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STANDING COMMITTEE ON AGRICULTURE (1998-99)

TWELFTH LOK SABHA

MINISTRY OF AGRICULTURE (DEPARTMENT OF AGRICULTURE AND CO-OPERATION)

DEMANDS FOR GRANTS (1998-99)

[Action taken by the Government on the Recommendations/ Observations contained in the Seventh Report of the Standing Committee on Agriculture (1998-99)]

THIRTEENTH REPORT

सत्यमेव जयते

LOK SABHA SECRETARIAT
NEW DELHI

April, 1999/Chaitra, 19201(Saka)

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Presented to Lok Sabha on 15.4.1999
Laid in Rajya Sabha on 15.4.1999

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April, 1999/Chaitra, 1921 (Saka)

C.O.A. No. 69

Price : Rs. 26.00

Published under Rule 382 of the Rules of Procedure and Conduct of Business in Lok Sabha (Ninth Edition) and Printed by the Jainco Art India, New Delhi.

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*Nominated to the Committee w.e.f. 18th March, 1999 in place of Lt. Gen. (Retd.) N. Foley, who ceased to be a member of the Committee consequent upon his nomination to DRSC on Defence w.e.f. 18th March, 1999.

INTRODUCTION

I, the Chairman of the Standing Committee on Agriculture (1998-99) having been authorised by the Committee to submit Report on their behalf, present this Thirteenth Report on Action Taken by Government on the recommendations/observations contained in the Seventh Report of the Standing Committee on Agriculture (1998-99) (Twelfth Lok Sabha), Demands for Grants (1998-99) of the Ministry of Agriculture, Deptt. of Agriculture and Co-operation.

2. The Seventh Report of the Standing Committee on Agriculture (1998-99) on Demands for Grants (1998-99) of the Ministry of Agriculture (Deptt. of Agriculture and Co-operation) was presented to Lok Sabha on 7th July, 1998. The Department of Agriculture and Co-operation was requested to furnish action taken replies of the Government to recommendations contained in the Seventh Report. The replies of the Government to all the recommendations contained in the Report were received.

3. The Committee considered these action taken replies furnished by the Government and approved the draft comments and adopted the Thirteenth report.

4. An analysis of the Action Taken by the Government on the recommendations/observations contained in the Seventh Report (12th Lok Sabha) of the Committee is given in Appendix II.

NEW DELHI;
22 *March*, 1999
1 *Chaitra*, 1921 *(Saka)*

KINJARAPU YERRANNAIDU,
Chairman,
Standing Committee on Agriculture.

CHAPTER I

REPORT

This Report of the Committee on Agriculture deals with the action taken by the Government on the recommendations contained in the Seventh Report (Twelfth Lok Sabha) of the Standing Committee on Agriculture (1998-99) on Demands for Grants (1998-99) on the Ministry of Agriculture (Department of Agriculture and Co-operation) which was presented to the Lok Sabha on 7th July, 1998.

2. Action taken notes have been received from the Government in respect of all the 38 recommendations contained in the Report. These have been categorised as follows:—

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

Recommendation Nos. 1, 2, 3, 4, 5, 6, 8, 9, 11, 14, 15, 16, 18, 21, 22, 24, 26, 30, 32, 35 and 38

(Total 21)

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

Recommendation Nos. 12 and 31

(Total 2)

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

Recommendation Nos. 17, 19, 20, 23 and 28

(Total 5)

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

Recommendation Nos. 7, 10, 13, 25, 27, 29, 33, 34, 36 and 37

(Total 10)

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

Recommendation Sl. No. 17

Scheme to Produce Quality Seeds at Village Level

In order to ensure timely availability of seeds, the Committee recommend that a scheme should be evolved so that in each village, some plots are identified and taken on rent by the governmental and non-governmental seed growing agencies to undertake production of location-specific quality seeds on those plots for onward supply to the farmers locally. The production of seeds should be got done with the active assistance and guidance of agricultural scientists available with the agricultural institutions in the vicinity. This arrangement would ensure timely availability of seeds at the village itself and the seeds could be made available at cheaper rates, as the element of cost of transport of certified seeds will be completely eliminated. The local farmers will have the advantage of practically witnessing the process of production of seeds. Since only location specific seeds will be grown, there will be guaranteed germination of seeds. The agencies who will undertake this venture should be financially and technically assisted by the Government.

The Committee recommend that a scheme on these lines may be got prepared and posed for suitably high budgetary allocations immediately.

The Government in their reply have stated as under:—

> This recommendation relates to production of seeds of location-specific varieties by Governmental/Non-Governmental Agencies to meet the local demand. Seed village component is already included in the OPP & NPDP Schemes of TMOP. Similarly,

production of certified seeds of HYV of wheat and rice are included in the ICDP-Wheat and ICDP—Rice Schemes of Crop Division. While, it may not be feasible to take up seed plot in each village, the seed village scheme is being expanded and State Seeds Corporation and Commodity cooperatives are being extended assistance to take up large areas. Moreover, seed production is coming up increasingly in the private sector who may also be adopting similar approach. The seed production is decentralised in States, which undertake production through State Seeds Corporations, Agriculture Farms, State Universities, etc. and emphasis is on undertaking production of location specific varieties.

Comments of the Committee

The Committee are not satisfied with the reply of the Government that it will not be feasible to take up a seed plot in each village for the production of location-specific seeds as recommended by the Committee. The Government have taken the plea that a number of Central schemes envisage the seed village component in them and the private sector is increasingly taking up the production of quality seeds. The Committee wish to point out in this regard that the Committee chose to recommend this strategy only because of the fact that the current arrangements are not sufficient enough to make available quality seeds in time. It had been the experience of the farmers that they had to pay very high prices to private agencies who sell seeds which do not have any guarantee of germination. The farmers also do not get quality seeds in time from the governmental agencies implementing the various schemes and whenever it is available in time, the quantity of seeds made available is very much insufficient. The Committee, therefore, desire that the Government should have a re-look at the position taken by them in this context and take a positive action in the matter. While reconsidering the matter, it may be kept in view that at least villages with suitable water availability and fertile soil are chosen to produce sufficient quantity of seeds for meeting demand of the whole area. The villages should be so chosen that they must be very near the areas where seeds are in short supply.

Recommendation Sl. No. 19

Amendment of Seeds Act, 1966

It has been observed that in some States, farmers buy and use various types of spurious seeds available in the market which do not have any germination guarantee and as a result thereof they incur heavy losses. Therefore, the Committee recommend that the Ministry should amend the provisions under Seeds Act, 1966 and Seed Control Order, 1983 to make it more stringent and to punish the culprits. This step should be taken without any further delay and the legislation should be introduced and passed in this ongoing budget session itself.

The Government in their reply have stated as under:—

> If any person contravenes any provision of the Act or Rule or prevents a Seed Inspector from taking sample under this Act or prevents a Seed Inspector from exercising any other power conferred on him, could be punished under section 19 of the Act with a fine of five hundred rupees for the first offence. In the event of such person having been previously convicted of an offence under this Section, with imprisonment for a term which may extend to six months or with fine which may extend to one thousand rupees or with both.

Comments of the Committee

The Committee are not satisfied with the reply of the Government that the punishment already prescribed under the Seeds Act, 1966 and Seed Control Order, 1983 is stringent enough. The Committee find that the meagre fine of Rs. 500/- for the first offence and a fine of Rs. 1000/- for the subsequent offences for sale of spurious seeds do not pose sufficient deterrence on the erring dealers. The Committee also find that the convictions under the above said legislative measures are too few in number and are quite infrequent to instill any fear in the minds of the seed dealers. The Committee, therefore, reiterate their earlier recommendation that the legislative measures mentioned above should be amended with a view to dissuading the sale of spurious seeds in the market. The amendments so made should make this offence a non-bailable one with a provision for rigorous imprisonment for a considerable term. The officer who certify the quality of the seeds should also be held responsible and they should also be prosecuted.

Recommendation Sl. No. 20

Separate Scheme for Supply of Seeds to Small and Marginal Farmers

The Committee find that there is no specific scheme in the Seeds Division meant only for small/marginal farmers. The Committee are of the view that small and marginal farmers are the most affected lot due to use of substandard seeds and they recommend the formulation of a scheme for supply of certified seeds for small and marginal farmers preferably through cooperative societies. The Government should also consider giving subsidy on the purpose of seeds by the farmer belonging to the weaker sections of the society.

The Government in their reply have stated as under:

> The Schemes of Seeds Division are intended to promote production of certified seeds of new varieties which have been released/notified for ensuring availability of better quality seeds to farmers. They are not intended to subsidise the sale of certified seeds. However, subsidy to small and marginal farmers for supply of seeds is available in other schemes, implemented by TMOP Division of this Department. Since most of the above mentioned schemes are Centrally Sponsored Schemes, part of subsidy is also borne by the State Governments. Further, it is not proposed to give large scale subsidization in Seeds.

Comments of the Committee

The Committee are disappointed to note the reply of the Government that they do not propose to subsidise the seeds on a large scale to provide relief to the small and marginal farmers. The Committee have stated that they have schemes intended only for the promotion of production of certified seeds and not for subsidies in the sale of certified seeds. The Committee chose to recommend that there should be a specific scheme in the seeds division meant only for small and marginal farmers only because none of their schemes provided subsidy to them on the sale of certified seeds. The Committee feel that there is an urgent need to provide heavy subsidy on the seeds purchased by the small and marginal farmers as only the use of quality seeds alone could help the poor small and marginal farmers to take up production of economically profitable varieties of crops. The Committee, therefore, recommend that the Government should reconsider the entire matter and implement the recommendation of the Committee.

Recommendation Sl. No. 23

Soil and Water Conservation (Reclamation of Degraded Lands)

The Committee observe that there is shortfall in achieving the financial as well as physical target under the sector Soil and Water Conservation. Further, the Committee are very perturbed to note that out of the total geographical areas of 329 million hectares of the country, the total degraded areas is 173 million hectare which is more than half of the total geographical area and during last two years the Government could revive only 18.20 lakh hectare of land. The Committee feel that the work being done in this area is too little to make any visible impact on the problem. The Committee recommend that the matter may be taken up with all the State Governments in order to take up the work on a much larger scale by fixing up very high targets and by allocating suitably larger funds. Since several Departments are having several schemes on the subject, there is need for adopting a coordinated approach in the matter with all the Ministries/Departments concerned. The Committee also recommend that the reclaimed lands may be allotted to the poorest of the poor farmers to develop them further so that sustainable development takes place.

The Government in their reply have stated as under:

> The shortfalls in achieving the financial targets in some Schemes were generally due to unspent balances remaining with the States and a general 5% cut imposed by the Ministry.

Comments of the Committee

The Committee are disappointed at the incomplete and terse reply of the Govt. Expressing concern in the meagre work done on the reclamation of degraded land in the last 2 years, the Committee had recommended that the matter be taken up with all State Govts. in order to take up the work on a much larger scale by fixing up very high targets and by allocating suitably large funds. The Ministry has not replied to this recommendation. Therefore, the Committee would like to reiterate its earlier recommendation and wish that a positive action should be taken in this regard more vigorously.

Recommendation Sl. No. 28

Share Capital Participation in Cooperative Spinning Mills (Growers):

The Committee observe that in the scheme relating to share Capital Participation in Spinning Mills, the approved Plan Outlay was Rs. 90.75 crores and out of this amount, the expenditure made was only Rs. 36.00 crores which comes to 39.67% during the entire period of 8th Plan. During 1997-98, there was 100% financial shortfall. The Committee further observe that Government could establish only 4 Spinning Mills out of the target of establishing 24. During 1997-98, there is nil achievement. The Committee are distressed to note that due to lack of tie up of term loans for new mills by the State Governments/Cooperatives with the Central financial institutions, no proposal for setting up of new growers spinning mill was recommended by the State Government. The Committee desire the Department should take up the matter with the Ministry of Finance to take suitable steps so that the scheme does not suffer due to technical reasons.

