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STANDING COMMITTEE ON AGRICULTURE (2005-2006)

FOURTEENTH LOK SABHA

MINISTRY OF AGRICULTURE

(DEPARTMENT OF AGRICULTURE AND COOPERATION)

DEMANDS FOR GRANTS (2005-2006)

{Action Taken by the Government on the Recommendations/
Observations contained in the Ninth Report of the
Standing Committee on Agriculture (2004-2005)}

THIRTEENTH REPORT



**LOK SABHA SECRETARIAT
NEW DELHI**

February, 2006/Magha, 1927 (Saka)

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COOPERATION)**

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**[Action Taken by the Government on the
Recommendations/Observations contained in the Ninth Report
of the Standing Committee on Agriculture (2004-2005)]**

Presented to Lok Sabha on 21.02.2006
Laid in Rajya Sabha on 21.02.2006



**LOK SABHA SECRETARIAT
NEW DELHI**

February, 2006/Magha, 1927 (Saka)

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Composition of the Standing Committee on Agriculture (2005-2006)

Prof. Ram Gopal Yadav – Chairman

MEMBERS

LOK SABHA

2. Shri Hiten Barman
3. Shri Manoranjan Bhakta
4. Shri Girdhari Lal Bhargava
5. Shri Kuldeep Bishnoi
6. Smt. Anuradha Choudhary
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16. Shri Y.S. Vivekananda Reddy
17. Shri Harihar Swain
18. Shri M.P. Veerendra Kumar
19. Shri Mahboob Zahedi
- 20 * Shri Deepender Singh Hooda
- 21 # Vacant

RAJYA SABHA

22. Smt. Mohsina Kidwai
23. Shri Harish Rawat
24. Dr. M.S.Gill
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

- * Shri Prakash V.Patil ceased to be the member of this Committee owing to his demise on 21 October, 2005 and the vacancy thus created was filled by nomination of Shri Deepender Singh Hooda, to this Committee vide L.S. Bulletin Part-II, Para No.1905, dated 9th December, 2005
- # Shri Lal Chandra Kol ceased to be a member of this Committee due to his expulsion from Lok Sabha w.e.f. 23 December, 2005. vide L.S. Bulletin Part-II, Para No.1982 dated 23rd December, 2005

SECRETARIAT

1.	Shri John Joseph	-	Secretary
2.	Shri A.K.Singh	-	Joint Secretary
3.	Shri Hardev Singh	-	Deputy Secretary
4.	Shri K.D. Muley	-	Under Secretary
5.	Ms. Amita Walia	-	Executive Officer

INTRODUCTION

I, the Chairman, Standing Committee on Agriculture, [2005-2006] having been authorized by the Committee to submit the Report on their behalf, present this Thirteenth Report on Action Taken by the Government on the Recommendations/Observations contained in the Ninth Report of the Standing Committee on Agriculture (2004-2005) (Fourteenth Lok Sabha) on Demands for Grants of the Ministry of Agriculture (Department of Agriculture and Cooperation) for the year 2005-2006.

2. The Ninth Report of the Standing Committee on Agriculture (2004-2005) on Demands for Grants (2005-2006) of the Ministry of Agriculture (Department of Agriculture and Co-operation) was presented to Lok Sabha on 20.4.2005 and laid in Rajya Sabha on the same day. The Ministry of Agriculture (Department of Agriculture and Co-operation) was requested to furnish action taken replies of the Government to the recommendations contained in the Ninth Report. The replies of the Government to all the recommendations contained in the Report were received.

3. The Committee considered the action taken replies furnished by the Government at their sitting held on 18.1.2006, approved the draft comments and adopted the Thirteenth Report. Minutes of the sitting are placed at Appendix I.

4. An analysis of the Action Taken by the Government on the recommendations/observations contained in the Ninth Report (14th Lok Sabha) of the Committee is given in Appendix-II.

NEW DELHI;
18, January, 2006
28 Pausa, 1927 (Saka)

PROF. RAM GOPAL YADAV
Chairman,
Standing Committee on Agriculture

CHAPTER I

Report

This Report of the Committee on Agriculture deals with the action taken by the Government on the recommendations contained in the Ninth Report (Fourteenth Lok Sabha) of the Standing Committee on Agriculture (2004-2005) on Demands for Grants (2005-2006) of the Ministry of Agriculture (Department of Agriculture and Cooperation) which was presented to the Lok Sabha and laid in Rajya Sabha on 20.4.2005.

1.2 The Action taken replies have been received from the Ministry of Agriculture (Department of Agriculture and Cooperation) and categorized as under:-

- (i) Recommendations/Observations that have been accepted by the Government (Chapter II of the Report) Sl.Nos. 5,6,7,9,13 and16 (Total –6)
- (ii) Recommendations/Observations which the Committee do not desire to pursue in view of the Government’s action taken reply (Chapter III of the Report) Sl.Nos. 8 (Total – 1)
- (iii) Recommendations/Observations in respect of which the action taken replies of the Government have not been accepted by the Committee (Chapter IV of the Report) Sl.No.2,10 and 11 (Total –3)
- (iv) Recommendations/Observations in respect of which the final replies of the Government are still awaited. (Chapter V) Sl.Nos. 1,3,4,12,14,15,17,18 and 19 (Total –9)

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

RECOMMENDATION NO.2

Delay in implementation of Tenth Plan Schemes

1.4 The Committee are distressed to find that out of 10 new Schemes scheduled to be started in the Tenth Plan, only 3 Schemes are being implemented while 7 Schemes are still in the process of being approved. The Committee were informed during the evidence that operationalization of New Schemes involves preparation of Detailed Project Report and getting ‘in principle’ approval from Planning Commission and other competent authorities. The whole procedure is very complicated and extremely time-consuming.

The Committee are deeply concerned that many important Schemes proposed to be launched at the start of the Tenth Plan have still not taken off though the Tenth Plan has ushered in the fourth year. The Committee, therefore, feel that the present system of obtaining approval, clearance from Expenditure Finance Committee, Cabinet Committee for Economic Affairs, etc. leads to inordinate delays in the implementation of Schemes. The Committee note that in many cases intention of launching a new Scheme is announced in one Budget, implementation is announced in the subsequent year but the Schemes keep on pending for want of ‘in principle’ approval of the Planning Commission for years altogether and in some cases the Schemes even if implemented, are either fine tuned or retaileored drastically or eventually dropped. Such inordinate delays in obtaining ‘in principle’ approval to Schemes which are announced in Parliament with great fanfare appear at best mock-exercises.

The Committee, therefore, recommend that the whole procedure prescribed for according Post-Budget approval needs a sea change and it should be deemed that once a Scheme is announced in Parliament, whether in Presidential Address or in the Budget Speech of the Finance Minister it has the approval of the Government. The Committee

see no reason as to why the Government should rush to announce in the Parliament launching of new Schemes before doing the necessary spade work, viz following departmental formalities and preparing the detailed modalities of the Scheme.

1.5 The Government in their Action Taken Reply have stated that after the Hon'ble Committee last met, two other new schemes 'Monitoring of Pesticides Residues at National Level' and 'National Horticulture Mission' have been cleared by the Government for implementation.

Nevertheless, there is a need to simplify the procedures for obtaining the approval of the Government to the implementation of new schemes so that delays could be avoided. At the same time, this is a complex issue as the schemes involving huge financial outlays require to be carefully scrutinized and evaluated at various levels in different subject matter Departments, which makes it difficult to compress the processing time beyond a certain limit. This Department nonetheless gives a high priority to processing and finalizing such proposals in the shortest possible time.

It is further submitted that a new scheme cannot be launched unless a suitable budgetary provision has been made for its implementation. The declaration of the Government's intention to launch such a new scheme at the time of presentation of budget before the Parliament cannot, therefore, be avoided. The details of the scheme are accordingly worked out only after suitable financial allocation is allowed by the Parliament.

COMMENTS OF THE COMMITTEE

1.6 **The Committee are dismayed at the casual reply of the Government and feel that the matter is not being taken with the seriousness it deserves. The Committee feel that the fact that out of 10 new Schemes scheduled to be started in the Tenth**

Plan, only 5 could be cleared for implementation till last but one year of the Plan period, does not portray a very good performance of the Department. The Committee do not agree with the justification given by the Department in their action taken reply that since the schemes involving huge financial outlays require to be carefully scrutinized and evaluated at various levels in subject matter Departments, which makes it difficult to compress the processing time beyond a certain limit. The Committee fail to understand as to what prevents or compels the Government to make announcement of a particular scheme without necessary ground work and why this careful scrutiny/evaluation cannot be done before proposing the scheme to Planning Commission or before including it in the annual Plan budget estimates of the Ministry. It appears that the Government has not taken the clear and simple recommendation of the Committee seriously.

The Committee, therefore, reiterate that the procedure of obtaining post Budget approvals for new schemes should be simplified and streamlined so that the schemes are implemented in a time bound manner. The Department should announce the schemes only after their home-work is completed in all respect so that the schemes so announced with fanfare, should not be dropped unceremoniously later on.

RECOMMENDATION NO.3

Amount spent by North Eastern States

1.7 The Committee note that Rs.418 crore, representing 10 per cent of the total Plan Outlay of the Departments have been allocated for implementation of Plan Schemes in North-Eastern States during 2005-2006. While examining the detailed Demands for Grants of the Ministry, the Committee find that though the allocation is invariably

reflected in the Demands for Grants, but there is no mention of actual expenditure on specific Schemes. Though 10 per cent funds are allocated for the North-Eastern States in accordance with the directions of the Government, the Committee have been furnished no information as regards the Schemes implemented in these States out of such funds. The Committee, therefore, recommend the Government to evolve some mechanism like adding an annexure in the Detailed Demands for Grants book reflecting the actual expenditure incurred on implementation of each Scheme in North-Eastern States, State-wise, so that the Parliament is satisfied as to bona fide use of such special allocations.

1.8 The Government in their Action Taken Reply have stated that the Hon'ble Committee have advised that an annexure in the Detailed Demands for Grants book reflecting the actual expenditure incurred on implementation of each scheme in North-Eastern States may be added. This comes under the purview of Ministry of Finance. The matter has been taken up with them. The Committee would be apprised shortly.

