

**PUBLIC ACCOUNTS COMMITTEE  
(1968-69)**

**(FOURTH LOK SABHA)**

**FIFTY-EIGHTH REPORT**

**Central State Farm, Suratgarh**

**[Paragraph 39 of Audit Report (Civil), 1968]**



**LOK SABHA SECRETARIAT  
NEW DELHI**

336.3951R March, 1969; Phalguna, 1890 (Saka)

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| <u>PAGE</u> | <u>PARA</u> | <u>LINE</u> | <u>FOR</u>   | <u>READ</u>                                    |
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| 6           | 1.13        | 2           | 24.109   | 24.126   |
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|             | 1.32        | 4           | tail and   | tail end                                       |
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| 27          | 1.59        | 2           | deficiency   | deficiencies                                   |
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|             | 1.65        | 10          | collaboration  | collaboration                                  |
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|             | 1.34        | 5           | such returns   | adequate financ<br>-cial or any<br>other gains |
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| 71          | 1.45        | 6           | partly   | partially                                      |
|             | 1.60        | 4           | allowances   | allowance                                      |
|             | 1.61        | 1           | ridiculously   | very   |
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|             |             | 7           | cost,  | cost have                                      |
| 72          | 1.63        | 5-6         | sales are in<br>future   | in future sales<br>are                         |
|             |             | 6           | <u>omit</u> the word "alone"   |  |
|             | 1.64        | 2           | After the sentence ending<br>with 'deficiencies', <u>insert</u><br>'This was conceded by the<br>Government.'                             |  |
|             |             | 5-6         | <u>Omit</u> the sentence "In....Farm"  |  |
|             |             | 7           | <u>Omit</u> the words 'with the Farm'  |  |

P.T.O.

| <u>PAGE</u> | <u>PARA</u> | <u>LINE</u> | <u>FOR</u>  | <u>READ</u> |
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| 73          | 1.64        | 2           | speedy      | immediate   |
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| 74          | 1.79        | 3           | being       | to be       |

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Minutes of the Thirty-ninth sitting held on  
23-1-1969 (F.N.)

Minutes of the Forty-sixth sitting  
held on 20-3-1969 (A.N.)

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(1968-69)

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Shri K. Seshadri—*Under Secretary.*

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\*Declared elected on 19th August, 1968 *vice* Shri M. M. Dharis who resigned from the Committee.

## INTRODUCTION

1. I, the Chairman of the Public Accounts Committee, as authorised by the Committee, do present on their behalf this Fifty-eighth Report (Fourth Lok Sabha) on Central State Farm, Suratgarh [Para 39 of Audit Report (Civil), 1968].

2. The Audit Report (Civil), 1968 was laid on the Table of the House on the 3rd April, 1968. The Committee examined paragraph 39 at their sitting held on the 23rd January, 1969 (F.N.). The Committee considered and finalised this Report at their sitting held on the 20th March, 1969 (A.N.). Minutes of these sittings of the Committee form Part II\* of the Report.

3. A statement showing the summary of the main conclusions|recommendations of the Committee is appended to the Report (Appendix XIII). For facility of reference these have been printed in thick type in the body of the Report.

4. The Committee place on record their appreciation of the assistance rendered to them in the examination of these accounts by the Comptroller and Auditor General of India.

5. The Committee would also like to express their thanks to the Officers of the Department of Agriculture for the co-operation extended by them in giving information to the Committee.

NEW DELHI;  
March 20, 1969.  

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Phalgun 29, 1890 (Saka).

M. R. MASANI,  
Chairman,  
Public Accounts Committee

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**MINISTRY OF FOOD, AGRICULTURE, COMMUNITY DEVELOPMENT AND COOPERATION**

(DEPARTMENT OF AGRICULTURE)

**Audit Report (Civil), 1968**

**CENTRAL STATE FARM, SURATGARH**

*Audit Paragraph*

The Central State Farm covering an area of 30,320 acres of land leased to the Government of India for 15 years by the State Government of Rajasthan, was set up at Suratgarh (Rajasthan) in August, 1956 with a view to utilising agricultural machinery and equipment gifted by a foreign Government. Capital invested on the farm to the end of June, 1966 excluding the estimated cost (Rs. 66.93 lakhs) of gift machinery, amounted to Rs. 112.88 lakhs. 27,501 acres of the Farm land is under the command of the Bhakra Canal System and it grows all major Rabi and Kharif crops.

(i) While sanctioning the establishment of the farm, no financial forecast was prepared on the ground that it was not possible at that stage to state whether the scheme would be remunerative on the whole; this forecast has not been prepared so far (December, 1967) although the farm has been in existence for over 10 years. Government have, however, stated in December, 1967 that it is only after perennial irrigation is assured that it will become possible to draw up any kind of accurate financial forecast. The proforma profit and loss accounts prepared by the farm management, under instructions from the Government show that the farm has incurred losses in 8 out of 10 years; the accumulated loss as on the 30th June, 1966 amounted to Rs. 64.12 lakhs, excluding deferred revenue expenditure amounting to Rs. 11.42 lakhs. The farm is maintaining a cattle breeding centre since March, 1962. Separate working results of the cattle breeding centre have not been shown in the proforma accounts, although the farm was required to prepare subsidiary profit and loss accounts for its Animal Husbandry section.

(ii) The following table gives the figures relating to capital, acreage, sales, cost per acre, etc. for the three years ending June, 1966:—

|                                   | 1963-64               | 1964-65 | 1965-66 |
|-----------------------------------|-----------------------|---------|---------|
|                                   | (In lakhs of rupees). |         |         |
| <b>I. Capital employed—</b>       |                       |         |         |
| (i) Gift Machinery . . . . .      | 66.93                 | 66.93   | 66.93   |
| (ii) Government Capital . . . . . | 133.32*               | 120.30* | 112.88* |
| Total capital employed . . . . .  | 200.25                | 187.23  | 179.81  |

\*The Government capital is going down as the losses suffered by the Farm are adjusted against the capital.

|  | 1963-64              | 1964-65 | 1965-66 |
|--|----------------------|---------|---------|
|  | (In lakhs of rupees) |         |         |
| 2. Area under cultivation in acres. . . . .  | 25,777               | 25,832  | 9,311   |
| 3. (i) Direct cost of cultivation . . . . .  | 36.41                | 37.98   | 35.41   |
| (ii) Administrative over heads . . . . .   | 5.98                 | 6.39    | 4.39    |
| (iii) Other over heads . . . . .   | 16.02                | 16.45   | 15.05   |
| (iv) Total cost. . . . .   | 58.41                | 60.82   | 54.86   |
| 4. Percentage of Administrative and other over heads to cost of cultivation. . . . . | 60.42                | 60.14   | 54.90   |
| 5. Cost of cultivation per acre in rupees . . . . .                                  | 225                  | 234     | 589     |
| 6. (i) Opening stock . . . . .   | 31.21                | 24.27   | 39.15   |
| (ii) Cost of cultivation <i>vide</i> 3(iv) above. . . . .                            | 58.41                | 60.82   | 54.85   |
| TOTAL . . . . .  | 89.62                | 85.09   | 94.00   |
| 7. (i) Sale proceeds of farm produce . . . . .                                       | 53.07                | 34.27   | 58.14   |
| (ii) Other miscellaneous receipts . . . . .  | 0.52                 | 1.74    | 1.74    |
| (iii) Closing stock . . . . .  | 24.27                | 39.15   | 9.95    |
| TOTAL . . . . .  | 77.86                | 75.16   | 69.83   |
| 8. Net Loss (6-7) . . . . .  | 11.76                | 9.93    | 24.17   |

The loss during 1965-66 was attributed mainly to increased cost of production due to the fall in the area cultivated as a result of inadequate and erratic irrigation supplies (cost of other direct and indirect expenses remaining the same) and low yield per acre in 9 out of 11 major crops sown.

(iii) The following points were also noticed:—

- (a) *Lease Agreement*—Although possession of land was taken over during 1956 and the lease is due for expiry in July, 1971, the lease agreement has not been executed (December, 1967);
  - (b) *Store Accounts*—(i) Physical verification of stores held in stock has not been conducted since April, 1962; the book value of stores held as at 30th June, 1966 was Rs. 9.83 lakhs.
- (ii) *Stock limit*—Maximum and minimum limits of stock had not been fixed for any item of store.

- (iii) Idle equipment—Machinery spares and equipment costing Rs. 45,384 purchased between May, 1959 and March, 1964 had not been put to use.
- (c) *Workshop Account*—The farm maintains a workshop for repairing machinery and manufacturing certain spares; separate accounts have not been kept for the workshop though required under the accounting manual. Estimates for repair jobs and other manufactures are also not prepared nor has job costing been introduced so far (December, 1967); consequently, no control has been or can be exercised over the cost of repairs or manufactures. The Government have stated that “the introduction of job costing will not be of much practical advantage.”

[Paragraph No. 39, Audit Report (Civil), 1968].

#### **Establishment of Farm and its objectives**

1.2. The Central State Farm at Suratgarh was set up by the Government of India in 1956. The following were the circumstances leading to its establishment as explained in a financial forecast on the Farm prepared in October, 1956.

1.3. “During his visit to this country towards the end of 1955, the Prime Minister of USSR, offered a gift of agricultural machinery and equipment suitable for establishing a machanised farm of 26,000 to 30,000 acres. The gift was accepted by our Prime Minister. A list of the equipment is at Appendix I. The exact value of the machinery and equipment is not known but has been evaluated by our experts at about Rs. 75 lakhs.

1.4. With a view to utilising this gift machinery and equipment, it was decided to locate a suitable compact area of about 30,000 acres for a State mechanised farm and proposals were invited from State Governments. Offers were received from 9 State Governments which were examined by a Committee of Experts from the Ministry of Food and Agriculture and they selected the site offered by the Rajasthan Government which is situated in the Suratgarh tehsil of Ganganagar district.”

1.5. At the time the farm was set up, its economics could not be worked out by Government. The financial forecast in fact specifically stated that “it is very difficult at this stage to state with any amount of precision whether or not the scheme is going to be remunerative on the whole at the end of the 5-year period. It is, however, expected that once the perennial irrigation is assured the agriculture portion of the scheme will certainly be a paying proposition. As against the capital expenditure of about Rs. 53 lakhs and the recurring expenditure of about Rs. 66 lakhs, it is estimated that the income from this farm would be about Rs. 72 lakhs.

After the scheme has been in progress for sometime, it is proposed to work out the economics of the scheme in a more precise way over a longer period than the duration of the second Plan." However, though it was contemplated that the economics of the scheme would be assessed after it had been in operation for some time, such an assessment was not made at any time subsequently.

1.6. The main activities of the Farm as set out in a Manual on the Farm are:

- (i) To produce pure pedigree seed of varieties of wheat, gram, barley, sugarcane, cotton and oil seeds.
- (ii) To raise an orchard of about 2,000 acres of maltas, lemons, grapes, and date-palms etc. A nursery will also be raised to supply select stocks of various plants.
- (iii) To produce pedigree bulls and buffalo bulls of Haryana and Murra types respectively for upgrading the indigenous stock.
- (iv) To develop the famous Bikaneri breed of sheep which produce best carpet wool of approved quality so that improved rams may be distributed for upgrading the local sheep.
- (v) To establish a poultry farm of suitable breed for producing improved birds for distribution in the poultry development blocks and other areas with a view to increase to egg-laying capacity of the indigenous fowl.
- (vi) To undertake any other scheme or operations which may be approved by the competent authority."

#### Analysis of Principal Activities

##### (1) Seed Multiplication Farm

##### (a) Acreage Cultivated

1.7. The following was the acreage brought under cultivation by the Farm, for kharif and rabi crops, during each of the last five years ending 1968-69:

| Year                                | Targets (in acres) |        |        | Achievements (in acres) |        |        |
|-------------------------------------|--------------------|--------|--------|-------------------------|--------|--------|
|                                     | Kharif             | Rabi   | Total  | Kharif                  | Rabi   | Total  |
| 1964-65                             | 8,510              | 18,000 | 26,510 | 8,273                   | 17,559 | 25,832 |
| 1965-66                             | 3,200              | 18,023 | 21,223 | 3,146                   | 6,237  | 9,388  |
| 1966-67                             | 6,050              | 16,000 | 22,050 | 5,173                   | 18,221 | 23,394 |
| 1967-68                             | 5,100              | 17,715 | 22,815 | 4,416                   | 19,675 | 24,091 |
| 1968-69<br>(up to 31-12-68<br>only) | 5,050              | 18,000 | 23,050 | 3,605                   | 17,600 | 21,205 |

1.8. The Committee enquired why there was a heavy shortfall in acreage cultivated in relation to the target during the year 1965-66. The representative of the Department of Agriculture stated that "during that year Rajasthan, along with large parts of India suffered from the worst droughts of the century."

(b) *Total yield and Unit Yield*

1.9. Taking up the question of the yield of various varieties of crops, the Committee recalled the observations of the Estimates Committee in their Hundred & Thirty First Report (1960-61). That Committee had suggested that the Farm should evolve a suitable crop pattern, consistent with the need for crop rotation, so as to get "optimum results". The Committee enquired whether a proper crop pattern had been evolved and if so, whether this was reflected in the yields of the different varieties of crops during the last five year ending 1967-68. The Committee also enquired whether targets for production had been fixed for the seed farm. In a note on this point, the Department have stated that "no separate target for production of any grain was fixed, since production is governed by many indefinite factors *viz.* irrigation supplies, rains, floods, moisture and other climatic conditions." A statement showing the production of crops for five years ending 1967-68 as furnished is reproduced at Appendix II. The data is summarised below, along with figures of acreage under cultivation in the relevant years:

| Year    | Total<br>acreage<br>under<br>cultivation | Total<br>Kharif<br>production | Total<br>Rabi<br>production | Grand<br>Total |
|---------|--|-------------------------------|-----------------------------|----------------|
|         | (in acres)                               | (in quintals.)                |                             |                |
| 1963-64 | 25,777                                   | 7,012                         | 21,830                      | 28,842         |
| 1964-65 | 25,832                                   | 2,469                         | 29,616                      | 32,085         |
| 1965-66 | 9,558                                    | 1,026                         | 28,246                      | 29,272         |
| 1966-67 | 23,993                                   | 958                           | 39,136                      | 40,094         |
| 1967-68 | 24,126                                   | 1,264                         | 57,900                      | 59,164         |

1.10. The Committee observe from the foregoing data that, though there has been progressive increase in overall yield, the Kharif production over the years has shown a progressive drop. In 1967-68, it was about a sixth of the production in 1963-64. The Committee also note in this connection that, owing to periodical breach of irrigation channels by floods, the Kharif crop does not get irrigation "at the flowering or maturity stage."

1.11. The Committee also observe from the data that with the exception of wheat, the production of other Rabi and Kharif crops has been subject to severe fluctuations as shown below:

(1) *Kharif crops.*

(Production in quintals).

| Name of Produce | 1963  | 1964  | 1965 | 1966 | 1967 |
|-----------------|-------|-------|------|------|------|
| Paddy . . .     | 3,337 | 593   | 4    | 170  | 499  |
| Maize . . .     | 623   | 155   | 166  | 249  | 158  |
| Jawar . . .     | 815   | 408   | 432  | 304  | 23   |
| Bajra . . .     | 84    | 16    | 37   | 234  | 567  |
| Dhaincha . . .  | 1,188 | 1,018 | 125  | Nil. | 6.35 |

(2) *Rabi Crops.*

|                | 1963-64 | 1964-65 | 1965-66 | 1966-67 | 1967-68 |
|----------------|---------|---------|---------|---------|---------|
| Gram . . .     | 657     | 2,790   | 1,311   | 8,153   | 3,386   |
| Barley . . .   | 378     | 735     | 2,360   | 2,251   | 3,269   |
| Mustard . . .  | 120     | 8,591   | 120     | 979     | 139     |
| Taramira . . . | 13      | 108     | 36      | 428     | 1,229   |
| Toria . . .    | 252     | 844     | 8       | 111     | 1,108   |

1.12. It is apparent that the cropping pattern in the farm is being changed from year to year and a suitable crop pattern which would yield the optimum crop advantage as suggested by the Estimates Committee is yet to be evolved. The Committee, however, appreciate in this respect that the evolution of a crop pattern would be possible only after perennial irrigation facilities become available.

1.13. The highest yield obtained in the farm was in the year 1967-68, when the total acreage cultivated was 24,109. The yield compares as follows with the yield expected by Government from other Central Farms set up or in the process of being set up. The yield figures have been taken from the financial forecasts for these farms, copies of which have been furnished to the Committee.

|                                | Suratgarh Farm | Hirakud Farm | Hissar Farm | Sutlej Farm | Sindhur Farm |
|--------------------------------|----------------|--------------|-------------|-------------|--------------|
| Acreage (Acres.) .             | 24,126         | 10,000       | 8,000       | 10,000      | 7,500        |
| Yield (Quintals)               | 59,164         | 35,131*      | 78,500†     | 1,33,000    | 1,67,200     |
| Capital Investment (Lakhs Rs.) | 120            | 176          | 182         | 160         | 168          |

\*Excludes 6,716 Quintals of Jute fibre.