The Government in their reply have stated as under:

Financial assistance under the Centrally Sponsored Scheme for Share Capital Participation in Cooperative Spinning mills is being provided since 1974-75 by this Department through NCDC. The assistance is released to various State Governments for their share capital participation in the establishment of new spinning mills organised by the Cotton Growers & their cooperatives. The beneficiary cooperative to be eligible for availing assistance under this scheme has to fulfill the following norms/criteria:

(a) The location of the project must be in major cotton growing tract with availability of surplus cotton;

(b) Must have effective linkage with grower members for procuring raw material as well share capital mobilisation spirit;

(c) Enrollment of cotton growers as members and mobilizing share capital of 10% of the estimated cost of the project;

(d) Firm term loan for 60% of the project cost from the Central Financing Institutions or Consortium of FIs.

(e) Specific recommendation of the State Government in favour of all the projects.

2. On fulfillment of the above norms, the Cooperatives should approach the States Governments for recommending their case to Central Government. The Central Government or its channelising agency will consider request of the cooperative spinning mill for financial assistance to the tune of 30% of the project cost if the project has been found technically viable by the Committee of Experts appointed for the purpose.

3. During 8th Five Year Plan, six projects were sanctioned by the NCDC. Unfortunately, three of them were de-sanctioned later on. The de-sanctioned projects consisted of two expansion projects in Maharashtra and one establishment of new mill in Tamil Nadu consequently the target fixed for 8th Plan could not be achieved.

4. For the 1st year of the 9th Five Year Plan period i.e. 1997-98, an amount of Rs. 860 lakhs was earmarked for the scheme but due to non-commitment of Central financing agencies for providing term loan and reluctance of the State Government(s) for giving guarantee no proposal duly recommended by the government(s) was received by the NCDC as a result no Project would be sanctioned and funds remained un-utilised.

The main reasons for non-commitment of All India Financial Institutions for financing spinning mills are:

(i) Ample spindlege (more than the requirements of the country) has been created.

(ii) A large number of spinning mills having an old and obsolete machinery resulting in non-utilisation of its capacity.

(iii) Due to increasing sickness resulting in non-repayment of dues in time etc., the financial institutions have shown their reluctance to finance the spinning mill project. Consequently, projects have not been received by the NCDC.

Comments of the Committee

The Committee are surprised to note that the Government on the one hand are fixing targets for establishing new growers cooperative spinning mills and earmarking funds therefor year after year while on the other hand the financial institutions are not committing to finance the spinning mills due to various reasons The Committee fail to understand as to how the Government propose to meet the targets set for the scheme in the wake of reluctance by Central financing agencies for providing term loans for the project proposals. The Committee feel that due to certain inherent shortcomings in the conceptualisation of the scheme, it has become an unworkable proposition and huge resources are blocked in them by earmarking considerable sums in the budget proposals every year. The Committee, therefore, strongly recommend that the Government should review the contents of the whole scheme and modify the scheme accordingly.

CHAPTER II

RECOMMENDATIONS/OBSERVATIONS WHICH HAVE BEEN ACCEPTED BY THE GOVERNMENT

Recommendation (Sl. No. 1)

Ninth Plan Outlay and Annual Plan Outlays

The Committee note that the approved plan outlay for the Eighth Plan period (1992-93 to 1996-97) was Rs. 7400 crores for the Department of Agriculture & Cooperation. However only Rs. 6800.80 crores was made available to the Department in the Budget Estimates from 1992-93 to 1996-97. Even out of this reduced budgetary allocation the actual expenditure incurred was only Rs. 6296.03 crores leaving a huge shortfall of Rs. 504.77 crores. The percentage of utilization of plan budgetary funds allocated to the Department during the Eighth Plan is 92.58%. But against the approved outlay of Rs. 7400 crores, the actual expenditure of Rs. 6296.03 crores works out to only 85.08 per cent of the envisaged amount. Correspondingly, the quantum of planned efforts got reduced and the average annual growth rate of agriculture came to only 2.3 per cent against the originally envisaged growth rate of 3.91 per cent. The results of this under-allocation were reflected in the failure to achieve the targeted production in respect of foodgrains. Against the Eighth Plan target of 210 million tonnes of foodgrains, the country could achieve only 198.96 million tonnes at the end of the Eighth Plan period. In three years out of the total five years, the actual production was far below the targets. Except for wheat, the production targets for various foodgrain crops could not be achieved. In this backdrop of dismal performance, the Committee desire the Planning Commission and the Ministry of Finance to look at the Ninth Plan projections posed by the Department of Agriculture and Cooperation and allocate the necessary funds in full in each of the successive annual plans as demanded by the Department in view of the calamity that may befall the country due to continued inadequate allocation for this key sector. The Committee wish to point out to them that an ambitious target growth rate of 4.5 per annum has been fixed for agricultural production in the Ninth Plan period and the estimated food requirements of the growing population of this country would be around 227.16 million tonnes by the terminal years of the Ninth Plan. The Committee are pained to note that the Planning Commission and the Ministry of Finance did not appreciate the need for a huge allocation for this Department to perform this task and have chosen to slash down the projected requirement of Rs. 2455.07 crores for 1997-98 to Rs. 1431.00 crores at the Budget Estimate stage. Even though the Budget Estimate for 1998-99 is Rs. 1956 crores, the allocation is only 4.5 per cent of the gross budgetary support, whereas in 1992-93, this percentage was 6.48 at the Revised Estimate stage in that year. For the year 1998-99, the total outlay projected by the Department to the Planning Commission was Rs. 2122.50 crores and the plan budgetary allocation granted is only Rs. 1956 crores. During evidence, the Committee have been informed that their actual requirement of plan funds now for 1998-99 is Rs. 3.937 crores. The Committee, therefore, recommend to the Planning Commission and the Ministry of Finance to enhance the allocation for 1998-99 for the Department of Agriculture & Co-operation to Rs. 3937 crores at the Revised Estimate stage in view of the stupendous task that they have to perform.

Reply of the Government

This has been brought to the notice of both Planning Commission and Ministry of Finance who have agreed to keep this recommendation in view while allocating resources to the Agriculture Sector, at the Revised Estimates Stage.

Recommendation (Sl. No. 2)

Late Start of New Plan Programmes in the Ninth Plan and Need for Higher Allocations

The Committee have been informed that in the initial year of the Ninth Five Year Plan i.e. 1997-98, no new schemes were taken up for allocation of funds and implementation according to the decision of the then Government in power. Only those selected schemes of the

Eighth Plan which the Government decided to continue further into the Ninth Plan were funded. Even on these on-going schemes, a cut of 5 per cent was imposed. Therefore, the flow of funds for implementation of plan schemes during 1997-98 was very much less than what was budgeted for. Even in the current financial year 1998-99, already one-fourth of the year is over and the plan provisions are yet to be voted. The Committee wish to point out that already 1 and 1/4 years of the Ninth Plan period is over without much being done towards the implementation of the new Ninth Plan programmes. In view of this loss of precious time and in view of the ambitious target of doubling the foodgrains production in the next ten years as contained in the National Agenda, the Committee recommend that very high allocations should be made for the implementation of the new schemes of the Ninth Plan in the Revised Estimate of this year and also in the Budget Estimates of the coming years and it should be ensured that the plan schemes do not take much time to take off. In its context, the Committee wish to bring to the notice of the Government the following observation of our first Prime Minister Shri Jawahar Lal Nehru:

"Everything may wait, but Agriculture cannot."

The Committee expect the Government to bring this observation of the Committee to the pointed attention of the Planning Commission and the Ministry of Finance for appropriate and immediate action.

Reply of the Government

The observation of the Committee has been brought to the notice of the Planning Commission, Ministry of Finance, Planning Commission have agreed to the implementation of this recommendation keeping in view the availability of budgetary resources and plan priorities. However, it may be mentioned that many of the New Plan Schemes proposed to be started this year are awaiting approval of the full Planning Commission and clearance by EFC/CCEA.

Recommendation (Sl. No. 3)

Poor Performance in Actual Utilisation of Budgetary Allocations

The Committee observe that in the last five years, the percentage of actual utilisation of plan funds allocated in favour of the Department of Agriculture and Cooperation ranged from 82.8 to 92.6. The details are as follows:

Year	Actual Utilisation
1993-94	88.98%
1994-95	90.16%
1995-96	82.81%
1996-97	92.69%
1997-98	88.48%

The Committee are unhappy to note that the Department could not utilise the plan funds fully in the last five years and they wish to point out that this kind of utilisation will not support their claim for higher allocations whenever they approach the Planning Commission and the Ministry of Finance for funds. A perusal of the statement of actual utilisation of funds in the last five years shows that the Department of Agriculture and Co-operation could spend on an average a sum of Rs. 1270.84 crores only per annum. The Committee do not understand as to how the Department of Agriculture and Co-operation is seeking funds to the tune of Rs. 3937 crore for plan expenditure during 1998-99, while they have been able to absorb funds to the extent of Rs. 1270 crore only per annum in the past. The Committee wish to point out that the appropriate time has come now for the Department to girdle up their loins to undertake undauntedly the task of doubling the production of foodgrains in the next ten years, as envisaged in the National Agenda.

The Committee have been informed that the under utilisation of funds was mainly due to the fact that the States did not have sufficient financial resources to contribute their part of the financial obligation in those schemes where there was a stipulation for matching contribution. The Committee therefore desire that an analysis of contributions made by the States and Union Territories during the Eighth Plan and also during 1997-98 may be undertaken with a view to identify those States who lag behind others in the matter and to take suitable steps to find a remedy for the situation. The details of the analysis so made may also be communicated to the Committee within two months of the presentation of this Report. The Committee recommend that on the basis of the analysis, a definite policy should be hammered out which would govern such situations in all times to come so that there is complete utilisation of plan funds by the States.

The Committee, therefore, expect 100 per cent utilisation of funds in the coming years and wish the devoted team of officers of the Government best of luck in their noble endeavour of building this nation up.

Reply of the Government

Many of the Centrally Sponsored Schemes implemented by the Department of Agriculture and Cooperation are in the form of grants/ loans. However, as the Committee has rightly observed against recommendation No. 6, the problem of some States in not providing adequate resources for Centrally Sponsored Programmes in their budgets is mainly confined to North Eastern States and Bihar. As regard, the North Eastern States, it has been proposed to make the Centrally Sponsored Schemes on 100% grant basis wherever it is not so at present. The Department is also evolving an MoU based approach in consultation with the States for the implementation of Agriculture development programme in order to overcome this problem and ensure the full involvement of the State Govts. in implementation.

Recommendation (Sl. No. 4)

Allocation of Uniformly Proportionate Funds Every Year for Plan Schemes

While examining the proportion of allocation of funds for various schemes in the initial year of the Ninth Plan, it has been observed that there is a tendency to allocate either token provisions or to make provisions which are less than one-fifth of the total plan outlay for the scheme. The Committee understand that it is the usual practice to allocate only 18% of the total plan outlay for the first annual plan in a Five Year Plan. Even going by this criterion and presuming that the Department will get only the total plan funds projected for the previous 8th Plan i.e. Rs. 7400 crores. The Committee find that during 1997-98, the Revised plan budgetary allocation of Rs. 1266.28 crores for the plan schemes is somewhere around 17.11 per cent of the amount of Rs. 7400 crores projected for the previous Eighth Five Year Plan. The

Committee, therefore, recommend that it should be ensured that atleast annually one-fifth of the total plan outlay for the Ninth Plan should be allocated in the initial years and the allocations should be stepped up in the subsequent years when they pick up the momentum. This should be the proper strategy for funding the plan scheme in order to achieve early and high returns on the investment.

Reply of the Government

The suggestion is noted. The process of getting approval by the EFC, Planning Commission etc. in the initial years takes time and the expenditure generally picks up from the third year onwards.

