

**28**

**STANDING COMMITTEE ON AGRICULTURE  
(2015-2016)**

**SIXTEENTH LOK SABHA**

**MINISTRY OF AGRICULTURE AND FARMERS WELFARE  
(DEPARTMENT OF AGRICULTURE, COOPERATION AND FARMERS WELFARE)**

**TWENTY EIGHTH REPORT**

**"AUGMENTING RURAL STORAGE INFRASTRUCTURE THROUGH SCHEME OF  
RURAL GODOWNS"**



**LOK SABHA SECRETARIAT  
NEW DELHI  
August, 2016/Shravana, 1938 (Saka)**

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RURAL GODOWNS"**

Presented to Lok Sabha on 11.08.2016

Laid on the Table of Rajya Sabha on 11.08.2016



**LOK SABHA SECRETARIAT  
NEW DELHI  
AUGUST, 2016/SHRAVANA, 1938 (SAKA)**

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## COMPOSITION OF THE STANDING COMMITTEE ON AGRICULTURE (2015-16)

Shri Hukm Deo Narayan Yadav - Chairperson

### MEMBERS

#### LOK SABHA

2. Prof. Ravindra Vishwanath Gaikwad
3. Shri Sanganna Karadi
4. Shri Nalin Kumar Kateel
- \*5. Smt. Raksha Nikhil Khadse
6. Md. Badaruddoza Khan
7. Shri C. Mahendran
8. Dr. Tapas Mandal
9. Shri Janardan Mishra
10. Shri Ajay Nishad
- §11. VACANT
12. Shri Nityanand Rai
13. Shri Mukesh Rajput
14. Shri Konakalla Narayana Rao
15. Shri C.L. Ruala
16. Shri Arjun Charan Sethi
17. Shri Satyapal Singh (Sambhal)
18. Shri Virendra Singh
19. Shri Dharmendra Yadav
20. Shri Jai Prakash Narayan Yadav
21. Shri B. S. Yeddyurappa

#### RAJYA SABHA

- ^22. VACANT
23. Shrimati Renuka Chowdhury
- #24. Sardar Sukhdev Singh Dhindsa
25. Shri Janardan Dwivedi
- @26. Shri Meghraj Jain
27. Shri Vinay Katiyar
28. Shri Mohd. Ali Khan
29. Shri Ram Nath Thakur
30. Shri Shankarbhai N. Vegad
31. Shri Darshan Singh Yadav

\*Smt. Raksha Nikhil Khadse, MP Lok Sabha, nominated to the Committee w.e.f. 13.04.2016 vice Prof. Richard Hay who ceased to be the Member of the Committee w.e.f. 13.04.2016.

§ Vacant due to sad demise of Shri Dalpat Singh Paraste w.e.f. 01.06.2016

^ Vacant due to retirement of Shri A.W. Rabi Bernard from the Membership of Rajya Sabha w.e.f. 29.06.2016 vide CB-I Note dated 28.06.2016

# Sardar Sukhdev Singh Dhindsa, MP Rajya Sabha, nominated to the Committee w.e.f. 23.05.2016 vide Lok Sabha Bulletin- Part II, No.3581 dated 23.05.2016.

@ Shri Meghraj Jain, MP Rajya Sabha, nominated to the Committee w.e.f. 28.07.2016 vide Rajya Sabha Bulletin- Part II, dated 28.07.2016.

Shri Rajpal Singh Saini from the Membership of Rajya Sabha w.e.f. 04.07.2016 vide CB-I Note dated 28.06.2016

## SECRETARIAT

1. Shri U.B.S. Negi - Joint Secretary
2. Shri Arun K. Kaushik - Director
3. Shri C.Vanlalruata - Deputy Secretary

## INTRODUCTION

I, the Chairperson, Standing Committee on Agriculture (2015-2016) having been authorized by the Committee to submit the Report on their behalf, present this Twenty Eighth Report (Sixteenth Lok Sabha) on the subject '**Augmenting Rural Storage Infrastructure through Scheme of Rural Godowns**' pertaining to the Ministry of Agriculture and Farmers Welfare (Department of Agriculture, Cooperation and Farmers Welfare).

2. The Committee took evidence of the representatives of Ministry of Agriculture and Farmers Welfare (Department of Agriculture, Cooperation and Farmers Welfare) on the subject at their Sitting held on 23.11.2015.

3. The Report was considered and adopted by the Committee at their Sitting held on 08.08.2016

4. For facility of reference, the observations/recommendations of the Committee have been printed in bold at Part-II of the Report.

5. The Committee wish to express their thanks to representatives of the Ministry of Agriculture and Farmers Welfare (Department of Agriculture, Cooperation and Farmers Welfare) for furnishing requisite information to the Committee in connection with examination of the subject.

6. The Committee would also like to place on record their deep sense of appreciation for the invaluable assistance rendered to them by the officials of Lok Sabha Secretariat attached to the Committee.

**NEW DELHI;**  
**08 August, 2016**  
**17 Shravana, 1938 (Saka)**

**HUKM DEO NARAYAN YADAV**  
***Chairperson,***  
***Standing Committee on Agriculture***

## REPORT

### PART - I

#### CHAPTER - I

##### (i) Introductory

1.1 It is a well known fact that most farmers do not have the economic capacity to retain their produce with them and tend to dispose of the same without waiting till the market prices are favourable. It has been felt necessary to provide the farming community with facilities for scientific storage so that wastage and produce deterioration is avoided. A network of rural godowns enables small farmers to enhance their holding capacity, obtain credit against hypothecated produce and avoid distress sales as well as sell their produce at better prices subsequently. Accordingly, Rural Godown Scheme (RGS), a Capital Investment Subsidy Scheme for Construction/Renovation of Rural Godowns was launched on 01.04.2001. The scheme has been successful in creating considerable storage capacity across the country and has contributed in reducing the storage gap of 35 million MT estimated by Planning Commission for XII Five Year Plan. Plan wise, Year wise Target & Achievement (Physical & Financial) since inception of the scheme till 30<sup>th</sup> September, 2015 are at **Annexure I & II**. State-wise Progress of the Scheme since inception till 30<sup>th</sup> September, 2015 Physical is at **Annexure III**.

1.2 Ministry of Agriculture and Farmers Welfare (Department of Agriculture, Cooperation and Farmers Welfare) further informed that with a view to provide a single window for creation of Agriculture Marketing Infrastructure including Storage Infrastructure, with effect from 01.04.2014 the RGS was merged with the Scheme for Development/ Strengthening of Agricultural Marketing Infrastructure Grading and

Standardisation (AMIGS) and renamed as "Agricultural Marketing Infrastructure (AMI)" sub scheme of Integrated Scheme for Agricultural Marketing (ISAM). Under the scheme subsidy is provided for creation of storage @ 25 % and 33.33 % to General category and Special category /region respectively and is channelized through National Bank for Agriculture and Rural Development (NABARD) (for Private Promoters )/ National Cooperative Development Corporation (NCDC) (for Cooperative)/ Department of Agriculture, Cooperation & Farmers Welfare (DAC &FW) (for State Agency).