†Excludes 7,650 Quintals of Kapas.

1.14. The Committee observe that the highest yield so far obtained from the Suratgarh farm has proprata been well below the yield expected from the new farms, which have less than half the acreage of Suratgarh Farm.

1.15. The Committee enquired about the per acre yield in the farm and the efforts made to introduce high-yielding varieties. The witness stated that 2,376 acres were brought under high yielding variety in 1966-67 and the acreage was increased to 5,106 in 1967-68. As regards unit yield in the farm, the following position has been explained in a note submitted to the Committee:

“(ii) Statement at Appendix III enclosed compares the average production of major crops at Suratgarh Farm with average production in the district of Ganganagar (Where the farm is located), with average production in Rajasthan State as a whole, the all India average and the average in some of the North India IADP (Intensive Agricultural Development Programme) districts. It will be seen that the annual yields of wheat, gram, rice and bajra obtained at the Suratgarh farm have generally been higher than the general yield rates in Ganganagar district in Rajasthan and in the country as a whole. A comparison with the IADP districts shows that the wheat yields at the Farm had been generally higher than the wheat yields in Pali and Shahabad, gram yields are higher than those in Aligarh and Shahabad, and rice yields are higher than those in Shahabad and Raipur and bajra yields higher than yields in Pali and Aligarh. In the case of maize, the yield rates at the Farm have been erratic. These were generally higher than yields in other areas during 1963-64 and 1964-65 but lower during subsequent years. In the case of jawar, the Farm yield have been generally higher than the yields in Ganganagar and Pali districts as also the Rajasthan State, although they were less than the All India average.”

1.16. From the data furnished by the Department about the yield in the Farm, the following position emerges:

- (i) In respect of wheat, a major crop in the Farm which on an average accounted for about 70 per cent of the total production, the average yield in 1967-68 (986 Kgs. per hectare), was less than in 1963-64 (1,151 Kgs. per hectare) though in the State of Rajasthan as a whole the

unit yield over this period increased. The drop in average yield was particularly sharp, when compared to 1966-67 (1,465 Kgs. per hectare). There was a similar drop in the yield of Mexican wheat, which was 2,568 Kgs. per hectare in 1966-67 and 2,158 Kgs. per hectare in 1967-68.

- (ii) The average unit yield in respect of gram, another major rabi crop, declined from 1,479 Kgs. per hectare in 1963-64 to 1,122 Kgs. per hectare in 1967-68 though in the Rajasthan State as a whole, unit yield of this crop in 1967-68 was higher than in 1963-64.
- (iii) In respect of rice, maize and jowar, which constitute the important kharif crops of the farm, the average yield in 1967-68 was well below the yield in 1963-64 as shown below. though in the State as a whole the unit yield over this period increased:

|                 | 1963-64                | 1967-68               |
|-----------------|------------------------|-----------------------|
| Rice . . . . .  | 1,279 Kgs. per hectare | 496 Kgs. per hectare. |
| Maize . . . . . | 1,079 Kgs. per hectare | 929 Kgs. per hectare. |
| Jowar . . . . . | 601 Kgs. per hectare.  | 178 Kgs. per hectare. |

1.17. A reference has been made in the note submitted by the Department to the yields obtained in some of the areas of the country covered by the Intensive Agricultural Development Programme. This programme was launched by Government with a view to demonstrating "the most effective ways of increasing production." "Composite crop demonstrations" on cultivators plots "constitute the most important media used in the programme." The results of these demonstrations as reflected in the unit yields on demonstration plots are tabulated below, showing the highest and lowest yield obtained on demonstrations. The data has been obtained from the



Third Report of 'Expert Committee on Assessment and Evaluation'  
set up by the Planning Commission:

(Year—1965-66)

| Crop                      | Average Yield |              |
|---------------------------|---------------|--------------|
|                           | Highest yield | Lowest yield |
| (in quintals per hectare) |               |              |
| <i>(i) Paddy</i>          |               |              |
| Cachar (Assam)            | 42.33         | ..           |
| Raipur (M. P.)            | ..            | 20.35        |
| <i>(ii) Wheat</i>         |               |              |
| Ludhiana (Punjab)         | 31.79         | ..           |
| Shahabad (Bihar)          | ..            | 17.66        |
| <i>(iii) Bajra</i>        |               |              |
| Aligarh (U. P.)           | 14.72         | ..           |
| Pali (Rajasthan)          | ..            | 5.43         |
| <i>(iv) Maize</i>         |               |              |
| Aligarh (U. P.)           | 23.84         | ..           |
| <i>(v) Jowar</i>          |               |              |
| Surat (Gujarat)           | 15.46         | ..           |
| Pali (Rajasthan)          | ..            | 6.37         |

(Vide Table at page 11 of the Third Report of the Expert Committee on Evaluation and Assessment).

1.18. The lowest yield obtained on these composite demonstrations in 1965-66 has been compared with the highest yield obtained

by the Suratgarh Farm during the period 1963-64 to 1967-68 in the table below:

|                           | Highest average yield obtained by the Farm during the period 1963-64 to 1967-68 | Lowest average yield obtained in Composite Crop Demonstration under I.A.D.P. programme in 1965-66 |
|---------------------------|---|---|
| (in quintals per hectare) |   |   |
| Wheat . . . . .           | 14.65   | 17.66   |
| Paddy . . . . .           | 17.12   | 20.35   |
| Bajra . . . . .           | 10.27   | 5.43  |
| Maize . . . . .           | 12.11   | 23.84   |
| Jowar . . . . .           | 6.01  | 6.37  |

1.10. It will be seen that, except in the case of jowar, the highest yield ever obtained by the Suratgarh during the period 1963-64 to 1967-68 was below the lowest yield obtained under composite crop demonstrations held in 1965-66 under the Intensive Agricultural Development Programme.

*(c) Difficulties faced by the Farm*

1.20. The Committee were informed that "the Farm was suffering primarily due to Nali floods and shortage of irrigation water supply." Explaining the position during evidence, the representative of the Department of Agriculture stated: "This farm was set up in 1956 and then we were told that the Bhakra system (which was to provide irrigation) would become perennial by 1959. But actually it was declared perennial only in 1964. Even then the water we got from that system was not at all enough. There were reasons for that. First of all Suratgarh was at the tail end of the system. This means that if there is any breach anywhere in the way, it will affect us. Then we have also been affected by the floods."

1.21. The position in regard to lack of irrigation facilities was further elaborated by the Department as follows:

"Out of the total area of 30,320 acres, 27,501 acres are within the command of the tail channels of the Bhakra system in Rajasthan." The rest of the area of the farm "is full of sand dunes". The normal water allowance at the outlet heads of the irrigation channels of

the Bhakra system in Rajasthan is 2.4 cusecs per 1,000 acres. The same water allowance applies to the farm area. The total water allowance of the farm at the outlet heads comes to about 66 cusecs. In addition, "the farm is getting 15 cusecs from the Karniji distributory of the Gang Canal." Therefore, "the total existing water allowance of the farm comes to 81 cusecs." Against this authorised quota the actual supplies were "much less" as would be observed from the following figures:

| Year           | Average percentage of<br>authorised quota of<br>water received |
|----------------|--|
| 1964 . . . . . | 23   |
| 1965 . . . . . | 29   |
| 1966 . . . . . | 33   |
| 1967 . . . . . | 27   |
| 1968 . . . . . | 40   |

A statement showing the irrigation supplies received by the Farm month-wise as against the authorised quota during the last five years ending 1968, as furnished by the Department, is shown at Appendix IV.

1.22. The Committee were also informed that even the authorised quota of 81 cusecs was not sufficient for the Farm's requirements. The witness stated: "Our requirement now is 200 cusecs." He added: "We have been negotiating with the Ministry of Irrigation and Power and the Rajasthan Canal Department to give us more water. We have been told that if we wait for the water to come from the Rajasthan Canal system we would not get adequate supply till 1975. But we can get the water from the Bhakra system in 1971. This would be because water (diverted) under the commitments to Pakistan under the Indus Water Treaty has begun to be released and most of it would be released by 1971."

1.23. In response to a question what the capacity of the existing distribution system in the Farm was and whether the system would need remodelling to cope with increased supplies needed by the Farm, it was stated: "Our distribution system is designed for the water that was given to us in the beginning. For the system to cope with the increased supplies, we have to remodel the system com-

pletely." In a note submitted to the Committee, the position has been further explained as follows:

"The irrigation distribution system (of the Farm) had been constructed by the Government of Rajasthan as a part of the Bhakra system in Rajasthan..... The system..... is not completely independent, as through the same system, the sanctioned water allowance for the adjoining farms of the private cultivators is also supplied..... At the start of the Farm, the ..... system had already been completed for a water allowance of 2.4 cusecs for thousand acres of the cultivable command area at 62 per cent intensity ..... In the working report of Rajasthan Canal Project, prepared in 1959-60, it was envisaged that the commanded area of the Bhakra system below the Suratgarh branch would be switched over to Rajasthan Canal Project and a provision of water allowance at 5.4 cusecs per thousand acres of cultivable commanded area was made in the Scheme..... The prospects of additional water supplies were discussed at a meeting of the Board of Management in September, 1966. It appeared that on account of India's commitments to Pakistan under the Indus Waters Treaty, increased water supplies (from Bhakra) would not be possible till after 1970. In any case, the increased water supplies would require remodelling of the distribution system and the Chief Engineer, Irrigation, Rajasthan, was asked to prepare a detailed estimate for remodelling of the distribution system for increased supplies (from Bhakra) including the lining of the channels and for channelisation of flood waters. He prepared a scheme costing Rs. 94.09 lakhs. In view of the heavy cost of the scheme, the Board of Management requested the Chief Engineer, Irrigation, Rajasthan in August, 1968 to prepare also a scheme for remodelling of the distribution system on the understanding that the Farm would be switched over to Rajasthan Canals. He has not yet prepared the estimates but it is understood that the cost of remodelling would be small in case the Farm got increased supplies from Rajasthan Canals compared to the Bhakra system. The matter was discussed recently at a meeting in the Ministry of Irrigation and Power and it was decided that the right thing for the Farm would be to get its increased supplies from the Rajasthan Canal System. Further action is being taken on this basis."

1.24. The Committee pointed out that as early as April, 1961, the Estimates Committee had drawn attention to the problem of inadequate water supplies to the Farm. In para 27 of their Hundred and Thirty-First Report (1960-61), they had stated: "The need for improving and stabilising the water supplies to the Farm which has already been in existence for nearly four and a half years needs no

stress." The Committee enquired what other steps Government took to augment water supply. In a note it has been stated: "The supply received for the Farm has all along been below the requirements. The Government of Rajasthan have been pressed again and again to increase the supplies. It appears that the Government of Rajasthan were also handicapped as the supply was inadequate because of international commitments under the Indus Waters Treaty..... A Committee of Engineers was appointed in May, 1966 for suggesting measures for augmentation of water supply..... In particular, the Committee was asked to examine whether tubewells could not be sunk in the water logged areas of Punjab for increasing the supply of water in the Gang Canal System which could, in turn, give increased supplies to the Farm. The Committee came to the conclusion that the project of sinking tubewells in Punjab and Haryana for increasing water supplies for the Suratgarh Farm was not feasible." The Committee note in this connection that a Committee on Plan Projects which reported on 'Minor Irrigation water in Rajasthan State' in 1965 came to the following conclusions:

"The soil and rainfall conditions in Rajasthan are such that in greater part of the State, arid and semi-arid conditions prevail. Consequently the sub-soil water is generally deep. Water found is often brackish and slow in recoupment.... In many areas they have to pierce through rocky strata to get water from wells in rocky fissures. Usually it is never certain that sweet water in sufficient quantity will be available even after deep sinking and cutting through the rocky-sub-strata. The cost of constructing an open well in the State is, therefore, normally higher than what it is in many other States, while its chances of success are meagre."

1.25. In regard to the other problem of flooding faced by the Farm, the Committee enquired about the extent to which the floods had affected the operations of the Farm. The Committee recalled in this connection that the Estimates Committee had suggested in 1961 that control measures "be taken with the utmost speed." The Department have replied in a note: "The... Farm... is situated in the bed of the defunct Ghaggar River and is subjected to floods every year since 1958. These floods have their origin in Punjab. The Ghaggar River had been a dead river below Otto Reservoir (about 25 miles upstream of the Rajasthan and Haryana border) for decades. When the site was selected for the Suratgarh Farm, it was never expected that the river would come to life again. Actually Suratgarh Farm is not the only organisation located in the bed. There are in the bed also the Suratgarh town, a number of villages, a railway track and a number of railway stations. They were there before the Farm was started".

1.26. "The river started coming into life again regularly during the monsoon season mainly due to the construction of the large number of drainage channels running into the river in Punjab and Haryana territories. The Ghaggar floods, called the Nali floods locally, have since become a normal feature and overtake the Farm area from about the end of July to the end of September every year. Since the flood period overlaps the period of maturity of Kharif crops and sowing of Rabi crops, the Farm authorities raised earthen embankments for the protection of the Kharif crops and for timely sowing of Rabi crops. The protection, however, is available only to the extent of about 8,500 acres for the reason that due to the geographical features it was essential to leave passage for the flood waters to pass the Farm area. Due to the lack of proper drainage crossings, the irrigation channels in the Farm also get breached and it takes about 1½ to 2 months to complete the repairs after the flood waters recede. During this period irrigation supplies are not available and the Kharif crop sown in the protected area cannot be given the irrigation at the flowering or the maturity stage."

1.27. Outlining the remedial measures taken to avert damages by floods, the Department have explained: "The normal intensity of Ghaggar floods below Otto Reservoir has been of the order of about 15,000 cusecs. The peak flood discharge, however, reached a figure of 22,500 cusecs in 1964. These floods were not affecting the Suratgarh Farm alone. They were also affecting other areas belonging to private parties, etc. The Suratgarh Farm authorities and the Ministry of Food and Agriculture had been discussing the problems created by these floods with the Rajasthan Government from time to time and the Rajasthan Government took up the preparation in 1961 of a project called the 'Ghaggar Diversion Channel' for diverting a maximum of 12,000 cusecs of the flood water to the sand dunes allowing the remaining discharge to be passed in the bed of the river through an escape in the diversion channel. It is understood that the capacity of the diversion channel was fixed at 12,000 cusecs keeping in view the capacity of the sand dunes to absorb the water. In any case, the construction of the diversion channel would have eased the pressure of the floods on the Suratgarh Farm though it would not have solved the problem completely. The diversion channel was completed in 1967 but gave way under the impact of the first flood it had to cope with in that very year. It was repaired but gave way again in 1968. It is now being repaired and strengthened.

1.28. As even the completion and efficient functioning of the diversion channel would have provided only partial relief to the

Farm, the existing embankments constructed by the Farm authorities continued to be maintained and the question of flood protection measures continued to receive attention of the Farm authorities. The matter was discussed in detail at a meeting of the Board of Management in September, 1966, and it was decided that a flood protection scheme which would involve canalisation of flood waters be undertaken for the Farm area. The Chief Engineer, Irrigation, Rajasthan, was asked to prepare such a scheme. At that time the question of augmentation of irrigation supplies for the Farm was also under consideration and this would have involved remodelling of the distribution system at the Farm. The Chief Engineer, Irrigation, Rajasthan, therefore, prepared an integrated scheme both for the remodelling of the channels and for protection against floods. The cost of this scheme came to about Rs. 94 lakhs. In view of the heavy cost involved, the matter was discussed at a meeting in the Ministry of Irrigation and Power in May, 1968, and it was decided that the flood protection scheme should be separated from the scheme for augmentation of irrigation supplies. The need for this separation arose because the feeling was that if the Suratgarh Farm received its irrigation supplies from the Rajasthan Canals and not from the Bhakra system which supplied water to the Farm at present, the cost of remodelling would be very much less. . . . A Committee consisting of Chief Engineer, Irrigation, Rajasthan, Chief Engineer, Rajasthan Canal Project and the Director, Central State Farm, Suratgarh, was asked by the Board of Management in July, 1968 to prepare such a scheme. The Committee is likely to complete its work shortly."