The Department however, ensures that higher allocations are made to schemes that have potential for higher returns.

Progress of implementation of Plan Schemes are monitored at regular intervals.

Further release of funds is linked to results achieved and receipt of utilisation certificates for the amounts already released.

Recommendation (Sl. No. 5)

Increase in the Proportion of Non-Plan Expenditure

The Committee observe that the extent of actual Non-Plan Expenditure was much lower than the Actual Plan Expenditure in the years 1994-95 and 1995-96, whereas from 1996-97 onwards the total Non-Plan Expenditure has been much higher than the total Plan Expenditure. The details in this regards are as follows:

(Rs. in Crores)

Year	Plan	Non-Plan
1994-95 (Actuals)	1279.43	910.31
1995-96 (Actuals)	1246.42	649.14
1996-97 (Actuals)	1378.61	1724.52
1997-98 (RE)	1266.28	2761.74

The Committee are very much concerned about the growth in Non-Plan Expenditure in the Department of Agriculture and Co-operation and desire that an in-depth study should be made about the various components of the Non-Plan Expenditure in order to identify the avoidable and wasteful items of expenditure and to affect economy in expenditure.

The Committee further recommend that a group of economic experts should analyse the proportions of plan and non-plan allocations and fix up the ideal limit and proportion of the Non-Plan Expenditure in comparison with the extent of plan expenditure. It should be ensured that the Department of Agriculture and Co-operation draws up budgets in future which does not exceed the limit so prescribed by the experts.

Reply of the Government

Efforts have been initiated to reduce non-plan expenditure on salaries/and other allowances of staff. It may however, be mentioned that the major factor contributing to the size of non-plan expenditure of the Department of Agriculture and Co-operation is the quantum of payment made to manufacturers/agencies for concessional sale of decontrolled fertilisers. The share of this item in the total non-plan expenditure of this Department has gone up from 56.4 per cent during 1994-95 to 97 per cent during 1996-97 and 1997-98. Since, this payment is a policy decision of the Government there may not be much scope to bring down the volume of non-plan expenditure of the Deptt.

Recommendation (Sl. No. 6)

Allocation of 10 per cent of Funds for North-East

The Committee note that during 1997-98, the percentage of release to the North East out of the total expenditure was 2.57, while the percentage of allocation during 1998-99 for North East is 3.83. The Committee wish to draw the attention of the Department of Agriculture and Co-operation to the assurance given by the Hon'ble Prime Minister in November, 1996 to the effect that 10% of the Central Budget will be provided to implement specific schemes in the North Eastern States and all the Central Ministries and Departments will ensure strict implementation of the programmes. In the Budget speech, the Hon'ble Finance Minister also has mentioned about the creation of non-lapsable

Central Resource Pool for deposit of funds from all Ministries where the Plan Expenditure on the North Eastern Region is less than 10 percent of the total plan allocation of the Ministry. The difference between 10 per cent of the Plan allocation and the actual expenditure incurred on the North Eastern Region will be transferred to the Central Resource Pool which will be used for funding specific programmes for economic upliftment of the North Eastern States.

The Committee recommend that the Department of Agriculture and Co-operation should draw up more programmes/schemes exclusively for the North East to the value of 10 per cent of their total plan allocation. The Committee further recommend that there is need for having schemes even beyond this 10 per cent minimum limit for the North East in the field of agriculture, as this is prime profession of all the residents of the North East. For this purpose, the Committee recommend that funds from Central Resources Pool should be utilised by the department to develop these under-developed areas of the country.

The Committee want the Department of Agriculture and Co-operation to appreciate the fact that the North Eastern States have very little funds with them to provide matching contributions to the Centrally Sponsored Schemes in view of their huge expenditure incurred on tackling the insurgency problem, establishment expenditure, frequently recurring natural calamities and such other special problems peculiar mainly to the North-Eastern States.

The Committee further recommend that all the Schemes for the North Eastern States should therefore, be 100% Centrally Funded and no stipulation for any contribution from the State Government should be there.

Reply of the Government

Efforts are being made to launch new schemes for the development of agriculture in North East such as (a) Integrated Programme for increasing crop productivity in North East, (b) Technology Mission for Integrated Horticulture Development in North East and (c) Promotion of Agricultural Equipment in North Eastern States. The Scheme on enhancing fertiliser consumption in Eastern States has special relevance to the North Eastern States as well. It has been proposed that the new schemes as well as some of the ongoing scheme will be 100% centrally funded in the IX Plan.

Recommendation (Sl. No. 8)

Agricultural Credit Stabilization Fund Scheme

The Committee note that the Union Government has been providing financial assistance by way of Grant-in-aid (75 per cent) and long-term loan (25 per cent) under the Scheme of Assistance to Agricultural Credit Stabilisation Fund maintained at the level of State Cooperative Banks.

The Committee observe that stabilisation funds are used to help farmers by way of conversion of short term loans to medium term loans, when they are affected by natural calamities. During 1997-98, a sum of Rs. 4.00 crores was released out of the budgetary allocation of Rs. 6.00 crores and the Government could help only 6 Banks against a target of 8 banks. A sum of Rs. 5.00 crores has been allocated for 1998-99. The Committee are pained to note that in the recent past a large number of farmers committed suicide because of crop failure and heavy burden of interest charged on loan taken by them. Despite these spate of suicides by the farmers, the Government has chosen to provide a paltry sum of Rs. 5.00 crores only to convert the short term loans into medium term ones. The allocation of Rs. 5.00 crores is quite insignificant considering the expanded scope of natural calamities which now include such instances as large scale crop failure due to pest attacks etc. correspondingly the funds for granting relief for Natural Calamities should also increase. The Committee therefore, feel that this allocation for 1998-99 is very little and is much lower than the last year's allocation. The Committee are unhappy to note there was under-utilisation of funds last year. The Committee feel that there is an urgent need to enlarge the total Ninth Plan outlay for the scheme and the Annual Plan outlay for 1998-99 should also be substantially revised upward in the Revised Estimates stage in view of the grim and grave ground reality of indebtedness of the poor farmers.

Reply of the Government

A sum of Rs. 5.00 crores has been provided during the year 1998-99 for providing central assistance to various States under Agricultural Credit Stabilisation Fund to help build up the Agricultural Credit

Stabilisation Funds at the level of State Cooperative Banks with a view to support conversion of short term loans into medium term loans of the farmers on account of occurrence of natural calamities. Allocations for the current year (1998-99) under the Scheme depending upon the need, would be enhanced at the Revised Estimates stage subject to availability of funds.

Recommendation (Sl. No. 9)

Assistance to Cooperative Credit Institution in Cooperatively Under-developed States and Special Areas

The Committee note that under the scheme for assistance to Cooperative Credit institutions in Cooperatively under-developed areas, the Government could spend only Rs. 6 crores out of Rs. 8 crores allocated in 1997-98 and for the year 1998-99, the initial allocation has been reduced to Rs. 7 crores. The total 9th Plan outlay for the scheme is Rs. 51 crores which envisages an outlay of at least Rs. 10.2 crores per year. The Committee are disappointed to note that the annual budgetary allocations are far less than Rs. 10.2 crores and even the reduced allocations have not been spent fully. The Committee are at a loss to know as to how this scheme specially meant for assisting the weak District Central Cooperative Banks (DCCBs) would succeed in its objective. The Committee, therefore, recommend that in the Revised Estimate stage, the allocation should be at least Rs. 10.2 crores for this year and this amount should be progressively increased in the future budgets so that the entire Ninth Plan outlay could be utilised and the DCCBs are helped to bridge the deficit in their non-overdue cover. The Committee further recommend that the identification of Special Areas under the scheme should be done quite objectively and realistically so that the assistance earmarked reaches only those deserving areas.

Reply of the Government

Allocations for the current year under the Scheme subject to funds availability would be enhanced at the Revised Estimates stage and the same are proposed to be further stepped up in future budgets depending upon the requirement of funds under the Scheme. The Scheme is also operative in special areas like tribal, Drought Prone Area Programme (DPAP), Special Rice Production Programme (SRPP) areas and the areas selected for oilseeds and pulses development programme and Special Foodgrain Production Programme (SEPP) areas. Under the Scheme, the Districts are identified by the States so as to provide central assistance to the concerned District Central Cooperative Banks which are really falling short of the level of Non-overdue cover and are not in a position to advance required amount of loan to the borrowers. Identification of special areas under the Scheme is thus undertaken realistically by the State Governments.

Recommendation (Sl. No. 11)

Under Utilisation of Funds in the Schemes of Crops Division

The Committee observe that in Crops Division there has been a major shortfall in terms of fund utilization in almost all the Centrally Sponsored Scheme/Programmes during the 8th Plan period and during 1997-98 also. The reasons for such shortfall as informed to the Committee are late sanctions of the scheme by some States as well as non-implementation of the scheme and the inability of some of the States to provide the matching contribution and in some cases the State Governments were already having unspent balance lying with them. Further the Committee feel that foodgrain production during the last five years has not touched the target fixed during 8th Plan i.e. 210 million tonnes. Even during 1997-98 foodgrains production target of 200 million tonnes is unlikely to be achieved. The Committee expresses their serious concern about the stagnation in the foodgrain production as the rate of demand for the foodgrains due to growth of population is higher than the actual growth in foodgrain production. The Committee are dismayed to note that the State Governments and implementing agencies are not, in a position to utilize the funds given to them to meet the target.

Therefore, the Committee recommend that the Ministry should take comprehensive measures for maximising the production by intensifying its monitoring mechanism. The Committee desire that there must be compulsory quarterly reviews at the Secretary level and Half-yearly review at the Minister level both in the Centre and the States/Union Territories for proper monitoring. The Union Government should keep a constant tab on the weather situation and offer advice on planning the use of correct variety of seeds which will withstand the foreseen stresses. The State Governments should be given suitable technical advice and guidance by the Union Government in the matter of taking proper mid-course corrective measures, whenever unfavourable abiotic stresses are found to exist. The Committee desire that in order to improve production the area under cultivation should be increased and the Department should ensure optimum and timely availability of inputs such as water, biofertilisers, fertilisers and quality seeds in time, supported by soil testing labs and microbial biofertiliser labs in each district.

Reply of the Government

The crop production oriented programmes being implemented by the Crops Division are being reviewed on half yearly basis by the Secretary (A&C) during the National Conference on Agriculture being held before the start of the Kharif and Rabi seasons, the progress of schemes are continuously monitored through regular progress reports received from the States, field visits by the area officers, discussion with the implementing agencies (States) and by the Commodity Directorates. Besides timely supply of input, the Deptt. of Agriculture & Co-operation is supplementing states efforts through on going centrally sponsored and central sector schemes to increase the production.

A Production Monitoring Group under the Chairmanship of Secretary (A&C) has been constituted in the Department of Agriculture & Cooperation to assess the availabilities and positioning of inputs and to suggest a Plan of action in the event of abnormal variations in the weather and rainfall conditions of pest attack which are likely to have an adverse effect on production.

Recommendation (Sl. No. 14)

Horticulture : Lower utilisation of funds under Horticulture Division

The Committee note that against 8th Plan outlay of Rs. 1000.00 crores for development of Horticulture the total expenditure incurred was only Rs. 718.93 crores. The Planning Commission has increased the amount of allocation to Rs. 1100.00 crores during 9th plan. Budget estimates for the year 1997-98 was Rs. 200.00 crores out of which an amount of Rs. 182.43 crores was spent leaving a shortfall of Rs. 17.57 crores. For 1998-99, a much increased allocation of Rs. 300.00 crores has been made as more emphasis is being given to the Sector. The Committee note that despite the recommendation given in its 9th Report pertaining to Demands for Grants (1997-98) for adopting special efforts to utilise the funds allotted for this important sector during 9th plan, the Department and the State Governments could not utilise the funds during 1997-98 in the very first year of the Ninth Plan.

