



**COMMITTEE ON AGRICULTURE
(2010-2011)**

FIFTEENTH LOK SABHA

**MINISTRY OF AGRICULTURE
(DEPARTMENT OF AGRICULTURE & CO-OPERATION)**

DEMANDS FOR GRANTS (2010-11)

**{Action Taken by the Government on the Observations/
Recommendations contained in the Sixth Report
of the Committee on Agriculture (2009-2010)}**

SEVENTEENTH REPORT



**LOK SABHA SECRETARIAT
NEW DELHI**

March, 2011/Chaitra, 1933 (Saka)

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(2010-2011)**

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**MINISTRY OF AGRICULTURE
(DEPARTMENT OF AGRICULTURE & COOPERATION)**

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**Action Taken by the Government on the
Observations/Recommendations contained in the Sixth Report
of the Committee on Agriculture (2009-2010)**

Presented to Lok Sabha on 24.03.2011

Laid on the Table of Rajya Sabha on 25.03.2011



LOK SABHA SECRETARIAT

NEW DELHI

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held on 22 March, 2011.

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Recommendations contained in the Sixth Report
(Fifteenth Lok Sabha) of the Committee on Agriculture
(2009-2010).

COMPOSITION OF THE COMMITTEE ON AGRICULTURE (2010-11)

Shri Basudeb Acharia - Chairman

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2. Shri Narayansingh Amlabe
3. Shri K.C. Singh 'Baba'
4. Shri Thangso Baite
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30. Shri Rajpal Singh Saini
31. Shri S. Thangavelu

SECRETARIAT

- | | | | |
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| 1. | Shri S. Bal Shekar | - | Additional Secretary |
| 2. | Shri Raj Shekhar Sharma | - | Joint Secretary |
| 3. | Shri P.V.L.N. Murthy | - | Director |
| 4. | Shri P. C. Koul | - | Additional Director |
| 5. | Shri C. Vanlalruata | - | Under Secretary |

INTRODUCTION

I, the Chairman, Committee on Agriculture (2010-2011) having been authorized by the Committee to submit the Report on their behalf, present this Seventeenth Report on Action Taken by the Government on the Observations/ Recommendations contained in the Sixth Report of the Committee on Agriculture on Demands for Grants (2010-11) pertaining to Ministry of Agriculture (Department of Agriculture and Co-operation).

2. The Sixth Report of the Committee on Agriculture (2009-2010) on 'Demands for Grants' (2010-11) pertaining to Ministry of Agriculture (Department of Agriculture & Co-operation) was presented to the Lok Sabha and laid on the Table of Rajya Sabha on 22 April, 2010. The Action Taken Replies on the Report were received on 19 July, 2010.

3. The Report was considered and adopted by the Committee at their Sitting held on 22 March, 2011.

4. An analysis of the Action Taken by the Government on the Observations/ Recommendations contained in the Sixth Report of the Committee is given in **Annexure**.

NEW DELHI;
23 March, 2011
02 Chaitra, 1933 (Saka)

BASUDEB ACHARIA
Chairman,
Committee on Agriculture.

CHAPTER I

Report

This Report of the Committee on Agriculture deals with the action taken by the Government on the Recommendations contained in the Sixth Report (Fifteenth Lok Sabha) of the Committee on Agriculture on Demands for Grants (2010-11) pertaining to the Ministry of Agriculture (Department of Agriculture & Co-operation) which was presented to the Lok Sabha and laid on the Table of Rajya Sabha on 22 April, 2010 respectively.

1.2 The Ministry of Agriculture (Department of Agriculture & Co-operation) have furnished Action Taken Replies in respect of all the 18 recommendations/observations contained in the Report. These have been categorised as under:

- (i) Observations/Recommendations that have been accepted by the Government :
Recommendation Nos. 1.29, 1.31, 1.32, 1.34, 1.35, 1.36, 2.43, 2.44, 2.46, 2.47, 2.48 and 2.49
- (ii) Observations/Recommendations which the Committee do not desire to pursue in view of the Government's reply:
Recommendation Nos. Nil
- (iii) Observations/Recommendations in respect of which action taken replies of the Government have not been accepted by the Committee
Recommendation Nos. 1.30, 1.37, 2.45 and 2.51
- (iv) Observations/Recommendations in respect of which final replies of the Government are still awaited.
Recommendation Nos. 1.33 and 2.50

1.3 The Committee trust that utmost importance would be given to implementation of the observations/recommendations accepted by the

Government. In cases, where it is not possible for the Department to implement the Recommendations in letter and spirit for any reason, the matter should be reported to the Committee with reasons for non-implementation. The Committee desire that further Action Taken Notes on the Observations/Recommendations contained in Chapter-I and final Action Taken Replies to the Recommendations contained in Chapter-V of this Report be furnished to them at an early date.

1.4 The Committee will now deal with the action taken by the Government on some of the Recommendations in the succeeding paragraphs.

ALLOCATION AND UTILIZATION OF FUNDS
(Recommendation Para No. 1.30)

1.5 The Committee had expressed their serious concern on the massive backloading of Plan Funds in their First Report as the allocations in the first three years of the Eleventh Plan stood at Rs. 27206.10 crore which works to about 40 per cent or so of the total Plan allocation, thus leaving 60 per cent of funds for allocation for the last two years of the Plan. They had further observed that during the 2010-11 Fiscal, Department of Agriculture & Co-operation had been allocated Rs. 15042 crore leaving a whopping sum of Rs. 24329 crore for the terminal year of the Eleventh Plan. Not sharing the optimism of the Department of being able to utilize the entire remaining sum if so allocated, due to their past record, the Committee had desired that the Plan allocation in favour of Department of Agriculture & Co-operation for 2010-11 be enhanced to at least Rs. 20,000 crore so that not only the Schemes being implemented get the much needed infusion of funds this year but also the huge unspent balance for the last year of the Plan comes within the realms of the spending capacity of the Department.

1.6 The Ministry of Agriculture (Department of Agriculture and Co-operation), have stated that the allocation to the Department of Agriculture and Cooperation was increased from 13,200 crore in the Tenth Five Year Plan to Rs. 66,577 crore in Eleventh Five Year Plan which is more than 5 times the Tenth Plan allocation. The share of DAC in total Central Plan has increased from about 1.9 per cent in 2006-07 to 2.9 per cent in 2010-11. The allocation in first four years amounts to nearly 65 per cent of the total Eleventh Plan outlay, which as mentioned above, marks a massive increase over the Tenth Plan Outlay. The steady increase in allocation every year can be linked to increased absorptive capacity of States / implementing agencies and time taken to ground & then step up implementation of new schemes. Major programmes such as Rashtriya Krishi Vikas Yojana and National Food Security Mission were introduced during the Eleventh Five Year Plan. Some other major programmes like National Horticulture Mission and Micro Irrigation were introduced at the fag end of Tenth Five Year Plan. These programmes took some time to be grounded and have now gained momentum. Department of Agriculture & Cooperation have requested State Governments / implementing agencies to gear up their machinery so that the entire allocation could be spent during the remaining period of Eleventh Plan’.

1.7 The Committee while recommending for enhancement of Plan allocation for the Department for the current fiscal to Rs. 20,000 crore were guided by a twofold objective i.e. to ensure infusion of much needed funds for current Schemes and also to ease the burden on the Department in terms of huge unspent balance for the terminal year of the Eleventh Five Year Plan. However, inspite of their repeated recommendations, it seems the Government still prefers to be guided by their statusquoist attitude resulting in huge funds of almost 35 per cent of the total Eleventh Plan allocation being available for spending during the fiscal 2011-12. The Committee are convinced that their worst fears

are now going to become a reality. What purpose such huge allocations on paper are going to serve unless they get converted into actual allocations and releases requires to be pondered upon by Government. The ultimate victims of this rather hackneyed planning and implementing process are as usual the farming community. However, inspite of this all pervading morass, the Committee are sanguine that things will ultimately improve from the prevalent situation. They impress upon the Government to act upon their recommendation of overhauling the prevalent planning and implementing processes while working on the modalities of Twelfth Five Year Plan, so as to finally break free from this quagmire of backloading of funds.

MID TERM APPRAISAL
(Recommendation Para No. 1.33)

1.8 The Committee deplored the delay in completion of the Mid Term Appraisal (MTA) of the Department which had been initiated on 23 September, 2009 and which as per the Department's assessment should have been approved by the full Planning Commission by December, 2009, but had unfortunately missed its timeline, as they were of the opinion this inordinate delay in its completion had resulted in the purpose of conducting such a vital exercise taking a beating. Keeping in view the relevance of MTA as an assessment and corrective tool, the Committee had hoped that all those involved in this mechanism would heed to their advice of adhering to the timelines prescribed in letter and spirit.

1.9 The Department in their Action Taken Notes have stated that the process for the Mid-Term Appraisal of the Eleventh Five Year Plan was initiated during the course of second year of the Eleventh Plan. This involved in depth consultation with the Departments concerned, the States / UTs, the experts and other concerned. On 23rd March 2010 the MTA was placed before

the Full Planning Commission for review and approval. The MTA will shortly be placed before the National Development Council (NDC) for its approval.

1.10 The protracted delay on the part of the Planning Commission and the Government in completion of the Mid Term Appraisal (MTA) of the Department has caused them deep anguish. MTA being an assessment and corrective tool, the process of its formulation should comply with the prescribed timelines. However, as is evident from the Department's reply MTA for DAC has missed its deadline which could lead to a situation of it being an exercise in futility. Keeping in view that the Eleventh Five Year Plan is now in its terminal year, what purpose would the MTA serve from the point of view of midterm course corrections is a moot point. As stated previously in this Report, the Government and the planners need to put their house in order urgently so that the planning and approvals of crucial elements of development are on even keel in order to ensure that development is not a casualty. They further hope that with NDC approval for MTA of the Department in hand, the Government would now be in a position to take some corrective steps to make this mid-course correction possibly an effective tool for the next Plan at least.

EXTENSION OF 'GREEN REVOLUTION' TO EASTERN REGION
(Recommendation Para No. 1.37)

1.11 The Committee had heartily welcomed the Scheme for Extension of 'Green Revolution' to Eastern Region as they were of the opinion that this Region of the Country comprising of Bihar, Chhattisgarh, Jharkhand, Eastern Uttar Pradesh, West Bengal and Orissa had missed the First Green Revolution and thus have not been able to contribute to the food security of the nation to their full potential. However, finding the allocation of Rs. 400 crore for a

Scheme of such a vast magnitude as grossly inadequate and apprehending that like other Schemes of the Government it might fail to take off or deliver due to half-hearted measures and piecemeal approach of the Government, the Committee had recommended for immediate enhancement of funds for this vital Scheme.

1.12 In their Action Taken Note the Department have stated that they share the concerns of the Committee regarding the need for deployment of adequate resources to enable meaningful interventions to be undertaken for extending the Green Revolution to Eastern India. It is submitted that this task is being taken up under various schemes of the Government viz. Rashtriya Krishi Vikas Yojana (RKVY), where allocation during the current year is Rs.6055 crore, NFSM where targeted intervention for rice, wheat & pulses are being taken up with allocation of Rs. 1350 crore, Macro Management of Agriculture with allocation of Rs.1000 crore etc. A specific allocation of Rs. 400 crore has also been earmarked during the current financial year for extending the Green Revolution to Eastern India in order to help to focus the attention of the State Governments on this matter. Under this initiative, the States of Bihar, Chhattisgarh, Jharkhand, Uttar Pradesh, Orissa and West Bengal have prepared strategic plans bringing out the critical requirements for improving crop productivity in different agro ecological sub-regions of eastern India. The initiative would help integrate funds available under various major schemes and concentrate resources on filling up missing links in agriculture infrastructure and development programmes so as to enhance the efficacy of all crop development programmes and schemes. All six States have already prepared their strategic plan and have got projects for implementation of this sub-Scheme approved by their SLSCs. DAC has already released 50 per cent of funds under this sub-Scheme to the States so as to ensure that they are able to take up these projects/interventions from the Kharif 2010 season. A conclave of Chief Ministers of the States was also organised in Kolkata on 9 and 10 of July, 2010 to finalise the implementation plans under the new initiative. It has already been clarified that the allocation for this special

initiative during the current year is not one-time, and would be enhanced suitably depending upon the requirement and pace of expenditure.