COMMENTS OF THE COMMITTEE

1.9 **The Committee are deeply concerned about the welfare of North -Eastern States, hence, they desire the expenditure incurred on the schemes in the North Eastern States to be reflected in Demands for Grants book separately so that performance appraisal can be made more clearly. The Committee desire the Government to expedite the matter with Ministry of Finance and apprise the Committee within two months of presentation of this Report. The Committee also desire the Government to have an effective monitoring mechanism to oversee the proper implementation of the schemes for North-Eastern States.**

RECOMMENDATION NO.4

Subsidies in Agriculture

1.10 The Committee note that the subsidy in the Agriculture Sector in India constitutes less than 2 per cent of the Gross Domestic Product (GDP). The Committee are informed that Input Subsidies, estimated at about Rs.36,000 crore are given to Agriculture Sector under three segments viz Fertilizer, Water and Electricity. The Committee, however, note that 54 per cent of Fertilizer subsidy is actually going to industry and as regards 'water' and 'electricity', the subsidy is given by the State Governments. Moreover, in many States, there is tremendous shortage of water and electricity, which in turn has been adversely affecting our agriculture.

Referring to the view of the World Bank, the representatives of the Department deposed that the high rates of subsidy being provided to agriculture in India is crowding out the investments. The witness further testified that India is subsidizing input as well as output, but when asked by the Committee to explain the difference between the two figures, the witness assured to supply the figures after working out the same. In the considered view of the Committee, the concept of notional subsidy makes no sense unless the loss caused to the farmers is quantified and compensated since we do not have access to the kind of referral market that the WTO alludes to.

The Committee are aware of the heavy subsidies being given by the developed countries to its agriculture. The Committee, therefore, desire the Government to find out a way to convert this negative agricultural subsidy into positive subsidy so as to provide level playing field to our farmers in the new WTO regime so that they could somewhat compete with the farmers of other developing and developed countries. The Committee also call upon the Government to ensure that real benefit of the subsidies must percolate

down to the small and marginal farmers, investment flows to agriculture and agriculture becomes a paying proposition.

1.11 The Government in their action taken reply have stated that the issues raised in the recommendation require consultation with different Ministries (like Water resources, Power etc.) and other institutions (like Indian Council for Agricultural Research etc.) DAC is in the process of finalizing reply of the Government in consultation with all concerned and will report to Hon'ble Committee soon.

COMMENTS OF THE COMMITTEE

1.12 The Committee strongly recommend that the Government must go into details of the question of subsidies being granted to our farmers by the Government vis-à-vis the stand taken by the agriculturally developed countries in respect of their own farmers. There appears to be double standard being adopted by these countries while opposing granting of subsidies by the developing countries like India and providing the same to their own farmers.

The Committee, therefore, reiterate its recommendation that Government must consider the issue afresh and take a stand which will go in favour of our farmers and also which will not harm the Indian Economy.

RECOMMENDATION NO.10

Rate of Interest on Agricultural Credit

1.13 The Committee are unhappy to notice that most of the Cooperative Banks in the country are in a shambles. As reported, six States/ Central Cooperative Banks and 140 District Central Cooperative Banks do not comply with Section 11 of the Banking Regulation Act, 1949. They also have difficulty in accessing refinance for agricultural credit.

During the evidence, Chairman , NABARD admitted that Cooperative Banks are charging 14-15 per cent of interest from the farmers as these banks are taking a slice at each level. The Committee desire the Government to look into the matter and ask NABARD to refinance the Cooperative Banks at lower rate of interest because the cooperatives have a pivotal role to play in credit delivery to the farmers. The Cooperative Banks should also be instructed to reduce their share at each level so as to provide loans to farmers at reasonable rate of interest.

The Committee observe that the share of Regional Rural Banks (RRBs) in institutional credit to Agriculture has been as low as 11 per cent in 2004-2005 and 9 per cent in 2003-2004, whereas RRBs are supposed to cater to the credit needs of farmers, in their vicinity. The Committee, therefore, recommend the Government to streamline their structure and instruct them to increase the flow of rural credit so as to fulfil their rural mandate.

The Committee note that the extant ceiling of Rs.50,000 for Agricultural loans at the rate of not more than 9 per cent interest to the farmers is just inadequate. Considering the cost of agricultural implements, machinery and the need for modernization of agricultural practices, the Committee strongly recommend that the ceiling of Rs.50,000 must be reviewed and enhanced upto Rs. 5 lakh suitably to meet the growing needs of the farmers.

1.14 The Government in their action taken reply have stated that the Government of India has been making continuous endeavour to bring down rate of interest on agricultural loans keeping in view the massive development potential existing in agricultural sector and its linkage with macro-economic development in the country.

All the Public Sector banks have been advised to reduce their lending rate for agriculture to a single digit rate of not more than 9% per annum on crop loans upto a

ceiling of Rs.50,000/-. This rate will benefit most of the account holders and will cover almost all the small and marginal farmers. The banks have been advised to ensure that the volume of credit to the agriculture sector does not decline due to the reduction in the interest rate. Further, in 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) in case of loans upto Rs.2 lakh. In order to bring down the rate of interest on loans from cooperatives, NABARD has been allowed to extend refinance facility directly to the District Central Cooperative Banks.

In order to improve the health of State Cooperative Banks and DCCBs Government of India constituted a Task Force under the Chairmanship of Prof. A.Vaidyanathan, which has since submitted its report. The Government has accepted the recommendation of the Task Force and has initiated steps to consult various stakeholders for finalizing the modalities for its implementation.

Ministry of Agriculture has been pursuing with the Ministry of Finance the matter of streamlining the functioning of Regional Rural Banks so as to improve their share in agriculture credit. The Regional Banks so as to improve their share in agricultural credit. The Regional Rural Banks have demonstrated positive performance in respect of agricultural credit flow growth rate in the year 2004-05 and it is proposed to fix agricultural credit flow growth rate of 40% for the RRBs in the year 2005-06.

COMMENTS OF THE COMMITTEE

1.15 The Committee are not convinced with the presumption of the Government that the lending rate for agriculture to a single digit rate of not more than 9 per cent per annum on crop loans upto a ceiling of Rs.50,000 will benefit most of the account holders and will cover almost all the small and marginal farmers. The Committee are very clear in their mind that this extant ceiling of Rs.50,000 is very much

inadequate and it should be raised reasonably upto Rs.5 lakh in view of the high costs of inputs and agricultural implements. The Committee, therefore, wish to emphasise that the matter should be considered appropriately to bring more farmers under the umbrella of reachable agricultural loans by raising the extant limit and further reducing the lending rate on crop loan suitably.

The Committee also desire the Government to ensure that banks should not charge more than 9% from small and marginal farmers. Also there should not be any compound interest imposed on them and their land should not be auctioned for recovering loan.

RECOMMENDATION NO.11

Agriculture Extension

1.16 The Committee find that Agriculture Extension has scarcely made any significant impact on our agriculture, since not more than 25 per cent of Agriculture technology is reaching the farmers. Though increased Mass Media Support to Agriculture Extension is being provided, the Committee feel that there is still a need for revamping the extension machinery to make it more farmer-oriented and accessible to them. The village- level workers and community block based extension system should be revitalised and strengthened and made more responsive to the changing needs of the times. Village Panchayats/Farmers' organizations should be made to play a critical role in the effective transfer of agricultural technology. The Committee recommend the Department to disseminate the outcome of various successful researches made by ICAR and other agencies to the farmers and encourage them to properly utilise the same. Otherwise the

fruits of long years spent in research for the benefit of the farmer are likely to remain confined to the laboratories.

The Committee further recommend that necessary changes should be carried out by encouraging the Research Education and Extension Agencies to interact with the farmers to know their needs and problems and come out with demand driven solutions.

1.17 The Government in their action taken reply have stated that a number of initiatives taken by the Government of India in this regard are listed here under:-

1. The ITD component of NATP is under implementation with the support of World Bank in seven States, namely, Andhra Pradesh, Bihar, Himachal Pradesh, Jharkhand, Maharashtra, Orissa and Punjab from 1998. The project focused on bottom-up planning process for technology assessment, refinement and dissemination in order to make the whole extension system farmer-driven and farmer accountable. This has helped to strengthen research and extension capabilities, restructure public extension services and test new institutional arrangements for technology transfer with involvement of all the stakeholders of Government and Non-Government agencies at the district level. Linkage between research and extension has been strengthened by involving KVKS/ZRS (Institutions of ICAR/SAUs) and the development departments of State Governments at a platform called 'Agricultural Technology Management Agency' (ATMA); established as a registered autonomous body at district level under the above-mentioned project. The outcome of this project has been rated highly satisfactory by the World Bank Supervision Mission (November-December 2004).

2. **Support to State Extension Programmes for Extension Reforms**

This new Scheme has been approved on 29th March 2005. The scheme aims at making extension system farmer driven and farmer accountable by way of new institutional arrangements for technology dissemination in the form of an Agricultural Technology Management Agency (ATMA) at district level to operationalise the extension reforms. The release of funds will be based on State Extension Work Plans (SEWPs) prepared by the State Governments. It is proposed to cover 252 districts across all the States/UTs in the country.

3. **Mass Media Support to Agriculture Extension** is focusing on two initiatives. The first is use of Doordarshan infrastructure for providing agriculture related information and knowledge to the farming community. 180 Narrow casting Centres, 18 Regional Centres and 1 National Centre of Doordarshan Kendras would telecast agricultural programmes during specific hours. The second component of the mass media initiative is use of 96 FM Transmitter of AIR to broadcast area specific agricultural programme.

4. **Kisan Call Centre**

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 Centers. 13 such centers located at different places cover farmer's queries from all over the country. Around 8 lakh calls have been received in these centers since inception of the scheme in January, 2004.

5. **Farm Information Support Programmes**

Farm Information Support is provided to supplement States/Agricultural Universities efforts. These include organizations of regional fairs and exhibitions, support to State Agricultural Universities for print media and Kisan Melas and

support to National Productivity Council for productivity awards to agricultural and allied sectors.

COMMENTS OF THE COMMITTEE

1.18 The Committee are at utter loss to see the reply of the Government and condemn such a casual treatment given to their recommendation. The Committee fail to understand as to why the Government has just reproduced the details of the schemes being implemented under Extension Division and not responded to the recommendation of the Committee. While deplored this attitude of the Department, the Committee desire the Government to realize the impact and importance of Agriculture Extension on the farming community in India. The Committee recommend that village level and community block based extension system should be reviewed and strengthened to come up to the requirements of the present time. The need of the hour is the effective transfer of technology and its percolation to the grass root farmers down below, which is not possible without the sincere efforts of the Government at all levels. The Committee, therefore, desire the Government to make all out concerted efforts to disseminate the outcome of various researches made by the ICAR and other agencies to the farmers. There is an imperative need to give impetus to agricultural research by undertaking initiatives in new emerging areas in consultation with DARE. Unless the fruits of research are reached or utilized by farmers through proper extension all the efforts made in the direction are futile.