The Committee are very much disappointed at the continued poor performance of the Department under this division. The Committee are of the opinion that the programme implementation could not pick up, as many, farmers are unaware of the programmes. The Departments should publicise properly the schemes under Horticulture through sufficient literature and pamphlets in all the local languages and distribute them so that the farmers come to know as to how to approach the various functionaries to avail of the various kinds of loans and assistance. The Committee recommend that in order to make the programmes successful, the strategy should be reoriented by getting proper feed-back from the farmers about the nature of their requirements.

The Committee expect the Government to make vigorous efforts during 1998-99 to utilise the enhanced allocation with a revised strategy and achieve the physical targets for various crops.

Reply of the Government

Although Horticulture Division had made maximum efforts to utilise the funds provided in the Budget for 1997-98, all the funds could not be utilised in view of the poor performance by certain states to whom funds could not be released because of the unspent funds with them, Uttar Pradesh, Bihar and West Bengal are few such states.

The recommendations of the Committee in this regard have been noted. The Department is already in the process of preparing the literature and pamphlets in various languages for distribution to the farmers. The Department is already getting feedback from the farmers and necessary changes would be incorporated in the schemes while obtaining fresh approval for the IXth plan period. At present the schemes are being continued on the pattern of VIIIth plan period.

Recommendation (Sl. No. 15)

Production and Supply of Vegetable seeds

The Committee observed that for Centrally Sponsored Scheme for production & supply of Vegetable seeds the 8th Plan outlay was

Rs. 110.18 crores. The actual allocation was Rs. 104.90 crores out of which an expenditure of Rs. 87.96 crores has been incurred. Even during 1997-98 out of an allocation of Rs. 23.60 crores the Department could spend only Rs. 20.40 crores. However, physical achievement during 8th Plan in Hybrid Seed Production was very low *i.e.* only 17.5%. The Committee were informed that considering the importance of hybrid seed, this component was taken up to speed up enhanced availability of hybrid seeds of vegetables in the country. However, due to lack of enthusiasm from private entrepreneurs and non-availability of parental lines, the States could not make much progress.

The Committee, therefore, recommend that necessary corrective measures should be taken to overcome these identified constraints so that the implementation of the programme can pick up the desired momentum and achieve the desired results.

Reply of the Government

The physical achievement during 8th Plan in Hybrid Seed Production was admittedly low. As a corrective measure, Indian Council of Agricultural Research (ICAR)/State Agricultural Universities (SAUs) have intensified their efforts to produce more parental lines of various vegetable crops. These lines are now being used for production of Hybrid Seeds through National Seeds Corporation (NSC), State Seeds Corporations (SSCs) etc.

An ambitious plan is proposed to be taken up during 1998-99 following the "Mission Mode" approach with an outlay of Rs. 20.00 crores. During the 9th Five Year Plan, liberal assistance would be provided to private entrepreneurs/NGOs with the allocation of parental lines from the public sector to increase the production/productivity of vegetable in the country.

Recommendation (Sl. No. 16)

Central Scheme for Bee-keeping

The Committee note that there is shortfall in achieving the financial target during 8th plan period as well as during the period of 1997-98 under the central scheme for Bee-keeping. Against a target of 1,31,023 colonies, only 24303 bee colonies could be produced and this comes to 17.1% of the total target. The Committee were further informed that the reasons for shortfall was due to delayed identification of State designated agencies by the State Government for the production and distribution of honey bee colonies. The Committee further note that so far as the scheme for Development of Infrastructure for handling and marketing of Honey and its product is concerned, the National Horticulture Board is facing difficulty in financing the small cooperatives due to the stringent procedures involved in sanctioning the projects. As a result of this, the programmes did not gather momentum as the entrepreneurs could not avail the benefits due to requirement of Bank guarantee. Therefore, the Committee strongly recommended that Ministry should take steps to simplify the whole procedure in sanctioning of projects so that more entrepreneurs avail the benefits of the scheme.

The Committee are aware that it is practically difficult to get small cooperatives organised and therefore, the scheme may be modified to benefit individuals wherever small cooperatives are not available. The Committee find that due to certain diseases, entire bee colonies perished in Karnataka and in other parts of the country recently due to which the enthusiasm to undertake this activity has diminished.

In view of the various difficulties in developing this activity, the Committee recommend that a group of experts should be commissioned to undertake an in-depth study of the matter and to suggest remedial measures. The Committee expect positive action in this regard within three months of presentation of this Report.

Reply of the Government

With the approval of Secretary (A&C) the Deptt. has constituted a 6 member Committee of Experts to undertake an in-depth study of the various difficulties in implementation of the Central Sector Scheme "Development of Bee-Keeping for Improving Crop Productivity in India" as desired by the Standing Committee on Agriculture. Further action would be taken based on the recommendations of the Committee of Experts for improving the Bee-Keeping scheme.

Recommendation (Sl. No. 18)

Monitoring of Distribution of Seeds by States

The Committee are concerned to note that despite implementation of various schemes to assist the farmers for ensuring timely and adequate availability of certified/quality seeds of suitable varieties at reasonable prices, most of the farmers are still using locally available seeds without having any guarantee for germination. This has been one of the reasons for crop 'failure due to which farmers in many States committed suicide. From the material furnished by the Ministry, the Committee find that in all States the availability of the certified seeds is more than the requirement. However, the percentage of area coverage out of the total cultivated area by certified/quality seeds distributed is only 14%. This only shows that timely supply of seeds is not being done by the States though there is adequate availability of seeds. The Committee, therefore, recommend that there should be stricter central monitoring of the distribution of seeds done by the States. The Committee feel that the prohibitively high price of quality seeds is the actual deterrent that impedes the use of these seeds by all farmers. Therefore, the Committee recommend that there should be a subsidy on the seeds sold to small and marginal farmers and for other farmers, the seeds should be made available on a no loss/no profit basis. There should be sufficient education of the farmers to motivate them to use certified seeds for achieving better production.

Reply of the Government

The Government of India periodically assesses the requirement and availability of seeds through detailed interaction with State Governments and seed producing agencies in the bi-annual zonal seed review meetings and the National Kharif and Rabi conferences. The Department of Agriculture & Cooperation facilitates tie-up arrangements with seeds producing agencies to ensure that the requirement of seeds is met to the maximum extent possible.

As far as subsidy on the seeds sold to small and marginal farmers is concerned, it may be mentioned that there are many schemes implemented by various Division of this Department which involve components on subsidy for motivating farmers to use certified seeds for achieving better production. Details of these schemes are as follows:

(i) Integrated Cereal Development Programme (ICDP)—Wheat

(ii) ICDP—Coarse Cereals.

(iii) ICDP—Rice.

(iv) Special Jute Development Programme.

(v) Intensive cotton Development Programme.

(vi) Sustainable Development of Sugarcane Based Cropping system.

(vii) Oilseeds Production Programme.

(viii) National Pulses Development Project (NPDP)

It is proposed to increase the subsidy specially for high seeds rate crops like groundnut, soybeans, gram and pigeon pea and also on hybrid rice. In the extension programme, there is a major thrust on promoting use of high yielding certified seeds.

Recommendation (Sl. No. 21)

Watershed Management in Rainfed Areas

The Committee are happy to note that Watershed development in Rainfed Areas has been identified as a thrust area in the strategy for development of Agriculture in the Ninth Five Year Plan. The Budget Allocation for 1998-99 for the national watershed development project for rainfed areas during 1998-99 has been raised substantially to Rs. 268.50 crores from Rs. 173.50 crores for 1997-98. The Committee are, however, dismayed to find that there was shortfall in the utilisation of funds during 1997-98 and the actual expenditure was only Rs. 148.54 crores. One of the reasons for slow implementation of project is that timely flow of funds did not take place from the State to the field level executing agencies in some States, especially in the Eastern and North-Eastern sector. The Committee desire that the Union Government should impress upon the State Governments about the need for timely release of funds to the field units. The State should also be advised to gear up the implementation machinery to give the necessary impetus to this programme.

The Committee further note that various Government departments *viz.* Ministry of Water Resources, Ministry of Rural Development and Ministry of Agriculture are all implementing the watershed programme.

The Committee desire that there should be proper coordination among all the Departments undertaking the scheme.

Reply of the Government

Restructured NWDPRA was launched during VIIIth Plan. Being a new project concept, it took initial two years to complete base line surveys, investigation, projectisation and formulation of Model Watershed for their replication and adoption on a larger scale. The original allocation of Rs. 173.50 crores during 1997-98 was based on the higher cost norms proposed for the IXth Plan on the basis of experience and lessons learnt during VIIIth Plan. However, about mid-year it was informed that NWDPRA would be implemented according to the VIIIth Plan cost norms which led to the revision of the budget allocation from Rs. 173.50 crores to Rs. 155.00 crores. Against the revised allocation, the over all releases of 148.38 crores accounts for 95.7% achievement. Total releases were not made due to unspent balance of previous year available with the State Governments.

State-wise review has been conducted in this Ministry and State Govts. have been impressed upon to boost up the implementing machinery to give necessary impetus to this programme.

As regards action taken with reference to the coordination of watershed development programme among all the Departments undertaking the Scheme, there is a proposal in the Planning Commission for the creation of coordination Committee under the Chairmanship of Member Secretary, Planning Commission with a representative from all concerned Ministries, Research Organizations, NGOs etc. for formulating and implementing the Watershed Development Programmes/projects in coordinated manner.

Recommendation (Sl. No. 22)

Extension Work

The Committee are happy to note that under the scheme for training of women which is an operation in 7 States, the achievement against stipulated physical targets have been remarkable good. The Committee were informed during evidence of the good work being done in imparting training to farm women and also about the enthusiasm being shown by the farm women in new farm technologies. The Committee recommend that the scheme should be extended to all the States and union territories and more funds should be given to the scheme for this purpose.

Reply of the Government

The Central Sector Scheme of "Women in Agriculture" is proposed to be extended in a phased manner to cover the remaining States of the country. The Scheme during the IXth Plan period is proposed to adopt a two pronged approach *i.e.* one for the North-Eastern States and the second for the remaining States of the country.

The Scheme would be launched on pilot basis in one district each of the seven North Eastern States *viz.* Nagaland, Manipur, Mizoram, Meghalaya, Tripura, Arunachal Pradesh and Sikkim with an estimated cost of Rs. 3.92 crores during the IXth Plan period. For the remaining part of the country the existing Scheme is being extended to other 11 states and 1 U.T. covering 21 districts of the country with an estimated cost of Rs. 13.21 crores during the IXth Plan period. The states to be covered under the Scheme are Haryana, Himachal Pradesh, Uttar Pradesh, Maharashtra, Punjab, Rajasthan, Kerala, Bihar, Assam, J&K, West Bengal and Pondicherry.

Moreover, six other States of the country are being covered fully or partially by the special sub-projects of "Training and Extension of Women in Agriculture" with the **external assistance**. The States of Karnataka (all the districts), Tamil Nadu (all the districts), Orissa (8 erstwhile districts) and Madhya Pradesh (8 districts) are covered under the DANIDA (an aid agency of Danish Government) assisted Projects. The states of Gujarat (12 Districts) and Andhra Pradesh (6 districts) are being covered with the Dutch assisted projects. There are two more projects in the pipe-line with Dutch assistance in Kerala and Uttar Pradesh.

Women Specific Projects are also being proposed to be covered under the UNDP funded Umbrella Project on 'Programme for Food Security', the agreement for which was signed on 13th February, 1998.

Recommendation (Sl. No. 24)

Farm Machinery Training and Testing Institutes

The Committee find that there has been about 50% under spending of funds allocated in budget for (1997-98) for the 4 Farm Implements and Machinery Training and Testing Institutes at Budni, Hissar, Garladinne and Biswanath Chariali. The shortfall was due to slow pace of construction work of the functional and residential building at FMTTI, Assam and non-materialisation of few proposals such as purchase of Mini Bus for school going children which could not be approved during the year. The Committee feel that there was lack of action on the part of decision makers concerned due to which there was non-materialisation of such small proposals. The Committee desire that expeditious action should be taken in the matter so that the allocation is fully utilised.