(d) *Distribution of seeds produced by the Farm*

1.29 Noting the fact that the principal objective of the Farm was "to produce pure pedigree seeds", the Committee enquired what steps had been taken to popularise the seeds produced. The witness stated that seeds produced by the Farm were handed over to State Government for distribution among cultivators. In response to a question whether any check was being exercised as to how the State Governments were making use of the seeds, it was stated: "That is within the jurisdiction of the State Extension Organisation." The Committee asked what the basis of pricing was. They were informed that seeds were sold in two ways--as foodgrains by tender/auction and also as seeds to State Governments at "current market prices plus a premium of Rs. 2.70 per quintal." The premium was intended to cover "processing and cleaning" of the seeds. The Committee

were also given the following information about the realisation by way of sale:

| Year Kharif and Rabi | Total seeds foodgrains sold (in quintals) | Realisation           |            |                   | Average price* fetched |
|----------------------|---|-----------------------|------------|-------------------|------------------------|
|                      |   | Seeds                 | Foodgrains | Total             |                        |
|                      |   | (In lakhs of rupees). |            | (Rs. per quintal) |                        |
| 1963-64              | 33,129                                    | 14.01                 | 6.55       | 20.56             | 62                     |
| 1964-65              | 41,972                                    | 12.15                 | 12.78      | 24.93             | 59                     |
| 1965-66              | 29,958                                    | 22.86                 | 3.21       | 26.07             | 47                     |
| 1966-67              | 53,973                                    | 30.17                 | 19.53      | 49.70             | 92                     |
| 1967-68              | 47,399                                    | 44.58                 | 32.09      | 76.67             | 161                    |

1.30. The Committee are not at all impressed by the performance of the Seed Farm over the years. The kharif production of the Farm in 1967-68 was about a sixth of what it was in 1963-64. Over this period, the rabi crop did improve; on the other hand the average yield of some of the major rabi products declined. Besides, the yield of the crops both rabi and kharif, varied erratically from year to year. Apparently, the Farm has still not been able to work out a proper crop pattern which as far back as 1961 the Estimates Committee had considered essential for optimising yields.

1.31. If the average yield of some of the crops in the Farm is compared with yield obtained under crop demonstrations held in various parts of the country under the Intensive Agricultural Development Programme, the shortcomings in the Farm's performance become even more evident. In respect of four out of the five principal crops grown in the Farm, the highest average yield obtained in any year since 1963-64 was 5 per cent to 49 per cent below the lowest average yield obtained through crop demonstrations held in 1965-66. It is significant that the yields under crop demonstrations were obtained in a year generally recognised as one characterised by widespread drought in the country.

1.32. The Committee recognise that the Farm has been affected by lack of adequate irrigation facilities on the one side and by floods on the other. The supply of irrigation to the Farm, which is situated at "the tail and" of the Bhakra system, has over the last five years been 31 per cent of its allowance or less, the allowance itself being only 40 per cent of the Farm's requirements. However, the distri-

\*Composite average worked out for all grains from data furnished.



buttion system of the farm cannot cope with full supply from Bhakra, even when it becomes available in 1971, except after extensive remodelling which it is estimated to cost Rs. 94 lakhs. The alternative that Government is now contemplating is to switch the Farm to supplies from the Rajasthan Canal but adequate supplies from this source are not likely to materialise before 1975. Besides, the cost of remodelling of the distribution system to this source of supply has yet to be worked out. The Committee find the entire position in regard to the provision of irrigation to the Farm to be extremely unsatisfactory. It also raises the basic question as to whether the site for the Farm was correctly chosen.

1.33. As regards the problem of floods, the Committee observe that they have become a 'hardy annual', as the Farm is located in the bed of a river. A comprehensive flood protection scheme has yet to be worked out thirteen years after the Farm has come into existence, though the Committee are informed that it is being looked into. As early as 1961, the Estimates Committee had urged that control measures in this respect should be taken with utmost speed. It took six years after that for a diversion channel to be built and even this "gave way under the impact of the first flood it had to cope with that very year."

1.34. Before going in for any large scale investment on irrigation or flood protection measures for the Farm, the Committee would urge Government to consider seriously the necessity for such investment, having regard to the poor returns received from the Farm so far and the dubious prospects of adequate financial or any other gains in the future. Later in this Report the Committee have pointed out that the Farm has failed to achieve the objectives underlying its set up and suggested that Government should seriously consider giving out the land to enterprising peasants for cultivation. The Committee would like Government to take note of that position before making further commitments in respect of the Farm.

#### (2) Horticulture Scheme

1.35. One of the contemplated objectives of the Farm was "to raise an orchard of about 2,000 acres of maltas, lemons, grapes and date-palms" with a nursery "to supply select stocks of various plants." The Committee were informed during evidence that the orchard run by the Farm had an area of 244 acres. In response to a question what the total income was and how it compared with the total expenditure incurred on it, it was stated that the total aggregate income from horticulture from 1960-61 to 1967-68 was Rs. 23.53 lakhs. The expenditure during the corresponding period was Rs. 7.35 lakhs. Thus the cumulative loss upto end of 1967-68 worked out to Rs. 3.82 lakhs. An analysis of income and expenditure on horticulture

scheme, year-wise, as furnished by the Department is at Appendix V.

1.36. The Committee wanted to know whether any targets were prescribed for the scheme. The Department have stated in a note that the financial forecast for the scheme for the Farm prepared for purpose of sanction of the project contemplated an orchard only "ultimately when perennial irrigation becomes available." "No target as such was therefore prescribed. During 1962 and 1964, the Farm was visited by unprecedented floods and much of the area under orchard at that time was affected. The total area put under orchard was 440 acres and in the floods of 1965, 230 acres were damaged. The net area available under orchard is now 244 acres."

1.37. In response to a further question, it was indicated that "a study of the economics of the orchard was initiated in April, 1968. An expert was sent to visit the orchard in December, 1968. His report has just been received.....The question of winding up the orchard either wholly or partially is under active consideration."

### (3) *Animal Husbandry Scheme*

1.38. Among other things, the Farm was also intended "to produce pedigree bulls and buffalo bulls of Haryana and Murra types, (for upgrading the indigenous stock)" and to "develop the famous Bikaner breed of sheep (which produces the best carpet wool) so that improved rams may be distributed for upgrading the local sheep." According to the financial forecast prepared for the Suratgarh Farm, the cattle farm and sheep rearing sections were to be set up only after perennial irrigation became available to the Farm. A Pilot Scheme for Animal Husbandry was started in 1962, pending approval to a scheme for the establishment of a regular Animal Husbandry unit. The proposal for setting up a regular unit was approved in May, 1963. It "envisaged setting up of cattle poultry and sheep sections at the Farm with a foundation stock of 100 cows, 5,000 layer birds and 200 Nali sheep." However, implementation of the scheme was deferred, as the outlay on buildings required for this activity, when worked out, was found to "upset the economics of the scheme." In July, 1965, "it was decided that a separate cattle farm should be set up at Suratgarh and the Animal Husbandry Section of the Central State Farm at Suratgarh should merge in the Cattle Farm which would function as an independent administrative unit. Land for the cattle farm has been earmarked at Suratgarh and the Animal Husbandry Section will be transferred to them as soon as possible."

1.39. Indicating the results of working of the Pilot Animal Husbandry Scheme, the representative of the Department of Agriculture informed the Committee that "the expenditure has been more than the income." A statement of the annual expenditure and income on the scheme, as furnished by the Department, is at Appendix VI. The Committee note therefrom that the cumulative loss on the scheme upto the end of 1967-68 was Rs. 1.45 lakhs as indicated below:

(i) *Expenditure*

|   |              |
|---|--------------|
| (a) Expenditure on maintenance of livestock | Rs. 2,27,206 |
| (b) Staff expenditure . . . . .             | Rs. 50,529   |
| (c) Total (a+b) . . . . .                   | Rs. 2,77,735 |
| (ii) <i>Income</i> . . . . .                | Rs. 1,32,800 |
| (iii) <i>Total Loss</i> . . . . .           | Rs. 1,44,935 |

1.40 In response to a question, the following information about the livestock with the Farm has been given:

|                                    |          |
|------------------------------------|----------|
| 1. Cows . . . . .                  | 26 Nos.  |
| 2. Breeding Bulls . . . . .        | 2 Nos.   |
| 3. Young stock of cattle . . . . . | 52 Nos.  |
| 4. Sheep . . . . .                 | 200 Nos. |
| 5. Lambs . . . . .                 | 150 Nos. |

The Committee drew the attention of the witness to the fact that the Animal Husbandry Section contemplated purchase of Haryana and Murra Bulls for upgrading the indigenous stock and enquired how this was implemented. The witness stated: "We have got Tharparkar breed." In reply to another question why the Farm switched over to this breed, the witness replied: "I do not know."

(4) *Poultry Scheme*

1.41. The poultry section, according to the objectives of the Farm, was meant "for producing improved birds for distribution in the poultry development blocks and other areas, with a view to increase the egg-laying capacity of the indigenous fowl." The financial forecast for the Suratgarh Farm contemplated that, like

the Animal Husbandry and Orchard Sections, this section should start functioning when perennial irrigation became available,

1.42. The Committee were told that this scheme "was started in 1961 and was closed down in 1968, because it was not doing well." During evidence, the witness gave the reasons for the closure in the following terms. "The hot weather in Rajasthan is quite long. There was also no demand from the local people."

1.43. A statement of year-wise income and expenditure on this section as furnished by the Department is at Appendix VII. The Committee note therefrom that the total loss sustained on the scheme was Rs. 18,789 as under:

|  |  |        |        |
|--|--|--------|--------|
| (i) <i>Expenditure</i>                     |  | Rs.    | Rs.    |
| (a) Staff . . . . .                        |  | 17,983 |        |
| (b) Maintenance of poultry stock . . . . . |  | 38,957 | 56,940 |
| (ii) <i>Income</i> . . . . .               |  |        | 38,151 |
| (iii) <i>Loss</i> . . . . .                |  |        | 18,789 |

1.44. In reply to a question when the activities of this section were reviewed, it has been stated in a note: "The review of the activities of the Poultry Scheme was started towards the end of 1967 and the section was closed down in February, 1968."

1.45. The Committee are unable to understand why the implementation of the Animal Husbandry, Horticulture and Poultry schemes were taken up, when the financial forecast for the Farm provided specifically that these would be started only after perennial irrigation became available. Government suffered in consequence a total loss of Rs. 5.46 lakhs on these schemes. The Committee note that the Poultry Section has been now wound up and that the Animal Husbandry Section is proposed to be transferred out of the Farm's jurisdiction. As regards the Orchard, it is seen that the question of winding it up "wholly or partially is under active consideration." The Committee would like a decision on this point to be taken expeditiously in order to save further losses.



## (3) Cost of production

1.49. The following table gives the data about the cost per quintal of some of the crops grown in the Farm since 1963-64, in comparison with the prices fetched through sales:

| Year                 |                 | Wheat            | Barley         | Maize             | Jowar          | Bajra          | Gram           | Rice            |
|----------------------|-----------------|------------------|----------------|-------------------|----------------|----------------|----------------|-----------------|
| (Rupees per quintal) |                 |                  |                |                   |                |                |                |                 |
| 1963-64              | Cost Price      | 71.31            | 83.05          | 63.37             | 173.50         | 236.71         | 55.80          | 36.12           |
|                      | Range of Prices | 63.50 to 64.00   | 43.20          | 44.00 to 48.00    | 38.00 to 52.00 | 55.00 to 60.00 | 52.50 to 62.10 | 55.00 to 62.00  |
|                      |                 |                  |                |                   |                |                |                |                 |
| 1964-65              | Cost Price      | 55.89            | 117.20         | 128.55            | 186.10         | 99.97          | 35.57          | 48.28           |
|                      | Range of Prices | 61.00 to 55.00   | 52.85 to 55.00 | 48.00 to 51.00    | 52.00          | 50.00 to 60.00 | 57.65 to 65.00 | 64.00 to 66.00  |
|                      |                 |                  |                |                   |                |                |                |                 |
| 1965-66              | Cost Price      | 110.28<br>74.49* | 129.50         | 206.22            | 2768.07        | 198.20         | 176.88         | 160.75          |
|                      | Range of Prices | 80.00 to 110.00  | 54.00 to 56.00 | 65.00 to 68.00    | 60.00          | 75.00 to 80.00 | 58.00 to 66.00 | 82.00 to 115.00 |
|                      |                 |                  |                |                   |                |                |                |                 |
| 1966-67              | Cost Price      | 62.99<br>44.19*  | 66.08          | 190.14            | 310.76         | 113.75         | 48.82          | 71.91           |
|                      | Range of Prices | 90.00 to 118.00  | 67.00 to 75.00 | 430.00@ to 615.00 | 80.00          | 57.00 to 80.00 | 70.00 to 85.00 | 83.00 to 105.00 |
|                      |                 |                  |                |                   |                |                |                |                 |
| 1967-68              | Cost Price      | 78.25<br>49.08*  | 109.20         | 141.45            | 597.70         | 294.95         | 65.22          | 153.26          |
|                      | Range of Prices | 90.00 to 175.00  | 56.00          | 70.00             |                | 88.25          | 80.00          | 70.00           |
|                      |                 |                  |                |                   |                |                |                |                 |

1.50. Information has also been furnished about the cost of production per acre of the principal crops. This is reproduced at Appendix VIII of the Report.

1.51. The Committee observe that the cost of production of the individual crops has been erratic. Besides, in the case of Barley, Maize, Jowar and Bajra, the cost price has been consistently above the range of prices fetched by sale. From the accounts of the Farm for the five years ending 1967-68, the following position about the

\*Mexican Wheat

@ Special Maize: Price settled before-hand

**direct cost of cultivation, indirect costs and labour costs, both direct and indirect, emerges:—**

|  | 1963-64          | 1964-65          | 1965-66          | 1966-67          | 1967-68          |
|--|------------------|------------------|------------------|------------------|------------------|
|  | [In rupees]      |                  |                  |                  |                  |
| (i) Direct cost of cultivation                         | 36,41,499        | 37,97,754        | 35,41,349        | 40,48,489        | 49,43,855        |
| (ii) Other costs (Gunny bags, godown rent etc.)        | 31,392           | 49,695           | 3,240            | 22,028           | 1,10,108         |
| (iii) Indirect costs*                                  | 21,68,997        | 22,33,838        | 19,40,713        | 17,57,684        | 20,87,506        |
| <b>'A' TOTAL COST</b>                                  | <b>58,41,888</b> | <b>60,81,287</b> | <b>54,85,302</b> | <b>58,28,201</b> | <b>71,41,469</b> |
| (i) Direct labour cost (Wages and Pay & Allowances)    | 16,36,861        | 16,22,572        | 16,30,670        | 21,75,230        | 21,80,752        |
| (ii) Indirect labour cost (Wages and Pay & Allowances) | 4,35,346         | 4,60,073         | 3,04,930         | 3,45,203         | 4,27,961         |
| <b>'B' TOTAL labour cost</b>                           | <b>20,72,207</b> | <b>20,82,645</b> | <b>19,35,600</b> | <b>25,20,433</b> | <b>26,08,713</b> |

1.52. The Committee observe that the total labour cost of the Farm rose fairly sharply in 1965-66 in relation to the preceding years and has stabilised at that level since then. During evidence; the Committee enquired about the total number of labourers, staff etc. employed in the Farm and the norms on the basis of which the establishment was employed. The Committee recalled also in this connection that, in 1961, the Estimates Committee had in their Hundred and Thirty-First Report, recommended a review of the expenditure on establishment, a recommendation which, after consideration of the reply given by Government, they reiterated in their Eighteenth Report (Third Lok Sabha). The Department have in this connection furnished to the Committee statements showing the number of regular employees, casual labourers and expenditure incurred

\*Depreciation, Interest on Capital, Supervisory Staff etc.

on these categories of staff. The statements appear at Appendix IX. The following is the overall position brought out:

|                                | 1963-64         | 1964-65         | 1965-66         | 1967-68         |
|--------------------------------|-----------------|-----------------|-----------------|-----------------|
| <i>(i) Regular Employees</i>   |                 |                 |                 |                 |
| No. of officers                | 10              | 10              | 11              | 12              |
| No. of staff                   | 59              | 59              | 59              | 61              |
| No. of Farm workers            | 456             | 457             | 442             | 434             |
| TOTAL :                        | 525             | 526             | 512             | 504             |
| <i>(ii) Daily labourers</i>    | 689             | 716             | 590             | 609             |
| <i>(iii) TOTAL EXPENDITURE</i> |                 |                 |                 |                 |
| INCURRED                       | Rs. 16.13 lakhs | Rs. 10.85 lakhs | Rs. 17.57 lakhs | Rs. 22.59 lakhs |

1.53. The Committee observe that the total expenditure on staff as shown in the statements above furnished by Government is less than the expenditure brought to account in the Profit and Loss Accounts as shown in the preceding portion of the Report.