1.13 Notwithstanding the explanation of the Department, the Committee are of the firm opinion that such an ambitious Scheme needs far more money than Rs. 400 crore to kickstart it. They also express their dissatisfaction at the reply of the Department that the deployment of adequate resources for this Scheme is being taken up under various Schemes of the Government like Rashtriya Krishi Vikas Yojana, National Food Security Mission and Macro Management of Agriculture as such an approach will dilute the focus of the main Scheme. Having apprised themselves of the potential of this Scheme in enabling the Eastern Regions of the Country in attaining self sufficiency in agricultural production and thereby contribute to the food security of the Country, they reiterate their recommendation of substantially enhancing the allocation of funds for a Scheme of such vital nature and not rely upon dovetailing of funds from other Schemes.

AGRICULTURE CENSUS
(Recommendation Para No. 2.45)

1.14 Amongst other aspects, the Committee had recommended in the context of Agriculture Census that as an important apparatus of planning and evaluation and with the advent of Nutrient Based Fertiliser Regime, the need for soil mapping, the requirement of National e-Governance Programme, etc. the Census should now include indices like receipt of agricultural credit, soil health information, etc. The Committee also recommended that action to integrate data from Agriculture Census into Unique Identification Card be taken up. As funds for Agriculture Census which is a Central Sector Scheme providing 100 per cent financial assistance to States/UTs are meagre, the

Committee had further recommended that scarcity of funds should never impede the quality of data produced by Agriculture Census and sufficient funds should be allocated to it.

1.15 In their Action Taken Note the Department have stated that Agriculture Census is a large scale statistical operation for collection of data on census – cum-sample survey basis and derivation of quantitative information about the structural characteristics of agriculture sector in the country. The statistical unit of data collection in agriculture census is operational holding which is defined as “all land which is wholly or partly used for agriculture production, and is operated as one technical unit by one person alone or with others without regard to title, legal form, size or location.

Since, the operational holding is the fundamental unit of decision making at farm level and consequently for development programmes aimed at improving the conditions of cultivators and also for raising production levels, operational holding, and not the ownership holding, is taken as the unit of data collection. The scheme of Agriculture Census in the country is implemented in three distinct phases which are statistically linked together but focus on different aspects of agricultural statistics. In phase-I, number of holdings with their operated area and social characteristics of the holders are prepared. This operation is carried out on census basis in land record States (covering about 85 per cent of reported area) and on 20 per cent sample villages in non-land record States. In Phase-II, detailed data on agricultural characteristics like tenancy status, terms of leasing, land use, irrigation status, source-wise irrigation, cropping pattern and dispersal of holdings etc. are collected on a sample basis from 20 per cent selected villages and the aggregates at Tehsil/District/State level are estimated on the basis of the sample results. In Phase-III, data on input use pattern are collected from selected holdings from 7 per cent selected villages and the parameters (different aspects) at the District/State level are estimated using sample results. Thus, it may be seen that the data for Phase –II and Phase-III are collected on sample basis and in case of Phase-I data, the field functionaries, as per the existing instructions, are required to consolidate the holding level data for the entire village by

different characteristics like social groups, gender, type of holding etc and send the same to the block/tehsil headquarters for further aggregation. Keeping in view the nature and objectives/requirements of Agriculture Census, the Agriculture Census database would not correspond to the Unique Identification Card which requires data at individual (person) level.

The allocation of funds for Agriculture Census is made in consultation with Planning Commission and Ministry of Finance. Presently, Agriculture Census is a Central Sector Plan Scheme under which 100 per cent financial assistance is provided to States/ UTs for payment of salaries, travel expenses, office expenses, honorarium, tabulation cost, printing of schedule and instructions etc. Funds are allocated to States/ UTs based on their previous year's expenditure and the requirement of funds projected for the current year.

1.16 While agreeing with the Department's contention that the integration of data from Agriculture Census into Unique Identification Card would not be feasible, the Committee would like the Department to specifically respond to their other Recommendation about inclusion of more indices like receipt of agriculture credit, soil health information, etc. in the Agriculture Census. They also find the vague reply of the Department on the aspect of allocation of funds for Agriculture Census highly dissatisfactory. If the funds allocated for the Scheme are as per their own admission, on a particular day, meagre then the Department should honestly come out with their exact requirements and the quantum of deficit in the present allocation for the Scheme rather than indulging in inanities on a subsequent day. They would, therefore, like a specific reply on this aspect from the Department within fifteen days of the presentation of this Report to the Parliament.

NATIONAL AGRICULTURAL INSURANCE SCHEME
(Recommendation Para No. 2.50)

1.17 Concerned with the continuous flip-flop of the Government in regard to the implementation of the Modified National Agricultural Insurance Scheme (MNAIS) as a Plan side or as a Non-Plan one, leading to the Scheme being retained on the Plan side for the remaining period of the Eleventh Plan, causing previous funds meant for development getting stuck rather than being utilised for other Schemes, the Committee had recommended that the continued operation of NAIS on the Plan side should not be allowed to mop up funds meant for other Plan Schemes. They had also desired that a decision on the finalisation and implementation of MNAIS be arrived at with due promptitude and conveyed to them immediately.

1.18 The Department in their Action Taken Note have stated that as per decision taken in the meeting of Agriculture Minister, Finance Minister and Deputy Chairman, Planning Commission on 29 September, 2008, a proposal for implementation of Modified National Agricultural Insurance Scheme (MNAIS) on pilot basis in 100 districts, was prepared and submitted for consideration of Committee on Non Plan Expenditure (CNE). Department of Expenditure in their reply has informed that Modified National Agricultural Insurance Scheme (MNAIS) is essentially a modified version of the on-going National Agricultural Insurance Scheme (NAIS) under Plan in the Eleventh Five Year Plan and suggested that MNAIS may be continued as Plan Scheme for the remaining period of the Eleventh Five Year Plan. The issue of covering the MNAIS under Non-Plan can be considered at the time of the next Five Year Plan. In view of this, Planning Commission was requested to accord 'in principle' approval for implementation of MNAIS in 100 districts from Rabi 2010-11 season on pilot basis. Subsequently, Planning Commission accorded their 'in principle' approval for implementation of MNAIS in 50 districts on Plan side. Accordingly, proposal for implementation of Pilot MNAIS in 50 districts was submitted for the consideration of Expenditure Finance Committee (EFC). EFC in its meeting held on 2 July, 2010 has recommended the proposal for

implementation in 50 districts during the remaining two years of the Eleventh Five year plan from Rabi 2010-11. Therefore, a draft proposal for implementation of MNAIS on pilot basis in 50 districts from Rabi 2010-11 incorporating the recommendation of EFC is being prepared for consideration of Cabinet Committee on Economic Affairs (CCEA).

1.19 The Committee deprecate the rather ambiguous reply of the Department as it is reflective of their casual attitude in settling the issue of MNAIS either being a Plan Scheme or a non-Plan Scheme. This aspect has already been commented upon in detail in the Thirteenth Report of the Committee presented to Parliament recently. The Committee are shocked to further observe that the vacillating attitude of Government towards this Scheme has further adversely affected in it getting restricted for implementation on a pilot-basis in only 50 districts as against 100 districts initially proposed for Rabi season 2010-11. However, being well aware of the critical role to be played by this Scheme during the eventuality of any natural calamity descending upon the Country, the Committee cannot but resist the temptation of urging the Government to stop dithering over this Scheme and accord it finality at the earliest. They would, in view of the fact that the Scheme is being restricted to 50 districts only on pilot basis, like the Department to provide the details as sought in the context of this Scheme in their Thirteenth Report restricted to 50 districts within fifteen days of the presentation of this Report to Parliament.

AGRICULTURE CREDIT
(Recommendation Para No. 2.51)

1.20 The Committee were perturbed to note that the existing system of disbursal of agriculture credit involving the Commercial Banks, Co-operative Banks and Regional Rural Banks does not capture information about agriculture credit extended by financing agencies to their creditors. This lead the Committee to the apprehension that large chunks of this credit may have gone indirectly to credit companies, agri-business companies, seed companies, etc. and not to the small and marginal farmers who constitute the majority of farmers in the Country. They had, therefore, desired the Department to obtain the views of the Reserve Bank of India and Ministry of Finance on this prevalent practice in the light of prevailing apprehensions within three months of the presentation of this Report. The Committee had further requested the Department to generate gender disaggregated data so as to facilitate gender-centric and gender specific planning.

1.21 The Department in their Action Taken Note have stated that Reserve Bank of India (RBI) has informed that as per the Priority Sector Guidelines issued by them, scheduled domestic commercial banks are required to achieve 18 per cent of their Adjusted Net Bank Credit (ANBC) or Credit Equivalent of off Balance Sheet exposure (CE), whichever is higher as on March 31 of the previous year under advances to agricultural sector under the extant guidelines. Of this, not more than 4.5 per cent of the ANBC or CE as on March 31 of the previous year, whichever is higher can be under indirect finance to agriculture covering, inter-alia, credit companies, agri-business companies, seed companies etc. Small and Marginal farmers, as also the landless labourers, tenant farmers and share croppers etc. form part of the 'weaker sections' category in which such banks need to achieve 10 per cent of ANBC or CE, whichever is higher. In absence of any gender specific agricultural credit flow targets for the banks, Reserve Bank of India is not in favour of maintenance of gender disaggregated data.

1.22 The Committee are anguished with the reply furnished by the Department which they feel is a mere replication of the guidelines issued by the Apex Bank in regard to the role to be played by the Commercial Banks, Cooperative Banks and Regional Rural Banks under the Scheme. In spite of the guidelines being in place, the benefits of this Scheme are not percolating downwards to the farmers, especially the small and marginal farmers who are unable to have access to institutional agricultural credit. This is resulting in the harassed farmers being driven into the clutches of the moneylenders who really fleece the farmers and ultimately drive them to commit suicide when they are unable to repay their loans. The Committee would, therefore, in the first instance like the Department to obtain all relevant figures on this aspect for each of the last five years, year-wise from the Banks and submit it to them within a month of the presentation of this Report to the Parliament.

CHAPTER II

RECOMMENDATIONS/OBSERVATIONS WHICH HAVE BEEN ACCEPTED BY THE GOVERNMENT

ACTION PLAN FOR A TURNAROUND IN AGRICULTURE SECTOR **(Recommendation Para No. 1.29)**

The Committee are really concerned about the current trends in the agriculture sector. The growth rate is fluctuating and is most of the time showing a downward movement. The food grains production has also more or less hit a plateau. There also seem to be no signs on the horizon of a repeat of the spectacular achievements of the Green Revolution in the near future. Most disturbingly, while the GDP from agriculture has more than quadrupled from Rs. 108374.00 crore in 1950-51 to Rs. 4,85,937.00 crore in 2006-07 (at 1999-2000 prices), the increase per worker is only about 75% higher in real terms than in 1950. As mentioned in this Report previously, both the Planning Commission as well as the Government are acutely aware of the problems besetting the agricultural sector. However, the remedial measures are not coming, unfortunately, in the requisite doses and with the requisite alacrity. As will be borne out by the succeeding paragraphs, the Planners and the Government, though aware of the problems, are yet to synergise their efforts and energies to tackle them in a holistic and lasting manner. The Committee strongly feel that the agriculture sector after years and years of neglect needs to be given a fresh look, in all its ramifications. Any half measures or isolated knee jerk reactions to situational requirements like low productivity or natural calamities or climate change would not only prove grossly inadequate but are surely bound to fail. It should not be forgotten that a global position of pre-eminence can be achieved only after domestic food security and the well being of the agriculture sector, which still continues to provide livelihood to more than half of our work force, is ensured. The Committee, therefore, desire that an Action Plan for the turnaround of the agriculture sector be prepared by the Department immediately on the basis of the recommendations made by the National Commission for Farmers in consultation with all concerned and be implemented at the earliest. The Committee would like to be apprised of the

efforts of the Department in this direction within three months of presentation of this Report to the Parliament.