1.3 When to asked to furnish the State-wise details of the existing storage capacity of food grains and the shortfall therein, the Department in their written reply stated that

"The Report of Working Group on Agricultural Marketing Infrastructure, Secondary Agriculture and Policy Required for Internal and External Trade for the XII Five Year Plan 2012-17 has estimated the total warehousing gap at 35 million MT assuming that total marketable surplus of all major crops will grow from 130 million MT, to 150 million MT by end of XII Plan. The breakup of the estimates projects - demand for FCI (and PDS requirement) at 15 million MT and private commercial demand at 10 million MT while new demand in the next five years at 10 million MT."

1.4 The Secretary of the Department during the course of the oral deposition before the Committee on 27.10.2015, informed that this was one of the successful scheme of the Government under which 55 million MT storage capacity had been created since its inception in the year 2001. However, in certain State, the expected capacity could not be created.

1.5 State-wise production of food grains and oil seeds along with the existing storage capacity available with different Agencies including in the private sector is at under:-

State/UT	Production of Food Grains and Oilseeds in Lakh MT (2013-14)	Owned capacity available in Lakh MT as on June 2015				Capacity sanctioned under RGS in Lakh MT as on June 2015	Total storage capacity available in lakh MT
		FCI	CWC	SWC	CO-OP.		
	1	2	3	4	5	6	7
Andhra Pradesh	224.12	7.29	7.46	5.04	2.58	46.894	69.264
Telangana	122.48	5.37	4.051	2.64	4.590	34.766	51.417
Arunachal Pradesh	4.09	0.18	0.00	0.00	0.03	0.01	0.22
Assam	54.22	2.70	0.73	2.18	2.99	7.25	15.85
Bihar	131.19	3.66	0.95	2.10	5.57	4.88	17.16
Chhattisgarh	75.96	5.12	2.17	10.69	0.93	16.63	35.54
Goa	1.37	0.15	0.21	0.00	0.00	0.01	0.37
Gujarat	121.13	5.00	3.66	1.45	3.80	33.93	47.84
Haryana	175.32	7.68	3.94	13.30	6.93	67.65	99.5
Himachal Pradesh	15.48	0.19	0.09	0.00	2.05	0.24	2.57
Jammu & Kashmir	18.48	1.03	0.00	0.00	0.23	0.35	1.61
Jharkhand	42.86	0.67	0.35	0.00	0.14	0.93	2.09
Karnataka	146.46	3.81	3.40	10.41	9.80	32.95	60.37
Kerala	5.26	5.29	1.50	1.82	3.35	0.90	12.86
Madhya Pradesh	291.92	3.37	5.44	22.11	12.81	78.16	121.89
Maharashtra	165.21	8.85	6.14	14.82	20.21	52.55	102.57
Manipur	4.93	0.28	0.00	0.00	0.26	0.00	0.54
Meghalaya	3.29	0.14	0.00	0.16	0.35	0.21	0.86
Mizoram	0.80	0.25	0.00	0.00	0.13	0.01	0.39
Nagaland	6.61	0.20	0.13	0.00	0.16	0.01	0.5
Odisha	87.34	3.12	3.11	4.88	5.50	7.81	24.42
Punjab	296.39	22.24	6.39	26.36	19.87	63.76	138.62
Rajasthan	222.05	7.06	4.36	9.23	4.50	22.54	47.69
Sikkim	1.12	0.10	0.00	0.00	0.00	0.00	0.1
Tamil Nadu	97.79	5.80	5.89	6.49	9.58	11.22	38.98
Tripura	7.34	0.29	0.24	0.00	0.24	0.25	1.02
Uttar Pradesh	515.89	14.95	8.49	26.21	5.62	49.36	104.63
Uttarakhand	17.76	0.66	0.65	0.00	19.39	7.86	28.56
West Bengal	175.71	8.40	3.99	1.37	4.90	13.94	32.6
A & N Islands	0.17	0.07	0.02	0.00	0.00	0.00	0.09
D & N Haveli	0.33	0.00	0.00	0.00	0.00	0.00	0
Delhi	1.27	3.36	1.13	0.00	0.00	0.00	4.49
Daman & Diu	0.04	0.00	0.00	0.00	0.00	0.00	0
Pondicherry	0.26	0.44	0.07	0.00	0.10	0.00	0.61
<b>All India</b>	<b>2912.17</b>	<b>127.72</b>	<b>74.561</b>	<b>161.26</b>	<b>146.61</b>	<b>555.07</b>	<b>1065.22</b>

1.6 As per Millennium Study Report (2004) sponsored by DAC & FW, marketable surplus of total food grain production is around 60% depending upon other factors like supply of produce to the consuming States, etc.

1.7 During the course of the briefing on 27.10.2015, when enquired by the Committee whether any evaluation study had been conducted on augmenting the existing storage capacity in high performing States like Madhya Pradesh etc., the Secretary of the Department responded as under:-

".....As far as the government is concerned, it has been assessed that our requirement for entire country is about 600 lakh metric tonnes. We need to have storage capacity of 600 lakh metric tonnes which is required under the New Food Security Act and we have reached there. However, you are right in saying that if production of pulses, soya bean and wheat increases in a district we need to create additional storage facility, for which we need additional funds for this scheme"

1.8 Responding to a query of the Committee as to whether the scheme would be beneficial in creating adequate storage capacity in rural areas, the Department in its written reply submitted as under:

"The scheme is farm centric and based on demand for storage/storage requirement in rural area."

1.9 On being asked as to whether the scheme would help in catalyzing the private investment and strengthening the agricultural market places at local level, the Department in its written reply stated as under:

"The implementation of the scheme so far demonstrates that almost 82.42 % of the number of projects created under the scheme were by private promoters and in terms of capacity it is almost 91 %. This demonstrates that the scheme has helped

to catalyze private investment and strengthen the agriculture market places at local level."

1.10 When the Committee enquired as to whether the Government had conducted any study to assess the environmental consequences of the scheme, the Department in its written reply responded that the Government has not undertaken any such study.

1.11 When queried as to whether this scheme would help reduce unemployability and poverty in rural areas, DAC&FW in their written reply submitted that the Agri Marketing Infrastructure sub scheme through creation of infrastructure including storage will not only give fillip to post-harvest activities but also enhance employment by engaging manpower for operating the project.

## **CHAPTER - II**

### **SCHEMATIC ANALYSIS**

#### **(i) Objectives**

2.1 The main objectives of the storage component of AMI sub-scheme are :

- (i) To promote creation of scientific storage capacity for storing farm produce, processed farm produce and agricultural inputs etc. to reduce post-harvest and handling losses.
- (ii) To promote pledge financing and marketing credit, negotiable warehousing receipt system and promotion of forward and future markets to increase farmers' income.

#### **(ii) Eligible Beneficiaries**

2.2 Assistance under the AMI sub scheme is available to:

- (a) Individuals, Group of farmers / growers, Registered Farmer Producer Organisations (FPOs);
- (b) Partnership/ Proprietary firms, Companies, Corporations;
- (c) Non-Government Organizations (NGOs), Self Help Groups (SHGs);
- (d) Cooperatives, Cooperative Marketing Federations;
- (e) Autonomous Bodies of the Government, Local Bodies (excluding Municipal Corporations for storage infrastructure projects), Panchayats;
- (f) State agencies including State Government Departments and autonomous organization / State owned corporations such as Agricultural Produce Market Committees & Marketing Boards, State Warehousing Corporations, State Civil Supplies Corporations etc.