RECOMMENDATION NO.15

VAMNICOM

1.19 The Committee are concerned to note that the Vaikunth Mehta National Institute of Cooperative Management (VAMNICOM), Pune a premier Institute in the field of

Cooperative Management Training has not been accorded the Deemed University status. The students who pass the PGDBM programme from the Institute suffer, for want of recognition by the UGC. Moreover, the teaching faculty has been deprived of the pay scales which are due to them.

The Committee observe that since VAMNICOM is the only Centre for excellence in the field of Cooperative Management Training, the matter of according Deemed University status to the Institute should be reviewed expeditiously. The Pay Scales of the faculty of the Institute should also be revised to avoid exodus of highly talented and experienced faculty members. The Committee further recommend that immediate necessary steps need to be taken by the Department for Brand Building of the Institute so that the students, otherwise well-qualified and well-trained by the Institute, get good placement commensurate with their real calibre. The Committee also desire that renowned Institutions like VAMNICOM must get a suitable mention in the Annual Report and other documents brought out by the Department.

The Government in their reply stated that VAMNICOM functions under the administrative control of National Council for Cooperative Training (NCCT) which is a Committee of the National Cooperative Union of India (NCUI). The proposal for granting Deemed University status to VAMNICOM, Pune has been examined earlier. The matter was taken up with the UGC through the Ministry of Human Resource Development. Since the conditionalities imposed by UGC was not accepted by the NCUI, it was decided by the NCUI that VAMNICOM be developed as a Centre of Excellence within the cooperative system, instead of being converted into a University. The Department of Agriculture & Cooperation has not received any fresh proposal from NCCT for granting Deemed University status to VAMNICOM, Pune.

The matter of granting UGC pay scales to the faculty of VAMNICOM, Pune was taken up with the Department of Expenditure twice in the past. The Department of Expenditure did not approve the proposal as the UGC pay scales can be introduced only in Universities/Deemed Universities.

The Department of Agriculture and Cooperation has asked VAMNICOM, Pune to prepare a Report for positioning VAMNICOM, Pune as a Centre of Excellence in the Cooperative sector. After receiving the report, necessary steps would be taken by the Department for Brand Building of the Institute. Details regarding the activities of VAMNICOM and other Cooperative Training Institutes will be suitably incorporated in the Annual Report and other documents brought out by the Department.

COMMENTS OF THE COMMITTEE

1.20 The Committee note with satisfaction that the Government is moving towards brand building of VAMNICOM and including its activities in the Annual Report of the Ministry. The Committee would like to be apprised of the Report prepared by the Institute for positioning it as a Centre of Excellence and the action taken by the Department thereon. The Committee further desire the Government to reconsider the decision taken regarding granting of Deemed University status to VAMNICOM which is the only Institute imparting training for the welfare of cooperatives in India. The granting of UGC pay scales to the faculty will be automatic if the Government agrees to the proposal of granting of Deemed University status to the VAMNICOM. The Committee desire the Government to apprise the Committee of the steps taken by it within four months of presentation of this Report.

RECOMMENDATION NO.18

Post Harvest and Processing Technology on Oilseeds, Pulses, Oil Palm and Maize

1.21 The Committee note that under the Scheme of 'Research and Development for Post Harvest and Processing Technology on Oilseeds, Pulses, Oil Palm and Maize', no funds have been allocated during 2005-2006 though the Revised Estimate for 2004-2005 was Rs.17.75 crore. The Committee have been informed about the decision to weed out the Scheme by the Planning Commission. The Committee hardly wish to emphasize the importance of crops like Oilseeds, Pulses and Maize as the units based upon Post Harvest and Processing Technologies of these crops provide ample employment opportunities besides remunerative prices to our farmers. The Committee would like to be apprised of the assessment of the Scheme made by the Expenditure Finance Committee and the considered views of the Department.

The Committee recommend the Government to continue this important Scheme and allocate the funds at Revised Estimates stage so that the research work being done under the Scheme does not suffer due to resource crunch, particularly when the country has to resort to import of edible oils

1.22 The Government in their Action Taken Reply have stated that the Planning Commission in its review exercise of the Plan Schemes has identified the Central Sector Scheme on Research and Development on Post Harvest and Processing Technology in Oilseeds, Pulses and Maize including TMOP headquarters (R&D in PHT Scheme) for weeding out as a consequence of which no budgetary allocation has been provided for under the scheme for 2005-06. The R&D in PHT Scheme was re-structured during X Plan with an outlay of Rs.85.00 crores. While Centrally Sponsored Integrated Scheme of Oilseeds, Pulses, Oil Palm and Maize deals with the production and productivity aspects of oilseeds, pulses, and maize, the R&D in PHT Scheme was intended to deal with

research, development and promotion of processing technologies for these crops. A number of technologies have been developed under this scheme by the CSIR Institutions and have been promoted in different parts of the country. The Department of Agriculture and Cooperation is of the view that weeding out of the R&D in PHT Scheme, at this stage will adversely affect the promotion of oilseeds and pulses, which are extremely important crops for our import view point and also in the context of diversification programme that Government wish to persuade.

Expenditure Finance Committee, while approving the scheme for implementation till September, 2004 observed that an evaluation of the scheme be carried out by an independent agency and further continuation of the scheme may be considered based on the evaluation. The impact evaluation of the scheme has been carried out by an independent agency. The impact evaluation study while highlighting the achievements made under this scheme, has observed that the design of the R&D in PHT Scheme is good and the scheme may be fine tuned based on inputs.

COMMENTS OF THE COMMITTEE

1.23 The Committee is satisfied that taking into account the importance of the R&D in the PHT Scheme the Government have made efforts by carrying out the impact evaluations study of the scheme by an independent agency.

Government may pursue the matter further with Planning Commission vigorously for consideration of the scheme during the remaining period of the Tenth Plan itself keeping in mind its importance and availability of oilseeds and pulses in the country.

CHAPTER-II

RECOMMENDATIONS/OBSERVATIONS WHICH HAVE BEEN ACCEPTED BY THE GOVERNMENT

RECOMMENDATION NO.5

Export of Agriculture Produce

2.1 The Committee are constrained to note that the percentage of Agri-Exports as per cent of total exports has come down to 9.7 per cent in 2004-2005 as compared to 11.2 per cent in 2003-2004.

The Committee are unhappy to note that adequate incentives are not being given to the farmers for increasing export of their produce. Countries like Europe, United States, Japan, etc. are giving export subsidies to the farmers in their country. Besides, there are some restrictions on export of several agriculture commodities which have deprived the farmers in getting good price for their produce. The Committee desire the Government to review the restrictions on export of agricultural commodities including food grains to keep a balance between the interest of consumers and the farmers. The Committee also recommend that the Government should give adequate incentives to farmers including strong infrastructural and other necessary support for exploring the agriculture commodities for export and also to give publicity to the same in order to encourage and help the farmers to fetch good price for their produce.

Reply of the Government

2.2 The Government have initiated various measures to promote export of agricultural products. These, interalia, include setting up of agri export zones to provide enhanced international market access and improved infrastructure facilities, better flow of credit, assistance for reducing the marketing costs such as for transport, handling and processing on export of selected agricultural commodities as also removal of export restrictions like

requirement for registration, packaging etc. A targeted scheme to incentives agricultural exports has been introduced in the Foreign Trade Policy 2004-09 i.e., the 'Vishesh Krishi Upaj Yojana' for promoting the exports of fruits, vegetables, flowers, minor forest produce and their value added products. Exporters of such products are entitled to duty credit scrips equivalent to 5% of the FOB value of exports for each licensing year commencing from 1st April, 2004. The scrips and the items imported against them would be freely transferable.

Besides various agriculture development schemes providing assistance to farmers on agricultural inputs such as seeds, fertilizers, irrigation, insecticides, pesticides as also for research and development and extension for reducing production costs and for improving the efficiency of agricultural production are also being implemented.

RECOMMENDATION NO.6

Import of Edible oil

2.3 The Committee are surprised to note that the import of edible oils is the most dominant item of agri-imports, accounting for more than two-third of the total agri-imports in recent years registering a sharp increase of nearly 40 per cent in 2003-2004. The Committee are informed that at present the consumption of oil in the country is 10 million tonne and the production is 7.5 million tonne, necessitating import of edible oil.

The Committee are, however, perturbed to find the contradiction in the statement of the representatives of Department who deposed that edible oil is being imported and that the market price of oil seeds are likely to rule below the Minimum Support Price.

The Committee are perplexed to note the anomalous situation arising out of the import of edible oils by the Government while depriving remunerative prices to the farmers producing oilseeds. The Committee further note that the imbalance between the import of edible oils and production of oilseeds has become a perennial problem for our

farmers due to the dilemma whether to grow or not to grow the oilseeds as they are apprehensive about getting remunerative prices. The Committee, therefore, recommend that a long term policy on import of oilseeds/edible oil should be chalked out with a view to maintaining equilibrium between demand and supply of edible oils as far as possible so that the interest of farmers, particularly small and marginal farmers engaged in production of oil seeds, is well protected.

Reply of the Government

2.4 The domestic production of oilseeds is not sufficient to meet the demand of edible oils in the country. The gap between demand and supply is met through imports of edible oils/ oilseeds. However, while deciding the import tariffs on edible oils/oilseeds. Government take into account the interest of consumers and oilseeds growers. Government keep regular watch on the import of edible oils to take appropriate action to protect the interest of the farmers.

In order to reduce the import of edible oils and increase the production and productivity of oilseeds in the country, Government of India is implementing a Centrally Sponsored “Integrated Scheme of Oilseeds, Pulses, Oil Palm and Maize” (ISOPOM) in 14 major oilseeds growing States. Under the Scheme, assistance is provided for purchase of breeder seed, production of foundation seed, production and distribution of certified seed, distribution of seed minikits, distribution of plant protection chemicals, plant protection equipments, weedicides supply of rhizobium culture/phosphate solubilising bacteria, distribution of gypsum/pyrite/liming/dolomite, distribution of sprinkler sets and water carrying pipes, publicity etc to encourage farmers to grow oilseeds. In order to disseminate information on improved production technologies amongst the farmers, block demonstrations and Integrated Pest Management (IPM) demonstration are organized through State Department of Agriculture and Front Line Demonstrations through ICAR.

Besides, Government of India announces Minimum Support Prices for major oilseeds every year to provide remunerative price to the Oilseed growers in the country. Government of India has been announcing higher increase in the Minimum Support Price (MSP) of oilseeds in comparison to cereals like wheat and rice to encourage farmers to diversify their cultivation towards oilseeds. National Agricultural Cooperative Marketing Federation of India Ltd. (NAFED), as Central Nodal Agency, undertakes procurement of oilseeds under Price Support Scheme in the country as and when market prices fall below MSP.

Government of India is taking measures to improve the administration of ISOPOM scheme and to examine the existing policy framework.