Reply of the Government

The National Commission on Farmers (NCF), under the chairmanship of Prof. M.S. Swaminathan, had submitted a “Revised Draft National Policy for Farmers” based on its recommendations given in different Reports, along with its fifth and final Report. On the basis of the said “Revised Draft National Policy for Farmers” and after due consultations with the Central Ministries/Departments concerned as well as State/UT Governments, the Government of India approved the National Policy for Farmers (NPF), 2007. Subsequently, an Inter-Ministerial Committee finalized a Plan of Action for Operationalisation of the NPF, 2007 and the same was circulated in October 2008 to all the State/UT Governments and the Central Ministries / Departments concerned for necessary action. The Plan of Action identified 201 further steps to be taken, out of which 137 relate to Department of Agriculture and Cooperation and 137 to other Central Departments/Ministries. The above numbers, however, include 73 points which are common to DAC and other Departments. The progress of implementation of the Plan of Action is being reviewed periodically by an Inter-Ministerial Committee. As a result of these vigorous efforts in getting the National Policy for Farmers implemented, substantial progress has been made, and a gist of the same is as per Annexure-I .

(Vide Ministry of Agriculture (Department of Agriculture & Co-operation), No.6-4/2010-B&A dated the 19th July, 2010)

Annexure-I

**Action taken on the 201 Further Steps identified in the PA for
Operationalisation of NPF
(As on 16.6.2010)**

Points exclusively for DAC's Division(s)

1.	Action Completed Fully	53
2.	Action Completed Partially	11
3.	No Action Reported	00
	Total	64

Points Common for DAC and other Departments / Ministries

		<u>Action by DAC</u>	<u>Action by Other Departments/Ministries</u>
1.	Action Completed Fully	59	33
2.	Action Completed Partially	13	15
3.	No Action Reported	01	25
Total		73	73

Points exclusively for other Departments / Ministries

1	Action Completed Fully	27
2	Action Completed Partially	12
3	No Action Reported	25
	Total	64

RATIONALISATION OF SYSTEM OF PLANNING
(Recommendation Para No. 1.31)

Apart from this Eleventh Plan specific measure, the Committee would also like the Department to take up the issue of backloading of Plan funds and related issues right now with all concerned and other relevant fora so that this situation is avoided in the Twelfth Plan.

The Committee also observe with utmost concern that the agriculture sector growth has dipped from 1.6% in 2008-09 to -0.2% in 2009-10. The Department have very conveniently attributed this to the failure of South West Monsoon in 2009. The Committee, however, feel that if things were planned properly, an occasional failure of monsoon would not have resulted in a major calamity with disastrous effects on growth rate and other vital indices. More than the National Calamities, which visit not only us but also other Countries with monotonous regularity, it is the lack of proper planning, delays in approvals, allocations and releases of funds, mismatches in releases and requirements for timely implementation of Schemes, which are the bane of the agriculture sector in India. The Committee, therefore, wish to reiterate the recommendation made in their First Report regarding the pressing need for rationalizing the system of planning, the mechanism of approvals and allocation and releases. The Committee expect that as the nodal Department for agriculture, DAC would take the requisite steps without fail and with due promptitude.

Reply of the Government

Growth in 2007-08, the first year of Eleventh Plan, was 4.9 per cent. This continued the strong growth recovery after 2004-05, which reversed a long period of deceleration since the mid 1990s. Notwithstanding the fact that there was 23% deficiency in rainfall in 2009 resulting in the most severe drought witnessed since 1972, the growth in agriculture and allied sector GDP is estimated at 0.2% in 2009-10 (Revised Estimates released by CSO on 31.5.2010) as against the previous year's growth rate of 1.6%. The impact of

drought on crop production was mitigated by the resilience shown by farmers supported by the timely measures taken by the Central and State Governments.

Agricultural growth has accelerated compared to earlier periods. In the period 1996-97 to 2003-04, the three year moving average growth in agriculture was 2.6 per cent. In the period 2004-05 to 2009-10, it has averaged 3.2 per cent despite a very poor 2009-10 monsoon.

To ensure holistic planning at State / district levels, the flagship scheme of the Department, RKVY mandates preparation of District / State Agriculture Plans in accordance with locally felt needs & priorities. A State Level Sanctioning Committee (SLSC) chaired by the Chief Secretary of the State approves all projects under RKVY. Funds are released to the State Governments immediately after receipt of minutes of the meetings of SLSC so as to ensure timely implementation of the sanctioned projects. Funds for implementation of other schemes are also released after approval of their Annual Action Plans so as to enable their timely implementation.

Rigorous planning and monitoring of schemes is an ongoing exercise. Tours by senior officials of the Department of Agriculture & Cooperation have been intensified for better monitoring. Weekly video conferences are being held with the States to monitor availability of agricultural inputs.

(Vide Ministry of Agriculture (Department of Agriculture & Co-operation), No.6-4/2010-B&A dated the 19th July, 2010)

MONTHLY EXPENDITURE PLAN **(Recommendation Para No. 1.32)**

The Committee observe that the Ministries/Departments covered under the Modified Cash Management System are required to append a Monthly Expenditure Plan to their respective Demands for Grants. This Plan is also appended to the Demands for Grants of DAC. With a view to know as to what extent this Monthly Expenditure Plan is followed in practice, the Committee

had sought the actual monthly expenditure data of DAC for 2009-10 so as to compare it with the Monthly Expenditure Plan appended to the Demands for Grants 2009-10. In response, the Department have produced quarter-wise cumulative projection and expenditure figures for 2009-10 under the plea that as per instruction of Ministry of Finance pertaining to Modified Cash Management System, exchequer control would apply cumulatively at the Demands for Grants level on quarterly basis. The Committee are not ready to buy this argument of the Department. The Monthly Expenditure Plan appended to the Demands for Grants is not a cosmetic requirement; it has been put there for a definite assessment purpose. The Committee, therefore, desire that the Department should without any further loss of time furnish the actual monthly expenditure figures for 2009-10 to them. They also desire that the Department obtain a factual note from the Ministry of Finance on the reasons behind the requirement of Monthly Expenditure Plan in their Demands for Grants and submit the same to the Committee for further consideration.

Reply of the Government

Actual Expenditure vis-à-vis Monthly Expenditure Plan (MEP) during 2009-10 in respect of Grants No.1-Department of Agriculture & Cooperation, is as under :-

	(Rs. in lakh)								
2009-10	Plan			Non-Plan			Grand Total		
B.E.	1130707.00			60815.00			1191522.00		
R.E.	1096523.00			115140.00			1211663.00		
	Projec- tion	Expendi- ture	Varia- tion	Projec- tion	Expendi- ture	Varia- tion	Projec- tion	Expendi- ture	Varia- tion
<i>April</i>	2521.80	471.16	-2050.64	1812.98	1704.72	-108.26	4334.78	2175.88	-2158.90
<i>May</i>	42764.60	1187.27	-41577.33	1163.78	1224.04	60.26	43928.38	2411.31	-41517.07
<i>June</i>	135627.43	178152.39	42524.96	13761.97	13624.4	-137.57	149389.40	191776.79	42387.39
Ist Quarter	180913.83	179810.82	-1103.01	16738.73	16553.16	-185.57	197652.56	196363.98	-1288.58
<i>July</i>	159431.25	98824.44	-60606.81	1437.56	1138.61	-298.95	160868.81	99963.05	-60905.76
<i>Aug.</i>	137154.76	82218.75	-54936.01	31817.37	1659.99	-30157.38	168972.13	83878.74	-85093.39
<i>Sep.</i>	87883.36	172861.83	84978.47	1661.57	32527.40	30865.83	89544.93	205389.23	115844.30
<i>IIInd Quarter</i>	384469.37	353905.02	-30564.35	34916.50	35326.00	409.50	419385.87	389231.02	-30154.85
<i>Oct.</i>	53143.23	33718.80	-19424.43	1887.13	2172.52	285.39	55030.36	35891.32	-19139.04
<i>Nov.</i>	71347.61	103097.97	31750.36	1294.02	1469.55	175.53	72641.63	104567.52	31925.89
<i>Dec.</i>	67729.35	108233.22	40503.87	1333.78	1471.61	137.83	69063.13	109704.83	40641.70
<i>IIIrd Quarter</i>	192220.19	245049.99	52829.80	4514.93	5113.68	598.75	196735.12	250163.67	53428.55
<i>Jan.</i>	139759.25	158797.92	19038.67	2232.85	1198.05	-1034.80	141992.10	159995.97	18003.87
<i>Feb.</i>	133756.50	56246.03	-77510.47	1354.9	2470.35	1115.45	135111.40	58716.38	-76395.02
<i>March</i>	99587.86	92228.46	-7359.40	1057.09	45620.38	44563.29	100644.95	137848.84	37203.89
<i>Ivth Quarter</i>	373103.61	307272.41	-65831.20	4644.84	49288.78	44643.94	377748.45	356561.19	-21187.26
<i>Total</i>	1130707.00	1086038.24	-44668.76	60815.00	106281.62	45466.62	1191522.00	1192319.86	797.86

As part of Modified Cash Management System, exchequer control based expenditure management system was introduced, with effect from April 1, 2006, in some Demands for Grants, including Department of Agriculture & Cooperation. As desired by Committee, Ministry of Finance was requested to

furnish a factual note on the reasons behind the requirement of Monthly Expenditure Plan in Demands for Grants of Department. Ministry of Finance have stated that extant guidelines issued vide their O.M. F.21(1)-PD/2005 dated 27.12.2006 may be considered as factual note of Ministry of Finance.

The extant guidelines of Ministry of Finance regarding Modified Cash Management System seeks to achieve, inter alia, following objectives:—

- (i) Obtain greater evenness in budgeted expenditure within financial year, especially in respect of items entailing large sums of advance releases and transfers to corpus funds.
- (ii) Reduce rush of expenditure during last quarter, especially last month of financial year.
- (iii) Reduce tendency of parking of funds.
- (iv) Effective monitoring of expenditure pattern.
- (v) Better planning of Indicative Market Borrowing Calendar of the Central Government.

Under this system, Monthly Expenditure Plan (MEP) would form the basis of Quarterly Expenditure Allocations (QEA). The Department/Ministries concerned may not issue cheques beyond the Quarterly Expenditure Allocation [which would be equal to the sum of provisions under Monthly Expenditure Plan], without prior consent of Ministry of Finance [Cash Management Cell, Budget Division]. The MEP may be finalized taking into account the following –

- (a) MEP for the month of March may not exceed 15 per cent of the budget provision [Budget Estimates];
- (b) MEP for the months of January-March may be so fixed that the QEA for the last quarter may not exceed 33 per cent of the budgeted provision.

The exchequer control is applied cumulatively on Demand for Grants level only, i.e. inter se variations between months within a quarter, between plan and non-plan and between schemes is permissible. Savings, if any, incurred under the Quarterly Expenditure Allocations are not available, for automatic carry forward to next quarter. Department/Ministry may, however, approach Ministry of Finance for revalidation of such savings through modifications in Monthly Expenditure Plan and thereby Quarterly Expenditure Allocation. Spill over in respect of Monthly Expenditure Plan, not inconsistent

with Quarterly Expenditure Allocation, does not require prior revalidation from Ministry of Finance. Ministry of Finance considers such requests for revalidation within 15 days, failing which request for revalidation is deemed to be granted. Monthly Expenditure Plan and Quarterly Expenditure Allocations pertaining to 4th Quarter of the financial year would be subsumed in the finalization of Revised Estimates of the financial year. Expenditure in last quarter of the financial year may not exceed 33 per cent of Budget allocation for the Demand for Grants. However, in the event of Revised Estimates being fixed lower than the Budget Estimate, actual expenditure may be kept within the Revised Estimate.