2.3 When the Committee desired to know as to how the eligible beneficiaries would actually be benefitted by the sub scheme and what would be its impact on the small & marginal farmers at grass root level, the Department responded in its written reply as under:

"The eligible beneficiaries would actually be benefitted by this scheme including small & marginal farmers at grass root level as the scheme allows construction of godown of minimum size of 50 MT. ( In hilly area minimum size is 25 MT). Creation of storage next to farm gate will allow the beneficiary, specially the small and marginal farmer to store all the farming input and produce ; minimise post-harvest and handling losses ; enable him to increase his holding capacity and avail pledge loan facility against the stored produce so that he does not have to resort to distress sale at the time of harvest when the prices are at their lowest and can wait till the prices are favourable. Furthermore creation of storage by FPO/SHG will directly benefit the small and marginal farmer as it will allow them common facilities and benefits of aggregation, both for inputs and market linkages."

2.4 A representative of Chaudhary Charan Singh National Institute of Agricultural Marketing (CCSNIAM) while deposing before the Committee on 23.11.2015 stated as under:

"Sir, you have commented upon pledge finance and awareness generation amongst farmers. Awareness programmes are also conducted to educate farmers on pledge finance. Warehousing Development and Regulatory Authority (WDRA) is an institute which gives finance for the same purpose. Recently we had conducted such a programme in Pratapgarh District of Rajasthan. In the last year, ICICI and IDBI Banks have sanctioned loan to 50 farmers against Negotiable Warehouse Receipt".

**(iii) Eligible Storage Infrastructure**

2.5 Storage infrastructure like godowns including stand-alone silos for storage of food grains with necessary ancillary facilities like loading, unloading, bagging facility etc.,

excluding railway siding are eligible for subsidy. Assistance for storage infrastructure is available on capital cost of the project including cost of allied facilities like boundary wall, internal road, internal drainage system, weighing, grading, packing, quality testing & certification, fire fighting equipment etc. which are functionally required to operate the project. For claiming subsidy under the sub scheme, the capacity of the storage project should normally be between 50 tonnes to 30,000 tonnes. However, in hilly areas where the project site is located at a height of more than 1000 meters above mean sea level, projects with capacity of 25 tonnes and above up to 30,000 tonnes are also eligible. As regards silos, the overall ceiling for capacity creation has been kept at 25% of the overall target for storage capacity for the year or actual capacity sanctioned during the year whichever is lower.

2.6 On being asked to furnish the parameters deciding the land, location and promoters' contribution in the scheme, the Committee were informed that on the basis of economic viability and commercial considerations, promoters are free to locate the storage infrastructure projects at any place of their choice. However, storage infrastructure projects should be outside the limits of Municipal Corporation areas except in cases where these are situated within Food Parks, Market Yards / APMCs, Industrial areas established or approved by State or Central agencies etc. Normally, storage projects should be established on land owned by the promoter. Subsidy will also be available for projects constructed on registered leased land allotted by Urban Development Authorities, Industrial Development and Infrastructure Corporations of the State Government/ Union Territories, Food Parks sanctioned by the Ministry of Food Processing Industries (MoFPI) etc. In all other cases, subsidy will also be made available for projects established on registered leased land, provided the tenure of such lease is

more than 15 years. As per the scheme, promoter's contribution is between 20% to 50 % of the project cost. Term loan (including subsidy) to be sanctioned by the Financial Institution (FI) should be between 50% to 80 % of the project cost. However, promoter's contribution for storage infrastructure projects of State Government and State Government agencies financed under Rural Infrastructure Development Fund (RIDF)/ Warehouse Infrastructure Fund (WIF) of NABARD may be relaxed as per their respective fund guidelines. State agencies have a choice of investing their own funds rather than going for institutional funding. Promoter's contribution in case of own funded State agency projects should be 75% / 66.67% of the project cost as the case may be, the remaining being the subsidy.

2.7 During the course of oral evidence on 23.11.2015, when the Committee sought clarification on the concept of providing a single window for creation of Agriculture Marketing Infrastructure including storage infrastructure, w.e.f. 01<sup>st</sup> April, 2014, the Secretary of the Department stated as under:

"...You have rightfully said that there is single window: What we have tried to explain in our written replies is that all schemes of the Ministry have been brought under one umbrella. At the field level if a farmer constructs godown and get all the necessary approvals from our place, that has not been said here. However, in some States, the concept of Single Window is operational. In some States it is working well and in some not so well. As for example, a number of godowns has been constructed in Punjab. But it is brought to your knowledge that for construction of godown land use has to be changed. In most of the States, godown cannot be constructed on Agricultural Land. Therefore, the change of land use has to be obtained from collector in some cases and in some cases it is done by the

State Government. It takes lots of time in some States. The challenge before the Government is that if somebody wants to construct a godown, then they have to give change of land use at the earliest. In Punjab when 50 lakh tonne was sanctioned in PEG Capacity, then Chief Minister gave orders that godowns will be treated as Rural Infrastructure. So, there should not be any change of land for this purpose. But in some States, a problem has arisen in UP it was delayed, in Rajasthan it was delayed. Still till then this problem could not be resolved in time in some States.

2.8 On being enquired as to whether the Punjab model was being replicated in other States, the Secretary of the Department deposed before the Committee on 23.11.2015 as under:

"Sir, I don't exactly remember it. As far as I remember. Chattishgarh has done it. In Chattishgarh change of land use is not required for construction of godown."

The representatives of the Department also added as under:

"Many States have done this. However, it is a matter of fact that under this scheme conversion of land is not mandatory. What happens is that many banks sanction the loan without conversion and the subsidy is released. Some States as for example in Rajasthan, for about four to five years there was no demand for land conversion and the scheme was running there. But all of a sudden land conversion was being insisted upon. There are some States if you construct a godown in an area of 500 square metres it is treated an agriculture activity and there is no need for converting the land usage to commercial, as otherwise conversion is required for commercial. Likewise in Madhya Pradesh, as you have said, when there was no check under the scheme, no bank has stopped, sanctioned was granted,....."

2.9 In response to a specific query as to whether conversion of land was required in the State of Madhya Pradesh, the representatives of the Department stated as under:

"It was also required there. However, it is not mentioned in the scheme guidelines that conversion of land usage is mandatory. If desired, they may do it. If not, they may not do it."

2.10 When the Committee pointed out that if land conversion is not mandatory then why would people go for land conversion, the representative in his response explained as under:

"Sir, the issue is that during the initial 4-5 years of the scheme no one said anything and this continued in all States. Neither it was mandatory nor the banks said anything loans were sanctioned and subsidy was released. However, slowly and slowly the issue cropped up, when after a passage of 4-5 years, the authorities realized that their the land had been converted, agricultural has been used commercially, then they started writing letters that you cannot sanction the loan."

2.11 When asked to clarify this ambiguity that although land conversion was not mandated in the scheme guidelines, yet the States were insisting upon this at their level, the representatives of the Department clarified as follows:

"It is not mandatory for the States. I would like to clarify that the guidelines state that it not mandatory. However, the rules of the State on this subject shall be applicable."

2.12 Elaborating further on this, the representative of the Department deposed as follows:

"Such problems have arisen in many cases. Earlier it was not taken. In Chittorgarh, the godown was constructed, everything was completed and then after its construction it was pointed out that you have not taken certificate for conversion into commercial. That is why you are being issued this notice. This problem as you have said, my submission is that this has occurred in many places but later on notices were issued. In some places from the Municipality; in some from the Tehsildar, in some places from the SDM. This started from the competent authority, as and where it is. However, in the initial period no State resorted to this. This pertains to the year 2001".