The Committee further recommend that at least one Farm Machinery Testing and Training Institute should be set up in every State/Union Territory and a suitable programme should be drawn up for this purpose with sufficient financial allocations so that location-specific training is imparted to the farmers all over the country.

Reply of the Government

The Committee's directive for taking expeditious action on proposals for construction of buildings, procurement of vehicles and stores etc. by the FMTTIs, has been noted for compliance. The recommendation of the Committee regarding the need for setting up at least one FMTTI in every State/U.T., provision of sufficient funds, and chalking out a suitable programme, for the purpose, is already under consideration of the Department.

Recommendation (Sl. No. 26)

Amendment of Insecticides Act, 1968

The Committee are of the firm opinion that due to many loopholes and the lack of stringent punishment instances of sale of spurious insecticides have increased at an alarming rate. The Committee feel that the existing enforcement machinery under Insecticides Act, 1968 is not adequate enough to cover the entire country. Because of these inadequacies, many poor farmers had to suffer damages to crops and many of them in the recent months have been driven to commit suicides due to crop failure on account of spurious pesticides. The Committee feel that it is high time now for taking effective and immediate measures to protect the farmers, by amending the insecticides Act, 1968.

The Committee expect instant legislative action on the part of the Government in the ongoing Budget session itself.

Reply of the Government

The amendments to the Insecticides Act is under consideration in the Department. Detailed proposals for amendment of Insecticides Act and Insecticides Rules have been formulated.

The Insecticides Rules 1971 have been amended recently to enable the States to implement the provisions of the Insecticides Act, 1968 and Insecticides Rules, 1971 more vigorously. Amendment of certain provisions of the Insecticides Act are under active consideration of the Department.

Recommendation (Sl. No. 30)

Soil Testing Facilities

The Committee note that under the scheme for Balanced and Integrated Use of Fertilisers, there is a component for strengthening and modernisation of soil testing facilities in the country so that fertiliser is judiciously used on the basis of soil test reports. This component also envisages setting up of new soil testing labs. The Committee feel that the number of soil testing centres now available in the country are too few in number for the farmers to take advantage of them. Therefore, the need of the house is to have a large number of soil testing labs especially the *Mobile Testing labs* all over the country which will be very easily accessible to the farmers. The Committee, therefore, recommend that a separate plan programme for setting up a large number of soil testing centres including Mobile Soil Testing labs all over the county should be chalked out and implemented at the earliest with sufficiently large financial allocations. *The Soil Testing labs should be supplemented with Microbial Biofertiliser labs in each district so that microbes for bio-composting etc. can be distributed to farmers to reduce their dependence on chemical fertilisers.*

Reply of the Government

There are a total of 514 soil testing laboratories in the country including 133 mobile soil testing vans. These laboratories have a total capacity of analysing 6.5 million soil samples annually. Government of

India has provided funds amounting to Rs. 5.74 crores for strengthening 147 soil testing laboratories during 8th Five Year Plan under the scheme for Balanced & Integrated Use of Fertilisers.

2. In view of the importance of the scheme it is proposed to be continued during 9th Five Year Plan. A draft EFC memo. at an estimated cost of Rs. 48 crores has been prepared and circulated for comments of the concerned Departments/agencies in Government of India.

3. The scheme provides for strengthening of existing soil testing laboratories for major and micronutrients and also for establishment of new laboratories. The strengthening of soil testing is proposed at an estimated cost of Rs. 30 crores while Rs. 18 crores have been proposed for the preparation of compost, from city garbage, for use in agriculture. Fertiliser industry which is equally concerned with the promotion of balanced use of fertilisers is being encouraged to set up soil testing laboratories including mobile soil testing vans in the country.

4. For promoting the use of microbial fertiliser, Government of India is implementing a National Project titled 'Development and Use of Biofertilisers at an estimated cost of Rs. 19.3 crores during 9th Five Year Plan. Under this project grants are given for establishment of biofertiliser' production units in different States. Government of India had established a National Centre and six Regional centres to provide training to the farmers and extension workers about promotion of biofertilisers. These centres also provide proper types of bacterial cultures to be used for their multiplication and production by various manufacturers and subsequently for their use in agriculture.

5. It is expected that the strengthening of Soil Testing Laboratories will help improving balance and efficient use of fertilisers by the farmers through soil test based fertiliser use recommendations. The promotion of biofertilisers will supplement cheaper source of nutrients for the crops.

Recommendation (Sl. No. 32)

Rehabilitation Package for Revamping of Cooperative Credit Structure

The proposal is being finalised by the Department in consultation with the NABARD. The Committee strongly feels that revamping of Cooperative Credit Structure is absolutely essential to overcome the problems faced by the Cooperatives and to make them financially viable and efficiently run. The Committee therefore, recommend that the same should be approved for implementation without delay. The Cooperatives should be asked, allowed and encouraged to mobilise deposits in rural areas. The concept of credit card having a cash credit limit for meeting the farmers working capital requirements should be implemented in case of cooperative credit too.

Reply of the Government

A proposal to introduce a 'Rehabilitation Package for Revamping of the Cooperative Credit Structure' is already under active consideration of this Department. The recommendations made by the Committee in this regard have been noted and appropriate action would be taken in the matter.

As regards the concept of credit card having a cash credit limit for meeting the farmers working capital requirements, the National Bank for Agriculture and Rural Development (NABARD) has already been requested to formulate a Model Scheme for introduction of Agricultural Credit Cards by the Banks and the States for farmers with a view to enable them to secure production credit smoothly.

Recommendation (Sl. No. 35)

Management of Agriculture

The Committee is seriously concerned about the problem of substantially large unspent balances lying with the States out of releases made by the Government of India for various Central/Centrally Sponsored Schemes. It is essential that the limited allocations available to this sector must be effectively and fully utilised for the achievement of specific goals. The States which have done well need to be rewarded through higher allocation. Release of additional funds to the States with poor performance in regard to utilization of Plan funds need to be carefully reviewed.

The Committee feels that a large number of centrally supported interventions are proving ineffective largely on account of uniform top down, rigid approach in catering to the diverse needs of the States and the demand for location specificity. An innovative approach need to be formulated by the Government to ensure the limited allocations available to the agriculture sector find timely and effective application in intended areas. While the States must focus on primary initiatives. The Centre would need to supplement/complement these efforts and also undertake independent initiatives in areas in its direct control e.g. fiscal and monetary policies affecting credit supply, foreign trade, agricultural research, remote sensing etc. The present pattern of rigidly conceived uniformly structured Centrally Sponsored Schemes, permitting little or not location specific flexibility, must give way to regionally differentiated Central initiatives through a three dimensional State/Crop/intervention matrix formulated in an inter-active mode and implemented in a spirit of partnership with the States through a Memorandum of Understanding. In view of the Committee one factor responsible for under utilisation as well as misutilisation by States is the multiplicity of schemes and agencies that implement them within the State Departments. The Committee recommend that a more integrated approach for having various schemes unified into a fewer, multicomponent schemes should be evolved. The Committee recommend that all those schemes which have scope for pilferage and misutilisation should be very carefully weeded out and more allocations should be under those schemes which can create durable assets. Which will have an enduring impact and will be easy to monitor as they are the Department's availability to keep track of developments in relation to various crops and also the occurrence of natural disasters is very weak. The Committee is of the opinion that the Department must urgently initiate measures to enable it to anticipate the likely occurrence of natural disasters and enhance its ability to respond to crisis by relying on early warning systems. It must concentrate on a few large scale interventions which fit into chosen crop/area intervention having regard to the national priorities and must concentrate on putting in place a mechanism for obtaining real-time, on line feed-back on agricultural situation for quick remedial interventions.

The Committee also felt that the Department must evolve an effective system of monitoring and evaluation of implementation of Central interventions by the States and must take immediate remedial measures wherever any shortcomings are noticed.

Reply of the Government

The subject was discussed with the State Governments in detail in the National Conference on Agriculture for Kharif Campaign held in New Delhi on 19—21st May, 1998. The Conference resolved that:

> "A new and innovative approach is called for in the management by the public system of agriculture in the country. The States will focus on primary initiatives while the Centre will supplement/complement these efforts and also undertake necessary initiatives in areas directly in its purview.
>
> Future developmental strategy in the agricultural sector will be characterised by regionally differentiated Central interventions which are area/crop component/target Group specific and formulated by the Centre in consultation with the States to be implemented on MOU basis."

The Ministry of Finance and the Planning Commission have been consulted on the new approach for management of agriculture by the Centre and State Government. The Ministry of Finance is in broad agreement with the focus on Concept Paper *viz.* that the States should be fully concerned with the developmental programmes for increasing agricultural production, that the Central Government should be concerned with supplementing their efforts for the development of agriculture and that the Central Government's supplementary role should be on the basis of crop specific/region specific interventions instead of a broad national level of interventions. The Planning Commission has also concurred with the proposal in principle.

It is proposed to operationalise the new concept of management from the next year i.e. 1999-2000 by initiating few major Central Interventions which would be crop/area/component specific. This will be implemented on MOU basis which will *inter-alia* provided for an effective system of monitoring and evaluation of the progress of implementation.

Recommendation (Sl. No. 38)

Tractors

The Committee observe that a minimum of eight acres of land has to be pledged as collateral security for tractor loans. For the purpose of stamp duty circle rate about the value of land have been already notified and on the basis of the value of the land can be calculated for the purpose of deciding the extend of land required for taking as collateral security. At many places in the country, the value of eight acres of land should be taken as collateral security. The value of which is equivalent to the value of the tractor.

Reply of the Government

In pursuance of the recommendation of the Committee, a reference was made to the National Bank for Agriculture and Rural Development (NABARD), who have informed that as a follow-up action on the recommendations of the R.V. Gupta Committee on Agricultural Credit by Commercial Banks, Reserve Bank of India (RBI) has advised Commercial Banks to ensure that the value of security taken is commensurate with the size of the loan, and desist from asking additional collateral by way of guarantors where the land mortgaged is considered adequate.

CHAPTER III

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

Recommendation (Sl. No. 12)

Declining trends in production of Commercial Crops

The Committee observe that there has been shortfall in target for the production of groundnut, sugarcane, Mesta, cotton and oilseeds in 1997-98. Due to shortage in the production of oilseeds, the country is still importing edible oils. The Committee feel that the steps taken so far in enhancing their production are not adequate enough and the entire strategy of development requires a re-look and refashioning. The Committee are of the opinion that the decline in production of these crops is due to the poor price the farmer gets for his produce, the adverse terms of trade, the non-liberalisation of policy on agro-based industries, the inability of the industries to lift the agricultural produce from the farms for further processing due to various factors and lack of any incentive price for the produce etc. The Committee, therefore, recommend that an emergent reappraisal of the existing extension arrangements and the in-put supply system apart from various other contributing factors should be got done through a specially constituted Committee of experts and farmers to remedy the situation at the earliest.

Reply of the Government

Shortfall in the production of commercial crops during the year 1997-98 was an exceptional case induced by inclement weather which was not only favourable for fast multiplication of disease and pest but also hindered the application of pesticides for control of diseases and pests. Prior to 1997-98 there has been continuous increase in the production of commercial crops. The production and productivity of the commercial crops is being monitored by the Department of Agriculture & Cooperation regularly. The oilseeds are already under a Technology Mission. For cotton, a Technology Mission is proposed to be launched during the current year. For sugarcane, a Centrally

Sponsored Scheme. "Sustainable Development of Sugarcane Based Cropping System" has been introduced during 1996-97. Keeping in view of the above facts it may not be necessary to constitute a Committee of experts and farmers at this stage.