Shortfall in expenditure vis-à-vis quarterly expenditure allocations (QEA), during Ist and IInd quarters of 2009-10 was utilized in IIIrd quarter. Excess expenditure over QEA during IIIrd quarter was on account of utilization of shortfall of previous quarters and also owing to urgent requirement of funds for National Agricultural Insurance Schemes (NAIS) for settlement of claims of farmers, on account of unprecedented drought.

(Vide Ministry of Agriculture (Department of Agriculture & Co-operation), No.6-4/2010-B&A dated the 19th July, 2010)

RESULTS FRAMEWORK DOCUMENT **(Recommendation Para No.1.34)**

The Committee note with appreciation that the Government have approved a new system for monitoring and evaluating the performance of the Ministries/Departments in September-October, 2009. Henceforth, all Ministries/Departments will be required to submit a Results Framework Document summarizing their main objectives and the action taken to achieve them during the year. The Committee also note that for obvious reasons of time, only an abbreviated document covering the period January to March, 2010 has been submitted by the Department to the Cabinet Secretariat sometime in November, 2009. The submission of DAC is based on success indicators like timely release of funds and approval of proposals, achievement

of physical targets in some important Schemes and certain action under their direct purview.

As the new system of evaluation and monitoring has only begun w.e.f. the last quarter of 2009-10 Fiscal, it is too early to have a definite view about its efficacy and performance. However, since the period January-March, 2010 is over now, the Committee would, to begin with, like to have a factual note from the Department about their actual performance during the quarter vis-à-vis their submissions to the Cabinet Secretariat in the form of RFD. They would also like to be apprised about the Evaluation Report/Feedback from the evaluating authority in the matter, if any.

Reply of the Government

Based on the results provided by the various Divisions of this Department, the Performance Evaluation Report related to the Results Framework Document (RFD) for 2009-10 has been prepared and submitted to the Performance Division of the Cabinet Secretariat. As per the DAC, its composite score should have been 99.473%. However, the Performance Evaluation Report as appearing on the Results Framework Management System (RFMS) operated by the National Informatics Centre (NIC) depicted a composite score of 97.03%. The deviation between the two scores was on account of certain discrepancies in data as well as its interpretation by the performance Management Division. Secretary (A&C) has written a DO letter on 26.5.2010 to the Secretary (Performance Management) pointing out the same and requesting for revision of score.

(Vide Ministry of Agriculture (Department of Agriculture & Co-operation), No.6-4/2010-B&A dated the 19th July, 2010)

INVESTMENT IN AGRICULTURE **(Recommendation Para No. 1.35)**

The Committee note that the combined public and private investment in Agriculture & Allied Sectors has increased from the Tenth Plan period onwards steadily. However, the share of public investment in the Sector has come down from 20.5% in 2004-05 to 17.6% in 2008-09. The space yielded by public investment has obviously been occupied by the private investment which has increased from 79.5% to 82.4% during the same period. However, despite the dip in quantum of investment, the share of public investment to GDP of agriculture & allied sectors has increased from 2.9 per cent in 2004-05 to 3.8 per cent in 2008-09. The share of private investment to GDP has also increased from 11.2% to 17.5% during the same period.

The Committee also note that the Government have taken various steps to encourage private sector investment in Agriculture Sector. Most of the initiatives are based on the recommendations of the National Commission for Farmers (NCF) encapsulated in the National Policy for Farmers (NPF), 2007. A large part of these initiatives fall in the domain of Research & Development. However, the Committee are not convinced by the efforts made by the Government in Post Harvest Management, creation of Common Service Centres (CSCs), setting up of Terminal Markets, etc. Even, otherwise, there are not enough mentionable examples seen in other areas concerning agriculture and allied sectors.

In the opinion of the Committee, all these shortcomings are mainly because of the piecemeal approach of the Government towards agriculture sector and the problems plaguing it. They are confident that once the Government chalk out an all encompassing and holistic 'Plan of Action' as recommended previously in this Report, for the purpose, there will be a significantly accelerated improvement in the situation on all fronts. It goes without saying that the trend of declining public investment has to be reversed forthwith.

Reply of the Government

The National Commission on Farmers (NCF), under the chairmanship of Prof. M.S. Swaminathan, had submitted a “Revised Draft National Policy for Farmers” based on its recommendations given in different Reports, along with its fifth and final Report. On the basis of the said “Revised Draft National Policy for Farmers” and after due consultations with the Central Ministries/Departments concerned as well as State/UT Governments, the Government of India approved the National Policy for Farmers (NPF), 2007. Subsequently, an Inter-Ministerial Committee finalized a Plan of Action for Operationalisation of the NPF, 2007 and the same was circulated in October 2008 to all the State/UT Governments and the Central Ministries / Departments concerned for necessary action. The Plan of Action identified 201 further steps to be taken, out of which 137 relate to the Department of Agriculture and Cooperation and 137 to other Central Departments/Ministries. The above numbers, however, include 73 points which are common to the DAC and other Departments. The progress of the implementation of the Plan of Action is being reviewed periodically by an Inter-Ministerial Committee. As a result of these vigorous efforts in getting the National Policy for Farmers implemented, substantial progress has been made and a gist of the same is depicted in Annexure-I, as stated in the reply to Recommendation Serial No.1.29.

As per the Department of Information Technology, one lakh Common Service Centers (CSCs) are to be rolled out by June, 2010.

The Department is implementing a Centrally Sponsored Scheme “National Horticulture Mission (NHM)” in the country for holistic development of horticulture sector duly ensuring horizontal and vertical linkages with the active participation of all stake-holders. All States and Union Territories are covered under the Mission except the eight North Eastern States including Sikkim and the States of Jammu & Kashmir, Himachal Pradesh and Uttaranchal which have been covered under the Technology Mission for integrated Development of Horticulture in the North Eastern States (TMNE).

A Task Force was constituted by this Ministry in 2007 for suggesting a road map for development of cold chain in India. Based on the recommendations of the Task Force, National Centre for cold chain development for providing technical support has been approved by the Government. Technical Standards/ protocols for development of cold chain projects have been standardized and circulated.

Under NHM scheme, financial assistance is provided for taking up various activities related to horticulture such as production of planting material, area coverage, rejuvenation / replanting of senile orchards, protected cultivation, organic farming, promotion of Integrated Nutrient Management / Integrated Pest Management, Primary Processing and development of Post Harvest Management and Marketing infrastructure. Post harvest infrastructure includes setting up of pack house, precooling unit, cold storage, CA/MA storage, refer transport, ripening chambers etc. Credit linked back ended subsidy @ 40% of the project cost in general areas and 55% in case of hilly and schedule areas for individual entrepreneurs is available.

NHM scheme is in operation since 2005-06, under which there is a component for creation of Market Infrastructure providing for creation of Wholesale Markets and Terminal Market Complexes under PPP mode to link farmers with the markets. Assistance @ 25% of the project cost up to Rs. 100.00 crore for Wholesale Markets and assistance @ 40% of project cost up to Rs. 150.00 crore for Terminal Markets, which includes 25% as floor subsidy plus 15% as subsidy on bidding. These components are project based and implementation is based on the proposals received from States.

Under this scheme assistance of Rs. 14642.10 lakh has been provided for establishment of 343 cold storages with the capacity of 1464210 MT in various States of the country. An amount of Rs. 4331.65 lakh has been provided to 382 projects for creation of market infrastructure like wholesale markets, rural primary markets and apni mandis for fruits and vegetables. In-principle approval has been given for establishment of four wholesale market for horticulture crops in PPP mode in Karnataka and four Terminal Markets in Maharashtra, Bihar, Tamil Nadu and Orissa.

TMNE scheme is implemented in a mission mode approach. Mission III of the Scheme is exclusively for development of post harvest management/ market infrastructure and Mission IV is meant for developing processing facilities. Under the scheme Rs. 42.08 crore have been released for establishment of PHM/market infrastructure since its inception from 2001-02 and Rs. 71.07 crore for establishment of processing units. The scheme has been revised and subsidy @ 50% of capital cost is available for post harvest and marketing projects.

National Horticulture Board (NHB) is implementing two schemes for creation of post harvest infrastructure, namely (a) Development of commercial horticulture through production and post harvest management. Credit linked back ended subsidy @ 40% of the project cost limited to Rs. 50 lakh in general areas and Rs. 60 lakh in scheduled & tribal areas, (b) Capital investment subsidy scheme for construction of cold storage under which credit linked back ended subsidy @ 40% of cost in general areas and 55% in hilly and scheduled area for a maximum capacity of 5000 MT is available.

This apart, the Ministry of Food Processing Industries is implementing programs, which include development of infrastructure for post harvest and processing. APEDA, Ministry of Commerce is also implementing programs for development of infrastructure for export of perishable horticulture crops.

(Vide Ministry of Agriculture (Department of Agriculture & Co-operation), No.6-4/2010-B&A dated the 19th July, 2010)

ALLOCATION TO NORTH EASTERN STATES **(Recommendation Para No. 1.36)**

The Committee are aware that all Ministries/Departments of the Government of India, except a few specifically exempted ones , earmark 10 % of their annual budget, less allocation for externally aided schemes and local or event specific schemes / projects, for expenditure in North Eastern Region. However, they are unhappy to note that out of Rs. 694.82 crore made available in RE 2009-10 for North Eastern States, only Rs. 470.11 crore has

been released to them. Since 1998-99, unutilized portion of funds earmarked by non-exempted Ministries/Departments is surrendered in Non-Lapsable Central Pool of Resources (NLCPR). The total accrual in NLCPR Pool so far is Rs. 15224.31 crore which almost equals the allocation for the entire 2010-11 for DAC.

The Committee are given to understand that the broad reasons for gross underutilization of funds earmarked for North Eastern States are absence of proposals from States, non-production of Utilization Certificates and huge unspent balances with States. They are, however, happy to note that the situation is not beyond redemption. The Department have informed that the capacity of North-Eastern States to absorb earmarked allocation for various planned schemes can be improved suitably by gearing-up local administrative machinery, improvement in infrastructure, human resource development, etc.

Going through the submissions by the Department, the burgeoning accruals in NLCPR, the huge unspent balances with NE States, the non-production of utilization certificates, etc., the Committee are of the firm opinion that this laudable measure for expeditious development of the NE States requires to be revisited for reorientation and fine tuning. The Committee, therefore, recommend that the reasons for poor performance of these States have to be studied more carefully and the problems addressed with the feed back from the recipient States, their farmers and other Stakeholders. The Committee would also like the Department to prepare a case for ensuring that the funds accumulated in the NLCPR be invariably utilized for development of infrastructure like roads, ICT, electrification, etc. that can help implementation of Schemes more efficiently. They also desire that the Department should take up this matter, with utmost alacrity in the North East Council and impress upon all State Governments to come up with initiatives through Schemes specific to the special requirements of the Region.

Reply of the Government

The budgetary allocation for the North Eastern Region (NER) relating to this Department has been increasing over the years. The details of the amount of allocation (Review Estimates), actual expenditure and the percentage of actual expenditure vis-à-vis the revised estimates of 5 years from 2005-06 to 2009-10 are given in the table below:

AMOUNT OF REVISED ESTIMATE (RE), ACTUAL EXPENDITURE AND PERCENTAGE OF ACTUAL EXPENDITURE OVER RE

(Rs. in crores)						
		2005-06	2006-07	2007-08	2008-09	2009-10
(i)	Allocation to NER	389.00	486.00	588.80	686.83	694.82
(ii)	Actual Expenditure	289.36	425.21	531.74	515.01	522.64
(iii)	Percentage of actual expenditure w.r.t. Revised Estimates (RE)	74.39%	87.49%	90.31%	74.98%	75.21%

The North Eastern Council is under the administrative control of Ministry of Development of North Eastern Region (M/o DoNER). M/o DoNER is the nodal Ministry responsible for verall development of the North Eastern Region (NER).