2.13 It was brought to the notice of the Committee by the representative of the Department during the course of evidence that in the State of Rajasthan if a godown is constructed in an area of 500 square meters, in such a case land conversion is not required. For construction of a godown with storage capacity of 100 tonnes, 80-100 square metres of area is required. It was also stated that 50% will be constructed area and 50% for tractor trolley. In an area of 350 to 400 square metres, godown with storage capacity of 400 metric tonnes can be constructed.

2.14 In response to a specific query as to whether there were any restrictions in construction of 100 metric tonnes godown, the representative of the Department stated as under:

"Sir, there are no restrictions for construction of 100 metric tonnes godowns. Problems do arise when godowns with storage capacity of 1000 metric tonnes are being constructed"

**(iv) Conditions for Scientific Storage**

2.15 Godowns built under the sub-scheme are required to be structurally sound in terms of engineering design etc., and functionally suitable to store the agricultural produce. Structure should be properly ventilated, have well fitted rolling shutters/ steel doors, air inlets/ windows and ventilators and should be waterproof (control of moisture from floor, walls and roof etc), a minimum plinth height of 2.5 feet, a minimum plinth projection of 1.5 feet all around the storage infrastructure for protection from rodents, protection from birds, a proper approach road, internal roads, proper drainage, arrangements for effective control against fire and theft and also arrangements for easy loading and unloading. Only removable steps are required to be provided.

2.16 On being asked about the quality parameters that are being kept in view while constructing godowns in rural areas, the Department in its written reply stated as under:

"The quality parameters which are being kept in view while constructing godowns in rural areas stipulate that the structure should

- be properly ventilated, have well fitted rolling shutters/ steel doors, air inlets/ windows and ventilators and should be waterproof (control of moisture from floor, walls and roof etc).
- have a minimum plinth height of 2.5 feet. However, for smaller storage infrastructures (up to 500 MT), plinth height should be a minimum of 1.5 feet.
- have protection from rodents, a minimum plinth projection of 1.5 feet all around the storage infrastructure should be provided. However, for smaller storage infrastructures (up to 500 MT), a minimum plinth

projection of 1.5 feet at the entry points for protection from rodents should be provided.

- have protection from birds (air inlets / ventilators with wire mesh ).
- have a proper approach road, internal roads, proper drainage, arrangements for effective control against fire and theft and also have arrangements for easy loading and unloading.
- only removable steps are to be provided.

The construction quality is ensured by approved architect/ engineer whose certificate is mandatory for consideration of project for subsidy, and finally each project is jointly inspected by a committee (Joint Inspection Committee (JIC) of NABARD, Banks, and DMI) to check compliance with all aspects of scientific storage and quality of construction suitable to food grain storage."

2.17 While responding to a specific query on the time taken by the 3 person Joint Inspection Committee for submitting its Report, the representative of the Department, during the course of oral evidence on 23.11.2015 stated as under:

"Normally within 30 days the joint inspection visit is carried out and the report is submitted."

2.18 Regarding the mechanism put in place to inspect the construction of godowns at regular intervals, the Department responded in writing as under:

"Regarding the mechanism for inspecting the construction of godowns at regular interval, besides joint inspection, pre and post-completion inspections of the project may be undertaken to verify physical, financial and operational progress, as and when required, by DAC & FW or any other agency approved by DAC & FW. DAC through DMI ROs/ SOs or any other approved agency may take up random check

inspection of 5% of projects for which final subsidy is released, to verify the utilization of the project for which it is intended, on yearly basis. Needful action will be taken based on the inspection report."

2.19 When asked to comment on the perception/experience of farmers about the quality of food grains stored in such godowns, the Department in its response in writing stated as under:

"The perception/ experience of farmers about the quality of foodgrains stored in such godowns as compared to traditional storage methods as gathered from the Evaluation and Impact Assessment for the Scheme by M/s Global AgriSystem Pvt. Ltd. shows that around 54 % farmers reported reduction of wastage by 50 % whereas around 9.75 % farmers succeeded in achieving reduction between 60- 75 %. The extent of reduction was reported to be as high as 75% and 30% on the lower side. 52.49 % farmers stated that they had good experience after storing the crop/ commodities as compared to the traditional methods."

2.20 Responding to a query on the practices and procedures being followed in the godown for long terms preservation of food grains, the Department in its written reply stated as under:

"Godowns under RGS are constructed as per the latest specifications required for scientific storage of any agricultural produce as followed in FCI/ Central Warehousing Corporation (CWC) / Warehousing Development Regulatory Authority of India (WDRA) The RGS also provides for training to the warehouse operators in NIAM to ensure proper practices and procedures. However practices and procedures for long term preservation of food grains are observed independently by the promoter / storing agencies."

2.21 The representative of Warehousing Development and Regulatory Authority of India (WDRA) deposited before the Committee on 27.10.2015 as under:

"WDRA is mandated with the task of regulation of warehouses in the entire country. Basically, warehousing is a State subject, yet, the Government of India in regard to all warehousing schemes for their negotiability has introduced the Negotiable Warehouses Receipt System under the Warehousing Development and Regulatory Act, 2007. These receipt books are issued by our authority to registered godowns and these receipts cannot be duplicated. Due to the credibility of these warehousing receipt, the people who store their products in these registered warehouses can avail easy loans from banks/financial institutions. Negotiable Warehousing Receipt implies that this receipt can be sold including the related product without transportation. Thus the receipt owner can sell it to a second person and the second person to a third person. The possession of the receipt would be the rightful owner of the product. Till date, 952 warehouses having capacity of approximately 38 lakh tonnes have been registered with our authority."

2.22 On the role of WDRA, the representative of the Department during evidence on 23.11.2015 stated as under:

"Sir, WDRA came into existence in the year 2010. It is mandated with the task of regulation of some godowns. As warehousing is a State Subject, the mandate of WDRA is limited, which is to regulate the National Warehouses Receipt System throughout the country. Under this, registration is optional. If you want to issue the Negotiable Warehouse Receipt, then only registration is to be done as otherwise , it is not necessary. Even after you register with this authority and you want to issue

a normal receipt, you can do the same as there is no restriction on it. As it is voluntary, a large number of warehouses have not come forward for registration. We have registered 952 godowns whose capacity is about 38 lakh tonnes. The value of the produce stored in the godowns against the receipts issued amount to Rs.3806 crore, against which banks have issued loans amounting to Rs.1277 crore."

2.23 On being asked as to whether there is any scheme or is under consideration where farmers are given 75% loan on keeping their crops and returned it with interest when it is sold and till that time, their crops are kept, the Secretary of the Department responded as under:

"Sir, there is no such scheme that crops of the farmers are kept and interest be given by the Government. If we don't want to sell our crops as of now due to low prevailing rates, we then store our crops in a WDRA certified godown. We then obtain a receipt from the godown and then approach the bank for loan. For example if we have stored crops worth Rs. 1 lakh we can apply for a loan of Rs.80,000/-. When the price of the stored crops rises to Rs.1.5 lakh then we sell it. This is the scheme of WDRA. However, the fact is that not many farmers are able to do this....."