1.54. Taking the figures given in the Profit and Loss Accounts, the proportion of labour costs to total costs works out as follows:

|  | 1963-64 | 1964-65 | 1965-66 | 1966-67 | 1967-68 |
|--|---------|---------|---------|---------|---------|
| <i>(i) Proportion of direct labour cost to direct cost of cultivation.</i>                                 | 44%     | 42%     | 46%     | 53%     | 44%     |
| <i>(ii) Proportion of indirect labour cost to direct cost of cultivation.</i>                              | 12%     | 12%     | 8%      | 8%      | 9%      |
| <i>(iii) Proportion of direct and indirect cost, i.e., total labour cost to total cost of cultivation.</i> | 35%     | 32%     | 35%     | 43%     | 36%     |

1.55. The Committee observe that the total establishment expenditure in relation to the total cost of cultivation has been on the whole over 35 per cent. A Committee on Large Sized Mechanised Farms set up by Government which examined the working of the



Suratgarh Farm in 1961 made the following observations in regard to the establishment expenditure at the Farm:

"The expenditure on staff represents 33-1/3% of the total running expenses which we consider a little on the high side but nonetheless justifiable as a venture of this magnitude. We are, however, inclined to believe that it should be possible to bring about some savings in the expenses on labour if more labour-saving devices could be devised after carrying out experiments keeping in view the local requirements. We strongly emphasise this, as it will also reduce dependence on manual labour which it is difficult to get in that scarcely populated area..." That Committee added: "We feel that in this Farm, given the necessary facilities particularly perennial irrigation, it should be possible to get a return of 6% over the initial capital investment after recovering in full the running expenditure including invisible charges like interest on capital, depreciation on capital assets etc. From this it follows that the entire capital investment can be recovered in a period of 16 years or say 20 years, making allowance for one year in every slab of four years, when normal production may not be achieved due to natural calamities and other unforeseen factors peculiar to agriculture."

(4) *Profits and Losses of the Farm*

1.56. The profit and loss of the Farm since it was started is given in the table below:

| Year    | Net Profit    Net Loss |           |
|---------|------------------------|-----------|
|         | Rupees                 | Rupees    |
| 1956-57 | ..                     | 2,71,065  |
| 1957-58 | ..                     | 5,02,914  |
| 1958-59 | 1,93,232               | ..        |
| 1959-60 | ..                     | 1,19,492  |
| 1960-61 | 2,42,292               | ..        |
| 1961-62 | ..                     | 6,23,136  |
| 1962-63 | ..                     | 6,51,143  |
| 1963-64 | ..                     | 11,76,790 |
| 1964-65 | ..                     | 9,93,518  |
| 1965-66 | ..                     | 24,16,841 |
| 1966-67 | 18,71,448              | ..        |
| 1967-68 | *49,52,496             | ..        |
| TOTAL   | 72,59,468              | 67,54,899 |

\*Un-audited figures.

It will be seen that the total net profit made by the Farm to the end of 1967-68 was Rs. 5.04 lakhs. It is understood from Audit that for working out interest the capital is arrived at by taking into

account the capital at charge in the previous year plus profit/less loss of the last year. As the farm had suffered losses in most of the years in the past, the capital was reduced. If this had not been done, the net profit made by the farm up to the end of 1967-68 would become a loss (the profit of Rs. 49.52 lakhs in 1967-68 will have its effect on capital in the 1968-69 accounts).

1.57. During evidence, the Secretary, Department of Agriculture admitted that "the Farm is not running satisfactorily." In a note it has been added: "It is not denied, the Farm could have done better. Entirely on their own initiative, the Ministry of Food and Agriculture has abolished the poultry section as it was not doing well. Again, entirely on their own initiatives, the Ministry of Food and Agriculture have decided to hand over the Animal Husbandry Section to the Central Cattle Breeding Farm being set up separately.....The question of winding up the orchard either wholly or partly is under active consideration." The Committee pointed to the high costs on the Farm and enquired whether any study of the Costs had been made in the context of the overall working results, which had been on the whole one of losses. The witness replied: "Not an elaborate systematic study" and went on to add that as a result of review carried out recently, certain sections of the Farm had been wound up or were being wound. In reply to another question, the Secretary, Department of Agriculture stated: "I agree that one should seriously consider whether this (the Farm) is serving the purpose for which it was started. In the last two years, the Farm has made a profit, wiping out all past losses. The situation is changing now." To a further question whether the profits would be sustained, the witness replied: "There are so many factors. It cannot be said with certainty that this profit will be maintained. But we shall certainly endeavour to profit by the experience that we have gained....."

1.58. The Committee pointed out that the land with the Farm had been allotted by the Government of Rajasthan without payment of lease money. The accounts of the Farm however did not reflect the cost of the land or the rent or interest on the capital value of the land. The Committee enquired to what extent the working results of the Farm had been vitiated by the fact that this item had not been provided for as a charge in the accounts. In a note on this point, the Department have stated: "We pay about Rs. 87,000 per annum as malkana charges (which is the same thing as rent) to the Rajasthan Government. This is shown as expenditure every year and nothing more is required to be charged as expenditure on account of the use of land. If the suggestion is that we get the land cheap, that is not correct. When the land was taken over, it was completely undeveloped and required large-scale expenditure

on levelling, reclamation and development. That expenditure has gone into our account. The Farm, therefore, has not had any financial benefit from the fact that the land was not purchased." The Committee however find from the terms and conditions of the lease of the land that "no lease money will be charged by the State Government from the Central Government. The Government will, however, pay to the State Government land revenue including occupiers' rate and water charges at the same rates as charged from the cultivators of the area." The 'malkana' charges paid by the Farm would, therefore, appear to be distinct from lease money, which the Farm does not pay. In this connection the Committee on Large Sized Mechanised Farms, after analysing the terms and conditions of the lease, had stated in their First Report: "No separate lease money is to be paid, but only land revenue, Malkana etc. are to be recovered at the approved rates."

1.59. At the instance of the Committee, a note has been furnished by the Department about the system of accounts, its deficiencies and the lines on which it could be re-oriented. The note is reproduced at Appendix X. The Committee note therefrom that certain items of expenditure like developmental expenditure and preliminary expenses on machinery, which have been capitalised temporarily have more "appropriately (to) appear" in the Production Accounts. The Committee also note that the Accounting year now followed, i.e., from July to June, is inappropriate, as the Rabi crop, which is the major produce of the Farm remains unsold when the accounts are closed. "In this way", according to Government, "the accounts of a particular year cannot correctly exhibit the true financial position of the Farm."

1.60. The Committee note that over a period of twelve years the Farm made a total net profit of Rs. 5.04 lakhs. This works out to an annual return of 0.17% on the average capital employed.\* The profits would be even less if allowance were to be made for lease money on the land which the Farm does not have to pay.

1.61. The very low return on investment would appear to have been caused by the high cost of production on the Farm. The data at page 22 of the Report would show that the cost of production of crops raised by the Farm, besides being subject to large variations from year to year, stayed above the range of prices fetched by sales in a number of cases. Apparently, low productivity and heavy establishment and labour expenses amounting on an average to 35% of the total cost have contributed towards this position. It is re-

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\*Total returns spread over a period of twelve years. Average capital taken for the three years ending 1966-67 as given in the Audit Report (Civil), 1968.

grettable that no systematic measures to control the expenditure on labour and establishment were taken though, as early as 1961, both the Estimates Committee and a Committee on Large Sized Mechanised Farms set up by Government had emphasised their importance to the Farm.

1.62. The Committee note that Government themselves are not certain that even the profits made by the Farm in the last two years can be maintained. Apart from other factors, the absence of adequate irrigation facilities and the vulnerability of the Farm to floods render the prospects uncertain.

1.63. The Committee note that the Farm has to recover a sum of Rs. 30 lakhs from various parties to whom farm produce has been sold. The arrears represent nearly 66% of the Farm's average annual income during the five years ending 1967-68. The Committee would like the collection to be speeded up. The Farm should also ensure that in future sales are made strictly on a cash basis.

1.64. The Committee observe that the existing system of accounts suffers from several deficiencies. This was conceded by the Government spokesman. The annual accounts cover the period from July to June which is not very suitable from the point of view of the Farm considering that the rabi Crop, the major produce of the Farm, is sold only subsequent to June. The exclusion of the rental value of the land and the temporary capitalisation of items of expenditure like development and preliminary expenditure are also not calculated to give a correct picture of the cost of production each year. The Committee would like Government to take immediate steps, in consultation with Audit, to remove these deficiencies and streamline the accounts.

#### Future set up of the Farm

1.65. The Committee enquired whether, in view of the Farm's performance over the years, Government should not consider winding it up. The Secretary, Department of Agriculture replied: "I do not think it has entirely failed... Now the Farm is probably turning the corner." The Farm, he added, "would be used for the production of good seeds... I think there is a hope of making this scheme a success." In a note on this point, it has been stated that the Farm had been set up with gift machinery received from U.S.S.R. "The Russians consider this Farm as a landmark in Indo-Soviet collaboration and it might cause us some embarrassment *vis-a-vis* the Russians if at this stage we disband the Farm. In any case, whether the Farm continues in its present form would depend upon the extension of the lease agreement after 1971. The Ministry of Food and Agriculture are at present in correspondence with the Rajasthan Government on the subject."

1.66. The Secretary, Department of Agriculture also informed the Committee during evidence that Government had taken a decision to make the Farm "a kind of Corporation." The Corporation would also manage five more farms set up or being set up at Hirakud, Hissar, Sutlej Bet, Sindhnur and Aralam. The Committee enquired how the conversion of the Farm into a corporation would bring about a change in the working results. In a note on this point it has been stated: "The existing Central State Farms are being run as Departments of the Government of India. To run them the way Government Departments are run is not an ideal arrangement. Farms are essentially commercial organisations and should run like commercial organisations unhampered by the procedures that govern the working of Government Departments. These procedures tend to make for more deliberateness appropriate to Government offices but result in delays which are detrimental to business management. It has, therefore, been decided that a State Farms Corporation should be set up under the Company Law for the administration of all the State Farms. It is expected that, under a Company form of administration, there will be a greater sense of compulsion on the management to minimise losses and to make profits."

1.67. Referring to the proposal to set up new farms, the Committee enquired on what basis the proposal had been sanctioned and whether in setting up the farms, due note had been taken of the experience gained in the last twelve years in the working of the Suratgarh Farm. A note on this point received from the Department is at Appendix XI. Copies of financial forecasts in respect of four of these five farms have also been furnished. The following table summarises briefly the salient aspects of these farms as brought out in the financial forecasts:

|   | <i>Hissar</i>   | <i>Sutlej</i>   | <i>Sindhnur</i>   | <i>Hirakud</i>  |
|---|---|---|---|---|
| Area . . . . .  | 8,000<br>acres  | 10,000<br>acres   | 7,500<br>acres  | 10,000<br>acres   |
| Capital investment . . . . .                            | Rs. 182.70†<br>lakhs                                      | Rs. 160.68†<br>lakhs                                      | Rs. 168.49*<br>lakhs                                      | Rs. 176.64*<br>lakhs                                      |
| Return on capital . . . . .                             | 57%*  | 31%*  | 38%*  | 20.85%*   |
| Period over which investment is expected to be recouped | 3 years<br>from<br>1968-69                                | 7 years   | 4 years<br>from<br>1970-71                                | 10 years<br>from<br>1969-70                               |
| Portion of capital investment on buildings              | Rs. 89.81<br>lakhs<br>(49% of<br>capital in-<br>vestment) | Rs. 74.03<br>lakhs<br>(46% of<br>capital in-<br>vestment) | Rs. 89.81<br>lakhs<br>(53% of<br>capital in-<br>vestment) | Rs. 69.29<br>lakhs<br>(39% of<br>capital in-<br>vestment) |

\*After providing for depreciation on assets and interest on capital at 8%.

†Exclusive of gift equipment of Rs. 31 lakhs in each of the farms.

In regard to availability of irrigation facilities, the financial forecasts for these farms indicate the following position:

(i) *Hissar*:

1.68. Within the command of the Western Jamuna canal and Bhakra canal systems. "The Harayana Government are contemplating remodeling of canal system for the entire area of the Government Livestock Farm, Hissar at a cost which may extend to Rs. 75 lakhs or so. Of this, the share of the farm (proposed to be set up by Government) would be about Rs. 30 lakhs. The Harayana Government desire the Centre to loan this amount to the State Irrigation Department which could gradually be recovered together with interest against periodical irrigation charges payable by the farm or such other terms as may be decided."

(ii) *Sutlej*:

1.69. "Will not receive irrigation from any canals and provision (Rs. 19.00 lakhs) has been made for lift irrigation by shallow tube-wells to be operated with electricity at suitable places in the farm."

(iii) *Sindhur*:

1.70. Within the irrigable command of Tungabhadra project Left Bank Canals. "Prolonged droughts are of frequent occurrence."

(iv) *Hirakud*:

1.71. "Not having any perennial irrigation sources. Provision (Rs. 34 lakhs) has been made for lift irrigation scheme to pump water from Hirakud Reservoir and from perennial stream flowing through the farm." Farm located on "foreshore and periphery land" and 8,600 acres out of 10,000 acres liable to "inundation for one and half to five months in a year" by Hirakud reservoir.

1.72. The Committee note that the proposal to set up these farms was brought up for approval by Parliament through the Demands for Grants presented for 1967-68 and 1968-69. Copies of the memorandum on the farms as included in the relevant demands are reproduced in Appendix XII. It will be noted therefrom that no precise forecasts of the working result of these farms were included in the memoranda appended to the demands. Nor was Parliament given the benefit of any recapitulation of the results of the one State Farm at Suratgarh that had by that time operated for over twelve years and incurred losses.

1.73. Noting the fact that the Hirakud Farm had already been started with effect from February, 1967, the Committee enquired what results the Farm had produced. The representative of the Department of Agriculture replied: The first account has come and it shows a loss in the first



The Study Team on Centre-State Relationships has examined in detail the role and functions of seven Central agencies in regard to matters falling within the State and Concurrent Lists. It has enumerated several Central and Centrally sponsored schemes which, properly speaking, should not be handled by the Centre. Some examples of the functions, which according to that Team, should be transferred to the State Governments, are as follows:

- “(1) .....
- (2) .....
- (3) .....
- (4) .....
- (5) A large number of the current schemes of animal husbandry and dairying operated by the Indian Council of Agricultural Research and the Central administered poultry and sheep farms.

1.77. We are in general agreement with the approach suggested above by the above Study Team. We have no doubt that if this approach is accepted and translated into action a good deal of work in the Ministries, such as, Education, Health, Social Welfare, Irrigation, Food and Agriculture would cease to be handled by the Centre.”

1.78. The Committee cannot help feeling that in their anxiety to use certain gift equipment received, Government committed themselves to a large investment on the Farm without considering whether such an investment would be worth-while. It is significant that the financial forecast of the Farm prepared at the time of sanctioning the project did not spell out the economics of the venture in any precise terms. The forecast in fact contemplated that the economics would be worked out “in a more precise way” after “the scheme has been in progress for some time.” It was unfortunate that this was never done. In the result, substantial sums of money were expended on the project from time to time without commensurate return.

1.79. Earlier in the Report, the Committee have drawn attention to the altogether inadequate returns on the capital invested in the Farm during twelve years. The problem of floods and lack of irrigation facilities faced by the Farm from the start have yet to be satisfactorily solved. Besides, the lease on the land obtained for the Farm from the Government of Rajasthan is due to expire in 1971. The Committee would like Government seriously to consider whether, in view of these circumstances, it would be worth while at all for the Farm to continue. The Committee are inclined to the view that the intended objectives of the Farm might be better served if arrangements could be made through the State Government for the land held by the Farm to be distributed to progressive and enterprising peasants for cultivation.



1.80. The Committee note that Government have now decided to set up a corporate form of management for this and for the five new State farms set up or in the process of being set up. The Committee also note from the financial forecasts prepared for four out of the five State farms that Government expect an annual return ranging from 21% to 57%, the capital investment being recouped within a period ranging from 3 to 10 years. The Committee cannot, however, help feeling that Government's expectations of returns from these farms are on the extravagant side. It is also a matter for regret that the proposals for setting up these farms were brought up for approval before Parliament through the demands for grants with no indication whatsoever of the economics of the schemes or of the working results of the Farm at Suratgarh, which had then been in existence for twelve years and had been incurring losses. The experience so far gained with the Suratgarh Farm and certain other factors mentioned in the financial forecasts of the new State farms suggests the need for extreme circumspection before committing resources for the development of these farms on the basis of over-optimistic anticipations regarding returns. The farm at Hissar, which is expected to yield a return of 57% and recoup the capital invested over three years from 1968-69, is dependent for its irrigation on the remodelling of the existing canal system in the area at a cost of Rs. 75 lakhs. The remodelling has apparently yet to be started by the State Government. In the case of the farm at Hirakud, where a return of 21% is anticipated and capital is expected to be recouped within ten years from 1969-70, the value of the produce in the first full crop year, i.e., 1968-69, has been Rs. 3.60 lakhs only as compared to the expected return of Rs. \*29.21 lakhs. Besides, the location of the farm rendered four-fifths of the area of the farm liable to inundation by the Hirakud Reservoir "for one and a half to five months in a year." The farm at Sindhnur, from which a return of 38% is anticipated and the capital is expected to be recouped in four years from 1970-71, is situated in an area where "prolonged droughts are of frequent occurrence."

