

**COMMITTEE ON PUBLIC  
UNDERTAKINGS  
(1973-74)**

**FIFTY FOURTH REPORT**

**ON**

**STATE FARMS CORPORATION OF INDIA  
LIMITED**

**MINISTRY OF AGRICULTURE  
(DEPARTMENT OF AGRICULTURE)**



सत्यमेव जयते

**LOK SABHA SECRETARIAT  
NEW DELHI**

*April, 1974 / Vaisakha, 1896 (S)*

*Price : Rs. 3.85*

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Fifty Fourth Report of the Committee on Public Undertakings (5th Lok Sabha) on State Farms Corporation of India Ltd.

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# COMMITTEE ON PUBLIC UNDERTAKINGS

(1973-74)

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Shrimati Subhadra Joshi

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Shri Avtar Singh Rikhy—*Joint Secretary.*

Shri M. A. Soundararajan—*Deputy Secretary.*

Shri M. N. Kaul—*Under Secretary.*

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\*Appointed to act as chairman from 16.5.1973 to 11.7.1973 during the absence abroad of Shrimati Subhadra Joshi.

@Ceased to be a Member of the Committee consequent on his retirement from Rajya Sabha on 3.4.1974.



**COMMITTEE ON PUBLIC UNDERTAKINGS**

**(1973-74)**

**COMPOSITION OF STUDY GROUP ON FERTILIZERS, FARMS  
AND BAKERIES**

1. Shri Nawal Kishore Sharma—*Convener.*
2. Shri U. N. Mahida—*Alternate Convener.*
3. Shrimati Purabi Mukhopadhyay
4. Shri Suraj Prasad
5. Shri K. Gopal
6. Shri J. Matha Gowder
7. Shri Lal K. Advani

## INTRODUCTION

1. I, the Chairman, Committee on Public Undertakings, having been authorised by the Committee to present the Report, on their behalf, present this Fifty-Fourth Report on State Farms Corporation of India Limited.

2. This Report is based on the examination of the working of the State Farms Corporation upto the year ending 30th June, 1973. The Committee on Public Undertakings took evidence of the representatives of State Farms Corporation of India Limited on the 8th and 9th January, 1974 and of the Ministry of Agriculture (Department of Agriculture) on the 6th and 7th February, 1974.

3. The Committee on Public Undertakings considered and finalised the Report at their sittings held on the 24th April, 1974.

4. The Committee wish to express their thanks to the Ministry of Agriculture (Department of Agriculture), the State Farms Corporation of India Limited and Indian Council of Agricultural Research and non-official organisations for placing before them the material and information they wanted in connection with the examination of State Farms Corporation of India Ltd. They wish to thank in particular the representatives of the Ministry and the Undertaking who gave evidence and placed their considered views before the Committee.

NEW DELHI;  
April 26, 1974.

Vaisakha 6, 1896 (S)

SUBHADRA JOSHI,  
Chairman,  
Committee on Public Undertakings.

## INTRODUCTORY

### A. Historical Background

The first State Farm was set up at Suratgarh (Rajasthan) in August, 1956 with a view to utilising agricultural machinery and equipment gifted by USSR Government.

1.2. Encouraged by the success achieved at the Central State Farm, Suratgarh, the Government of India appointed in 1959 a Committee of experts headed by the Secretary, Ministry of Agriculture to examine in detail the economics of a large State Farm with a view to setting up more such farms elsewhere in the country. On the recommendations of this Committee, it was decided to set up a second State Farm at Jetsar (Rajasthan) in 1964.

1.3. In the context of country's requirements for increasing food production, the need for setting up of large sized farms was examined in 1966. It was also possible for the Government of India to secure a further gift of machinery and equipment from the USSR. Thereafter four more farms were set up at Jharsuguda (Orissa), Hissar (Haryana), Jullunder (Punjab) and Raichur (Mysore). Preparatory measures had also been undertaken for setting up a fifth farm at Cannanore (Kerala).

1.4. Till May, 1969, State Farms were being run as Departmental Organisations. Since this arrangement was not considered satisfactory, a Public Sector Undertaking *viz.* "The State Farms Corporation of India Ltd." was set up in May, 1969, and the administrative control of the six Central State Farms was transferred to the Corporation with effect from 1st August, 1969 with their assets and liabilities.

1.5. At present there are 13 Central State Farms under the management of the Corporation. Details are given below:—

Location	State in which located	Year in which set up
1. Suratgarh	Rajasthan	1956
2. Jetsar	Rajasthan	1964
*3. Jharsuguda	Orissa	1967
4. Hissar	Haryana	1968
5. Raichur	Myasore	1969
6. Cannanore	Kerala	1970
7. Lokichera	Mizoram	1970
8. Lushaichera	Mizoram	1970
9. Ladhwal	Punjab	1971
10. Chengam	Tamil Nadu	1971
11. Kokilabari	Assam	1971
12. Aswaraopet	Andhra Pradesh	1972
13. Lalganj (Rae Bareli)	Uttar Pradesh	1973

### B. Objectives

1.6. According to the Memorandum and Articles of Association of the Corporation, the main objects for which the Corporation was set up are:—

“1. To set up and run agricultural farms for the production primarily of seeds of foodgrains, fibre crops, plantation crops, oil seeds, vegetables and fruits as well as study of these crops in the various part of the country and for that purpose, in the first instance, to acquire from the Government of India the State Farms at Suratgarh (Rajasthan), Jetsar (Rajasthan), Jharsuguda (Orissa), Jullundur (Punjab) and Hissar (Haryana) together with such of their assets and liabilities as may be mutually agreed to.

2. To set up poultry, sheep, pig and other cattle breeding farms either as independent units or as part of agricultural farms.

\*Agricultural operations stopped on account of agitation by the villagers who had grievance against the State Government.

3. To undertake development, reclamation and improvement of lands required for or under the farms belonging to the Company.

4. To undertake development, reclamation and improvement of land belonging to private parties on payment by these parties of the full cost of these operations.

5. To carry on all or any of the business of farmers, producers, processors, exporters, packers and importers of agricultural produce of all kinds including dairy, poultry, garden and horticulture produce.

6. To carry on the business of keepers, breeders, importers, exporters and traders of poultry and cattle of all kinds.

7. To give on hire machinery belonging to the Company to State and Central Governments, Corporate bodies, Cooperative Societies and private individuals.

8. To function as seeds-men, nurserymen and to buy, sell and trade in any goods associated with the activities of the Company."

1.7 During evidence of the Corporation, the Committee enquired whether the Corporation had achieved the objectives for which it was set up and if so to what extent. The Chairman, SFCI stated;—

"In the initial stages, when the farms were set up, they were intended to be multipurpose farms and poultry, piggery and various other activities were enumerated. But later on when the seed requirement of the country was felt to be more important, the State Farms were asked by the Agriculture Ministry to confine themselves more to the production of seeds than divert their attention to other things. . . . So the main purpose of this Corporation is to produce the seeds required for the country, for meeting the Green Revolution etc. etc. That objective, I can say, we have attained to a large extent because even in the Fourth Five Year Plan or in the Third Five Year Plan, there was no indication that so many farms should be started or so many farms should be the target. Nothing of that kind was fixed. Therefore, whatever plans we have chalked out ourselves, we can say that we have really reached the target and we have achieved more than what was expected."

1.8. During the evidence of the Ministry the representative of the Department of Agriculture stated:—

“..The Corporation has so far concentrated mainly on one or two of the major objectives one of which is the production of seeds and the other is land reclamation and development. In course of time, when all the teething troubles in setting up of the new farms have been settled, it is presumed, that it will go on to cover such other activities which are contemplated in the objectives. I would say that though the Corporation may not have fulfilled all the objectives of for which it was set up, it has certainly been able to take up and devote its attention to one or two of the major objectives.”

### C. Coordination

1.9. There are three All India seed producing organisations in the public sector, viz., National Seeds Corporation, State Farms Corporation of India and Tarai Development Corporation.

1.10. Asked about the specific role assigned to the State Farms Corporation and how close coordination with the National Seeds Corporation and Tarai Development Corporation was ensured, the Chairman, SFCI stated that they had introduced a new system of Committees in which the Agriculture Department of the States, the University of the State and the Marketing Chief of the State were represented as the Members. These Committees planned all the cropping pattern in consultation with the Agricultural Departments of the States. As regards seed certification, the Chairman, SFCI stated:—

“We are in close touch with the National Seeds Corporation.

.....Wherever the certifying agency is the NSC, we go through them. We have got a complete coordination with them.”

1.11. During evidence of the Ministry of Agriculture the Committee pointed out that at a meeting held on 7th July, 1973 to consider the policies and approach towards States Farms Corporation of India, the Member(s) Planning Commission had observed:—

“There appeared to be a clear case for collaborative relationship between SFCI and NSC, SFCI is at present a bulk producer but does not have quality consciousness. While

NSC has the requisite expertise it is without adequate land. While perhaps the ideal arrangement would be a merger of the two organisations, it should be possible to try out a practical working arrangement wherein the NSC and SFCI contract with each other for production of seed of a particular crop on a specified plot of land with SFCI."

1.12. The Committee enquired about the specific step taken by Government to bring about a 'Collaborative relationship' between the SFCI and NSC. The representative of the Ministry stated during evidence that in the meeting held on 7th of July, 1973 a decision had been taken that collaborative relationship between the NSC and the SFCI should be established and that working arrangements should be made whereby NSC and SFCI should contract with each other for the production of seeds, because SFCI has got huge farms and lands, whereas the NSC does not have the lands, but has the expertise. It was decided that the best way of coordinating the activities would be for the SFCI to take up contract growing of foundation seeds, pre-released seeds as well as certified seeds on behalf of the NSC, under the supervision of the NSC. The representative of the Ministry also stated that in a meeting held on 28th September, 1973 with the representatives of the two organisations, a decision was taken that the NSC should get the foundation seed production programme organised on the farms of the SFCI and that the SFCI should in future, produce only certified seeds and contract for certified seeds. A decision was also taken that the SFCI should set higher standards of seed production and they should get those seeds certified.

1.13. It was also stated that after the meeting of 28th September, 1973, an advisory committee, headed by the Secretary (Agriculture) and as members with representatives of the ICAR, NSC and the SFCI was set up to coordinate the seed production programmes. As a result, the NSC has already contracted with the SFCI for a certain amount of production of certified seeds in the rabi 1973-74. The question of delineating the roles of the NSC and the SFCI would be taken up in the Advisory Committee so that they would only supplement and not over-lap each other. Besides, the Managing Director of the N.S.C. is on the Managing Board of the SFCI and the Managing Director of the latter on the Board of the former. The representative of the Ministry added that:—

"We hope that there will be greater coordination between the two organisations. The objectives of the 'State Farms

Corporation are slightly more wide-ranging than those of the NSC; but primarily, they are both seed-producing organisations. We feel that they should be brought together. If we could merge them, that will be the best way of coordinating their activities."

1.14. The Committee note that since its incorporation in May, 1969, the State Farms Corporation of India has devoted itself to only two out of the eight main objectives for which it was set up viz. (i) production of seeds and (ii) reclamation and development of land. Besides, the State Farms Corporation of India, there is another public sector Corporation engaged in the production of seeds viz. National Seeds Corporation. During evidence the Committee were informed that the question of ensuring collaborative relationship between these Corporations including the question of merger was being considered by Government. The Committee understand that a decision has recently been taken that the National Seeds Corporation should get the foundation seed production programme organised on the farms of the SFCI and the latter should set higher standards of seed production and produce only certified seeds and contract for them. The Committee were also informed that an Advisory Committee has also been constituted associating the ICAR and the National Seeds Corporation and the question of delineating the roles of NSC and SFCI would be taken by the Advisory Committee so that they would supplement and not overlap each other. The Committee recommend that the roles of SFCI and NSC should be clearly demarcated and arrangements for coordination finalised early so as to ensure a judicious management of the expertise available with the National Seeds Corporation and an optimum utilisation of the farms in the possession of the SFCI.



## II

### A. Selection of Land

2.1. In August, 1959, the Ministry of Food and Agriculture (Department of Agriculture) appointed a Committee of Experts under the Chairmanship of Shri K. R. Damle, Secretary of that Ministry to examine in detail the economics of large scale State-owned farms in the light of experience gained at the Central Mechanised Farm, Suratgarh and to submit proposals for the setting up of new State farms.

2.2. In regard to the availability of suitable compact blocks of land, the following essential requirements were taken into consideration by the Damle Committee:—

- (a) Adequate irrigation facilities;
- (b) Compactness of the area;
- (c) Ready availability of land for cultivation;
- (d) Soil and terrain with a view to ensuring effective utilisation of machinery throughout the year;
- (e) Adequate means of communications; and
- (f) Proximity to establish markets for disposal of Farm produce.

2.3. The Damle Committee observed that in its opinion the States had not fully appreciated the advantages of having large-size mechanised farms and had not given due attention and thought to this important matter. The Committee, therefore, recommended that further efforts should be made to locate suitable sites for establishment of such farms after new areas are opened up on completion of major irrigation projects.

In pursuance of the aforesaid recommendation of the Damle Committee, the Ministry of Food and Agriculture addressed the various States to conduct fresh surveys with a view to locating blocks of land of the size of 10,000 acres or more answering the aforesaid essential requirements for setting up large size State Farms.

2.4. Asked how far the lands already acquired for the various State Farms satisfied the conditions stipulated by Damle Committee,

the representative of the Corporation stated that after the setting up of the Corporation, they had established Central State Farms at Changam, Kokilabari, Khammam and Baharaich and the land selected for these farms fulfilled by and large those conditions.

2.5. In this connection, the representative of the Ministry stated during evidence that:—

“Originally, a number of regular farms were transferred to the State Farms Corporation. There might be cases where all these facilities are not available to the extent that is required. As regards new farms we are carefully observing these norms. In most of the cases, the lands which are being offered by the State Governments, do not have any of these facilities. If you are looking for an area, which has got all these things it may be difficult to establish new farms. In the absence of complete irrigation facilities to the extent that is required, we can at best be sure that with the limited investments, there is potentiality for sufficient irrigation in that area.”

2.6. The Committee enquired as to whether Government were satisfied that the lands acquired for the State Farms in existence were suitable for location/development as State Farms. In a reply furnished after evidence, the Ministry stated the sites at Suratgarh and Jatsar were selected by a Committee of experts appointed by the Government of India in 1956 and the Damle Committee respectively.

The sites for the Farms at Jharsuguda, Hissar, Raicur and Aralam were selected by a Central Seed Farms Committee under the Chairmanship of Secretary (Shri B. Sivaraman), Ministry of Agriculture.

The original farm site at Jullunder in the Sutlej Belt area had been selected by the Committee referred to in the preceding paragraph but this site could not be handed over by the State Government. However, the land belonging to the Land and Seed Development Corporation, Punjab, was handed over in 1971.

The sites at Chengam and Kokilabari had been selected by an Expert Committee of the Corporation.

In view of this, it was stated, that Government was satisfied that the sites selected were suitable for location of the State Farms.

So far as the development of the Farms was concerned, Suratgarh Farm had done well inspite of irrigation difficulties. The Farm at

Jetsar was showing lesser losses than previously with the linking up of the Farm to Rajasthan Canal system and availability of regular water supplies from the Rajasthan Canal the farms were likely to develop as originally expected.

Of the other Farms, the farms at Hissar and Raichur were doing well. The Farms at Aralam and Ladhowal were likely to develop well. The difficulties in the development of the Farm at Jharsuguda had not been due to its unsuitability but on account of the agitation by local Hiraikurd Dam land oustees.

The farm at Chengam was likely to do well as development progresses.

However, on the basis of the reports received from time to time, the farm at Kokilabari had been subjected to encroachment by wild animals and consequent loss of property. Government were looking into the question of providing adequate safety to the life and property at the farm.

The Government therefore felt that the sites of the farms so far set were by and large, suitable for development.

2.7. Asked whether economic viability of the existing State Farms were examined, the representative of the Ministry stated that before selecting a site for any farm, the Site Selection Committee appointed by the Government for the purpose went into the economic viability of the farm. It was only after the Selection Committee satisfied itself in regard to the land availability, irrigation facilities available there etc. that a decision was taken by that Committee to locate the farm in that area.

The Government had already gone into the question of the site suitability from the point of view of economic viability. They did not straightway accept any site which was given by the State Government. They first sent an expert team consisting of crops specialists, agricultural economists etc. who had to find out whether the site given could be used as a viable farm. It was only after that that a decision was taken to locate the farm in that area.

2.8. The Committee find that the sites for setting up the Central State Farms at Suratgarh and Jetsar were selected by a Committee of Experts appointed by Government of India in 1956. The sites for Jharsuguda, Hissar, Raichur, Aralam and Ladhowal were selected by a Central Seed Farm Committee under the Chairmanship of the Secretary of the Ministry of Agriculture. The sites at Chengam and Kokilabari had been selected by an Expert Committee of the Corporation.

The Committee feel that if parameter like availability of irrigation facilities, compactness of the area, soil and terrain suited to effective utilisation of machinery, adequate means of communication and proximity to establish a market, had been taken into account while selecting the sites, these farms would not have faced the difficulties and incurred losses. The Committee feel that Government/Corporation should learn a lesson with the experience now gained to see that only such sites are selected where facilities for irrigation and other basic requirements are available or there are potentialities for development of such facilities at a reasonable cost within a specified time in close coordination with State Governments.

### B. Size of the Farm

2.9. The total area of each of the Central State farm is as under:—

S. No.	Name of the Farm	Total area	Year in which set up
1.	Suratgarh (Rajasthan)	29,206	1956
2.	Jetsar (Rajasthan)	13,128	1964
3.	Jharsuguda (Orissa)	2,000	1967
4.	Hissar (Haryana)	8,000	1968
5.	Raichur (Mysore)	7,300	1969
6.	Cannanore (Kerala)	12,000	1970
7.	Lokichera (Mizoram)	500	1970
8.	Lushaicher (Mizoram)	1,000	1971
9.	Ladhowal (Punjab)	2,700	1971
10.	Chenaam (Tamil Nadu)	9,811	1971
11.	Kokilabari (Assam)	5,000	1971
12.	Aswara Opet (Andhra Pradesh)	6,000	1972
13.	Lalganj (Rae Bareilly) (Uttar Pradesh)	500	1973

2.10. On being asked by the Committee as to what should be the optimum size of the State Farm for achieving best results, the Chairman, S.F.C.I. stated:—

“For our purpose, we must have at least 5,000 acres cultivable land, leaving apart all other things, roads, buildings, etc. That will be quite economical.”

2.11. During evidence, the representative of the ministry stated that:

“Many of the existing farms, whatever be their size were taken up when the Corporation was set up. There is no farm which has a targetted area of less than 6,000 acres. The highest acreage is in Suratgarh. with 30,000 acres. The area acquired may be less; for instance the Khammam farm has acquired only 600 acres, but the targetted area finally is to be 6,000 acres. In Cannanore, the present acreage is 7,408; but the targetted area is 12,100 acres. Generally, the Government feels that an area between 5,000 and 10,000 acres would be the optimum size.”

The representative further added that the State Governments themselves were unable to come up with 10,000 acres of suitable land for this purpose, because finding out that much of land was a difficult problem. An appeal was made by the Minister of Agriculture to the State Governments suggesting that they might come up with proposals for setting up the State Farms. The Ministry would be able to take action only on receipt of the specific proposals of 10,000 acres of suitable land. After proposals have been received an expert committee would go and survey the area to see whether it would be suitable from the points of view of irrigation and various other considerations.

2.12. The Committee find that State Farms of the Corporation are not of uniform size. For example, the Suratgarh farm in Rajasthan covers an area of 29,206 acres, the farm at Lokichera in Assam is only 500 acres. The Committee were informed that though the area acquired was less, there is no farm which has a targetted area of less than 6,000 acres. While according to the Corporation a minimum of 5,000 acres would be the economic size, Government's view is that “an area between 5,000 and 10,000 acres would be the optimum size.” The Committee feel that with the experience now gained by the Corporation in operating farms of different sizes, it should be possible for the Corporation to have a close study and determine a suitable economic size for the farms to enable selection and acquisition of sites for the new farms to be set up by it.

### C. Land Acquisition

2.13. While addressing the Third Annual General Meeting of Corporation on 31-3-73, the Chairman SFCI stated that “the State Governments have to clear the Jungle and hand over the land to

the Corporation. This is taking longer time. Some of the Farms are still in various stages of development."

2.14. During evidence, the Committee enquired if the work of clearance of jungles could not be undertaken by the Corporation itself instead of leaving it to the State Governments, the Chairman of the SFCI said:—

"We would be willing to do that because there will be saving on unnecessary expenditure in removing the stems but the State Governments are not willing to get that done through us."

#### D. Lease Agreement

2.15. The Damle Committee had suggested that:

"With a view to encouraging the State Government to take over such farms at some stage or the other say after 30 years, it would be preferable if the Central Government take over the land on lease basis rather than go in for outright purchase. We, therefore, recommend that the land for the new farms should be taken on lease for a period of 30 years in the first instance."

2.16. It has been intimated by the Corporation that except in the case of Cannanore and Raichur Farms where the land was purchased outright by the Government of India from the State Government, the land for other farms was taken on long term lease varying from 15 to 30 years at nominal rate of Re. 1 per acre per annum.

2.17. The Committee were informed that except in the case of Lokichera (Mizoram), no lease agreement had yet been formally signed. In the case of Suratgarh Farm, the lease period was 15 years from 1956. Even though the lease period had expired in 1971, it had not been renewed so far. The question of extension of lease or outright purchase at negotiated price was stated to be still under consideration.

2.18. Giving the reasons for delay in finalising lease agreements, the Corporation stated that in respect of the farms opened after the formation of the Corporation, the main reason for delay in finalisation of lease agreement had been the demarcation of the farms' boundaries by the State Governments. In so far as the farms set up by the Government of India and taken over by the Corporation were concerned, the issue was stated to be still pending due to certain legal and procedural delays.

2.19. The Committee enquired whether in the light of the recommendation of the Damle Committee, the State Farms were proposed to be ultimately handed over to the State Governments concerned. The Ministry replied in the affirmative.

2.20. Asked how in the absence of the lease agreements the rights of the Corporation over the land were safeguarded, the Chairman, SFCI stated:

“The State Farm was taken in Rajasthan. The first lease period was for 15 years. In the mean time we had developed that and when it was coming to the fruition stage the Rajasthan Government wanted to get it back. Fortunately, there is one clause which says the State Government which wants to take back the land will have to run that farm as a farm and it cannot be given to anybody else. When the Rajasthan Government wanted it back we worked out the expenditure that we had incurred for its development. It worked out to Rs. 5 crores. We told the Rajasthan Government that we were prepared to give it back provided they gave us Rs. 5 crores. All the State Governments which have given the lands gave the same in good faith but as far as my information goes we have so far not entered into any firm agreement with any State Government.”

2.21. During evidence of the Ministry, the Committee enquired whether it was not advisable on the part of the Corporation|Government to go in for a fresh lease agreement much earlier than the expiry of the term. The representative of the Ministry stated: “It is true. It would be better if the lease agreements are extended before the expiry dates.”

2.22. The Committee find that even though the State Farms Corporation had acquired lands from State Governments and set up farms between the years 1969 to 1973 no lease Agreements have been executed in respect of lands taken on lease except in the case of Lokichera Farm in Mizoram. The Committee also find that in the case of Suratgarh Farm in Rajasthan, the period of lease expired in 1971 but it had not been renewed till 1974. The Committee fail to understand why such inordinate delays in renewal of lease Agreements should be there. It is obvious that absence of lease agreements is bound to create a climate of uncertainty which is not conducive to efficient functioning. The Committee recommend that this matter may be accorded the priority it deserves and lease agreements should be executed without further loss of time. Wherever

**original period of lease has expired, action should be taken to renew the period of lease without further delay.**

**2.23. The Committee feel that Corporation should standardise the form of lease agreement so as to serve as a guide in the matter and help eliminate delays.**

**2.24. The Committee find that except in the case of Cannanore and Raichur Farms where the land was purchased by the Government of India from the State Government, the land for other farms was taken on long term lease varying from 15 to 30 years. The Committee are of the view that in the interest of long term planning of State farms in the country, land for the new farms should be for reasonably long periods say 30 years or more.**

**The Committee also recommend that agreements entered into with State Governments should be firm and conclusive before the Corporation starts investing its scarce resources on the development of the farms.**



### III

## IRRIGATION FACILITIES

### (i) *Suratgarh Farm*

3.1. The Central State Farm, Suratgarh was set up in August, 1956. It covers an area of 30,320 acres of land leased to Government of India for 10 years by the State Government of Rajasthan. Out of the total area; 27501 acres of the farm is within the command of the Bhakra Canal System and is situated at the tail-end of the system. As a result, whenever there were any breaches in the upper-reaches of the system, the irrigation supplies to the farm got disrupted. The supplies were stated to be very erratic and irregular. The authorised quota of irrigation supplies for the farm was 81 cu. as against its calculated requirements of about 250 cu. With persistent efforts, it had been possible to get irrigation supplies increased to 97.42 cu.

3.2. The Committee enquired whether the difficulties with regard to irrigation facilities were brought to the notice of the Government; and if so, what action was taken by Government to solve these problems. The Chairman of S.F.C.I. stated that this matter had been taken up with the authorities concerned and many reminders had also been sent. The matter was last brought to the notice of the Ministry of Irrigation and Power in January, 1973, indicating the latest position. According to the correspondence with the Minister for Irrigation, Rajasthan, it had been stated that this would require the formal concurrence of the Rajasthan Canal Board. This had also been done. The Ministry of Irrigation and Power had been requested to write to the Minister of Irrigation, Rajasthan to get the sanction expedited so that the change over materialised by Khariff, 1973.

3.3. The Secretary, Department of Agriculture stated that the difficulties with regard to irrigation facilities were known to the Government both through the communications received from the S.F.C.I. and through the nominees of the Government who were on the Board of Directors. Attempts had been made all the time to improve those facilities.

3.4. In this connection, the Ministry in a note after evidence stated that the specific question of transfer of the Suratgarh Farm to the

Rajasthan Canal System had been taken up even before 1969 when the State Farms Corporation of India Ltd. was established and the administrative control of the Farm was transferred to the Corporation w.e.f. 1st August, 1969. At a meeting held on the 10th February, 1969, in the Ministry of Irrigation and Power it was felt that it would be advantageous to have the Suratgarh Farm in the command of the Rajasthan Canals System instead of in the Bhakra Canal System. Accordingly, the State Government of Rajasthan was requested to take steps to include the Suratgarh Farm in the command of the Rajasthan Canals as also to take necessary action to re-model the portions of the Canal System accordingly. Subsequently, at the meeting held on 7th June, 1969 in Jaipur, it was mentioned that the State Irrigation Department had agreed to the switching over of the irrigation system at Suratgarh to the Rajasthan Canal System.

However, after the establishment of the Corporation, it had been corresponding with the Rajasthan Government and the Ministry of Irrigation & Power. It had been indicated by the Ministry of Irrigation and Power in March, 1973 that the Rajasthan Government and Rajasthan Canal authorities had agreed to the transfer but this could be given effect only after water was stored in Pong Dam and perennial supplies become available from Rajasthan Canal System. This was expected to materialise at the end of 1973.

3.5. The Committee enquired as to why it had taken such long time to tackle this problem. The Secretary, Ministry of Agriculture stated:—

“I think, we took this up quite some time back, but, the canal system is not yet complete and the source of water in the canal system has not yet materialised, and therefore, it has not been possible to implement this proposal. It is not that there is any objection to this proposal or any doubt about our doing this.”

(ii) *Jetsar Farm*

3.6. It has been stated that this Farm set up in 1964 consisted of an area of about 20,000 acres, out of which 7,000 acres had been transferred to the Rajasthan State Government for rehabilitation of the Pong Dam oustees. The actual area at present was only 13128 acres. The Farm was getting irrigation supplies from Rajasthan Canal System. The supplies were however, inadequate and erratic. The total requirement of Central State Farm, Jetsar was 135 cu, against which the farm was getting about 60 cu. Even that supply was not regular.

3.7. In this connection, the Ministry in a note after evidence stated that the supplies to Jetsar Farm were still erratic and irregular due to some defect in the canal system. It was decided at the meeting held in the Ministry of Irrigation and Power in 1969 that the Chief Engineer, Rajasthan Canals should maintain properly the Canal System and till such time as water did not reach up to the tail of the canals, temporary outlets should be given in the head reaches of the canal.

The administrative control of this Farm was transferred to the State Farms Corporation w.e.f. 1st August, 1969. The Corporation had been trying to tackle the problem with the Irrigation and Power Ministry and the Rajasthan canal authorities.

It was understood from the Corporation authorities that with the completion of Pong Dam, the position was likely to improve when Irrigation Supplies to Rajasthan Canal increased.

3.8. The Corporation had not made any formal reference to the Ministry of Agriculture regarding the irrigation facilities for Suratgarh directly with the Irrigation Department of Rajasthan Government of India would render all possible assistance to the Corporation in the matter if and when the assistance of the Government was sought by the Corporation.

3.9. From the copies of correspondence made available to the Committee, it transpires that the Corporation had been corresponding directly with the Irrigation Department of Rajasthan Government and the Ministry of Irrigation and Power. From a copy of a D.O. letter 9-9/Irri(73|13319 dated 18th October, 1973 from the Director of the Farm to the Executive Engineer Vijaya Nagar, it would appear that the matter is still pending discussion with the Superintending Engineer, Hanumangarh.

3.10. The Committee regret to note that out of 70,000 acres of land at present under the various State farms of the Corporation, irrigation water facilities were available for not more than 16,000 acres. In this context the Committee would, in particular, like to point out that Suratgarh farm which was taken up in 1956 still continues to suffer after 17 years of its existence from lack of adequate irrigation facilities. Same is the case with the second largest farm viz. Jetsar. At a time when Government are hard pressed to find foodgrains to sustain the public distribution system, the Committee see no reason why Government could not in all these years take concrete measures to see that irrigation facilities were made available to at least two of these largest farms in the interest of maxi-

mising 100 L grain production. The Committee would like to be informed of the progress made in switching over the source of supply of water to these farms from Bhakra Nangal to Rajasthan Canal. The Committee need hardly point out that Central Government in the Ministry of Irrigation and Power who have their representative on both Bhakra Nangal Board as well as Rajasthan Canal Board should be able to ensure that the needful is done without further delay.

(iii) *Hissar Farm*

3.11. This farm was set up in 1968. An area of 8000 acres of land had been agreed to be leased by the Government of Haryana for a Central State Farm, of this an area of 6912 acres had been taken possession of. At the time of finalising the terms and conditions of the grant of lease, the State Government had assured a supply of 40 Cu. of water for the Farm (8000 acres). Another 35 Cu. of water had been provided from the Central Government Sheep Farm in area adjacent to the Central Farm. 6182 acres were proposed to be brought under cultivation. They had further stated that the additional supplies of water would be given when the supply of water from Ravi-Beas complex was made available to the State of Haryana. This assurance for supply of 75 Cu. of water to the farm was confirmed by the State Government from time to time in various meetings held with them.

3.12. The Central State Farm, Hissar was actually getting only 30 Cu. of water at the rate of 5.25 Cu. per 1000 acres. The Adviser to the Planning Commission had visited Hissar in February—March, 1970 and had, *inter alia*, reported that the quantity of water being received by the Central State Farm Hissar was not adequate. At his instance it was decided to set up a committee with the Deputy Commissioner, Hissar as the Convenor to look into the question of augmenting the water supply for various Government Institutions. It was proposed that all these institutions would work out their water requirements according to the areas under cultivation. It was also suggested by Deputy Commissioner, Hissar that the State Government might examine the possibility of having a scheme for lifting water by the tubewells in the district of Ambala or Karnal and using the existing canal channel system for supply of additional water to the Central Government Institution. After discussion with the Haryana Government it was decided that the Irrigation Department would make available canal water at the enhanced rate of 6.24 Cu. per 1,000 acres. It had been reported by the Hissar Farm that they were getting the supplies at that rate. The total quantity of water now available was 37 Cu. although the requirements of

that farm when it was fully developed would be 80 Cu. on the basis of ten Cu. for 1000 acres of cultivated area.

3.13. It would thus be seen that there would hardly be any scope for getting additional water supplies from the State Government until the additional supply of canal water was made available to them from the Ravi-Beas complex or by having tubewells project as proposed by the representative of the Planning Commission.

3.14. In a note after evidence, the Ministry stated that the position regarding the availability of reduced supplies to the Hissar Farm was known to Government. However with the formation of the Corporation and the transfer of the administrative control of the Farm to the Corporation w.e.f. 1st August, 1969, the Corporation had made vigorous efforts. The Corporation had however, not sought the assistance of the Ministry of Agriculture, in the matter.

3.15. The Committee find that in the Hissar Farm which was set up in 1968, against the requirement of 75 Cu. of water assured by the Government of Haryana, the water now available is only 37 Cu. When the Farm is fully developed the requirement of water will be of the order of 80 Cu. on the basis of 10 Cu. for thousand acres of cultivated area. The Committee also note that there is hardly any scope for the Corporation to get additional water supplies from the State Government until the additional supply of canal water is made available from the Ravi-Beas Complex or by having separate tubewells project. The Committee are surprised that the Corporation had not so far sought the assistance of the Ministry of Agriculture to tackle the irrigation problem at Hissar and has been persuing the matter at the Corporation level. The Committee recommend that Government having siezed of the problem should consider the feasibility of taking up the matter seriously with the Ministry of Irrigation and Power and the authorities of the Beas Control Board to find a solution for this problem in the interest of fully developing the area covered by the State Farm. The Committee would like to be informed of the action taken in the matter.

(iv) *Raichur Farm*

3.16. This Farm set up in 1969 is situated about 90 K.M. from Raichur in one compact block on both sides of distributory No. 54. It is under the command of the left bank canal of the Tungbhadra Project. The total area of the farm is 7300 acres. At the time of setting up of the farm, the State Government were requested to give a categorical assurance that they would supply adequate

quantity of water for irrigation purposes. The Development Commissioner for Agricultural Production (Mysore Government) had stated that once a decision was taken to locate the farm, they would be happy to ensure that the farm was given all the needed water, to the maximum extent possible, consistent of course, with the technical possibilities of remodelling the distributories and sub-distributories. When the selection team visited the site for inspection, Engineer concerned assured supply of the requisite quantity of water. They were also informed that there would be no technical difficulty in remodelling the distributories, if necessary. Subsequently, the irrigation requirements of water were calculated at 40 Cu. and the Superintending Engineer of the State Irrigation Department had agreed to make this quantity of water available.

3.17. The farm was being served by 54-R distributory of the Tungbhadra Project. At about mid-point of the farm, this distributory was bifurcated into two channels i.e. 54-R distributory and 18-R distributory. These two distributories were, however, not being run to their full supply level by the Canal Department. The land of the private cultivators was situated at a longer level than this farm area and therefore, the major portion of the water was flowing to the low lying area. The need for modification of the existing channels for increasing the water supply was, therefore, felt. The farm authorities had, it has been stated, been taking up this matter with the State Government for a long time, but nothing had been done so far by the State Government. Though the then Superintending Engineer had promised to raise the water supply line by constructing masonry cross walls in order to have sufficient working head on each outlet. This construction work was, however, not taken up by the State Government. The Director of the farm had again discussed the matter with the Canal Authorities and as a result of his discussion, temporary 'heading up' had been done by them near the outlets.

3.18. This farm has so far taken possession of 7,278 acres of land. The total requirement of water for the localised area came to 48 Cu. The area of the land so far brought under irrigated crops was 1000 acres approximately and the quantity of water being received for irrigation was 11 Cu. Even this quantity of water was supplied to the Farm with great difficulty after the 'heading up' in the canal near pipe outlets. There was therefore, an urgent need for getting increased supply of water which could be made available by the Irrigation Department only by remodelling the existing channels and by augmenting the pressure in the distributory channels. This matter had been under correspondence since long, but no tangible result could be achieved.