2.24 Clarifying this matter, the representative of WDRA further submitted as under:

"It is not that only farmers and traders can store their produce in these godowns. Anybody can store their produce. As on date only agricultural and horticultural commodities have been notified and other commodities are yet to be notified. Department of Financial Services have a crop loan scheme. Under this crop loan for a period of 1 year at 7% rate of interest can be availed. If the loan is repaid

timely by the farmers, then there is a subvention of 3% on his crop loan and he then has to pay only 4% interest. If he stores his post-harvest produce in a warehouse registered by WDRA, then the period of his crop loan is extended by another six months. However, the rate of interest is 7% and there are certain other conditions like he should be either a small/marginal farmer and must possess a Kisan Credit Card. We have requested the Department of Financial Services to waive off this condition as small/marginal farmers do not have surplus produce that can be stored in a godown. Basically this is a scheme of the Department of Financial Services, but this is applicable for godowns registered with WDRA where against Negotiable Warehousing Receipt a produce can be stored".

2.25 During the evidence, the representative of the Department informed the Committee that out of the 952 godowns about 250 godowns having capacity of 100 tonnes are owned by Primary Agricultural Credit Societies (PACS). The other godowns having capacity of 100 tonnes, which are in private sector, not registered with WDRA except those own by PACS. It has further informed that out of the 952 registered godowns, 250 godowns are private having average storage capacity of 2000 tonnes.

2.26 Elaborating further, the Secretary deposed as under:

"They are big people who are in the warehousing business as business is booming here. As the demand is increasing in the cities, this sector is witnessing an unprecedented boom. I would request the Committee to consider whether these big people are actually in need of subsidy or not...."

2.27 When queried by the Committee as to whether banks were providing loans, the representatives submitted as under:

"Yes, and this is implemented through the Department of Financial Services. However, not much progress has been achieved here, as the terms and conditions stipulate that only small/marginal farmers possessing Kisan Credit Card can avail this loan. Due to this condition not many can take advantage...."

2.28 In response to a specific query as to whether any progress has been achieved herein to include the medium farmer, the representatives of the Department answered that no such decision has been taken at the level of the Government.

2.29 On the issue of quality control measures being undertaken at the time of storage of food grains by the farmers, the Department in its written reply stated as under:

"RGS per se does not prescribe quality control measures at the time of storage of food grain by farmers, which is left to the initiative of the promoter. However the Evaluation and Impact Assessment for the Scheme by M/s Global AgriSystem Pvt. Ltd. found that quality control measures are being adopted and practiced in most of the godowns which were surveyed. Around 76.79 % respondents reported to have sprayed insecticides at regular intervals whereas 64.73 % respondents used fumigation for maintaining the quality of produce. Similarly 53.22 % farmers were adopting stacking of sacks in their godowns."

2.30 When queried as to whether the Government has conducted any survey to find out whether the godowns constructed under the scheme are actually being utilized for storing agricultural produce and inputs, the Department in its written reply stated as under:

"Yes, Evaluation and Impact Assessment study by M/s Global AgriSystem Pvt. Ltd. indicates that 62.4% capacity is being used for storing farmers' own produce and only 37.6% capacity is being offered to other users. Further, 81.14%

projects utilization is for the storage of agricultural produce and 18.86% for Agri inputs."

(v) **Institutional Lending**

2.31 The Committee were informed that subsidy under the sub-scheme is linked to institutional credit and is available to only projects that are financed by:

- Commercial, Cooperative, Regional Rural Banks, Agricultural Development Finance Companies (ADFCs), State Cooperative Banks (SCBs), State Cooperative Agricultural and Rural Development Banks (SCARDBs), Scheduled Urban Cooperative Banks, Scheduled Primary Cooperative Banks (PCBs), North Eastern Development Financial Corporation (NEDFI), other institutions eligible for refinance by National Bank for Agriculture and Rural Development (NABARD) or any other financial institution such as State Financial Corporations (SFCs) approved by DAC.
- NABARD co-financed and directly financed marketing infrastructure projects including storage infrastructure projects are eligible for subsidy where the interest rates are commercial / market related.
- State Government / State Government agency storage infrastructure projects financed by NABARD under Rural Infrastructure Development Fund (RIDF) / Warehousing Infrastructure Fund (WIF) / NABARD's own funds.
- Projects promoted by cooperatives and financed by National Cooperative Development Corporation (NCDC) or cooperative banks recognized by NCDC in accordance with NCDC's eligibility guidelines.

However, State agencies also have the choice of investing their own funds instead of going for institutional funding.

2.32 When the Committee enquired about the pattern of institutional lending and how the agencies would be channelized for the release of subsidies under the scheme, the Department in its written reply submitted as under:

"Of the Total Financial Outlay (TFO) of the project, loan component should be from 50% to 80% and promoter's contribution is 20% to 50%. The loan component includes subsidy amount which is adjusted against the loan in two phases (advance and final). The minimum lock in period is 5 years for the term loan irrespective of time of subsidy release. However, final subsidy is payable subject to loan account being operational."

"For the projects processed by NABARD, the promoter applies for sanction of term loan under the scheme to FI/bank. On sanctioning the loan, the bank sends the advance subsidy claim to NABARD for sanction of advance subsidy. NABARD scrutinizes and sanctions the advance subsidy which is released by DAC & FW through NABARD to bank/FI for keeping in the Subsidy Reserve Fund (SRF) of the promoter. Likewise, after completion of the project and Joint Inspection Committee (JIC) recommendations remaining 50% of the subsidy (final) is released into the SRF account."

"In case of Cooperatives, NCDC releases subsidy in two equal installments of which first installment will be released on approval of the project by NCDC and the second installment will be released after inspection of the project."

"In case of own funded State agency projects, subsidy will be released directly by DAC&FW in two equal installments of which first installment will be released on approval of the project by the Departmental Sanctioning Committee (DSC) and the second installment will be released after inspection of the project and approval of DSC."

(vi) **Rate of Subsidy**

2.33 The storage component of AMI sub scheme envisages back-ended capital subsidy for investment in eligible storage infrastructure projects and the rate and ceilings on subsidy are as under:

Category	Rate of Subsidy (on capital cost)	Subsidy ceiling		
		Up to 1000 MT in Rs./MT	More than 1000MT and upto 30000 MT in Rs./MT	Maximum ceiling (Rs. Lakhs)
A) North Eastern States, Sikkim, UTs of Andaman & Nicobar and Lakshadweep Islands, hilly* areas	33.33%	1333.20	1333.20	400.00
B) In other Areas				
1. For Registered FPOs, Panchayats, Women, Scheduled Caste(SC)/ Scheduled Tribe (ST) beneficiaries or their cooperatives/ Self-help groups	33.33%	1166.55	1000.00	300.00
2. For all Other categories of beneficiaries	25%	875/-	750/-	225.00

\*Hilly area is a place at an altitude of more than 1000 mtr. above mean sea level.

For renovation of storage projects of cooperatives, financed by NCDC and Cooperative banks, subsidy will be 25% of the project cost as appraised by FI or actual cost whichever is lower subject to a ceiling of Rs. 187.50 per MT of storage capacity.