DONER has informed that the estimated balance as on 1.5.2010 in the NLCPR is Rs.9758.62 crore.

Since 1998-99 the cumulative accrual to the Notional Non-lapsable pool Rs.16159.75crore (estimated)

Cumulative releases under NLCPR Scheme	Rs. 6401.13 crore (estimated)
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Estimated balance in the Notional Non-Lapsable Pool	Rs. 9758.62 crore
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It may also be stated that NLCPR is a notional pool which is maintained by Ministry of Finance as a Reserve Fund in the Public Account of Government of India.

The Ministry of DoNER administers a Plan scheme called NLCPR Scheme which is linked to the NLCPR Pool. But the annual allocation of fund for NLCPR Scheme is done through normal budgetary procedure and not correlated with the accumulated accruals into the NLCPR Pool.

The Ministry of DoNER has initiated review of Plan Schemes of selected Ministries/Departments which have potential in the NER. Department of Agriculture and Cooperation is one of them.

A Committee with representatives from Planning Commission and the concerned Department has been constituted for the purpose. The Committee is examining the various schemes, with respect to their suitability for the North East States. The examination of schemes should be in the context of both content and procedures.

(Vide Ministry of Agriculture (Department of Agriculture & Co-operation), No.6-4/2010-B&A dated the 19th July, 2010)

SUPPORT TO STATE EXTENSION PROGRAMMES FOR EXTENSIVE REFORMS

(Recommendation Para No. 2.43)

The Committee note that allocations for the Scheme have been consistently reduced at the RE stage from 2007-08 to 2009-10. The Committee have been informed that the Budget Outlays for 2008-09 and 2009-10 had to be reduced at the RE stage due to delay in approval to the revamping of the Scheme. Explaining the curtailment of funds at the RE stage during 2009-10, the Department have submitted that major reduction at RE stage took place in Extension Reforms Scheme. When formulating BE for the year 2009-10, it was anticipated that the Revised Scheme on Extension Reforms will be approved early during the course of the year. However, due to various administrative reasons, approval of the Revised Scheme got delayed.

Moreover, the States were unable to absorb more money due to paucity of adequate extension related manpower.

The Committee are constrained to note that routine administrative reasons have held up the approval/implementation of the Scheme and recommend that approval to the Scheme has to be expedited and the damage being done due to the current lacunae has to be stemmed at the earliest. Apart from the structural deficiencies, another problem plaguing the efficient implementation of Scheme is the huge back log of vacancies of extension workers of about 36000 in the States. The Committee in their First Report on Demands for Grants (2009-10) had recommended that suitable provisions be incorporated in the scheme to augment human resource in Agriculture Extension Services. Another alternative could be making suitable albeit temporary provisions for augmentation of manpower in the RKVY, when the funds are in any case spent by the States at their own discretion. It is expected that this aspect is being taken care of as part of the revised Scheme. The Committee desire to be apprised of the progress made in this regard.

The Committee further note that, in the North Eastern States, the Scheme encounters some endemic problems other than lack of committed manpower like non receipt of Utilisation Certificates, delay in submission of work plans/progress reports, lack of infrastructure etc. They are of the opinion that Extension Services in North Eastern States are the more important in areas like Post Harvest Management and creating awareness about the facilities being extended through various Schemes of the Department. Loss of agricultural produce in the Region can be prevented to a great extent by such steps. It is recommended that special attention may be given to implementation of the Scheme in North Eastern States taking into account the uniqueness of the Region.

Reply of the Government

The Revised scheme on Extension Reforms has been approved by Cabinet Committee on Economic Affairs on 19.03.2010 following which a detailed circular enunciating revisions made in the scheme was issued on

16.4.2010 to enable State Governments to finalize their Work Plans for 2010-11. The Work Plans of 10 States have been received and the same have been examined. In order to augment human resources in Agriculture Extension Services, the Revised Scheme provides for Specialist and Functionary support at State, District and Block level who would be solely dedicated to extension work. The overall structure for such support has been given at Annexure-II. Further, the extension outreach below the Block level has also been improved through a Farmer Friend @ 1 for every 2 villages. In addition, to improve the qualitative performance of State Agricultural Management & Extension Training Institutes (SAMETIs), the revised scheme provides for both the faculty and infrastructure support to these institutes in proportion to the number of Blocks in the States. Pending approval of the Revised Scheme, the Department had issued necessary Guidelines to the States on 1.4.2008 to strengthen their extension system below the block level using RKVY funds.

Realizing the slow pace of implementation of the scheme in North Eastern States and to undertake the training/ planning exercise for extension functionaries of all North-Eastern States, the Department organized one day Workshop on 7.1.10 at Guwahati, Assam involving all Stakeholders viz. SAUs, ICAR Institutes, Planning Commission, MANAGE, EEIs, and Development Departments of all North-Eastern States. The identified & prioritized training needs were then shared with all the training institutes of the region in a follow-up workshop and these training programs have been incorporated in their annual training calendar.

(Vide Ministry of Agriculture (Department of Agriculture & Co-operation), No.6-4/2010-B&A dated the 19th July, 2010)

Gist of Specialist & Functionary Support under Revised Scheme on 'Support to States for Extension Reforms

Level	Designation	No. of Posts	
State i) State Hq. ii) SAMETI	Coordinator	1	
	Director	1	
	Deputy Director / Faculty	<100 Blocks	4
		100 - 400 Blocks	8
		401 & more Blocks	12
	Acctt.-cum-Clerk	1	
	Computer Programmer	1	
District	Project Director	1	
	Deputy Project Director	2	
	Accountant-cum-Clerk	1	
	Computer Programmer	1	
Block	Block Technology Manager	1	
	Subject Matter Specialist	2	
Village	Farmer Friend	1 over every 2 villages	

AGRI CLINICS AND AGRI BUSINESS CENTRES
(Recommendation Para No. 2.44)

The Committee note that the Agri Clinics and Agri Business Centres Scheme aims to provide extension services to farmers on payment basis through setting up of economically viable self-employment ventures for agriculture graduates who would be trained in agri-preneurship. The Scheme consists of two components viz Back Ended Credit Linked Subsidy and Training. Unfortunately, however, the actual expenditure under the Scheme has never matched upto the allocation provided. Against an approved outlay of Rs. 150 crore, only Rs. 20.44 crore has been utilized in the first three years of the Eleventh Plan (13.63%) from the Training component allocation of Rs. 37.12 crore. Against the physical target of 15000 set under the scheme (training of agriculture graduates) for Eleventh Plan Period, the actual achievement of the last three years (up to 28.2.2010) is 7032. It is a moot

point as to whether the Department would be able to achieve the balance of 8000 persons in the remaining two years of the Plan at all.

The Department attribute low fund utilization to lack of awareness and lack of active involvement of banks in case of the Back Ended Credit Linked Subsidy that results in slow financing and disbursement of subsidy. The Committee know these are not insurmountable problems and are happy to note that the Department have taken cognizance of the drawbacks of the Scheme and are proposing modifications in the Scheme from 2010-11 onwards. The proposed measures include making the Scheme broad-based, expanding eligibility criteria of candidates, better publicity, revising cost norms of various activities under the Scheme, simplifying procedures, etc.

The Committee would, however, like to emphasise upon the Department that with hardly two years of the Eleventh Plan left they would have to move with utmost speed so that the revised Scheme is completed within the scheduled time and is not allowed to meet the fate of Schemes like Support to State Extension Services that have been delayed due to various administrative nitty gritty.

The Committee also feel that the concept of Agri-clinics and Agri-business Centres being a nascent one, would require better incentivisation to persuade the agriculture graduates to opt for them as a vocation. These could include apart from training, hand holding for the initial years and an enhancement in the subsidy component to at least 33.33%. For candidates belonging to SC, ST, women and other disadvantaged sections and those from North Eastern & Hill States, it should be at least 50%. To attract more people into the Scheme, measures similar to that of campus recruitment may be adopted and syllabi of various courses on agriculture may also be modified to enable candidates to be more equipped for these ventures. These measures may, to a great extent, help obviate the acute shortage of trained manpower in extension services. The icing on the cake would be that this can address the issue of unemployment of agriculture & allied services graduate/diploma holders.

Reply of the Government

Though, the outlay set under the scheme for XI Plan period was Rs.187.12 crore (which includes Rs. 150.00 crore towards subsidy and Rs. 37.12 crores for training component) as per projected target, the Budget Estimates for last three years of XI plan (2007-08, 2008-09 and 2009-10) was 30.00 crores and the Revised Estimate (RE) of the said period was Rs.22.70 crore. As against RE, an amount of Rs.19.00 crore was released which comes about 83.70%. Out of this, release towards training component was Rs.16.50 crore and towards subsidy component was Rs 2.50 crores.

The physical target of 15000 set under the scheme for training component is the total target for XI Plan period. However, the actual pro-rata target for the last three years (2007-08, 2008-09 and 2009-10) is only 9000 and the candidates trained during the said period is 7809 under the scheme (86.7% achievement against the target set for the last three years of XI Plan).

As against the physical target of 15000 set under the scheme (training of agriculture graduates), for XI Plan period, the target left for remaining two years of Plan would be 7191 graduates and not 8000 after taking into account 7809 graduates already trained till 2009-10.

The DAC has proposed some revisions in the scheme to achieve the remaining target of 7191 graduates, by way of:

- Revision in the objective in the scheme making it broad- based.
- Opening the scope of the scheme to other categories of candidates also viz. graduate in agriculture and allied subjects from SAUs / Central Agril. Universities / Universities recognized by ICAR / UGC / Diploma holder in Agriculture and allied subjects and Science Graduation with Post Graduates in Agriculture and allied subjects.
- Enlarging network of Nodal Training Institutes.
- Wide publicity to the scheme through brochure, poster etc., intensive documentation and dissemination.

- Strict monitoring of training and hand-holding and revision in the training course with incentive for the training in North-Eastern and Hilly areas.
- Liaison with State Governments and Agri-Business companies.
- Enhancing cost ceiling of the project and
- Simplifying the procedure of disbursement of subsidy.
- Greater emphasis on monitoring and impact assessment of the scheme.

The above said revisions proposed for XI Five Year Plan would facilitate DAC to achieve desired result. It is also proposed to undertake timely and planned evaluation of the scheme to derive the desired benefit and improvement of performance of the scheme.

Following strategies have been proposed for greater incentivisation of agriculture graduates:

- Enhanced outlay for training
- Simplified subsidy disbursement procedure
- Refresher programme for successful agri-preneurs
- Rewarding both best performing Agri-preneurs as well as Nodal Training Institute (NTI).

The subsidy has already been proposed to be revised to 36% for general category and 44% for candidates belonging to SC / ST, women and other disadvantaged sections and those from NE Hilly states.

To attract more candidates, the DAC has proposed to widen the eligibility criteria to include the following:

- Graduates in agri and allied areas,
- Diploma holder in agriculture and allied areas,
- Intermediate in agriculture (10+).
- Science graduates with Post Graduates in agriculture and allied areas.

The Department is allocating adequate funds towards publicity and awareness creation. The Hon'ble Committee's suggestion towards campus recruitment mode has been noted. Inclusion of agri-business on the curriculum in B.Sc. (Ag) has been taken up with ICAR in line with the suggestion of Hon'ble Committee.