RECOMMENDATION NO.7

Marketing Reforms

2.5 The Committee observe that the main problem which the farmers face is related to the marketing of their produce. Most of the States have 'Agricultural Marketing Act' which forces the individual farmers to sell their produce only to designated agencies and do not allow them to sell in the open market. The Committee note that the State Governments of Madhya Pradesh, Maharashtra, Karnataka, Punjab and Uttar Pradesh have amended their Agricultural Produce Marketing Committee (APMC) Act/Rules for direct marketing and/or for permitting private and cooperative investments for setting up of agricultural markets. The Committee were informed by the Secretary, Department of Agriculture and Cooperation that none of the State Ministers of Agriculture opposed this move and they would amend the Act. However, this being a legislative procedure, it shall take some time.

The Committee feel that the marketing in Indian Agriculture is something which has been neglected all this while. The representatives of the Department conceded the

need for easing the State monopoly over agricultural markets. For want of proper infrastructure, right kind of processing and grading facilities and backward and forward linkages, the Indian farming community is not able to reach the consumers. The Committee, therefore, recommend the Government to address the infrastructural inadequacies of marketing support for farmers and develop the forward linkages that are necessary for the farmers to get the remunerative price of their produce. The Committee further desire the Union Government to ensure that the State Governments expedite amendments in their respective APMC Act so as to form an efficient and well-knit agricultural marketing system.

The Committee look forward to the introduction of a new Scheme namely, 'Development/Strengthening of Agricultural Marketing Infrastructure, Grading and Standardisation' announced in the Budget Proposals for 2005-2006 by the Government so as to induce large investments from the private and cooperative sectors for setting up agri-markets, marketing infrastructure, support services, etc.

Reply of the Government

2.6 The action taken by the Government on the above recommendation is as under:-

- (i) Since the subject of Agricultural Marketing falls within the jurisdiction of State, the Department is pursuing the State Governments/UT Administrations to amend the APMC Act to bring reforms in the agricultural marketing sector. So far, 9 States and 4 Uts have provided for the suggested reforms.
- (ii) A new scheme viz. Development/Strengthening of Agricultural Marketing Infrastructure, Grading and Standardization has been implemented on 20.10.2004. The scheme is reform linked to provide assistance for the market infrastructure development projects in those States/Uts that amend

the APMC Act on the lines of the Model Act circulated by this Department. Operational guidelines of the scheme have been circulated to all the States/UTs and the implementing agencies viz. NABARD and NCDC. The State Governments of Madhya Pradesh, Manipur, Tamil Nadu, Kerala and U.T. of A&N Islands have so far been notified for implementation of the Scheme.

RECOMMENDATION NO.9

Agricultural Credit

2.7 The Committee note with some satisfaction that for improving the credit flow to the Farm Sector, the Finance Minister has set a target of Rs.1,41,050 crore for 2005-2006 which shows an increase of 30 per cent over the last year. The representatives of the Department assured the Committee of the endeavour of the Government to cover all the farmers within the Institutional Credit fold within the shortest possible time. The Committee, however, note that since most of the small and marginal farmers are already indebted to cooperatives or other banks and they are not eligible for the credit, the enhanced flow of credit would make little impact on them. The Committee are unable to understand as to who would be the loanees to receive the credit, when old loans are not paid and the farmers are not eligible to receive new loans. The Committee, therefore, desire the Government to review the situation and consider waiving of interest on the old loans of the farmers who are declared to be distressed due to drought, flood or otherwise, so that such farmers could particularly avail of the new loans.

The Committee are perturbed to note that 20 Public Sector Banks and 27 Private Sector Banks have not been able to reach the mandatory agricultural lending target of 18% of the net bank credit. The Committee desire the Government to take stringent

action against all such banks for neglecting this important sector while they are giving loans to industries in spite of poor recovery rate from them.

The Committee are deeply concerned over the reported coercive recovery measures adopted against the ‘defaulting’ farmers in many parts of the country. They, therefore, recommend that no Central/State Government should be allowed to use any coercive recovery measures like taking the land, machinery, livestock, etc. from the farmers because these are the only sources on which not only the farmer but his entire family survives. How does a farmer live or how can we prevent a farmer from committing suicide if the very source of his sustenance is taken away. The Committee would like to remind the Government that even in pre independence era there were Debt Reconciliation Boards which prevented the money lenders from committing atrocities on the farmers, and therefore, expect the democratic government of the people to safeguard the life and dignity of the farmers from the coercive strong arm tactics of the money lenders.

Reply of the Government

2.8 As a matter of policy Government of India are not in favour of any blanket waiver of loans/interest as it tends to vitiate the recovery climate. However, there are standing guidelines issued by Reserve Bank of India to the banks for providing relief to the farmers in areas affected by natural calamities. These guidelines have been issued to enable the banks to take uniform and concerted action expeditiously, particularly to provide financial assistance to the farmers affected by natural calamities. These guidelines inter alia, envisages:-

- (i) Conversion/rescheduling of loans in the event of natural calamity for period ranging from 3 to 9 years depending upon the successive crop failure/intensity of damage to crops.

- (ii) Grant of fresh crop loans to affected farmers.
- (iii) Conversion of principal as well as interest due on the existing loans.
- (iv) Not to treat portion of converted/rescheduled loans as NPAs.
- (v) Not to compound interest in respect of loans converted/rescheduled etc.
- (vi) Relaxation in security and margin norms.
- (vii) Provision of consumption loans to agriculturists whose crops have been damaged.

Further, in order to mitigate the distressing situation of the farmers in the country, Government of India on 18.6.2004 has announced a special package for providing credit related relief to the farmers which inter-alia includes following measures:-

- a. Debt restructuring/rescheduling of loans for distressed farmers and farmers in arrears.
- b. Introduction of special one time settlement scheme for small and marginal farmers. This scheme provides for selective waiver of interest on loans.
- c. Fresh credit to farmers whose earlier debts have been settled through compromise or write off.
- d. Loans for farmers indebted to non-institutional lenders.

As a measure of disincentive, Commercial Banks, which fail to achieve the stipulated target of lending to agriculture sector (i.e. 18% of net bank credit as agricultural credit) are required to remit the short falls to Rural Infrastructure Development Fund (RIDF) of NABARD. To further disincentives the bank to opt for safe route of contributing to RIDF, the rate of interest on RIDF has been inversely linked to the shortfall in the achievement of agricultural lending target. Commercial Banks have also

been advised to formulate Special Agriculture Credit Plan (SACP) for improving the flow of credit to agriculture. Government of India has recently announced several measures for enhancing credit flow to agriculture sector, which would enable the commercial banks to increase their loan to agriculture and to reach the stipulated target of lending 18% of their net bank credit to agriculture sector.

As regards coercive recovery measure, it is mentioned that the matter has already been taken up with the Chief Ministers of various States. They have been advised to take steps to avoid coercive recovery measures like detention and taking the land, machinery, livestock etc. from the farmers.

RECOMMENDATION NO.13

Organic Farming

2.9 The Committee are constrained to note that the approved outlay for Tenth Plan under the Scheme of 'National Project on Organic Farming' has been reduced from Rs.99.58 crore to Rs.57.05 crore, due to the late approval of the Scheme. An amount of Rs.27 crore has been now kept for implementation of the Scheme during 2005-2006.

The Committee are of the view that Organic Farming is very vital for the present agrarian economy as there are special benefits and there is tremendous scope for developing Organic Farming from the viewpoint of providing healthy farm produced food without traces of chemical/fertilisers and enhancing the scope of export of organic produce. The Committee, therefore, desire that since the Scheme has now been approved and started, the Department of Agriculture and Cooperation should make concerted efforts in realizing the full potential of the Scheme, and for the purpose they should try to

get enhanced allocations for the same. The need of the hour is to popularise the use of Bio-fertilisers and Organic Farming to achieve sustainable development and also to tap overseas market of organic farm produces which is growing rapidly in the developed countries.

Reply of the Government

2.10 Organic farming is gaining gradual momentum. Efforts are already there to popularize organic inputs including bio-fertilizer by organizing, training and field demonstration. During 2004-2005 (since 1st October, 2004 to March, 2005) an amount of Rs.4.5 crore roughly has been expensed. Various proposals are coming on organic farming which are under consideration. The proposals include service provide appointment, setting up of bio-fertilizer unit, compost unit, vermiculture hatchery, human resource development, model farm set up etc. Number of seminar, conference on organic farming have been organized at National/Regional level where participation from all concerned including State Governments, State Agricultural Universities, Indian Council of Agricultural Research, Non-Government Organisations, farmers, private entrepreneurs were made.

RECOMMENDATION NO.16

Road Map for Agricultural Diversification

2.11 The Committee note that no significant headway has been made in diversification of our agriculture despite efforts by the Union and the State Governments. A lot, therefore, needs to be done for rejuvenating the agriculture sector which is the support base of more than 650 million people. The areas like production of fruits, vegetables, flowers, dairy, poultry, fisheries, pulses, oilseeds, etc. need to be explored and dovetailed in a marketing network for the mutual benefit of the producers and the consumers culminating in acceleration of national growth. The Committee take note of the intention

of the Government to prepare a road map for agricultural diversification which is possible only if an integrated approach is taken and coordinated efforts are made, by various Departments of the Government mandated to function in these areas. The Committee, therefore, feel that the Government should consider to set up an Expert Group or Task Force to prepare a road map within a fixed time frame for diversification of our agriculture.

Reply of the Government

2.12 In the country, most farmers, especially small and marginal, still give primacy of place to cereals in their cropping system on the consideration of food security, low risk and the easy market access. This production system has helped in increasing the foodgrains production but has given rise to many problems relating to deterioration of soil health, soil fertility, excessive exploitation of underground water and huge stocks of foodgrains in the central reserve pool.

Therefore, the Government has been emphasizing crop diversification from cereal centric cropping system to more remunerative/high value and less water demand crops. The emphasis is on promotion of oilseeds, pulses, fruits, vegetables floriculture and agro-forestry, animal husbandry, dairying etc. To encourage such activities development of infrastructure for post harvest handling and processing, storage, marketing, etc. would also be required.

To give boost to horticulture the developmental programmes are proposed to be implemented under National Mission on Horticulture. Crop Diversification towards oilseeds and pulses is being promoted through programmes for the development oilseeds and pulses under the 'Integrated Scheme for Oilseeds, Pulses, Oil palm and Maize (ISOPOM). Besides a new scheme on Enhancing Sustainability of Dry land Farming Systems is proposed to be launched this year (2005-2006) through which, among others

agriculture diversification will also be encouraged which will include the activities such as animal rearing, dairy farming, agro-forestry, promotion of horticulture, etc.