2.34 During his oral deposition before the Committee on 23.11.2015, the Secretary of the Department submitted as under:

"... Third you have said then is separate limits, it is Rs. 3 crore and Rs. 4 crore. Whether there is any limit to raise this limit? In all the various schemes of the Government normally, in schedule areas of North East, this is kept depending upon the numbers of persons using it. I would like to bring to your notice that

although the scheme is named Rural Godown Scheme, yet unluckily our farmers are not in a position to avail loans worth crore of rupees for construction of godowns. Majority of the godowns constructed under this scheme, belong to the affluent people. Now in the North East there is not much land, arrangement for marketing is also not good. So it has been kept Rs. 4 crore there and level of subsidy was kept separate after approval of EFC and Cabinet."

2.35 During the course of oral evidence on 23.11.2015 when the Committee sought information as to whether godowns with storage capacity of two/three/four/five thousand tonnes were eligible for subsidy, it was submitted by the Department that the maximum amount of subsidy was restricted to Rs.4 crore only for NER, irrespective of the storage capacity of the godown. Rs.2.25 crore is for general category and for SC/ST/Cooperative/Women/SHGs, subsidy is Rs.3 crore.

2.36 Responding to a query on the steps taken to ensure that the godowns were actually registered in the name of the owner, the representative of the Department during the course of evidence on 23.11.2015, submitted as under:

"As the loan is sanctioned by the bank this will be overseen by the bank. If the woman is an entrepreneur, or there is a partnership firm/company whose promoter is a woman, they are eligible for a subsidy of Rs. 3 crore. This also leads to a larger objective of assets being created in the name of a woman. This in itself is a big thing, otherwise, they do not have any assets in their name."

2.37 When asked to furnish the details of subsidy pattern, the Department in its written reply stated that Capital cost of the project for the purpose of subsidy will be calculated on the project cost as appraised by financial institution or actual cost of eligible components

as certified by a Chartered Accountant, whichever is lower subject to the subsidy ceiling per MT as well as overall ceiling given at para 2.33.

2.38 Regarding the mode of fund distribution under AMI sub-scheme, the Department in its written reply stated as under:

"On receiving the demand for funds from Head Office NABARD, DAC & FW releases the funds to Head Office NABARD, which further releases to their Regional Offices and finally to Financing Banks through RTGS to be kept in the SRF account of the promoter. In the case of projects of Cooperatives DAC & FW releases funds to Head Office NCDC, which further releases to Cooperatives/ State Govts. through RTGS. In case of own funded State Agency projects, DAC & FW releases funds to Sate Agency through RTGS. This ensures that there is no leakage of subsidy."

**(vii) Time Limit for Completion**

2.39 DAC&FW have submitted that the time schedule for completion and submission of documents for final subsidy, is as follows:

<b>Projects</b>	<b>Time limit* for submission of documents after completion of project for final subsidy</b>	<b>Extended time limit with penalty</b>	<b>Penalty for extended time limit</b>	<b>Consequences of non-submission of documents after completion of project in prescribed time</b>
Projects with TFO up to Rs.500.00 lakhs	18** Months from the date of disbursement of the first instalment of loan	Extension of time limit by 6 months will be allowed subject to penalty as explained in next	Rate of subsidy will be reduced by 1% for delay of each month or part thereof.  Delay by 1 day to 30 days would constitute one month and a delay	The project will not be eligible for subsidy if documents are not submitted after completion within prescribed time period (including

Projects with TFO of more than Rs.500.00 lakhs	24** Months from the date of disbursement of the first instalment of loan	column.	by 31 days to 60 days would constitute two months and so on.  (eg.: in case of a project eligible for 25% subsidy, if after completion of project, documents are not submitted within the prescribed time period but are submitted in 4 <sup>th</sup> month of the extended period, the permissible subsidy will be reduced by 4% i.e. effective subsidy in this case 25% - 4% = 21% subsidy).	extended period of 6 months). Advance subsidy released will have to be refunded forthwith by the FI.
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\*\* For projects promoted by cooperative and processed through NCDC, further grace period of 6 months may be allowed by NCDC.

2.40 When enquired by the Committee as to whether the Government has put in place any mechanism for smooth and effective implementation of the scheme, the Department in its response in writing stated as under:

"For smooth implementation of the scheme, time line has been prescribed in the Operation Guidelines at every stage right from disbursement of first instalment of loan by Bank to completion of the project. Final subsidy is released to the FI by NABARD after an inspection and recommendation by Joint Inspection Committee comprising of officers from NABARD (or its representative), FI and Directorate of Marketing & Inspection (DMI). Further monetary penalty has been stipulated to ensure strict compliance."

**(viii) Procedure for Release of Subsidy:**

2.41 The scheme is credit linked and subsidy is back end adjusted. The promoter has to avail a minimum of 50% of the project cost as term loan along with a promoter's

contribution of minimum of 20% of the project cost. After the loan is sanctioned by the financing bank and the first instalment of loan is disbursed, the bank submits advance subsidy claim which is 50% of the eligible subsidy along with relevant documents to Regional office, NABARD, endorsing a copy to the Regional/ Sub-office of Directorate of Marketing & Inspection (DMI). NABARD, on receipt of the advance subsidy claim, scrutinises the project and sanctions and releases 50% advance subsidy to the bank for keeping the same in the Subsidy Reserve Fund Account of the promoter. When the project is completed, the bank submits the claim for the balance subsidy. The project is inspected by a Joint Monitoring Committee consisting of officials of financing bank, NABARD & DMI, to ensure that it conforms to the technical & financial parameters. After the joint inspection is conducted, as decided by the Joint Monitoring Committee, NABARD releases the final subsidy to be kept in the Subsidy Reserve Fund Account along with the advance subsidy received by the bank, which is back end adjusted. For cooperative projects the subsidy is released through National Cooperative Development Corporation (NCDC).

2.42 On being asked to explain the rationale behind release of accrued installments of subsidy for projects after 5 years under the scheme, as well as to explain the reasons for not closing the Term Loan Account of promoters before 5 years, the Department in its written reply clarified as under:

"There is no such stipulation for release of accrued installments of subsidy for projects after 5 years under the scheme and the subsidy is released depending on the completion of the project in the SRF account of the promoter and thereafter no interest is charged on the subsidy component of the loan and loan is deemed to be reduced by such amount. However, the FIs prescribes a minimum lock in period

of 5 years for the repayment of term loan possibly due to commercial reason and this has been incorporated in the scheme guidelines."

2.43 During the course of his oral evidence before the Committee on 27.10.2015, the Secretary of the Department deposed as under:

"Sir, I will explain. The term loan cannot be closed before five years. He has already been released 50% of the subsidy in advance. Hypothetically speaking, we have taken a loan of Rs. 50 crore from the bank and the first installment of subsidy amounting Rs.5 crore has been transferred to his account in the bank. The subsidy shall remain deposited in that account but he cannot withdraw it. However, commensurate to the amount of subsidy deposited, the Bank loan shall decrease as well as the interest component.... In all subsidy schemes of the Government that are operated through a bank, the procedure is that the entire subsidy amount is not released in toto to the beneficiary unless the bank loan has been repaid. A situation could occur wherein the owner might sell his godown or allegedly misuse it. However, interest is charged on the principal amount after the deduction of subsidy. Thus, the loanees interest comes down. It implies that though he has received the subsidy, yet he cannot withdraw it...."