1.81. The Committee would like Government carefully to reassess the financial viability of the new State farms in the light of these and other relevant factors. A number of seed farms have been set up in the various States under the Five Year Plans to cater to the objectives that the new Central Farms are intended to achieve. In States like Maharashtra, a Farming Corporation has also been set up. The Committee

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\*Rs. 29.21 lakhs is the value of crop expected from a block of 2,500 acres which was first to be developed. The explanatory Memorandum to the Demands for Grants of the Department of Agriculture for 1968-69 (Page 169) show that "so far an area of only 2,380 acres has been taken over towards the first phase of development" in the farm.

would like in this connection to draw attention to the observations of the Administrative Reforms Commission about the need for the Central Government to divest itself "in the interests of economic development" of "functions and responsibilities which are legitimately those of the States" and to "encourage the States to take over . . . . progressively responsibilities in areas which undoubtedly belong to them." The Commission have specifically drawn attention to various agricultural, poultry and animal husbandry schemes as examples of activity "which, properly speaking, should not be handled by the Centre. The Committee hope that, in the light of this position, the proposal under consideration to set up new Central farms will be reconsidered by Government.

M. R. MASANI.

*Chairman,*

*Public Accounts Committee.*

NEW DELHI;

March 20, 1969.

*Phalguna 29, 1890 (Saka).*

## APPENDIX I

(Vide paragraph 1.3 of Report)

*List of machinery & Equipment offered by the Russian Government.*  
 12-1500 Hector. 26000-32000 Acres.

### FARM

|  |          |
|--|----------|
| 1. C-80 Tractor Diesel D.B.H. 80 . . . . .       | 20 Nos.  |
| 2. D.T. 54 tractors. . . . .                     | 40 Nos.  |
| 3. M. T. 3-237 H. P. (Wheel Type) . . . . .      | 3 Nos.   |
| 4. H. T. 14 (Wheel type) . . . . .               | 3 Nos.   |
| 5. Harvester Combines C-6 . . . . .              | 30 Nos.  |
| 6. Harvester Combines C-4 . . . . .              | 30 Nos.  |
| 7. Tractor Plows P-5-33 . . . . .                | 60 Nos.  |
| 8. Cultivators Type KP-40 . . . . .              | 50 Nos.  |
| 9. Seed Drill CYB-48 . . . . .                   | 40 Nos.  |
| 10. Seed Drill CK-24. . . . .                    | 40 Nos.  |
| 11. Couplers . . . . .                           | 42 Nos.  |
| 12. Seed Loaders . . . . .                       | 3 Nos.   |
| 13. (A) Harrows Zig Zag . . . . .                | 300 Nos. |
| (B) Heavy Duty Disc Harrow. . . . .              | 40 Nos.  |
| 14. Rollers. . . . .                             | 30 Nos.  |
| 15. Stubble Remover. . . . .                     | 15 Nos.  |
| 16. Grain Cleaning Machine. . . . .              | 17 Nos.  |
| 17. 2.5. Ton Petrol Trucks Gaz. 5L . . . . .     | 15 Nos.  |
| 18. Car $\frac{3}{4}$ Four wheel Drive . . . . . | 2 Nos.   |
| 19. Jeeps $\frac{1}{4}$ Ton Gaz-69 . . . . .     | 2 Nos.   |
| 20. Motor Cycles with side cars. . . . .         | 3 Nos.   |
| 21. Trailers. . . . .                            | 10 Nos.  |
| 22. Petrol Bowsers with Trucks, 3 Tons. . . . .  | 2 Nos.   |
| 23. Pumps (Power Driven) . . . . .               | 2 Nos.   |
| 24. Mobile Workshop Trucks . . . . .             | 5 Nos.   |
| 25. Excavators:                                  |          |
| (A) Universal Type Model 505A (Truck) . . . . .  | 2 Nos.   |
| (B) Type 3-258 Type. . . . .                     | 1 No.    |
| 26. Bull Dozer D-159 Complete. . . . .           | 1 No.    |
| 27. Scraper with tractor D-222 . . . . .         | 1 No.    |
| 28. Graders D-144 . . . . .                      | 1 No.    |
| 29. Trench Excavators K. M. 1400 . . . . .       | 2 Nos.   |
| 30. Electric Station Complete. . . . .           | 1 No.    |
| 31. Machine Teels. . . . .                       | 6 Nos.   |
| 32. Welding Sets:                                |          |
| (A) Electrically driven . . . . .                | 1 No.    |
| (B) Engine driven . . . . .                      | 1 No.    |
| 33. Telephone Station. (Automatic ATC-BPC 20)    | 1 No     |

## APPENDIX II

(Vide paragraph 1·9 of Report.)

*Statement showing seeds Targetted for Production and Quantity Actually Produced.*

No target for production of seeds was fixed. The actual production is given below:—

| Name of produce       | Quantity produced as seed in Qtls. | Name of produce        | Quantity produced as seed in Qtls. |
|-----------------------|------------------------------------|------------------------|------------------------------------|
| 1                     | 2                                  | 3                      | 4                                  |
| <i>Khariff, 1963</i>  |                                    | <i>Rabi, 1963-64</i>   |                                    |
| 1. Paddy . . . . .    | 3,336·06                           | Wheat . . . . .        | 20,348·26                          |
| 2. Maize . . . . .    | 623·93                             | Gram . . . . .         | 657·42                             |
| 3. Jowar . . . . .    | 815·26                             | Barley.. . . .         | 378·66                             |
| 4. Bajra. . . . .     | 84·31                              | Peas. . . . .          | 29·23                              |
| 5. Moong. . . . .     | 98·40                              | Caster. . . . .        | 10·54                              |
| 6. Urd. . . . .       | 1·41                               | Toria. . . . .         | 252·71                             |
| 7. Guar . . . . .     | 826·06                             | Mustard. . . . .       | 120·00                             |
| 8. Groundnut. . . . . | 11·14                              | Taramira. . . . .      | 13·14                              |
| 9. Sanai . . . . .    | 4·88                               | Oats. . . . .          | 13·00                              |
| 10. Ar har . . . . .  | 22·46                              | Barseem. . . . .       | 7·20                               |
| 11. Dhaincha. . . . . | 1,188·09                           | Lucereen . . . . .     | 0·53                               |
| <i>Kharif, 1964</i>   |                                    | <i>Rabi, 1964-65</i>   |                                    |
| 1. Paddy . . . . .    | 593·18                             | Wheat. . . . .         | 16,424·24                          |
| 2. Maize . . . . .    | 155·40                             | Gram. . . . .          | 2,790·65                           |
| 3. Bajra. . . . .     | 16·50                              | Barley.. . . .         | 735·28                             |
| 4. Jowar. . . . .     | 408·76                             | Peas. . . . .          | 1·00                               |
| 5. Guar . . . . .     | 247·00                             | Toria. . . . .         | 844·66                             |
| 6. Jute. . . . .      | 8·49                               | Mustard. . . . .       | 8,591·91                           |
| 7. Dhaincha. . . . .  | 1,018·35                           | Taramira. . . . .      | 108·57                             |
| 8. Groundnut. . . . . | 11·49                              | Oats. . . . .          | 4·90                               |
| 9. Caster. . . . .    | 3·90                               | Linseed. . . . .       | 1·70                               |
| 10. Sanai. . . . .    | 6·42                               | Pea Bonavilla. . . . . | 113·90                             |
|                       |                                    | Bhindi. . . . .        | 0·10                               |

| 1                   | 2      | 3                    | 4         |
|---------------------|--------|----------------------|-----------|
| <i>Kharif, 1965</i> |        | <i>Rabi, 1965-66</i> |           |
| 1. Jowar . . .      | 432·80 | Wheat. . . .         | 24,262·42 |
| 2. Bajra. . . .     | 37·71  | Peas. . . . .        | 146·76    |
| 3. Paddy. . . .     | 4·00   | Barley . . . .       | 2,360·51  |
| 4. Maize . . . .    | 166·16 | Gram . . . . .       | 1,311·30  |
| 5. Jute. . . . .    | 259·75 | Bhindi. . . . .      | 0·67      |
| 6. Dhaincha. . .    | 125·25 | Taramira. . . .      | 36·60     |
| 7. Cowpea. . . .    | 1·08   | Toria. . . . .       | 8·00      |
|                     |        | Mustard. . . . .     | 120·00    |
| <i>Kharif, 1966</i> |        | <i>Rabi, 1966-67</i> |           |
| 1. Paddy . . . .    | 170·88 | Wheat . . . . .      | 27,311·85 |
| 2. Maize. . . . .   | 249·41 | Gram. . . . .        | 8,153·29  |
| 3. Jowar . . . .    | 304·30 | Barley. . . . .      | 2,251·95  |
| 4. Bajra. . . . .   | 234·00 | Mustard. . . . .     | 979·20    |
|                     |        | Taramira. . . . .    | 428·80    |
|                     |        | Toria. . . . .       | 11·20     |
| <i>Kharif, 1967</i> |        | <i>Rabi, 1967-68</i> |           |
| 1. Paddy . . . .    | 499·80 | Wheat. . . . .       | 48,768·32 |
| 2. Maize . . . .    | 158·75 | Gram. . . . .        | 3,386·70  |
| 3. Bajra . . . . .  | 567·12 | Barley. . . . .      | 3,269·00  |
| 4. Jowar. . . . .   | 27·85  | Mustard. . . . .     | 139·20    |
| 5. Moong. . . . .   | 3·75   | Toria. . . . .       | 1,108·00  |
| 6. Cowpeas. . . .   | 4·60   | Taramira. . . . .    | 1,229·60  |
| 7. Dhaincha. . . .  | 6·35   |                      |           |

### APPENDIX III

(Vide paragraph 1.15 of Report).

*Average yields of different crops on Suratgarh Farm, Ganganagar District of Rajasthan, All-India and some I.A.D.P. districts of North India.*

#### A. Cereals

(i) (a) Wheat.

(In kgs./hectare)

| Year.   | Suratgarh | Ganganagar | Rajasthan | All India. | L.A.D.P. Districts. |                |                   |                  |
|---------|-----------|------------|-----------|------------|---------------------|----------------|-------------------|------------------|
|         |           |            |           |            | Pali (Rajasthan)    | Aligarh (U.P.) | Ludhiana (Punjab) | Shahabad (Bihar) |
| 1963-64 | 1151      | 459        | 768       | 730        | 810                 | 1100           | 2060              | 630              |
| 1964-65 | 885       | 762        | 932       | 913        | 1020                | 1600           | 2260              | 740              |
| 1965-66 | 1880      | 657        | 812       | 824        | 1000                | 1390           | 2210              | 840              |
| 1966-67 | 1465      | 1077       | 907       | 887        | 920                 | 1860           | 2500              | 730              |
| 1967-68 | 986       | 1454       | 1047      | 1111       | 1050*               | 1600*          | 3190*             | 1120*            |

(i) (b) Wheat (Mexican)

| Year.   | Suratgarh | Ganganagar | Rajasthan | All-India. |         |
|---------|-----------|------------|-----------|------------|---------|
|         |           |            |           | Minimum    | Maximum |
| 1965-66 | 2141      | ..         | ..        | ..         | ..      |
| 1966-67 | 2568      | 3705       | 3217      | 2281       | 3699    |
| 1967-68 | 2158      | 3000       | 2898      | 2240       | 5040    |

## (ii) Gram

| Year.         | Suratgarh. | Ganga-nagar<br>(a) | Rajas-than<br>(a) | All-India<br>(a) | I. A. D. P. Districts |                        |                      |
|---------------|------------|--------------------|-------------------|------------------|-----------------------|------------------------|----------------------|
|               |            |                    |                   |                  | Aligarh<br>(U. P.)    | Lu-dhiana<br>(Pun-jab) | Shaha-bad<br>(Bihar) |
| 1963-64 . . . | 1479       | 183                | 360               | 481              | 1060                  | 1070                   | 510                  |
| 1964-65 . . . | 1207       | 411                | 528               | 650              | 1030                  | 1330                   | 580                  |
| 1965-66 . . . | 814        | 248                | 372               | 526              | 850                   | 1270                   | 610                  |
| 1966-67 . . . | 1054       | 612                | 464               | 453              | 590                   | 1370                   | 400                  |
| 1967-68 . . . | 1122       | 696                | 798               | 734              | 950*                  | 1380                   | 720*                 |

## (iii) Rice

(In Kgs./hectare.)

| Year          | Suratgarh | Ganga-nagar† | Rajas-than† | All-India† | I.A.D.P. Districts |                     |
|---------------|-----------|--------------|-------------|------------|--------------------|---------------------|
|               |           |              |             |            | Raipur<br>(M.P.)   | Shahabad<br>(Bihar) |
| 1963-64 . . . | 1279      | 1228         | 1137        | 1033       | 1090               | 1120                |
| 1964-65 . . . | 1712      | 856          | 927         | 1073       | 1100               | 1310                |
| 1965-66 . . . | 998       | 498          | 250         | 869        | 340                | 1080                |
| 1966-67 . . . | 1035      | 660          | 276         | 863        | 690                | 640                 |
| 1967-68 . . . | 496       | 1390         | 999         | 1031       | 960                | 970**               |

## (iv) Bajra

| Year          | Suratgarh | Ganga-nagar† | Rajas-than† | All-India† | I.A.D.P. Districts    |                   |
|---------------|-----------|--------------|-------------|------------|-----------------------|-------------------|
|               |           |              |             |            | Pali<br>(Rajas-than). | Aligarh<br>(U.P.) |
| 1963-64 . . . | 390       | 122          | 190         | 349        | 130                   | 530               |
| 1964-65 . . . | 1027      | 299          | 262         | 380        | 320                   | 590               |
| 1965-66 . . . | 746       | 49           | 193         | 316        | 280                   | 720               |
| 1966-67 . . . | 991       | 168          | 245         | 365        | 210                   | 820               |
| 1967-68 . . . | 722       | 310          | 291         | 409        | 260                   | 450**             |

† Figures for 1964-65 to 1967-68 are provisional.

\*Based on I.A.D.P. series only.

† Figures for 1964-65 to 1967-68 are provisional.

\*\*Based on I.A.D.P. series on y.

## (v) Maize:

| Year    | Suratgarh | Ganga-<br>nagar* | Rajas-<br>than* | All-<br>India* | I.A.D.P. Districts.      |                                 |                        |       |
|---------|-----------|------------------|-----------------|----------------|--------------------------|---------------------------------|------------------------|-------|
|         |           |                  |                 |                | Pali<br>(Rajas-<br>than) | Ludhi-<br>ana<br>(Pun-<br>jab). | Ali-<br>garh<br>(U.P.) |       |
| —x      |           |                  |                 |                |                          |                                 |                        |       |
| 1963-64 | . .       | 1079             | 908             | 910            | 995                      | 660                             | 2020                   | 650   |
| 1964-65 | . .       | 1211             | 1095            | 1099           | 1099                     | 780                             | 1440                   | 820   |
| 1965-66 | . .       | 834              | 865             | 866            | 999                      | 700                             | 2450                   | 860   |
| 1966-67 | . .       | 559              | 830             | 829            | 964                      | 790                             | 2040                   | 1010  |
| 1967-68 | . .       | 929              | 1377            | 1375           | 1125                     | 780                             | 2520                   | 610** |

## (vi) Jowar

| Year    | Suratgarh | Ganganagar* | Rajasthan* | All-India* | I.A.D.P. Districts. |     |
|---------|-----------|-------------|------------|------------|---------------------|-----|
|         |           |             |            |            | Pali<br>(Rajasthan) |     |
| 1963-64 | . .       | 601         | 104        | 265        | 501                 | 50  |
| 1964-65 | . .       | 385         | 137        | 344        | 543                 | 130 |
| 1965-66 | . .       | 60          | 17         | 285        | 430                 | 90  |
| 1966-67 | . .       | 378         | 158        | 305        | 511                 | 90  |
| 1967-68 | . .       | 178         | 34         | 354        | 543                 | 120 |

## B. Commercial Crops

## (i) Rape and Mustard

(In Kgs./hectare)

| Year    | Suratgarh† | Ganganagar* | Rajasthan* | All-India* |     |
|---------|------------|-------------|------------|------------|-----|
| 1963-64 | . .        | 218         | 62         | 142        | 300 |
| 1964-65 | . .        | 542         | 322        | 381        | 509 |
| 1965-66 | . .        | 322         | 150        | 324        | 442 |
| 1966-67 | . .        | 569         | 389        | 216        | 408 |
| 1967-68 | . .        | 405         | 458        | 332        | 463 |

\* Figures for 1964-65 to 1967-68 are provisional.

\*\*Based on I.A.D.P. series only.

†Mustard.



## (ii) Cotton (Lint.)

| Year.         | Suratgarh | Ganganagar* | Rajasthan* | All-India | I.A.D.P.             |
|---------------|-----------|-------------|------------|-----------|----------------------|
|               |           |             |            |           | District.            |
|               |           |             |            |           | Ludhiana<br>(Punjab) |
| 1963-64 . . . | 348       | 173         | 140        | 119       | 320                  |
| 1964-65 . . . | 406       | 167         | 127        | 123       | 200                  |
| 1965-66 . . . | 164       | 116         | 107        | 108       | 270                  |
| 1966-67 . . . | 211       | 151         | 133        | 114       | 270                  |
| 1967-68 . . . | 245       | 210         | 159        | 124       | 280                  |

## (iii) Sugarcane (Cane)

| Year          | Suratgarh | Ganganagar* | Rajasthan* | All-India* |
|---------------|-----------|-------------|------------|------------|
| 1963-64 . . . | 51762     | 30451       | 19449      | 46353      |
| 1964-65 . . . | 22424     | 30448       | 14860      | 46685      |
| 1965-66 . . . | 15909     | 13811       | 16524      | 43041      |
| 1966-67 . . . | 26918     | 9657        | 12208      | 40336      |
| 1967-68 . . . | 36651     | 12354       | 15848      | 47565      |

\* Figure for 1964-65 to 1967-68 are provisional.

## APPENDIX IV

(Vide paragraph 1.21 of Report.)

*Statement showing the Irrigation water Supply to the Farm during the Last 5 years Against the Authorised Quota.:*

| Month               | Cusec<br>days<br>reserved | 1964                         |       | 1965                       |       | 1966                       |       | 1967                       |       | 1968                       |       |
|---------------------|---------------------------|------------------------------|-------|----------------------------|-------|----------------------------|-------|----------------------------|-------|----------------------------|-------|
|                     |                           | Cusec<br>days<br>available   | % age | Cusec<br>days<br>available | % age | Cusec<br>days<br>available | % age | Cusec<br>days<br>available | % age | Cusec<br>days<br>available | % age |
| September . . . . . | 3001                      | 274.23                       | 9.13  | 550.66                     | 18.3  | 619.70                     | 20.6  | 140.20                     | 4.67  | 222.37                     | 7.41  |
| October . . . . .   | 3101                      | 79.27                        | 2.6   | 757.63                     | 25    | 657.82                     | 21.2  | 173.36                     | 5.6   | 711.46                     | 22.94 |
| November . . . . .  | 3001                      | 165.65                       | 5.5   | 1175.64                    | 39.1  | 1288.46                    | 42.2  | 352.05                     | 11.73 | 1176.94                    | 39.21 |
| December . . . . .  | 3101                      | 140.33                       | 4.5   | 601.33                     | 19.3  | 1024.75                    | 33.05 | 367.89                     | 11.80 | 861.62                     | 27.78 |
| January . . . . .   | 3101                      | 848.05                       | 27.34 | 170.31                     | 5.5   | 1010.30                    | 32.5  | 795.64                     | 25.7  | 1391.12                    | 44.86 |
| February . . . . .  | 2801                      | 563.56                       | 19.55 | 1090.24                    | 38.3  | 512.60                     | 18.3  | 1216.92                    | 43.4  | 1542.01                    | 53.20 |
| March . . . . .     | 3101                      | 942.26                       | 30.38 | 953.60                     | 30.7  | 1044                       | 33.7  | 1225.09                    | 39.5  | 1638.81                    | 52.8  |
| April . . . . .     | 3001                      | 1084.82                      | 36.14 | 1282.18                    | 42.7  | 1047.23                    | 34.8  | 1226.02                    | 40.8  | 1407.21                    | 46.89 |
| May . . . . .       | 3101                      | 1820.29                      | 58.69 | 1232.17                    | 39.7  | 969.61                     | 32.2  | 1221.36                    | 39.4  | 1755.59                    | 56.61 |
| June . . . . .      | 3001                      | 1296.17                      | 42.85 | 1562.84                    | 52.07 | 1377.81                    | 45.9  | 1678.98                    | 55.96 | 2054.02                    | 68.4  |
| July . . . . .      | 3101                      | 1557.80                      | 50.21 | 764.82                     | 27.9  | 1995.3                     | 64.4  | 1853.48                    | 59.77 | 1819.31                    | 58.67 |
| August . . . . .    | 3101                      | Breaches<br>due to<br>floods |       | 446.69                     | 14.4  | 559.17                     | 18    | 187.75                     | 6.05  | 267.46                     | 8.62  |

## APPENDIX V

(Vide paragraph 1·35 of Report)

### ANNUAL EXPENDITURE & INCOME STATEMENT IN RESPECT OF THE ORCHARD SCHEME FROM ITS INCEPTION

*Statement Showing the Details of Expenditure on Horticulture Year-wise*

| 1959-60  | 1960-61   | 1961-62     | 1962-63     | 1963-64     | 1964-65   | 1965-66   | 1966-67     | Grand<br>Total |
|----------|-----------|-------------|-------------|-------------|-----------|-----------|-------------|----------------|
| 4,005·80 | 56,881·28 | 1,26,744·56 | 1,26,144·93 | 1,42,935·07 | 90,318·30 | 87,114·46 | 1,00,855·60 | 7,35,000·00    |

*Statement Showing the Details of Income of Horticulture Year-wise*

|   | 1960-61          | 1961-62          | 1962-63          | 1963-64          | 1964-65          | 1965-66          | 1966-67          | 1967-68          | Grand Total        |
|---|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|--------------------|
| 1. Income from the plants raised in the afforestation nursery and used in the Farm or sold otherwise. . . . | 30,200.00        | 29,000.00        | 13,245.00        | 4,149.00         | 23,202.00        | 24,276.00        | 39,922.00        | ..               | 1,64,000.00        |
| 2. Income from fruit Plants raised in the nursery . . . . .   | ..               | 5,333.00         | 3,075.00         | 1,065.00         | 7,132.00         | 9,025.00         | 19,370.00        | ..               | 45,000.00          |
| 3. Income from fruits disposed off through auction . . . . .  | ..               | ..               | 1,200.00         | 2,750.00         | 3,050.00         | 7,500.00         | 14,975.00        | ..               | 29,000.00          |
| 4. Income from sale of vegetables . . . . .   | ..               | 1,565.14         | 1,922.80         | 460.01           | 401.08           | 317.32           | 333.65           | ..               | 5,000.00           |
| 5. Income from inter-crops . . . . .  | ..               | ..               | ..               | 23,029.00        | 36,934.00        | 14,767.00        | 32,120.00        | 3,150.00         | 1,10,000.00        |
| <b>TOTAL . . . . .</b>  | <b>30,200.00</b> | <b>35,898.14</b> | <b>18,242.80</b> | <b>29,903.01</b> | <b>69,944.08</b> | <b>51,435.32</b> | <b>99,251.65</b> | <b>18,125.00</b> | <b>3,53,000.00</b> |

## APPENDIX VI

(Vide paragraph 1·39 of Report)

### CENTRAL STATE FARM, SURATGARH—RAJASTHAN

*Statement showing the income and expenditure on Animal Husbandry Scheme since its inception*

| Years             | Expenditure on<br>maintenance of<br>livestock.<br>Rs. | Staff<br>Expenditure<br>Rs. | Total<br>Expenditure<br>Rs. | Income<br>Rs.    | Profit(+) /<br>Loss(—)<br>Rs. |
|-------------------|---|-----------------------------|-----------------------------|------------------|-------------------------------|
| 1961-62 . . . . . | ..  | 840·00                      | 840·00                      | 682·89           | (—) 157·11                    |
| 1962-63 . . . . . | 12470·87  | 900·00                      | 13370·87                    | 13505·39         | (+) 134·52                    |
| 1963-64 . . . . . | 23037·16  | 7571·06                     | 30608·22                    | 16477·06         | (—) 14131·16                  |
| 1964-65 . . . . . | 40172·27  | 9312·00                     | 49484·27                    | 17472·18         | (—) 32012·09                  |
| 1965-66 . . . . . | 44993·51  | 10012·00                    | 55005·51                    | 21095·74         | (—) 33909·77                  |
| 1966-67 . . . . . | 36152·47  | 10300·00                    | 46452·47                    | 29828·80         | (—) 17523·67                  |
| 1967-68 . . . . . | 70380·20  | 11594·00                    | 81974·20                    | 34638·80         | (—) 47335·40                  |
| <b>TOTAL</b>      | <b>2,27,206·48</b>                                    | <b>50529·06</b>             | <b>277735·54</b>            | <b>192800·86</b> | <b>(—)1,44,934·68</b>         |

## APPENDIX VII

(Vide paragraph 1·43 of Report)

*Statement showing income and Expenditure on Poultry Scheme since its Inception*

| Years   | Expenditure on<br>maintenance of<br>birds<br>Rs. | Staff<br>Expenditure<br>Rs. | Total<br>Expenditure<br>Rs. | Income<br>Rs. | Loss(—)<br>Profit(+)<br>Rs. |
|---------|--|-----------------------------|-----------------------------|---------------|-----------------------------|
| 1960-61 | ..   | 1386·00                     | 1386·00                     | 214·00        | (—) 1172·00                 |
| 1961-62 | 584·00   | 1476·00                     | 2060·00                     | 1775·00       | (—) 285·00                  |
| 1962-63 | ..   | 2422·00                     | 2422·00                     | 4070·00       | (+) 1648·00                 |
| 1963-64 | 5253·00  | 1583·00                     | 6836·00                     | 6460·00       | (—) 376·00                  |
| 1964-65 | 6761·00  | 3144·00                     | 9905·00                     | 9638·58       | (—) 2966·42                 |
| 1965-66 | 11081·00   | 3504·00                     | 14585·00                    | 8947·39       | (—) 5637·61                 |
| 1966-67 | 7958·00  | 3802·00                     | 11760·00                    | 7618·19       | (—) 4141·81                 |
| 1967-68 | 7320·00  | 666·00                      | 7986·00                     | 2127·35       | (—) 5858·65                 |
| TOTAL   | 38957·00   | 17983·00                    | 56940·00                    | 38150·51      | (—) 18789·49                |

## APPENDIX VIII

(Vide paragraph 1.50 of Report)

### CENTRAL STATE FARM, SURATGARH

*Cost of Production per acre from 1963-64 to 1967-68*

| S. No.         | Name of crop        | 1963-64    | 1964-65         | 1965-66 | 1966-67 | 1967-68 |
|----------------|---------------------|------------|-----------------|---------|---------|---------|
| <i>Kharif:</i> |                     |            |                 |         |         |         |
| 1.             | Jowar . . . . .     | 422.14     | 290.28          | 672.64  | 475.21  | 364.73  |
| 2.             | Bajra . . . . .     | 416.59     | 415.37          | 597.97  | 456.26  | 861.31  |
| 3.             | Maize . . . . .     | 276.60     | 629.93          | 695.93  | 430.12  | 659.57  |
| 4.             | Cotton . . . . .    | 440.15     | Not worked out. | 692.59  | 414.20  | 467.68  |
| 5.             | Paddy . . . . .     | 280.39     | 601.57          | 973.82  | 451.88  | 461.63  |
| 6.             | Sugarcane . . . . . | 456.78     | Not worked out. | 475.77  | 591.30  | 456.66  |
| <i>Rabi:</i>   |                     |            |                 |         |         |         |
| 1.             | Wheat Indian        | 332.12     | 200.15          | 615.99  | 261.96  | 312.12  |
| 2.             | Wheat Maxican       | (Not Sown) |                 | 645.52  | 654.67  | 428.59  |
| 3.             | Barley . . . . .    | 283.10     | 263.71          | 554.60  | 322.46  | 272.97  |
| 4.             | Gram . . . . .      | 334.10     | 173.73          | 582.99  | 208.23  | 296.11  |
| 5.             | Toria . . . . .     | 322.19     | Not worked out. | 605.04  | 246.54  | 265.63  |
| 6.             | Taramira . . . . .  | 238.48     | Do.             | 600.41  | 318.36  | 232.51  |
| 7.             | Mustard. . . . .    | 298.30     | Do.             | 771.36  | 337.47  | 258.14  |

NOTE:—Cost of production of major crops has been worked out and given above. For minor crops separate cost of production has not been worked out.

## APPENDIX IX

(Vide paragraph 1.52 of Report)

### CENTRAL STATE FARM, SURATGARH

*Statement showing the total number of regular employees and the expenditure incurred on each category.*

| Years            |               | 1963-64      | 1964-65       | 1965-66       | 1966-67       | 1967-68       |
|------------------|---------------|--------------|---------------|---------------|---------------|---------------|
| 1. Officers.     | Number        | 10           | 10            | 11            | 12            | 12            |
|                  | Amount spent. | Rs. 1,24,982 | Rs. 96,346    | Rs. 90,934    | Rs. 1,15,628  | Rs. 1,18,149  |
| 2. Staff         | Number        | 59           | 59            | 59            | 61            | 58            |
|                  | Amount Spent. | Rs. 1,23,175 | Rs. 13,32,247 | Rs. 1,48,463  | Rs. 1,61,433  | Rs. 1,79,078  |
| 3. Farm workers. | Number        | 456          | 457           | 442           | 439           | 434           |
|                  | Amount Spent. | Rs. 8,62,226 | Rs. 9,32,725  | Rs. 10,39,241 | Rs. 11,31,032 | Rs. 12,53,552 |

*Statement showing the daily labourers employed and expenditure incurred thereon.*

| Years         |  | 1963-64      | 1964-65      | 1965-66      | 1966-67      | 1967-68      |
|---------------|--|--------------|--------------|--------------|--------------|--------------|
| Number        |  | 689          | 716          | 590          | 609          | 633          |
| Amount spent. |  | Rs. 5,02,979 | Rs. 5,22,404 | Rs. 4,78,807 | Rs. 5,46,447 | Rs. 7,07,999 |



## APPENDIX X

*(Vide paragraph 1.59 of Report)*

### *Accounting System of the Central State Farm, Suratgarh*

The accounting system of the Central State Farm, Suratgarh, has been prescribed with the approval of the Comptroller and Auditor General of India. As the Farm is being run as a subordinate office of the Ministry of Food and Agriculture and has not been declared a commercial organisation, its main accounts are kept like other Government offices. Further, to ascertain whether the Agricultural operations at the Farm are economical or otherwise, *pro forma* accounts of the Farm are prepared every year. These are additional to the regular Government accounts. The journal, ledger and the Cash Book apart from capital assets, sundry debtors' and creditors' Registers are kept for the purpose of preparing these *pro forma* accounts.

All cash transactions are posted from the Cash Book to the respective expenditure and income accounts in the ledger. The credit and debit adjustments done in Accountant General's Office against the Farm's balances are taken into *pro forma* accounts by passing transfer entries through the Journal into respective ledger accounts. There are some items which are neither cash nor adjustment transactions in Accountant General's Office. These are the interest on Government capital, audit fee, pension contributions and depreciation on plant, machinery, buildings etc. These are also shown in accounts as if these are items of expenditure of the Farm and the profit is reduced or the loss is increased to the extent of the sum total of these transactions.

The first account prepared is the *Production Account* of the Farm which shows the direct expenditure incurred on raising crops at the Farm. All items like the wages paid to field workers, P. O. L. and Spare Parts consumed, seeds and fertiliser put in the field and Irrigation and Land Revenue paid are shown as expenditure incurred on raising the crops. This enables us to arrive at the direct cost of production. This direct cost of production is taken to the next part of the account, called the Trading account.

The Trading account shows on its debit side the cost of production as well as the closing balances of stocks of produce of the last year. The credit side shows the sale of Farm produce and the closing balances of produce of that year. The difference of the two sides denotes the gross profit or the gross loss depending upon whether the credit side is higher or the debit side is higher.

The next part of the account is the *Profit and Loss account proper*. In this, the Pay & Allowances of the staff employed on work connected with Administration, Stores and Accounts etc. are charged as expenditure. Similarly the wages paid to employees employed on such duties as Dak Runners, Cooks, Sweepers, etc. are also charged to this account. Other charges shown as expenditure in this account are the cost of Petrol etc. consumed in Jeeps allotted to various officers for official duties, expenditure on stationery and printing, telephones, electricity consumed, books and periodicals, repairs to buildings and roads, entertainment, medicines, Rest House, liveries, building hire, and miscellaneous expenditure etc. All this expenditure can well be termed as Administrative Expenditure. Other items of expenditure charged in this account are interest on capital, proportionate development expenditure and proportionate preliminary expenditure capitalised earlier and depreciation on the machinery etc., of the Farm. Correctly speaking, depreciation on machinery should not appear under Profit and Loss account as it is an item of prime cost and as such should appear under the Production Account. Other expenses like interest on Government Capital and writing off development expenditure etc. stated above cannot really be termed as Administrative expenses, but because these cannot be charged to production and trading account, these residual items appear as charges under the profit and loss account. The total expenditure in the Profit and Loss Account when deducted from the gross profit or added to gross loss gives net profit or net loss as the case may be. In the end, the balance sheet as at the end of the year is prepared. On the liability side are shown the Government Capital on the day the balance sheet is prepared, the amount due to sundry creditors and other miscellaneous liabilities of the Farm. On the assets side are shown the assets of the Farm like buildings, machinery, vehicles, furniture and fittings, tanks and reservoirs, as well as the current assets like spare parts, produce, gunny bags, manure and pesticides, P.O.L., etc. etc. Similarly the sundry debtors as well as the cash in hand on the date of closing appear as assets of the Farm in the balance sheet.

The Public Accounts Committee have desired to know the deficiencies in the existing system of the Accounts of the Farm. It is felt that in

the present form of compiling the *Pro forma* Accounts, the incidence of expenditure in respect of the following items is wrongly exhibited in the Profit and Loss Account proper instead of in the Trading Account to which it belongs:—

(1) *Depreciation on Machines:—*

At present this is being shown as a charge in the Profit and Loss Account. As depreciation on tractors etc. employed for the raising of crops is an element of prime cost, the depreciation should appropriately appear under Production Account.

(2) *Development Expenditure Written Off:—*

All expenditure incurred for building and digging of irrigation channels and 'Khalas' etc. in the fields is capitalised and written off in the Profit and Loss Account over a number of years. It is felt that as this expenditure relates purely to raising of crops, this should appropriately appear under the Production Account and not under the Profit and Loss Account as at present.

3. *Preliminary Expenditure Written Off:—*

Under this head the expenses incurred on the transportation of gift machinery from U.S.S.R. to New Delhi, and putting it up at site at the Suratgarh Farm, capitalised in the initial years, are being written off to Profit and Loss Account over a number of years. Had this expenditure not been capitalised, it would naturally have added to the cost of machinery and would have been written off as depreciation. The depreciation, being an element of prime cost, should be charged to the Production Account. It, therefore, follows that the expenditure being written off every year on this account should also appear under the Production Account.

4. *Change in Accounting Year:—*

At present, the Accounting Year for the preparation of *Pre forma* Account is from July to 30th June. This requires to be changed from 1st April to 31st March. The reason for this is that the major produce at this Farm is Rabi crop and the entire crop is unsold on 30th June. Its valuation at cost price or the market price whichever is less shows the accounts for the year somewhat inaccurately. This crop is sold subsequent to 30th June. The profits will naturally be exhibited in the next year, but the fact remains that in this way the accounts of a particular year cannot correctly exhibit the true financial position of the Farm.

The Public Accounts Committee desired to know the extent to which the working results shown in the accounts have been vitiated by non-accounting/incorrect accounting of certain items of expenditure. These are discussed below:—

(1) *Cost of land provided to the Farm:—*

Rent thereof or notional interest on the capital value of the land.

The land belongs to the Rajasthan Government and has been taken on lease by the Central Government. We pay about Rs. 87,000 per annum as malkana charges (which is the same thing as rent) to the Rajasthan Government. This is shown as an expenditure of the Farm every year and nothing more is required to be charged as expenditure on account of the use of land.

If the suggestion is that we get the land cheap, this is correct. When the land was taken over for the Suratgarh Farm, it was completely undeveloped and required large scale expenditure on levelling, reclamation and development. That expenditure was incurred in the earlier years and has gone into our accounts. The Farm, therefore, has not had any financial benefit from the fact that the land was not purchased.

2. *Interest Charges:—*

The interest on Government capital is charged as an expenditure of the Farm every year. The rate at which the interest is charged is fixed by the Government. As it is a Civil Government Office and only *Pro forma* Accounts are prepared, interest is charged for the entire amount of the capital as if it is a loan. Had the Farm been a company, the interest would have been charged only on the amount of loan and no interest would have been chargeable on the share capital. To this extent, the interest shown in the *Pro forma* Accounts is excessive and shows the working of the Farm in a less satisfactory manner.

3. *Depreciation:—*

The depreciation on machinery etc. is being charged as an expenditure of the Farm every year in the Profit and Loss Account. Experience has shown that the rate of depreciation on various items of machines has been excessive. This is clear from the fact that machinery costing over Rs. 41.17 lakhs is still in use at the Farm whereas its valuation in the books is ZERO due to charging of excessive depreciation on wear and tear. It is, therefore, obvious that more loss has been shown to have been incurred by the Farm than is actually the position. It will be pertinent to point out the following factors that have not been reflected in the accounts of the Farm.

1. *Non-exhibition in accounts of appreciation in the value of the land:*

When the Farm was started in 1956, the land consisted of sand dunes and vast uncultivated stretches. This has now been levelled and brought under the plough. The farm area is now dotted with irrigation channels, roads, water tanks and colonies where hundreds of families live and earn. This has increased the value of the land greatly. It is estimated that the increase in the value of the land is over Rs. 5 crores. Unfortunately, this cannot be shown in the Profit and Loss Account.

2. *Non-exhibition in accounts of the value of the Plantation:—*

We have been planting trees etc. in the Farm area as afforestation and soil conservation measures. If we were to cut off all these trees and sell the wood, it is assessed that it would bring in a sum of over Rs. 25 lakhs to the Farm. This is also not shown as a profit of the Farm in the *Pro forma* Accounts, not because this is not there but because of the technical requirements of accounting.

As regards the suggestion for recasting of the accounts, it is stated that the accounts of the Farm for all these years have been compiled on the basis approved by the Comptroller and Auditor General of India and have been audited on that basis year after year by the Accountant General, Rajasthan, Jaipur. The question of accounts being recast does not arise.

We will, however, take up with Audit the suggestions made in the fore-going paragraphs about amendments of the accounting procedure for purposes of future accounts.

## APPENDIX XI

(Vide Paragraph 1.67 of Report)

### *New Farms*

It has been stated during evidence that five more State Farms are being set up in other part of the country with the assistance of the Government of U.S.S.R. Please furnish :—

- (i) a note on the agreement entered into with the U.S.S.R. Government :
- (i) In October, 1965 the then Prime Minister, Shri Lal Bahadur Shastri emphasised the need for an all-out effort to increase food production. On the basis of this directive of the Prime Minister, a number of proposals were mooted in the Ministry of Food and Agriculture for increasing agricultural production. One of the proposals related to the setting up of 10 to 12 large scale seed farms with an area of about 5000 to 15000 acres each. All the proposals were considered at a meeting in the Planning Commission on the 20th October, 1965 and the proposal to set up 10 to 12 large scale seed farms was approved in principle.

The question of finding machinery for the seed farms was then considered and there were negotiations to this effect with the U. S. S. R. Government on the subject. These negotiations resulted in the signing of a formal agreement between the Governments of U. S. S. R. and India under which the U. S. S. R. Government offered to supply equipment, free of charge, for 5 State Farms subject to a ceiling of Rs. 31 lakhs for each farm. A copy of the agreement is enclosed (Annexure 'A'.) Under this agreement we are committed to the U.S.S.R. Government to receive equipment free of charge, for 5 farms and to the setting up of these farms.

(ii) the note showing the location of each farm, its area, programme outlay etc. ;

(a) *Hirakud Farm (Orissa)* :— The first of the five farms to be set up with the U. S. S. R. gift machinery on the basis of the agreement of November, 1966, was set up in the off-shore and periphery areas of the Hirakud reservoir in February, 1967. It is designed to cover an area of 10,000 acres to be developed over a period of five years at an estimated expenditure of about Rs. 342 lakhs. The area is being taken over gradually from the State Government. An area of 4400 acres has been taken over so far. The farm started its operations only from 1967-68 and is not yet fully developed. The Russian machinery for the farm has started coming in.

The financial outlay of the farm from the beginning is as follows :—

|         |                      |
|---------|----------------------|
| 1966-67 | Rs. 4.54 lakhs       |
| 1967-68 | Rs. 14.71 lakhs      |
| 1968-69 | Rs. 14.84 lakhs (RE) |

(b) *Hissar Farm (Haryana)* :— One Central State Farm has been set up in Hissar with effect from 20-8-1968. The total area of the farm will be 8000 acres and an area of 4000 acres has already been taken over. The current Rabi is the first crop being grown on the Farm. An area of about 740 acres has been brought under cultivation. The farm is estimated to involve a total expenditure of Rs. 331 lakhs for the entire development of 8000 acres in three or four years. The gift machinery for the farm has started arriving.

(c) *Punjab Farm* :—The Government of Punjab has agreed to hand over an area of 10,000 acres in the Sutlej Bet on a lease basis. An area of nearly 5000 acres is likely to be taken over shortly from the State Government. The rest of the area will be handed over by the Punjab Government later.

The Director with his nucleus staff is in position for taking over the land and making arrangements for receipts and storage of the gift machinery as well as for reclamation and cultivation of the land to be taken over for the Farm. An expenditure of Rs. 400 lakhs for the development of the entire area of 10,000 acres is expected to be incurred over a period of 5 years. The gift machinery has started arriving.

- (d) *Mysore Farm* :—An area of 7,500 acres in Raichur district of Mysore has been selected and the State Government is acquiring this land on behalf of the Government of India. The cost of acquisition of land is expected to be Rs. 750/- per acre. An area of 3,100 acres is expected to be handed over by the Government of Mysore by March, 1969. The Russian machinery for this Farm has started arriving and the Director is already in position with a nucleus staff to arrange its receipt and storage. The agricultural operations on the Farm are likely to start with effect from Kharif of 1969-70.

The Farm will be engaged in the production and multiplication of high yielding varieties of wheat, cotton, hybrid jowar, hybrid maize, hybrid bajra apart from other cereals and legumes like soyabean etc. It will also serve as a demonstration Farm in the Tungbhadra Project area. The total outlay for full development of the farm is estimated to be Rs. 275 lakhs.

- (e) *Kerala Farm* :—An area of about 12,000 acres has been selected for setting up a farm in Aralam area of Cannanore district in Kerala State. Paddy will be grown in about 4000 acres of this farm and the balance area will be put under plantation crops, *viz.*, coconut, arecanut, cashewnut, pineapple, pepper



nutmeg, banana etc. The cost of full development of the farm has been estimated at about Rs. 480 lakhs including the gift machinery of Rs. 31 lakhs.

Please also state :

- (a) whether, while deciding to establish these farms, due note has been taken of the experience gained during the last 12 years in Suratgarh Farm ;
- (a) Yes.
- (b) whether, while selecting the new sites, it has been insured that the land selected gets adequate, perennial and assured water supply to cover the entire area ; and
- (b) It was decided in the meeting of the Planning Commission on 20th October, 1965 (when the proposal to set up 10 to 12 large scale seed farms was approved in principle) that a Committee under the leadership of the Secretary (Agri.) should visit possible sites for seed farms to determine their suitability. This Committee, called the Central Seed Farms Committee, includes the representatives of the Ministry of Finance, Planning Commission and the Technical Division of the Department of Agriculture. The sites of the five farms which are being set up with the gift machinery from the U. S. S. R. have been visited and approved by the Central Seed Farms Committee before their final selection. The Committee considers the irrigation facilities available while making its recommendations in each case.
- (c) whether the land selected is protected against floods.
- (c) The land for Hirakud Farm is on the offshore and periphery areas of Hirakud reservoir and is partly submerged every year. Out of about 10,000 acres an area of about 2,000 acres is not subjected to floods while the balance area is subjected to inundation for 1½ to 5 months in a year. The site has been selected with full knowledge of the fact that some of the area of the farm would remain submerged for a part of the year. While recommending the site for a Central State Farm, the Central Seed felt that the Orissa Farm would be

an important experience of such areas which on national basis would run into a very large acreage. Cropping pattern is regulated on the basis of the period for which the land remains free from inundation.

In the case of Punjab Farm in Sutlej Bet area, the land is protected by embankments constructed by the Punjab Government along the Sutlej River. These embankments are maintained by the State Government and if maintained properly, there should not normally be any danger of floods in this area.

The Farm sites in Mysore, Haryana and Kerala are not subject to floods.

**ANNEXURE TO APPENDIX XI**

**Agreement Between the Government of the Union of Soviet Socialist Republics and the Government of India on Delivery of Equipment and Agricultural Machines as a Gift to the People and Government of India**

The Government of the Union of Soviet Socialist Republics and the Government of India.

Proceeding from the friendly relations existing between the U.S.S.R. and India,

for the purpose of rendering assistance to the Government of India in developing agricultural production,

have agreed upon the following:

**ARTICLE 1.**

The Government of the Union of Soviet Socialist Republics shall provide for delivery to India, on CIF terms, Indian port, in the years of 1966-68, as a gift to the people and Government of India, of equipment and agricultural machines for setting up 5 state agricultural seed-growing farms, 3-4 thousand hectares each.

The list of equipment and machines to be delivered from the USSR to India is given in the Appendix to the present Agreement.

**ARTICLE 2.**

The date of handing over the Bill of Lading by the appropriate Soviet Organisation to the Indian Organisation, drawn up to the name of the Indian Organisation authorised by Government of India shall be considered the date of handing over the said equipment and agricultural machines.

**ARTICLE 3.**

Soviet and Indian competent organisations shall agree upon the concrete dates of delivery of the said equipment and machines.

**ARTICLE 4.**

The present Agreement shall come into force on the day of its signing.

Done in New Delhi on November , 1966 in two original copies, each in Russian, Hindi and English, texts in Hindi and Russian being equally authentic and the English text be used as a working document.

Sd./I. A. Bendiktov,

Sd./- B. Sivaraman,  
25-11-1966.

On behalf of the Government  
of the Union of Soviet Socialist Republics.

On behalf of the Government  
of India.

*Annexure to Appendix XI (contd.)*

Appendix to the Soviet-Indian Agreement  
List of equipment to be delivered to India for five mechanized  
agricultural farms

| Item Nos.                                      | Description   | Unit | Quantity |
|--|---|------|----------|
| 1  | 2   | 3    | 4        |
| <i>Land-reclamation equipment and diggers.</i> |   |      |          |
| 1  | Tractor bulldozer with the motor power of 100 horse power   | pcs  | 10       |
| 2  | Irrigation ditcher, pull-type, for irrigation channels, depth up to 0.8 m Teamed with tractors, power 100 horse power   | ..   | 5        |
| 3  | Scraper, pull-type, the bucket capacity 8 m <sup>3</sup> to tractor with the motor power 100 horse power  | ..   | 5        |
| 4  | Extractor, mounted, for stump extraction and boulder removal. Teamed with tractor, the motor power 100 horse power.   | ..   | 5        |
| 5  | Loosener, pull-type. The bursting width 2400 mm. Teamed with tractor, the motor power 100 horse power   | ..   | 5        |
| 6  | The tractor bulldozer with the motor power 75 horse power   | ..   | 25       |
| 7  | Leveler, longbased, the grip width 2.8 m with longitudinal levelling base 15 m. Teamed with tractor, the motor power 75 horse power   | ..   | 10       |
| 8  | Grader, pull-type, to tractor the motor power 75 horse power  | ..   | 5        |
| 9  | Ditcher leveller, universal, for cutting and levelling of provisional irrigation channels and water furrows for making and levelling of borders, the irrigation, plots levelling, deep bursting and weeds cutting. Mounted to tractor with the motor power 75 horse power | Set  | 10       |

| 1                             | 2  | 3   | 4  |
|-------------------------------|--|-----|----|
| 10                            | Loosener working parts for ditcher level-<br>ler . . . . .   | Set | 10 |
| <i>Agricultural machines.</i> |  |     |    |
| 11                            | Caterpillar tractor. Draft class 3t. The<br>motor power 75 horse power . . . . .   | pcs | 50 |
| 12                            | Tractor, disk, heavy-duty harrow, the<br>grip width 2.2 m. Mounted to tractor<br>with motor capacity 75 horse power . . . . .  | "   | 50 |
| 13                            | Cycle tractor. Draft class 0.6 t. The<br>motor power 20 horse power . . . . .  | "   | 50 |
| 14                            | Grain drill, mounted, for rice and wheat<br>to tractor with the motor power 20<br>horse power . . . . .  | "   | 50 |
| 15                            | Grain-and-fertiliser drill, pull-type (with<br>set of the different crops distributors).<br>The grip width 360 cm. Teamed<br>with tractor, the motor power 45-50<br>horse power . . . . .            | "   | 25 |
| 16                            | One-bottom integral mounted plow for<br>soil plowing with specific resistance<br>0.9 kg/cm <sup>2</sup> , the grip width 30 cm. Moun-<br>ted to tractor with motor power<br>20 horse power . . . . . | "   | 25 |
| 17                            | Grain cleaner, for grain pulses technical<br>crops and grass seeds cleaning and<br>grading. Required power 4.5 kw. . . . .   | "   | 5  |
| 18                            | Grain cleaner, self-propelled Capacity 20<br>t/h. Required power 10.8 kw. . . . .  | "   | 10 |
| 19                            | Cycle tractor. Draft class 0.9 t. The<br>motor power 40 horse power . . . . .  | "   | 20 |
| 20                            | Crumber, mounted, effective width 280<br>cm, operating depth up to 8 cm, moun-<br>ted on tractor of 45-50 h. p. . . . .  | "   | 10 |
| 21                            | Seed dresser, universal. Capacity 3+6t/h.<br>Required power 4.5 kw. . . . .  | "   | 5  |
| 22                            | Grain conveyor, self-propelled. Capacity<br>upto 60 t/h. Required power 7 kw. . . . .  | "   | 5  |