(Vide Ministry of Agriculture (Department of Agriculture & Co-operation), No.6-4/2010-B&A dated the 19th July, 2010)

NATIONAL PROJECT ON MANAGEMENT OF SOIL HEALTH & FERTILITY
(Recommendation Para No. 2.46)

The Scheme with an outlay of Rs.429.85 crore for Eleventh Five Year Plan was introduced in 2008-09 and is aimed to set up 500 new Soil Testing Laboratories (STLs) and 250 Mobile Soil Testing Laboratories (MSTLs) alongwith strengthening of existing State STLs, for micro-nutrient analysis. For the year 2009-10 National Project on Management of Soil Health and Fertility was allocated Rs. 47 crore which was reduced to Rs. 42.71 crore at the RE stage. The actual expenditure for the year is Rs. 43.67 crore.

Against a proposal for Rs. 149.40 crore, the approved outlay for the Scheme for the year 2010-11 is Rs. 25.00 crore. In response to a specific query of the Committee, the Department have admitted that the curtailment of allocation for 2010-11 would affect the number of Soil Testing Laboratories set up under the Scheme. Suitable higher allocation is stated to be sought at RE stage in case of receipt of proposals from States.

The Committee are aghast with this attitude of the Department in the context of this very important Scheme. The Nutrient Based Fertilizer Regime, which the Government have launched with lot of expectations this year, would hugely depend on soil mapping of agricultural land in the Country for its success. The National Project on Management of Soil Health & Fertility, therefore, assumes critical importance through its role in micro-nutrient analysis.

They also feel that the trend of keeping allocation low for such Schemes, whose performance is of primal importance, does not send good signals about the intentions of the Government. The Committee, therefore, desire that the Department should assume a more pro-active role in making this Scheme a success. They also desire that till such time funds availability is eased at RE stage, the States may be categorically informed to utilise funds from RKVY in a big way to ensure that this Scheme is not starved of funds.

Reply of the Government

The State Government representatives who attended the national conference for kharif campaign 2010 have been advised to submit their proposals under National Project on Management of Soil Health & Fertility or under RKVY as per their convenience for extending maximum soil testing facilities in the country. The State Government representatives attending the work plan meetings under Macro-Management of Agriculture Scheme for the year 2010-11 have also been instructed in this regard.

Setting up of soil testing laboratories is also permitted under Macro-Management of Agriculture scheme. During 2007-08 and 2008-09, under this scheme 11 new soil testing laboratories were set up and 66 soil testing laboratories were strengthened for NPK and micro-nutrients testing facilities.

During current financial year (2010-11), so far sanction has been issued under National Project on Management of Soil Health & Fertility for setting up 4 new soil testing laboratories, 2 new Mobile soil testing laboratories, strengthening of 5 soil testing laboratories and setting up of 1 soil testing laboratory under PPP mode.

Under National Project on Management of Soil Health & Fertility financial assistance of Rs 6.98 crore has been sanctioned recently for setting up 14 soil testing laboratories and 10 Mobile soil testing laboratories under fertilizer industry, which will be provided as back ended subsidy.

(Vide Ministry of Agriculture (Department of Agriculture & Co-operation), No.6-4/2010-B&A dated the 19th July, 2010)

MICRO IRRIGATION
(Recommendation Para No. 2.47)

The main objective of the scheme is to increase the coverage of area under improved methods of irrigation in the Country for better water use efficiency along with other benefits like fertigation, quality production, etc., and to provide stimulus to growth in the agriculture sector. Under this Scheme, assistance is provided to all categories of farmers at the rate of 50 per cent of the cost of drip and sprinkler systems and at the rate of 75 per cent of the cost for demonstration purposes. For Micro Irrigation, the BE has been more than doubled for the year 2010-11 to Rs. 1000 crore compared to the BE of Rs. 430 crore during 2009-10.

The Committee note that the spurt in allocation for the Scheme for 2010-11 has been attributed to the fact that the Scheme will be extended to all States from 2010-11 from the present span of 18 States. Besides Subsidy Component and cost norms have been enhanced. The Committee also note with appreciation the decision of the Government to launch a National Mission on Micro Irrigation from 2010-11.

The Committee are of the view that Micro Irrigation is an avenue that can be used for conservation farming and other climate resilient agriculture initiatives. They, therefore, recommend that all out efforts should be made in making it well received by the farmers through intensive extension activity and other methods of awareness/popularization. It is also recommended that utmost care should be taken that the material procured under subsidy conforms to prescribed standards. As the Scheme also presents an opportunity for efficient use of water, fertilizers and to counter the effects of climate change, it should also have a suitable mechanism incorporated to reward farmers who successfully adopt it.

Reply of the Government

The Centrally Sponsored Scheme on Micro Irrigation (MI) was launched in 2005-06 aiming to enhance the water use efficiency in the field of agriculture. During 2010-11, the budget allocation (BE) for the scheme is Rs.1000 crore. Most of the States are implementing this scheme with the objective of increasing productivity and production so that farmers can get higher return. There is demand for adoption of this technology ensuring the farmers and the increased budget of Rs.1000 crore is expected to be utilized in bringing more area under this water use efficient technology. The Micro Irrigation Scheme (MIS) has been proposed for implementation as National Mission on Micro Irrigation (NMMI) during XI Plan period. Under NMMI, micro irrigation technology will be implemented in all the States and Union Territories including North Eastern States and Himalayan States. NMMI has been launched in June, 2010, under which central share has been enhanced from existing 40% to 50% for small and marginal farmers, thereby reducing the burden by 10%. Besides, the cost norms for drip and sprinkler irrigation were also enhanced and elaborated for closely spaced crops. It is expected that this reduction of the burden will enthuse more farmers to adopt this technology. The proposed National Mission on Micro Irrigation (NMMI) will be implemented with emphasis on:

- Convergence with other schemes like National Food Security Mission (NFSM), Rashtriya Krishi Vikas Yojna (RKVY), National Horticulture Mission (NHM) and National Rural Employment Guarantee Scheme (NREGS) for linking of water harvesting structure already created/to be created with micro irrigation system,
- This technology will increase the area under agriculture by covering less productive agricultural land,
- The system will increase the production of High Value Crops, which in turn will ensure adequate food and nutrition for the country,
- NMMI will be implemented only by installing micro irrigation equipment with BIS (Bureau of Indian Standards) marking.

Subsidy provided under the scheme an incentive to the farmers to adopt this water use efficient and fertilizer use efficient technology for agricultural production. In addition, it will also help instigate the effects of climate change on agriculture.

(Vide Ministry of Agriculture (Department of Agriculture & Co-operation), No.6-4/2010-B&A dated the 19th July, 2010)

NATIONAL FOOD SECURITY MISSION **(Recommendation Para No. 2.48)**

The National Food Security Mission (NFSM) was launched in later half of 2007 to target high potential districts to bridge the yield gaps so as to achieve additional production of 20 million tonnes of food grains (10 million tonnes of rice, 8 million tonnes of wheat and 2 million tonnes of pulses) by the end of 2012. A sum of Rs. 4883.00 crore has been allocated for the Scheme in Eleventh Plan. The Committee had found substantial shortfalls in the performance of the Scheme in 2008-09 and had recommended remedial measures in that regard in their First Report.

The Committee are pained to notice that the physical targets under the Mission have not been upto the desired level in 2009-10 as well. The Department have attributed the under achievement of targets to drought during Kharif 2009 and the fact that States, responsible for implementation of the Mission, procure the progress reports from Districts and the compiled data of all districts is passed on to Department of Agriculture & Co-operation. This is said, strangely, to result in a gap between real and reported achievements as by the time States consolidate and send report for a particular quarter, ground level implementation (real progress) must have progressed still further that could only be reflected in the next quarterly report. To obviate the situation the Department are making attempts to get district level reports electronically (through websites) to capture real time data. The Committee are not convinced by the alibi extended by the Department. Even if there are gaps

between real and reported achievements, the achievements would remain confined to the respective period they pertain to.

The Committee are really constrained to note that even in flagship Schemes like NFSM there is inadequate feedback and lack of real time feed back data. Though NFSM is in operation in a planned manner and in targeted areas, the achievements under the Scheme and reporting of its progress is not upto date. The Committee find it inexplicable that even now only attempts are being made to get district level reports electronically to capture real time data. They believe that efficient implementation of any Scheme is not possible without the progress reports being prompt and accurate. In the era of advanced Information and Communication Technology (ICT) methods, there cannot be any excuse in this regard. They, therefore, recommend that an appropriate system may be put in place in consultation with National Informatics Centre (NIC) and others concerned for developing suitable linkages for obtaining real time data on implementation of NFSM without any further delay. Based on the evaluation of its success they would also like similar feedback systems put in place for other major Schemes as well.

Reply of the Government

MIS for capturing real time data has been designed with the help of NIC. States covered under NFSM are being trained in regional workshops to submit the progress of NFSM on-line to eliminate the gap between the reported and real achievements. States have started submitting these reports from Kharif 2010. Submission of district-wise data is under progress.

(Vide Ministry of Agriculture (Department of Agriculture & Co-operation), No.6-4/2010-B&A dated the 19th July, 2010)

PLUSES AND OILSEEDS VILLAGES
(Recommendation Para No. 2.49)

DAC is implementing a Centrally Sponsored Integrated Scheme of Oilseeds, Pulses, Oil Palm and Maize (ISOPOM) in the Country for the increasing area, production and yield of these crops with effect from 2004–05. The Committee, however, note that the production & productivity of oilseeds and pulses have either gone down right from the first year of the Eleventh Five Year Plan or there is insignificant upward movement. The Committee have, after going through the performance of the Scheme, suggested some remedial measures in their First Report; but the situation has not improved even in 2009-10 and it is a matter of grave concern.

However, the anguish of the Committee in this area, particularly with regard to oilseeds, has been compounded by the fact that the reasons quoted by the Department as constraints in the production of pulses & oilseeds seem to have become a common feature in their submissions to the Committee for a long time now. Even after launching a host of initiatives to improve production of these weak links among food crops, the Government has not covered much ground and an alarming lot remains to be done. Realising the shortcomings of the Scheme, the Government have already transferred the pulses component of the Scheme to NFSM from 1 April, 2010 onwards. The Committee hope that this reorientation would give the much needed fillip to pulses production in the Country.

Meanwhile, the Committee also have been made aware that In the Budget 2010-11, an amount of Rs.300.00 crore has been provided to organize sixty thousand “Pulses and Oilseeds Villages” in rainfed areas to provide an integrated intervention of water harvesting, watershed management and soil health, to enhance the productivity of the dry land farming areas. These funds would be provided as additional central assistance under the ongoing scheme ‘Rashtriya Krishi Vikas Yojana’.

The Committee expect that the 'Pulses & Oilseeds Villages' programme would address the chronic constraints debilitating the production/productivity of these two crops in a focussed manner. Though they do not consider this initiative as a magic wand that would overnight fill the gap between production & demand of pulses & oilseeds in the Country, it is felt that Rs. 300 crore earmarked for the programme and the funds to be imported from RKVY may not be enough to make a significant impact in this direction. In this background, the Committee recommend that the Government should rethink on the scale & span of this initiative. Furthermore, in the present state of affairs, the cultivation of oilseeds & pulses involve greater risk as compared to other crops by virtue of the fact that it is done in rainfed areas. This makes it difficult to be a remunerative option for farmers. Hence, the Committee recommend that the Government should come up with effective farmer centric provisions to make pulses and oilseeds cultivation a profitable venture for the farmer. Needless to mention that the Government will be able to do a better job in this matter if they draw a leaf from the recommendations made in this context by the National Commission for Farmers. The Committee believe that only by such measures farmers' confidence and interest in cultivation of these crops can be germinated.

Reply of the Government

For intensifying pulse production programme, the following strategies have been adopted from 2010-11.

- (i) Merger of pulses component of ISOPOM with NFSM-Pulses so as to increase the scope and area coverage and productivity of pulses programme, Jharkhand and Assam have also been included considering that there is immense potential for pulses promotion.
- (ii) A new farmer centric programme called 'Accelerated Pulses Production Programme' (A3P) under NFSM has become operational with effect from April, 2010. Under A3P, 1000 block demonstrations have been taken up. This programme essentially would promote 'Plant nutrients' and 'Plant protection' centric technologies in compact

block of 1000 hectare each for five major pulse crops, namely, Tur, Moong, Urad, Gram and Lentil.