2.44 Elaborating further on the issue, the representative of Warehousing Development and Regulatory Authority (WDRA) submitted as under:

"The objective of this is that on some occasions it has been observed that the entrepreneur wants to construct the godown with his own money but applies for loan just for the heck of it. They then avail subsidy to repay the loan and thus utilize the subsidy. In order to discourage this practice, the government subsidy is linked with the bank and is deposited in a special reserve amount. For example, if

the loan amount is Rs. 100 and the amount of subsidy is Rs. 25, then the subsidy amount of Rs. 25 will be separated. However, the interest would be charged only on Rs. 75. For 5 years, the interest will be charged on Rs. 75 only. As the repayment is done by the loanee, the amount decreases as well. The Rs. 25 which is with the bank has in a way reached the beneficiary, but is kept in the bank, as they do not want the loan repayment to be done before time and then close the amount. The subsidy amount is kept there for the lock in period. However, the loanee is benefitted in terms of interest as the Rs. 25 after five years get adjusted in his account and then he can close the account."

2.45 When queried as to who would receive interest on the subsidy amount, the representative of the Department submitted as under:

"If a beneficiary of the scheme has taken a loan amount of Rs. 100, and the subsidy amount is Rs. 25. When the first installment of subsidy amount of Rs. 12.50 is deposited in his bank account, then the interest on the loan amount is decreased by Rs. 12.50 and he will not be charged interest on that amount, rather the interest would be calculated after deducting Rs. 12.50 from the principal amount of Rs. 100. When the second installment of Rs. 12.50 is deposited in his account, then the interest would be charged on the principal amount after further deduction of Rs. 12.50."

2.46 The Secretary of the Department further deposed as under:

"This provision is there in all schemes of the Government wherein subsidy is released to private people. The idea is to ensure that you just don't scamper away after having availed the subsidy. For example. the owner sells off his godown or

utilizes it for some other purpose. We also see to it that the godown is being utilized for the actual purpose it is meant to be. It should not happen that television sets are being kept in these godown."

**(ix) General awareness and Training Programme**

2.47 General awareness, advertisement, publicity and training programmes for farmers, market functionaries, entrepreneurs and other stakeholders in establishment, maintenance and operation of infrastructure projects, registration / accreditation with WDRA and also on agricultural marketing in general including on grading and standardization, are taken up through Ch. Charan Singh National Institute of Agricultural Marketing (NIAM), Jaipur, National Institute of Agricultural Extension Management (MANAGE), Hyderabad, Training of Personnel in Cooperative Institute (TOPIC), Gurgaon, NABARD and other national and state level institution/ Universities. General awareness, advertisement, publicity and training programmes are taken up with a special focus on promoters from SC / ST category & North Eastern Region and in the States / UTs where the storage component of the sub scheme has not picked up in the past. NIAM also arranges for consultancy services for setting up of a "Project Development Facility" to catalyze investment credit in agri-infrastructure projects.

2.48 On steps proposed to be taken by the Government to promote training, research and education at local level and to use local talent for extension and consultancy services under the scheme, the Committee were informed that the Integrated Scheme for Agricultural Marketing (ISAM), also supports National Institute of Agricultural Marketing (NIAM) Jaipur, which provides for capacity building of stakeholders in the agri. marketing sector. In order to promote training, research and education at local level and to use local talent for extension & consultancy services. NIAM conducts more than 150 training

programmes every year for stakeholders like wholesale market staff, various market functionaries, extension machinery staff (eg KVK staff) and farmers at the grass root level. In addition NIAM has now planned to introduce concept like farmers Business School which will focus on all the aspects or limitation faced by the farming community at every level of the value chain. This concept of Business School will have lead farmers approach so that the local enhanced knowledge may be used by fellow farmers in their own language and level of understanding. Further NIAM will collaborate with Farmer Producers Organisations (FPO) to build capacity at local level to avail the emerging opportunities of marketing.

2.49 On the issue of conducting training programmes for the godown operators, the Secretary of the Department deposed on 23.11.2015. as under:

"The National Institute of Agriculture Marketing, an institute of the Ministry, based in Jaipur is entrusted with the task of imparting training in marketing activities."

The representative of the Department also added as under:

"Under the programme we run a special programme for godown operators. Under this, we organize a ten day course. This is split into five days of theory and five days of practical. We have organized about 75 programmes at the State Level, apart from awareness programmes."

2.50 Elaborating further on the issue, the representative submitted:

"These programmes are organized at the State Level. Those entrepreneurs whose godowns are financed by NABARD and who avail subsidy, we obtain their list and correspond with. Interested people forward us their credentials. Under this

scheme, we impart free training to them. Also, their boarding, lodging and other activities are taken care of by our institute."

2.51 The representative also responded in the affirmative to the Committee's suggestion that the clause for training be included at the time of sanction of a godown.

2.52 The Committee did not elicit a direct response to their query on the number of people imparted training per godown. Rather, the Ministry's response was that normally godowns constructed by farmers are small ones having storage capacity of 100 tonnes. However, the owners of big godowns have employed retired Food Corporation of India (FCI) and Central Warehousing Corporation (CWC) personnel.

2.53 While the State of Gujarat has the maximum number of sanctioned projects i.e. 10097, Madhya Pradesh has created the maximum capacity of storage i.e. 8601346.02 tonnes. On the other side, the States of Goa, Mizoram and Nagaland have been sanctioned only 1 project and Goa has the least capacity of 299.00 tonnes.

2.54 Responding to the Committee's query on the reasons attributed to the dismal physical progress of the scheme in certain States, the Ministry submitted that the basic reasons for dismal physical progress under RGS in certain States like Bihar, Meghalaya, Jharkhand, Mizoram, Tripura etc. under the scheme is attributed to lack of demand (its a demand based scheme) , the plausible reasons for which could be communal ownership of land / land holdings as in the North East rather than individual holding; less out reach of financial institutions in remote areas, the stipulation of margin money ( 20 to 50 % of TFO) ;and moreover North East Region (NER) is more focused on horticultural commodities for which cold storage needs to be created rather than dry storage for food

grains. The Scheme has been temporality stopped since 05.08.2014 for promoters of General Category due to exhaustion of funds and only committed liabilities are being met as on date. However as the funds are available for Scheduled Caste/Scheduled Tribe (SC/ST) and NER categories, the Scheme continues to be implemented for such promoters. Moreover subsidy is provided at a higher rate i.e. @ 33.33 % / Rs 1333.20 per MT of storage with subsidy ceiling of Rs 4.0 crore for NER.

2.55 The Committee were informed that while the State of Punjab has created a storage capacity of 63 lakh tonnes, the State of Bihar has created storage capacity of only 5 lakh MT. On being queried as to whether the State of Punjab has created this storage capacity under this scheme, it was clarified that it was created under the Rural Godown Scheme. Clarifying further, the Secretary of the Department submitted as under:

"This has been created under this scheme as earlier there was a huge shortage. It was shown on television that the Government here took a lot of interest and private entrepreneurs also did a lot of work. Fifty lakh tonnes was created under the Private Entrepreneurs Guarantee (PEGs) Scheme and the rest under other schemes. Thus, storage capacity of 63 lakh tonnes was created in the State."