| 1  | 2  | 3    | 4  |
|----|--|------|----|
| 23 | Earth auger, mounted with a set of milling cutters, 30, 60 & 80 cm, mounted on tractor of 45-50 h.p. . . . .   | pcs. | 5  |
| 24 | Platform weighters, utmost loading capacity upto 25 . . . . .  | "    | 5  |
| 25 | Mower, single beam, mounted. Swath width—210cm, mounted on tractor of 20 h.p. . . . .  | "    | 5  |
| 26 | Instrument for determination of seed vitality . . . . .  | "    | 5  |
| 27 | Powder blower-sprayer. Spray coverage 10 m, mounted on tractor of 20 h.p.  | "    | 25 |
| 28 | Distributor, fertiliser, mounted. Spreading width 240, 280 cm, mounted on tractor of 20 h.p. . . . .   | "    | 5  |
| 29 | Saw "Druzhba", benzine motor with a set of tools . . . . .   | set  | 5  |
| 30 | Cotton planter with a set of distributors for fluffy and stripped seeds. Sewing width—240 cm, mounted on cotton tractor of 40 h.p. . . . .   | "    | 8  |
| 31 | Cultivator-fertiliser. Weed coverage 240 cm. Row middle—60 cm. teamed with tractor of 40 h.p. . . . .  | "    | 8  |
| 32 | Extractor of cotton stems, row middle 60 cm teamed with tractor of 40 h.p. . . . .   | "    | 4  |
| 33 | Combine cereal, self-propelled. Table width 4100 mm. . . . .   | "    | 12 |
| 34 | Combine, rice and cereal, self propelled, caterpillar . . . . .  | "    | 3  |
| 35 | Drill, corn, with device for groundnut sowing and simultaneous introduction of mineral fertiliser into soil, row middle—60, 70, 90 and 105 cm, teamed with tractor of 45-50 h.p. . . . . | "    | 16 |
| 36 | Potato digger for two rows. Effective width—140 cm, mounted on tractor of 50 h.p. . . . .  | "    | 4  |

| 1  | 2  | 3     | 4      |
|----|--|-------|--------|
| 37 | Device for harvesting mustard seeds  | Set   | 2      |
| 38 | Spare parts<br><i>Maintenance equipment.</i>   | Rbbs. | 121660 |
| 39 | Machine for regrinding of crank-shafts of automobile and tractor engines   | pcs   | 5      |
| 40 | Crucible, electric, for babbite melting with device for bearing lining   | "     | 5      |
| 41 | Machine for grinding of automobile and tractor engine valves   | "     |        |
| 42 | Machine, universal, for connecting rod bearings of automobile and tractor engines with two extra sets of cutting tools | "     | 5      |
| 43 | Washing machine, single chamber  | "     | 5      |
| 44 | Stand, universal, for assembling tractor and automobile engines  | "     | 10     |
| 45 | Stand, universal, for hydraulic tests of blocks and bloc heads of automobile and tractor engines                       | "     | 5      |
| 46 | Stand, universal, for testing oil pumps and oil filters  | "     | 5      |
| 47 | Stand, electric brake, for running in automobile and tractor engines   | "     | 5      |
| 48 | Set "A" of equipment for repair and tests of diesels and fuel equipment  | "     | 5      |
| 49 | Stand, universal, for control tests of automobile and tractor electric equipment                                       | "     | 5      |
| 50 | Tools "Big set"  | set   | 15     |
| 51 | Tools "Medium set"   | "     | 15     |
| 52 | Tools "Small set"  | "     | 15     |
| 53 | Cabinet, movable, with a set of gauges and standard measuring instruments for fault finding                            | pcs   | 15     |



| 1  | 2   | 3   | 4   |
|----|---|-----|-----|
| 54 | Abrasive tools for crankshaft regarding machine, tractor engine, . . . . .                                      | pcs | 60  |
|    | Automobile engine . . . . .   | „   | 60  |
| 55 | Abrasive tools for valve grinding machine   | „   | 120 |
| 56 | Set of filters and devices for dismantling assembling and adjusting of tractor DT-54, T-75, "Belarus" and DT-20 | set | 10  |
| 57 | Set of assembling devices for tractors T-100 M . . . . .  | „   | 5   |
| 58 | Portable defectoscope . . . . .   | pcs | 5   |
| 59 | Set of devices and tools for repair of automobile, tractor and combine electric equipment . . . . .             | set | 5   |
| 60 | Device for determination of tractor hydraulic system condition without dismantling . . . . .                    | pcs | 5   |
| 61 | Stand, universal, for dismantling and assembling of tractor and automobile gear boxes . . . . .                 | „   | 5   |
| 62 | Stand for renewing capacity of filtering element of coarse filters . . . . .                                    | „   | 5   |
| 63 | Device for automatic melting of metal under flux . . . . .  | „   | 5   |
| 64 | Electrode wire, for melting under flux  | „   | 2.5 |
| 65 | Machine, universal, for grinding in valves of block heads of automobile and tractor engines . . . . .           | pcs | 5   |
| 66 | Device for checking connecting rods of tractor and automobile engines   | „   | 5   |
| 67 | Dynamograph for 5000 kg . . . . .   | „   | 5   |
| 68 | Stand for tractor suspension repair . . . . .   | „   | 5   |

## APPENDIX XII

(Vide Paragraph 1.72 of Report)

### DEMANDS FOR GRANTS

1968-69.

#### NEW STATE FARMS

The programme of setting up of new large sized mechanised farms during the next 5 years or so has already been taken up and negotiations are in advance stages for setting up Farms in Mysore, Bihar, Punjab, Haryana. It is likely that these Farms may come up within the next year. Further action is also in progress to consider setting up of similar farms in Kerala, M.P., U.P. Maharashtra and Rajasthan.

Following provision on the basis of the progress of negotiations in the above cases, are included in the estimates for 1967-68 and 1968-69, on ad-hoc basis:—

|             | (Figures in lakhs)             |                                 |                                |
|-------------|--------------------------------|---------------------------------|--------------------------------|
|             | Budget<br>Estimate,<br>1967-68 | Revised<br>Estimate,<br>1967-68 | Budget<br>Estimate,<br>1968-69 |
| I.—Revenue  | 25.00                          | 10.00                           | 25.00                          |
| II.—Capital | 140.00‡                        | 25.00                           | 50.00                          |
|             | 165.00                         | 35.00                           | 75.00                          |

‡The expenditure on Central State Farm, Hirakud, will be met out of his *ad-hoc* provision for new Farms.

### DEMANDS FOR GRANTS

1967-68

#### NEW STATE FARMS

Details of a scheme for setting up a farm of about 10,000 acres in the foreshore and periphery area of the Hirakud dam in Orissa are being finalised and cultivation operations are expected to be started from 1967-68.

An area of about 18,000 acres has been offered by the late Punjab Government to the Centre for setting up a mixed farm (Seed and Sheep Farm) in Hissar District in Haryana. It is not expected that the Haryana Government will go back on this offer. A detailed scheme is being drawn up.

Another farm of about 20,000 acres in Raichur District, in the Tungabhadra Command area of Mysore State is under consideration.

For the establishing and running of the Farms proposed above, the following lump provision has been included in the budget.

|                   | Rs.<br>Revised<br>Estimate<br>1966-67 | Rs.<br>Budget<br>Estimate<br>1967-68 |
|-------------------|---------------------------------------|--------------------------------------|
|                   | (Rupees in<br>1'00                    | lakhs)                               |
| Revenue .. . . .  | 1'00                                  | 25'00                                |
| Capital . . . . . | ..                                    | 140'00                               |

### APPENDIX XIII

*Summary of main conclusions, recommendations  
(Referred to in para 3 of Introduction).*

| Sl. No. | Para No. of Report | Ministry/<br>Department<br>concerned | Conclusions/Recommendations  |
|---------|--------------------|--------------------------------------|--|
| 1       | 2                  | 3                                    | 4  |
| 1       | 1.30               | Department of<br>Agriculture         | <p>The Committee are not at all impressed by the performance of the Seed Farm over the years. The kharif production of the Farm in 1967-68 was about a sixth of what it was in 1963-64. Over this period, the rabi crop did improve; on the other hand the average yield of some of the major rabi crops declined. Besides, the yield of the crops, both rabi and kharif, varied erratically from year to year. Apparently, the Farm has still not been able to work out a proper crop pattern which as far back as 1961 the Estimates Committee had considered essential for optimising yields.</p> |
| 2       | 1.31               | -do-                                 | <p>If the average yield of some of the crops in the Farm is compared with yield obtained under crop demonstrations held in various parts of the country under the Intensive Agricultural Development Programme,</p>  |

the shortcomings in the Farm's performance become even more evident. In respect of four out of the five principal crops grown in the Farm, the highest average yield obtained in any year since 1963-64 was 5% to 49% below the lowest average yield obtained through crop demonstrations held in 1965-66. It is significant that the yields under crop demonstrations were obtained in a year generally recognised as one characterised by widespread drought in the country.

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1.32

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The Committee recognise that the Farm has been affected by lack of adequate irrigation facilities on the one side and by floods on the other. The supply of irrigation to the Farm, which is situated at "the tail end" of teh Bhakra system, has over the last five years been 31% of its allowance or less, the allowance itself being only 40% of the Farm's requirements. However, the distribution system of the Farm cannot cope with full supply from Bhakra, even when it becomes available in 1971, except after extensive remodelling which it has been estimated would cost Rs. 91 lakhs. The alternative that Government is now contemplating is to switch the Farm to supplies from the Rajasthan Canal but adequate supplies from this source are not likely to materialise before 1975. Besides, the cost of remodelling of the distribution system to this source of supply has yet to be worked out. The Committee cannot help feeling that the entire position in regard to the provision of irrigation to the Farm is extremely unsatisfactory. It also raises the basic question as to whether the site for the Farm was correctly chosen.

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| 1 | 2    | 3                            | 4   |
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| 4 | 1 33 | Department of<br>Agriculture | As regards the problem of floods, the Committee observe that they have become a 'hardy annual', as the Farm is located in the bed of a river. A comprehensive flood protection scheme has yet to be worked out thirteen years after the Farm has come into existence. As early as 1961, the Estimates Committee had urged that control measures in this respect should be taken with the utmost speed. It took six years after that for a diversion channel to be built and even this "gave way under the impact of the first flood it had to cope with that very year." A comprehensive scheme for flood protection is still in the process of being worked out.   |
| 5 | 1 34 | -do-                         | Before going in for any large scale investment on irrigation or flood protection measures for the Farm, the Committee would urge Government to consider seriously the necessity for such investment, having regard to the poor returns received from the Farm so far and the dubious prospects of such returns in the future. Later in the Report the Committee have pointed out that the Farm has failed to achieve the objectives underlying its set up and suggested that Government should seriously consider giving out the land to enterprising peasants for cultivation. The Committee would like Government to take note of that position before making further commitments in respect of the Farm. |
| 6 | 1 45 | -do-                         | The Committee are unable to understand why the implementation of the Animal Husbandry, Horticulture and Poultry schemes were taken up, when the financial forecast for the Farm provided specifically   |

that these would be started only after perennial irrigation became available. Government suffered in consequence a total loss of Rs. 5.46 lakhs on these schemes. The Committee note that the Poultry Section has been now wound up and that the Animal Husbandry Section is proposed to be transferred out of the Farm's jurisdiction. As regards the Orchard, it is seen that the question of winding it up "wholly or partly is under active consideration." The Committee would like a decision on this point to be taken expeditiously in order to save further losses.

7      I.60      -do-

The Committee note that over a period of twelve years, the Farm made a total net profit of Rs. 5.04 lakhs. This works out to an annual return of 0.17 per cent on the average capital employed.\* The profits would be even less if allowances were to be made for lease money on the land which the Farm does not have to pay.

8      I.61      -do-

The ridiculously low return on investment would appear to have been caused by the high cost of production on the Farm. The data at page 38 of the Report would show that the cost of production of crops raised by the Farm, beside being subject to large variations from year to year, stayed above the range of prices fetched by sales in a number of cases. Apparently, low productivity and heavy establishment and labour expenses, amounting on an average to 35 per cent of the total cost, contributed towards this position. It is regrettable that no systematic measures to control the expenditure on labour and establishment were taken

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\*Total returns spread over a period of twelve years. Average Capital taken for the three years ending 1955-67 as given in the Audit Report (Civil), 1958.

though, as early as 1961, both the Estimates Committee and a Committee on Large Sized Mechanised Farms set up by Government had emphasised their importance to the Farm.

9 I 62 Department of  
Agriculture

The Committee note that Government themselves are not certain that even the profits made by the Farm in the last two years can be maintained. Apart from other factors, the absence of adequate irrigation facilities and the vulnerability of the Farm to floods render the prospects uncertain.

10 I 63 -do-

The Committee note that the Farm has to recover a sum of Rs. 30 lakhs from various parties to whom Farm produce has been sold. The arrears represent nearly 66 per cent of the Farm's average annual income during the five years ending 1967-68. The Committee would like the collection to be speeded up. The Farm should also ensure that sales are in future made strictly on a cash basis alone.

11 I 64 -do-

The Committee observe that the existing system of accounts suffers from several deficiencies. The annual accounts cover the period from July to June which is not very suitable from the point of view of the Farm considering that the rabi crop, the major produce of the Farm, is sold only subsequent to June. In the result, the accounts do not "correctly exhibit the true financial position of the Farm." The exclusion of the rental value of the land with the Farm and the temporary capitalisation of items of expenditure like Development and preliminary expendi-



ture are also not calculated to give a correct picture of the cost of production each year. The Committee would like Government to take speedy steps, in consultation with Audit, to remove these deficiencies and streamline the accounts.

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1 78

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The Committee cannot help feeling that in their anxiety to use certain gift equipment received, Government committed themselves to a large investment on the Farm without considering whether such an investment would be worth-while. It is significant that the financial forecast of the Farm prepared at the time of sanction to the project did not spell out the economics of the venture in any precise terms. The forecast in fact contemplated that the economics would be worked out "in a more precise way" after "the scheme has been in progress for some time." It was unfortunate that this was never done. In the result, substantial sums of money were expended on the project from time to time without any commensurate returns.

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Earlier in the Report, the Committee have drawn attention to the altogether inadequate returns on the capital invested in the Farm during twelve years. The problem of floods and lack of irrigation facilities faced by the Farm from the start have yet to be satisfactorily solved. Besides, the lease on the land obtained for the Farm from the Government of Rajasthan is due to expire in 1971. The Committee would like Government seriously to consider whether, in view of these circumstances, it would be worthwhile at all for the Farm to continue. The Committee

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are inclined to the view that the intended objectives of the Farm might be better served if arrangements could be made through the State Government for the land held by the Farm being distributed to progressive and enterprising peasants for cultivation.

14      1.80      Department of Agriculture

The Committee note that Government have now decided to set up a corporate form of management for this and for the five new State farms set up or in the process of being set up. The Committee also note from the financial forecasts prepared for four out of the five State farms that Government expect an annual return ranging from 21% to 57% the capital investment being recouped within a period ranging from 3 to 10 years. The Committee cannot, however, help feeling that Government's expectations of returns from these farms are on the extravagant side. It is also a matter for regret that the proposals for setting up these farms were brought up for approval before Parliament through the demands for grants with no indication whatsoever of the economics of the schemes or of the working results of the Farm at Suratgarh, which had there been in existence for twelve years and had been incurring losses. The experience so far gained with the Suratgarh Farm and certain other factors mentioned in the financial forecasts of the new State farms suggests the need for extreme circumspection before committing resources for the development of these farms on the basis of over-optimistic anticipations regarding returns. The farm at Hissar, which is expected to yield a return of 57% and recoup the capital invested over three years from 1968-69, is dependent for its irrigation on the remodelling of the existing

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canal system in the area at a cost of Rs. 75 lakhs. The remodelling has apparently yet to be started by the State Government. In the case of the farm at Hirakud, where a return of 21% is anticipated and capital is expected to be recouped within ten years from 1969-70, the value of the produce in the first full crop year, *i.e.*, 1968-69, has been Rs. 3.60 lakhs only as compared to the expected return of Rs. 29.21 lakhs. Besides, the location of the farm renders four-fifths of the area of the farm liable to inundation by the Hirakud Reservoir "for one and a half to five months in a year." The farm at Sindhnur, from which a return of 38% is anticipated and the capital is expected to be recouped in four years from 1970-71, is situated in an area where "prolonged droughts are of frequent occurrence."

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I.81

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The Committee would like Government carefully to reassess the financial viability of the new State farms in the light of these and other relevant factors. A number of seed farms have been set up in the various States under the Five Year Plans to cater to the objectives that the new Central Farms are intended to achieve. In States like Maharashtra, a Farming Corporation has also been set up. The Committee would like in this connection to draw attention to the observations of the Administrative Reforms Commission about the need for the Central Government to divest itself "in the interests of economic development" of "functions and responsibilities which are legitimately those of the States" and to "encourage the States to take over..... progressively responsibilities in

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areas which undoubtedly belong to them." The Commission have specifically drawn attention to various agricultural, poultry and animal husbandry schemes as examples of activity "which, properly speaking, should not be handled by the Centre." The Committee hope that, in the light of this position, the proposal to set up new Central farms will be reconsidered by Government.

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| Sl. No.      | Name of Agent   | Agency No. | Sl. No.                            | Name of Agent  | Agency No. |
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