The Department of Agriculture & Cooperation is preparing a road map for Crop Diversification in the country in consultation with the Indian Council of Agriculture Research (ICAR).

CHAPTER-III

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

RECOMMENDATION NO.8

Price Support for farmers

3.1 The Committee note that in order to provide remunerative prices to farmers, the Government of India, on the recommendation of the Commission on Agricultural Cost and Prices (CACP), which is an autonomous body, announces the Minimum Support Price (MSP) for each crop season for 25 major agricultural commodities.

The Committee observe that MSP, which is instrumental in deciding the fate of the crops and the growers, is not being fixed keeping in view the real production cost and labour involved of the farmers. The Committee recommend that the Government should ensure that the MSP is fixed slightly higher than the cost price recommended by the State Governments which in turn is based on the actual experience of agriculturists as well as the considered views of universities and experts so that the farming community, which gives employment to 60 per cent of the people of this country gets a fair deal.

The Committee also recommend that adequate representation should be given in the CACP to the representative of farmers in order to have first hand information about the cost of production of the Agriculture produce while fixing the MSP.

The Committee further desire the Government to expedite the Report of Alagh Committee looking into the methodology, criteria, and changes in parameters which determine MSP so that the farmers could be really benefited through the remunerative support prices of their produce. The Committee further recommend that more agricultural commodities, particularly those recommended by the State Governments,

should be brought within the fold of MSP . The Committee also desire that the procurement centers should start functioning by the time crop is ready.

Reply of the Government

3.2 The minimum support prices for select agricultural commodities are decided after taking into account the recommendations of the Commission for Agricultural Costs and Prices (CACP), the views of State Governments and Central Ministries as well as such other relevant factors which, in the opinion of the Government, are important for fixation of support prices.

(i) Apart from making a comprehensive overview of the entire structure of the economy of a particular commodity, the CACP, while formulating its recommendations on price policy, takes into account such factors as (i) Cost of production (ii) Changes in input prices, (iii) Input/Output price parity, (iv) Trends in Market prices at home and abroad, (v) Demand and supply situation (vi) Inter-crop price parity (vii) Effect on industrial cost structure (viii) Effect on general price level (ix) International market price situation; and (x) Parity between prices paid and prices received by farmers (Terms of Trade).

The cost of production, as worked out by the CACP, on the basis of estimates furnished by the Directorate of Economics and Statistics, covers not only paid-out costs (actual expenses in cash and kind, including rent for leased-in land) but also imputed value of wages of family, labour, rent for owned land, and interest on fixed capital. As part of its exercise on price policy recommendations, CACP undertakes field visit in different parts of the country for closer interaction with the farming community, and also holds discussions with farmers and their representatives, Central and State Government officials, agricultural scientists and experts.

However, in view of regional variations in costs, the MSP eventually recommended by the CACP attempts to cover actual expenses incurred in cash and kind, rent paid for leased-in land and imputed value of wages of family labour in case of States with high cost of production.

The CACP is composed of a Chairman, a Member Secretary, two official Members and three Non-official Members. The Non-official Members are representatives of the farming communities. They are usually persons with long field experience and active association with the farming activities. Over the years, the Commission has also expanded the scope of its regular interaction with officials/experts to include farmers to get a direct feed back from them on various issues having a bearing on agriculture.

The Alagh Committee to Examine the Recommendations made by the National Seminar on Methodological issues in Fixing Minimum Support Prices has completed its deliberations and is expected to submit its Report shortly.

The terms of reference of CACP have been modified and expanded, from time to time, to keep pace with the changes in agriculture scenario in the country. At the time of the CACP's inception in 1965, eight agricultural commodities viz. paddy/rice, wheat, bajra, maize, sugarcane, cotton and jute, and two commodities groups viz. gram and pulses and oilseeds were included in its Minimum Support Price Scheme. During the year 1995-96, Niger seed and Seasamum were included under the Minimum Support Price (MSP) Scheme of CACP, in addition to the edible oilseeds already covered under MSP. Similarly, with effect from 2001-2002, the Government added one more commodity, namely, lentil (Masur) to the list of crops under the MSP regime. Currently, CACP makes recommendations in respect of 25 agricultural commodities under MSP Scheme.

However, the extension of MSP to all the commodities for which MSP is desired by State Governments may not be tenable as the commodities covered under the MSP regime are of all India importance and are mostly items of mass consumption, necessary for food/nutrition security. The Government is implementing the Market Intervention Scheme (MIS) under which horticultural and other agricultural crops, which are perishable in nature, are covered, in order to protect the growers of these commodities from distress sale in the event of bumper crop, MIS is implemented on the request of the individual State Government(s), which are ready to bear 50% loss (25% in case of North-Eastern States), if any, in its implementation.

The Government's constant endeavour is to ensure that the procurement centers start functioning by the time crops are ready for market.

CHAPTER-IV

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

RECOMMENDATION NO.2

Delay in implementation of Tenth Plan Schemes

4.1 The Committee are distressed to find that out of 10 new Schemes scheduled to be started in the Tenth Plan, only 3 Schemes are being implemented while 7 Schemes are still in the process of being approved. The Committee were informed during the evidence that operationalization of New Schemes involves preparation of Detailed Project Report and getting ‘in principle’ approval from Planning Commission and other competent authorities. The whole procedure is very complicated and extremely time-consuming.

The Committee are deeply concerned that many important Schemes proposed to be launched at the start of the Tenth Plan have still not taken off though the Tenth Plan has ushered in the fourth year. The Committee, therefore, feel that the present system of obtaining approval, clearance from Expenditure Finance Committee, Cabinet Committee for Economic Affairs, etc. leads to inordinate delays in the implementation of Schemes. The Committee note that in many cases intention of launching a new Scheme is announced in one Budget, implementation is announced in the subsequent year but the Schemes keep on pending for want of ‘in principle’ approval of the Planning Commission for years altogether and in some cases the Schemes even if implemented, are either fine tuned or retailored drastically or eventually dropped. Such inordinate delays in obtaining ‘in principle’ approval to Schemes which are announced in Parliament with great fanfare appear at best mock-exercises.

The Committee, therefore, recommend that the whole procedure prescribed for according Post-Budget approval needs a sea change and it should be deemed that once a Scheme is announced in Parliament, whether in Presidential Address or in the Budget Speech of the Finance Minister it has the approval of the Government. The Committee see no reason as to why the Government should rush to announce in the Parliament launching of new Schemes before doing the necessary spade work, viz following departmental formalities and preparing the detailed modalities of the Scheme.

Reply of the Government

4.2 After the Hon'ble Committee last met, two other new schemes 'Monitoring of Pesticides Residues at National Level' and 'National Horticulture Mission' have been cleared by the Government for implementation.

Nevertheless, there is a need to simplify the procedures for obtaining the approval of the Government to the implementation of new schemes so that delays could be avoided. At the same time, this is a complex issue as the schemes involving huge financial outlays require to be carefully scrutinized and evaluated at various levels in different subject matter Departments, which makes it difficult to compress the processing time beyond a certain limit. This Department nonetheless gives a high priority to processing and finalizing such proposals in the shortest possible time.

It is further submitted that a new scheme cannot be launched unless a suitable budgetary provision has been made for its implementation. The declaration of the Government's intention to launch such a new scheme at the time of presentation of budget before the Parliament cannot, therefore, be avoided. The details of the scheme are accordingly worked out only after suitable financial allocation is allowed by the Parliament.

COMMENTS OF THE COMMITTEE

4.3 For comments of the Committee please refer to Paragraph No.1.6 of Chapter-I of the Report.

RECOMMENDATION NO.10

Rate of Interest on Agricultural Credit

4.4 The Committee are unhappy to notice that most of the Cooperative Banks in the country are in a shambles. As reported, six States/ Central Cooperative Banks and 140 District Central Cooperative Banks do not comply with Section 11 of the Banking Regulation Act, 1949. They also have difficulty in accessing refinance for agricultural credit.

During the evidence, Chairman , NABARD admitted that Cooperative Banks are charging 14-15 per cent of interest from the farmers as these banks are taking a slice at each level. The Committee desire the Government to look into the matter and ask NABARD to refinance the Cooperative Banks at lower rate of interest because the cooperatives have a pivotal role to play in credit delivery to the farmers. The Cooperative Banks should also be instructed to reduce their share at each level so as to provide loans to farmers at reasonable rate of interest.

The Committee observe that the share of Regional Rural Banks (RRBs) in institutional credit to Agriculture has been as low as 11 per cent in 2004-2005 and 9 per cent in 2003-2004, whereas RRBs are supposed to cater to the credit needs of farmers, in their vicinity. The Committee, therefore, recommend the Government to streamline their structure and instruct them to increase the flow of rural credit so as to fulfil their rural mandate.

The Committee note that the extant ceiling of Rs.50,000 for Agricultural loans at the rate of not more than 9 per cent interest to the farmers is just inadequate. Considering the cost of agricultural implements, machinery and the need for modernization of agricultural practices, the Committee strongly recommend that the ceiling of Rs.50,000 must be reviewed and enhanced upto Rs. 5 lakh suitably to meet the growing needs of the farmers.

Reply of the Government

4.5 The Government of India has been making continuous endeavour to bring down rate of interest on agricultural loans keeping in view the massive development potential existing in agricultural sector and its linkage with macro-economic development in the country.

All the Public Sector banks have been advised to reduce their lending rate for agriculture to a single digit rate of not more than 9% per annum on crop loans upto a ceiling of Rs.50,000/-. This rate will benefit most of the account holders and will cover almost all the small and marginal farmers. The banks have been advised to ensure that the volume of credit to the agriculture sector does not decline due to the reduction in the interest rate. Further, in 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) in case of loans upto Rs.2 lakh. In order to bring down the rate of interest on loans from cooperatives, NABARD has been allowed to extend refinance facility directly to the District Central Cooperative Banks.

In order to improve the health of State Cooperative Banks and DCCBs Government of India constituted a Task Force under the Chairmanship of Prof. A.Vaidyanathan, which has since submitted its report. The Government has accepted the

recommendation of the Task Force and has initiated steps to consult various stakeholders for finalizing the modalities for its implementation.

Ministry of Agriculture has been pursuing with the Ministry of Finance the matter of streamlining the functioning of Regional Rural Banks so as to improve their share in agriculture credit. The Regional Banks so as to improve their share in agricultural credit. The Regional Rural Banks have demonstrated positive performance in respect of agricultural credit flow growth rate in the year 2004-05 and it is proposed to fix agricultural credit flow growth rate of 40% for the RRBs in the year 2005-06.