The representative further deposed as under:

"Uttar Pradesh has done a good job and created storage capacity of fifty lakh tonnes. Initially, there were some problems, but altogether good work has been witnessed in UP. However, outstanding work has taken place in Andhra Pradesh and Telangana. We released the advertisement stating the requirement for godowns on rent basis for a period of ten years and district wise requirement by Food Corporation of India. In response, the tenders received from Andhra Pradesh and Telangana were of such low quotation that we felt awkward as to whether the

quoted rate would be viable or no. However, these two States have high surplus economy and they constructed big godowns at the unviable rates. In Andhra Pradesh and Telangana, storage capacity of 50 lakh tonnes and 34 lakh tonnes respectively was created. Thus, 84 lakh tonnes was created. Apart from this in West Bengal 14 lakh tonnes storage has been created. Regarding West Bengal, I would like to bring to your notice that since last month we have been deliberating with them on a daily basis. ... and there advertisement is being released on a weekly basis as well. Things were delayed there a bit. However, the States of Andhra Pradesh, Punjab, Haryana, UP, Telangana and Madhya Pradesh have performed remarkably. In MP 86 lakh tonnes storage has been created and godowns have been constructed in all districts. This has positively impacted the sale of wheat in the State. In the year 2008-09, the sale of wheat in MP was 47 thousand tonnes and last year it had increased to 50 thousand tonnes. Now the problem as stated by me at the start is that although MP has created a storage capacity of 55 million tonnes, yet there are states like Bihar and our Eastern States where there is a real shortage of storage capacity and we need to work very hard in these states. Jharkhand has a storage capacity of only 93 thousand tonnes, which is very less."

2.56 On being asked to furnish the reasons for Mizoram having storage capacity of 302 metric tonnes only, the Secretary of the Department explained as under:

".....Sir, what needs to be done is that in North Eastern States kindly ask your State Government to take initiative....."

2.57 On being queried about the remedial steps that are being taken to augment the creation of storage capacity in underperforming states like Bihar, Meghalaya, Jharkhand, Mizoram, Tripura etc., the Department in its written reply stated as under:

"The Directorate of Marketing and Inspection (DMI), an attached office of this Department, which implements the RGS undertakes from time to time conducts intensive awareness creation among the farmers and financing institutions in NE states through NABARD and National Institute of Agricultural Marketing (NIAM)."

2.58 During the course of oral evidence when the Committee drew the attention of the Government over the fact that even a good performing state like Andhra Pradesh, the subsidy sanctioned was Rs.25773.25 lakhs and the subsidy released was Rs.21950.03 and enquired the reasons for the same. The representative of the Ministry responded as under:

"I would like to state that the subsidy is in the process of being released. Recently Rs.163 crore has been released. The total subsidy released in the year 2015-16, Rs.503 crore has been released. As this amount is a committed one, it will be released.

2.59 Offering his clarification on the matter, the Secretary, DAC&FW stated as under:

"Subsidy sanctioned does not imply that we have the commensurate funds available with us. It implies that the bank has sanctioned the loan and we are now in need of this amount. As I had stated earlier, if the bank has approved the loan application, then the figure is reflected in the sanctioned side. Whereas, whatever is our budget allocation only that amount is reflected as released amount. This is a scheme wherein the demand for funds is greater than the allocation, except in the case of North East Region...."

2.60 On being asked to furnish the reasons for less allocation of fund by Ministry of Finance as compared to liability created as a result of sanction/ creation of funds and whether this matter has been taken up with the Ministry of Finance, the Department in its written reply responded as under:

"Scheme is open ended and demand driven and requirement of funds is based on demand/ projects received. In recent years due to greater demand for storage infrastructure owing to growing awareness among farmers & agripreneurs about the marketing potential of the sector, growing marketable surplus, more projects for creating storage units were being received and consequently there were increased sanctions by financial institutions. Besides this, w.e.f. 20.10.2011 ceiling norms were revised upward from 10,000 MT to 30,000 MT capacity and cost norms were also revised upwards leading to greater outgo. Since scheme is open ended project sanctions are in excess of the annual budget allocation and liabilities created as a consequence are met from allocations of subsequent years. The plan allocation is Rs 4000 Crore for the entire Agricultural Marketing Infrastructure Scheme, of which Storage (with Plan target of 230 lakh MT) is a part. The AMI Scheme of which storage is apart, had to be temporarily stopped on 05.08.2014 due to exhaustion of funds for General Category for the year 2014-15. With overall liabilities of approximately Rs 2100.00 crore, now only sufficient funds are available under Plan allocation to meet the committed liabilities. Meanwhile, the scheme has been kept open for Scheduled Caste/Scheduled Tribe and North Eastern Region. Ministry of Finance is seized of the matter as the Agriculture Minister had addressed this matter with them on 21<sup>st</sup> May, 2015 and the reply is awaited."

2.61 During the course of oral evidence the Secretary of the Department deposed on 23.11.2015 before the Committee as under:

"...As of now, the implementation of the scheme has been stopped in a way. I had submitted during the last meeting that we have a lot of arrears as the godowns have been constructed, but we are not able to disburse subsidy to them for want of funds. The Twelfth Five Year Plan will be ending in the year, 2017 and post 2017 we would need to deliberate about this scheme. For the time being, I would request the Committee to recommend in this regard. We have arrears of Rs.1000 crore in which people have constructed godowns and they have given their request but we do not have budgetary provision as a result of which we are not able to make payment."

2.62 On disbursement of subsidy amounting Rs.1000 crore under the scheme, the Secretary of the Department submitted as under:

"Godowns amounting Rs.1000 crore have been completed and banks have received applications stating that our godowns have been constructed and pay us amount of the Godown. However, we have to state that as our funds have been curtailed we have to stop the payment save for NER, women and SC Community, rest was stopped. If you recommend then we can get the amount in the budget...."

2.63 Elaborating further, the Secretary of the Department further submitted as under:

"Sir, we have received demand worth Rs.1000 crore, which have been received in the banks after constructing of godowns. Further, godowns have been sanctioned worth about Rs.800 crore but are yet to be completed. If the Honorable Committee recommend, we can go to the Ministry of Finance that the Committee is also recommending."

2.64 When asked to explain the reason for the under-performance of scheme in the NE Region, the representative of the Department during the course of oral evidence on 27.10.2015, stated as under:

"I would like to explain some points. The entire funds are divided between the North Eastern Region and non-North Eastern Region. For the North Eastern Region, ten per cent is reserved. Within these two, funds are again divided into – General Category, 75.8 per cent; SC Category, 16.2 per cent; and ST Category, 8 per cent. However, in practice, what is happening is that due to some problems in the North East, we are not able to spend money in that region. In the main area also, we are not getting applications from the SC and ST categories. There, sometimes, we are surrendering the funds. In the General Category, a lot of demand is coming, but we do not have the funds for that category. Every time, in this case, the demand is more than the supply. So, we are not able to fulfil it. That is why this liability has piled up for the last two or three years. In the other two cases, in SC/ST categories, in the mainland, funds are getting surrendered. In the North Eastern Region, almost every year, 75 to 80 per cent funds are getting surrendered. That is the problem. In the North Eastern Region, we have also seen what the reasons are. One of the reasons is that when the entrepreneur goes to the bank, the bank is asking for land record. Unfortunately, in the North Eastern Region, except in Assam, *pattas* are not available in most of the States or the lands have not been surveyed. The lands are in the name of the community and so they are not able to produce land certificates. