Singh
15. Shri Bashistha Narain Singh

SECRETARIAT

1.	Shri N.K. Sapra	-	Joint Secretary
2.	Shri Devender Singh	-	Director
3.	Shri A.S.Chera	-	Deputy Secretary
4.	Shri K.D.Muley	-	Under Secretary
5.	Smt. Ratna Bhagwani	-	Assistant Director

At the outset, the Chairman welcomed the members. Thereafter, the Committee took up for consideration the Draft Reports on Demands for Grants (2004-05) of the following Ministries/Departments :-

(1) Ministry of Agriculture

(i) Department of Agriculture & Cooperation

(ii) Department of Agricultural Research & Education

(iii) Department of Animal Husbandry & Dairying

(2) Ministry of Food Processing Industries

2. The Committee adopted the Draft Reports with minor additions and modifications, as suggested by members of the Committee.

3. The Committee then authorised the Chairman to finalise the above-mentioned Reports on Demands for Grants (2004-05) and present them to the House on a date and time convenient to him.

4. The Chairman thanked the Members for their cooperation and giving valuable suggestions during the consideration of Demands for Grants of the concerned Ministries/Departments. Then, the Committee unanimously appreciated the sincere and dedicated efforts put in by the officers and staff of the Agriculture Committee Branch for drafting the excellent reports within a very short span of time.

The Committee then adjourned with a vote of thanks to the chair .