Recommendation (Sl. No. 31)

Need to provide for Rehabilitation of Weaker Section Cooperative Societies in the Scheme for Assistance to Weaker Section Cooperative

The Committee have been informed that under the scheme for Assistance to Weaker Section Cooperatives, there is no provision for rehabilitation of sick weaker section cooperatives. The Committee feel that there should be adequate provision in the plan scheme to help out the Weaker Section Cooperative Societies whenever they turn sick. The Committee are shocked to note that even the National Cooperative Development Corporation (NCDC) does not have a scheme to provide assistance for rehabilitation of sick weaker section cooperative units. Even NABARD does not seem to have taken care of this aspect of cooperative development. The Committee wish to point out that in the absence of any programme for the rehabilitation of sick weaker section cooperative units, there is a danger of the entire cooperative movement among the weaker sections dying away, as they will not undertake any cooperative venture without adequate institutional and governmental protection. The case in point in this context is the fate of the Jagadamba Anusuchit Jati Shetkari Vinkari Sahakari Soot Girni Niyamit Mada Tal situated in Madhya Taluk of Sholapur district of Maharashtra, which is almost on the verge of closure, gravely threatening the livelihood of 800 workers of this society and 6000 cotton growers dependent on this society all of whom belong to Schedule Castes.

The Committee, therefore, recommend that the Department of Agriculture and Cooperation should advise NCDC to immediately evolve a programme to save such sick weaker section cooperative units and to encourage the growth of cooperative moment among weaker sections. If no such schemes are available the weaker sections will organise themselves into cooperatives, as they will lose faith in them. The Committee desire immediate positive action in this direct action.

Reply of the Government

The major reasons of sickness of these Spinning Mills are lack of modernisation, inefficient management, over staffed, lack of business approach staffing etc. It may be noted that a large number of mills have out-dated machinery and to cope up with the requirement, consolidation of existing mills with focus on technological upgradation and modernisation has become essential. Keeping in view the dire need of revival of sick units in cooperative sector, the Government have constituted an Expert Group to look into all the aspects and evolve a mechanism for revival of sick cooperative units. Depending upon nature and extent of sickness, there are following points to be considered:

(a) The sick-units either may be disposed of or merged with healthy cooperatives;

(b) A rehabilitation package for revival of sick units may be prepared jointly by NCDC/Financial Institutions/State Govt./ Bank/Society;

(c) The scheme may first be conformed to NCDC assisted projects and depending upon the experience, other projects in the cooperative sector may be considered in the second phase.

In this regard, it is stated that NCDC has been requested to formulate suitable scheme for Rehabilitation of sick cooperative units.

So far as the specific issue of Jagadamba Anusuchit Jati Shetkari Vinkari Sahakari Soot Girni Nitkamit Mada. Distt. Sholapur (Maharashtra) as mentioned in the recommendations, it may be stated that originally this Society was registered under the Maharashtra Cooperative Societies Act and later it has been registered as a Multi-State Cooperative Society. The capital structure of the Society as on 31.3.1997.

(a) Authorised Share Capital	:	693.00 lakhs
(b) Paid up capital (Out of this, share contribution of Govt. of Maharashtra is Rs. 462.60 lakhs and members share capital is Rs. 66.73 lakhs)	:	529.00 lakhs

(c) Total membership of the Society is 6673.

The accumulated losses ot Society are to the tune of Rs. 15,05,16,262/-. As per the information furnished by the Society, its total loan liability is as under:—

IDBI	Rs. 123.84 lakhs
IFCI	Rs. 51.35 lakhs
ICICI	Rs. 99.92 lakhs
Govt. of Maharashtra	Rs. 261.97 lakhs
Interest payable	Rs. 404.59 lakhs

The Society have submitted a proposal for grant of Rs. 2136.62 lakhs for its rehabilitation and modernisation. The details are as under:—

		(Rs. in lakhs)
(a)	For modernisation	712.00
(b)	Rehabilitation (payment of outstanding financial institutions and Govt. of Maharashtra inclusive of interest thereon).	941.62
(c)	Payment of statutory dues like electricity charges, PF contribution, sales tax and wages.	83.00
(d)	Funds required for working capital.	400.00
	Total:	2136.62

It may kindly be noted that the financial position of the Society is very weak.

CHAPTER IV

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

Recommendation (Sl. No. 17)

Scheme to Produce Quality Seeds At Village Level

In order to ensure timely availability of seeds, the Committee recommend that a scheme should be evolved so that in each village, some plots are identified and taken on rent by the governmental and non-governmental seed growing agencies to undertake production of location-specific quality seeds on those plots for onward supply to the farmers locally. The production of seeds should be got done with the active assistance and guidance of agricultural scientists available with the agricultural institutions in the vicinity. This arrangement would ensure timely availability of seeds at the village itself and the seeds could be made available at cheaper rates, as the element of cost of transport of certified seeds will be completely eliminated. The local farmers will have the advantage of practically witnessing the process of production of seeds. Since only location specific seeds will be grown, there will be guaranteed germination of seeds. The agencies who will undertake this venture should be financially and technically assisted by the Government.

The Committee recommend that a scheme on these lines may be got prepared and posed for suitably high budgetary allocations immediately.

Reply of the Government

This recommendation relates to production of seeds of location specific varieties by Governmental/Non-Governmental Agencies to meet the local demand. Seed village component is already included in the OPP & NPDP Schemes of TMOP. Similarly, production of certified seed of HYV of wheat and rice are included in the ICDP-Wheat and ICDP-Rice Schemes of Crop Division. While, it may not be feasible to take up seed plot in each village, the seed village scheme is being expanded and State Seeds Corporation and Commodity cooperatives are being extended assistance to take up large areas. Moreover, seed production is coming up increasingly in the private sector who may also be adopting similar approach. The seed production is decentralised in States, which undertake production through State Seeds Corporations, Agriculture Farms, State Universities, etc. and emphasis is on undertaking production of location specific varieties.

Recommendation (Sl. No. 19)

Amendment of Seeds Act 1966

It has been observed that in some States, farmers buy and use various types of spurious seeds available in the market which do not have any germination guarantee and as a result thereof they incur heavy losses. Therefore, the Committee recommend that the Ministry should amend the provisions under Seeds Act, 1966 and Seed Control order 1983 to make it more stringent and to punish the culprits. This step should be taken without any further delay and the legislation should be introduced and passed in this ongoing budget session itself.

Reply of the Government

If any person contravenes any provision of the Act or Rule or prevents a Seed Inspector from taking sample under this Act or prevents a Seed Inspector from exercising any other power conferred on him, could be punished under section 19 of the Act with a fine of five hundred rupees for the first offence. In the event of such person having been previously convicted of an offence under this Section, with imprisonment for a term which may extend to six months or with fine which may extend to one thousand rupees or with both.

Recommendation (Sl. No. 20)

Separate Scheme for Supply of Seeds to Small and Marginal Farmers

The Committee find that there is no specific scheme in the Seeds Division meant only for small/marginal farmers. The Committee are of the view that small and marginal farmers are the most affected lot due to use of substandard seeds and they recommend the formulation of a scheme for supply of certified seeds for small and marginal farmers preferably through cooperative societies. The Government should also consider giving subsidy on the purpose of seeds by the farmer belonging to the weaker sections of the society.

Reply of the Government

The Schemes of Seeds Division are intended to promote production of certified seeds of new varieties which have been released/notified for ensuring availability of better quality seeds to farmers. They are not intended to subsidise the sale of certified seeds. However, subsidy to small and marginal farmers for supply of seeds is available in other schemes, implemented by TMOP Division of this Department. Since most of the above mentioned schemes are Centrally Sponsored Schemes, part of subsidy is also borne by the State Governments. Further, it is not proposed to give large scale subsidization in Seeds.

Recommendation (Sl. No. 23)

Soil and Water Conservation (Reclamation of Degraded Lands)

The Committee observe that there is shortfall in achieving the financial as well as physical target under the sector Soil and Water Conservation Further, the Committee are very perturbed to note that out of the total geographical areas of 329 million hectares of the country, the total degraded areas is 173 million hectare which is more than half of the total geographical area and during last two years the Government could revive only 18.20 lakh hectare of land. The Committee feel that the work being done in this area is too little to make any visible impact on the problem. The Committee recommend that the matter may be taken up with all the State Governments in order to take up the work on a much larger scale by fixing up very high targets and by allocating suitably larger funds. Since several Departments are having several schemes on the subject, there is need for adopting a coordinated approach in the matter with all the Ministries/Departments concerned. The Committee also recommend that the reclaimed lands may be allotted to the poorest of the poor farmers to develop them further so that sustainable development takes place.

Reply of the Government

The short-falls in achieving the financial targets in some Schemes were generally due to unspent balances remaining with the States and a general 5% cut imposed by the Ministry.

Recommendation (Sl. No. 28)

Share Capital Participation in Cooperative Spinning Mills (Growers):

The Committee observe that in the scheme relating to share Capital Participation in Spinning Mills, the approved Plan Outlay was Rs. 90.75 crores and out of this amount, the expenditure made was only Rs. 36.00 crores which comes to 39.67% during the entire period of 8th Plan. During 1997-98, there was 100% financial shortfall. The Committee further observe that Government could establish only 4 Spinning Mills out of the target of establishing 24. During 1997-98, there is nil achievement. The Committee are distressed to note that due to lack of tie up of term loans for new mills by the State Governments/Cooperatives with the Central financial institutions, no proposal for setting up of new growers spinning mill was recommended by the State Government. The Committee desire the Department should take up the matter with the Ministry of Finance to take suitable steps so that the scheme does not suffer due to technical reasons.

Reply of the Government

Financial assistance under the Centrally Sponsored Scheme for Share Capital Participation in Cooperative Spinning mills is being provided since 1974-75 by this Department through NCDC. The assistance is released to various State Governments for their share capital participation in the establishment of new spinning mills organised by the Cotton Growers & their cooperatives. The beneficiary cooperative to be eligible for availing assistance under this scheme has to fulfill the following norms/criteria:—

(a) The location of the project must be in major cotton growing tract with availability of surplus cotton;

(b) Must have effective linkage with grower members for procuring raw material as well share capital mobilisation spirit;

(c) Enrollment of cotton growers as members and mobilizing share capital of 10% of the estimated cost of the project;

(d) Firm term loan for 60% of the project cost from the Central Financing Institutions or Consortium of FIs;

(e) Specific recommendation of the State Government in favour of all the projects.

2. On fulfillment of the above norms, the Cooperatives should approach the State Governments for recommending their case to Central Government. The Central Government or its channelising agency will consider request of the cooperative spinning mill for financial assistance to the tune of 30% of the project cost if the project has been found technically viable by the Committee of Experts appointed for the purpose.

3. During 8th Five Year Plan, six projects were sanctioned by the NCDC. Unfortunately, three of them were de-sanctioned later on. The de-sanctioned projects consisted of two expansion projects in Maharashtra and one establishment of new mill in Tamil Nadu consequently the target fixed for 8th Plan could not be achieved.

4. For the 1st year of the 9th Five Year Plan period *i.e.* 1997-98, an amount of Rs. 860 lakhs was earmarked for the scheme but due to non-commitment of central financing agencies for providing term loan and reluctance of the State Government(s) for giving guarantee no proposal duly recommended by the Government(s) was received by the NCDC as a result no Project would be sanctioned and funds remained un-utilised.

The main reasons for non-commitment of All India Financial Institutions for financing spinning mills are:

(i) Ample spindlege (more than the requirements of the country) has been created.

(ii) A large number of spinning mills having an old and obsolete machinery resulting in non-utilisation of its capacity.

(iii) Due to increasing sickness resulting in non-repayment of dues in time etc., the financial institutions have shown their reluctance to finance the spinning mill project. Consequently, projects have not been received by the NCDC.