COMMENTS OF THE COMMITTEE

4.6 For comments of the Committee please refer to Paragraph No.1.15 of Chapter-I of the Report.

RECOMMENDATION NO.11

Agriculture Extension

4.7 The Committee find that Agriculture Extension has scarcely made any significant impact on our agriculture, since not more than 25 per cent of Agriculture technology is reaching the farmers. Though increased Mass Media Support to Agriculture Extension is being provided, the Committee feel that there is still a need for revamping the extension machinery to make it more farmer-oriented and accessible to them. The village- level workers and community block based extension system should be revitalised and strengthened and made more responsive to the changing needs of the times. Village Panchayats/Farmers' organizations should be made to play a critical role in the effective transfer of agricultural technology. The Committee recommend the Department to disseminate the outcome of various successful researches made by ICAR and other agencies to the farmers and encourage them to properly utilise the same. Otherwise the

fruits of long years spent in research for the benefit of the farmer are likely to remain confined to the laboratories.

The Committee further recommend that necessary changes should be carried out by encouraging the Research Education and Extension Agencies to interact with the farmers to know their needs and problems and come out with demand driven solutions.

Reply of the Government

4.8 A number of initiatives taken by the Government of India in this regard are listed here under:-

The ITD component of NATP is under implementation with the support of World Bank in seven States, namely, Andhra Pradesh, Bihar, Himachal Pradesh, Jharkhand, Maharashtra, Orissa and Punjab from 1998. The project focused on bottom-up planning process for technology assessment, refinement and dissemination in order to make the whole extension system farmer-driven and farmer accountable. This has helped to strengthen research and extension capabilities, restructure public extension services and test new institutional arrangements for technology transfer with involvement of all the stakeholders of Government and Non-Government agencies at the district level. Linkage between research and extension has been strengthened by involving KVKS/ZRS (Institutions of ICAR/SAUs) and the development departments of State Governments at a platform called ‘Agricultural Technology Management Agency (ATMA); established as a registered autonomous body at district level under the above-mentioned project. The outcome of this project has been rated highly satisfactory by the World Bank Supervision Mission (November-December 2004).

2. Support to State Extension Programmes for Extension Reforms

This new Scheme has been approved on 29th March 2005. The scheme aims at making extension system farmer driven and farmer accountable by way of new institutional arrangements for technology dissemination in the form of an Agricultural Technology Management Agency (ATMA) at district level to operationalise the extension reforms. The release of funds will be based on State Extension Work Plans (SEWPs) prepared by the State Governments. It is proposed to cover 252 districts across all the States/Uts in the country.

3. **Mass Media Support to Agriculture Extension** is focusing on two initiatives. The first is use of Doordarshan infrastructure for providing agriculture related information and knowledge to the farming community. 180 Narrow casting Centres, 18 Regional Centres and 1 National Centre of Doordarshan Kendras would telecast agricultural programmes during specific hours. The second component of the mass media initiative is use of 96 FM Transmitter of AIR to broadcast area specific agricultural programme.

4. **Kisan Call Centre**

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 Centers. 13 such centers located at different places cover farmer's queries from all over the country. Around 8 lakh calls have been received in these centers since inception of the scheme in January, 2004.

5. **Farm Information Support Programmes**

Farm Information Support is provided to supplement States/Agricultural Universities efforts. These include organizations of regional fairs and exhibitions, support to State Agricultural Universities for print media and Kisan Melas and

support to National Productivity Council for productivity awards to agricultural and allied sectors.

COMMENTS OF THE COMMITTEE

4.9 For comments of the Committee please refer to Paragraph No.1.18 of Chapter-I of the Report.

CHAPTER-V

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

RECOMMENDATION NO.1

Budgetary Allocation

5.1 The Committee note that the Tenth Five Year Plan target is to achieve an average annual growth rate of 4% in agricultural output and to achieve a production of 230 million tonne of food grains by 2006-2007. During the Ninth Plan, agricultural and allied sector registered an average annual growth rate of about 2.1 per cent and advance estimates for 2004-2005 projects to achieve Agricultural growth rate of 1.1 per cent only. During 2004-2005, the country could produce about 206.4 million tonne of food grains which projects the need to increase the production at least by 24 million tonne. In order to meet these ambitious targets, the Committee were informed that the Department of Agriculture and Cooperation had placed a demand of Rs.9,997.34 crore during 2005-2006. However, only an amount of Rs.4,589.83 crore (both Plan and Non-Plan) has been made available to them by the Planning Commission and the Ministry of Finance, which is around 45.91 per cent of the demand.

The Committee note that the percentage share of Department of Agriculture and Cooperation vis-à-vis Central Plan Outlay of Government of India during 2005-2006 is

1.98 per cent which is a little more as compared to 1.62 per cent for the last year, but pales into insignificance considering the fact that the agriculture contributes, by the admission of the Department one quarter of India's total GDP, its real contribution in the economic well being of the country goes much beyond – being his support and livelihood base for more than 650 million country men. While the Committee are conscious of the fact that Agriculture is a State subject, the Union Government must perform the role of a true catalyst so as to induce public and private investment in agriculture by taking suitable fiscal measures. The Committee would like to be apprised of such measure in due course.

On the contrary, the Committee find that the Department of Agriculture and Cooperation could never utilize the entire amounts allocated to it. During the evidence the Secretary, Department of Agriculture and Cooperation admitted that the Planning Commission and Finance Ministry has assured that if allocated money is fully spent, proposal for further increase in the outlays will be positively considered. It is therefore, incumbent upon the Department to first utilize the allocated funds so as to make strong case for enhanced outlays.

The Committee wish to emphasize that the development of agriculture is essential not only for providing food to increasing population of the country but also to ensure and improve the livelihood of the rural population. Therefore, this sector needs to be given high priority in all planned strategies of the Government. The Committee, therefore, strongly recommend that the Planning Commission and the Ministry of Finance should review the allocation of funds to this Sector and make enhanced allocations keeping in view its importance and growth targets set by the Government. The policies and programmes aimed at improving agricultural production and productivity should not suffer due to resource crunch.

Reply of the Government

5.2 A number of steps have been taken to ensure full, proper and even paced utilization of funds. These include regular monitoring of the timely release of funds; review of progressive expenditure incurred on implementation of schemes; and follow up on obtaining of utilization certificates from the State Governments. The Crop Directorates of the Department, which assist and guide the State Governments in formulation, implementation and monitoring of production programmes, also monitor the utilization of funds by the State Governments. A system of Area Officers has been evolved under which officers of the rank of Joint Secretary have been assigned the responsibility of continuously monitoring the state of agriculture in their allotted state(s). A comprehensive review of preparedness of the State Governments for undertaking Rabi and Kharif operations along with a stock-taking of all the development initiatives including utilization of funds is taken up twice a year. The Agriculture Minister as well as Secretary, Department of Agriculture and Cooperation also review the performance from time to time both in Delhi and the States.

In addition, the extant Government instructions, in accordance with which not more than 33 per cent of the annual allocations made, can be expended in the last quarter of the fiscal year, further strengthen the regulatory mechanism for ensuring release of funds in an even paced manner so that bunching of expenditure toward the fag end of the fiscal year is avoided.

Public Private Partnership (PPP) has emerged as one of the crucial areas in the field of agricultural extension and marketing in meeting the multifarious demands of the farming community. The recently approved scheme of “Support to State Extension Programmes for Extension Reforms” aims at making extension system farmer driven and farmer accountable by way of new decentralized institutional arrangements for

technology dissemination in the form of an “Agricultural Technology Management Agency” (ATMA) at district level. ATMA is an autonomous institution providing flexible working environment involving all the key stake-holders in project planning and implementation. These will be supported by similar bodies at the block level.

Similarly the Scheme “Establishment of Agriculture Clinics & Agri.Business Centres by Agriculture Graduates” is another good example of increasing public private participation in the agriculture sector. The scheme aims at increasing self-employment opportunity for eligible agriculture graduates as well as to support agriculture development through economically viable ventures. The successful initiatives of the private sector like ITC e-Choupal, Chambal Fertilizer, Haryali Kisan Bazar, Pepsi Co. etc are expected to be replicated in several parts of the country.

Agricultural Marketing is yet another area where PPP can play a vital role to promote growth, employment and economic prosperity in rural areas. The State monopoly over agricultural markets in order to facilitate direct marketing, and contract farming and encourage private sector investments for the development of post harvest and cold chain infrastructure near to the farmers fields as also to establish effective linkage between farm production and the retail chain, including food processing industry. A reform-linked scheme of “Development/Strengthening of Agricultural Marketing Infrastructure, Grading and Standardization” is being implemented. Under this scheme, funds would be provided to those States/UTs which amend their APMC Acts, for promoting direct marketing, contract farming and for setting up of markets in the private and cooperative sectors. In the field of marketing and storage the Scheme of (i) Gramin Bhandan Yojana ; and (ii) Construction of Cold Storages aim to promote the participation of private sector.

Private sector has also been encouraged in supply of key inputs like seeds, pesticides etc. Recently, the Department in collaboration with FICCI organized an Agriculture Summit to promote PPP in agriculture sector in general and in agricultural marketing and extension in particular.

The recommendation made by the Hon'ble Parliamentary Standing Committee regarding enhanced allocations of funds to Agriculture Sector has been forwarded to the Planning Commission and Ministry of Finance.

RECOMMENDATION NO.3

Amount spent by North Eastern States

5.3 The Committee note that Rs.418 crore, representing 10 per cent of the total Plan Outlay of the Departments have been allocated for implementation of Plan Schemes in North-Eastern States during 2005-2006. While examining the detailed Demands for Grants of the Ministry, the Committee find that though the allocation is invariably reflected in the Demands for Grants, but there is no mention of actual expenditure on specific Schemes. Though 10 per cent funds are allocated for the North-Eastern States in accordance with the directions of the Government, the Committee have been furnished no information as regards the Schemes implemented in these States out of such funds. The Committee, therefore, recommend the Government to evolve some mechanism like adding an annexure in the Detailed Demands for Grants book reflecting the actual expenditure incurred on implementation of each Scheme in North-Eastern States, State-wise, so that the Parliament is satisfied as to bona fide use of such special allocations.

Reply of the Government

5.4 The Hon'ble Committee have advised that an annexure in the Detailed Demands for Grants book reflecting the actual expenditure incurred on implementation of each scheme in North-Eastern States may be added. This comes under the purview of Ministry of Finance. The matter has been taken up with them. The Committee would be apprised shortly.