- (iii) Besides, in order to provide an integrated intervention of water harvesting, watershed management and soil health to enhance the productivity of the dry land farming areas, an amount of Rs.300 crores has been provided to organize sixty thousand “Pulses and Oilseeds Villages” in rainfed areas during 2011-12 under Rashtriya Krishi Vikas Yojna (RKVY) as additional central assistance. The new plan would be taken up for implementation in the States of Andhra Pradesh, Gujarat, Karnataka, Madhya Pradesh, Maharashtra, Rajasthan and Uttar Pradesh accounting for 83% and 86% area under pulses and oilseeds respectively of the total area of these crops in the country. It is envisaged that productivity of pulses and oilseeds would increase by at least 10% with the implementation of the new plan.
- (iv) Agencies like NAFED, NCDEX are being involved in procurement of pulses on the same lines as of FCI procuring rice and wheat.
- (v) Expert group under Dr.Y.K.Alagh has been constituted for suggesting measures for enhancing pulses production.

The production of pulses has also increased from 13.13 million tonnes in 2004-05 to 14.77 million tonnes in 2009-10 (Third Advance Estimates).

The Government of India launched Centrally Sponsored Integrated Scheme of Oilseeds, Pulses, Oil Palm and Maize (ISOPOM) in 14 major oilseeds and pulses growing States, 15 maize growing States and 12 States having potential for oil palm cultivation w.e.f 1.4.2004.

The production of oilseeds increased from 24.35 million tonnes in 2004-05 to a record production of 29.75 million tonnes in 2007-08. The production of oilseeds had, however, declined to 25.40 million tonnes in 2009-10 (Third Advance Estimates). The production of oilseeds had fluctuated during the period of ISOPOM for various reasons including insect pest infestation and drought/dry spells in 2008-09 and 2009-10 in major oilseeds growing States.

In order to make ISOPOM more effective, Government of India had already modified ISOPOM in 2007-08 for the Eleventh Plan Period with respect to norms and pattern of assistance, inclusion of new components and implementing agencies.

(Vide Ministry of Agriculture (Department of Agriculture & Co-operation), No.6-4/2010-B&A dated the 19th July, 2010)

CHAPTER III

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

-NIL-

CHAPTER IV

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

ALLOCATION & UTILIZATION OF FUNDS (Recommendation Para No. 1.30)

As had also been commented in the First Report of the Committee, the Department of Agriculture and Co-operation have been allocated a sum of Rs. 66577.00 crore for the Eleventh Plan. Though substantially higher than the allocation of the Department for the Tenth Plan, the inter se allocation and release in the Annual Plans of the Eleventh Plan have been highly lop-sided. The utilization of funds, which more or less equals the allocations, in the first three years of the Eleventh Plan is Rs. 27206.10 crore which works out to 40% or so of the total allocation for the Plan, leaving 60% of the funds for allocation and utilization during the last two years of the Plan. The Committee had expressed their serious concern with this massive backloading of Plan funds, in their First Report. The Government has, however, failed to learn from its past mistakes. Out of the remaining 60% funds (Rs. 39371.00 crore), Rs. 15042.00 crore only has been provided to DAC for 2010-11 leaving a huge sum of Rs. 24329.00 crore for the last year of Eleventh Plan. This translates to about 36.5% of the total allocation. The Department are optimistic about utilizing the entire remaining sum if it is allocated during the last year of the Plan, i.e., 2011-12. However, the Committee do not share their optimism. The backloading of funds in the Eleventh Plan has resulted in a situation where the Department have to either perform extraordinarily to absorb these funds, a situation which has its own well known pitfalls, or will have to settle for a curtailment of the approved outlay for the Plan. Going by the past record, the second scenario seems to be a greater possibility. The Committee, therefore, desire that the Plan allocation in favour of DAC for 2010-11 be enhanced to at least Rs. 20,000 crore so that not only the Schemes being implemented get the much needed infusion of funds this year but also the huge unspent balance for the last year of the Plan comes within the realms of the spending capacity of DAC.

Reply of the Government

Allocation to the Department of Agriculture and Cooperation was increased from 13,200 crore in the Tenth Five Year Plan to Rs. 66,577 crore in Eleventh Five Year Plan which is more than 5 times the Tenth Plan allocation. The share of DAC in total Central Plan has increased from about 1.9% in 2006-07 to 2.9% in 2010-11.

The allocation in first four years amounts to nearly 65% of the total Eleventh Plan outlay, which as mentioned above, marks a massive increase over the Tenth Plan outlay.

The steady increase in allocation every year can be linked to increased absorptive capacity of states / implementing agencies and time taken to ground & then step up implementation of new schemes.

Major programmes such as Rashtriya Krishi Vikas Yojana and National Food Security Mission were introduced during the Eleventh Five Year Plan. Some other major programmes like National Horticulture Mission and Micro Irrigation were introduced at the fag end of Tenth Five Year Plan. These programmes took some time to be grounded and have now gained momentum. Department of Agriculture & Cooperation has requested State Governments/implementing agencies to gear up their machinery so that the entire allocation could be spent during the remaining period of 11th Plan.

(Vide Ministry of Agriculture (Department of Agriculture & Co-operation), No.6-4/2010-B&A dated the 19th July, 2010)

Comments of the Committee

For comments of the Committee please refer to Para No. 1.7 of Chapter I of this Report.

EXTENSION OF 'GREEN REVOLUTION' TO EASTERN REGION
(Recommendation Para No. 1.37)

There are no two opinions on the fact that the Eastern Region of the Country comprising of Bihar, Chhattisgarh, Jharkhand, Eastern Uttar Pradesh, West Bengal and Orissa missed the first green revolution and have, therefore, not been able to contribute to the food security of the nation to their fullest potential. The Committee, therefore, heartily welcome the Scheme for Extension of Green Revolution to Eastern Region. They, however, simultaneously also feel that a step of such a vast magnitude would require something far more substantial than Rs. 400.00 crore earmarked by the Government. As stated previously, most of the Schemes of the Government though well meaning, have failed to take off/ deliver mainly due to half-hearted measures and piecemeal approach of the system. Lest this very noble endeavour should meet a similar fate, the Committee desire that the allocation for the Scheme rather being an exercise in tokenism be rationalised on the basis of a well worked out strategy and according to the actual field level requirements. The Government's contention that some moneys may also come the way of the Scheme from RKVY and/or NFSM are, in the view of the Committee, mere micawberian vision, which should not be relied upon. Furthermore, in view of the importance of this initiative towards ensuring food security of the nation, the Committee expect their instant recommendation for enhancement of funds for the Scheme immediately rather than waiting till the RE stage.

Reply of the Government

The Department shares the concerns of the Committee regarding the need for deployment of adequate resources to enable meaningful interventions to be undertaken for extending the Green Revolution to Eastern India. It is submitted that this task is being taken up under various schemes of the Government viz. Rashtriya Krishi Vikas Yojana (RKVY), where allocation during the current year is Rs.6055 crore, NFSM where targeted intervention for rice, wheat & pulses are being taken up with allocation of Rs. 1350 crore, Macro Management of Agriculture with allocation of Rs.1000 crore etc. A

specific allocation of Rs. 400 crore has also been earmarked during the current financial year for extending the Green Revolution to Eastern India in order to help to focus the attention of the State Governments on this matter. Under this initiative, the States of Bihar, Chhattisgarh, Jharkhand, Uttar Pradesh, Orissa and West Bengal have prepared strategic plans bringing out the critical requirements for improving crop productivity in different agro ecological sub-regions of eastern India. The initiative would help integrate funds available under various major schemes and concentrate resources on filling up missing links in agriculture infrastructure and development programmes so as to enhance the efficacy of all crop development programmes and schemes. All six States have already prepared their strategic plan and have got projects for implementation of this sub-Scheme approved by their SLSCs. DAC has already released 50% of funds under this sub-Scheme to the States so as to ensure that they are able to take up these projects/interventions from the Kharif 2010 season. A conclave of Chief Ministers of the States was also organised in Kolkata on 9th and 10th of July, 2010 to finalise the implementation plans under the new initiative. It has already been clarified that the allocation for this special initiative during the current year is not one-time, and would be enhanced suitably depending upon the requirement and pace of expenditure.

(Vide Ministry of Agriculture (Department of Agriculture & Co-operation), No.6-4/2010-B&A dated the 19th July, 2010)

Comments of the Committee

For comments of the Committee please refer to Para No. 1.13 of Chapter I of this Report.

AGRICULTURE CENSUS **(Recommendation Para No. 2.45)**

The objective of Agriculture Census is (i) collection of information on operational holdings, including land utilisation, live-stock machinery and implements, use of fertilisers, etc. (ii) to provide benchmark data needed for formulating new agricultural development programmes and for evaluating their progress, (iii) to lay a basis for developing an integrated programme for current agricultural statistics.

The Committee, however, have a growing realisation that with the advent of Nutrient Based Fertiliser Regime, the need for soil mapping, the requirement of National e-Governance Programme, etc, the Agriculture Census, as an important apparatus of planning & evaluation, should now include more indices like receipt of agricultural credit, soil health information, etc. so that it measures upto the new trends in agriculture sector. The Committee recommend that as an important first step in this regard, action should be taken to integrate the data from agriculture census into the Unique Identification Card which is in the offing.

The Committee note that in spite of the expenditure for Agriculture Census being met from a Central Sector Scheme which provides 100% financial assistance to States/UTs, the funds available are described as meagre by the Department. The Committee are of the opinion that the Department cannot blame anybody other than themselves for paucity of funds for the purpose. The Committee feel that agriculture census in spite of its tremendous value comes quite low in priority for the Department which is not a healthy sign. They, therefore, recommend that scarcity of funds should never impede the quality of data produced by Agricultural Census and sufficient funds should be allocated for it.

Reply of the Government

Agriculture Census is a large scale statistical operation for collection of data on census – cum-sample survey basis and derivation of quantitative information about the structural characteristics of agriculture sector in the country. The statistical unit of data collection in agriculture census is operational holding which is defined as “all land which is wholly or partly used for agriculture production, and is operated as one technical unit by one person alone or with others without regard to title, legal form, size or location.

Since, the operational holding is the fundamental unit of decision making at farm level and consequently for development programmes aimed at improving the conditions of cultivators and also for raising production levels, operational holding, and not the ownership holding, is taken as the unit of data

collection. The scheme of Agriculture Census in the country is implemented in three distinct phases which are statistically linked together but focus on different aspects of agricultural statistics. In phase-I, number of holdings with their operated area and social characteristics of the holders are prepared. This operation is carried out on census basis in land record States (covering about 85 percent of reported area) and on 20 percent sample villages in non-land record States. In Phase-II, detailed data on agricultural characteristics like tenancy status, terms of leasing, land use, irrigation status, source-wise irrigation, cropping pattern and dispersal of holdings etc. are collected on a sample basis from 20 percent selected villages and the aggregates at Tehsil/District/State level are estimated on the basis of the sample results. In Phase-III, data on input use pattern are collected from selected holdings from 7 percent selected villages and the parameters (different aspects) at the District/State level are estimated using sample results. Thus, it may be seen that the data for Phase –II and Phase-III are collected on sample basis and in case of Phase-I data, the field functionaries, as per the existing instructions, are required to consolidate the holding level data for the entire village by different characteristics like social groups, gender, type of holding etc and send the same to the block/tehsil headquarters for further aggregation. Keeping in view the nature and objectives/requirements of Agriculture Census, the Agriculture Census database would not correspond to the Unique Identification Card which requires data at individual (person) level.