CHAPTER V

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

Recommendation (Sl. No. 7)

Reduction in provision for Agricultural Credit in Ninth Plan

The Committee note that the Department of Agriculture & Cooperation was allotted Rs. 190 crores in the Budget Estimates of 1997-98 for financing various plan schemes for providing agricultural credit, whereas for the year 1998-99, this allocation has been slashed down to Rs. 163 crores. The main reason advanced for reducing the allocation is that the new Ninth Plan Scheme for Rs. 45 crores for Rehabilitation of Cooperative Credit Structure could not be put into operation in 1997-98 and in the current financial year also the scheme is not likely to take off as it involved several procedural bottlenecks. The Committee are seriously concerned about the fact that the first two years of the Ninth Plan will pass by without any planned action due to lack of approved policy on the matter, as the Ninth Plan is yet to be finalised. The Committee condemn the casual approach of the Department in the matter and there is uncertainty in the implementation of the Programme even this year (1998-99). The Committee take a serious view of the reduced allocation for this very important sector and wish to impress upon the Government that several lives of farmers have been lost in various States of the country due to the heavy interest burden on them for the loans taken from private money-lenders and therefore there is an urgent need for institutionalisation of the credit system for providing timely and adequate credit to farmers.

The Committee, therefore, recommend that emergent clearance should be given to the new Ninth Plan scheme for Rehabilitation of Cooperative Structure by setting aside all time-consuming procedural formalities and it should be ensured that the scheme should be launched within one month of the presentation of this Report.

The Committee also recommend further that a review of the procedural formalities required for getting a project cleared for implementation should be undertaken and unnecessary procedures should be done away with. Action should be taken on this aspect urgently, as credit is the most important key input without which no economic activity can be undertaken.

Reply of the Government

The proposal relating to the introduction of a Rehabilitation Package for Revamping of the Cooperative Credit Structure is under active consideration of the Department of Agriculture and Cooperation and concerted efforts would be made to get the proposal cleared by the competent authority at an early date, so that the scheme could take off during the next financial year.

Recommendation (Sl. No. 10)

Crop Insurance

The Committee observe that since the inception of the scheme on Crop Insurance since 1 April, 1985, only 19 States and 4 Union Territories have participated in it in one or more seasons from Kharif 1985 season to Rabi 1996-97 season. In the Rabi 1997-98 season, this scheme was implemented in 15 States and 2 Union Territories. The Government of India have also approved the implementation of a scheme known as Experimental Crop Insurance Scheme covering all small and marginal farmers (both loanee as well as non-loanee) and other loanee farmers in 24 selected districts of 8 States from Rabi season of 1997-98. In the Scheme 100% insurance premium payable by small and marginal farmers will be borne by the Central and State Governments.

The scheme will be operated as far as possible in low unit area preferably a Gram Panchayat. The performance of ECIS was reviewed and it is felt that the ECIS is administratively infeasible while also suffering from the weaknesses of having open-ended financial implications from the point of view of the budgetary support required and not being adequately responsive to the demands of the farmers. The Government have decided to replace both the Comprehensive Crop Insurance Scheme and the Experimental Crop Insurance Scheme permanently with a Modified Crop Insurance Scheme (MCIS). This modified scheme will cover all farmers both loanee and non-loanee irrespective of small and marginal farmers and some cash crops where past yield data are available.

While appreciating the steps taken by the Government to modify the scheme relating to Crop Insurance, the Committee recommend that appropriate safeguard should be adopted to ensure that scheme is implemented in letter and spirit. The Committee further recommend that the Government should establish a separate insurance agency to handle the scheme at the earliest and recommend that village should be treated as unit area for assessment of losses. The Committee are of the opinion that so far this aspect of protecting the farmers was not addressed in full and a lot of precious time had already been lost in trying various schemes to tackle the issue. Therefore, they recommend that the Department should accord top priority for this issue and expect the Government to take up the implementation of the Modified Crop Insurance Scheme without any further delay on a war-footing after incorporating the recommendations of the Committee suitably in the Scheme.

Reply of the Government

A proposal to introduce a Modified Comprehensive Crop Insurance Scheme (MCCIS) so as to enlarge coverage under Crop Insurance in terms of farmers (both loanee as well as non-loanee) and some cash crops like sugarcane, potato, cotton, etc. is already under consideration of this Department The Ministries/Departments and other agencies concerned are being consulted before moving the proposal to the competent authority for approval. The recommendations of the Committee would also be kept in view at the time of formulation of concrete proposal of MCCIS.

Recommendation (Sl. No. 13)

Inclusion of More Commercial Crops Under the Department of Agriculture for Improved Production

The Committee note that coffee and tea are two very important agricultural produce which have a high potential for export and these are items of mass consumption in our country. The Committee recommend that the subject of production of these two commercial crops should be entrusted to the Department of Agriculture instead of it being given to some other Ministry as at present, as the Committee feel that Department of Agriculture is in a better position than any other Ministry to improve the production of these crops with all its technical expertise at its disposal.

Reply of the Government

Regarding inclusion of more commercial crops *i.e.* coffee and tea under the Department of Agriculture for improved production it may be pointed out that under the Allocation of Business Rules of different Ministries the production of coffee and tea is being handled by the Ministry of Commerce. In order to transfer the control of these two crops to the Department of Agriculture a decision has to be arrived at by the Cabinet of the Union Government. However, the Department of Agriculture and Cooperation has requested the Ministry of Commerce to offer their views in this regard. On receipt of that Ministry's comments, the matter would be taken up with the Cabinet Secretariat.

Recommendation (Sl. No. 25)

Pulse Production

The Committee are distressed to find that despite having the scheme—National Pulses Development Project (NPDP) in operation for several years, the production of pulses in 1997-98 has gone down to 130.75 lakh tonnes from 144.60 lakh tonnes in 1996-97. The yield per hectare has gone down from 623 kg. per hectare in 1996-97 to 567 kg. per ha. in 1997-98. The yield per hectare in India is less than the world per ha. production of pulses of 799 kg. per ha. and far less than the 4769 kg/hectare recorded in France. The reason as stated by the Ministry are: (i) lack of high yielding varieties and hybrids in pulses and (ii) cultivation of it by small and marginal farmers on marginal lands under rainfed conditions without using the quality inputs.

The Committee recommend that the Government should review the NPDP Scheme at a very high level and prepare a well thought plan of action to increase the production of pulses. The Government should announce more incentives and rewards to agricultural scientists for developing new high yielding varieties which would result in more production. The Committee note that in the IX Plan under NPDP major emphasis would be on supply of quality input to farmers. The Committee hope that the Government would be able to persuade the State Governments to take necessary steps in this regard so that production and productivity are increased to a great extent. The Committee further recommend that a suitable scheme of incentive prices should be introduced to encourage the farmers who have assured irrigation to take up the cultivation of pulses.

Reply of the Government

A Committee of experts is being constituted to review the scheme of National Pulses Development Project and a Plan of Action to increase the production of pulses during the Ninth Plan period has been drawn up. As regards the recommendation of the Standing Committee that the Government should announce more incentives and rewards to agricultural scientists for developing new high yielding varieties which would result in more production, the Indian Council of Agricultural Research (ICAR) has been requested to initiate action in the matter. The recommendation of the Committee regarding scheme of incentive prices to farmers has been referred to the Commission for Agricultural Costs and Prices (CACP) for their consideration and for taking necessary action in the matter.

Recommendation (Sl. No. 27)

Janta Personal Accident Insurance Scheme

The Committee observe that for Janta Personal Accident Insurance Scheme the Planning Commission has allotted a meagre amount of money *i.e.* Rs. 1.00 lakhs in 1998-99 despite the increase in the number of accidents occurring in several parts of the country. The Committee have been informed that for this scheme the Ministry has initiated the procedural formalities and since it is a new scheme the budget allocation is only a token provision which can be enhanced after the scheme is approved.

The Committee recommend that the Ministry should approach the Planning Commission for early approval of the Scheme so that it can be implemented speedily in this year itself by making suitable budgetary provisions at the Revised Estimates stage.

Reply of the Government

The Scheme will be implemented after getting approval from the Planning Commission for which action is underway. Suitable budgetary provision would be made in the revised estimates.

Recommendation (Sl. No. 29)

Calamity Relief Fund

The Committee desire that the Calamity Relief Fund and National Fund for Calamity Relief should be strengthened and the amount thereof should be increased. In this connection the Committee recommend that assistance should be released in proper time after having properly calculated the loss occurred to the crops of the farmers.

The Committee find that rules for payment of compensation in case of crop failure due to natural calamities are very old and were framed before independence. The compensation given to farmers is very much inadequate. The Committee desire the Ministry to advise State Governments to revise their Relief Manuals to give increased compensation. Suitable provision should be incorporated in the procedures to completely check the irregularities in the disbursement of compensation. A model relief Manual should be prepared by the Ministry and circulated to States to guide them in this regard.

Reply of the Government

The State-wise allocation in the Calamity Relief Fund (CRF) is made on the basis of recommendations of the Finance Commissions. As per recommendations of Tenth Finance Commission (TFC), a corpus of Rs. 6304.27 crore exists in the Calamity Relief Fund (CRF) for the years 1995—2000 which includes Centre's share of 4728.19 crore (75%) and State's share of 1576.08 crore (25%). The Central Government and State Governments concerned contribute to this Fund in the ratio of 3:1. The Centre's contribution is released to the States annually in 4 equal quarterly instalments on 1st April, 1st July, 1st October and 1st January.

As regards National Fund for Calamity Relief (NFCR), a corpus of Rs. 700 crore existed initially for the years 1995—2000, the contribution to which is to be shared by the Central Government and State Governments in the ratio of 3:1. In January, 1998, the Cabinet approved additional Rs. 120 crore to the NFCR and directed the Ministry of Finance to augment the provision for 1997-98 accordingly. An expenditure of Rs. 167.14 crore has been incurred under this Fund during 1995-96 to 1997-98. The Union Finance Minister has been requested to consider raising the corpus of this Fund by Rs. 500 crores.

As regards timely release of funds under CRF/NFCR, it may be mentioned that the Centre's share of CRF is automatically released annually in 4 equal quarterly instalments. However, the quarterly instalments are also released in advance at the request of the State Governments, wherever necessary, to speed up the relief work. Release of funds under NFCR is made for calamities of rare severity only and after following a set procedure, namely visit of an Inter-Ministerial Central Team to the areas affected by natural calamity in the concerned States based on detailed Memorandum received from these States, consideration of the report of the Central Team by an Inter-Ministerial Group (IMG) under the Chairmanship of Secretary (A&C) and consideration of the report of the Central Team and the recommendations of the IMG thereon by the National Calamity Relief Committee (NCRC) under the Chairmanship of Union Agriculture Minister. Release is made to the concerned States by the Ministry of Finance based on the quantum of assistance recommended by the NCRC.

Funds released to the States under CRF/NFCR is in the form of assistance only to enable the State Governments to undertake necessary relief and rehabilitation measures immediately and is not a compensation. The list of approved items expenditure on which only can be credited to CRF has been circulated to the States and the States can incur expenditure with a variation of upto 50% under certain items. The norms for assistance under NFCR including Agricultural input subsidy and other Central Norms are already under review by a Committee headed by Additional Secretary & Central Relief Commissioner in this Department.

Government of India has now constituted the XI Finance Commission, which will *inter-alia* review he existing scheme of financing relief expenditure including operation of CRF.

We have requested the State Governments a number of times to revise and update their Relief Manuals based on the experiences gained and taking into account the current requirement.

Recommendation (Sl. No. 33)

Crop Insurance

The new scheme should be based on actuarial premia, but the charges to be paid by small and marginal farmers should be comparatively lower and these can be cross subsidised by charging a bit higher rate from others. To administer the scheme, a separate corporate unit like in the form of an Agriculture Insurance Corporation should be set up which can work as a subsidiary of GIC. The scheme must however cover all the crops and all the farmers in the country in due course.