COMMENTS OF THE COMMITTEE

5.5 For comments of the Committee please refer to Paragraph No.1.9 of Chapter-I of the Report.

RECOMMENDATION NO.4

Subsidies in Agriculture

5.6 The Committee note that the subsidy in the Agriculture Sector in India constitutes less than 2 per cent of the Gross Domestic Product (GDP). The Committee are informed that Input Subsidies, estimated at about Rs.36,000 crore are given to Agriculture Sector under three segments viz Fertilizer, Water and Electricity. The Committee, however, note that 54 per cent of Fertilizer subsidy is actually going to industry and as regards 'water' and 'electricity', the subsidy is given by the State Governments. Moreover, in many States, there is tremendous shortage of water and electricity, which in turn has been adversely affecting our agriculture.

Referring to the view of the World Bank, the representatives of the Department deposed that the high rates of subsidy being provided to agriculture in India is crowding out the investments. The witness further testified that India is subsidizing input as well as output, but when asked by the Committee to explain the difference between the two figures, the witness assured to supply the figures after working out the same. In the considered view of the Committee, the concept of notional subsidy makes no sense unless the loss caused to the farmers is quantified and compensated since we do not have access to the kind of referral market that the WTO alludes to.

The Committee are aware of the heavy subsidies being given by the developed countries to its agriculture. The Committee, therefore, desire the Government to find out

a way to convert this negative agricultural subsidy into positive subsidy so as to provide level playing field to our farmers in the new WTO regime so that they could somewhat compete with the farmers of other developing and developed countries. The Committee also call upon the Government to ensure that real benefit of the subsidies must percolate down to the small and marginal farmers, investment flows to agriculture and agriculture becomes a paying proposition.

Reply of the Government

5.7 The issues raised in the recommendation require consultation with different Ministries (like Water resources, Power etc.) and other institutions (like Indian Council for Agricultural Research etc.) DAC is in the process of finalizing reply of the Government in consultation with all concerned and will report to Hon'ble Committee soon.

COMMENTS OF THE COMMITTEE

5.8 For comments of the Committee please refer to Paragraph No.1.12 of Chapter-I of the Report.

RECOMMENDATION NO.12

Financial Support to National Seeds Corporation

5.9 The Committee are surprised to note that during 2004-05, Rs.4 crore provided as Budgetary Support for National Seeds Corporation (NSC), (Head of Development 12401) had been withdrawn at RE stage and now only Rs.30 lakh have been allocated for 2005-2006. The Committee are informed that since NSC was reluctant to receive this amount as a loan @ 15.5 per cent interest for implementation of VRS/VSS, the support was withdrawn at RE stage, hence, the less provision this time.

The Department need to explain as to why should NSC or any other agency take the loan from the Government at an exorbitant interest rate of 15.5 per cent when it is

available at a much cheaper rate from the banks. The Committee, therefore, desire the Government to either reduce the rate of interest if it really intend to provide support to NSC or stop juggling with the budgetary allocations.

Reply of the Government

5.10 The rate of interest on government loans is fixed by the Ministry of Finance keeping in view various relevant factors. Though, at times, loans on cheaper rates are available from banks, but there may be certain conditions which the public sector enterprises may not fulfill, particularly, the economic and financial condition of the organization may not allow access to bank loans. In such circumstances, the Corporations may prefer getting government loan for which some provision has been kept. The matter of reducing the interest rate on government loan to the Corporations has been taken up by this Department with the Ministry of Finance and a letter has been sent to them in this regard.

RECOMMENDATION NO.14

Tsunami Affected Farmers

5.11 The Committee express their deep concern over extensive devastation caused by the Tsunami waves in Andaman and Nicobar Islands, Tamil Nadu, Pondicherry and other affected areas of the country. The Committee observe that besides the irreparable loss of lives, the agricultural land is likely to remain infertile/uncultivable for the next 5-6 years due to saline water which had inundated the agricultural land.

The Committee are of the view that particular attention should be paid to the affected areas and farmers in Andaman and Nicobar Islands because they need special protection being in distress and far away from the mainland. Immediate measures should be taken to restore the fertility of land in the entire coastal areas affected by the

devastating waves including construction of homes. The Committee further desire that the extension machinery should make concerted efforts to popularise salt tolerant varieties of different crops developed by the Indian Council of Agricultural Research (ICAR) and State Agriculture Universities among the farmers in the region and help them in growing the produce with all the required technical know how.

The Committee further desire that all preventive measures, including early warning system, should be installed to prevent such disaster in future.

Reply of the Government

5.12 The issues raised in the recommendation require consultation with different Ministries, State authorities and other bodies/institutions DAC is in the process of finalizing reply of the Government in consultation with all concerned and will report to Hon'ble Committee soon.

RECOMMENDATION NO.15

VAMNICOM

5.13 The Committee are concerned to note that the Vaikunth Mehta National Institute of Cooperative Management (VAMNICOM), Pune a premier Institute in the field of Cooperative Management Training has not been accorded the Deemed University status. The students who pass the PGDBM programme from the Institute suffer, for want of recognition by the UGC. Moreover, the teaching faculty has been deprived of the pay scales which are due to them.

The Committee observe that since VAMNICOM is the only Centre for excellence in the field of Cooperative Management Training, the matter of according Deemed University status to the Institute should be reviewed expeditiously. The Pay Scales of the faculty of the Institute should also be revised to avoid exodus of highly talented and experienced faculty members. The Committee further recommend that immediate

necessary steps need to be taken by the Department for Brand Building of the Institute so that the students, otherwise well-qualified and well-trained by the Institute, get good placement commensurate with their real calibre. The Committee also desire that renowned Institutions like VAMNICOM must get a suitable mention in the Annual Report and other documents brought out by the Department.

Reply of the Government

5.14 VAMNICOM functions under the administrative control of National Council for Cooperative Training (NCCT) which is a Committee of the National Cooperative Union of India (NCUI). The proposal for granting Deemed University status to VAMNICOM, Pune has been examined earlier. The matter was taken up with the UGC through the Ministry of Human Resource Development. Since the conditionalities imposed by UGC was not accepted by the NCUI, it was decided by the NCUI that VAMNICOM be developed as a Centre of Excellence within the cooperative system, instead of being converted into a University. The Department of Agriculture & Cooperation has not received any fresh proposal from NCCT for granting Deemed University status to VAMNICOM, Pune.

The matter of granting UGC pay scales to the faculty of VAMNICOM, Pune was taken up with the Department of Expenditure twice in the past. The Department of Expenditure did not approve the proposal as the UGC pay scales can be introduced only in Universities/Deemed Universities.

The Department of Agriculture and Cooperation has asked VAMNICOM, Pune to prepare a Report for positioning VAMNICOM, Pune as a Centre of Excellence in the Cooperative sector. After receiving the report, necessary steps would be taken by the Department for Brand Building of the Institute. Details regarding the activities of

VAMNICOM and other Cooperative Training Institutes will be suitably incorporated in the Annual Report and other documents brought out by the Department.

COMMENTS OF THE COMMITTEE

5.15 For comments of the Committee please refer to Paragraph No.1.20 of Chapter-I of the Report.

RECOMMENDATION NO.17

Revitalisation of Cooperatives

5.16 The Cooperatives in India, conceived to play an important role in shaping our agricultural and rural economy, have emerged as one of the largest in the world with about five and-a-half lakh societies of various types with membership of about 23 million. The Committee note with concern that despite almost all the villages being under the cooperative fold, most of the cooperatives have become non-viable. The three-tier system, envisioned for the benefit of the farmers, is in fact, causing hinderance in the efficient functioning of the cooperatives now. The representative of the Department conceded in her testimony that each tier is getting its own slice, insofar as it concerns charging of interest from the farmers. Considering the wide array of functions enjoined upon the cooperatives namely, disbursement of credit, agricultural inputs, processing, marketing of farm produce, etc., the Committee are of the considered view that the management of cooperatives needs to be strengthened and, therefore, all possible efforts should be made for the revival of sick Cooperatives. The Committee also feel that though in order to provide greater financial autonomy to the cooperatives, the Multi-State Cooperatives Act has been enacted, yet a lot more needs to be done to remove structural weaknesses and regional imbalances in the Cooperatives. The Committee would like to

be apprised of the efforts made to revitalise the Cooperatives so that the farmers get the much required support and strength for their sustained development and prosperity.

Reply of the Government

5.17 To revitalize the Cooperative, Government has undertaken several measures. These include, inter-alia, framing of a National Policy on cooperatives, enactment of Multi-State Cooperative Societies Act, 2002, initiatives for revitalization rural cooperative Credit institutions Department of Agriculture & Cooperation is also considering amendment to the Constitution in respect of Cooperatives. A High Powered Committee to review the working of entire cooperative structure etc. has also been constituted.

1. National Policy on Cooperatives

The Union Government has formulated a National Policy on cooperatives in consultation with the States. The objective of the national policy is to facilitate all round development of cooperatives in the country and to work as guiding principles for action of the State towards in cooperatives. The policy, envisages that cooperatives be provided necessary support, encouragement and assistance and to ensure that they work as autonomous, self-reliant and democratically managed institutions accountable to their members.

2. Multi-State Cooperative Societies (MSCS) Act, 2002

The Central Government has taken a lead in providing required autonomy to the cooperatives by enacting MSCS Act, 2002, replacing the MSCS Act, 1984. It aims at providing functional autonomy and democratic management to the Multi-State Cooperative societies. Though this Act is applicable to National level cooperative societies/Federations and other Multi-State Cooperative societies, it is expected that it will work as a model Act for reforms in State Cooperative Laws.

3. NCDC (Amendment) Act, 2002

NCDC Act, 1962 has been amended vide NCDC (Amendment),2002 expanding the mandate of NCDC to include foodstuff, industrial goods, livestock and services in the programmes and activities in addition to the existing programmes. The definition of agriculture produce has been amended to cover wider range of activities by including edible and non-edible oilseeds, cattle feed, produce of horticulture and animal husbandry, forestry, poultry farming, pisiculture and other allied activities to agriculture. Vide the amendment Act, definition of industrial goods and livestock have been elaborated covering the products of allied industries in the rural areas and includes any handicrafts or rural crafts. The livestock includes all animals to be raised for milk, meat, fleece, skin, wool and other by products. NCDC will be able to provide loan directly to the cooperatives without State/Central Government guarantee on furnishing of security to the satisfaction of the NCDC. So far activities concerning the water conservation, animal care/health, disease prevention, agricultural insurance and agricultural credit, rural sanitation/drainage/sewerage have been notified as notified services.

4. Amendment to the Constitution in respect of

Cooperative in spite of the felt need for amendment in the State cooperative Societies Acts, the pace of reforms in Cooperative legislation by the States is not encouraging. Therefore, to ensure the democratic autonomous and professional functioning of cooperatives, it has been decided to initiate a proposal for amendment to the Constitution for the purpose. This decision has been taken after careful deliberations with the state in a conference of State Cooperative Ministers held on 7th December, 2004. The proposed amendment to the constitution is purported to address the key issues for empowerment of co-operatives through their voluntary formation, autonomous functioning, democratic control and professional management.