3.19. During evidence the Chairman of the Corporation stated that:—

“in regard to Raichur Farm, there are two obstacles. One is that, there are certain restrictions imposed by the Government on agriculturists that crops other than those which they have prescribed, should not be grown in this Farm. The Government of Mysore are opposed only to paddy cultivation because paddy is going to consume lot of water. As far as cotton is concerned, the whole of Raichur area is now producing cotton. Therefore, the Mysore Government is keen to encourage the people to take to cotton only. The canal feeds the entire project. The canal breaches quite often and many a time it puts us to heavy losses because we get the water which we do not require and we do not get water at the time we require it, because the canals are not prepared or something else goes wrong. So, it is a very unsteady thing. The State Government has to remodel the whole canal system. They are taking some time for this, and probably it will take another year or two for them to remodel it. They are very cooperative and I have had discussion with all of them....”

3.20. In a note after evidence, the Ministry stated that the question of sufficient and regular irrigation supplies to Raichur Farm was under correspondence with the Mysore Government till the administrative control of the Farm was transferred to the Corporation w.e.f. 1-8-69. The latest position in the matter was that the Mysore Govt. had pointed out that the lining of the canal and modification of the Canal would not only be costly but time consuming.

3.21. From a copy of D.O. No. AF|166|AUM|73 dated 19th October, 1973, from the Development Commissioner, Bangalore to the Managing Director, SFCI, it is, however, seen that the Development Commissioner has stated: “While discussing the short term and long term measures of over-coming the problems connected with the distributory, a suggestion has also been made that the ground water potential available in the area should be made use of.... There is adequate scope in the Central Farm area to have a large number of wells. May I therefore, suggest that you think of exploiting the ground water potential so that a system of conjunctive use of ground and canal waters for the farm can be arranged.

I am also separately examining the question of supplying water enough for raising two crops in the farm.”

The Corporation, had, however, so far not approached the Government of India for any assistance in the matter.

3.22. The Committee find that the Raichur Farm set up in 1969 with an area of nearly 7300 acres under the command of the Left Bank Canal of the Tungbadhra Project is served by two distributories. The irrigation requirements of the farm were calculated at 40 Cu. In spite of the assurance given by the State Irrigation Department that they will meet this water requirement of the farm, the Committee find that irrigation channels were not being run to their full supply level and the existing channels have to be modified for increasing the water supply. As a result of protracted correspondence and discussions with the State Government some temporary heading up of water had been done by the State Irrigation authorities. In spite of this, the farm was able to get only 11 cu. of water, though the requirement at present is of the order of 48 cu.

The Committee also note that when the matter was taken up with the Mysore State Government, a suggestion was made by them in October, 1973 that the Corporation should exploit the ground water potential available in the area and have a number of wells so that a system of conjunctive use of ground and canal waters could be arranged. The Committee would like Government/Corporation to tackle this problem in all seriousness with the State Government of Mysore so that remodelling of irrigation channels can be taken up and irrigation water supply provided to the Farm as originally assured. The Committee would also like that the Corporation should as suggested by the State Government consider exploiting the ground water potential of the area, to supplement the canal irrigation by well irrigation.

(v) *Chengam Farm*

3.23. This Farm was set up in 1971. The total area covered is of the order of 9811 acres out of which an area of 8000 acres would be available for cultivation after deducting the area to be covered by roads, buildings, open wells, tube wells irrigation channels etc. It was stated that to provide irrigation water 3,000 to 4,000 acres of land according to the recommendations of Director Ground Water, Madras about 150 open wells would be needed.

This farm was stated to be at the development stage. Out of the initial requirement of 150 open-wells, 35 open wells had already been constructed to meet the water requirements of the farm. For



the present most of the crops on the farm were being grown under rain-fed conditions.

3.24. In this connection Chairman of SFIC stated during the evidence that this was another project which had to depend upon the shallow wells. These wells would be completed soon. Originally, a period of five years was given to every farm, but from last year, they had reduced this period to three years. Naturally, that would increase their capital expenditure. Here also, there were two difficulties. First of all, they would have to mark the parts where wells would have to be dug. The State Government had got a particular equipment for this purpose and that equipment was in great demand with the State Government, and therefore whenever it would become free, they would be giving it to this farm. So far they had given 20 points to this Farm. Another difficulty was that in that area they did not get labour to do the excavation work. The labourers had to come from far off distances. The Management got the work done through contract labour.

3.25. During evidence, the representatives of the Ministry informed the Committee that the Corporation had not brought to the notice of the Government any problem in regard to providing necessary irrigation facilities to Chengam Farm. The Corporation had a phased programme of putting up wells in that farm and no particular problem had come to the notice of the Government.

3.26. The Committee note that in the case of Chengam Farm started in 1971, out of 150 open wells which were proposed to be dug up for providing irrigation facilities, only 35 open wells had so far been constructed and most of the crops are being grown under the rain-fed conditions. The Committee were informed that the Corporation was facing certain difficulties in obtaining particular types of equipments from the State Government for the purpose of digging wells and there were also some labour problems.

The Committee would like Government/Corporation to take up the matter at the highest level in the State Government so that these difficulties can be solved and irrigation facilities developed in full at the earliest.

(vi) *Kokilabari Farm*

3.27. This farm was set up in 1971 and covered an area of 5000 acres. This present water requirement of the farm is stated to be 40 Cu. The rainfall in that area is 325 cm. and the period of rain fall would be from February, to October. Therefore the major

period when irrigation supplies were required was limited to about four months only. This was considered adequate for the crops. The farm was making use of some streams-nallas which were passing through the farm for lift-irrigation.

3.28. The Corporation stated that under the present system, the only possibility to provide irrigation to the farm from November to February was by "FLOW IRRIGATION" after diversion of perennial streams. However, the possibilities of irrigating the higher spots by 'LIFT IRRIGATION' system were also being examined and necessary pumps would be installed no sooner the survey for the same would be completed.

During 1973-74 they had also introduced double cropping to the extent of 910 acres. The initial irrigation in the month of February for starting the transplanting of early paddy (ahu) and the second crop of paddy at the milk stage in the month of November, was essential for successful double cropping in the farm. The construction of pucca diversion bund would be taken up after the lay-out of the Farm and counter survey was completed which was expected by the end of 1974-75.

3.29. The Committee note that the water requirement of Kakilabari farm which was set up in 1971 with an area of 5000 acres, is of the order of 40 Cu. and the major period for which the irrigation water would be required is only 4 months i.e. from November to February and this is provided by flow irrigation after diversion of perennial streams. The Committee also note that the Corporation has introduced double cropping to the extent of 910 acres and is proposing to have a pucca diversion bund after the survey for the same is completed. Possibilities of irrigation higher spots by lift irrigation are also being examined. The Committee desire that the work in this regard should be completed soon so that the water requirements of the farms are met in full.

(vii) *Mizoram Farm (1970-71)*

3.30. The Central State Farm in Mizoram covers a total area of 1293 acres divided into two units e.g. Lokichera Unit and Lushaichera unit. The requirement of water was estimated at 5119 lt/min and 11943 lt/min respectively. Initially 1000 acres were proposed to be reclaimed and put under areable crops and horticultural plantations. Lokichera unit was nearly reclaimed and crops and various fruits were being grown; Lushaichera unit was partly cleared and had been put under cultivation.

The present source of water supply at Lokichera during dry months was impounded water in the deep gullies. There were four earthen check dams across the gullies which store mainly the rain water and one across the perennial Loki Lui nala which was flowing through the farm area. The average height of the dam was 4.5 meters and the reported discharge in the Loki Lui nala during November to March was 853 lt. per minute. The dry period discharge of this nala was reported to be 1706 lt/min. At present the farm authorities have installed sprinkler irrigation system in parts of the Lokichera farm to utilize the impounded water in the gullies.

At Lushaichera, the water supply was from the perennial Singla Lui and Lushai Lui by diesel pump directly to cultivable fields. The lift was about 6 meters from the nalas. The supply was reported to be sufficient for the present needs. The Lushai Lui was flowing through the farm area and Singla Lui forms the north west boundary of the farm.

3.31. Recently the Central Ground Water Board had made a hydrogeological investigation of the Farm. They had come to the conclusion that much storage of ground-water was not expected in the area and therefore the groundwater development through tube-wells was un-economical.

3.32. The Committee note that the Mizoram Farm set up during 1970-71 covering an area of 1293 acres consists of two units, the Lokichera and Lushaichera. The water requirements for these units were estimated at 5119 lt. per minute and 11943 lt. per minute respectively. At present the source of water supply for Lokichera was only impounded rain water in the four earthen check dams across the deep gullies and another across the perennial Loki Lui nala flowing through the farm area from which the farm is able to get only about 1706 lt. per minute.

In the case of Lushaichera, the water supply was reported to be from the perennial single Lui and Lushai Lui by lift irrigation and the supply was reported to be sufficient.

The Committee also find that the Central Ground Water Board who had made hydrogeological investigation of the farm had come to the conclusion that ground water development through tubewells was uneconomical.

The Committee hope that Government would take suitable measures to provide the necessary facilities for augmenting the existing water supply arrangements to enable the Corporation to arrange adequate water supply to the Lokichera unit.

(viii) *Aralam Farm (Kerala Farm) (1970)*

3.33. The area covered under this farm is about 12000 acres, so far only 2600 hectares of land were handed over by the State Government to the Corporation. This farm was going to be mostly a plantation crops farm for which the rainfall in that area would meet the requirement. For the field-crops, which would be on a very limited area, the irrigation requirement would be met from the streams passing through that farm. The farm is still in the developmental stage.

(ix) *Aswaraopet (Khammam) Farm (Andhra Pradesh)*

3.34. This farm was set up in 1972. The area covered by the farm is 6000 acres, out of which an area of 5000 acres is likely to be brought under cultivation. During evidence, the Chairman of the Corporation informed the Committee that this farm was at present dependent upon tubewells and this was also rain-fed. Before this project was taken by the Corporation, they had examined the position in regard to tubewells in the adjoining area and they were very successful. The Corporation was going ahead with the programme of digging tubewells.

(x) *Ladhowal Farm*

3.35. This farm having an area of 2,700 acres was having 68 tubewells which were in various stages of completion. 16 more tubewells had been sanctioned. All these tubewells would, it has been stated, be sufficient to meet the requirements of the Farm.

3.36. The Committee asked the Chairman, SFCI whether he had any general comments in regard to the irrigation facilities. He said:—

"I do not have much to say except that we should ask the State Governments to expedite their own programmes and give us the water which they had promised earlier. If they could stick to that, all our problems will be over."

3.37. The Committee desired to know as to what percentage of land in the farms would come under irrigation after various irrigation schemes had been completed. The representative of the Corporation stated that out of 70,000 acres, at present the Central Farms were getting water only for 16,000 acres. When all the schemes were completed, they would be having water for nearly 40,000 acres.

3.38. Asked whether the Central and State Government were co-operating in the matter, the Chairman, SFCI stated that:—

“If the Government of India really mean this business of increasing food production seriously, the way in which we are progressing is not at all satisfactory. The defect lies with the Central as well as the State Governments. I have been asking the Irrigation Minister and I have been writing letters to him. But everybody is handicapped because they are not getting the additional finances and therefore they were not moving forward. Even in my own programme, the Planning Commission and the Agriculture Ministry were feeling that there was a big cut in the allocation given to the agriculture Ministry and that cut has fallen squarely on everybody, and, therefore, I do not think that we really mean serious business as far as increase in food production is concerned. They can make a cut on any other project but not on this.”

3.39. The Committee regret that Government/Corporation do not appear to have learnt a lesson from their experience that there is a wide gap between the promises made at the time of taking over the land for setting up the State farms and the provision of irrigation facilities on assured basis. The Committee would like Government to draw firm guidelines in this behalf so that in future land is not acquired for setting up the farm which does not have already assured means of water supply or it has been established beyond doubt after detailed investigation that adequate water facilities could be developed as per time bound programme which should be specified in that behalf. The Committee have no doubt that Government would carefully go into the economies of the project with particular reference to availability of water before setting up new farms.

As regards the farms which have already been established but which do not have adequate irrigation facilities the Committee

would like Government to set up a high power team of experts to review systematically the irrigation facilities in each of the farms and recommend concrete measures for developing the irrigation facilities in order to meet the demand in full in the interest of maximising production.

The Committee would like to be informed of the concrete measures which are taken by the Government/ Corporation in implementation of these recommendations.

## IV

### PLANT AND MACHINERY

#### A. Acquisition of Machinery

4.1. Under agreements signed by the Ministry of Agriculture with the USSR Government in 1955, machinery of the total value of Rs. 184.96 lakhs was imported as gift for the six farms then run departmentally by the Ministry of Agriculture. Distribution of this machinery is as under:—

	(In lakhs of Rs)
1. Central State Farm, Suratgarh . . . . .	71.13
2. Central State Farm, Hissar . . . . .	22.89
3. Central State Farm, Ludhawal . . . . .	19.25
4. Central State Farm, Jharsuguda . . . . .	22.72
5. Central State Farm, Raichur . . . . .	25.00
6. Central State Farm, Cannanore . . . . .	23.97
	<hr/>
	184.96

4.2. The Committee asked about the basis on which the machinery to be imported from USSR was selected. The Ministry stated in reply that:—

- (i) *Suratgarh Farm*: In 1955 the USSR Government offered some agricultural machinery and equipment as gift to the Government of India. The present value of the equipment was about Rs. 67.00 lakhs. It was a composite unit of agricultural machinery and equipment etc. which was to be used normally on the farms of size of 25,000 to 30,000 acres in Russia.
- (ii) *Jharsuguda, Punjab, Hissar, Raichur and Aralam Farms*: The equipments of these Farms were finalised during the visit of the Former Chairman alongwith one Deputy Agricultural Commissioner (Engineering) to USSR in May-June, 1966.
- (iii) *Jetsar Farm*: The Damle Committee had drawn up in the report a list of equipment to be purchased for large

sized mechanised farms. The list of equipment was however, modified on the advice of experts since the land at Jetsar farm was more sandy and harder than that at Suratgarh Farm.

The machinery of the value of Rs. 25.33 lakhs was purchased from USSR for Jetsar State Farm in 1963-64.

### B. Surplus Machinery

4.3. It has been stated that the Russian machinery had been supplied to various farms on a more or less standard pattern:

4.4. Quite a considerable quantity of Russian machinery received as a gift or purchased became surplus to the requirements of various farms due to the fact that these farms were situated in different agro-climatic conditions and had varied cropping patterns. They, therefore, explored the possibilities of utilising the machinery preferably at the farms where they were received or by transfer to the other farms including the newly established Farms, depending upon the local conditions. The details of machinery acquired, utilised and surplus machinery to the requirements are given as in the Appendix I.

4.5. Asked about the extent of surplus machinery, it was stated that out of machinery of value of Rs. 210.29 lakhs, machinery to the extent of Rs. 7.99 lakhs was lying surplus with the Corporation. Particulars of the surplus machinery are given below:—

1. MP Ploughs;
2. mounted rotary MBH;
3. mounted potato plants;
4. Manure Spreader;
5. Forage Harvester;
6. Cotton Picker;
7. Grain/seed driers;
8. Grain Loader;
9. Pick-up Bailer;
10. Portable defector scope;
11. Grab Loader;
12. Feed Grinder.

4.6. When the Committee enquired whether the machinery for Jetsar Farm purchased from USSR could not be had from indigen-



ous sources, the Corporation stated that these machinery were purchased in 1963-64 when the administrative control of the Farm was with the Ministry of Agriculture.

4.7. The Committee enquired whether the Government had indicated to USSR type of machinery needed at the various State Farms in India. In reply the Secretary, Ministry of Agriculture stated that:—

“The requirements were indicated. The two fields in which there was lack of utilisation till now are the cotton picking machinery and the workshop equipment. In respect of the first one, it might be said that there was an error or lack of communication. We had not seen what exactly those cotton pickers were. Another item, i.e. workshop equipment for repairing the machinery this was lying partly unutilised, because workshops had not been set up. They are setting up and utilizing a part of cotton picking\* appliances, we will have utilised 6.1 lakhs worth of machinery. This has already been utilised as a matter of fact, and 8.47 lakhs worth of machinery are to be utilised. The total value of machinery, which according to the surveys made so far are not utilisable as Rs. 3000 worth of machinery at Jetsar, 1.32 lakhs worth of machinery at Javarlegra (Raichur), 85,000 worth of machinery at Cannanore, 17,000 worth of machinery at Jharsuguda and 3.75 lakhs worth of machinery at Ladhawal. The total of this comes to Rs. five to six lakhs, out of 2.10 crores including both gift and purchase. To the extent that approximately five lakhs worth of machinery is unutilisable, we are certainly to blame. It has, however, yet to be ascertained whether the repairs or modifications, some of the machinery can still be utilised.”

4.8. When the Committee pointed out that had precise requirements of machinery been indicated to USSR Government no machinery would have been found surplus to requirement. the Secretary of the Ministry explained that:—

“As I submitted, in this very large transaction which was all gift at the stage, there has been this hiatus. . . . We have

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\*At the time of fact a verification the Corporation stated as follows :—

“It is clarified that they are not in a position to utilise the parts of cotton picking appliances”

found the bulk of the machinery useful and have utilised it. It is only now, after full development of the farms that it has been found that some machinery is not being utilised."

4.9. On being asked whether the surplus machinery which was not being used by the Corporation could be given to private parties on hire basis, the representative of the Ministry stated that:—

"The Corporation was not able to use these machinery because it was not required for its work. For instance, cotton pickers were not suitable for the type of cotton grown in India. The Corporation should have to hesitate even to sell it, and certainly none whatsoever to hiring it to other people."

4.10. The Committee desired to know the steps taken by the Corporation/Ministry to dispose of the surplus machinery, the Ministry in a written reply stated:—

"Regarding idle machinery, the Corporation is taking steps from time to time to transfer to other farms, machinery lying idle and surplus where they can utilise. The machinery which has been declared surplus consists of machinery gifted which are not all useful to the Corporation.

It has been decided to dispose of the surplus machinery to the State Governments or State Undertakings, free of charge on the following terms and conditions.

- (i) That the actual expenditure incurred on transportation and customs duty etc., is recovered from the beneficiaries.
- (ii) that the USSR Government who have given the equipment as free gift are agreeable to this arrangement.

The decision has been taken in consultation with the Ministry of Finance. The Ministry of Finance advised that Article I of the agreement stipulates that the Government of USSR would furnish equipment and agricultural machinery as a gift to the people and the Government of India for setting up 5 State Agricultural seed-growing farms 3-4 thousand hectares each. In other words, the

equipment is intended for the use of Central/State Governments or semi-Governmental Organisations.”

4.11. The Committee find that out of the machinery worth Rs. 210.29 lakhs received from USSR authorities as gift or through purchases, machinery worth Rs. 7.99 lakhs are lying unutilised/or surplus to requirement of the farms of the Corporation. The Committee note that the Corporation has already taken a decision to dispose of the surplus machinery to State Governments/State Undertakings free of charge provided such an arrangement is agreed to by USSR and the actual expenditure on transportation and customs duty is recovered from the beneficiaries. The Committee recommend Government/Corporation should ensure that disposal of surplus machinery should in no case be to the private parties.

The Committee also recommend that Government/Corporation should explore the possibility of utilising the machinery with suitable modifications/repairs in other new farms of the Corporation. The Committee would like to be informed of the developments.

#### C. Utilisation of Plant and Machinery

4.12. The Committee asked about the total hours of utilisation of the different plant and machinery in each farm and how these compared with the norms fixed by the Corporation. The Corporation in a reply furnished after evidence stated that:—

“The utilisation of plant and machinery in agriculture being seasonal, the machinery is provided according to the schedule of operations fixed according to the cropping programme at each farm by calculating the peak requirement. Some of these agricultural machines and equipment were provided only for specialised jobs for instance, harvesting, inter-cultivation, sowing etc. and therefore, these machines had to remain idle during off season in case these were not utilised by transferring to adjoining farms. Most of the machines to the extent of 50 per cent were sent to workshop for preventive maintenance/major overhauling and periodical check up during the off season.”

4.13. During evidence the representative of the Corporation added:—

“We have norms for each tractor to be utilised in the different operations. In order to avoid any lack of utilization or inadequate utilisation we calculate the agricultural operation wise and month wise. In agricultural sowing and

harvesting, we have got two peak seasons. We calculate the maximum total tractor hours which will be required in a particular season. After that, we calculate the requirements in that particular season, and then the requirements throughout the year. After that exercise is completed, we calculate the quantum of machinery to be provided in each farm. We streamline the tractor hours used. In the case of machines which are not properly used or are not repaired in time, we make adjustments for that, and we have thus a procedure to get a monthly progress report from the farms."

4.14. Asked as to how the fleet was utilised in the slack season, the representative of the Corporation stated that:—

"In the lean season about 25 to 30 per cent of the machinery were repaired. Some of the machinery were transferred from one farm to another so that the utility might be increased as the cropping patterns differed.

4.15. From the Report of the Experts Committee appointed to examine the losses of Jetsar Farm, that Committee found that the norms for different operations of tractors already fixed had not been strictly adhered to. In some of the cases the out turn was much less than the norms fixed. The Expert Committee recommended that norms fixed for various operations should be strictly complied with.

4.16. A statement indicating the expenditure on repairs and maintenance of machinery compared to the capital cost in different farms from the years 1969-70 to 1972-73 is given in Appendix II.

It would be seen therefrom that the percentage of the cost of repairs and maintenance had been in the order of 12.3 per cent in Suratgarh Farm, 9.8 per cent in Jetsar Farm, 5.91 per cent in Hissar Farm, 3.27 per cent in Ratchur farm in 1972-73.

4.17. The Expert Committee in their Report on Jetsar Farm had remarked in October, 1971 that a Servicing and Maintenance of record of tractors, as kept by the farms, needed improvement. There were instances where the last servicing carried out were not recorded in the log books with the results that the farms authorities had not been able to carry out servicing to some of the machinery which were actually overdue thus effecting the availability of the machines from the operations.

4.18. The Committee note from the Report of the Experts Committee, appointed to examine the losses of Jetsar Farm that the norms

of the different operations by the tractors had not been strictly adhered to and in some of the cases, the out turn of the tractors was much less than the norms fixed. The Committee were informed that utilisation of plant and machinery being seasonal the machinery were provided according to the schedules of operations fixed with reference to the cropping programme of each of the farms, their utilisation watched through monthly progress report from the farms. The Committee were also informed that 50 per cent machines were being sent to workshop for maintenance, major overhauling and periodical check up during the off-seasons. The Committee recommend that utilisation of machinery should be critically reviewed with reference to the norms fixed for the purpose so that wide variations from the norms analysed with a view to taking suitable steps for a proper deployment of the same to achieve maximum output.

The Committee also note that the farms had not been maintaining proper records of servicing and maintenance with the result that the farms authorities have not been able to carry out timely servicing and maintenance. The Committee need hardly emphasise the importance of prescribing proper schedules for periodical maintenance so that the maintenance and overhauling of machinery are done on the scheduled dates to prevent undue wear and tear and achieve economic utilisation of machinery. The Committee also recommend that proper records of such periodical maintenance and repairs should be kept in the appropriate log books of the machinery and these should be reviewed regularly with a view to taking timely action for periodical maintenance.

#### D. Custom Work

4.19. One of the major decisions taken by the Corporation after its inception had been to diversify the activities of the Farms. The Corporation had been authorised to take up the work of land levelling, land reclamation and soil conservation on behalf of private parties on payment. Workshops of the farms had been thrown open for repairs and servicing of private tractors and other equipment on payment. This arrangement, while facilitating use of modern agricultural machinery in the interior would also ensure utilisation of farm machinery and equipment when they are idle.

4.20. A scheme to set up a separate land development and reclamation unit under the State Farms Corporation of India Ltd. was formulated in pursuance of the decision taken in the meeting held on 2-4-1971 under the Chairmanship of the Secretary (Agriculture) and the 13th meeting of the Board of Directors held on 1st June.

1971. After a detailed examination the proposal to set-up an independent unit, where farms are not located was dropped on the ground that this was likely to create managerial and other technical problems. This was approved by the Board of Directors of the Corporation. It was decided to explore the possibilities of getting adequate custom work preferably in the areas located round about 10 km. radius from their farms to start with. It was also decided that in such cases, after the availability of adequate custom service, they might utilise the present idle capacity if any of the machines and might even augment the strength of machinery/equipment if necessary. Necessary instructions in this regard had been issued to the farms and a set of guidelines had also been laid down in February, 1973 to utilise the idle capacity of the machines by taking up custom works around the farms.

4.21. As the same machines were used both for custom as well as for development work, expenditure on custom work was not separately being maintained. However, the income earned from Custom Work by the Corporation during the last four years was as under:—

	(Rs. in lakhs)
1969-70	4.86
1970-71	10.11
1971-72	6.45
1972-73	2.70
	<u>24.12</u>

4.22. It was also stated that since Corporation's own developmental work had increased and it could not therefore spare machinery for custom work, there was a fall in the income from custom work.

4.23. Asked as to what extent the Custom Work Scheme had been helpful to the marginal and small farmers, the Corporation in a reply after evidence stated that the custom service being their secondary objective the machines were being hired, only when they were free from agricultural operations at the farm. At times the sowing and harvesting season being the same as that of the small and marginal farmers, much utilisation of these machines on custom work was not possible. The small and marginal farmers in the adjoining areas of the farms had been hiring specialised machinery for land developed during the off season.

4.24. As regards the rates charged by the Corporation for Custom Work it was stated that the same had been almost at par with those of the local Agro-Industries Corporation for similar type of tractors, if available with them.

4.25. The Corporation also stated that the results of the custom work would be examined and consolidated after a year had elapsed so as to finalise the future policy on custom work. The Ministry stated that as a part of the Corporation's Fifth Plan proposals, the need for extension in this activity and how this could be achieved was being taken up for consideration. Within the broad objective, the need for gradual expansion of custom service by the Corporation would be examined from time to time.

#### **E. Reclamation Work—Jetsar Farms**

4.26. Out of the total proposed area of 30,854 acres, 20,430 acres were taken over from the State Government for development and reclamation for Jetsar Farm. Out of the area so taken over, 6,341 acres were reclaimed till 1st July, 1970. No reclamation work could be done during the year 1970-71. In June, under the directions of Union Government, the Jetsar Farm had to surrender 7286 acres (including a developed area of 2157 acres) to the State Government for rehabilitating Pong Dam Oustees. The area left with the farm on 1st July, 1971 was 13,128 acres. Out of this cultivable area, about 4100 acres was not suitable for cultivation till heavy afforestation work was under-taken to protect the sand blowing and formation of new sand dunes every year. This area needed cautious planning and development to be followed by afforestation and keeping the area covered throughout the year for a period of 2 years. It was proposed to complete the development of the entire area at the farm by 1975-76. The development was being carried out in small pockets wherever irrigation supplies were easily accessible.

4.27. Asked about the cost of reclamation, the Corporation stated that the total cost of reclamation of 6,341 acres which had been developed upto 30th June, 1970 was Rs. 13,70,432.24. As such the cost of reclamation per acre was Rs. 216.13. The cost of reclamation in respect of 2,157 acres of developed land (which was surrendered to the State Government) was stated to have been recovered from the State Government.

4.28. The Committee note that in order to improve the utilisation of machinery, the Corporation had been taking up the work of land levelling, land reclamation and soil conservation on behalf of private

parties on payment. Repairs and servicing of private tractors and other equipment was also undertaken at Workshops of the farms.

The Corporation decided in April, 1971 to explore possibility of getting adequate custom work preferably within a radius of 10 k.m. from the farms. The Committee find that necessary instructions in this regard had been issued to the farm authorities in February, 1973 for utilising the idle machinery by taking up custom work around the farms. The Committee find that during the period from 1969-70 to 1972-73, the Corporation had earned a total sum of Rs. 23.49 lakhs for custom work. The Committee are informed that the question of expansion of custom servicing was being considered by the Corporation as part of their proposals for the Fifth Plan. The Committee recommend that the Corporation should critically evaluate the working of the scheme before considering the expansion of the scheme to other units of the Corporation or elsewhere. The Committee also recommend that the Corporation should prepare separate proforma account to enable a proper assessment of the working of the scheme. The Corporation should ensure that the rates charged for the custom work are comparable with rates charged by State Agro Industries Corporations and should in no circumstances result in loss.

#### F. Fabrication Unit

4.29. A fabrication unit was started in 1972 at Suratgarh farm for the manufacture of spare parts and agricultural implements, as spares for the Russian machinery were not readily available from the indigenous sources. To start with in the first phase of the scheme, it would be possible to meet about 25 to 30 per cent requirements of the agricultural implements for the entire Corporation from the fabrication unit. It was also proposed to meet some of the requirements of spare parts of agricultural implements of the country.

4.30. In a note after evidence the Corporation stated:—

“the fabrication unit at Suratgarh was primarily intended for the manufacture of the spare parts and implements on limited scale for the use of the various Central State Farms in the first phase. After the completion of Phase I, if the scheme was found economically and technically viable, the activities might be further expanded by increasing the production and also selling the implements outside the SFCI.



Till the end of June, 1973, the unit had manufactured 7 offset Herrows, 5 cultivators, 1 Gantry Crane Fabrication of Cupola, spare parts for seed drill casting of cast iron and non-ferrous castings etc. The total value of production during 1972-73 was Rs. 1.50 lakhs. The net profit during the year 1972-73 had been to the extent of Rs. 24,000 on an expenditure of Rs. 1,26,000/-".

4.31. Asked as to what extent the Unit had been able to meet the requirements of agricultural implements and spare parts of the country, the Corporation stated that at present the unit was not intended to meet the requirements of the agriculture implements and spare parts of the country. This aspect would be examined later at the appropriate time.

4.32. The Committee note that the Corporation set up a Fabrication Unit at Suratgarh in 1972 at a cost of Rs. 1.26 lakhs for the manufacture of spare parts and agricultural implements. Under the first phase of the scheme, the unit is expected to meet about 25 to 30 per cent of the requirements of the Corporation. During 1972-73, the Unit earned a net profit of Rs. 24,000/-. The Committee recommend that before this Unit is expanded the Corporation should review the working of the unit critically to find out the economic viability of the unit.

The Committee would also like that the Corporation should maintain proforma account of the workshop to assess the financial results of the unit.

## PRODUCTION

## A. Demand of Seeds

5.1. The Committee were informed during evidence by the representative of the Corporation that the total seed requirement of the country for certified seeds at the end of Fifth Five Year Plan was stated to be 5.3 lakh tonnes in the case of cereals and 7.17 lakh tonnes in the case of commercial Crops. The country's total requirement was to be met by the three agencies (State Farms Corporation, National Seeds Corporation and Tarai Development Corporation). They were, however, not in a position to meet even five per cent of the country's seed requirement. The contribution of the SFCE was only to the extent of 15,000 to 16,000 tonnes.

5.2. So far as wheat is concerned, the contribution of the Corporation is only 5400 tonnes against the seed requirement of 2.5 lakh tonnes.

5.3. Asked about the targets and actual achievements during the Fourth Plan, the representative of the Corporation stated:

"During the Fourth Plan, no target was fixed for the seed production programme and there was no plan for this in the Fourth Plan when the Corporation was set up; it was only after the present Chairman had taken over that the plan was drawn up for seed production and other development related programmes. So, our achievement has been to the extent of 5400 tonnes. There was no plan initially because it was thought that we would not be able to supply the seed, and the organisation was considered to be more an organisation for commercial food-grains production."

5.4. The Committee asked if Government had fixed any target for seed production. The representative of the Ministry stated during evidence that:—

"We do not fix any targets for seed production. We have in the Fifth Plan tried to project the estimated requirements of certified seeds."

5.5. In this connection, the State Farms Corporation stated that at present the State Farms Corporation produced about 5439 tonnes of quality seed in 1972-73. The likely production in 1973-74 is 7050 tonnes.

5.6. The Draft Fifth Five Year Plan (1974-79) Document has observed that:—

“The Fourth Plan had visualised coverage of nearly 72 million hectares under the improved seeds about 25 million hectares under HYV programme and 15 million hectares under multiple cropping, about 8 million hectares as assured rainfall areas and 24 million hectares in dry areas. For the accomplishment of this programme, the Fourth Plan had visualised four main components, namely supply of breeder stock, adequate arrangements for provision of improved seeds arrangements for seed processing and storage and seed certification. The progress in respect of each of these components has, on the whole, been far from satisfactory. ‘While the three principal agencies, namely, National Seeds Corporation, the Tarai Development Corporation and the State Farms Corporation of India have expanded their operations during the Fourth Plan period significant gaps continue to exist in the arrangements for supply of adequate foundation and certified seeds. During 1971-72, the Central Seed Certification Board was set up. However, progress in the establishment of seed certification agencies in the State has not been significant.”

5.7. The present order of seeds produced by these three Corporations is given below:—

	1970-71	1971-72 (In quintals)	1972-73
National Seed Corporation . . . . .	48,216	46,686	62,071
State Farms Corporations of India * . . . . .	37,047	71,601	1,22,484
Tarai Development Corporation . . . . .	98,810	1,44,160	1,27,688

\*SFCI has been marketing only truthfully labelled seed so far.

In addition, the State Department of Agriculture had also been marketing wheat seeds from out of the produce of State Seed Farms and, by and large, these were not certified seeds.

5.8. The requirement of certified seeds of some of the important crops as per the report of the working Group on Agriculture and the production of the State Farms Corporation of India is given, below:—

Crop	Country's requirement of certified seed by the end of 5th five year Plan	Production of seeds by S.F. C.I.]	Percentage of production by SFCI against country requirement
	tonnes	tonnes	
Wheat . . . . .	1,01,350	13,000	12.84
Paddy . . . . .	45,000	7,845	17.43
Maize . . . . .	12,800	605	4.73
Cotton . . . . .	8,978	670	8.46

5.9. In a reply after evidence, the Ministry also stated that:—

“The effective demand for certified seeds of wheat had been estimated at one lakh tonnes. This constitutes the minimum level of certified seed that should be made available. However, as the State Governments streamline the seed assessment machinery in the states and these were co-ordinated by the Government of India it would be possible to ascertain whether this order of demand would fruitify and also whether it would be possible to market more than this quantity. The Government had not taken into account the requirements of truthfully labelled seeds or the likely quantity of such seeds being marketed.”

As regards the existing gap between demand and production, the Ministry stated that it was supposed to be bridged by expansion in the operations of State Farms Corporation of India, National Seeds Corporation and Tarai Development Corporation and also by setting up of State Seed Corporation.

5.10. It was stated by the Corporation that they would also be producing wheat seed of high yielding varieties to the extent of about 13,000 tonnes by the end of 5th Five Year Plan. The Corporation also proposed to produce about 17,000 tonnes of seed of other than wheat by the end of 5th Five Year Plan as against the existing production of about 10,000 tonnes.

5.11. The Ministry further stated:—

“The Government had taken a number of steps in this direction which could be briefly indicated as under:—

- (1) Both at the Central and State levels a much greater attention is being paid towards ascertaining the precise demand for certified seeds.
- (2) In this connection important responsibility has been cast upon the State level Seed Committee to do varietal planning for the different agro-climatic regions of the State keeping in view the release of new varieties of seeds both under the all-India Coordinated Projects as also by local agricultural Universities of Research Station.
- (3) Stress that the Government of India are placing for constitution of adequate staff for seed statistical cells who would be in a position to assess the demand for certified seeds well ahead that is at least 2-3 season ahead.
- (4) Expansion in the operations of NSC and SFCI and clear demarcation of the roles of the two undertakings in the matter of Seed Production.
- (5) Establishment of State Seed Corporation with participation by NSC in these as shareholders.
- (6) The State Governments have also decided to place an increasing emphasis on extension in improved seeds programme especially with a view to achieve recommended seed replacement periodicity.
- (7) The Central Government have been sponsoring six monthly conferences with a view to coordinate arrangements for supply of seeds both by the State agencies as also by the All-India organisations.

- (8) Building up reserve stocks of seeds which would stabilise the seed demand and supply position thereby eliminating the periodic gluts and shortages experienced in the seed industry in the last few years.
- (9) The Central and State Governments are also concentrating on better arrangements for distribution of seeds on which in the recent years there have not been much stress.✓

5.12. The Committee regret to note that no targets for production of seeds were fixed during the Fourth Plan for any of the seed producing agencies. During evidence the Committee were informed by the representative of the Corporation that the total requirements of seeds in the country at the end of the 5th Five Year Plan is 5.3 lakh tonnes in the case of cereals and 7.17 lakh tonnes in the case of commercial crops. According to the Ministry the target for certified seeds of wheat during the Fifth Plan, is stated to be of the order of 1 lakh tonnes, out of which the SFCI is expected to meet about 13,000 tonnes i.e., 12.84 per cent of country's requirement. The Committee find that during 1972-73 the SFCI has produced only 122 lakh quintals of truthfully labelled seeds including 5439 tonnes of wheat seed.

The Committee are informed that Government are proposing to take a number of measures to bridge the gap between the demand and the availability.

The Committee recommend that Government should pool the resources of the three seed producing agencies viz., SFCI, NSC and TDC and draw up a coordinated programme of seed production with well defined targets for each, with a view to meet the demand for quality seeds which are required in the interest of stepping up agricultural production. Adequate arrangements should be made to see that quality seeds at reasonable prices are available in time to the farmers.

**B, Area under cultivation**

5.13 The following statement indicates the area in possession, the culturable area and the un-culturable area during the years 1971-72 to 1973-74.

S. No.	Name of Farm	AREA IN POSSESSION						CULTURABLE						SHORTFALL			Area which cannot be day	
		1971-72	1972-73	1973-74	1971-72	1972-73	1973-74	1971-72	1972-73	1973-74	1971-72	1972-73	1973-74	1971-72	1972-73	1973-74		
1	2	3	4	5	6	7	8	9	10	11	12	13						
1.	Suratgarh .	29306	29206	29206	29206	26535	26535	26535	2671	2671	2671	2671	2671	2671	2671	2671	2671	4
2.	Jetsar .	13128	13128	13128	13128	4000	5500	6425	9128	7628	6703	3148	6703	6703	6703	6703	6703	5
3.	Hisar .	8000	6403	6912	6912	5403	6000	6182	1000	912	730	501	730	730	730	730	730	501
4.	Ladhowal .	2746	2366	2742	2742	1000	1900	1900	1366	842	842	242	842	842	842	842	842	242
5.	Raichur .	7300	7278	7278	7278	6000	6000	6000	1278	2848	1278	803	1278	1278	1278	1278	1278	803
6.	Cannanore .	12000	1000	3800	6500	825	700+990*	700+132*	175	2110	4568	4268	2110	2110	4568	4568	4568	4268
7.	Mizoram .	1500	1293	1293	1293	382+68*	532+156*	532+191*	911	761	570	203	761	761	570	570	570	203
8.	Chengam .	10000	844	2000	4500	—	2000	2000	844	—	2500	—	844	—	2500	—	2500	—

	1	2	3	4	5	6	7	8	9	10	11	12	13
9. Kokilabari			5000	29	600	5000	29	600	1465	—	—	3535	8855
10. Khammam			6000	—	—	700	—	(A) 665	—	—	—	35	—
			94,580	61,547	66,959	77,259	44,174	49,777	52,404			23,432	12,721@
							+	+	+				
							68	1056	1,423				
													53,827

Reasons for shortfall :—Some of the land at the farms is yet to be reclaimed (developed and some of the land is unfit for developed. sand dunes, hillocks, drains, roads and buildings etc. etc.

\*Plantation crops

(A) Comprises of 16,669 areas under irrigation and the rest rainfed.

@Dones not include 1232 acres in Cannanore which are fit only for Plantation Crops.



5.14. From the above statement, it would be seen that out of the total area of 77,259 acres in the farms under the Corporation during 1973-74 only an area of 16,669 acres had been brought under irrigation and an area of 37,258 acres were rainfed. The Committee enquired how soon would the Corporation expect to develop and cultivate the rest of the area. In a reply after evidence the Corporation stated that:—

“Out of the area of 77,259 acres in possession of the SFCI, 52,404 acres is under cultivation. Out of the remaining 24,855 acres, an area of 13,953 acres was found unfit for cultivation being under roads, buildings, threshing floors, bunds irrigation channels, sand dunes, hillocks etc. However, out of this area, 5,500 acres had been planned for plantation crops at Cannanore farm. Thus the area put to non-agricultural uses and unfit for cultivation would be 8,453 acres which was less than 10 per cent of the total area under possession. The remaining area of 10,837 acres would be developed by the end of the Fifth Plan. This would also be subject to the condition of availability of irrigation water. The total area that was likely to be put under cultivation during 1973-74 was expected to be 63,670 (kharif actual 24,429 and rabi estimated 39,241).

5.15. Asked whether the Corporation had explored the possibility of putting the area of land which could not be developed into some alternative use, the Corporation stated that out of the area of 13,953, an area of 5,500 acres would be put under plantation crops. Some of the area would be utilised under roads, buildings, irrigation channels etc., and the balance would be uncultivable which would not be put to any agricultural use. However, sand dunes stabilization would be undertaken.

5.16. Asked whether Government had given any thought as to how best this area of 13,953 included 1,232 acres under plantation acres could be put to some alternative use, the Ministry stated that:—

“In all the farms some of the area has to be utilised for office buildings, godowns, workshop, roads and irrigations chennels etc. It had been estimated that about 5 per cent of the farm area would be required for building the infra-structural facilities. It would thus be seen that the total un-utilised area will be very small after the farms are fully developed, and the intention is to bring under productive cultivation all available areas.

5.17. The Ministry also stated that:—

“The State Farms Corporation of India had prepared the 5th Five Year Plan proposals indicating the development work to be undertaken at each of the farms. These had not been finally considered and were to be discussed with the State Farms Corporation authorities before a final decision was taken. At the time of taking decision the aspect whether sufficient irrigation facilities could be provided at each of these farms to enlarge the area under cultivation by multiple cropping would be taken into consideration.”

5.18. The Committee enquired whether the land which could not be developed as culturable land could be utilised for developing the piggery, poultry, fishery, etc. The representative of the Ministry stated that:—

“This is something to which we in the Agriculture Ministry do not object. Rather we welcome it. Only the Jetsar Farm has some sheep. This concept of mixed farming has not been tried in any other form but just as part of the unutilised land has now been given for use as plantation at Aralam, it would be possible to utilise similar land at other farms also for developing these other activities.

5.19. The Committee find that out of a total area of 94,530 acres proposed for farms, 77,259 acres of land are in possession of the Corporation as at the end of 1973-74. The Committee also note that the Corporation has been able to increase the area under cultivation from 44,174 acres in 1971-72 to 52,404 acres in 1973-74, besides bringing a small area of 1,423 acres under Plantation Crops. The Committee were informed that out of the remaining area of 23,432 acres which are stated to be unculturable, it would be possible to bring 12,721 acres under cultivation thus increasing the total culturable area to 64,538 acres including area brought under plantation. The Committee desire that Government/Corporation should take concerted measures to see that the targetted area of 64,539 acres is brought under cultivation during the current year.

The Committee also recommend that Government/Corporation should explore the possibility of utilising the un-culturable land for other agricultural subsidiary activities like piggery, poultry, sheep breeding, etc. in order to improve the overall economies of the farms.

### C. Cropping Programme

5.20. The Committee were informed that in the beginning of every year, a Committee of Experts of the Corporation goes to the various farms and decides the cropping programme of the farm in consultation with the Director of the farm and after taking into account the prevailing demand of seeds of various varieties.

5.21. A statement indicating the area targetted and actual area sown during 1970-71, 1971-72 and 1972-73 is given below:—

Sl. No.	Central State Farm	Area Targetted	Area Actually sown (in acres)	Short-fall(—) excess(+) in targetted area	Remarks
1	2	3	4	5	6
(1970-71)					
1	Suratgarh	22,305	22,322	(+) 17	Figures do not include the area under green manuring.
2	Jetsar	10,184	7,337	(—)2,847	
3	Hissar	6,425	5,774	(—) 651	
4	Jharsuguda	950	687	(—) 263	
5	Raichur	6,820	5,665	(—)1,155	
6	Mizoram	98	102	(+) 4	
TOTAL :		46,782	41,887	(—)4,895	

#### Reasons for shortfall

- Jetsar :**
1. Adverse weather conditions.
  2. Due to inadequate and erratic irrigation supplies.
  3. Strike at the farm during October, 1970
- Hissar :** Shortfall was mainly due to failure of winter rains and overall shortage of water in the canals.
- Jharsuguda :** Due to agitation from the local people whose land was acquired.
- Raichur :** Due to unfavourable rainfall during Kharif 1970. Kharif crops could not be sown for want of sufficient moisture in the soil.

1	2	3	4	5	6	
(1971-72)						
1	Suratgarh	23,228	25,300	(+)	2,072	Figures do not include the area under green manuring
2	Jetsar .	6,035	6,001	(—)	34	
3	Hissar ..	9,048	6,399	(—)	2,649	
4	Jharsuguda	. No operation after 1970-71				
5	Raichur	6,770	5,284	(—)	1,486	
6	Mizoram	568	443	(—)	125	
7	Cannanore	283	169	(—)	114	
8	Ladhowal	1,000	945	(—)	55	
9	Kokilabari		29	(—)	29	
TOTAL :		46,932	44,570	(—)	2,362	

*Reasons for Shortfall*

Hissar :	Due to the failure of rains most of the rainfed crops could not be sown.
Raichur :	Shortfall is mainly in safflower which is rainfed crop. Due to inadequate rainfall only 3100 acres could be sown against a target of 4,500 acres.
Mizoram :	Non-availability of some of the seeds in time which was due to transport bottlenecks by Bangladesh problem.
Cannanore :	The shortfall was under Paddy. Although the Forest Department had agreed to hand over clear felled area for cultivation by May 1971, they could not do so in time.
Ladhowal :	Shortfall is negligible and was due to failure of electricity.

(1972-73)

1	2	3	4	5	6	
1	Suratgarh	24,664	24,294	(—)	370	Figures do not include the area under green manuring
2	Jetsar .	8,886	9,207	(+)	321	
3	Hissar .	7,780	7,217	(—)	563	
4	Raichur	4,280 + 150	2,327	(—)	2,103 (Summer crops)	
5	Mizoram	570*	520	(—)	50	
6	Cannanore	639*	701	(+)	62	

This does not include the figure of 75 acres of perennial crops at Cannanore and 16 acres of horticultural crops at Mizoram.

1	2	3	4	5	6
7	Ladhowal	3,420+	3,158	(—)	512
8	Kokilabari	1,050	562	(—)	488
9	Chengam	2,300	1,626	(—)	674
TOTAL		53,989	49,612	(—)	4,377

#### Reasons of Shortfall

Suratgarh :	Shortfall is negligible and was due to inadequate supply of water.
Hissar :	Due to drought conditions in Kharif and absence of adequate rains in winter, most of the rainfed crops could not be sown.
Raichur :	Main shortfall is under safflower and Jowar which were rainfed crops. These could not be taken up due to failure of winter rains.
Mizoram :	Shortfall was due to drought condition and non-availability of irrigation water.
Ladhowal :	Unprecedented drought conditions, power crisis, inadequate winter rains, later energising of tube-wells due to power shortage were the main reasons for shortfall. Incidentally, against summer crops, 95 acres were sown in March/April, 1973 and it has been taken in the figures of Kharif 1973. The net shortfall is only 417 acres.
Kokilabari :	The shortfall was partly due to rain conditions which prevailed in the area from March, 1972 onwards as a result of which the machines could not be put into muddy soil and partly it was due to delay in handing over the area by the State Government.
Changam :	When Kharif operations started, there was no arrangement for irrigation and the crops depended entirely on the rains. Since there was a severe drought the crops withered away and had to be resown because of which the target could not be achieved. There was a shortfall of about 72 acres in Rabi crops due to shortage of power supply which affects open-wells.

5.22. It would be seen that there has been shortfalls in area actually sown to the extent of 4,895 acres in 1970-71, 2,362 acres in 1971-72 and 4,377 acres in 1972-73 as compared with the targetted area. The reasons for these shortfalls are stated to have been adverse weather conditions inadequate and erratic irrigation facilities, agitations by local people, non-availability of some of the seeds due to transport bottlenecks, strikes by employees etc.

5.23. The Committee enquired how the Management proposed to overcome these difficulties. During evidence the representatives of the Corporation stated that:—

“the area under crop had continuously been rising. It was risen from 41,887 in 1970-71 to 44,570 in 1971-72 and 49,612 in 1972-73. This year it was 64,000 acres. There was thus an increasing trend in the area being taken under the crops. In the rainfed area, some times there was no rainfall or it was less than normal hence there was an shortfall. In the first strike in Suratgarh in 1970, the farm lost Rs. 30 lakhs. But in the total area, there is increasing trend.”

5.24. In this connection the Corporation in a note after evidence stated that:—

“In the year 1970-71, the major shortfall was at Jetsar and Raichur farms to the extent of 4,002 acres due to adverse weather conditions. In 1971-72 the major shortfall was at Hissar and Raichur farms to the extent of 4135 acres. This was also due to lack of adequate rainfall. In 1972-73 there was a severe drought all over the country. Thus the shortfall in the sowing of targetted area had been mainly under the rainfed crops on account of failure of rains. This was beyond our control and no remedial measures could be taken. The target could not be reduced as in the case of favourable conditions the area would have been sown.”

As regards inadequate and erratic irrigation supplies the Corporation stated that they were taking necessary steps to improve the position.

Agitation by the local people had taken place at Central State Farm, Kokilabari and Mizoram. The Corporation had requested the State authorities to take adequate measures in this regard. As regards non-availability of seed due to transport bottlenecks arrangements were being planned well in advance.

5.25. Asked as to what assistance was considered by Government to corporation to overcome these difficulties, the Ministry in a reply after evidence stated that:—

“While the Government of India could not help in regard to adverse agro-climatic conditions, the Ministry had actively pursued the cases wherever the Corporation had sought

assistance. In regard to other factors said to have caused shortfalls in the area actually sown in the year 1970-71, 1971-72 and 1972-73, the following points may be mentioned:—

- (i) Both at Jetsar and Suratgarh, there had been inadequacy of irrigation supplies and the Ministry had been in touch with the State Government to enlarge the supply of water to these farms. However, from the Rajasthan Canal, it was not possible to get sufficient water until the Pong Dam was completed. It is only by the increase in the quantum of water in Rajasthan Canal would it be possible for the State Farms Corporation of India to obtain their needed requirements of water.
- (ii) While in the case of Jharsuguda, the Government of India had taken up with the State Government and brought it to the notice of the Government the agitation of the local people which was hampering the activities of the State Farms Corporation of India, the State Government could do little and it had been decided to abandon the farm itself and try to locate it in some other place in Orissa if the site was found or withdraw from State altogether. Similarly, at Kokilabari Farm when there was local agitation, the Government of India had taken up the matter with the State Government who evicted the encroachers. Recently, there has been the case of Mizoram Farm where armed Mizos disrupted the Corporation's working and the matter had been taken up at the highest level with the State Government. The Government of India had also been processing for opening of armed out posts at the two farms at Kokichera and Louchichera so that the Corporation could work in peace."

5.26. The Ministry of Agriculture stated in a note after evidence that during 1972-73 necessary steps have been taken by the Corporation to check this adverse trend by changing the cropping trends and economising in the expenditure.

5.27. In the Memorandum submitted to the Committee it has been suggested by the Indian Council of Agriculture Research that the State Farms Corporation of India fix a yield target for different crops in consultation with the Scientists of Government Institutions, keeping in view the operational difficulties of the farms.

5.28. The Committee desired to know the reactions of Government in this regard. In a reply after evidence the Ministry stated "that Government of India agree with the suggestion that State Farms Corporation of India should fix the target for different crops in consultation with the Scientists of Government Institutions keeping in view the operation difficulties of the Farm.

In this connection it may be mentioned that the Government do try to achieve a degree of liaison between the Corporation and the Agricultural Universities and Scientists of Government Institutions. Starting at the top, at the Board of Directors level Government of India have been generally nominating scientists of the Indian Council of Agricultural Research or the Agricultural Universities.

The Advisory Committees constituted by the Management for each of the farm also has representatives of the Agricultural Universities of the States. Moreover, at the time of preparation of cropping programme, the farm authorities do consult the Director of Agriculture."

5.29. The Committee note that against the acreage of 46782 in 1970-71, 46932 in 1971-72 and 53989 in 1972-73, the Corporation was able to sow an area of 41887, 44570 and 49612 acres respectively resulting in shortfall of 4895 acres in 1970-71, 2362 acres in 1971-72 and 4377 acres in 1972-73. The Committee were informed that during 1973-74 the area sown has increased to 64000 acres. The Committee find that the main reasons for the shortfall have been failure of rains, lack of adequate irrigation facilities, shortage of power, labour management relations etc.

The Committee recommend that the Corporation should keep an eye on the changing cropping trends and utilise the remaining area also for sowing and bringing the rest of area under cultivation to achieve maximum production.



D. Production Performance

5.30 The production performance of the different State Farms of SFCI for the years 1969-70 to 1972-73 is as under :—  
(In quintals)

	1969-70		1970-71		1971-72		1972-73	
	Kharif	Rabi	Kharif	Rabi	Kharif	Rabi	Kharif	Rabi
Suratgarh . . . . .	65,453.58	1,13,819.02	34,248.21	49,258.36	30,122.16	78,248.09	49,326.68	91,234.14
Jetsar . . . . .	12,181.11	5,986.47	9,445.72	5,489.50	6,893.77	4,662.27	15,456.03	12,980.77
Hissar . . . . .	3,338.14	11,028.20	7,693.42	9,515.60	7,306.91	16,175.49	4,701.81	15,369.06
Raichur . . . . .	—	2,095.21	255.78	6,374.53	542.45	3,740.08	200.85	6,068.99
Mizoram . . . . .	—	—	115.10	7.39	694.81	113.06	1,497.49	132.20
Hirakud . . . . .	1,766.14	1.57	414.82	72.32	—	—	—	—
Cannanore . . . . .	—	—	—	—	10,46.39	412.00	15,661.72	2,636.20
Chengam . . . . .	—	—	—	—	—	—	1,788.40	615.21
Ladhowal . . . . .	—	—	—	—	—	6,230.00	1,902.57	9,450.92
Kokilabari . . . . .	—	—	—	—	—	1,45.00	509.80	914.34
<b>TOTAL :</b>	<b>32,738.97</b>	<b>1,32,930.47</b>	<b>52,173.05</b>	<b>70,717.70</b>	<b>46,606.49</b>	<b>100,734.99</b>	<b>90,445.35</b>	<b>1,48,401.83</b>

Annual Reports 69-70, 70-71 & 71-72.

Asked about the reasons for low production under Kharif and Rabi during 1970-71 as compared to 1969-70.

5.31. The Corporation in a reply after evidence stated that the shortfall in Kharif and Rabi production during 1970-71 was at the following farms:—

(Figures in quintals)

Name of the Farm	1969-70		1970-71		shortfall (—) Excess (+)	
	Kharif	Rabi	Kharif	Rabi	Kharif	Rabi
Suratgarh . . .	65454	1,13,819	34248	49258	(—)31206	(—) 64,561
Jetsar . . . .	12181	5,987	9046	5489	(—) 2735	(—)498
Hissar . . . .	3338	11,028	7693	9516	(+) 4355	(—) 1512
Hirakud	1766	..	415	..	(—) 1351	
	82739	130834				

Reasons for shortfall were as under:—

*Suratgarhs*—The low production in kharif at Suratgarh was mainly under sugarcane to the extent of 31206 Qtls. Against the production of 48000 quintals out of an area of 296 acres in 1969, the production of Sugarcane in 1970 out of an area of 242 acres was only 17000 quintals, this was because of the reasons that in 1970, sugarcane planting was discouraged and it was largely taken up as a rotten crop (and planted 83 acre) and it also could not get adequate irrigation. In Rabi 1970-71, shortfall was to the extent of 64561 Quintals, under gram to the extent of 23760 quintals, wheat to the extent of 25,296 quintals and fodder to the extent of 14570 quintals.

The reasons for the low production were:—

- (i) There was a strike of the farm workers at the peak season i.e., in the fourth week of October. By the time, the strike was called off i.e. on the evening of 29th October, most of the moisture of the nali flood area had dried up. Consequently, the sowing of rabi crops was delayed. The area that could be covered was 17060 as against 20,621 acres in Rabi 1969-70.
- (ii) There was scarcity of water in Bhakra reservoir resulting in most erratic and inadequate supplies. The Director of the farm had made frantic efforts for irrigation supplies but the result was far from satisfactory. Further, during Rabi 1970-71 the weather remained completely dry. There was no winter rains after the sowing of rabi crops. Hence

gram and mustard sown in nali flood area which mostly depended on rains and wheat which depended on canal irrigation, gave poor and low yield.

### *Jetsar*

The area sown in kharif 1970 was 4816 acres as against 5758 acres in Kharif 1969. The shortfall in acreage was due to adverse weather conditions in 1970 and hence shortfall in Kharif production. Similarly in Rabi, 1970-71, the yield of wheat, gram and other crops was low because of inadequate and irregular irrigation supplies.

### *Hissar*

While the production in Kharif 1970 was more than that of 1969, rabi production was comparatively less because the area sown in Rabi 1970 was only 2179 acres as against 2344 acres sown in 1969. The shortfall was under rain-fed crops like wheat. This was due to inadequate timely rainfall and insufficient irrigation.

### *Jharsuguda*

There was a serious agitation by the local people and ultimately the agricultural operations had to be stopped:

5.32. In regard to the shortfall in kharif production of 1971-72 it was stated that the shortfall was mainly at Suratgarh and Jetsar farms as shown below:—

	Suratgarh	Jetsar
1970-71	34249 quintals	9,446 quintals
1971-72	30123 quintals	6,894 quintals
	4125 quintals	2,552 quintals

At Suratgarh, there was a shortfall of 5000 quintals in Sugarcane alone. Again the production of 17000 quintals (area 242 acres) in 1970-71, the sugarcane production in 1971-72 was 12000 quintals (area 114 acres). Sugarcane cultivation was discouraged because lot of difficulties were experienced in its disposal. Further, it could not get adequate irrigation.

### *Jetsar*

An area of over 7,000 acres which included 2000 acres of developed land was transferred for Pong Dam oustees. Consequently, only

44023 acres could be sown in kharif 1971 as against 4816 acres sown in kharif 1970.

5.33. The Committee note that though the production at the State Farms of the Corporation has shown an increase from 82738 quintals in Kharif of 1969-70 to 90445 quintals in Kharif of 1972-73, the overall Kharif production had actually come down to 52173 quintals in 1970-71 and 46606 quintals in 1971-72. An analysis of the production performance in the different farms indicates that the shortfall has been maximum at Suratgarh farm where the production has come down from 65453 quintals in 1969-70 to 49326 quintals in 1972-73. In the case of Jetsar, the Committee find that the Kharif production came down from 12181 quintals in 1969-70 to 9446 quintals in 1970-71 and again decreased to 6893 quintals in 1971-72 but increased to 15456 quintals in 1972-73. The production at Hissar, however, has increased from 3338 quintals in 1969-70 to 7693 quintals in 1970-71 and again to 7306 quintals in 1971-72, but declined to 4701 quintals in 1972-73.

5.34. The Committee also note that in the case of Rabi Crop while the overall production has gone up from 132930 quintals in 1969-70 to 148401 quintals in 1972-73, the production has actually come down to 70178 quintals in 1970-71 but increased to 109734 quintals in 1971-72. The Committee regret to observe that even in Rabi cultivation Suratgarh Farm suffered a set back in that, the production has come down from 113819 quintals in 1969-70 to 91234 in 1972-73.

While the Committee have given their recommendations elsewhere in this regard about the inadequacy of irrigation facilities in the various farms, the Committee recommend that Government/Corporation should examine in depth the causes which have contributed to the lower level of production of Khariff, and take suitable measures to convert this disturbing trend.

#### E. Average yield of Production

5.35 *Average yield* of wheat per acre in Qtls. in the farms during 1971-72 and 1972-73 is as given below:—

Rabi		Year	
		1971-72	1972-73
1	2	3	4
1. Suratgarh . . . . .		6.90	7.96
2. Jetsar . . . . .		5.50	5.95
3. Hissar . . . . .		10.48	8.06

1	2	3	4
4. Raichur . . . . .		4.00	3.76
5. Mizoram . . . . .		2.20	3.06
6. Ladhawal . . . . .		8.11	4.75
7. Kokilabari . . . . .		5.00	3.47

5.36. From the above it is seen that average yield per acre of wheat crop in year 1972-73 has gone down at Hissar, Raichur, Ladhawal and Kokilabari farms as compared to 1971-72.

5.37. The Committee enquired about the reasons for low yield at these farms and the steps purposed to be taken to improve the average yield at these farms. In a written reply after evidence, the Chairman stated that the year 1972 was a year of severe drought because of which the crops suffered heavily resulting in lower yield in general. The reasons for lower yield of wheat are given below farm-wise.

*Hissar Farm:* There was inadequate water in the canal for wheat irrigation. Further, the area put under wheat in 1971-72 was 1289 acres as against 1806 acres in 1972-73. With larger area under cultivation, the average yield per acre went down.

*Raichur Farm:* The low yield was due to shortage of irrigation water, scrapped and underdeveloped area on which the cultivation of wheat was partly taken up.

*Ladhawal Farm:* During the year 1971-72, the area under wheat was only 701 acres where as it was increased to 1699 acres in 1972-73 which included newly reclaimed area. This was one of the reasons for a comparative low yield in 1971-72. Other reasons for lower yield were:—

- (i) Some of area under wheat could not be irrigated at all and some area got less than two irrigation.
- (ii) Power cut and shortage of electricity in Punjab, Electricity was supplied only 5-6 hours in 48 hours with a number of breakdowns. As a result of tubewells worked for a short duration.
- (ii) Failure of winter rains.

*Kokilabari Farm:*

- (i) Late sowing of wheat due to heavy rains and agitation by local people.
- (ii) There was excessive weed growth in the newly reclaimed area even spraying of weedicides did not prove successful.
- (iii) The crops suffered because of lack of adequate timely rainfall.
- (iv) The area sown in rabi 1971-72 was only 29 acres whereas it was 252 acres in 1972-73.

5.38. As regards lower yields, the representative of the Corporation stated during evidence that "we have taken, steps, as I have enumerated, in regard to crop improvement standards. The yields are low in the case of the Ladhawal farm, and we are taking steps. The depth of the organic matter in the soil is very low, and organic matter is being added to the soil by putting green manure, because the soil is sandy, and most of the split doses of fertilizers which are being given are being lost there. Similar is the case in regard to Jetsar Farm. To the extent we can add organic matter and reduce our fertilizers there, we are doing it."

5.39. In a reply after-evidence the Ministry stated the Government had not got any studies organised to compare the productivity of big farms run by SFCI with yield per acre achieved in private farms. There would be a difference in the yield undoubtedly on account of the size of the farm.

5.40. A Statement indicating the average yield in the farms of the Corporation compared all India average for the year 1972-73 is given in (Appendix III).

It has been stated that by the Corporation the main reason for the low yield at the farms of the Corporation is lack of adequate irrigation facilities. The Corporation was already in correspondence with the concerned State Governments for getting the supplies augmented.

The Corporation, it has been stated, has fixed certain standards for the winning prizes.

CENTRAL STATE FARM

	In Qtls.				
	Suratgarh	Jetsar	Hissar	Ladhowal	Raichur
<i>Kharif Crop.</i>					
Paddy	15	..	..		..
Cotton	3	3	5		12 (for XY) 8 for long staple)
Bajra	4	4	5	6	8
Moong	3	3	3	3	..
<i>Rabi</i>					
Wheat	10	10	14	4	6
Gram	6	6	6	7	3
Rape & Mustar	5	5	6	6	..

NOTE : These standards had been fixed after taking into account the average yield/area being obtained at the farm and the State yield/area in respect of a particular crop.

5.42. It has been stated by the Corporation that:—

“The per acreage average yields obtained at our farms are extremely low when compared with those obtained by the Agricultural Universities/Progressive Farmers as well as the All India Average Yields and average yields of the respective states.”

5.43. The Committee find that against the all India average yield of 5.07 quintals of wheat per acre, the farm at Suratgarh achieved an average yield of 7.96, Jetsar 5.85, Hissar 8.06, Raihcur 3.76, Ladhowal 4.75 quintals. The committee also find that the average yield at Jetsar and Ludhowal farms, has been less than the yield in the farms of the State Government in the same area. It has been admitted by the Corporation that “per acreage average yields at our farms are extremely low when compared with those obtained by the Agricultural Universities/Progressive farmers as well as the All India average yields and average yields of respective states.”

The Committee recommend that Government should undertake an analytical study to compare the productivity of the farms run by the Corporation with the yield per acre achieved in private frams/State Government/Governmental universities so as to introduce

**suitable cropping patterns and farm practices in the farms of the Corporation.**

#### **F. Norms for Agricultural Operations**

5.44. The Report of the Expert Committee constituted in 1972 to enquire into the losses of Jetsar Farm pointed out that "the norms of different operations by tractors, already fixed, had not been strictly adhered to. In some of the cases, the out-turn by the tractors was much less than the norms fixed. It is, therefore, recommended that in order to reduce the cost of cultivation, norms of various agricultural operations, fixed earlier have to be strictly complied with."

5.45. In a note after evidence, the Corporation stated that the norms had been fixed according to the local conditions and the practical experience gained thereon, but while fixing the norms the suggestions of the experts in the field were taken into account.

5.46. The Committee enquired as to how these norms were observed in actual practice. In reply, the Corporation stated that the schedule of norms in actual practice had not so far been evaluated. However, they proposed to introduce evaluation of the norms with the setting up of a Planning Cell proposed to be set up in the Fifth Plan.

#### **G. Consumption of POL**

5.47. The Expert Committee (constituted to enquire into the losses of Jetsar Farm) observed that "the cost of POL consumption per acre comes to Rs. 25.08 as against Rs. 16.59 during the preceding year. During the year 1970-71 even though the total area brought under cultivation was less than that for 1969-70, there has been an increase in the Tractor-hours came to 15831 in 1970-71 as against 15023 during 1969-70. The Expert Committee also noticed that the average hourly consumption per tractor during the year 1970-71 was more than the hourly consumption during the year 1969-70. Even though it could be argued that as the tractors become older, the hourly consumption rate as of POL would be increased, the Expert Committee felt that the actual increase noticed during the year 1970-71 was, however, much more than the allowance that could be given for the additional wear and tear of the tractors."



5.48 The cost of POL consumption per acre in respect of the various State Farms of the SFCI during the period from 1969-70 to 1972-73 is as under :—

S. No.	Name of the Farm	1969-70				1970-71				1971-72				1972-73	
		Acre- age actu- ally sown.	Value	con- sump- tion per acre	Acre- age	Value	con- sump- tion per acre	Acre- age	Value	Consu- mption per acre	Value	Acre- age	Value	Consump- tion/ Provisio- nal acre	
1	2	3	4	5	6	7	8	9	10	11	12	13	14		
1	Suratgarh . . . . .	26,962	9.32	34.56	23,097	7.46	32.30	25,709	8.53	33.18	24,809	3.39	33.82		
2	Jetsar . . . . .	7,591	1.26	16.59	7,337	1.75	23.85	6,072	2.35	38.70	9,635	2.72	28.23		
3	Hissar . . . . .	4,633	1.32	28.50	5,774	1.68	29.10	6,394	2.00	31.28	7,217	2.08	28.82		
4	Raichur . . . . .	2,751	0.97	35.25	5,665	1.99	35.13	5,284	1.80	34.06	2,477	2.23	90.09		
5	Lakhawal . . . . .	—	0.62	—	—	1.07	—	945	1.66	175.66	3,158	2.01	63.65		
6	Jharsuguda . . . . .	1,223	0.26	19.65	687	0.42	61.10	—	0.23	—	—	0.20	90.00		
7	Cannanore . . . . .	—	—	—	—	0.30	—	169	0.73	431.90	701	0.77	109.84		

5.49. The Corporation stated that the norms for POL consumption had been laid down in terms of its|hour consumption on different tractor models.

Sl. No.	Tractor/Combine	Diesel consumption in Lts./hour
1	T-100 M. Tractor . . . . .	10-11 Lts. /hour
2	DT-54 A Tractor . . . . .	8-10 Lts./hour
3	MTZ-52 Tractor . . . . .	6.5-7.5 Lts. /hour
4	T-28 X 3 Tractor . . . . .	4-5 Lts. /hour
5	B-275 Tractor . . . . .	3-3.5 Lts. /hour
6	DT-20 Tractor . . . . .	1.5-2 Lts. /hour
7	SK-4 Combine . . . . .	S. 10 Lts. /hour

5.50. Asked how these figures of consumption compared with the norms fixed, the representatives of the Corporation stated:—

“When the Jetsar Farm figures were calculated in 1970-71 by the Committee which went into it in inquiry as to how it has been incurring losses, it was found that the cropping pattern being adopted by the farm had been the same for quite sometime. Therefore, it was possible for us to make a comparison of POL consumption per acre since the cropping pattern was the same. But in the case of other farms, it would not be correct to compare the POL consumption per acre because we fix the POL on per hour basis, since agricultural operations are based on certain norms. These norms vary from crop to crop. The POL consumption also varies from crop to crop. Therefore, comparison of data of POL consumption per acre will not be give a true picture.

The Committee has reported that the main reason for increasing the POL consumption in Jetsar was that the machinery maintenance was not up to standard and there was no check and maintenance was not up to standard and there was no check exercised on POL consumption monthly and there was also lack of supervision.”

5.51. The Committee enquired whether any responsibility was fixed for this lack of supervision and poor-maintenance. The Chairman, SFCI stated that:—

“When it was brought to my notice that nearly Rs. 7 to 8 lakhs was the loss incurred in Jetsar. I wrote to the

then Secretary requesting him to constitute an impartial Committee to go into various aspects of the form to determine where the mistake lay. The Committee's report was not of much use to me because they said that these losses had to be incurred because of certain reasons beyond our competence to rectify. Extra fuel consumption etc. was due to idle working of tractors and so on. First of all, there was no proper check on the use, secondly there was unnecessary walking of the tractors from one place to another causing unnecessary fuel consumption."

5.52. In regard to the high petrol consumption, the representative of the Corporation stated that:—

"as the Jetsar Farm, one of the main reasons was that the staff who worked previously were staying at Jetsar Mandi, 18 Kilometres from the farm site. In the farmsite there was only limited residential accommodation and water facilities were not available. So the initial work was done in those circumstances.....After this lapse, a report was submitted to Government. We have introduced a system whereby the POL amount for every tractor has to be entered in the logbook daily."

The Chairman of the Corporation added that:—

"the responsibility could not be fixed but a lot of changes have taken place there. The Director himself was to leave that place."

5.53. Asked whether there was any case of theft of POL and if so, what steps had been taken by the Management to prevent such incidents, the Chairman of the Corporation stated that, "The stealing of POL has never come to my notice, but there were thefts of other kinds."

5.54. The Committee find that the actual cost of consumption of POL per acre was of the order of about Rs. 33 in Suratgarh, while it varied from Rs. 16 to Rs. 38 in Jetsar, from Rs. 28 to Rs. 31 in Hissar during the period from 1969-70 to 1972-73. The Committee, however, find that the cost per acre of consumption of POL in the case of Raichur Farm in 1972-73 was Rs. 90, an abnormally high figure. In the case of Ladhawal, the rate was Rs. 175.66 per acre

during 1971-72 and in the case of Cannanore it was Rs. 109.84 per acre during 1972-73. The Committee need hardly stress that such heavy costs on POL are bound to affect adversely the cost of production. The Committee recommend that Government should investigate into the causes of these high rates of consumption of POL per acre in Raichur, Ladhawal and Cannanor with a view to ensuring that these are not due to pilferages or thefts, or wasteful practices etc. The Committee also recommend that the Corporation should on the basis of experience of working of the machinery fix suitable norms for consumption of POL per acre so that abnormal increases are readily identified and remedial measures taken without delay.

5.55. The Committee recommend that the Corporation should, on the basis of working machinery in the different farms, fix suitable norms for the different types of agricultural operations and work out standard costs therefor so that any variations from these norms or the costs could be analysed and remedial measures taken to effect economies in the cost of operations and consequently in the cost of production.

#### H. Costing System

5.56. Being an agricultural production industry, the State Farms Corporation had not instituted standard costing system as the sale price of various farms would depend on the market price and as such comparison of the actual cost with the standard cost for various crops had not been made. However, they were preparing annual budgets for various farms on direct costing principles specifying fixed amounts under different heads of expenses such as labour, fertilizers, seeds, POL, salaries, rent and other contingencies. For effective budgetary control, they were segregating expenses under fixed and variable heads bringing the expenses like labour, fertilizers, seeds, POL etc. under variable heads and the salaries and contingencies etc. under fixed expenses.

5.57. Cost of production cropwise, was, however, maintained in respect of farms at Suratgarh, Jetsar and Hissar. In some cases, the sale prices obtained were not sufficient to cover the cost of production but still they were producing those crops, so that a portion of the fixed overheads could be recovered by producing such crops. It was, however, ensured that they were always growing more profitable crops at the time when the cropping pattern was drawn up taking into account the availability of irrigation supplies and the nature of soil etc.

### *Cost of Production*

5.58. Cost of production per quintal at various Central State Farms during last three years in respect of major crops is as given in Appendix IV.

5.59. Asked whether any analysis of the cost had been made with a view to effecting economy in cost of production, the representative of the Corporation stated that "the main thing is about utilisation of machinery. We have done the maximum work in the field. In many farms we were having unnecessary equipment which was increasing cost of production. That was also bad. Secondly, even for operation, the hours of machinery to be used have now been determined. This alone will be able to bring down the cost of production."

5.60. The Committee asked as to how the cost of production compare with the cost of production of National Seeds Corporation and Tarai Seed Corporation. The Secretary, Ministry of Agriculture stated that the cost of production of seeds by the SFCI, the NSC and the Tarai Seeds Corporation would really not be compared because the methods of computing the cost and also the methods of growing seeds were different. The National Seeds Corporation was only contracting for the production of seed with progressive farmers at a commercially agreed price. Its contribution was in the supply of foundation seed and in supervision over the growing of the seed and weeding out of non-standard plants as they were growing so that the ultimate crop from which seed was taken was of a reasonably uniform quality. The State Farms Corporation was selling wheat seed at Rs. 140 whereas the certified seed of NSC was being sold at Rs. 160. The present estimates of cost of production were somewhat higher and this was something which had become a matter of hot debate all over the country. The State Governments were not accepting the cost of production as estimated by the Agricultural Prices Commission on the basis of their own studies conducted through the Agricultural Universities.

5.61. In a note after evidence, the Ministry stated the cost of production of seeds by SFCI and the cost of production of seeds by NSC or TDC were not directly comparable in view of the manner in which seed production was organised.

5.62. The cost of production in case of N.S.C. and T.D.C. would be dependent upon the procurement price offered to the growers. The procurement price was related to the market price of the grain,

and depended upon several factors such as the remunerative aspect of seed crop *vis-a-vis* other crops, the risks involved in taking up seed production, likely average yield of seed crop per unit of land etc. In the case of SFCI, the cost of production would have to be related to the cost of inputs and overheads.

5.63. As already stated by the Corporation the SFCI had not worked out separately the cost of production of seeds at the different farms. It had recently introduced the system of ascertaining the cost of production and, therefore, it was difficult to shape any trends in the cost of production at different farms.

#### I. Venue of inputs

5.64. The Committee understand that:—

“the expenses incurred by the State Farm at Hissar on fertilizer, irrigation, hired labour and tractor charges are much higher than the expenses incurred by private farms. In the State Farm in Ludhiana, the per acre expenses on fertilizer compared favourably with those of private farms. In the case of other inputs the irrigation, hired labour and employment of tractors, expenses incurred by private farms are much less.”

5.65. The Committee enquired whether Government was keeping an eye on such adverse trends and if so, what were the main reasons due to which value of inputs at the State Farm were higher as compared to private farms. The Ministry in a reply after evidence stated that Government had not gone into the question of why the value of inputs in the State Farms as compared to private farms are higher.

5.66. The Government had also not analysed input output ratio per acre in each of the Farms. The Committee were assured that the Government would get such studies made with a view to determine such ratios and take up such corrective steps as were required.

5.67. The Committee find that the cost of production of various crops in the Central State Farms have shown an erratic trend. For example the cost of production in the case of wheat has been Rs. 98.58 per quintal in Suratgarh, Rs. 146.72 at Jetsar and only Rs. 42.84 in Hissar during 1970-71. In the case of Suratgarh, the cost of production came down to Rs. 73.56 in 1971-72. In the case of Jetsar farms the cost came down from Rs. 87.17 in 1971-72 to

Rs. 79.65 in 1972-73. In the case of Hissar farm, however, the cost of production increased to Rs. 51.83 in 1971-72 and further increased to Rs. 73.29 in 1972-73. The Committee find that one of the reasons for this varying trend was variation in production due to erratic and inadequate irrigation, crop diseases etc. The cost of production is the interaction of various factors. The Committee feel that there is much scope for standardisation of cost even in agricultural operations especially when such operations are mechanised and the area of coverage is fairly large. The Committee therefore recommend that Government/Corporation should analyse trends in cost of production and the contributory factors each year crop-wise so that all possible economies in cost could be effected.

5.68. The Committee would also like that Government as assured to the Committee should undertake an analysis of input output ratio in various State Farms of the Corporation with a view to lay down suitable and take corrective steps as may be necessary.

## VI

### PRICING

#### A. Pricing Policy

6.1. The prices of seeds are fixed by the Headquarters keeping in view the prices announced by the main seed selling agencies of the country viz. the National Seeds Corporation and the Tarai Development Corporation. The seeds of these two organisations are certified seeds while seeds produced by State Farms Corporation are only "truthfully labelled." It has been stated that there was no difference in the standards of truthfully labelled seeds and certified seeds. Because the State Farms were producers of seeds themselves, they could not certify their own produce and hence the Corporation had not gone in for this additional expense.

As the seeds produced by the State Farms Corporation were only 'truthfully labelled' and not 'certified', the Corporation were keeping their prices lower than the prices announced by the National Seeds Corporation and the Tarai Development Corporation in order to be able to stand the competition.

6.2. So far as non-seed produce is concerned every farm makes a recommendation well before the commencement of sale season pertaining to a crop and the Headquarters conveys to the farm the minimum price which is to be accepted for the various produce pertaining to that crop. These prices are, however, only the minimum prices and every effort is made to get a higher price over a period of time. These were sold through auctions which were held at various farms from time to time. If the highest bid appeared attractive, it was accepted. It was however, pointed out that it was not incumbent upon them to accept even the highest bid at any auction if they found that it was not related to the prevailing market prices or if they found they could get higher prices by holding on to their stock and selling it at a later date. *The main Plank of the pricing policy was to get a good price for their produce in the context of the prevailing market condition.*

6.3. The Committee enquired whether in the opinion of the Corporation, it was not advisable to have a viable pricing policy rather



than extracting the highest price for their commercial produce, the Corporation, in a written reply, stated:—

“We strongly feel that since we are a commercial organisation we should try to get as high a price for our commercial produce as possible. Further, major portion of our production is sold as seed and whatever is sold as commercial produce constitute a small fraction of the national production.

As far as the adoption of viable pricing policy for the sale of foodgrains is concerned, we would like to indicate that since the cost of production is not guaranteed we as a commercial organisation cannot take a risk by adopting the policy as suggested and we will have to sell our produce according to the prevailing market rates. This is what we are doing. It may, however, be pointed out that so far as wheat is concerned, whose trading has been taken over by Government, we offer all our commercial wheat produce to the concerned Procurement Agency of the State at price fixed by Government for this.”

6.4. In a note furnished after evidence, the Ministry stated that the Corporation was selling its seeds at fixed prices and its commercial produce by auction. The seed crop if rejected as being unfit for seed purposes was disposed of as commercial produce. In the case of auction, a reserve price was kept and if no bid was forthcoming at that price, the Corporation tried to sell it at market price, Government, therefore, proposed to discuss with the Corporation the need for evolving a viable pricing policy and work out in consultation with the Corporation and the Agricultural Prices Commission broad guidelines that the Corporation could adopt in fixing the prices of its produce both seed and non-seed.

6.5. Asked whether Government had issued any guidelines to the Corporation about the pricing policy, the Secretary of the Ministry stated:—

“We have not so far issued any guidelines to the Corporation about their pricing policy. We are discussing with the Corporation the findings of the Agricultural Prices Commission about the estimated cost of production on the basis of the sample studies made by them or by a few agricultural universities. The recommendations of the Agricultural Prices Commission about the support price or the procurement price of grain do not apply by themselves to seed production or sale of seed but for the rest

of the production which is not sold as seeds, the ordinary procedure should apply even to the Corporation."

6.6. Asked whether it was not desirable to fix the selling prices of such produce for all the three Corporations on a uniform basis so as to avoid competition with sister concerns, the Corporation stated that:—

"We agree that the selling prices of all the three main seed producing organisations had better be at par although this need not be a very rigid system. In fact, our policy even today is the same. While the seemingly higher prices of the National Seeds Corporation and the Tarai Development Corporation contain an element of commission @ 10 per cent to its dealers as well as to the farthest point of the establishment of their dealer all over the country, there is no such element in our price.

These two charges together can well work out to something like 20 per cent of the cost of any seed. In our case, however, we are neither paying any commission to any customer nor bear any transport charge because we sell our seeds at ex-farm.

In the event of our Corporation getting all its seeds certified, we shall even list our prices on the level of the National Seeds Corporation prices although it might be observed that even today in the case of the National Seeds Corporation and the Tarai Development Corporation, there is a difference in these prices although the seeds of both the organisations are certified seeds."

6.7. In this connection, the Ministry in a note after evidence stated that the Corporation was producing seeds as well as commercial quantities of food crops, oilseeds, fibre in their central State Farms which were administratively controlled by them. By and large the prices of seeds were kept lower than the sale prices of certified seeds of the National Seeds Corporation and the seeds sold by Tarai Development Corporation since the State Farms Corporation had not been getting their seed crops certified. In the case of the National Seeds Corporation bulk of the seeds were produced through the system of contract growing and the sale prices fixed by National Seeds Corporation would, therefore, be dependent upon the procurement price it could offer to the contract growers. In case of Terai Development Corporation also, this Corporation was getting seeds produced on the lands of the shareholders and had a somewhat similar

procedure adopted by the National Seeds Corporation. It was true, of course, that Tarai Development Corporation could offer less procurement price since the shareholders were committed to producing seeds for being marketed by Tarai Development Corporation under the World Bank Agreement. In view of the different nature of the manner of organising seed production, the cost of production of seeds varied. Consequently sale price would also vary.

6.8. It was also stated that as the T.D.C. was not a public sector concern, there was no method by which the Government could issue directives to this Corporation on a matter like fixation of sale prices.

6.9. In a note, Government expressed the view that:—

“Balance of advantage does not seem to be in fixing pricing of seeds at par for the three organisations as this would eliminate the competition between the three leading all India organisations and the efforts of each Corporation to strive its best to make the Quality of seeds as high as possible. This would take away an element of competitiveness and quality consciousness.”

### B. Sales & Marketing

6.10. Quantity and Value of farm produce sold as 'seed and as commercial produce' during 1970-71, 1971-72 and 1972-73 are given below:—

	Quantity in Lakh Quintals Value in Lakh Rupees					
	Seed		Commercial		Total	
	Qty.	Value	Qty.	Value	Qty.	Value
1970-71	0.31	37	1.07	74.04	1.38	111.04
1971-72	0.55	64.05	0.80	87.85	1.35	151.09
1972-73	0.71	98.00	1.08	109.00	1.74	207.00

6.11. So far as non-seed produce are concerned, every farm makes a recommendation well before the commencement of sale season pertaining to a crop and the Headquarters conveys to the farms the minimum price which is to be accepted for the various produce pertaining to that crop. These prices are, however, only the minimum prices and every effort is made to get a higher price over a period of time. The Minimum price for commercial grain

is only an indication to the Director not to sell that commercial produce below that level. This level is fixed after taking into consideration the prevailing market conditions and the Director has to make every effort to sell the grains at higher than that minimum price. The minimum price is however subject to review from time to time depending on the market conditions as indicated above and could undergo occasional changes.

6.12. It has been stated that the sale undertaken only when a good price was expected and unless the exigency of space so required or there was any danger of deterioration of produce in stock. The produce was kept in storage as long as favourable market conditions would not appear feasible.

Almost all sales were taking place on cash payment basis.

6.13. The Committee enquired as to how far the system of sale by auction was compatible with the objectives of producing quality seeds and making it available to the farmers at a reasonable price. In a reply, it was stated that no quality seeds were sold by auction. The prices of seeds were fixed by the Head Office and conveyed to the Farms and the seeds had to be sold by the Farms at these fixed prices to State Governments, Co-operative Organisations and even private individuals. There had been no sale on contract basis as such except of Gram two years ago to the Defence Purchase Organisation. This was sold to the Defence Purchase Organisation at a price mutually agreed upon between the Corporation and the Defence organisation and they had to enter into a contract with the Defence Organisation in accordance with the practice followed by the Defence organisations.

6.14. During the year 1970-71, the quantity of seeds sold was less than 23 per cent of the total sale and its value was only about one third of the total value of farm produce sold. The percentage of seeds sold rose to 41 in terms of quantity and to 42 in terms of value during the year 1971-72.

It was expected that during 1972-73 the percentage of sale of seeds to the total sale would rise to about 48 in terms of quantity and to 52 in terms of value. The total value of seeds sold was likely to be over Rupees one crore. In cases where auction of produce had to be done without the agency of the regulated market, wide publicity and contact correspondence were resorted to before holding the auction.

6.15. The decision as to when any lot of produce should be sold on the regulated market or when a direct auction should be held for the disposal of any produce, was taken by the "Disposal Committee" set up on each farm.

6.16. In the case of auction held or a deal otherwise struck with any merchant with or without the approval of the Headquarters, as necessary, 25 per cent of the expected value of the produce contracted to be sold was demanded as advance deposit from the purchaser; This advance deposit was to be adjusted at the time of the concluding transaction.

The overriding consideration was always to sell their produce to the best advantage of the Corporation. Of the seeds over 90 per cent was sold to the Government agencies and less than 10 per cent sold to the Private Sector. Of the Commercial produce more than half was being sold to the Private Sector.

6.17. Asked about the type of marketing organisation under the management of the Corporation and how their marketing costs compare with the total sales value with other seed producing organisations in Public Sector, the Corporation stated that the marketing organisation with the State Farms Corporation of India was as under:—

A. Headquarters :

Chief Marketing Manager . . . . .	One
Marketing Officer . . . . .	One

B. Farms :

Suratgarh . . . . .	Marketing Officer	One
Hissar . . . . .	Marketing Officer	One
Ladhowal . . . . .	Marketing Officer	One
Cannanore . . . . .	Marketing Officer	

At the other Farms, there was a Stores Officer who besides locking after the marketing work also looked after the stores of spare parts, machinery, P.O.L., Fertilizer, pest control chemicals etc. etc.

6.18. The percentage of marketing cost to turn over has been as under:—

Year	Percentage
1970-71 . . . . .	0.9
1971-72 . . . . .	0.8
1972-73 . . . . .	0.7

6.19. The Committee note that the seeds produced by the Corporation are at present 'truthfully labelled' as distinct from the seeds produced and marketed by National Seeds Corporation and Tarai Development Corporation which carry the label 'certified seeds'. Though the Corporation claim that there is no difference between the 'truthfully labelled' seeds and the 'certified seeds' of the National Seeds Corporation and Tarai Development Corporation, the fact is that they have been pricing their seeds lower than the 'certified seeds' so as to stand competition in the market. The Committee consider that Government should have a well-coordinated policy in the key sector of providing good quality seeds as an essential input for achieving optimum production of foodgrains. The Committee feel that both in the interest of inspiring confidence in the farmers as also to get better prices, it is high time that the seeds of the Corporation are also examined for quality and marketed as 'certified seeds'. The Committee cannot but strongly urge the need for closer coordination between all the Corporations engaged in the production and marketing of seeds.

As regards pricing policy to be followed for marketing of seeds, the Committee agree that there has been an element of competitiveness between the Corporations in the interest of sustaining and improving the quality and reducing the cost of production. Nevertheless, it is obvious that there should be a well-sorted out and coordinated pricing policy in the interest of ensuring that the seeds are made available to the farmers at reasonable prices and that the Corporations do not suffer a loss in this process. The Committee note that the Government have belatedly realised the importance of evolving such a policy of coordination and consultation with the Agricultural Prices Commission and the Corporations concerned. The Committee would like this matter to be processed with utmost expedition. The Committee should be informed within three months of the pricing policy evolved by the Government and the action taken by the Corporation in implementation of the same.

6.20. The Committee note that the Government/Corporation have not laid down a definitive policy about the disposal of commercial produce which is being disposed of either by auction or by sale to the different purchase organisations etc. The Committee feel that at a time when Government are hard-pressed to sustain better distribution system, it is but appropriate that the commercial produce from these farms should go either directly to the Government purchase organisation as for Defence Forces or to the Food Corporation of India which now functions in all parts of the country so as to ensure that the produce is put to best use in the national interest.

### C. Involvement of Cooperatives

6.21. The National Agricultural Corporation Marketing Federation Ltd. in a Memorandum stated that:—

“The State Farms Corporation should concentrate all its energies and resources on the production aspects so that they are able to create the necessary impact. The National Agricultural Cooperative Marketing Federation (NAFED) which is primarily an organisation of cooperatives in the country undertakes the marketing of agricultural produce on behalf of its constituents viz, the State Cooperative Marketing Federations and agencies sponsored by Central Government, State Government, etc., could be entrusted with the responsibility of the marketing of the produce of the SFCI in the various terminal markets.”

6.22. During evidence the Committee enquired whether the Corporation agreed that it should concentrate all its energies on production and entrust the responsibility of marketing their produce to the specialised agencies like the National Agriculture Cooperative Marketing Federation. In reply, the representative of the Corporation stated that, “we do not agree with this view, we are doing it very well.”

6.23. In a letter dated 18-7-73 addressed to the State Farms Corporation, National Cooperative Development Corporation expressed the view that “while the Cooperatives have acquired the necessary organisation capacity and financial strength to take up this activity on a larger scale, we find that these cooperatives are not being adequately involved by the organised seed industry, particularly, in the public sector.”

6.24. In a reply furnished after evidence, the Ministry stated that, “The Government of India had, in the light of the recommendations of the Seed Review Team, and National Commission on Agriculture, decided that seed growers processing and marketing cooperatives should be set up for undertaking production and distribution of certified seeds. Since seed production, processing and distribution would require some degree of technical sophistication, it would not be possible to organise a large number of such specialised seed cooperative societies. The National Cooperative Development Corporation had promoted the setting up of 8 such organisations and more were likely to be promoted in the 5th Plan. In some States like Gujarat,

the cooperatives played a major role in the production and distribution of seeds. In a number of other States also, the State Marketing Federations were drawing up project reports for organising production and distribution.

The Government of India had felt that as first step, the cooperatives should be involved primarily in the distribution of seeds, and had also written to all the State Governments and seed producing organisations about it on 13th September, 1972.

6.25. The Government of India had taken up with the all-India seed producing organisations like the National Seeds Corporation, the State Farms Corporation of India and the Tarai Development Corporation for utilising the cooperatives in a larger way in the distribution of seeds.

The State Farms Corporation of India had in recent years, been selling seeds through the State Apex Federations as, for example, in the case of West Bengal and Maharashtra.

In the case of State Farms Corporation of India, the Ministry stated that the Corporation has not yet gone in for a network of retail distribution and, by and large, has been concentrating on bulk sales through State Governments or Apex Federation. It is felt that it is not necessary to duplicate the marketing channels which other organisations have built up and there is no need for the State Farms Corporation of India to introduce a network of retail distribution points. The Government feel the Corporation should concentrate their activities in maximising productivity.

6.26. The Ministry have further stated that in so far as commercial produce was concerned, the sales were effected by the State Farms Corporation of India either by the system of public auction or by sales at ruling prices where they found customers. The question was whether the commercial produce could be handed over to organisations like the NAFED. This would depend essentially on whether NAFED had been dealing with all the commodities that State Farm Corporation of India produced. There could be an advantage in the marketing being left to quasi-Government specialised marketing agencies, like NAFED, Cotton Corporation of India. Jute Corporation of India etc. rather than establishing a marketing organisation within the Corporation. It was felt, by and large, this might be an advantageous system, Government would, it was stated, take up this for detailed examination in consultation with State Farms Corporation of India and concerned marketing organisations.



6.27. The Committee note that the seeds are at present being disposed of directly by the farms at prices determined by the Headquarters of the Corporation. The Committee feel that the present system of disposal of seeds should be critically reviewed to see whether it is, in fact, subserving the interest of making available the seeds to the farmers in time and at reasonable prices. Government/Corporation may in this context examine the experience of the disposal of seeds, from the Apex Federation or Cooperative in Maharashtra and West Bengal to see whether similar procedure for disposal of seeds could be followed in other States. The Committee, in particular, would like to stress that there should be a well-coordinated policy for making available the seed to the farmers in the vicinity of the farms so as to make the maximum impact through extension work and create a name and good-will for the produce of the farm. The Committee have no doubt that Government/Corporation would keep this aspect in view, while evolving a rationale policy for disposal of seeds in the best interest of the farmers and the Corporation.

## VII

### NEW FARMS

#### (i) Aswaraopet (Khammam) Farm (A.P.)

7.1. The Government of Andhra Pradesh offered 6,000 acres of land at Aswaraopet in Khammam district (about 196 miles from Hyderabad) and agreed to hand over the land on 30 years nominal lease. According to the project report prepared for the present, the total capital expenditure involved would be Rs. 66.40 lakhs. Out of 6,000 acres of land, 1,000 acres was uncultivable being under roads, buildings, etc. The net cultivable area would come to 5,000 acres and it was proposed to complete reclamation programme in four years. There were no wells and irrigation sources in the proposed site. There was sufficient scope for underground water being available in the area. The best method of development was stated to be by constructing medium duty tube wells. It was stated that the project would involve a capital investment of Rs. 66.40 lakhs. Apart from playing a development role in the comparatively agriculturally underdeveloped area of Andhra Pradesh the farm would be economically viable and commercially successful. The project was expected to be financially self-sufficient from the 3rd year of operations, which would gradually increase from 5.22 per cent of investment in the 3rd year of operations to 14.83 per cent in the Fifth Year of operation. Main crops to be grown in this farm would be paddy, green gram, ragi, Hy. Maize, cotton, groundnut etc. It was proposed to develop ground water in this farm by constructing deep tubewells. The farm was expected to open more employment opportunities to the people in the surrounding areas which were predominantly tribal. It would also help in further spread of modern agricultural practices amongst the farmers in the area surrounding the farm which was a relatively agriculturally backward region of the State. Operations at the farm were commenced on 19th November, 1972 extending over an area of 2428 hectares. It was not possible to sow any crops in Rabi in 1972-73. However, 269 hectares were brought under kharif 73 crops. The farm registered a loss of 0.42 lakhs. The farm is still in the development stage.

Till the end of June, 1973 the Corporation had taken possession of 1,000 acres of land from the State Government. It had also been

possible to reclaim 737 acres by September, 1973 and put 343 acres in Kharif 1973 crops.

7.2. In this connection, the Ministry of Agriculture stated that "this new farm was opened by State Farms Corporation of India in 1972. The proposal when received by the Ministry of Agriculture was examined in consultation with the Planning Commission and it was decided that this farm should not be set up during the 4th Plan and if at all this farm was necessary, it might be deferred to the 5th Plan and this decision was conveyed to State Farms Corporation of India."

7.3. During evidence, the representative of the Corporation stated that they had sent the project report to the Ministry. The Ministry had already provided for the Bihar farm in the fourth Plan. With the approval of the Board, in lieu of Bihar. Khammam farm had been taken up by the Corporation during the Fourth Plan. The Ministry had not conveyed their approval so far. During 1972-73, they had incurred an expenditure of Rs. 9 lakhs on this farm. It was felt that if the project was cleared, no Government sanction for day-to-day expenditure would be necessary because it was within the competence of the Corporation.

7.4. In this connection, the following are the extracts of the proceedings of the 21st meetings of the Board held on 24th March, 1973, 30th March, 1973 and 7th May, 1973.

"Item No. 17"

*Setting up of Central State Farm, Aswaraopet, Khammam (A.P.)*

Regarding setting up of the Farm in Andhra Pradesh, the Board felt that since the Government had already agreed in principle to the setting up of farm in Bihar and as we anticipate some delay in setting up of Bihar Farm and as the setting up of Khammam Farm will be within the overall Fourth Five Year Plan's provisions of Rs. 4 crores, it was decided that the setting up of Khammam Farm in Andhra Pradesh in lieu of Bihar Farm, should be informed to the Planning Commission."

"Item No. 6"

*Setting up of additional Farms and other projects.*

The Board while appreciating the progress made by the Corporation approved, in principle, the proposals contained in the Agenda Note, as reproduced below, desired that a detailed Project Report of

each of the schemes should be placed before the Board while submitting the same to the Ministry of Agriculture and Planning Commission as the case may be."

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"*Andhra Pradesh*: It has been possible for the State to offer 6,000 acres of land in Khammam on nominal lease for 30 years period. A project report has been prepared. The project involves capital investment of Rs. 66 lacs over a period of 5 years. The farm is expected to show profits from third year of its operations. This project had not been initially included in the Fourth Plan. Now that the project is viable and the Corporation can meet capital expenditure involved on the farm within the Fourth Plan allocation of Rs. 4.00 crores for State Farms Corporation had, in anticipation of Planning Commission's approval, taken possession of a portion of the land from the State Government in November, 1972 and started agricultural operations. Ministry has already been requested for issuing necessary formal approval in view of the delay in the setting up of Bihar farm during the current plan period."

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"Item No. 6"

*Opening of Bank Account for Central State Farm, Aswaraopet (A.P.)*

The Board was informed that in pursuance of its decision in the 21st Meeting held on 24-3-1973, approving the setting up of a farm at Aswaraopet (A.P.), if it could be accommodated within the overall Fourth Five Year Plan's provision of Rs. 4 crores, the Corporation has assured the Government that this project will be accommodated within the Fourth Five Year Plan's provision of Rs. 4 crores and requested for its early clearance.

7.5. The Committee enquired as to what considerations weighed with Government in deferring Khammam farm to the 5th Plan when it was known that Corporation had already set up the farm as back as in November, 1972 and how it was proposed to regularise the expenditure already incurred on the farm. In a reply furnished after evidence, the Ministry stated that at the time of finalisation of the 4th Plan, the Planning Commission while agreeing to the outlay of Rs. 4 crores had clearly indicated that the Government would put up five farms in addition to Suratgarh, Jetsar, Orissa, Punjab, Hissar, Raichur and Cannanore. Subsequently, three more farms were agreed to by the Planning Commission in the States of Assam,

Bihar and Tamil Nadu. The Planning Commission did not agree to the establishment of this farm even though they were approached twice, and desired that it should be deferred for consideration in the 5th Plan as there were already a number of farms which had to be fully developed in terms of adequate utilisation of land.

7.6. At the meeting held in the Planning Commission on 7th July, 1973, the consensus was not in favour of setting up of new farms without the consolidation of the existing farms. Planning Commission declined to make any additional plan allocation for the State Farms Corporation of India. The Financial Adviser felt that the existing farms needed considerable further development and that it should be kept in view by the Corporation while formulating their 5th Plan proposals. In the light of these discussions with the Planning Commission, the Government of India did not agree to the setting up of Khammam farm in the 4th Plan.

It was, however, tentatively proposed to include this scheme in the 5th Plan since the Planning Commission had agreed to consideration of the scheme in the 5th Plan. As already stated, the Fifth Plan proposals of the Corporation had to be finalised after discussions with the State Farm's Corporation of India.

It was stated that the manner in which expenditure already incurred on Khammam Farm should be regularised would depend upon decision that would be taken finally on the setting up of this farm in the Fifth Five Year Plan. It would then be examined whether or not the expenditure already incurred could be treated as expenditure required on advance action to be taken for the setting up of the farm.

#### (ii) Bahraich Farm

7.7. The establishment of a Central State Farm in U.P. had been under consideration of the Government of India in the past and accordingly a proposal for setting up such a farm was received as far back as in the year 1965. The central team who visited the site headed by the ex-Chairman of the SFCI had observed that the lands offered by the U.P. Government in Bahraich comprising a total area of 14,455 acres appeared to be suitable for setting up a Central State Farm subject to further investigations and collection of data before the Government of India would be in a position to take decision in the matter.

In pursuance of the observation reports on various points were communicated to the Government of India by the State Govern-

ment except that of a contour map of the area. However, the proposal to set up a farm in Bahraich district of U.P. was dropped, mainly due to the reasons of flood which was reported to be covering the proposed farm site and the land at that time was not in a compact block of 10,000 acres. Apart from these considerations due to inadequate financial provisions made in the Fourth Five Year Plan the idea for setting up a State Farm in Bahraich District was not pursued further.

7.8. On the insistence of that U.P. Government, the proposal was again revived during September, 1969. The proposal was again deferred as it was reported that major part of the area was subject to floods during the monsoons and the normal sub-soil water level was hardly 3 to 4' below the ground. Apart from this, it was further envisaged that substantial expenditure would have to be incurred on taking electricity to the farm site and on the reclamation and development of the land. However, in view of the keen anxiety shown by the representatives of the U.P. Government it was also recorded that after the existing farms had been satisfactorily reorganised, this project might be taken up after one or two years and the State Farms Corporation would be willing to re-examine the possibility of setting up of a farm in U.P.

Some time in the month of March, 1973, it was again represented that the SFCI should re-examine the proposal and a team of experts may be sent to inspect the land which was now proposed to be offered to SFCI leaving the area which were subject to floods during the monsoon. In view of revised policy of setting up small farms and not insisting upon a compact area of 10,000 acres, a Committee headed by Chairman and consisting of Chief Engineer and Chief Agriculture of SFCI along with State officials visited the new proposed site in Bahriach Distt. of U.P. on 5th April, 1973. After on-the-spot inspection, the Committee observed that the position had entirely changed from that noticed by the earlier committee when prices of land in compartments were offered. It was also agreed that the low lying areas which was subject to floods during monsoons may be left over.

In view of the satisfactory reports of the area relating to the ground water analysis and soil survey etc. the committee approved the site. The Selection Committee further observed that lot of development of the area by way of improved communications, electricity etc. had taken place during the years.

7.9. According to the Financial forecast of the project the farm was expected to give return of about 10 per cent on capital invest-

ment of Rs. 65 lacs from the first year. The farm would also help in boosting the agricultural production of the area and thus be a boon to the small and marginal farmers. The farm, it was stated, on full development should be in a position to give employment to 1,000 persons on regular basis. Besides, it would also generate much more indirect employment in the area by way of civil construction, marketing of farm's produce etc. It would also help in improvement in communication, and economic development of the area.

7.10. The Ministry of Agriculture stated that "the proposal had been received from the Corporation but it was felt that this may be taken up during the Fifth Plan and this decision was conveyed to the State Farms Corporation of India. However, the Corporation has initiated steps to set up the Farm."

7.11. Asked whether the Corporation had obtained prior approval of the Government for starting this farm, in a note furnished after evidence, the Corporation stated that it had started the project "in anticipation of the Government approval" with the express understanding that the State Farms Corporation could start new farms within the overall provision of Rs. 4 crores during the Fourth Five Year Plan already approved by the Planning Commission as was done by the Ministry while sanctioning Assam farm project. The proposal was shelved by the Government of India during the year 1968 because of heavy financial outlay involved. The Government of Uttar Pradesh revived the proposal sometime in the month of March, 1973. Besides, the Union Ministry of Agriculture had no objection to the inclusion of the project in the Fifth Five Year Plan. In view of the subsequent changed conditions like improvement in communication facilities and availability of electric power at the proposed site, the project report was prepared by the experts of the Corporation afresh and the same was approved by a Sub-Committee of the Board of Directors after slight modifications. The Board of Directors of the Corporation had however, approved the project during last one year of the Fourth Plan, as, according to the Corporation, the project was not only found profitable venture but in the national interest and it was desired by them that a cropping season should not be lost especially in view of the food crisis. As the Corporation proposed to meet the expenditure from its own resources during 1973-74 supplemented by institutional funds with Government guarantee, the matter was in correspondence between the Chairman of the Corporation and the Union Ministry of Agriculture for formal approval of the project. The total expenditure so far incurred was stated to be of the order of Rs. 3.75 lakhs

(Revenue Rs. 2.00 lakhs; capital Rs. 0.25 lakhs and Development Expenditure Rs. 150 lakhs).

7.12. The Committee asked about the considerations which weighed with Government in not including this farm in the Fourth Plan. In a reply after evidence the Ministry stated that:—

“the concurrence of the Planning Commission and the Ministry of Finance was required for the setting up of new Farms.”

The Committee were also informed that:—

- (i) The Planning Commission had agreed to the establishment of three additional farms in Assam, Tamil Nadu and Bihar, in addition to the farms already set up in the Fourth Plan.
- (ii) Earlier proposal of the Corporation for the establishment of a Central State Farm in Andhra Pradesh was not agreed to by the Planning Commission who advised deferring the scheme for consideration in the 5th Plan.
- (iii) At the meeting held in the Planning Commission on 7th July, 1973, the consensus of opinion was not in favour of setting up of new farms without the consolidation of the existing farms. The Financial Adviser to the Ministry had said that the existing farms needed considerable further development and this aspect should be kept in view while formulating the proposals of the Corporation even in the Fifth Five Year Plan.
- (iv) The mere fact that Plan allocation was available did not *ipsofacto* authorise the opening of new farms. The programme had to be processed in the context of the Annual Plan outlay and the limits of the budgetary provisions for a particular year.
- (v) The budget provisions of the Corporation had been reduced from Rs. 40 lakhs agreed to by the Ministry of Finance to Rs. 30 lakhs by the Planning Commission.

7.13. The Committee enquired as to how the Corporation went ahead with this farm in the absence of firm commitment from Government. In reply, the Chairman of the Corporation stated that:—

“I had to take that step and I took the responsibility on my own shoulders. I went to the Reserve Bank and they told



me that they would definitely adopt the project since it was one of the healthiest projects. Then I asked my own finance department whether they could finance this without starving other."

7.14. Asked whether a decision had been taken by Government to include this farm at least in the Fifth Plan, the Ministry stated that no final decision had been taken by the Government to include this scheme in the Fifth Five Year Plan proposals of the Corporation.

7.15. Asked as to how the expenditure was proposed to be regularised when the Government had not agreed to start this farm during the Fourth Plan. The Corporation stated that, since they were expecting to earn a profit of about Rs. 2 lakhs at this farm during the year 1973-74, there would be no difficulty in regularisation of the expenditure.

7.16. The Committee find that the Corporation has set up a new farm at Khammam in 1972, in spite of the advice of the Ministry that this farm should be deferred to the Fifth Plan. The contention of the Corporation is that the provision included in the Fourth Plan for setting up a farm at Bihar was utilised with the approval of the Board for setting up this farm in Andhra Pradesh and the Ministry to whom the estimate of the farm was sent, has not conveyed their approval and the farm at Bihar was not coming up in the Fourth Plan. An expenditure of Rs. 9 lakhs is stated to have been incurred on the Khammam Farm so far. The Committee were informed that the Planning Commission while agreeing to an outlay of Rs. 4 crores in the Fourth Plan for the Corporation clearly indicated that the Government would put up five farms in addition to Suratgarh and subsequently three more farms in Assam, Bihar and Tamil Nadu were agreed to by the Planning Commission.

The Committee were also informed that the Planning Commission did not agree to the establishment of the Khammam Farm even though they were approached twice and desired that it should be deferred for consideration in the Fifth Plan as there were already a number of farms fully developed in terms of adequate utilisation of land and the Corporation should consolidate the existing farms.

7.17. The Committee note that the Corporation went ahead with setting up of the farm at Bahraich and incurred an expenditure of Rs. 3.75 lakhs thereon, in spite of the decision of the Ministry that

this should be taken up only during the Fifth Plan. The Committee were informed that the Corporation started the Project in anticipation of the Government's approval on the understanding that it could start new farms within the overall provision of Rs. 4 crores during the 4th Plan already approved by the Planning Commission.

The Committee also find that the Board of Directors of the Corporation had approved the Project during the last year of the Fourth Plan as it was found not only a profitable venture but in the national interest and it was felt that a cropping season should not be lost specially in view of the food crisis.

7.18. The Committee find that the Corporation proposed to set up Central State Farms at Khammam and Bahraich but because of financial constraints, the farms could not be cleared by the Government during the Fourth Plan, even though plan allocation was available. The Committee feel that before making plan allocation specific programme of setting up of such farms should be drawn up and allocated to the Corporation and once the schemes for setting up of new State Farms are included in the Plan, Government should ensure that such farms do come on schedule. The Committee need hardly stress that any delay in setting up of new farms by the Corporation will only go to widen the existing gap between demand and availability of quality seeds in the country.

7.19. The Committee were also informed that the Fifth Plan proposals of the Corporation are to be finalised after discussion with SFCL. The Committee would like to be informed of the outcome of the discussions and also the regularisation of the expenditure already incurred on the farm.

(iii) Jharsuguda Farm (Orissa)

7.20. The Farm was started in February, 1967, in the off-shore and periphery areas of the Hirakud. It was designed to cover an area of 10,000 acres to be developed over a period of five years. The first phase of development was undertaken on an area of 2,500 acres. During the first year of operation, 450 acres were put under Kharif cultivation and 492 acres under Rabi. Additional area was taken over from the Government of Orissa during 1968-69 and 1969-70 making the total area of 6,835 acres. Due to obstruction and agitation by local population no cultivation worth the name could be done alone during 1969-70. An area of about 645 acres was however brought under cultivation during Kharif 1970. The crop was however, submerged under waters of Hirakud lake when the authorities decided to fill up the Dam, a fortnight ahead

of the scheduled date. During Rabi, against a target of 350 acres only about 10 acres had been cultivated. During 1969-70, the Corporation succeeded in reducing losses at this farm from Rs. 17.13 lakhs incurred in 1968-69 to Rs. 8.93 lakhs. This was further brought down to Rs. 6.70 lakhs during the year 1970-71. In 1971-72, the farm closed the account with a loss of Rs. 7.7 lakhs. In 1972-73, the loss was Rs 2.35 lakhs.

7.21. Owing to obstruction and political agitation by the villagers, it had not been possible for the Farm to undertake any cultivation work during the years 1971, 1972. Moreover, an area of 2294.74 hectares had to be surrendered in May, 1972 leaving behind only 809.72 hectares with the Farm. The question of surrender of the land had also been taken up by the Ministry of Agriculture with State Government.

The cumulative loss upto the period ending 1972-73 was over Rs. 43 lakhs since the inception of the farm. Because of the losses incurred by the Farm, the Board of Directors decided in June, 1971 to wind up the operations of the Farm. On representation by the State Government and as a result of intervention by the Union Ministry of Agriculture, it was decided to slow the progress of winding up. Due to suspension of agriculture operations, machinery and manpower available was utilised partly on custom work for Central Cattle Breeding Farm Chirpriva and the private parties. About 6000 acres of land taken over from the State Government had also been surrendered. Most of the surplus staff and machinery had been transferred to other Farms.

7.22. In a note after the evidence, the Corporation intimated that the project had to be wound up not because of the poor technical feasibility or lack of economic viability but due to the local agitation by the villagers and inability of the State Government to maintain law and order at the farm so as to ensure peaceful agricultural operations in the farm area. The State Government had offered two alternative sites which were rejected by the technical experts of the corporation after making an on the spot inspection of the sites as these were not found economically viable and feasible. The State Government had again offered one additional site which was yet to be examined by the Technical experts of the Corporation.

7.23. The Committee regret note that the Jharsuguda Farm (Orissa) which was set up in February, 1967 had been incurring losses from the inception and the cumulative loss to end of 1972-73 is over Rs. 43 lakhs. The Committee also note that though the

Corporation had decided to wind up the operation at the farm, it had to slow down the progress of winding up on a representation by the State Government, and as advised by the Ministry. The Committee fail to understand as to why selection of site for the farm could not have been done with due care, taking all aspects into consideration instead of ultimately having to suspend the operations after nearly five years and incurring a loss of over Rs. 43 lakhs.

The Committee also desire that Government should settle this issue finally with the Government of Orissa as any delay in settlement only adds to the loss already incurred on the farm.

The Committee trust that the Corporation would profit by their experience with the Jharsuguda farm and exercise the utmost care in the selection of new alternate site and ensure that the new farm to be taken up is economically viable, has the requisite irrigation facilities and it not beset by shortcomings and difficulties experienced at Jharsuguda.

(iv) Rae Bareli Farm (U.P.)

7.24. The Corporation had been considering the question of setting up of a reclamation unit for Saline lands. For this purpose they had to collect statistical data with regard to the feasibility of undertaking the reclamation work and then locating suitable land for undertaking a pilot project. The Ministry of Agriculture in their letter of 29th September, 1971 stated that the work relating to reclamation of saline lands should be a part of the project for establishing a Central State Farm in U.P. The State Chief Minister was accordingly addressed in April, 1972 for suggesting suitable blocks of uncultivable saline lands for an experimental farm. Despite best efforts, no firm offer was received from the State Government.

7.25. A meeting under the Chairmanship of the Union Minister of Agriculture, of the Officers of the UP. State, Union Ministry of Agriculture and Officers of the SFCI was held on 22-2-1973. It was stated in that meeting that total acreage of 24,000 hectares of usar land was available in Rae Bareli (U.P.) which required a massive and heavy expenditure to reclaim. In the meeting it was suggested that SFCI might undertake development of 500—1,000 acres of land in a compact block on the pattern of Mizoram farm and that with the setting up of the farm, it would be possible for

the Corporation to extend facilities to the neighbouring villages for usar reclamation.

7.26. Immediately after the decision was taken at the level of the Union Minister of State for Agriculture, the Corporation got in touch with the State authorities who agreed to give 2,500 acres of land in adjacent blocks. A project report was prepared. It was proposed to develop 2,500 acres of land in 3—5 years, at a total capital expenditure of Rs. 50 lakhs. The Government of Uttar Pradesh had also prepared a pilot project for usar reclamation in Rae Bareli according to which reclamation of 1,000 acres would result in revenue deficit of Rs. 32 lakhs over a period of five years. According to the Corporation even though the project report prepared by them could not be justified on commercial grounds, still it compared favourably as a development measure against the States proposal.

7.27. In anticipation of the formal approval of the Government of India, the Corporation took possession of land from the State Government on 4th April, 1973 and started agricultural operations. Since it was not possible to obtain decision of the Government with regard to grant-in-aid for the project quickly, the work on the project was not executed according to the plan drawn up originally. The Corporation, it was stated, was still pursuing with the Ministry of Agriculture and State Government the question of securing grant-in-aid for the project. It was decided to restrict the operations in Kharif 1973 to about 500 acres. In Kharif 1973 transplantation of paddy had been carried on 225 acres.

7.28. In this connection, the Ministry of Agriculture observed that:—

“the question of reclamation of Usar Lands has been engaging the attention of this Ministry and pilot projects have been undertaken by the Land and Water Utilisation Division of this Department to be implemented by the various State Governments under a ‘Centrally sponsored’ scheme. One of the pilot projects has been allotted to the Government of Uttar Pradesh for reclamation of Usar Lands in Rae Bareli. However, before this could be executed the Corporation started reclamation of usar land without prior approval of the Government of India. The matter was discussed in various meetings and it was decided and conveyed to the Corporation, that they should not undertake reclamation work as it is for the State Government to undertake this work.”

7.29. In this connection during the evidence the Chairman of the Corporation stated:—

“when this farm was taken up along with the letter of the Ministry, that in U.P. there is a large tract of land remaining uncultivated and even though so many foreign experts teams had visited the area on behalf of the State Government and studied the problem, they could not do anything. Thereafter there was a meeting in the Ministry which was presided by the Minister himself. At that time U.P. was under the Central Government. In that meeting, it was said that the Ground Water Organisation will take charge of this kind of project. At that time we had not started the work. We said that if the Ground water Organisation have got the wherewithal, machines and everything, they can go ahead. It transpired that they did not have anything and they wanted the State Machinery to be utilised for that purpose. Then I said ‘if you want to go to the State Government for getting the tractor, dozers, etc., why not utilise this sister organisation as your contractor or agent.’”

7.30. On that point everybody agreed, including the Minister of Agriculture. Afterwards, when I got the proceedings I found that the decision had been completely reversed in the proceedings. There it was intimated that the State Farm Corporation can take up this work for seed production after it is developed by the State Government.

7.31. When I found that the proceedings gave a different version, I wrote to the Ministry saying that the proceedings do not reflect that what transpired in the meeting and that the decision was that the State Farm Corporation will reclaim it and then it will be handed over to the State Government or to the agency prescribed by the State. They said ‘no, that is not what happened in the meeting, the decision was that the State Government will reclaim it and give it to the State Farm Corporation’. In the course of by correspondence with the State Government, the Chief Minister asked the State Farm Corporation to undertake this project, and it is on that account that we have taken it. At one stage the Ministry said that we can give it back to the State Government. I have no objection to giving it back, because it is the State Government’s land. Therefore, there is nothing which was done without the knowledge of the Ministry. The Ministry told me, “do not do anything more; confine your activities to 250 acres”. Therefore, I left it at that stage. Otherwise, in my possession I have got 2,500 acres.”

7.32. The Committee enquired whether Government investigated the circumstances under which the Corporation took up the reclamation work without getting approval of the Government. The Ministry in reply after evidence stated that:—

“though no formal approval of Government was taken by the State Farms Corporation of India for the reclamation work in U.P. the original position was that concrete proposal would be sent to the Government. But instead of doing so, the Corporation under took to initiate the operations on the 4th April, 1973 without even waiting for the minutes of the meeting and started correspondence directly with the State Government to get the land transferred to the State Farms Corporation of India.”

7.33. Asked whether Government was satisfied with the reclamation work done by the Corporation, the Ministry stated that after the preliminary investigation conducted by the Officers of the Soil and Water Management Wing of the Ministry in May, 1973, it had been found that the State Farms Corporation of India had not collected basic data on detailed soil survey hydrology, topography etc. Such data were essential for scientific reclamation of Saline/Alkaline lands. At present, the Ministry had asked the Corporation to furnish the information so that the technical officers would be sent once again to inspect the work done by the corporation on 250 acres.

The Government of India had already sanctioned a Soil and Water Management Pilot Project in Sharda Sahak in Rae Bareli District of U.P. The State Government was to implement this project as informed by the State Agricultural Production Commissioner on 28th November, 1973.

7.34. The Committee desired to know as to what steps had been taken by Government to ensure that the Corporation set up new farms only after project reports thereon were scrutinised and funds etc., approved by the Government. The Ministry stated that the Government had informed the Corporation at the highest level that no development work involving capital expenditure should be taken up without the prior approval of Government. Under the Articles of Association of the Corporation, approval of President was necessary for any work on which the capital expenditure was in excess of Rs. 15 lakhs. Further Five Year Plans and Annual Plans of the Corporation would also require the approval of the President.

(v) **FUTURE PLANS**

7.35. It has been stated by the Corporation that proposals for setting up new State Farms in Bihar, Madhya Pradesh, Gujarat and Nagaland are under consideration.

7.36. The Committee enquired whether any decision on these proposals had been taken by Government. The Ministry in a reply furnished after evidence stated that the Corporation had indicated in their 5th Plan proposals that they would be setting up new Farms in the above mentioned States. These proposals were under consideration and final decision would be taken after discussion of these proposals with the Corporation. However, the Government would take into consideration the proposals of the State Governments for setting up Seed Corporation and the expansion in activities of other All India Seed Producing Organisations. The position of setting up the Farms in each of these States is as under:—

7:37. (i) *Bihar*: The proposal for the setting up of a State Farm in Bihar had been under consideration at the time of the Damle Committee and the proposals received from the State Government earlier had been considered by that Committee. That Committee came to the conclusion that no site was suitable for the establishment of a Central State Farm in Bihar.

7.38. A proposal was again mooted in 1969, for setting up a Central State Farm in the Birpur area of Saharsa District. The site was visited by the Central Seed Farms Committee early in 1968 and was found suitable. Due to some agitation by the local people against the proposal to set up a Farm at Birpur and political changes in the Government of Bihar, no final decision was taken.

Before the Central Seed Farms Committee could visit the new sites, there was another change of Government in Bihar and the Government of India were told that the Bihar Government wanted the Farm to be set up at the original site near Birpur.

Just at that time, the draft of the Fourth Five Year Plan was being discussed with the Planning Commission and the Planning Commission were of the view that there was no need to set up any more Farms in addition to the five Farms for which there was an irrevocable commitment with the Government of U.S.S.R. Three of these Farms had already been set up at Hissar (Haryana), Raichur (Mysore) and Jharsuguda (Orissa). There was commitment for setting up the remaining two farms in Kerala and Punjab. The financial provision for the State Farms in the Fourth Five Year Plan



was only Rs. 4 crores and this provision would have been hardly sufficient for the development of the Five Farms mentioned above. Ministry, therefore, informed the Bihar Government in May, 1969, that it was not possible to set up a State Farm in Bihar.

The proposal was again revived in 1971 and Bihar Government informed that if they could find 10,000 acres of compact block of land and make it available to the State Farm Corporation of India free of all encumbrances, the Government of India would be happy to consider such a farm in Bihar. Also land should be made available in one lot and without interference of possession by any one. After repeated reminders, the State Government recommended a sit measuring about 1,000 acres and belonging to a Trust. The proposal was examined and the Bihar Government were informed that after examining the deed of Trust, the Central Government were not inclined to set up a farm in that area as the lease was only for a period of 3 years and the deed provided for the income from the Trust being utilised for various purposes.

In the meantime the State Government forwarded information regarding two sites one at Araria-Forbesganj (District Purnea) and the 2nd at Birpur (District Saharsa) and forwarded a Project Report for the establishment of a Central State Farm in that site.

The Project Report was considered alongwith Chairman's proposals for the purchase of land. The Corporation was informed in November, 1972 that the proposal might be re-examined in view of the Capital outlay involved in the purchase of land and eviction of tenants after payment of compensation. The Government of India also took the view that the displacement of large number of families should be avoided and it would not be proper that small land holders were displaced for a project like a Central State Farm.

The Project Report also envisaged adjustment of the area to rehabilitate all the unauthorised occupants in a compact block even if it had to be done by reducing the total area of the farm. The Corporation had been corresponding with the State Government and in spite of repeated reminders even at the highest level at Bihar, the Corporation had also not received information from the State Government with regard to the time by which they would make the land available and their concurrence to the lease terms if the land was not purchased. After repeated reminders the State Government had come up with a proposal in January, 1974. This proposal was stated to be under consideration.

7.39. (ii) *Madhya Pradesh*: The question of establishment of a Central State Farm in Madhya Pradesh had been considered by the Damle Committee and the sites recommended by the State Government were not considered suitable by the Committee. Subsequently in 1966, the State Government had suggested 3 sites, at Tikamgarh, Malthon and Benisagar for establishment of a Central State Farm. But these sites were not considered suitable, due to insufficient availability of surface water and uncertainty about ground water which would render intensive cultivation in this area difficult.

However, a letter was received in June, 1968 from the then Chief Minister, Madhya Pradesh indicating therein that decision might be taken for establishing a Central Mechanised Farm at Malthon in Madhya Pradesh. On the basis of this communication, the team of experts revisited the site in August, 1968 but did not recommend the site for the farm in view of the irrigation difficulties.

The Chairman, State Farms Corporation of India addressed the Chief Minister in November, 1971 reviving the matter of establishment of a Central State Farm in Madhya Pradesh. The Corporation was informed that no firm commitment could be given till a clearance was obtained by the Ministry. In response to the letter, the Government of Madhya Pradesh proposed 3 sites for a Central State Farm in Madhya Pradesh:—

- (i) Bamori in District Guna;
- (ii) Bagadia, District Morena;
- (iii) Marwahi (Samar Derri Block) District Bilaspur.

These sites were inspected by technical officers of the Corporation in September and December, 1972. None of the sites was considered suitable for setting up of a Central State Farm. The State Government had been informed of these findings of the technicians and requested to suggest alternative sites. Further proposals for suitable sites were awaited from the State Government.

7.40. (iii) *Gujarat*: No proposal had been received from Gujarat in connection with the Damle Committee work. However, the question of examination of Central State Farm in Gujarat was considered at the time of the constitution of Sivaraman Committee. The Project Officer concerned with the establishment of Land Development Corporation had submitted a report on the basis of waste lands. According to his report, two blocks of land were offered by the State Government but both of them were rejected on account of high

alkalinity and the other on account of lack of irrigation facilities. The Corporation had also not sent any firm proposal for the establishment of Central State Farm in Gujarat.

7.41. (iv) *Nagaland*: Formal proposal is stated to have been received for the setting up of Central State Farm in Nagaland.

7.42. The Committee note that the proposals for setting up of new farms in Bihar, Gujarat, Madhya Pradesh and Nagaland are under consideration. The Committee recommend that while considering the proposals Government/Corporation should keep the main objective of the Corporation viz seed production in view on the basis of their experience of the work of the State Farms already set up and to ensure that the area made available for the farm is compact, that adequate irrigation facilities are already existing or become available within specified time, the soil and the terrain are suitable for effective utilisation of machinery throughout the year and the project would be financially viable.

The Committee recommend that no new farm should be set up until the Government ensure that estimates of the projects are prepared, financial viability examined and provision of funds therefor is made in the budget and approval thereof obtained from Parliament.

## VIII

### OTHER ACTIVITIES

8.1. The Corporation is having Poultry Scheme and Animal Husbandry Scheme at the Central State Farms at Mizoram, and Animal Husbandry Scheme at the Central State Farm, Jetsar.

#### A. Poultry Scheme—Mizoram Farm

8.2. The population of Mizoram being mainly meat eating, there was considerable scope for development of Poultry for production of meat and meat products to meet the food scarcity and also to improve the local breed by supplying good pedigree of birds and animals at 50 per cent of subsidised rates. It was, therefore, decided to maintain a poultry unit with 1000 laying birds. The scheme is being looked after by an Animal Husbandry Officer. It has been stated that there was a mass mortality amongst chicks due to nutritional deficiency and other diseases. A large number of birds continued to die. The Management had sought the guidance of the Animal Husbandry Department of the State Government. Their experts had visited the Farm and they had given some suggestions which were being implemented.

Proper feed of poultry plays an important role in egg production and efficiency of poultry industry. In this area proper feed was not available. The main ingredients were difficult to find in the market and even if available, the costs were high. Groundnut cakes and Maize were limiting factors. The cost of transport was also heavy. Thus the cost of feed became prohibitive and uneconomical. The Committee were informed that efforts were being made to produce maize at the farm and about 1/3 of the requirements of feed would be available from the farm produce.

8.3. Universal feed Grinder was being set up at the farm to make complete mixture of food for use at the farm and also to supply to the interested poultry and pigger owners in the areas.

The Management was putting up a paddy Husker at the Farm for extracting rice out of paddy unfit for seed. The facility would also be extended to the villagers for getting the work done on custom basis.

For the supply of groundnut cakes it was proposed to import a wagon load from the producing area and mix it with the feed. Similarly fish meal would also be imported from Bombay.

Day old chicks of white leg horn breed were procured from the Regional Poultry Breeding Farm, Bhubaneswar at the rate of rupee one each. The total number of laying birds as on 1st November, 1973 was 325.

8.4. The working result of Poultry unit are given below:—

Year	Expenditure	Income	Net loss
As on 30-6-72	18,680	8,543	10,137
As on 30-6-73		16,849	7,060

8.5. The Committee enquired about the considerations which weighed with the Corporation in setting up a poultry unit at Mizoram where the area lacked proper poultry feed. The Corporation, in a reply furnished after evidence, stated that the farm in Mizoram was set up purely as a developmental project based on recommendations of the Central team headed by the Secretary to the Government of India, who visited Mizoram in 1969 and published a blue print on integrated development of Mizoram. It was further envisaged that with the development of the Farm and production of Cereal, some of the constituents/by-products would be readily available from the farm itself to serve as poultry/piggery feeds.

8.6. During evidence, the representative of the Corporation stated that—

“the feasibility report of this Unit was prepared by the Ministry. They wanted to give the birds to the villagers and they had stocked the birds in the cages in the farm itself. But there was a plan to procure maize from outside to feed these birds and it had taken more than six months to one year to grow the maize. Earlier we had thought that the birds would be distributed to the people quickly. The mortality rate among the birds was more for various reasons, one of them being the feeding arrangement which we were planning to give after six months, after we grew the maize there.....”.

8.7. In this connection, the Secretary of the Ministry informed the Committee during evidence that—

“this experiment that was tried was in Mizoram and consistent with the social and economic conditions of the people

there and their traditions, these are things that could be possibly done there and the special difficulties of Mizoram would not be unknown to you. This is an area which presents enormous problem of all kinds.

But, because of its being a very backward area, not yet fully integrated with the rest of the country, we have to keep on trying to develop this area and learn from experience. This is an area, wherein the money economy has not yet entered. There is no transportation available. Supervision is extremely difficult, and we do not propose to give it up. For the Mizoram Farm, Government of India has taken the responsibility to insulate the State Farms Corporation of India from any loss. The State Farms Corporation of India is in a way an agent of the Government of India so far as this farm is concerned."

8.8. The Committee asked about the steps taken by the Corporation to make this Unit viable. The Corporation stated that import of day old chicks twice every year from distant places like Bhubaneswar involved exorbitant cost on account of transportation apart from the risk of mortality in transit. Further, the day old chicks were not available at proper time, because of lack of adequate transportation facilities. To overcome these difficulties, it had now been decided to arrange hatching of eggs through electric incubators to have day old chicks at the farm itself. Current supplies required for working of the unit would be arranged from the generators of the farm. To economise on the cost of feed transported from far-off distances, steps were being taken to arrange feed locally.

With the development of good road communications in the near future it was hoped that the expenditure incurred under this head would be curtailed to a considerable extent.

Provision of improved housing facilities to provide hygienic living conditions for the birds was being made to check mortality. It was proposed to provide pucca flooring in and around the poultry shed to avoid incidence of fungal diseases as against the dip-litter system being followed at present.

8.9. The Committee appreciate the attempts of the SFCI in having started a Poultry Unit with thousand laying birds, as part of the integrated development of Mizoram. During the two years of its working, the Committee find that the Unit has suffered a net loss of Rs. 17,000. The Committee also find that the Unit was left with 325 laying birds as on 1st November, 1973 because of mass

mortality due to nutritional deficiency and other diseases. The Committee were informed that even proper feeds for the birds were not available in the area and it was only now that arrangements were being made for production of grains and also for transporting fish meals from Bombay. While the under-lying objective of the Corporation in starting this Unit is laudable, the Committee would like that Government/Corporation should develop the basic facilities and proper hygienic conditions essential for the poultry unit. While the Committee would like to watch further progress of this Unit, they recommend that the Corporation should go into the causes for the losses and take suitable remedial measures to improve the performance of the Poultry Unit.

### B. Piggery Development Unit—Mizoram Farm

8.10. As part of the development of Mizoram and to supply piglets to the local people and State department, the Corporation started a piggery unit in 1970-71 at Mizoram with 30 to 35 sows for breeding and procured a White York-Shire breed for this purpose. So far, the Corporation had supplied a number of piglets to the local breeders and District Animal Husbandry Department of Mizoram Government breeding purposes.

8.11. It has been stated that feeding of piggery was a difficult proposition and the cost of feed amounted to Rs. 75 per quintal including the cost of transport. This was too high a cost. It has also been stated that piggery could be paying only if it got very cheap feed out of the bi-products at a cost not excluding Rs. 30 per quintal. There were, however, no prospects to provide food at such a lower rate to the piggery which had to be maintained for the supply of piglets to the villagers.

8.12. The Managements had set up a Canning Factory at the farm and it was likely to give some bi-products out of the fruits after extracting juice. Their peels could also be utilised by the piggery. However, it remained to be seen up to what extent this feed could supplement and how far it would be advisable to mix the same.

8.13. The Unit had at present 55 pigs. The working of the Unit indicated that the Unit suffered a loss of Rs. 16,511 in 1970-71, Rs. 16,561 in 1971-72 and Rs. 19,834 in 1972-73 respectively.

8.14. Diseases control in piggery was stated to be posing a serious problem at the farm. No work had been done on the investigation of piggery diseases in Assam and there was no expert guidance coming forth in this direction. There was likelihood that some deficiencies in the elements of food might be causing more suscepti-

bility to disease. However some suggestions given by the local investigation department, Gauhati were being implemented.

8.15. The Committee asked about the steps taken by the Management to overcome these difficulties and make the units economically viable. The Corporation in a reply furnished after evidence stated that:

- (i) Incidence of new and obscure diseases was being reported to Assam Animal Husbandry Department, Gauhati and other Research Institutes for investigation and their advice was taken and implemented.
- (ii) It was proposed to provide the pucca floor in and around existing farrow house to provide hygienic conditions particularly during the rainy season to avoid incidence of diseases like kidney work. It was also proposed to construct a permanent piggery shed for the animals other than the farrowing ones.

8.16. As regards the measures adopted to prevent the diseases amongst the piggery, it was stated that:-

- (i) "Efforts are being made to maintain a stock of required medicines, vitamin supplements and procure vaccines etc. in time to save the stock of Piggery/Poultry from the ravages of disease. We have been in touch with the Animal Husbandry Department of Assam Government to get the disease investigation carried out in time and to get their valuable advice in checking the mortality in case of new disease.
- (ii) Production of feed supplements like vitamins and minerals is being made to ensure computation of balanced feeds for the stock to avoid deficiency diseases.
- (iii) Provision of clean drinking water at the shed was being made by the construction of water tanks and fitting of pipes etc. to avoid the incidence of diseases infected from muddy water.
- (iv) Arrangements for feed were being made at the farm by animal maize and inferior grains".

8.17. The Committee note that as part of the development of Mizoram and to supply piglets to local people and State Department the Corporation started a piggery unit in 1970-71 at Mizoram with



30 to 35 sows for breedings. The Corporation had supplied a number of piglets to the local breeders and district Animal Husbandry Department of Mizoram Government for breeding purposes. The Committee find that the Unit has suffered losses of Rs. 16,511 in 1970, Rs. 16,561 in 1971-72 and Rs. 19,834 in 1972-73. The Committee also find that the Corporation has been facing some difficulties in running the piggery unit at Mizoram because of the exorbitant cost of the feed and the problem of disease control. The Committee have been informed that the Corporation is making arrangements for providing permanent sheds etc. and is also in touch with the Animal Husbandry Development of the Assam Government for taking suitable measures for bringing the diseases under control. The Committee suggested that the Corporation should also take the assistance of the experts in the Ministry of Agriculture in developing the Unit on right lines. The Committee hope that with the measures now taken it would be possible for the Corporation to overcome the difficulties in running of the Unit and bring about improvement in its working so that the objectives in starting the unit are realised.

#### C. Fishery Development—Mizoram Farm

8.18. The Committee were informed that some tanks at Mizoram Farm were being used for fish rearing. During the year 1972-73 11,000 fry of "Cypoinus Carpio" variety had been put into these tanks. In addition, 6,500 fry of fish seed had been transported and supplied to the local cultivators under the Extension Scheme providing free transport facilities in this connection. It was also proposed to arrange for the supply of fish fry of fingerlings for Mizoram Government from this farm during the coming years. Observations were being made regarding their behaviour and production potential under these conditions.

8.19. The Committee asked as to the circumstances under which the activity like fishery development was taken up when it was not covered by the objectives of the State Farms Corporation of India. The Corporation, in a reply after evidence, stated that Mizoram farm being a developmental project for integrated development of Mizoram, development of fisheries was taken up as one of the activities to supply fish seed to the farmers for development of fisheries. This activity of the Corporation was, it was stated, covered under article III (B) of the Memo. of Article of Association which authorised the Corporation to carry on any other business which may be calculated directly or indirectly to advance the interest of Corporation and to enhance the value of, or render profitable any of the Corporation's property or rights.

8.20. Asked whether approval of Government was obtained to start this scheme, the Corporation stated that the Government of India had directed that mixed farming be started at Mizoram and, as such pisciculture was covered there-under. Pisciculture was being tried on an experimental basis in the Katcha storage tanks meant for irrigation purposes.

8.21. About the economic viability of this Scheme, it was stated that the Corporation was yet to examine the scheme for fish seed farm which was reported to be under preparation at the farm, to find out the economic feasibility of the same.

The Committee enquired as to what progress had been made in fishery development. In reply, it was stated that so far no fish or fingerlings had been supplied from the Mizoram Farm to the State Government.

As regards the extension of Fishery Development Schemes in other Farms of the Corporation, the representative of the Corporation stated during evidence that in addition to Mizoram, these Schemes were proposed to be extended to Bahraich (UP) and Ladhawal Farms.

8.22. The Committee desired to know whether Government had examined the economic viability of poultry, piggery and Fishery Developmental activities of the Corporation. The Ministry in a reply after evidence stated that the development scheme taken up at the Mizoram farm had no commercial angle, since this farm was being managed by the State Farms Corporation of India on behalf of the Government and that any revenue losses would have to be made up by the Government of India. The Government, however, have not evaluated at present the economic viability of these schemes taken up at the Mizoram Farm.

8.23. The Committee enquired whether in the opinion of Government, the Corporation should introduce these development schemes at other State Farms also especially at farms where large uncultivable areas were available and were lying unutilized. In reply, the Ministry stated that the setting up of development schemes for piggery, poultry and fisheries in other farms were required to be viewed from commercial considerations. It might not also be correct to say that a large cultivable but unutilised area was available at the other farms. However, the Government would agree to the Corporation taking up poultry, piggery or fishery development schemes if these were economically viable ones and the Corporation could secure adequate returns on money invested.

8.24. The Committee note that with the object of supplying fish fry or fingerlings to Mizoram Government, the Corporation had taken up development of Fisheries as part of the integrated development of Mizoram. During 1973-74, about 11,000 fry of a special variety of fish have been put in some tanks in the area. It has been stated that observations are being made regarding their behaviour and production potential. The Committee were informed that the detailed scheme for the purpose was yet to be prepared and pisci-agriculture was being tried on an experimental basis. The Committee would like to watch with interest the progress of the scheme.

The Committee also recommend that Government should evaluate the working of Poultry, piggery and Fishery Units of the Mizoram Farm with a view to identifying the shortcomings in their working so that suitable remedial measures may be taken to overcome them and make them economically viable at the earliest.

The Committee need hardly stress that the fact that the losses are being subsidised by Government does not mean that the Corporation should not make efforts to run them on scientific lines and make them viable.

The Committee also recommend that Government/Corporation should, before setting up such units at other farms, satisfy themselves that those units would be economically viable and would be capable of securing adequate returns on the money invested.

#### D. Agro Based Industries—Mizoram Farm

8.25. The Corporation set up a Canning Factory at Mizoram Farm in October, 1973. It is likely to give some by-products after extracting juice from the fruits. The peels of the fruits could also be utilised by the piggery kept at the Farm.

8.26. In this connection the Ministry of Agriculture observed that "this is not one of the principal objectives of the Corporation but as a processor of all agricultural and horticultural produce, perhaps, it would be correct to think that the Corporation should start agro-based industries. However, since the main objective has not yet been achieved by the Corporation it would not be desirable to diversify the activities of the Corporation by setting up small scale agro-based industries in the Public Sector.

8.27. The Committee enquired whether in the opinion of the Corporation setting up of agro-industries at State Farms was desirable when the Corporation was yet to fulfil its main objectives. The Chairman of the Corporation stated during evidence that they felt the need in certain areas like Mizo because there they were growing pine apples. The local people were not enthusiastic about growing pine apples because of the lack of proper market there. They could not send it to outside areas owing to the communication difficulties. It was, therefore, felt necessary by the Corporation to start a Canning Centre at Mizoram. They wanted to have something to cater both for the local needs as also for export. There was plenty of market for it. They were, therefore, thinking of having agro-based industries both for canning and starch making. Except for Mizo, nowhere else they had taken steps to have any agro-based industries. In Mizoram they purchased the equipment and it had already been started.

8.28. The Chairman of the Corporation also stated that a similar problem would arise in U.P. also where they were growing sugarcane.

8.29. During evidence, the representative of the Ministry expressed the view that:—

“It is not that we felt that it would not be desirable to diversify the activities for all times. Setting up agro-based processing industries is part of the objectives of the Corporation and to that extent, the Corporation can take it up and should take it up, but, only in areas where it is economically possible and feasible. The Corporation, has already got one or two of these processing units in its Mizoram Farm and in the Fifth Plan they have made some proposals. All that the Ministry want is that the proposals should be judged in conjunction with the proposals of the Agro-Industries Corporation who have also proposed setting up of a large number of processing units in the Fifth Plan in various States.”

8.30. The Committee asked whether setting up of small scale Agro-Industries by the SFCI would not help in greater utilisation of available resources. In a reply after evidence, the Ministry stated that the Government felt that the criteria for State Farm Corporation in setting up agro-based industries would necessarily have to be the best utilisation of available agro-produced raw materials and wherever the existing units were not able to fully utilise the quantities available.

It was also stated that the full details of the Schemes in the Fifth Plan had not been worked out by the Corporation. These would be considered by Government when received.

8.31. The Committee note that the Corporation has set up a Canning Factory at its Mizoram Farm in October 1973. While the setting up of an agro-based industry at Mizoram would help in the greater utilisation of the existing resources of pine-apple which is grown in that area in abundance, the Committee feel that the setting up of agro-based industries should only be as part of the overall development of the farm for the best utilisation of agro-produced raw material provided such units are economically viable.

#### E. Animal Husbandry—Jetsar Farm

8.32. As sheep rearing was the main livelihood of the cultivators of this area, a sheep rearing unit was established by the farm with a flock of 1100 Nali Breed. This breed is prepared/proposed to be improved by artificial insemination with Russian Merino. It is proposed to increase the stock to 5000. The District Sheep and Wool Officer of Jaipur has been requested to prepare a scheme for this purpose. The matter is stated to be still under correspondence with the Director of that Department.

8.33. The Committee enquired whether Corporation proposed to extend the activity to other Farms. The Chairman of the Corporation stated:—

“we have got the experience with Jetsar that it can handle sheep and we want to expand the sheep-breeding activity. The second farm where we are thinking of the sheep rearing is Changum. For that I am already in correspondence with some of the organisations which will supply us sheep.”

8.34. In this connection, the Government, in a reply furnished after evidence, stated that, at present, the Corporation had only a small sheep unit at Jetsar and the proposal to have a unit consisting of 5,000 heads had not been put into operation, since the detailed scheme was yet to be received from the State Government. On this small unit the Corporation's experience showed that it might be economically profitable to have sheep units.

8.35. The Committee asked whether Government was in favour

of animal husbandry schemes being extended to other State farms. In reply, the Secretary of the Ministry stated during evidence that:—

“this is something to which we in the Agriculture Ministry do not object. Rather we welcome it. Only the Jetsar farm has some sheep. This concept of mixed farming has not been tried in any other farm, but just as part of the unutilised land has now been given for use as plantation at Aralam, it would be possible to utilise similar land at other farms also for developing these other activities.”

8.36. The Ministry in a reply after evidence, added that the Government would welcome the Corporation taking up animal husbandry schemes at the Central State Farms as long as these were justified on commercial considerations. It was felt that it would be difficult for the Corporation to take up breeding work in those cases where this had not reached the development stage and research was still required. Such functions were appropriately the responsibility of cattle breeding farms being set up under the Government where efforts were to be made to upgrade the breed or to evolve cross breed animals having desirable characteristic.

The representative of the Ministry stated that:—

“We have not taken any decision as such to rule out activities from the SFCI. But if the Corporation itself comes up with some specific proposal that they would like to take up this cattle breeding in their farms, that will certainly be considered. As I said that it would depend upon the merit of each proposal.”

8.37. In the Jetsar farm, Corporation has set up a sheep breeding unit with 1100 Nali breed flock which is proposed to be increased to 5000. Jetsar is situated in Rajasthan which traditionally has been breeding sheep for wool. The Committee would, therefore, urged the Corporation authorities to carefully evaluate the result of the existing sheep breeding unit and take advice of the experts in the field at the Centre to improve the economics of the existing unit and expand its activities to augment the income of the farm as also increase wool output.

8.38. The Committee find that sheep breeding activity is confined only to Jetsar. The Committee feel that in the context of shortage of wool in the international market and high prices, the State Farms Corporation of India Ltd. should consider setting up such units at other State Farms also.

## F. Small Size Farms

8.39. For increasing food production, the State Farms Corporation proposed to set-up 100 experimental small sized farms of 500 acres each as cooperative farms on the lands that might be declared surplus as a result of imposition of land ceilings. Each experimental farm of 500 acres was expected to enhance their income as compared to their expected to give employment to about 100 families of landless labourers who were to be the owners of the land. By use of scientific methods of cultivation and optimum utilisation of land and water resources these farms were also expected incomes if each allottee of surplus land was to cultivate the land of 5 acres or so as an individual unit. The Ministry to whom this scheme was referred doubted the feasibility of the scheme on the ground that they were not aware what shape the land ceilings would take ultimately and whether the land thus declared surplus could be given to a Corporate body like this Corporation. Ministry also apprehended legal difficulties in implementing the scheme.

8.40. While commenting on this scheme the Ministry of Agriculture stated that:—

“the Corporation can step up food production mainly by making available quality seeds which plays an important role in our programmes for maximising agricultural production. The Corporation’s role in the matter of food production by directly raising food crops on its farms can contribute only to a very small extent if the totality of food production programme is taken into consideration.”

8.41. During evidence the Chairman of the Corporation informed the Committee that the Planning Commission had selected certain districts in the whole country. These districts were fortunately in four of the State Farms of the Corporation. They wanted to try the scheme at these places as they wanted the small farmers to get everything from the State Farms Corporation till the produce is sold in the market to enable them to get a better price. If the Government should be interested, the Scheme would be taken up.

8.42. In a reply after evidence, the Corporation stated that since the Ministry of Agriculture had expressed certain reservations with regard to the feasibility of implementation of the scheme, the proposal was not being pursued further.

8.43. During evidence, the representative of the Ministry stated that the Ministry did not agree because the proposal received related to the land ceiling surplus. It was felt that till the

State Farms Corporation could get specific proposals regarding the areas which they had to locate in different States, there would be no point in examining this scheme because such blocks might not be forthcoming as a result of the land -ceiling implementation. No State Government had so far come forward with proposal for this purpose to give any surplus lands as a result of the land ceiling. In case any State offered land for this scheme, it would be considered on its own economic viability and merits.

8.44. Asked to what extent the Central State Farms Corporation could be utilised for increasing the production of foodgrains in the country, the representative of the Ministry stated that the Government were of the view that the SFCI was primarily not responsible for augmenting food production but it was certainly contributing not directly but indirectly to the food production of the country because by producing the quality seeds' and distributing them to the farmers, it would definitely help augment the food production of the country.

8.45. The Committee note that the Corporation is proposing to set up 100 experimental small sized farms of 500 acres each as co-operative farms on the lands that might be declared surplus as a result of imposition of land ceilings. It has been stated that each experimental farm is expected to give employment to about 100 families of landless labourers and enhance their income. The Committee were informed that the Planning Commission had selected certain districts in which some farms of the SFCI are already functioning. The Committee feel that the Government may consider setting up of such small sized farms on a pilot basis in a few selected areas where facilities for irrigation or potentialities therefor are available instead of taking up large numbers and for this purpose Government should examine the detailed estimates of the Scheme and economics thereof.

### G. Employment of Students

8.46. With a view to helping poor students of agricultural Universities/colleges, the Corporation decided to give them some employment at the farms so that during the period of their vacation, they may earn something to meet a part of their expenses towards their studies. This would it was stated, also give them an insight into the working of the big mechanised farms and would help them in acquiring practical knowledge which may be useful in getting them employment subsequently. The students would be employed on various agricultural operations such as sowing operations,



water management, harvesting and threshing operations, land levelling, marketing of the farm produce, etc., for which they would be given Rs. 200 per month.

8.47. In this connection Chairman, SFCI stated during evidence that:—

“I wanted the university students to be benefited from these farms. In this respect, I requested them and had written personal letters to the Vice-Chancellors whom I know personally, that when they got any leave period, they could be sent to the farm and work over there and at the same time they would be paid for various studies. We asked the Director of Public Education to tell us what quantum of money should be paid by us, but there is no response. I wanted to introduce this scheme first in Madras, because I was told that in Madras and Pondicherry, they have got some schemes where the Agricultural Graduates are taken, just like the doctors, and they are allowed to work for three or four months during which time they are paid. I would like to provide even hostel facilities in some of my farms so that at least 20 boys and girls could be accommodated and given some help to do the work. I do not know how far this will be going on.”

8.48. In a reply furnished after evidence, the Corporation added that the Vice-Chancellors of the various Agricultural Universities had been requested to sponsor the names of the students of their universities and those of the Agricultural colleges affiliated to their universities. In response to the same, some students had joined at the Central State Farm at Hissar and Kerala.

8.50. The Committee find that the Corporation has also drawn up a scheme for employment of students of Agricultural Universities/Colleges at the Central State Farms so as to enable them to meet a part of their expenses towards their studies. The Committee would like to watch with interest the result of operation of that scheme at Central State Farms at Hissar and Kerala.

## IX

### RESEARCH AND DEVELOPMENT ACTIVITIES

9.1. For the present the Corporation is not having any research and development activities. However, they have recently decided to make a start at the farms by reserving 50 acres of land for experimental purposes.

9.2. It was stated that the ICAR and the Universities were doing research work and their experience was being made use of by the State Farms Corporation. In some of the State farms, the Corporation had taken up three-crops system. In the case of "Varalakshmi" cotton, the Corporation first tried it on an area of 200 acres and when it was found successful the area was increased to 1000 acres.

9.3. The Committee enquired whether production of pulses in the country had gone down in the recent past due to lack of good variety of seeds for pulses. The representative of the Ministry stated that the State Farms Corporation of India was not doing any research for the evolution of new varieties of pulses. That was being done by the Research Institute in the country. Any new varieties evolved by these institutes were being taken on by the State Farms Corporation for producing pulses.

9.4. Asked about the range of research and development activities undertaken by the Corporation, the Ministry stated, in a written reply that in regard to food production or maximisation of agricultural produce, the main focus of research would be in the I.C.A.R. and the agricultural universities. In the translation of these research findings to the field application, State Farms Corporation of India proposed to play a role by taking up activities to demonstrate the research findings.

9.5. A scheme for the establishment of an organisational unit for the multiplication of seeds of new high yielding varieties in association with the State Farms Corporation of India. Agricultural Universities and other seeds producing agencies, was formulated in 1972 and forwarded to the Planning Commission for their concurrence.

9.6. The main objective of this scheme was to help State Seed Farms, Agricultural Universities and other seed producing agencies in the multiplication of Breeder and foundation seeds of high yielding varieties newly evolved under the All India Coordinated Crop Improvement Projects.

9.7. The scheme was approved by the Planning Commission on the condition that it would be restricted to pre-release multiplication of the seeds as developed by the Scientists under the All India Coordinated Crop Improvement Projects for feeding the different foundation-seed producing agencies.

9.8. It was stated that the All India Coordination Crop Improvement Project would have a Seeds Information Unit at the ICAR headquarters headed by a Director General. This Information Unit would keep in view the assessment of the country's seed requirements by maintaining constant contact with the different Departments of Agriculture and seeds producing agencies in the country and help them in planning the production and movement of quality seeds.

9.9. The nucleus seeds of pre-release varieties of wheat, rice, soyebean, Maize, Jawar, Bajra, Pulses; Cotton, Mustard and Sunflower etc. would be multiplied at the State Farms at Hissar, Suratgarh, Jetsar, Raichur, and Jullunder under the supervision of a Senior Seed Scientist, who would also help in proper processing, grading and labelling of the seeds according to specifications. Land, Building and equipment and other facilities would be made available by the State Farms Corporation. Nucleous seeds produced on these five State Farms would be purchased by foundation seed producing agencies like National Seeds Corporation, Agricultural Universities and State Agricultural Departments at prices fixed by the Council.

9.10. To review the implementation of the advice given by the Seed Scientists, a working committee represented by ICAR, Ministry of Agriculture and State Farms Corporation would be established.

This scheme it has been claimed would enable production of high yielding varieties of seeds by proper planning and making them available in sufficient quantities and thus speed up the benefits of the use of the high yielding varieties. This would also help in earning foreign exchange by exporting these high yielding seeds, fibre and pulse crops to other friendly countries, if needed by them.

9.11. It has been stated that the question of finalisation of the scheme is still under correspondence with the I.C.A.R. According to

the Ministry the scheme for multiplication of seeds of high yielding varieties would entail a total expenditure of Rs. 8.16 lakhs over a period of three years.

9.12. About the progress made in implementation of this scheme, it was stated that the scheme was now proposed to be implemented during the Fifth Five Year Plan. However, to start with, the breeder seeds for pre-released and released varieties of what had already been provided to the Corporation by the ICAR for multiplication.

9.13. The Committee find that at present the State Farms Corporation are not having any research and development activities and the experience of I.C.A.R. and the Agricultural universities was being made use of by them. The Committee find that according to a scheme costing Rs. 8.16 lakhs approved by the Planning Commission in July, 1973 for pre-release multiplication of the seeds developed by the scientists under All India Coordinated Crop Improvement Project, nucleus seeds of pre-release varieties of wheat, rice, soyabean, maize, Jawar, bajra, pulses, cotton, mustard and sunflower etc. would be multiplied at the mechanised State Farms of the Corporation at Hissar, Suratgarh, Jetsar, Raichur and Jullunder under the supervision of a senior seed scientist. The details of the scheme are yet to be cleared by I.C.A.R. It has, however, been claimed that the scheme would enable the country to speed up the development of high yielding seeds and make them available in sufficient quantities in the interest of increased production. It is claimed that it would enable the country to earn foreign exchange by exporting seeds of high yielding varieties of foods and fibre and pulse crops. The Committee would like Government to have the scheme finalised at an early date.

The Committee recommend that the State Farms Corporation of India should keep itself abreast of results of research conducted by the Indian Council of Agriculture Research and the Agricultural Universities in the country so as to put them to best use and achieve higher production.

9.14. The Committee would like the Management of the Farms to evolve in the light of experience gathered norms for input-output ratio and a crop pattern which would yield the best results and subserve the objectives with which the farms have been set up. The Committee would like the Management to make a specific mention of these notable achievements in their annual report.

## X

### FINANCIAL RESULTS

#### A. Profitability

10.1. The working results of the Corporation for the four years (1969-70 to 1972-73) were as under:—

	(Rs. in lakhs)			
	1969-70	1970-71	1971-72	1972-73
Profit . . . . .	27.84	2.29	4.52	58.67
<b>PERCENTAGE OF PROFIT</b>				
(a) To Sales (including the cost of Farm produce used internally) . . . . .	39.28	1.96	2.83	
(b) To gross fixed Assets . . . . .	11.83	0.86	1.49	
(c) To capital employed . . . . .	31.24	0.73	1.34	
(d) To net worth . . . . .	41.54	0.77	1.50	
(e) To equity capital . . . . .	44.67	0.73	1.33	

10.2. The Committee enquired about the reasons for the decrease in the profit of the Corporation in 1970-71 and 1971-72. During evidence the representative of the Corporation stated that:—

“When we compare the profits of 1969-70 with the lesser profit which we got in 1970-71 and 1971-72, it is mainly on account of strikes in Suratgarh Farm. Between 1969-70, 1970-71 and 1971-72 the fall of profit was due to fall in production. If we make a comparison, that accounts for the fall in profit. As far as 1972-73 is concerned this shows a net profit of about Rs. 60 lakhs.”

10.3. In this connection the Ministry in a note after evidence stated that:—

“besides fall in production, the main reason for decrease in the profits during 1970-71 when compared with the profits of 1969-70 was mainly due to strike at the Suratgarh

farm where alone the profits fell by Rs. 27 lakhs, besides Rs. 6 lakhs in the case of Jetsar Farm.

With regard to fall in profit during 1971-72, the Corporation accounted for an unabsorbed amount of development expenditure of Rs. 3.07 lakhs incurred at Jharsuguda Farm due to the decision to wind up the activities at that place, besides a loss of Rs. 20 lakhs at Suratgarh Farm due to low yield of gram.

During the year 1972-73, necessary steps had been taken by the Corporation to check this adverse trend by changing the cropping pattern and economising in the expenditure."

to.4. The income expenditure of each farm for the last three years is as under:—

(Fig. in lakh Rs.)

Sl. No.	Name of Farm	1970-71			1971-72			1972-73		
		Income	Expen- diture	Net Pro- fit/Loss	Income	Expen- diture	Net Pro- fit/Loss	Income	Expen- diture	Net Pro- fit/Loss
1	Suratgarh	89.99	78.31	+11.68	107.08	88.47	+18.61	160.36	103.57	+56.79
2	Jetsar	13.03	20.52	-7.49	19.94	19.80	+0.14	35.60	26.58	+9.02
3	Hissar	26.58	17.93	+8.65	31.51	25.22	+6.29	38.85	29.11	+9.74
4	Ladhawal	5.91	4.93	+0.98	13.85	12.57	+1.28	20.00	21.10	-1.10
5	Chengam	—	—	—	3.38	3.94	-0.56	13.86	13.86	—
6	Cannanore	2.08	2.18	-0.10	6.04	7.50	-1.46	12.27	12.31	-0.04
7	Raichur	20.77	17.95	+2.82	18.48	18.36	+0.12	28.85	27.30	+1.55
8	Jharsuguda	1.93	8.63	-6.70	1.14	9.11	-7.97	0.71	3.01	-2.32
9	Kokilabari	—	—	—	0.69	2.09	-1.40	2.08	5.81	-3.73
10	Raebareli	—	—	—	—	—	—	0.93	0.97	-0.04
11	Khammam	—	—	—	—	—	—	3.89	4.29	-0.40
12	Head Office	1.71	9.26	-7.55	1.91	12.44	-10.53	1.48	12.28	-10.80
	TOTAL	162.00	159.71	+2.29	204.02	199.50	+4.52	318.88	260.21	+58.67

N.B. Expenditure includes Depreciation, Bonus and Development Expenditure written off etc.

**B. Losses**

10.5. The following State Farms had registered a loss during 1971-72 and 1972-73:

		(Rs. in lakh)	
Sl. No.	Name of the Farm	Loss during 1971-72	Loss during 1972-73
1	Jharsuguda (Orissa)	7.97	2.32
2	Ladhowal (Punjab)	..	1.10
3	Aralam (Kerala)	1.46	0.04
4	Chengam (Tamil Nadu)	0.56	0.02
5	Khammam (A.P.)	..	0.40 (First Year)
6	Kokilabari (Assam)	1.40	3.73
7	*Mizoram	6.19	7.32

\*This farm is running purely as a developmental work on grant-in-aid basis, the expenditure Capital and revenue being recoverable from the Government of India as on 30-6-1973 was 16.21 lakhs.

10.6. The Committee asked whether Government had analysed the reasons for the losses suffered by these farms and if so, the steps taken to improve the profitability of the Corporation. The Ministry in a reply after evidence gave the following reasons for losses suffered by each farm:—

- (i) The losses in Jharsuguda had been on account of the agitation by the outsees from the Hirakud Dam Reservoir and peripheral area. In 1972, out of a total area of about 7,000 acres, it was decided to retain only 2,000 acres and surrender the rest of the area. In view of the insistence of the State Government that State Farms Corporation of India should not withdraw from the State altogether and their offer of alternative sites, no final decision had been taken regarding the closure of the farm. The Corporation was, however, maintaining minimum staff and equipment incurring only limited expenditure.
- (ii) The Ladhowal Farm (Punjab) had suffered a loss of 1.17 lakhs due to low yields obtained as a result of power crisis as the irrigation supplies of the farm were mainly depended on tubewells.



- (iii) The Aralam Farm (Kerala) was started only in September, 1970 and some Khariff sowing done in 1971. On account of the delay in the handing over of the land by the State Government and the time taken in clearance of thick jungles from the land, the farm incurred a net loss of Rs. 10,000. In 1971-72, it incurred loss of Rs. 1.5 lakhs. Increase in loss was due to the fall in income from custom work and also because the farm was still in a developmental stage.
- (iv) The Chengam Farm (Tamil Nadu) was inaugurated in October, 1971. State Government handed over only 342 hectares after clearance of the forest. A lot of developmental work was still necessary on this farm. Wells were required to be sunk, construction of irrigation channels, levelling of land etc. were all required to be undertaken. Cultivation operation commenced from Khariff, 1972.
- (v) Khammam Farm (Andhra Pradesh) was established during the later half of 1972-73. It was not possible to sow any crop in Rabi in 1972-73. It had since been possible to put about 269 hectares in Khariff 1973 at the Farm. The farm suffered the loss (Rs. 0.40 lakhs) as it was still in developmental stage.
- (vi) The farm at Kokilabari was started in November, 1971. About 220 hectares of the land could be reclaimed till the end of March, 1972. Heavy rains impeded the work reclamation and encroachment and assault on life and property, of the farm by the villagers of surrounding areas greatly hampered the work of the farm. Being in developmental stage the loss of the farm was expected to be Rs. 3 lakhs.
- (vii) Regarding Mizoram it was stated that it was a purely developmental farm undertaken to improve the over-all development of Mizoram area, and the capital expenditure and losses incurred by the Corporation were reimbursable by the Government.

10.6A. Asked whether proforma accounts of the individual farm was being maintained, the Ministry stated that:

“the proforma accounts, for individual farms were maintained to indicate profit|loss and the financial results of their working assessed.”

10.7. The Committee find that the profit earned by the State Farms Corporation of India came down from Rs. 27.84 lakhs in 1969-70 to Rs. 2.29 lakhs in 1970-71 and Rs. 4.52 lakhs in 1971-72. In 1972-73, the Corporation earned an all time high profit of Rs. 58.67 lakhs. The Committee were informed by Government that fall in profit during 1970-71 and 1971-72 were due to (i) fall in production; (ii) strike in Suratgarh Farm (iii) Loss of Rs. 20 lakhs at Suratgarh farm due to low yield of gram; and (iv) unabsorbed developmental expenditure of Rs. 3.07 lakhs incurred at Jharsuguda farm due to the decision to wind up the farm. The Committee were informed that during 1972-73, the Corporation was able to reverse the adverse trend by changing the cropping pattern and effecting economies in expenditure.

The Committee were also informed that the newly set up farms of the Corporation viz. Aralam, Chengam, Khammam, Kokilabari and Mizoram are incurring losses because these are still in a developmental stage.

The Committee recommend that the Corporation should continue to take effective steps to maximise production by improving its irrigation facilities, effecting economies in expenditure and adopting suitable cropping patterns so as to obtain the optimum yield per acre with the minimum cost of production. The Committee also desire that Government/Corporation should finalise their decision to wind up the Jharsuguda farm so that the Corporation is not put to further loss in having to maintain it.

10.8. The Committee also recommend that Government should soon finalise their review of the organisational set up of the Corporation so that Corporation is geared to achieve its objectives in an economic and efficient manner.

## C. Capital Investment

10-9. Comparative Capital Cost under different Heads in each Farm during the year 1972-73 is given as under :-

(Net Value of Assets are Provisional)

Sl. No.	Name of the Farm	Culturable area (Acres)	Land	Buildings		Plant & Machinery		Other Items		Total Net Value (Lakh Rs.)	Total Net Value per Acre (Rs.)	Total Net Value per Acre (Rs.)
				Net Value (in lakhs)	Value per Acre (Rs.)	Net Value (Lakh Rs.)	Value per Acre (Rs.)	Net Value (Lakh Rs.)	Value per acre (Rs.)			
1	Suratgarh	26,535		46.13	173.54	37.26	140.42	2.28	8.59	85.67	322.85	
2	Jetsar	9,980		16.83	168.64	9.44	84.58	3.57	35.77	29.84	299.00	
3	Hissar	6,314		7.41	117.36	17.45	276.37	4.34	68.74	29.20	462.47	
4	Raichur	6,475		2.29	35.37	24.65	380.69	1.05	16.22	27.99	432.28	
5	Jharsuguda			1.60	..	2.33	..	0.36	..	4.29	..	
6	Ludhawal	2,500		4.58	183.20	20.95	838.00	4.16	166.40	29.69	1187.60	
7	Cannore	1,000		1.15	115.00	17.46	1,746.00	0.45	45.00	19.06	1,906.00	
8	Chengam	5,000		0.53	10.60	12.13	242.60	7.41	148.20	20.07	401.40	
9	Kokilabari	4,115		..	..	10.24	248.84	0.79	19.20	11.03	268.04	
10	Rae Brelji	500		..	..	2.37	474.00	0.14	28.00	2.51	502.00	
11	Khammam	700		..	..	4.44	634.30	0.10	14.28	4.54	648.58	
12	Head Office	..		..	..	0.28	..	1.28	..	2.69	..	
	TOTAL	63,119		80.52	..	159.00	..	25.93	..	266.58	..	

10.10. The Damle Committee had expressed the following view about the rate of return on investment:—

“the economics of the Suratgarh farm should not be made the sole criterion to determine the remunerative aspect of such farms. In this farm or in other farm, given the necessary facilities particularly perennial irrigation, it should be possible to get a return of 6 per cent over the initial capital investment.”

10.11. The rate of return on investment in the State Farms of the Corporation was as under:—

State Farm	1969-70		1970-71		1971-72		(Provisional) 1972-73	
	Invest- ment	Return	Invest- ment	Return	Invest- ment	Return	Invest- ment	Return
1. Suratgarh . . . . .	183.17	21.52	173.34	6.74	192.56	9.66	200.09	31.39
2. Hissar . . . . .	42.29	10.14	46.70	18.52	57.45	11.02	67.04	14.65
3. Ladhawal . . . . .	28.81	0.94	30.05	3.26	46.94	2.73		Loss
4. Raichur . . . . .		Loss	54.54	5.17	57.45	0.21	67.19	2.19
5. Jetsar . . . . .	..	Loss	Loss		67.25	0.21	72.70	12.3

10.12. The Committee enquired whether this expectation had been realised in the case of the various farms of the Corporation and if not, whether Government analysed the reasons for low return over the investment. The Ministry in a reply after evidence informed the Committee that:—

“by and large, the Corporation had been able to show adequate returns on the capital investment made at the various farms. Of the 11 farms, Suratgarh had shown a rate of return of 31.39 per cent, Jetsar 12.3 per cent. Hissar, 14.65 per cent and Raichur 2.19 per cent. At the other farms, the Corporation had incurred a loss in the year 1972-73. It must be noted that most of these farms were new except the one at Ladhowal and were yet to be fully developed.”

10.13. Asked as to what steps Government were contemplating to improve the returns on investments, the Ministry stated that:—

“The Government of India were watching the progress of the operations through the Government Directors appointed on the Board. At the time of examination of the budget proposals and the annual plans of the Corporation also, the Government kept a watch over the returns on investment being achieved by the Corporation. The Government had taken the view that the existing farms needed to be fully developed. It was in view of this that Government had felt that the Corporation should consolidate the existing farms rather than opening new farms or diversity its activities which was not really the prime concern of the Corporation.

It was also proposed that a performance review of all the farms should be placed before the Board of Directors at every meeting to consider the measures necessary to improve the working of the farms, productivity and consequent returns on investment.”

10.14. The Committee note that the Damle Committee had envisaged that in the State Farms, “given the necessary facilities particularly perennial irrigation, it should be possible to get a return of 6 per cent over the initial capital investment.” An analysis of the rate of return achieved by State Farms during 1969-70 to 1972-73 indicates that in some of the farms this expectation of 6 per cent rate of return has not been realised. For example, the rate of return in the case of Ladhowal State Farm ranged between 0.94 to 3.26 per

cent Raichur Farm between 0.21 to 5.17 per cent and Jetsar farm 0.21 per cent.

The Committee have been informed that Government kept a watch over the returns on investment achieved by the Corporation and it was now proposed that performance review of all the farms should be placed before the Board of Directors at every meeting. The Committee recommend that suitable proforma for such reviews are prescribed in consultation with I.C.A.R. and agricultural experts in the Ministry so that these reviews may be meaningful and enable the authorities to pin point the deficiencies in the working of the farms and to take suitable remedial measures with a view to improving their performance so as to attain at least the minimum return of 6 per cent on investments as envisaged in the Damle Committee Report.

The Committee feel that the return of 6 per cent should not be difficult of achievement especially when some other State Farms as, for example, Suratgarh Farm had given as high a return as 31.39 per cent., Hissar 14.65 per cent and Jetsar 12.38 per cent in 1972-73.

#### D. Fixed Assets

10.15. It has been stated in the Annual Report of the Corporation (1971-72) that administrative control of Central State Farms was transferred to the Corporation w.e.f. 1st August, 1969 with their Assets and Liabilities and the net assets of the farms had been estimated at Rs. 2.5 crores. From the Annual Report of the Corporation for 1971-72 it is seen that the value of assets and liabilities at the time of incorporation continued to be provisional and the assets had not been transferred in the name of the Corporation. The Committee desired to know the reasons of delay.

10.16. In a reply after evidence, the Corporation stated that the statement of assets and liabilities of each farm had to be certified by the Accountant General of the States in which the farm are situated. The final evaluation of the assets and liabilities would be done as soon as the certification by audit was completed.

10.17. So far the Corporation had not written of any amounts on account of losses in production.

10.18. The Committee are surprised to note that although the Corporation was set up as far back as 1969, the fixed assets of the

Corporation have not yet been transferred in the name of the State Farms Corporation of India. The Committee were informed that the delay was due to the nonreceipt of the verification and certificate of assets and liabilities by the Accountant General, Haryana.

The Committee deplore this inordinate delay and recommend that this matter should be pursued and settled without any further loss of time.

### E. Sundry Debtors and Turn Over

10.19. A statement showing the volume of book debts and sales for the last four years is given below:—

(Rs. in lakhs)

As on	Total Book Debts		Sales	Percentage of debt to sales
	Consi- dered good	Consi- dered doubtful		
30-6-1970	13.28		70.87	18.74
30-6-1971	15.30		117.15	13.06
30-6-1972	26.44		159.91	15.53
30-6-1973	18.58		207.00 (Provisional)	8.98

10.20. The Sundry Debtors represented 2 months' Sales during 1971-72, 1.6 months' in 1970-71 and 2.2 months' in 1969-70.

No information about the periodicity of debts was stated to be available.

10.21. The total amount of Sundry Debtors as on 30th June, 1973 was 18.58 lakhs as against Rs. 26.44 lakhs during last year. The decrease was due to expeditious sales realisation which increased from Rs. 159.91 lakhs (during 1971-72) to Rs. 207 lakhs during 1972-73.

## F. Outstandings

40-22. The Break-up outstanding debts as on 30-6-73.

(Figures are Provisional and in Lakh Rs.)

Name of the Farm	Amount of total Debts.	Outstanding for less than six months	More than 6 months but less than 1 year	More than 1 year but less than 2 years	More than 2 years but less than 3 years	More than 3 years and more	REMARKS
1. Suratgarh	9.87	2.03	1.16	0.10	0.27	6.31	
2. Jatsar	1.50	..	..	1.43	0.07		
3. Histar	1.15	0.21	See remarks				
4. Raichur	0.36	0.23		0.12	0.1		
5. Jharsuguda	0.21	0.05	..	0.16			
6. Ladhawal	4.83	4.72	See remarks				
7. Cannanore	0.01	0.01		..	..		
8. Chengam	0.65	0.65					
9. Kokilabari	..	..					
10. Rae-Bareli	..	..					
11. Khamman	..	..	..	..	..		
	18.58	7.90	1.16	1.81	0.35	6.31	1.05



10.23. Asked about the system of their billing and realisation of outstandings, the Corporation stated they were realising from private parties 100 per cent an advance and the produce was sold after private parties 100 per cent as advance and the produce was sold only after realisation of the amount. In the case of Government Departments 25 per cent of the amount was collected in advance and this was adjusted at the time of final settlement of the bills.

10.24. The Government agreed with the view of the Committee that volume of book debts in the case of State Farms Corporation of India was on the high side and required concerted measures.

10.25. The Corporation stated that there was no bad debt and wherever the amounts were outstandings for more than three years the matter was being pursued with the concerned departments vigorously.

10.26. The Committee find that though percentage of debtors to sales has come down from 18.74 in 1969-70 to 8.89 in 1972-73 the amount of debts outstanding has gone up from Rs. 13.28 lakhs on 30th June, 1970 to Rs. 18.58 lakhs as on 30th June, 1973. An analysis of the debts as on 30th June, 1973 has shown that, out of the total debts of Rs. 18.58 lakhs, debts amounting to Rs. 6.81 lakhs have been outstanding for more than three years in the case of Suratgarh Farm. The Committee recommend that reasons for the long outstandings should be critically analysed and suitable steps initiated to realise the amounts at the earliest.

The Committee would also like special attention to be paid to these debts outstanding for more than three years so that concerted measures could be taken to recover them without further delay.

### G. Inventory

10.27. The following table indicates the comparative position of the inventory and its distribution at the close of the last four years:

(Rs. in lakhs)

	1969-70	1970-71	1971-72	1972-73 (Provisional)
1 Raw materials stores and spares . . . . .	52.15	45.47	50.00	74.65
2 Work in progress . . . . .	5.33	10.65	15.86	24.92
3 Finished goods . . . . .	117.23	127.39	130.55	172.54
4 Goods in transit . . . . .	0.49	1.06	0.23	1.87
	<u>175.20</u>	<u>184.57</u>	<u>196.44</u>	<u>273.9</u>

The stock of raw materials, stores and spares was equivalent to about 9.76 months' consumption for production requirement in 1971-72 as compared to 10.62 months' in 1970-71 and 15.43 months' in 1969-70.

The work in progress at the end of 1971-72 represented about 1.16 months' value of production at cost (including depreciation as against 1 months' in 1970-71 and 0.58 months' in 1969-70).

The stock of finished goods represented 9.78 months' sales in 1971-72 as compared to 13.05 months' in 1970-71 and 19.84 months' in 1969-70.

10.28. The position in regard to 1972-73 is as follows:—

- (i) Raw Material :  
such as fertilizer & Pesticides P.O.Ls and seeds 3.57 months, say 4 month stock.
- (ii) Stores & Spares :  
such as spare parts, gunny bags, construction material, livestock, medicines and stationary. 24.9 months' stock.
- (iii) Finished goods in terms of annual turnover 9.97 months, say 10 months' turnover.

10.29. It would be seen from the statement that the stock of finished goods has increased from 117.23 lakhs at the end of 1969-70 to Rs. 172.54 lakhs at the end of 1972-73. The Committee enquired the reasons for this increasing trend and also asked whether it was due to any difficulty in selling the goods. The Corporation stated that there had been no difficulty in selling their stock and if the stock shown at the end of any year was higher than the previous year, it was only because the Corporation had not thought it proper to dispose of the produce in a rushed manner.

10.30. The norms fixed by the Corporation for inventory holding are as follows:—

Sl. No.	Category of stores	Maximum stock level	Minimum stock level
1	2	3	4
1	Imported spares	2 years requirement	1 years' requirement
2	Indigenous stores	6 months requirement	3 months' requirement

1	2	3	4
3	POL X HSD	1 months requirement	—
4	Lubricants	6 months requirement	
5	Fertilizer	to be purchased on as required basis.	

NOTE.—(i) These stock levels do not apply to spares which are not regularly consumed and have to be kept as insurance stock.

(ii) Reordering levels to be fixed, somewhere between the minimum and maximum stock levels depending upon the type of spares, lead time.

10.31. Asked as to steps taken to bring down the level of inventory, the Corporation in a reply after evidence stated that the following steps had been taken to bring down the level of inventory:—

- “(i) Studies for inventory control of spare parts and general technical stores have been carried out by an officer of the headquarters at Central State Farms, Suratgarh, Jetsar, Jharsaguda, Raichur and Ladhawal. The other farms being comparatively new, the stocks held are rather small. As a result of the studies made, spare parts and general stores held above maximum stock limits and also not utilised otherwise have been located and required items were transferred to other farms. Balance spare parts, mostly received along with the machines now declared surplus would be transferred along with the surplus machines to be disposed off, thereby reducing the level of inventory.
- (ii) In order to prevent excessive build up of inventory, action regarding fixation of stock levels and study of consumption patterns of review the stock levels, is being taken up at the farms, as a regular measure. The possibility of application of latest techniques of inventory management like A.B.C. analysis and standardisation is also being explored.
- (iii) For indigenous items, rate contracts for supply of parts for various Russian machines have been entered into with different firms, thereby reducing the inventory holding limits. Manufacture of such parts as are not available indigenously is also being carried out to the extent possible in our fabrication unit at Central Farm, Suratgarh.”

10.32. The Committee note that the stock of raw materials, stores and spare parts etc. has increased from Rs. 52.15 lakhs as at the end of 1969-70 to Rs. 74.65 lakhs at the end of 1972-73. The Committee find that the value of stores and spares accounted for about 25 months' stock at the end of 1972-73 although according to the norms fixed for the Corporation, the maximum stock level for imported stores is two years' requirement and for indigenous stores 6 months' requirement. The Committee recommend that the Corporation should review the inventory of stores and spares to segregate the imported spares from the indigenous ones to ensure that stock in excess of prescribed limits are not held and capital locked up in stores. The Committee also recommend that the stock of raw materials and stores and spares should be kept under close and continuous review and steps taken to avoid overstocking of these stores.

The Committee are surprised that the stock of finished goods at the end of 1972-73 represent about ten months' turnover. The Committee would like that the reasons for this locking up of stocks should be gone into and suitable guidelines laid down for disposal of the stock to the best advantage of the Corporation.

## XI

### ORGANISATIONAL SET-UP

#### A. Board of Directors

11.1. The Management and control of the Corporation vests in a Board of Directors whose number and appointment is determined by the President. Both the Chairman and the Managing Director are appointed by the President from the Board of Directors. Subject to the Control and supervision of the Board of Directors, the Managing Director functions as the Chief Executive Officer of the Corporation. He is assisted in the Head Office in the discharge of his functions, by Senior Executives incharge of Finance and Accounts, Agriculture, Engineering, Marketing and Administration Wings.

11.2. Central State Farms constitute the field units of the Corporation. Each Farm is headed by a Farm Director who is assisted by junior officers in charge of Administration, Accounts, Agricultural and Engineering sections at the Farms.

11.3. The Committee were informed that in the State Farms Corporation a part time Chairman was appointed with effect from 12th August, 1971. There was no regular Managing Director during the period from 14th April, 1972 to 4th February, 1974. The Ministry of Agriculture had appointed a Joint Secretary of the Ministry to look after the work of Managing Director, in the Corporation in addition to his duties. That officer performed the duties in the Corporation till September, 1972. In the absence of the Managing Director the functions of the Chief Executive Officer in the Corporation were being performed by the part-time Chairman of the Corporation.

11.4. The Board of Directors of the Corporation consists of the following:—

1. Chairman (Part-time)
2. Managing Director (w.e.f. from 5-2-1974)
3. Joint Secretary in the Min. of Agri. Member
4. Production Commissioner in the Min. of Agri. Member
5. Director (Finance) in the Min. of Agri. Member

6. Managing Director, National Seeds Corpn. Ltd. Member
7. Vice-Chancellor, Haryana Agri. University Member
8. Asstt. Director-General, I.C.A.R. Member
9. Non-Official, Member.
10. Director, U.P. Institutes of Agriculture Sciences Member

11.5. On being asked whether there was any scope for improvement in the constitution of the Board of Directors of the Corporation, the Chairman of the Corporation stated that:

“The Board at the Centre is heavily loaded by the Ministry’s representatives. If instead of having a Joint Secretary and some Deputy Secretaries from the Ministry, the Board could have the benefit of technical people, experts, from the ICAR and the universities, probably we may get more help and we may be able to do our job better.”

11.6. The Committee asked about the reasons for frequent changes in the top management of the Corporation and whether non-appointment of a Chief Executive left a vacuum in the top management. In a reply after evidence, the Ministry stated:—

“It is not correct to say that there have been frequent changes in the top management posts in the Corporation. The position is that the first Managing Director of the Corporation (Shri F. C. Gera) relinquished the charge of the post on 19th April, 1972 after the expiry of his tenure of 2 years or reemployment as Managing Director, SFCL. Immediately on the relinquishment of the charge by Shri Gera action was taken with the Bureau of Public Enterprises to obtain a panel of suitable officers to select a person for the post of Managing Director. In the meantime another Joint Secretary in the Ministry was appointed to hold an ad hoc charge of the post in addition to his own duties. He had to relinquish the charge of this post as his service were temporarily replaced at the disposal of the Bihar Government for emergency relief programme. Out of the names suggested in the first panel by the B.P.E. no suitable candidate was available. In view of this, a second panel was called for from the B.P.E. Out of the names suggested in the second panel, an I.A.S. Officer from Andhra Pradesh was selected. The Department of Personnel were requested to get the release of this officer. Unfortunately the State Government could not release

the selected Officer. Another panel was called for from the B.P.E. and an I.A.S. officer suitable for the post was selected. He also was not made available by the Department of Personnel due to the fact that he was being considered for some other appointment. Thereafter another panel was called for from the B.P.E. but unfortunately no suitable candidate was available. In view of this, B.P.E. and the Department of Personnel were approached and they suggested that the Department of Agriculture could suggest a suitable officer for appointment who could be empanelled.

On the basis of this an officer of IAAS cadre was selected, having agricultural background. B.P.E., after considering the case, was of the view that he was too junior an officer to hold the post of Managing Director, SFCI. After that an IAS officer of Orissa cadre has been selected and he has recently taken over the charge.

The Government agrees with the view of the Committee that the non-appointment of a Chief Executive leaves vacuum in the top management of an enterprise, but from the above facts it will be seen that the Government was alive to the situation and all along was trying their best to fill up the post. Even in the absence of a regular incumbent an *ad-hoc* appointment was made."

### B. Financial Adviser

11.7. The post of the Financial Adviser of the Corporation remained vacant from 6th January, 1973 to 12th November, 1973. During this period DFA discharged the functions of F.A. in addition to his own duties. During evidence the Committee enquired as to why the post of Financial Adviser had remained vacant so long, the Chairman of the Corporation stated that:—

"Not only this post, but there are many other posts which I deliberately kept vacant. For instance, when I joined, there was a Secretary as well as a Chief Administrative Officer. So I abolished the post of Secretary and the Chief Administrative Officer is carrying on. Similarly, at present there is no Deputy Financial Adviser. But still, I think we are in no way inferior to other Corporations. This Financial Adviser's post could also have gone, but the Constitution requires that I must have a Financial Adviser. Since this post has to be filled up I request the

Auditor General to recommend some names. He has given one name but the comments against the officer were not very encouraging. Then I resorted to a public advertisement but, in the first instance, there were very few who appeared. Then we had to resort to advertisement. In the first instance, three candidates appeared and then again, I had to call for another interview in which nine or ten candidates appeared. Out of that, about three months back, we picked up the Financial Adviser. Then for that Committee, I had an ex-member of the UPSC who was the Controller General, Defence Accounts. I was also there in that Committee. This Committee had actually selected this FA who has been working for the last 12 months."

11.8. Asked whether the vacancy in an important post like the Financial Adviser did not lead to laxity in financial discipline, the Corporation stated that the post of Financial Adviser had since been filled up w.e.f. 12th November, 1973. As Deputy Financial Adviser had been authorised to discharge the functions of the Financial Adviser in addition to his own duties by the Board of Directors, the question of laxity in financial discipline did not arise.

11.9. In a reply furnished after evidence the Ministry however, stated that non-filling up the post of Financial Adviser could lead to laxity in financial discipline but assured that there was no reason to believe that there had in fact been any laxity in the financial discipline since the Board of Directors had been alive to the situation and had approved necessary *ad hoc* arrangements for the Deputy Financial Adviser to discharge the functions of Financial Adviser.

11.10. Asked whether Government were satisfied with the present organisational set-up of the State Farms Corporation and if not, what improvements proposed to be contemplated, the Secretary of the Ministry stated "The Government is not satisfied with the organisational set-up of the State Farms Corporation of India. . . . The post of the Managing Director has been vacant for a very long time. Perhaps the most important of its objectives or at least one of the most important objectives, is seed production. The State Farms Corporation does not have adequate expertise for seed production. The things are to fill up the post of Managing Director and to buttress the set up of the SFCI either by making available to it the expertise that is there in N.S.C., the I.C.A.R.,



its institutes and Agricultural Universities or to some extent; supplement it with its own expertise. We have to provide other administrative and technical support that may require."

11.11. Subsequently in a reply after evidence the Ministry stated that the Government are generally satisfied that present organisational set up is capable of implementation of the programmes and attainment of objectives. It may be necessary, however, to provide specialists in the fields of soil conservation and land and water management. However, the Government propose to review the present organisational set up in consultation with the State Farms Corporation of India authorities so that it can be geared fully to attain the objectives.

11.12. The Committee note that the post of the Managing Director which was vacant since April, 1972 and the post of Financial Adviser which was vacant from 6-1-1973 were filled up only in February, 1974 and December, 1973 respectively, although the Government admitted that non-filling up of a vacancy in the management of an enterprise leaves a vacuum and non-filling of the post of Financial Advisor may lead to laxity in Financial discipline. The Committee desire that such delays in filling up important managerial and financial posts should be avoided in the interest of proper and smooth functioning of the Undertaking. The Committee would like Government to take advance action to prepare the panels for appointment to Undertakings and to take effective measures to fill up the vacancy as soon as it occurs. The Committee would like to be informed within six months of the concrete measures taken in this behalf.

11.13. The Committee note that though the State Farms Corporation was set up in 1969, it is only that Government are proposing to review the organisational set up of the Corporation. It has been admitted during evidence that Government are not satisfied with the organisational set up of the Corporation. The Corporation does not admittedly have adequate expertise for seed production which is the most important objective of the Corporation. The Committee desire Government to complete expeditiously their review and strengthen the management by including experts with distinguished record for seed production.

## C. Staff strength

The sanctioned and actual strength of the regular employees of the various farms of the Corporation at the close of each of the last three financial years of the Corporation were as under :—

Name of the Farm	1	2	3	4	5	6	7
		sanctioned strength as on 30-6-71	Actual strength as on 30-6-71	Sanctioned strength as on 30-6-72	Actual strength as on 30-6-72	sanctioned strength as on 30-6-73	Actual strength as on 30-6-73
Suratgarh	.	508	489	508	487	538	485
Jetsar	.	109	100	105	56	116	107
Hissar	.	77	52	88	77	90	80
Mizo Hills	.	53	31	61	47	64	47
Chengam	.	..	..	56	30	53	42
Hirakud	.	65	35	65	35	45	14
Cannanore	.	50	35	54	49	57	57
Assam	.	..	..	24	9	34	26
Raichur	.	75	43	77	66	75	67
Jullundur	.	73	17	67	45	74	51
Khammam	.	..	..	..	..	26	9
Rai Bareilly	.	..	..	..	..	28	5
<b>TOTAL</b>		<b>1310</b>	<b>792</b>	<b>1085</b>	<b>901</b>	<b>1200</b>	<b>990</b>

11.15. A statement indicating the expenditure on Head Office establishment *vis-a-vis* the expenditure on the farms for the last 3 years ended 30th June, 1973 is given below:

Year	(Rs. in lakhs)		
	1970-71	1971-72	1972-73
Head Office . . . . .	9.26%	12.44	12.28
Farms . . . . .	150.45	187.06	247.93
% of Head Office expenditure To Farms expenditure	6.15%	6.65%	5%

11.16. During evidence the Committee enquired whether the Corporation had conducted any survey to fix norms for staff strength at various State Farms. The representative of the Corporation stated that:—

“We have taken over the administration of the State Farms from the Government and simultaneously, we have taken over five Farms. We have made a study of those Farms and found that there was a surplus staff. A Committee of experts was appointed and after that study, we abolished most of the posts and had transferred the surplus staff to other farms. But we have not yet made any study of those farms”.

11.17. The Ministry stated that the Government had not fixed any staffing norms for the Corporation at present Government's view is that primarily it was for the Board of Directors to fix up such norms. The Government indicated that it was intended to take up this matter through its Directors on the Board after detailed examination of the existing set up with reference to the need for increasing the productivity, efficient running of the farms etc.

11.18. Asked about the ratio of the officers and the employees in the Corporation, the representative said that “I have got three or four categories of people who are regular employees and are working in the Headquarters. But I have to depend mostly on the casual labourers, because it is a seasonal operation. Therefore, I did not work out any ratio and nobody also told me about it.”

11.19. On being asked whether in the opinion of Government would it not be in the overall interest of the Corporation if the

field workers were skilled in multipurpose operations, the Secretary of the Ministry during evidence stated—

“The employees of the Corporation should have as many skills as are needed in the Corporation, and we would certainly agree and recommend this to the Corporation and also instruct the Government Directors to try and get this brought about.”

11.20. The Committee note that the actual staff strength of the Corporation has increased from 792 as on 30th June, 1971 to 990 as on 30th June, 1973. The sanctioned strength as on 30th June, 1973 is stated to be even higher i.e., 1200. Besides, the Corporation has a sizable strength of casual labourers. The Committee find that the Corporation has not as yet fixed any staffing norms. The Committee recommend that while reviewing the organisational set up of the Corporation a review of the staffing pattern should also be undertaken in order to fix appropriate norms for the different categories of staff.

The Committee also recommend that as agricultural operations are of a seasonal nature, regular staff of the Corporation should be trained in more than one operations and skills in the interest of greater utilisation of staff and effecting economies in expenditure.

#### D. Incentive Scheme

11.21. For the purpose of creating an interest among the workers of the farms for increased production, it was decided that the workmen who gave the maximum yield on a selected piece of land would be given a suitable price.

The main features of the scheme are as under:—

- (a) Each Farm would set apart plots of 15 acres each in the charge of various fieldmen.
- (b) These plots would be entered for purpose of competition.
- (c) Whether the plot would be put under paddy cotton, bajra, moong, wheat, gram rape and mustard would depend upon local factors and would be decided by Director of the farm. There would be no objection to more than one plot under the charge of a fieldmen entering the competition if they are growing different crops.
- (d) Any plot that registers yield higher than the yield would be eligible for the prize. But the prize would be given

only to the plot which registers the highest yield. The prize would be distributed among the operational staff who were incharge of the particular plot. The operational staff would include fieldmen, tractor driver, harvester, Combine Operators, Mechanics and Agricultural Assistants. The amounts of the prizes are:—

First Prize	Rs. 1000.00
Second Prize	Rs. 500.00

11.22. The Committee asked as to what had been the effect of the operation of this incentive scheme on the per acre of yield of the respective State Farms where this scheme was introduced. In a reply after evidence the Corporation stated that:—

“the workers were taking keen interest in giving maximum production so as to get 1st and 2nd prize. Raichur farm had already given a lead in the record production of Varalaxmi and the staff of the farm had already been given the prizes under this scheme. Five fieldmen of Raichur farm had given a yield of about 35 quintals per hectare in cotton. At Suratgarh farm, the average yield of paddy increased from 7.34 to 13.75 quintals. At Jetsar farm also, the average yield of wheat increased from 5.50 quintals in 1971-72 to 5.85 quintals in 1972-73.”

11.23. The Committee also note that the percentage of headquarters overheads to the expenditure on farms has been of the order of 6.15 per cent in 1970-71, 6.6 per cent in 1971-72 and 5 per cent in 1972-73. The Committee would like the Government/Corporation to keep close and continuous review of the headquarters and other overheads expenses with a view to ensuring that they are not excessive.

The Committee also note that an incentive scheme has been introduced by the Corporation to achieve higher yield per acre in the farm.

The Committee feel that the Corporation should take advantage of introduction of this incentive scheme to regulate the staff strength both in the existing farms and the new farms to be set up

## XII

### CONCLUSION

12.1. The State Farms Corporation of India Ltd., was set up in May, 1969 and the administrative control of the then existing six Central State Farms viz., Suratgarh, Jetsar, Hissar, Jharsaguda, Jullunder and Raichur Farms was transferred with their assets and liabilities to the Corporation with effect from 1st April, 1969.

12.2. The main objects for which the Corporation was set up are: to set up and run agricultural farms for production primarily of seeds of foodgrains, fibre crops, plantation crops, oilseeds, vegetables and fruits as well as study of these crops in the various parts of the country; to set up poultry, sheep, pig and other cattle breeding farms; to undertake development, reclamation and improvement of lands to give on hire machinery belonging to the Corporation to States and contact Government's corporate bodies and private individuals, etc.

12.3. During the course of examination of the working of the State Farms Corporation of India Ltd., the Committee find that:—

- (i) The first State Farms was set up at Suratgarh in August, 1956 with a view to utilising agricultural machinery and equipment gifted by USSR. Under the agreement signed by Government of India with USSR in 1955, machinery of the total value of Rs. 210.29 lakhs was imported as gift or through purchases for the farm previously run departmentally by the Ministry of Agriculture before formation of the Corporation.
- (ii) The effective demand for certified seeds of wheat during Fifth Five Year Plan has been estimated at one lakh tonnes. The share of the Corporation is expected to be of the order of 12.84 per cent. Besides the 6 farms taken over by the Corporation, 7 new farms have been set up by the Corporation at Cannanore, Lokichera, Lushaichera, Chengam, Kokilbari, Aswaraopet (Khammam) and Lalganj (Rae Bareli). The Corporation has proposals for setting up new farms in Bihar, Gujarat, Madhya Pradesh and Nagaland.

- (iii) The total area allotted for the farms is 94,530 acres out of which an area of 77,259 acres is in possession of the Corporation at the end of 1973-74. The Corporation has been able to increase the area under cultivation from 44,174 acres in 1971-72 to 52,404 acres in 1973-74. The Corporation would also be able to bring 12,721 acres under cultivation thus increasing the total culturable area to 64,538 acres during the current year.
- (iv) The total production of various farms of Corporation in 1969-70, is 1,32,930.47 quintals of Rabi and 32,738.97 quintals of Khariff; in 1970-71, 70,717.70 quintals of Rabi and 52,173.05 quintals in Khariff; in 1971-72, 109,734.99, quintals of Rabi and 46,606.49 quintals of Khariff; and in 1972-73, 148,401.83 quintals of Rabi and 90,445.35 quintals of Khariff respectively.
- (v) In 1971-72 and 1972-73, the average yield of wheat per acre (in quintals) in Suratgarh was 6.90 and 7.96; Jetsar 5.50 and 5.95; Hissar 10.48 and 8.06 and Ladhawal 8.11 and 4.75 respectively.
- (vi) A scheme for the establishment of an organisational Unit for Multiplication of seeds of new high yielding varieties at a cost of Rs 8.16 lakhs in association with the State Farms Corporation, Agricultural Universities and other Seeds Producing Agencies has been approved by the Planning Commission to be implemented by the Corporation during the Fifth Five Year Plan.
- (vii) In order to improve the utilisation of machinery, the Corporation has started taking up "custom work" within a radius of 10 Km. from the farms, on behalf of private parties on payment. The Corporation earned a total sum of Rs. 23.49 lakhs till 1972-73.
- (viii) The Corporation has set up a 'Fabrication Unit' at Suratgarh Farm in order to meet the requirement of spare parts of agricultural equipments in the country.
- (ix) The Corporation has set up poultry, piggery and Fishery and Canning Units at Mizoram Farm and a Sheep Rearing Unit at Jetsar Farm.
- (x) The Corporation has also several other schemes like setting up small sized farms and employment of poor students of agricultural universities and colleges at State farms and these are awaiting approval by Government.

- (xi) The Corporation has earned an all time high profit of Rs. 59 lakhs in 1972-73.

12.4. The Committee, however, find that:—

- (i) Since its inception in May, 1969, the Corporation has devoted itself to only two out of the eight main objectives for which it was set up *viz*, (i) production of seed and (ii) reclamation and development of land.
- (ii) No targets for production of seeds were fixed during the Fourth Plan for any of the seed producing agencies. The SFCI has produced only 1.22 lakh Quintals of truthfully labelled seeds including 5439 tonnes of wheat seeds during 1972-73.
- (iii) Out of over 70,000 acres of land at present under the various state Farms of the Corporation, irrigation water facilities are available for not more than 16,000 acres. Suratgarh, Jetsar, Hissar and Raichur Farms are fed by State Canal Systems, Ladhowal farm is fed by 68 tube wells, Chengam farm by 35 open wells, Kerala farm by stream passing through the farm, Kokilbari and Mizoram farms by gullies/nallahs, these farms are experiencing erratic and irregular and inadequate supply of water. Even after all the schemes are completed irrigation facilities would be available only for 40,000 acres.
- (iv) Against an acreage of 46782 in 1970-71; 46932 in 1971-72, and 53989 in 1972-73: the Corporation was able to sow area of 41887; 44570; and 49612 acres respectively. Thus there have been shortfalls in acreage actually sown to the extent of 4,895 acres in 1970-71, 2,362 acres in 1971-72 and 4377 acres in 1972-73.
- (v) Though the production at the State Farms of Corporation has shown overall increase from 82738 quintals in Khariff of 1969-70 to 90445 quintals in Khariff of 1972-73, the overall Khariff production had actually come down to 52173 quintals in 1970-71 and 46606 qtls. in 1971-72. In the case of Rabi crops while the overall production has actually gone up from 132930 quintals in 1969-70 to 148401 quintals in 1972-73, the production has actually come down to 70718 quintals in 1970-71. The Suratgarh Farm suffered a set back as the production come down from 113819 qtls. in 1969-70 to 91,234 qtls. in 1972-73.
- (vi) The cost of production of various crops in the State Farms have shown an erratic trend.



- (vii) The Government/Corporation have not laid down a definitive policy about the disposal of commercial produce which is being disposed of either by auction or by sale to the different purchase organisations.
- (viii) Out of the machinery worth Rs. 210.29 lakhs received from U.S.S.R. as gift or through purchases, machinery of value Rs. 7.99 lakhs are lying unutilised/or surplus to the requirement of the farms of the Corporation.
- (ix) The actual cost of consumption of P.O.L. per acre was of the order of about Rs. 33 in Suratgarh, while it varied from Rs. 16 to Rs. 38 in Jetsar, from Rs. 28 to Rs. 31 in Hissar during the period from 1969-70 to 1972-73.
- (x) Although the State Farms Corporation had acquired land from State Governments and set up farms on varying dates in the years 1969 to 1973. No lease agreements (except in the case of Lokichera Farm) have so far been executed in respect of lands taken by it for various farms.
- (xi) The farms at Khammam (A.P.) and Bahraich (U.P.) have been set up without obtaining the approval of Government. The reclamation work at Rae Bareilly has also been started by the Corporation without the prior approval of the administrative Ministry.
- (xii) Though the Corporation had decided to wind up the operation at Jharsuguda farm which had been incurring losses to the tune of Rs. 43 lakhs upto 1972-73, the implementation of orders for winding up the farm has not been finalised.

12.5. While the Committee feel that the State Farms Corporation has been able to bring an area of 52,40 acres under cultivation and produce truthfully labelled seeds to the extent 122484 quintals of seeds to meet the requirements of seeds of the country, in the opinion of the Committee the Corporation should concentrate its energies more on the main objective of seed production by coordinating its activities with other seed producing agencies like National Seeds Corporation and Tarai Development Corporation to produce quality seeds in the interest of the increased food production in the country.

NEW DELHI;

April 26, 1974.

Vaisakha 6, 1896 (S).

SUBHADRA JOSHI,

Chairman,

Committee on Public Undertakings.

**APPENDIX I**

*(Vide Para 4.4)*

**Statement of Agricultural Machinery Position  
(Values in Rupees Lakhs)**

Sl. No.	Farm	Machinery initially Acquired			Total	Utilized by transferred to other Farms	Surplus disposed off	Present machinery at the Farm
		From USSR	From indigenous sources	by Transfer from other Farms				
1	2	3	4	5	6	7	8	9
1	Jetsar	25.33	5.33	1.32	31.98	7.82	2.49	21.67
2	Jawalgera	25.00	0.88	1.18	27.06	5.19	..	21.87
3	Cannanore	23.97	1.63	0.71	26.31	8.89	..	17.42
4	Jharsuguda	22.72	8.90	..	31.62	31.09	..	0.53
5	Tamilnadu	..	2.76	10.21	13.07	..	..	13.07
6	Ludhiana	19.25	2.07	3.08	24.40	4.40	..	20.00
7	Kokilabari	..	0.05	13.13	13.18	0.03	..	13.15
8	Mizoram	..	1.75	10.06	11.81	0.32	..	11.49
9	Khemmam	..	1.08	2.15	3.23	..	..	3.23
10	Rae Bareli	..	1.16	1.50	2.66	..	..	2.66
11	Suratgarh	71.13	13.05	25.66	109.84	5.27	35.13	69.44
12	Hissar	22.89	4.03	1.62	28.54	7.30	..	21.24
	<b>Total</b>	<b>210.29</b>	<b>42.69</b>	<b>70.72</b>	<b>323.70</b>	<b>70.31</b>	<b>37.62</b>	<b>215.77</b>

Machinery being utilized	%age utilization	to be utilized at the Farm Subsequently	Proposed to be utilized by inter-farm transfer including new farms established	Surplus machinery	Remarks
10	11	12	13	14	15
19.90	91.83	.	1.74	0.03	Out of Rs. 1.74 lacs machinery worth 0.77 lacs earmarked for Behraich.
16.45	75.20	3.86 (Workshop Cotton harvesting)	0.24	1.32	
13.44	77.15	2.33	0.80	0.85	Receipt of state electric power will facilitate use of workshop machinery worth Rs. 2.33 lacs.
..	..	..	0.36	0.17	Farm being wound up.
13.07	100.00	..	..	..	Some machinery to be put to extensive use on availability of power/custom work.
12.84	64.20	..	3.41	3.75	
13.15	100.00	..	..	..	
11.49	100.00	..	..	..	
3.23	100.00	..	..	..	
2.66	100.00	..	..	..	
67.41	97.08	..	1.92	0.11	
17.66	83.14	0.55	1.27	1.76	
191.30	88.65	6.74	9.74	7.99	

## APPENDIX II

(Vide para 4.16)

### Expenditure on repairs & Maintenance on Machinery

(Fig. in lakh rupees)

Name of the Farm	1969-70			1970-71			1971-72			1972-73			(pro i- sional)
	Exp.	Capital cost of mach.	%age	Exp.	cost of mach.	%age	Exp.	cost of machinery	%age	Exp.	Cost of machinery	%age	
1. Surategarh .	2.71	32.76	8.27	2.18	36.16	6.03	5.47	48.46	11.28	6.18	50.03	12.35	
2. Jeteer	1.13	15.84	7.13	0.84	16.98	4.95	0.79	16.99	4.65	1.47	14.89	9.87	
3. Hissar	0.31	27.44	1.13	0.75	27.81	2.70	1.31	28.04	4.67	1.65	27.90	5.91	
4. Raichur .	0.23	24.17	0.95	0.27	31.05	0.87	0.48	30.40	1.58	1.09	33.31	3.27	
5. Jharugada .	0.52	15.20	2.71	0.42	18.89	2.22	0.35	12.18	2.87	0.09	5.56	1.62	
6. Ladhawal .	0.09	24.99	0.30	0.28	24.95	1.12	1.02	25.68	3.97	0.84	28.56	2.94	
7. Cannanore	..	..	..	0.05	19.08	0.26	0.31	22.08	1.40	0.27	23.50	1.15	

(APPENDIX III)

(Vide Para 5.40)

Average yield of Central State Farms vis-a-vis All India Average yield for the year 1972-73.

Crop	C.S.F.	All India Average	State Govt. Farms average	Reasons for low yield as compared to All India Average
1	2	3	4	5
<i>C. S. F. Suratgarh</i>				
Paddy	13.75	4.15	6.99	<i>Cotton</i> : Low yield because some of the area failed, alkalinity of soil dry hot winds and lack of irrigation supplies. <i>Moong</i> : Mainly summer crop subjected dust storms and hot winds. <i>Rape &amp; Mustard</i> : Mostly rainfed crop Low yield because of lack of rainfall irrigation.
Cotton	1.53			
Bajra	1.67	1.31		
Moong	0.63	1.08		
Wheat	7.96	5.07	7.40	
Gram	3.99	2.61		
Rape & Mustard	1.11	2.21		
<i>C. S. F. Jatsar.</i>				
Moong	0.69	1.08		<i>Moong</i> : 235 acres out of 1540 acres failed completely and the balance affected severely by dust storms. <i>Cotton</i> : 93 acres out of 1205 acres did not come up. There was scarcely or irrigation supplies. Hence low yield. About 30 acres out of 508 acres failed due to dust storms. Further, there was attack by birds.
Guar	1.23	1.39		
Bajra	0.91	1.31		
Cotton	1.27	3.12		
Paddy	4.97	4.15	6.99	
Wheat	5.85	5.07	7.4	
Gram	2.52	2.61	0.36	
Mustard	2.02	2.21		
<i>C. S. F. Hissar :</i>				
Cotton	3.24	3.12		<i>Moong</i> : It was taken on an area of 1 acres which was Barani. Because of severe drought, 1058 acres completely failed. <i>Arhar</i> : Out of an area of 3,36,166 acres failed due to drought. <i>Gram</i> : Gram and oil seed are barani crops. 45% of gram area and 20% of mustard completely failed and rest of the area gave poor yield due to failure of rains.
Moong	0.14	1.08		
Arhar	1.23	3.03		
Wheat	8.06	5.07		
Barely	3.39	3.91		
Gram	0.22	2.61		
Rape & Mustard	0.78	2.21		
<i>C.S. F. Raichur :</i>				
Cotton	4.54	2.88		<i>Wheat</i> : Because of several frequent breaches in the canal, wheat crop could not get adequate irrigation. Further, some of the sowing had been done on scrapped and undeveloped areas.
Wheat	3.76	5.07		
Safflower	0.14	0.77		
Jwar	0.34	1.43		

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*Safflower & Juar* : There are purely rainfed crops and in the absence of rains, the yield was poor.

*C. S. F. Ladhawal :*

Paddy . . . . .	3.06	4.15	
Maize . . . . .	1.17	4.38	
Moong . . . . .	0.64	1.08	
Wheat . . . . .	4.75	5.07	5.00
Potato . . . . .	48.64	34.28	41.66

Ladhawal farm was taken over in August, 1971. Total area of the farm is 2700 acres out of which 1120 acres needed reclamation and 1380 acres needed development. Some of the sowing was done on undeveloped land.

Tubewells were in the process of being activated. Because of severe power crises in Punjab, tubewells worked for a short period and consequently crops could not get adequate irrigation. As a result the yield was low under almost all the crops.

*C. S. F. Chengam :*

Juar . . . . .	4.52	1.43	
Ragi . . . . .	1.40	3.39	
Cotton . . . . .	0.30	2.88	
Horsegram . . . . .	0.61	N.A.	
Bajra . . . . .	1.48	1.31	
Moong . . . . .	0.94	1.08	
Groundnut . . . . .	2.49	2.31	2 to 2 (Dry)
		4 to 5	Quintals (Irrigated)

There being no irrigation facilities crop suffered due to drought.

*C. S. F. Carnarore :*

Paddy . . . . .	5.30	4.15	14.28
Tapioca . . . . .	50.00	45.79	50.00
Generally . . . . .	0.72	0.64	..

*C. S. F. Kokilabari :*

Paddy . . . . .	3.63	4.15	
Wheat . . . . .	3.47	5.07	
Mustard . . . . .	0.07	2.21	

*Paddy* : Paddy crop was managed by wild animals of the adjoining forests.

*Wheat* : Low yield under wheat because it was sown late as a result of agitation excess weed growth.

*Mustard* : Stunted growth due to excessive moisture at sowing time.

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## APPENDIX IV

(Vide para 5.58)

Cost of production per quintal of various products in state farms

Central State Farms

Year	Crops	Suratgarh	Jetsar	Hissar	Chengam	Ludhawal	Kerala	Kokilabari
1	2	3	4	5	6	7	8	9
1970-71	Paddy	57.65	..	..	..	..	..	..
	Wheat	98.58	146.72	42.84	..	..	..	..
	Cotton	404.83	649.43	150.50	..	..	..	..
	Gram	87.14	147.72	110.25	..	..	..	..
	Bajra	137.83	142.58	56.33	..	..	..	..
	Barley	155.36	..	..	..	..	..	..
	Sugarcane	8.90	..	..	..	..	..	..
	Mustard	100.16	135.00	..	..	..	..	..
	Moong	476.57	267.55	591.98	..	..	..	..
	Guar	185.71	109.36	..	..	..	..	..
	Raya	..	..	219.24	..	..	..	..
1971-72	Paddy	94.52	..	..	..	..	..	..
	Wheat	73.56	87.17	51.83	..	..	..	..
	Cotton	286.18	254.41	198.25	..	148	..	..

(66-25 Modan)

(64-78 Wetland)

I	2	3	4	5	6	7	8	9
	Gram	48.68	114.36	141.12				
	Bejra	452.04	136.14	103.76				
	Barley	90.04	..					
	Sugarcane	7.68	..					
	Mustard	179.67	264.33				..	
	Moong	605.88	209.43	177.35				
	Guar	411.62	105.50					
1972-73	Paddy	45.48	..	..		166	..	69
	Wheat	69.87	79.65	73.29		120		..
	Cotton	291.36	236.17	121.20		..		96
	Gram	52.15	80.56	Failed		66.70 (Horse gram)		
	Bejra	220.94	150.56	Failed		87.17		
	Mustard	207.79	128.94	..		..		
	Moong	445.55	232.34	Failed		160.44	575	..
	Gaur	333.22	123.30					
	Raya	..	..	150.19				
	Sunflower	170.72				154.76		
	Groundnut					912.01		



*Reasons for high cost of production are given as under :*

(1) **Suratgarh Farms**

Reasons for the high cost of production during 1971-72 were the low yield of these crops.

(2) **Jesar Farm**

In 1970-71 out of 450 acres under cotton about 200 acres completely failed due to lack of irrigation. The yield of cotton received was only 41 kg. per acre which resulted in high cost of production per quintal.

(3) **Hissar Farm**

Total area sown under Moong during 1970 was 383 acres out of which 172 acres completely failed and 195 acres failed to the extent of 50.75%. It also suffered heavy attack of Mosaic disease. The yield obtained was only 38 kg. per acre and hence high cost of production per quintal.

(4) **Lodhawal Farm**

The crop suffered for want of proper irrigation and more than 300 acres out of 700 acres Maize area and 40 acres out of 100 acres Moong area completely failed. The rest of the area gave very poor yield of 1.17 quintals and 0.64 quintals per acre respectively. This was the cause of high cost of production per quintal of these crops.

APPENDIX IV

*Summary of conclusions|Recommendations*

S. No.	Reference to Para No. in the Report	Summary of Conclusions Recommendations
1	2	3
1	1.14	<p>The Committee note that since its incorporation in May, 1969, the State Farms Corporation of India has devoted itself to only two out of the eight main objectives for which it was set up viz. (i) production of seeds and (ii) reclamation and development of land. Besides, the States Farms Corporation of India, there is another public sector Corporation engaged in the production of seeds viz. National Seeds Corporation. During evidence the Committee were informed that the question of ensuring collaborative relationship between these Corporations including the question of merger was being considered by Government. The Committee understand that a decision has recently been taken that the National Seeds Corporation should get the foundation seed production programme organised on the farms of the SFCI and the latter should set higher standards of seed production and produce only certified seeds and contract for them. The Committee were also informed that an Advisory Committee has also been constituted associating the ICAR and the National Seeds Corporation and the question of delineating the roles of NSC and SFCI would be taken by the Advisory Committee so that they would supplement and not overlap each other. The Committee recommend that the roles of SFCI and NSC should be clearly demarcated and arrangements for coordination finalised early</p>

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so as to ensure a judicious management of the expertise available with the National Seeds Corporation and an optimum utilisation of the farms in the possession of the SFCI.

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2.8

The Committee find that the sites for setting up the Central State Farms at Suratgarh and Jetsar were selected by a Committee of Exports appointed by Government of India in 1956. The sites for Jharsuguda, Hissar, Raichur, Aralam and Ladowal were selected by a Central Seed Farm Committee under the Chairmanship of the Secretary of the Ministry of Agriculture. The sites at Chengam and Kokilabari had been selected by an Expert Committee of the Corporation.

The Committee feel that if parameter like availability of irrigation facilities, compactness of the area, soil and terrain suited to effective utilisation of machinery, adequate means of communication and proximity to established market, had been taken into account while selecting the sites, these farms would not have faced the difficulties an incurred losses. The Committee feel that Government|Corporation should learn a lesson with the experience now gained to see that only such sites are selected where facilities for irrigation and other basis requirements are available or there are potentialities for development of such facilities at a reasonable cost within a specified time in close-coordination with State Governments.

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2.12

The Committee find that State Farms of the Corporation are not of uniform size. For example, the Suratgarh farm in Rajasthan covers an area of 29,206 acres, the farm at Lokichera in Assam is only 500 acres. The Committee were informed that though the area acquired was less, there is no farm which has a targetted area of less than 6,000 acres While according

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to the Corporation a minimum of 5,000 acres would be the economic size, Government's view is that "an area between 5,000 and 10,000 acres would be the optimum size." The Committee feel that with the experience now gained by the Corporation in operating farms of different sizes, it should be possible for the Corporation to have a close study and determine a suitable economic size for the farms to enable selection and acquisition of sites for the new farms to be set up by it.

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2.22

The Committee find that even though the State Farms Corporation had acquired lands from State Governments and set up farms between the years 1969 to 1973 no lease Agreements have been executed in respect of lands taken on lease except in the case of Lokichera Farm in Mizoram. The Committee also find that in the case of Suratgarh Farm in Rajasthan, the period of lease expired in 1971 but it had not been renewed till 1974. The Committee fail to understand why such inordinate delays in renewal of lease Agreements should be there. It is obvious that absence of lease agreements is bound to create a climate of uncertainty which is not conducive to efficient functioning. The Committee recommend that this matter may be accorded the priority it deserves and lease agreements should be executed without further loss of time. Wherever original period of lease has expired, action should be taken to renew the period of lease without further delay.

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2.23

The Committee feel that Corporation should standardise the form of lease agreement so as to serve as a guide in the matter and help eliminate delays.

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2.24

The Committee find that except in the case of Cannanore and Raichur Farms where the land

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was purchased by the Government of India from the State Government, the land for other farms was taken on long term lease varying from 15 to 30 years. The Committee are of the view that in the interest of long term planning of State farms in the country, land for the new farms should be for reasonably long periods say 30 years or more.

The Committee also recommend that agreements entered into with State Governments should be firm and conclusive before the Corporation starts investing its scarce resources on the development of the farms.

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3.10

The Committee regret to note that out of 70,000 acres of land at present under the various State farms of the Corporation, irrigation water facilities were available for not more than 16,000 acres. In this context the Committee would, in particular, like to point out that Suratgarh farm which was taken up in 1956 still continues to suffer after 17 years of its existence from lack of adequate irrigation facilities. Same is the case with the second largest farm viz Jetsar. At a time when Government are hard pressed to find foodgrains to sustain the public distribution system, the Committee see no reason why Government could not in all these years take concrete measures to see that irrigation facilities were made available to at least two of these largest farms in the interest of maximising foodgrain production. The Committee would like to be informed of the progress made in switching over the source of supply of water to these farms from Bhakra Nangal to Rajasthan Canal. The Committee need hardly point out that Central Government in the Ministry of Irrigation and Power who have their representative

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on both Bhakra Nangal Board as well as Rajasthan Canal Board should be able to ensure that the needful is done without further delay.

**8****3.15**

The Committee find that in the Hissar Farm which was set up in 1968, against the requirement of 75 Cu. of water assured by the Government of Haryana, the water now available is only 37 Cu. When the Farm is fully developed the requirement of water will be of the order of 80 Cu. on the basis of 10 Cu. for thousand acres of cultivated area. The Committee also note that there is hardly any scope for the Corporation to get additional water supplies from the State Government until the additional supply of canal water is made available from the Ravi Beas Complex or by having separate tube-wells project. The Committee are surprised that the Corporation had not so far sought the assistance of the Ministry of Agriculture to tackle the irrigation problem at Hissar and has been pursuing the matter at the Corporation level. The Committee recommend that Government having siezed of the problem should consider the feasibility of taking up the matter seriously with the Ministry of Irrigation and Power and the authorities of the Beas Control Board to find a solution for this problem in the interest of fully developing the area covered by the State Farm. The Committee would like to be informed of the action taken in the matter.

**9****3.22**

The Committee find that the Raichur Farm set up in 1969 with an area of nearly 7300 acres under the command of the Left Bank Canal of the Tungabhadra Project is served by two distributories. The irrigation requirements of the farm were calculated at 40 Cu. In spite of the assurance given by the State Irrigation Department that they will meet this water requirement

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of the farm, the Committee find that the irrigation channels were not being run to their full supply level and the existing channels have to be modified for increasing the water supply. As a result of protracted correspondence and discussions with the State Government, some temporary heading up of water had been done by the State Irrigation authorities. In spite of this, the farm was able to get only 11 Cu. of water, though the requirement at present is of the order of 48 Cu.

The Committee also note that when the matter was taken up with the Mysore State Government, a suggestion was made by them in October, 1973 that the Corporation should exploit the ground water potential available in the area and have a number of wells so that a system of conjunctive use of ground and canal waters could be arranged. The Committee would like Government/Corporation to tackle this problem in all seriousness with the State Government of Mysore so that remodelling of irrigation channels can be taken up and irrigation water supply provided to the Farm as originally assured. The Committee would also like that the Corporation should as suggested by the ground water potential of the area, to supplement the canal irrigation by well irrigation.

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3.26

The Committee note that in the case of Chengam Farm started in 1971, out of 150 open wells which were proposed to be dug up for providing irrigation facilities, only 35 open wells had so far been constructed and most of the crops are being grown under the rain fed conditions. The Committee were informed that the Corporation was facing certain difficulties in obtaining particular types of equipments from

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the State Government for the purpose of digging wells and there were also some labour problems.

The Committee would like Government/Corporation to take up the matter at the highest level in the State Government so that these difficulties can be solved and irrigation facilities developed in full at the earliest.

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3.29

The Committee note that the water requirement of Kokilabari farm which was set up in 1971 with an area of 5000 acres, is of the order of 40 Cu. and the major period for which the irrigation water would be required is only 4 months i.e. from November to February and this is provided by flow irrigation after diversion of perennial streams. The Committee also note that the Corporation has introduced double cropping to the extent of 910 acres and is proposing to have a pucca diversion bund after the survey for the same is completed. Possibilities of irrigation higher sports by lift irrigation are also being examined. The Committee desire that the work in this regard should be completed soon so that the water requirements of the farm are met in full.

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3.32

The Committee note that the Mizoram Farm set up during 1970-71 covering an area of 1293 acres consists of two units, the Lokichera and Lushaichera. The water requirements for these units were estimated at 5119 lt. per minute and 11943 lt. per minute respectively. At present the source of water supply for Lokichera was only impounded rain water in the four earthen check dams across the deep gullies and another across the perennial Loki Lui nala flowing through the farm area from which the farm is able to get only about 1706 lt. per minute.



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In the case of Lushai Chera, the water supply was reported to be from the perennial single Luai and Lushai Lui by lift irrigation and the supply was reported to be sufficient.

The Committee also find that the Central Ground Water Board who had made hydrogeological investigation of the farm had come to the conclusion that ground water development through tubewells was uneconomical.

The Committee hope that Government would take suitable measures to provide the necessary facilities for augmenting the existing water supply arrangements to enable the Corporation to arrange adequate water supply to the Lokichera unit.

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The Committee regret that Government Corporation do not appear to have learnt a lesson from their experience that there is a wide gap between the promises made at the time of taking over the land for setting up the State farms and the provision of irrigation facilities on assured basis. The Committee would like Government to draw firm guidelines in this behalf so that in future land is not acquired for setting up the farm which does not have already assured means of water supply or it has been established beyond doubt after detailed investigation that adequate water facilities could be developed as per time bound programme which should be specified in that behalf. The Committee have no doubt that Government would carefully go into the economics of the project with particular reference to availability of water before setting up new farms.

As regards the farms which have already been established but which do not have adequate irrigation facilities the Committee would

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like Government to set up a high power team of experts to review systematically the irrigation facilities in each of the farms and recommend concrete measures for developing the irrigation facilities in order to meet the demand in full in the interest of maximising production.

The Committee would like to be informed of the concrete measures which are taken by the Government|Corporation in implementation of these recommendations.

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4.11

The Committee find that out of the machinery worth Rs. 210.29 lakhs received from USSR authorities as gift or through purchases, machinery worth Rs. 7.99 lakhs are lying unutilised|or surplus to requirement of the farms of the Corporation. The Committee note that the Corporation has already taken a decision to dispose of the surplus machinery to State Governments|State Undertakings free of charge provided such an arrangement is agreed to by USSR and the actual expenditure on transportation and customs duty is recovered from the beneficiaries. The Committee recommend Government|Corporation should ensure that disposal of surplus machinery should in no case be to the private parties.

The Committee also recommend that Government|Corporation should explore the possibility of utilising the machinery with suitable modifications|repairs in other new farms of the Corporation. The Committee would like to be informed of the developments.

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4.18

The Committee note from the Report of the Experts Committee appointed to examine the losses of Jetsar Farm that the norms of the different operations by the tractors had not

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been strictly adhered to and in some of the cases, the out turn of the tractors was much less than the norms fixed. The Committee were informed that utilisation of plant and machinery being seasonal the machinery were provided according to the schedules of operations fixed with reference to the cropping programme of each of the farms, their utilisation watched through monthly progress report from the farms. The Committee were also informed that 50 per cent machines were being sent to workshop for maintenance and major overhauling periodical check up during the off-seasons. The Committee recommend that utilisation of machinery should be critically reviewed with reference to the norms fixed for the purpose so that wide variations from the norms analysed with a view to taking suitable steps for a proper deployment of the same to achieve maximum output.

The Committee also note that the farms had not been maintaining proper records of servicing and maintenance with the result that the farms authorities have not been able to carry out timely servicing and maintenance. The Committee need hardly emphasise the importance of prescribing proper schedules for periodical maintenance so that the maintenance and overhauling of machinery are done on the scheduled dates to prevent undue wear and tear and achieve economic utilisation of machinery. The Committee also recommend that proper records of such periodical maintenance and repairs should be kept in the appropriate log books of the machinery and these should be reviewed regularly with a view to taking timely action for periodical maintenance.

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4.28

The Committee note that in order to improve the utilisation of machinery, the Corpora-

tion had been taking up the work of land leveling, land reclamation and soil conservation on behalf of private parties on payment. Repairs and servicing of private tractors and other equipment was also undertaken at Workshops of the farms.

The Corporation decided in April, 1971 to explore possibility of getting adequate custom work preferably within a radius of 10 k.m. from the farms. The Committee find that necessary instructions in this regard had been issued to the farm authorities in February, 1973 for utilising the idle machinery by taking up custom work around the farms. The Committee find that during the period from 1969-70 to 1972-73, the Corporation had earned a total sum of Rs. 23.49 lakhs for custom work. The Committee are informed that the question of expansion of custom servicing was being considered by the Corporation as part of their proposals for the Fifth Plan. The Committee recommend that the Corporation should critically evaluate the working of the scheme before considering the expansion of the scheme to other units of the Corporation or elsewhere. The Committee also recommend that the Corporation should prepare separate proforma account to enable a proper assessment of the working of the scheme. The Corporation should ensure that the rates charged for the custom work are comparable with rates charged by State Agro Industries-Corporations and should in no circumstances result in loss.

The Committee note that the Corporation set up a Fabrication Unit at Suratgarh in 1972 at a cost of Rs. 1.26 lakhs for the manufacture of spare parts and agricultural implements. Under the first phase of the scheme, the unit is expected to meet about 25 to 30 per cent of

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the requirements of the Corporation. During 1972-73, the Unit earned a net profit of Rs. 24,000/-. The Committee recommend that before this Unit is expanded the Corporation should review the working of the unit critically to find out the economic viability of the unit.

The Committee would also like that the Corporation should maintain proforma account of the workshop to assess the financial results of the unit.

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5.12

The Committee regret to note that no targets for production of seeds were fixed during the Fourth Plan for any of the seed producing agencies. During evidence the Committee were informed by the representative of the Corporation that the total requirements of seeds in the country at the end of the 5th Five Year Plan is 5.3 lakh tonnes in the case of cereals and 7.17 lakh tonnes in the case of commercial crops.

According to the Ministry the target for certified seeds of wheat during the Fifth Plan, is stated to be of the order of 1 lakh tonnes, out of which the SFCI is expected to meet about 13,000 tonnes i.e., 12.84 per cent of country's requirement. The Committee find that during 1972-73 the SFCI has produced only 1.22 lakh quintals of truthfully labelled seeds including 5439 tonnes of wheat seed.

The Committee are informed that Government are proposing to take a number of measure to bridge the gap between the demand and the availability.

The Committee recommend that Government should pool the resources of the three seed producing agencies viz. SFCI, NSC and TDC and draw up a coordinated programme of seed production with well defined targets for

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each, with a view to meet the demand for quality seeds which are required in the interest of stepping up agricultural production. Adequate arrangements should be made to see that quality seeds at reasonable prices are available in time to the farmers.

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5.19

The Committee find that out of a total area of 94,530 acres proposed for farms, 77,259 acres of land are in possession of the Corporation as at the end of 1973-74. The Committee also note that the Corporation has been able to increase the area under cultivation from 44,174 acres in 1971-72 to 52,404 acres in 1973-74, besides bringing a small area of 1,423 acres under Plantation Crops. The Committee were informed that out of the remaining area of 23,432 acres which are stated to be unculturable, it would be possible to bring 12,721 acres under cultivation thus increasing the total culturable area to 64,538 acres including area brought under plantation. The Committee desire that Government/Corporation should take concerted measures to see that the targetted area of 64,538 acres is brought under cultivation during the current year.

The Committee also recommend that Governments/Corporation should explore the possibility of utilising the un-culturable land for other agricultural subsidiary activities like piggery, poultry, sheep breeding etc. in order to improve the overall economics of the farms.

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5.29

The Committee note that against the acreage of 46,782 in 1970-71, 46,932 in 1971-72 and 53,989 in 1972-73, the Corporation was able to sow an area of 41,887, 44,570 and 49,612 acres respectively resulting in shortfall of 4,895 acres in 1970-71, 2,362 acres in 1971-72 and 4,377 acres in 1972-73. The Committee were informed that during 1973-74 the area sown has increased to 64,000 acres. The

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Committee find that the main reasons for the shortfall have been failure of rains, lack of adequate irrigation facilities, shortage of power, labour management relations etc.

The Committee recommend that the Corporation should keep an eye on the changing cropping trends and utilise the remaining area also for sowing and bringing the rest of area under cultivation to achieve maximum production.

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5.33

The Committee note that though the production at the State Farms of the Corporation has shown an increase from 82738 quintals in Khariff of 1969-70 to 90445 quintals in Khariff of 1972-73, the overall khariff production had actually come down to 52173 quintals in 1970-71 and 46606 quintals in 1971-72. An analysis of the production performance in the different farms indicates that the shortfall has been maximum at Suratgarh farm where the production has come down from 65453 quintals in 1969-70 to 49326 quintals in 1972-73. In the case of Jetsar, the Committee find that the Khariff production came down from 12181 quintals in 1969-70 to 9446 quintals in 1970-71 and again decreased to 6893 quintals in 1971-72 but increased to 15456 quintals in 1972-73. The production at Hissar, however, has increased from 3338 quintals in 1969-70 to 7693 quintals in 1970-71 and again to 7306 qntls. in 1971-72, but declined to 4701 quintals in 1972-73.

The Committee also note that in the case of Rabi Crop while the overall production has gone up from 132930 quintals in 1969-70 to 148401 quintals in 1972-73, the production has actually come down to 70718 quintals in 1970-71 but increased to 109734 quintals in 1971-72. The Committee regret to observe that even in Rabi

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cultivation Suratgarh Farm suffered a set back in that, the production has come down from 113819 quintals in 1969-70 to 91234 in 1972-73.

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5.34

While the Committee have given their recommendations elsewhere in this report about the inadequacy of irrigation facilities in the various farms, the Committee recommend that Government/Corporation should examine in depth the causes which have contributed to the lower level of production of Khariff, and take suitable measures to convert this disturbing trends.

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5.43

The Committee find that against the all India average yield of 5.07 quintals of wheat per acre, the farm at Suratgarh achieved an average yield of 7.96, Jetsar 5.85, Hissar 8.06, Raichur 3.76, Ladhawal 4.75 quintals. The Committee also find that the average yield at Jetsar and Ladhawal farms, has been less than the yield in the farms of the State Government in the same area. It has been admitted by the Corporation that "per acreage average yields obtained at our farms are extremely low when compared with those obtained by the Agricultural Universities/ Progressive farmers as well as the All India average yields and average yields of respective States."

The Committee recommend that Government should undertake an analytical study to compare the productivity of the farms run by the Corporation with the yield per acre achieved in private farms/State Government/Governmental universities so as to introduce suitable cropping patterns and farm practices in the farms of the Corporation.

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5.54

The Committee find that the actual cost of consumption of POL per acre was of the order of about Rs. 33 in Suratgarh, while it varied



from Rs. 16 to Rs. 38 in Jetsar, from Rs. 28 to Rs. 31 in Hissar during the period from 1969-70 to 1972-73. The Committee, however, find that the cost per acre of consumption of POL in the case of Raichur Farm in 1972-73 was Rs. 90, an abnormally high figure. In the case of Ladhawal, the rate was Rs. 175.66 per acre during 1971-72 and in the case of Cannanore it was Rs. 109.84 per acre during 1972-73. The Committee need hardly stress that such heavy costs on POL are bound to affect adversely the cost of production. The Committee recommend that Government should investigate into the causes of these high rates of consumption of POL per acre in Raichur, Ladhawal and Cannanore with a view to ensuring that these are not due to pilferages or thefts, or wasteful practices etc. The Committee also recommend that the Corporation should on the basis of experience of working of the machinery fix suitable norms for consumption of POL per acre so that abnormal increases are readily identified and remedial measures taken without delay.

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5.57

The Committee recommend that the Corporation should, on the basis of working of machinery in the different farms, fix suitable norms for the different types of agricultural operations and work out standard costs therefor so that any variations from these norms or the cost cou'd be analysed and remedial measures taken to effect economies in the cost of operations and consequently in the cost of production.

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5.67  
5.68

The Committee find that the cost of production of various crops in the Central/State Farms have shown an erratic trend. For example the cost of production in the case of wheat

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has been Rs. 98.58 per quintal in Suratgarh, Rs. 146.72 at Jetsar and only Rs. 42.84 in Hissar during 1970-71. In the case of Suratgarh, the cost of production came down to Rs. 73.56 in 1971-72. In the case of Jetsar farm the cost came down from Rs. 87.17 in 1971-72 to Rs. 79.65 in 1972-73. In the case of Hissar farm, however, the cost of production increased to Rs. 51.83 in 1971-72 and further increased to Rs. 73.29 in 1972-73. The Committee find that one of the reasons for this varying trend was variation in production due to erratic and inadequate irrigation, crop diseases etc. The cost of production is the interaction of various factors. The Committee feel that there is much scope for standardisation of cost even in agricultural operations especially when such operations are mechanised and the area of coverage is fairly large. The Committee therefore recommend that Government Corporation should analyse trends in cost of production and the contributory factors each year crop-wise so that all possible economies in cost could be effected.

The Committee would also like that Government as assured to the Committee should undertake an analysis of input output ratio in various State farms of the Corporation with a view to lay down suitable steps and take corrective steps as may be necessary.

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6.19

The Committee note that the seeds produced by the Corporation are at present 'truthfully labelled' as distinct from the seeds produced and marketed by National Seeds Corporation and Tarai Development Corporation which carry the label 'certified seeds'. Though the Corporation claim that there is no difference between the 'truthfully labelled' seeds and the 'certified seeds' of the National Seeds Corporation and Tarai Development Corporation, the fact is that they have been pricing their seeds lower than the 'certified seeds' so as

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to stand competition in the market. The Committee consider that Government should have a well-coordinated policy in the key sector of providing good quality seeds as an essential input for achieving optimum production of food-grains. The Committee feel that both in the interest of inspiring confidence in the farmers as also to get better prices, it is high time that the seeds of the Corporation are also examined for quality and marketed as 'certified seeds'. The Committee cannot but strongly urge the need for closer coordination between all the Corporations engaged in the production and marketing of seeds.

As regards pricing policy to be followed for marketing of seeds, the Committee agree that there has been an element of competitiveness between the Corporations in the interest of sustaining and improving the quality and reducing the cost of production. Nevertheless, it is obvious that there should be a well-sorted out and coordinated pricing policy in the interest of ensuring that the seeds are made available to the farmers at reasonable prices and that the Corporations do not suffer a loss in this process. The Committee note that the Government have belatedly realised the importance of evolving such a policy of coordination and consultation with the Agricultural Prices Commission and the Corporations concerned. The Committee would like this matter to be processed with utmost expedition. The Committee should be informed within three months of the pricing policy evolved by the Government and the action taken by the Corporation in implementation of the same.

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6.20

The Committee note that the Government Corporation have not laid down a definitive policy about the disposal of commercial produce which is being disposed of either by auction or

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by sale to the different purchase organisations etc. The Committee feel that at a time when Government are hard-pressed to sustain better distribution system, it is but appropriate that the commercial produce from these farms should go either directly to the Government purchase organisations as for Defence Forces or to the Food Corporation of India which now functions in all parts of the country so as to ensure that the produce is put to best use in the national interest.

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6.27

The Committee note that the seeds are at present being disposed of directly by the farms at prices determined by the Headquarters of the Corporation. The Committee feel that the present system of disposal of seeds should be critically review to see whether it is, in fact, subserving the interest of making available the seeds to the farmers in time and at reasonable prices. Government/Corporation may in this context examine the experience of the disposal of seeds from the Apex Federation of Cooperatives in Maharashtra and West Bengal to see whether similiar procedure for disposal of seeds could be followed in other States. The Committee, in particular, would like to stress that there should be a well-coordinated policy for making available the seed to the farmers in the vicinity of the farms so as to make the maximum impact through extension work and create a name and good-will for the produce of the farm. The Committee have no doubt that Government/Corporation would keep this aspect in view, while evolving a rational policy for disposal of seeds in the best interest of the farmers and the Corporation.

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7.16

The Committee find that the Corporation has set up a new farm at Khammam in 1972, in spite of the advice of the Ministry that this farm should be deferred to the Fifth Plan. The contention of

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the Corporation is that the provision included in the Fourth Plan for setting up a farm at Bihar was utilised with the approval of the Board for setting up this farm in Andhra Pradesh and the Ministry to whom the estimate of the farm was sent, has not conveyed their approval and the farm at Bihar was not coming up in the Fourth Plan. An expenditure of Rs. 9 lakhs is stated to have been incurred on the Khammam Farm so far. The Committee were informed that the Planning Commission while agreeing to an outlay of Rs. 4 crores in the Fourth Plan for the Corporation clearly indicated that the Government would put up five farms in addition to Suratgarh and subsequently three more farms in Assam, Bihar and Tamil Nadu were agreed to by the Planning Commission.

The Committee were also informed that the Planning Commission did not agree to the establishment of the Khammam Farm even though they were approached twice and desired that it should be deferred for consideration in the Fifth Plan as there were already a number of farms fully developed in terms of adequate utilisation of land and the Corporation should consolidate the existing farms.

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7.17

The Committee note that the Corporation went ahead with setting up of the farm at Bahraich and incurred an expenditure of Rs. 3.75 lakhs thereon, in spite of the decision of the Ministry that this should be taken up only during the Fifth Plan. The Committee were informed that the Corporation started the Project in anticipation of the Government's approval on the understanding that it could start new farms within the over-all provision of Rs. 4 crores during the 4th Plan already approved by the Planning Commission.

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The Committee also find that the Board of Directors of the Corporation had approved the Project during the last year of the Fourth Plan as it was found not only a profitable venture but in the national interest and it was felt that a cropping season should not be lost specially in view of the food crisis.

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7.18

The Committee find that the Corporation proposed to set up Central-State Farms at Khammam and Baharaich but because of financial constraints, the farms could not be cleared by the Government during the Fourth Plan, even though plan allocation was available. The Committee feel that before making plan allocation, specific programme of setting up of such farms should be drawn up and allocated to the Corporation and once the schemes for setting up of new State Farms are included in the Plan, Government should ensure that such farms do come on schedule. The Committee need hardly stress that any delay in setting up of new farms by the Corporation will only go to widen the existing gap between demand and availability of quality seeds in the country.

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7.19

The Committee were also informed that the Fifth Plan proposals of the Corporation are to be finalised after discussion with SFCI. The Committee would like to be informed of the out-come of the discussions and also the regularisation of the expenditure already incurred on the farm.

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7.23

The Committee regret to note that the Jharsuguda Farm (Orissa) which was set up in February, 1967 had been incurring losses from the inception and the cumulative loss to end of 1972-73 is over Rs. 43 lakhs. The Committee also note that though the Corporation had decided to wind up the operation at the farm, it had to

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slow down the progress of winding up on a representation by the State Government, and as advised by the Ministry. The Committee fail to understand as to why selection of site for the farm could not have been done with due care, taking all aspects into consideration instead of ultimately having to suspend the operations after nearly five years and incurring a loss of over Rs. 43 lakhs.

The Committee also desire that Government should settle this issue finally with the Government of Orissa as any delay in settlement only adds to the loss already incurred on the farm.

The Committee trust that the Corporation would profit by their experience with the Jharsuguda farm and exercise the utmost care in the selection of new alternate site and ensure that the new farm to be taken up is economically viable, has the requisite irrigation facilities and is not beset by shortcomings and difficulties experienced at Jharsuguda.

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7.42

The Committee note that the proposals for setting up of new farms in Bihar, Gujarat, Madhya Pradesh and Nagaland are under consideration. The Committee recommend that while considering the proposals Government/Corporation should keep the main objective of the Corporation viz., seed production in view on the basis of their experience of the work of the State Farms already set up and to ensure that the area made available for the farm is compact, that adequate irrigation facilities are already existing or become available within specified time, the soil and the terrain are suitable for effective utilisation of machinery throughout the year and the project would be financially viable.

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The Committee recommend that no new farm should be set up until the Government ensure that estimates of the projects are prepared, financial viability examined and provision of funds therefor is made in the budget and approval thereof obtained from Parliament.

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8.9

The Committee appreciate the attempts of the SFCI in having started a Poultry Unit with thousand laying birds, as part of the integrated development of Mizoram. During the two years of its working, the Committee find that the Unit has suffered a net loss of Rs. 17,000/-. The Committee also find that the Unit was left with 325 laying birds as on 1st November, 1973 because of mass mortality due to nutritional deficiency and other diseases. The Committee were informed that even proper seeds for the birds were not available in the area and it was only now that arrangements were being made for production of grains and also for transporting fish meals from Bombay. While the under-lying objective of the Corporation in starting this Unit is laudable, the Committee would like that Government/ Corporation should develop the basic facilities and proper hygienic conditions essential for the poultry unit. While the Committee would like to watch further progress of this Unit, they recommend that the Corporation should go into the causes for the losses and take suitable remedial measures to improve the performance of the Poultry Unit.

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8.17

The Committee note that as part of the development of Mizoram and to supply piglets to local people and State Department, the Corporation started a piggery unit in 1970-71 at Mizoram with 30 to 35 sows for breedings. The Corporation had supplied a number of piglets to the local breeders and district Animal Husbandry Department of Mizoram Government for breeding purposes. The Committee find that the Unit

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has suffered losses of Rs. 16511 in 1970-71, Rs. 16561 in 1971-72 and Rs. 19834 in 1972-73. The Committee also find that the Corporation has been facing some difficulties in running the piggery unit at Mizoram because of the exhorbitant cost of the feed and the problem of disease control. The Committee have been informed that the Corporation is making arrangement for providing permanent sheds etc. and is also in touch with the Animal Husbandry Development of the Assam Government for taking suitable measures for bringing the diseases under control. The Committee suggest that the Corporation should also take the assistance of the experts in the Ministry of Agriculture in developing the Unit on right lines. The Committee hope that with the measures now taken it would be possible for the Corporation to overcome the difficulties in running of the Unit and bring about improvement in its working so that the objectives in starting the unit are realised.

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8.24

The Committee note that with the object of supplying fish fry or fingerlings to Mizoram Government, the Corporation had taken up development of Fisheries as part of the integrated development of Mizoram. During 1973-74, about 11,000 fry of a special variety of fish have been put in some tanks in the area. It has been stated that observations are being made regarding their behaviour and production potential. The Committee were informed that the detailed scheme for the purpose was yet to be prepared and pisci-agriculture was being tried on an experimental basis. The Committee would like to watch with **interest the progress** of the scheme.

The Committee also recommend that **Government should evaluate** the working of Poultry, piggery and Fishery Units of the Mizoram Farm with a view to identifying the shortcomings in

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their working so that suitable remedial measures may be taken to overcome them and make them economically viable at the earliest.

The Committee need hardly stress that the fact that the losses are being subsidised by Government does not mean that the Corporation should not make efforts to run them on scientific lines and make them viable.

The Committee also recommend that Government/Corporation should, before setting up such units at other farms, satisfy themselves that those units would be economically viable and **would be capable** of securing adequate returns on the money invested.

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8.31

The Committee note that the Corporation has set up a Canning Factory at its Mizoram Farm in October, 1973. While the setting up of an agro-based industry at Mizoram would help in the greater utilisation of the existing resources of pine-apple which is grown in that area in abundance, the Committee feel that the setting up of agro-based industries should only be as part of the overall development of the farm for the best utilisation of agro-produced raw material provided such units are economically viable.

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8.37

In the Jetsar farm, Corporation has set up a sheep breeding unit with 1100 Nali breed flock which is proposed to be increased to 5000. Jetsar is situated in Rajasthan which traditionally has been breeding sheep for wool. The Committee would, therefore, urge the Corporation authorities to carefully evaluate the result of the existing sheep breeding unit and take advice of the experts in the field at the Centre to improve the economies of the existing unit and expand its activities to augment the income of the farm as also increase wool output.

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- .41      8.38      The Committee find that sheep breeding activity is confined only to Jetsar. The Committee feel that in the context of shortage of wool in the international market and high prices, the State Farms Corporation of India Ltd. should consider setting up such units at other State Farms also.
- .42      8.45      The Committee note that the Corporation is proposing to set up 100 experimental small sized farms of 500 acres each as cooperative farms on the lands that might be declared surplus as a result of imposition of land ceilings. It has been stated that each experimental farm is expected to give employment to about 100 families of landless labourers and enhance their income. The Committee were informed that the Planning Commission had selected certain districts in which some farms of the SFCI are already functioning. The Committee feel that the Government may consider setting up of such small sized farms on a pilot basis in a few selected areas where facilities for irrigation or potentialities therefor are available instead of taking up large numbers and for this purpose Government should examine the detailed estimates of the Scheme and economics thereof.
- .43      8.50      The Committee find that the Corporation has also drawn up a scheme for employment of students of Agricultural Universities/Colleges at the Central State Farms so as to enable them to meet a part of their expenses towards their studies. The Committee would like to watch with interest the result of operation of that scheme at Central State Farms at Hissar and Kerala.
- .44      9.13      The Committee find that at present the State Farms Corporation are not having any research and development activities and the experience of I.C.A.R. and the Agricultural universities was being made use of by them. The Committee
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find that according to a scheme costing Rs. 8.16 lakhs approved by the Planning Commission in July, 1973 for pre-release multiplication of the seeds developed by the scientists under All India Coordinated Crop Improvement Project, nucleus seeds of pre-release varieties of wheat, rice, soyabean, maize, Jawar, bajra, pulses, cotton, mustard and sunflower etc. would be multiplied at the mechanised State Farms of the Corporation at Hissar, Suratgarh, Jetsar, Raichur and Jullunder under the supervision of a senior seed scientists. The details of the scheme are yet to be cleared by I.C.A.R. It has, however, been claimed that the scheme would enable the country to speed up the development of high yielding seeds and make them available in sufficient quantities in the interest of increased production. It is claimed that it would enable the country to earn foreign exchange by exporting seeds of high yielding varieties of foods and fibre and pulse crops. The Committee would like Government to have the scheme finalised at an early date.

The Committee recommend that the State Farms Corporation of India should keep itself abreast of results of research conducted by the Indian Council of Agriculture Research and the Agricultural Universities in the country so as to put them to best use and achieve higher production.

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9.14

The Committee would like the Management of the Farms to evolve in the light of experience gathered norms for input-output ratio and a crop pattern which would yield the best results and subserve the objectives with which the farms have been set up. The Committee would like the Management to make a specific mention of these notable achievements in their annual report.

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46	10.7	<p>The Committee find that the profit earned by the State Farms Corporation of India came down from Rs. 27.84 lakhs in 1969-70 to Rs. 2.29 lakhs in 1970-71 and Rs. 4.52 lakhs in 1971-72. In 1972-73, the Corporation earned an all time high profit of Rs. 58.67 lakhs. The Committee were informed by Government that fall in profit during 1970-71 and 1971-72 were due to (i) fall in production; (ii) strike in Suratgarh Farm (iii) Loss of Rs. 20 lakhs at Suratgarh farm due to low yield of gram; and (iv) unabsorbed developmental expenditure of Rs. 3.07 lakhs incurred at Jharsuguda farm due to the decision to wind up the farm. The Committee were informed that during 1972-73, the Corporation was able to reverse the adverse trend by changing the cropping pattern and effecting economies in expenditure.</p> <p>The Committee were also informed that the newly set up farms of the Corporation viz. Aralam, Chengam, Khammam, Kokilabari and Mizoram are incurring losses because these are still in a developmental stage.</p> <p>The Committee recommend that the Corporation should continue to take effective steps to maximise production by improving its irrigation facilities, effecting economies in expenditure and adopting suitable cropping patterns so as to obtain the optimum yield per acre with the minimum cost of production. The Committee also desire that Government/Corporation should finalise their decision to wind up the Jharsuguda farm so that the Corporation is not put to further loss in having to maintain it.</p>
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47	10:8	<p>The Committee also recommend that Government should soon finalise their review of the organisational set up of the Corporation so that</p>
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Corporation is geared to achieve its objectives in an economic and efficient manner.

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10.14

The Committee note that the Damle Committee had envisaged that in the State Farms, "given the necessary facilities particularly perennial irrigation, it should be possible to get a return of 6 per cent over the initial capital investment.' An analysis of the rate of return achieved by State Farms during 1969-70 to 1972-73 indicates that in some of the farms this expectation of 6 per cent rate of return has not been realised. For example, the rate of return in the case of Ladhawal State Farm ranged between 0.94 to 3.26 per cent Raichur Farm between 0.21 to 5.17 per cent and Jetsar farm 0.21 per cent.

The Committee have been informed that Government kept a watch over the returns on investment achieved by the Corporation and it was now proposed that performance review of all the farms should be placed before the Board of Directors at every meeting. The Committee recommend that suitable proforma for such reviews are prescribed in consultation with I.C.A.R. and agricultural experts in the Ministry so that these reviews may be meaningful and enable the authorities to pin point the deficiencies in the working of the farms and to take suitable remedial measures with a view to improving their performance so as to attain at least the minimum return of 6 percent on investments as envisaged in the Damle Committee Report.

The Committee feel that the return of 6 per cent should not be difficult of achievement especially when some other State Farms as for example, Suratgarh Farm had given as high a return as 31.39 per cent; Hissar 14.65 per cent and Jetsar 12.38 per cent in 1972-73.

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10.18

The Committee are surprised to note that although the Corporation was set up as far back as 1969, the fixed assets of the Corporation have

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not yet been transferred in the name of the State Farms Corporation of India. The Committee were informed that the delay was due to the non-receipt of the verification and certificate of assets and liabilities by the Accountant General, Haryana.

The Committee deplore this inordinate delay and recommend that this matter should be pursued and settled without any further loss of time.

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10.26

The Committee find that though percentage of debtors to sales has come down from 18.74 in 1969-70 to 8.98 in 1972-73 the amount of debts outstanding has gone up from Rs. 13.28 lakhs on 30th June, 1970 to Rs. 18.58 lakhs as on 30th June, 1973. An analysis of the debts as on 30th June, 1973 has shown that, out of the total debt of Rs. 18.58 lakhs, debts amounting to Rs. 6.31 lakhs have been outstanding for more than three years in the case of Suratgarh Farm. The Committee recommend that reasons for the long outstandings should be critically analysed and suitable steps initiated to realise the amounts at the earliest.

The Committee would also like special attention to be paid to these debts outstanding for more than three years so that concerted measures could be taken to recover them without further delay.

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10.32

The Committee note that the stock of raw materials, stores and spare parts etc. has increased from Rs. 52.15 lakhs as at the end of 1969-70 to Rs. 74.65 lakhs at the end of 1972-73. The Committee find that the value of stores and spares accounted for about 25 months' stock at the end of 1972-73, although according to the norms fixed for the Corporation, the maximum stock level for imported stores is two years' requirement and for indigenous stores 6 months' requirement. The Committee recommend that the Corporation should review the inventory of stores and spares

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to segregate the imported spares from the indigenous ones to ensure that stock in excess of prescribed limits are not held and capital locked up in stores. The Committee also recommend that the stock of raw materials and stores and spares should be kept under close and continuous review and steps taken to avoid over stocking of these stores.

The Committee are surprised that the stock of finished goods at the end of 1972-73 represent about ten months turnover. The Committee would like that the reasons for this locking up of stocks should be gone into and suitable guidelines laid down for disposal of the stock to the best advantage of the Corporation.

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11.12

The Committee note that the post of the Managing Director which was vacant since April, 1972 and the post of Financial Advisor which was vacant from 6-1-73 were filled up only in February, 1974 and December, 1973 respectively, although the Government admitted that non-filling up of a vacancy in the management of an enterprise leaves a vacuum and non-filling of the post of Financial Advisor may lead to laxity in Financial discipline. The Committee desire that such delays in filling up important managerial and financial posts should be avoided in the interest of proper and smooth functioning of the Undertaking. The Committee would like Government to take advance action to prepare the panels for appointment to Undertakings and to take effective measures to fill up the vacancy as soon as it occurs. The Committee would like to be informed within six months of the concrete measures taken in this behalf.

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11.13

The Committee note that though the State Farms Corporation was set up in 1969, it is only that Government are proposing to review the

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organisational set up of the Corporation. It has been admitted during evidence that Government are not satisfied with the organisational set up of the Corporation. The Corporation does not admittedly have adequate expertise for seed production which is the most important objective of the Corporation. The Committee desire Government to complete expeditiously their review and strengthen the management by including experts with distinguished record for seed production.

54            11.20            The Committee note that the actual staff strength of the Corporation has increased from 792 as on 30th June, 1971 to 990 as on 30th June, 1973. The sanctioned strength as on 30th June, 1973 is stated to be even higher i.e. 1200. Besides the Corporation has a sizable strength of casual labourers. The Committee find that the Corporation has not as yet fixed any staffing norms. The Committee recommended that while reviewing the organisational set up of the Corporation a review of the staffing pattern should also be undertaken in order to fix appropriate norms for the different categories of staff.

The Committee also recommend that as agricultural operations are of a seasonal nature, regular staff of the Corporation should be trained in more than one operations and skills in the interest of greater utilisation of staff and effecting economies in expenditure.

55            11.23            The Committee note that the percentage of headquarters overheads to the expenditure on farms has been of the order of 6.15 per cent in 1970-71, 6.6 per cent in 1971-72 and 5 per cent in 1972-73. The Committee would like the Government/Corporation to keep close and continuous review of the headquarters and other overheads

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expenses with a view to ensuring that they are not excessive.

The Committee also note that an incentive scheme has been introduced by the Corporation to achieve higher yield per acre in the farm.

The Committee feel that the Corporation should take advantage of introduction of this incentive scheme to regulate the staff strength both in the existing farms and the new farms to be set up.

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