The allocation of funds for Agriculture Census is made in consultation with Planning Commission and Ministry of Finance. Presently, Agriculture Census is a Central Sector Plan Scheme under which 100 percent financial assistance is provided to States/ UTs for payment of salaries, travel expenses, office expenses, honorarium, tabulation cost, printing of schedule and instructions etc. Funds are allocated to States/ UTs based on their previous year's expenditure and the requirement of funds projected for the current year.

(Vide Ministry of Agriculture (Department of Agriculture & Co-operation), No.6-4/2010-B&A dated the 19th July, 2010)

Comments of the Committee

For comments of the Committee please refer to Para No. 1.16 of Chapter I of this Report.

AGRICULTURE CREDIT **(Recommendation Para No. 2.51)**

Agriculture being now a capital intensive vocation requires huge amount of funds as a lifeline. The Commercial Banks, Cooperative Banks and Regional Rural Banks (RRBs) are major agencies, involved in disbursal of agricultural credit. The Committee note that the targeted credit flow for 2010-11 is Rs. 3,75,000 crore against Rs. 3,25,000 crore during 2009-10.

However, the Committee are perturbed to note that the existing system does not capture information about agriculture credit extended by financing agencies to their creditors. They, therefore, have some reason to share the common apprehension that large chunks of this credit may have gone indirectly to credit companies, agri-business companies, seed companies, etc and not to the small & marginal farmers who constitute the majority of farmers in the Country. They also feel that the absence of such a data base may also not be in consonance with the prudent banking practice of monitoring the major exposure accounts. Without being judgemental at this stage, the Committee would like DAC to obtain the considered views of the Reserve Bank of India and the Ministry of Finance on the instant practice in the light of prevailing apprehensions and legality and furnish the same to them within three months of presentation of this Report to Parliament.

The Committee would also like the Department to also generate gender disaggregated data in the context of Agriculture Credit so that gender-centric and gender specific planning is facilitated.

Reply of the Government

Reserve Bank of India (RBI) has informed that as per the Priority Sector Guidelines issued by them, scheduled domestic commercial banks are

required to achieve 18 percent of their Adjusted Net Bank Credit (ANBC) or Credit Equivalent of off Balance Sheet exposure (CE), whichever is higher as on March 31 of the previous year under advances to agricultural sector under the extant guidelines. Of this, not more than 4.5 percent of the ANBC or CE as on March 31 of the previous year, whichever is higher can be under indirect finance to agriculture covering ,inter-alia, credit companies, agri-business companies, seed companies etc. Small and Marginal farmers, as also the landless labourers, tenant farmers and share croppers etc. form part of the 'weaker sections' category in which such banks need to achieve 10 percent of ANBC or CE, whichever is higher. In absence of any gender specific agricultural credit flow targets for the banks, Reserve Bank of India is not in favour of maintenance of gender disaggregated data.

(Vide Ministry of Agriculture (Department of Agriculture & Co-operation), No.6-4/2010-B&A dated the 19th July, 2010)

Comments of the Committee

For comments of the Committee please refer to Para No. 1.22 of Chapter I of this Report.

CHAPTER V

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

MID TERM APPRAISAL (Recommendation Para No. 1.33)

During the examination of Demands for Grants (2009-10) of the Department, the Committee had observed that the meeting for Mid Term Appraisal (MTA) of the performance of the Department during Eleventh Plan was held on 23 September, 2009. On being queried about the date of completion of MTA, they were informed that by December, 2009 the MTA for the Department would be approved by the full Planning Commission. To the astonishment of the Committee this very important exercise is yet to be completed.

Similar to the delays in planning process, approval/implementation of Schemes, funds allocations/releases, etc., the MTA has also not conformed to the fixed schedule. The MTA, is supposed to be conducted during the half way mark of a Plan with a view to critically analyse the performance of Schemes/programmes of the Department and suggest/implement requisite mid-course corrections/modifications during the remaining half. Considering this, the Committee cannot but deplore the delay in completing the MTA exercise even at the beginning of the fourth year of the Plan. The very purpose of conducting the exercise takes a beating due to this inordinate delay in its completion. The Committee are of the opinion that if the relevance of MTA as an assessment and corrective tool is to be maintained it has to be conducted with all seriousness and within the timelines prescribed. More so, when the relevant data in most of the cases, is not difficult to obtain nowadays. The Committee hope that all those involved in the MTA mechanism would heed to their advice in letter and spirit.

Reply of the Government

The process for the Mid-Term Appraisal (MTA) of the Eleventh Five Year Plan was initiated during the course of second year of the Eleventh Plan. This involved in depth consultation with the Departments concerned, the States / UTs, the experts and other concerned. On 23rd March 2010 the MTA was placed before the Full Planning Commission for review and approval. The MTA will shortly be placed before the National Development Council (NDC) for its approval.

(Vide Ministry of Agriculture (Department of Agriculture & Co-operation), No.6-4/2010-B&A dated the 19th July, 2010)

Comments of the Committee

For comments of the Committee please refer to Para No. 1.10 of Chapter I of this Report.

NATIONAL AGRICULTURAL INSURANCE SCHEME **(Recommendation Para No. 2.50)**

The NAIS, in operation for the last 20 crop seasons, owing to several limitations and shortcomings, has been restructured to be implemented as a Modified NAIS. However, this decision taken in December, 2006, has not yet taken off due to the indecision regarding whether its implementation is to be taken up on the Plan or Non-Plan side. The contention to implement the Scheme in the Non-Plan side was based on the fact that when included in the Plan side, the unforeseen claims settled under it resulted in substantial reduction of allocations for other important Schemes of Department of Agriculture & Cooperation, as huge sums may already have been given for the NAIS. Moreover, because of these continued indecisiveness, the implementation of the Modified National Agriculture Insurance Scheme (MNAIS) which has several intrinsic advantages is in limbo. The shoddy manner in which this Scheme of immense importance has been dealt with and the flip-flop being committed by the Government in its implementation has

been already commented upon adversely by the Committee in their First Report.

Taking this into account, it was decided to implement MNAIS in the Non-Plan side from 2010-11 onwards. However, in a subsequent *volte face* it has been decided to continue with NAIS in the Plan side for the remaining period of the Eleventh Plan. The Committee are, therefore, hugely surprised with the decision to continue with NAIS in the Plan side despite the problems in doing so having been brought to the fore by the Department themselves. This move would again let funds allocated to NAIS to continue creating crunch of funds for other Schemes. Besides, the implementation of MNAIS that is more actuarial in nature compared to NAIS is again being postponed, depriving the farmers of its benefits. Accordingly, the Committee recommend that while allocation of funds is made for the Schemes of DAC, the continued operation of NAIS in the Plan side should not be allowed to mop up funds meant for other Schemes in the Plan side. They also desire that a decision on the finalisation and implementation of MNAIS be arrived at by the Government with due promptitude and conveyed to them immediately.

Reply of the Government

As per decision taken in the meeting of Agriculture Minister, Finance Minister and Deputy Chairman, Planning Commission on 29th September, 2008, a proposal for implementation of Modified National Agricultural Insurance Scheme (MNAIS) on pilot basis in 100 districts, was prepared and submitted for consideration of Committee on Non Plan Expenditure (CNE). Department of Expenditure in their reply has informed that Modified National Agricultural Insurance Scheme (MNAIS) is essentially a modified version of the on-going National Agricultural Insurance Scheme (NAIS) under Plan in the 11th Five Year Plan and suggested that MNAIS may be continued as Plan Scheme for the remaining period of the XI Five Year Plan. The issue of covering the MNAIS under Non-plan can be considered at the time of the next Five Year Plan. In view of this, Planning Commission was requested to accord 'in principle' approval for implementation of MNAIS in 100 districts from Rabi

2010-11 season on pilot basis. Subsequently, Planning Commission accorded their 'in principle' approval for implementation of MNAIS in 50 districts on Plan side. Accordingly, proposal for implementation of Pilot MNAIS in 50 districts was submitted for the consideration of Expenditure Finance Committee (EFC). EFC in its meeting held on 2nd July, 2010 has recommended the proposal for implementation in 50 districts during the remaining two years of the XI Five year plan from Rabi 2010-11. Therefore, a draft proposal for implementation of MNAIS on pilot basis in 50 districts from Rabi 2010-11 incorporating the recommendation of EFC is being prepared for consideration of Cabinet Committee on Economic Affairs (CCEA).

(Vide Ministry of Agriculture (Department of Agriculture & Co-operation), No.6-4/2010-B&A dated the 19th July, 2010)

Comments of the Committee

For comments of the Committee please refer to Para No. 1.19 of Chapter I of this Report.

**NEW DELHI;
22 March, 2011
01 Chaitra, 1933 (Saka)**

**BASUDEB ACHARIA
Chairman
Committee on Agriculture**

APPENDIX
COMMITTEE ON AGRICULTURE
(2010-11)

MINUTES OF THE TWENTY-FIRST SITTING OF THE COMMITTEE

The Committee sat on Tuesday, the 22nd March, 2011 from 1515 hours to 1700 hours in Committee Room 'D', Parliament House Annexe, New Delhi.

PRESENT

Shri Basudeb Acharia - Chairman

LOK SABHA

2. Shri Narayansingh Amlabe
3. Shri Jayant Chaudhary
4. Smt. Shruti Choudhary
5. Smt. Paramjit Kaur Gulshan
6. Shri Naranbhai Kachhadia
7. Shri Premdas
8. Shri Hukmadeo Narayan Yadav

RAJYA SABHA

9. Shri Shashi Bhusan Behera
10. Shri Narendra Budania
11. Shri Satyavrat Chaturvedi
12. Shri Vinay Katiyar
13. Shri Mohd. Ali Khan
14. Shri Upendra Kushwaha

SECRETARIAT

1. Shri P.V.L.N. Murthy - Director
2. Shri P.C. Koul - Additional Director

2. At the outset, the Chairman welcomed the members to the Sitting of the Committee. The Committee, thereafter, took up the following Draft Reports for consideration:

(i) Action Taken Report on Observations/Recommendations contained in the Sixth Report of the Committee on Demands for Grants (2010-2011) pertaining to the Ministry of Agriculture (Department of Agriculture & Co-operation).

*(ii) *** *** *** *** *** *** *** *** *** ***

*(iii) *** *** *** *** *** *** *** *** *** ***

*(iv) *** *** *** *** *** *** *** *** *** ***

3. After some deliberations, the Committee adopted the draft Reports without any modifications. The Committee then authorized the Chairman to finalise the above Draft Reports after getting them factually verified from the concerned Ministry/Department and present the same to the Parliament.

*4 *** *** *** *** *** *** *** *** *** ***

*5 *** *** *** *** *** *** *** *** *** ***

*6 *** *** *** *** *** *** *** *** *** ***

The Committee then adjourned.

*Matter not related to this Report.

ANNEXURE

(Vide Para 4 of Introduction of the Report)

ANALYSIS OF ACTION TAKEN BY GOVERNMENT ON THE FIRST REPORT OF COMMITTEE ON AGRICULTURE ON DEMANDS FOR GRANTS (2010-11) PERTAINING TO MINISTRY OF AGRICULTURE (DEPARTMENT OF AGRICULTURE & CO-OPERATION)

(i)	Total number of Recommendations	18
(ii)	Recommendations/Observations which have been Accepted by the Government	
	Para Nos. 1.29, 1.31, 1.32, 1.34, 1.35, 1.36, 2.43, 2.44, 2.46, 2.47, 2.48 & 2.49	
	Total	12
	Percentage	66.67.%
(iii)	Recommendations/Observations which the Committee Do not desire to pursue in view of the Government's replies	
	Total	NIL
	Percentage	0%
(iv)	Recommendations/Observations in respect of which replies of the Government have not been accepted by the Committee	
	Para Nos. 1.30, 1.37, 2.45 & 2.51	
	Total	4
	Percentage	22.22%
(v)	Recommendations/Observations in respect of which Final replies of the Government are still awaited	
	Para Nos. 1.33 & 2.50	
	Total	2
	Percentage	11.11%