5. Constitution of High Powered Committee

To review the achievements of cooperative movement during the last 100 years of cooperative movement and challenges before it, and to suggest ways and means to face them and to give a new direction to the movement, high powered committee has been constituted with following Terms of Reference:-

- (1) To review the achievements of the co-operatives during the last 100 years.
- (2) To identify the challenges being faced by the co-operative sector and to suggest measures to address them to enable the movement to keep pace with the changing socio-economic environment.
- (3) To suggest an appropriate policy and legislative framework and changes required in the co-operative legislation in the country with a view to ensure the democratic, autonomous and professional functioning of co-operatives; Amendments in the Multi-State Co-operative Societies Act, 2002.

6. Revamping of cooperative Credit Structure

In order to improve the health of rural cooperatives, Credit Institutions, Government of India constituted a Task Force under the Chairmanship of Prof. A.Vaidyanathan for suggesting measures required for improving the efficiency and viability of Rural Cooperative Credit Institutions and to suggest an appropriate regulatory framework. The Task Force has submitted its report in respect of Short Term Credit Cooperative structure. The Government has accepted the recommendation of the Task Force and has initiated steps to consult various stakeholders for finalizing the modalities for its implementation. The same Task Force has been advised to look into the problems of Long Term Cooperative Credit structure and to suggest measures for its revitalization.

RECOMMENDATION NO.18

Post Harvest and Processing Technology on Oilseeds, Pulses, Oil Palm and Maize

5.18 The Committee note that under the Scheme of 'Research and Development for Post Harvest and Processing Technology on Oilseeds, Pulses, Oil Palm and Maize', no funds have been allocated during 2005-2006 though the Revised Estimate for 2004-2005 was Rs.17.75 crore. The Committee have been informed about the decision to weed out the Scheme by the Planning Commission. The Committee hardly wish to emphasize the importance of crops like Oilseeds, Pulses and Maize as the units based upon Post Harvest and Processing Technologies of these crops provide ample employment opportunities besides remunerative prices to our farmers. The Committee would like to be apprised of the assessment of the Scheme made by the Expenditure Finance Committee and the considered views of the Department.

The Committee recommend the Government to continue this important Scheme and allocate the funds at Revised Estimates stage so that the research work being done under the Scheme does not suffer due to resource crunch, particularly when the country has to resort to import of edible oils

Reply of the Government

5.19 The Planning Commission in its review exercise of the Plan Schemes has identified the Central Sector Scheme on Research and Development on Post Harvest and Processing Technology in Oilseeds, Pulses and Maize including TMOP headquarters (R&D in PHT Scheme) for weeding out as a consequence of which no budgetary allocation has been provided for under the scheme for 2005-06. The R&D in PHT Scheme was re-structured during X Plan with an outlay of Rs.85.00 crores. While Centrally Sponsored Integrated Scheme of Oilseeds, Pulses, Oil Palm and Maize deals with the production and productivity aspects of oilseeds, pulses, and maize, the R&D in

PHT Scheme was intended to deal with research, development and promotion of processing technologies for these crops. A number of technologies have been developed under this scheme by the CSIR Institutions and have been promoted in different parts of the country. The Department of Agriculture and Cooperation is of the view that weeding out of the R&D in PHT Scheme, at this stage will adversely affect the promotion of oilseeds and pulses, which are extremely important crops for our import view point and also in the context of diversification programme that Government wish to persuade.

Expenditure Finance Committee, while approving the scheme for implementation till September, 2004 observed that an evaluation of the scheme be carried out by an independent agency and further continuation of the scheme may be considered based on the evaluation. The impact evaluation of the scheme has been carried out by an independent agency. The impact evaluation study while highlighting the achievements made under this scheme, has observed that the design of the R&D in PHT Scheme is good and the scheme may be fine tuned based on inputs.

COMMENTS OF THE COMMITTEE

5.20 For comments of the Committee please refer to Paragraph No.1.23 of Chapter-I of the Report.

RECOMMENDATION NO.19

CROP INSURANCE

5.21 The Committee are constrained to note that 'National Agricultural Insurance Scheme being implemented through Agriculture Insurance Company of India Ltd. (AIC) is not giving the satisfactory results. During the various study visits the Committee were informed that the settlement of claims is not being made in time and due to undue delay in certain cases, the farmers even committed suicide due to frustration for want of funds at their disposal. The Committee, therefore, desire the Government to ensure the speedy

settlement of claims before the next sowing season so that farmer has adequate money in hand to produce another crop.

The Committee have also experienced that at the time of failure of crops due to some natural calamities like drought, etc. some farmers are deprived of the claims on the pretext that their area was normal. The Committee feel that the unit of area being taken presently into consideration in assessing the damage is not adequate. Therefore, they recommend the Government to reduce the area unit upto village level so that affected farmers are judiciously compensated in the event of crop failures and the purpose of crop insurance is justified.

The Committee also recommend that NAIS should be made easy for the farmers to understand and the implementation of the Scheme should be made smooth so that more and more farmers may come under the purview of the Scheme and be benefited therefrom.

Reply of the Government

5.22 The National Agricultural Insurance Scheme (NAIS) envisages time bound settlement of claims. It is Government's endeavour that claims of a season, if any, are settled before the commencement of the same season next year. Implementing States/UTs are requested from time to time to make adequate budget provision in their budget and for timely payment of their share towards financial liabilities. Recently, Union Agriculture Minister has requested to the Chief Ministers of all implementing States for expeditious payment of share of their financial liabilities under NAIS. Besides, this, States are requested to make available requisite yield data to the implementing Agency within stipulated time so that timely processing of admissible claims may be made.

NAIS is an area based scheme and the implementing States/UTs are permitted to notify any unit area of insurance including Tehsil, Taluka, block, mandal, firka, Gram Panchayat keeping in view the capacity of the State to undertake requisite number of Crop Cutting Experiments (CCEs).

The implementing states face difficulties in reducing the unit area of insurance because of large number of CCEs required to be undertaken for making assessment of yield.

The Government has constituted a Joint Group to review the status position of existing Crop Insurance Schemes, improvement required in the National Agricultural Insurance Scheme (NAIS) and to develop broad parameters of an appropriate and farmers friendly crop insurance scheme. The Group made in-depth study of the related issues and submitted its report on 20.12.2004. The Group has made a number of important recommendations including reducing the unit area of insurance to Gram Panchayat for major crops and timely settlement of insurance claims. As announced in the Budget speech for 2005-06, the Government, at present, is in the process of consulting various stakeholders about the implementation of the recommendations of the Group.

NEW DELHI;
18 January, 2006
28 Pausa, 1927 (Saka)

PROF. RAM GOPAL YADAV
Chairman,
Standing Committee on Agriculture

APPENDIX I
MINUTES OF THE EIGHTH SITTING OF THE STANDING COMMITTEE ON
AGRICULTURE HELD ON WEDNESDAY, THE 18TH JANUARY, 2006 AT 1100 HRS.
IN ROOM, '139', FIRST FLOOR, PARLIAMENT HOUSE ANNEXE, NEW DELHI

The Committee sat from 1100 hrs. to 1330 hrs.

PRESENT

Prof. Ram Gopal Yadav – Chairman

MEMBERS

LOK SABHA

- 2. Shri Hiten Barman
- 3. Shri Manoranjan Bhakta
- 4. Shri Girdhari Lal Bhargava
- 5. Shri Khagen Das
- 6. Shri Raghunath Jha
- 7. Smt. Rupatai D.Patil Nilangekar
- 8. Shri Y.S.Vivekananda Reddy
- 9. Shri M.P. Veerendra Kumar

RAJYA SABHA

- 10. Smt. Mohsina Kidwai
- 11. Shri Harish Rawat
- 12. Dr.M.S.Gill
- 13. Shri Pyarelal Khandelwal
- 14. Shri Sk. Khabir Uddin Ahmed
- 15. Shri Bashistha Narain Singh
- 16. Shri Sharad Anantrao Joshi

SECRETARIAT

1. Shri A.K.Singh	-	Joint Secretary
2. Shri Hardev Singh	-	Deputy Secretary
3. Shri K.D. Muley	-	Under Secretary
4. Shri D.S. Malha	-	Under Secretary

At the outset, the Hon'ble Chairman, welcomed the Members to the sitting of the Committee and requested them to deliberate on the first item of the agenda of that day, i.e., the consideration of the statement prepared by the Committee Secretariat comprising the comments/suggestions received from various organisations on 'The Food Safety and Standards Bill, 2005' and after some deliberation decided that the draft report on the said Bill may be prepared by the Secretariat and be circulated to the Committee for their consideration by the first week of February, 2006.

2. Thereafter, the Committee took up Memoranda No. 2 containing draft 13th Action Taken Report on the 9th Report on Demands for Grants (2005-06) of the Ministry of Agriculture (Department of Agriculture and Cooperation) for consideration and adoption.

[Smt. Mohsina Kidwai, MP in the chair.]

The Committee also took up Memoranda Nos. 3, 4 and 5 containing draft 14th, 15th and 16th Action Taken Reports on the 10th, 11th and 12th Reports on Demands for Grants relating to the Ministry of Agriculture (Department of Agricultural Research and Education); Ministry of Agriculture (Department of Animal Husbandry Dairying and Fisheries); and Ministry of Food Processing Industries for consideration and adoption.

3. The Committee then adopted the draft Action Taken Reports with certain additions/modifications as suggested by members of the Committee.

4. The Committee thereafter authorized the Chairman to present the above-mentioned Reports to the House on a date and time convenient to him.

The Committee then adjourned.

APPENDIX II

ANALYSIS OF ACTION TAKEN BY GOVERNMENT ON THE NINTH REPORT OF STANDING COMMITTEE ON AGRICULTURE (14TH LOK SABHA)

(i)	Total number of Recommendations	19
(ii)	Recommendations/Observations which have been Accepted by the Government	
	Serial Nos. 5,6,7,9,13 and 16	
	Total	6
	Percentage	31.67
(iii)	Recommendations/Observations which the Committee Do not desire to pursue in view of the Government's replies	
	Serial No. 8	
	Total	1
	Percentage	5.2
(iv)	Recommendations/Observations in respect of which replies Of the Government have not been accepted by the Committee	
	Serial Nos. 2,10 and 11	
	Total	3
	Percentage	15.7
(v)	Recommendations/Observations in respect of which Final replies of the Government are still awaited	
	Serial No. 1,3,4,12,14,15,17,18 and 19	
	Total	9
	Percentage	47.36