Reply of the Government

The details of the proposed Modified Comprehensive Crop Insurance Scheme (MCCIS) are being finalised in consultation with the Ministries/Departments and other concerned agencies. The suggestion in regard to setting up a separate corporate unit in the form of an Agriculture Insurance Corporation to administer the scheme, would also be examined in consultation with the concerned Ministries/ Departments.

Recommendation (Sl. No. 34)

Creation of a Special Fund for Assistance to less developed countries in Africa and Western/South East Asia.

The Committee feels that the objective of the Fund is very laudable and it needs to be approved for immediate operation to assist the less developed countries in Africa and Western/South East Asia for development of agriculture. We should however endeavour to explore more areas of cooperation with these countries in the field of agriculture which should include not only trade in agricultural produce but also exchange of information technology, research & germ-plasm.

Reply of the Government

With the approval of Agriculture Minister a draft note for creation of a Special Fund for Development of Agriculture and Allied Sectors in Africa and Western/South East Asia was prepared and circulated to the Department of Agricultural Research and Education (DARE) and the Ministry of External Affairs (MEA) for their initial comments. While the DARE had supported the proposal the MEA proposed the formation of a Committee in which a representative of the MEA is a member, for operation and monitoring of the Fund. The draft note was accordingly amended and circulated to all the Ministries/Departments concerned for their comments on 23.4.98. The comments received from the Ministries/Departments concerned are given in the Annexure.

2. To discuss the comments/suggestions made by the various Ministries/Departments concerned a meeting was held in the Room of JS (IC) on the 11th August, 1998. It was suggested in the meeting that in the draft EFC Memo the purpose for which the Fund would be utilised, item-wise break up of the amount required and source of funding may be clearly indicated. It was also proposed that instead of a Committee, an Empowered Committee may be constituted to take all the decisions relating to the operation and monitoring of the Fund.

COMMENTS OF THE VARIOUS MINISTRIES/DEPARTMENTS CONCERNED ON THE DRAFT NOTE TO SET UP AN INTERNATIONAL FUND FOR DEVELOPMENT OF AGRICULTURE AND ALLIED SECTORS IN AFRICA AND WESTERN/SOUTH EAST ASIA

1. **Ministry of External Affairs** : Modified draft Note is acceptable.

2. **Ministry of Water Resources** : Since irrigation is one of the most important inputs for the agriculture development and the countries in the region would need development of irrigation systems, it would be appropriate to associate a representative of Ministry of Water Resources, as requested by the Ministry of Agriculture, in the proposed Committee to be set up for taking decisions relating to operation and monitoring of the fund. If the development of areas under agriculture can lead to production of items needed in India, and presently in short supply, it would add to useful dimension.

3. **DARE** : Since research would be one of the important components, ICAR/DARE must be represented in the Committee which would be constituted for taking decisions relating to operation and monitoring of the Fund proposed in para 7 of the draft note.

4. **Department of Animal Husbandry & Dairying** : The Department supports the proposal and would also like to suggest to consider mentioning Animal Husbandry, Dairying and Fisheries specifically wherever the context so permits.

5. **Ministry of Food Processing Industries** : The Ministry supports the modified draft note.

6. **Department of Food and Civil Supplies** : The projects connected with Food Security and Storage may also be covered through the proposed assistance to be provided under this fund.

7. **Ministry of Environment & Forests** : Comments awaited.

8. **Planning Commission** : It is true that India has developed relative advantage in agricultural technology and associated field. This technology is also in demand in many developing countries, particularly in African countries. Technology sharing arrangements with these countries may also give us trade related advantage in the long run. What inhibits our efforts in this direction is that we do not have a well coordinated approach of responding to the technological needs of these countries even where we can give the technology. The creation of a Fund as proposed may not help. Some more thoughts, therefore, need to be given to the mechanism of our response to the needs in these countries, the modes of dissemination technology and arrangements for participation in programmes and projects. The Fund may also help.

9. **Department of Expenditure**

(i) The proposal of establishing the Special Fund is not clearly spelt out i.e. whether to make available the Indian expertise to African/Asian countries or to promote the export of technical expertise, agricultural machineries, pesticides, seeds, plant material etc. The former can be better achieved by augmenting the Indian Technical Cooperation Programmes and the latter through commercial negotiations. Creation of a Special Fund for such purpose does not appear to be necessary. Superfluity and duplication should be better avoided.

(ii) The Note does not state about the source of funding i.e. whether it will receive any plan assistance for being constituted. In that case it may be specified if any plan scheme has been formulated and whether approval of the Planning Commission has been obtained.

(iii) The Note does not appear to be very specific about Fund requirement. The basis on which 15 crores will be required during the next 5 years needs to be explicitly stated. It may also have to be indicated as to how much will be required in foreign currency and how much in the Indian currency.

(iv) The character of the Fund is not clear. It has to be clarified whether the GOI contribution will create a corpus, the returns of which will be used to finalise projects etc. Otherwise if it is being contemplated as a revolving Fund, the source through which it would get replenished may be indicated. Neither proposal which creates a permanent liability for the GoI need to be supported.

(v) How the proceeds of the Fund would be utilised requires to be amplified. It may be indicated whether assistance will be provided to Indian or Foreign Institutions/Farms and on what conditions.

Recommendation (Sl. No. 36)

Constitution of a Cabinet Committee on Agriculture and Rural Development (C-Card)

The agricultural operations performed by the farmers concern several Ministries in the Government of India and lack of effective coordination among the various related Ministries has hampered the development of agriculture.

The Ministry of Agriculture is responsible for planning the Agricultural production in the country, organising the efficient supply of the requisite inputs and, competent management of on farm activities, causing efficient post-harvest management and the sustainability of the production system. This is a complex managerial exercise involving inputs from various agencies each of which has to perform its role competently. The role involves also securing the requisite degree of synergy among the various agencies which is a challenging task, on account of division of responsibilities among a large number of ministries/institutes/agencies in the Government. The three Department of the Ministry of Agriculture *viz.* Department of Agriculture and Cooperation, Department of Animal Husbandry and Dairying and Department of Agricultural Research and Education, the Ministry of Water Resources, the Ministry of Rural Areas and Employment, the Ministry of Environment and Forests, the Ministry of Food and Consumer Affairs, the India Meteorological Department, the Ministry of Fertilizers, the Ministry of Surface Transport, the Ministry of Railways are some of them. The range of the activities has to be closely supervised in order to achieve desired result.

The Department of Agriculture and Cooperation has mentioned that it is often unable to secure requisite response, of a timely and adequate nature from many of these Departments/Agencies. Therefore, several gaps remain unattended and also there is considerable overlap in the activities of these agencies. The ultimate sufferer is the farmer who is either unable to access the needed input in time or secure a ready and remunerative market for his produce.

The Committee, therefore, strongly recommends that a Cabinet Committee on Agriculture and Rural Development must be formed urgently in order to ensure the management of agriculture sector in a systematic and methodical manner. The Committee further recommend that this 'C' card should also decide about entrusting a particular subject to a particular Ministry in case where the work on the same subject is undertaken by many Ministries. This would help to ensure meaningful results in agricultural growth, as there will be focussed attention by one agency on the implementation of activities relating to one subject.

Reply of the Government

A proposal for constitution of a Cabinet Committee on Agriculture and Rural Development is under formulation.

Recommendation (Sl. No. 37)

Drip Irrigation

The Standing Committee on several occasions have recommended that modern techniques of more efficient use of water should be promoted in a big way. Instead of giving more subsidy on drip irrigation and sprinkler irrigation systems, a better strategy would be to knock off all the duties and taxes on the material used in the manufacture of these systems and also on the final products so that these items become less costly at the first point itself. The Committee fails to understand the logic of first taxing product on the one hand and then subsidising it on the other hand.

Reply of the Government

Necessary exemption on duties and taxes on machinery implements is to be given by the Ministry of Finance (Department of Revenue) who are being requested to give the concession so that the implements could be put to use in a bigger way.

NEW DELHI;
22 March, 1999
1 Chaitra, 1921 (Saka)

KINJARAPU YERRANNAIDU
Chairman,
Standing Committee on Agriculture.

APPENDIX I

MINUTES OF THE TWENTY THIRD SITTING OF THE STANDING COMMITTEE ON AGRICULTURE HELD ON MONDAY THE 22ND MARCH 1999 FROM 11.15 HRS. TO 13.15 HRS. IN COMMITTEE ROOM 'E', PARLIAMENT HOUSE ANNEXE, NEW DELHI

The Committee sat from 11.15 hrs. to 13.15 hrs.

PRESENT

Shri Kinjarapu Yerrannaidu — *Chairman*

MEMBERS

Lok Sabha

2. Shri D.C. Sreekantappa
3. Shri Baliram Kashyap
4. Shri Maganti Venkateswara Rao
5. Shri Uttamrao Deorao Patil
6. Kum. Vimla Verma
7. Shri Mahaboob Zahedi
8. Shri Mitrasen Yadav
9. Shri Anup Lal Yadav
10. Shri Bashist Narayan Singh
11. Dr. Sushil Kumar Indora

Rajya Sabha

12. Maulana Habibur Rahman Nomani
13. Shri Devi Prasad Singh
14. Shri Ramnarayan Goswami
15. Shri H.K. Javare Gowda
16. Dr. Ramnendra Kumar Yadav (Ravi)
17. Shri Sangh Priya Gautam

SECRETARY

1. Shri G.C. Malhotra — *Additional Secretary*
2. Shri Joginder Singh — *Joint Secretary*
3. Shri S. Bal Shekar — *Deputy Secretary*
4. Smt. Anita Jain — *Under Secretary*
5. Shri K.L. Arora — *Assistant Director*

Chairman (AC) took the Chair and welcomed the Members. Thereafter, the Committee took up for consideration the draft Memoranda 1 to 5 on Action taken by the Government in respect of the recommendations/observations contained in the following reports:

1. 7th Report on Demands for Grants (1998-99) relating to Ministry of Agriculture (Department of Agriculture and Co-operation).
2. 8th Report on Demands for Grants (1998-99) relating to Ministry of Agriculture (Department of Agricultural Research and Education).
3. 9th Report on Demands for Grants (1998-99) relating to Ministry of Agriculture (Department of animal Husbandry and Dairying)
4. 10th Report on Demands for Grants (1998-99) relating to Ministry of Water Resources.
5. 11th Report on Demands for Grants (1998-99) relating to Ministry of Food Processing Industries.

2. The Committee considered the memoranda 1 to 5 and adopted the chapterization. The Committee also adopted the draft comments for inclusion in Chapter I with minor additions.

3. The Committee, then, authorised the Chairman to present all the Five Action Taken Reports (1998-99) of the Committee to the House on a date and time convenient to him.

4. ****** ****** ******

The Committee then adjourned to meet again on 30th March, 1999.

APPENDIX II

(*Vide* Para 4 of Introduction of the Report)

ANALYSIS OF ACTION TAKEN BY GOVERNMENT ON THE 7TH REPORT OF STANDING COMMITTEE ON AGRICULTURE (12TH LOK SABHA)

(i)	Total Number of recommendations	38
(ii)	Recommendations/Observations which have been accepted by the Government Serial Nos. 1, 2, 3, 4, 5, 6, 8, 9, 11, 14, 15, 16, 18, 21, 22, 24, 26, 30, 32, 35 and 38	
	Total	21
	Percentage	55.26%
(iii)	Recommendations/Observations which the Committee do not desire to pursue in view of the Government's replies Serial Nos. 12 and 31	
	Total	2
	Percentage	5.27%
(iv)	Recommendations/Observations in respect of which replies of the Government have not been accepted by the Committee Serial No. 17, 19, 20, 23 and 28	
	Total	5
	Percentage	13.15%
(v)	Recommendations/Observations in respect of which final replies of the Government are still awaited Serial No. 7, 10, 13, 25, 27, 29, 33, 34, 36 and 37	
	Total	10
	Percentage	26.32%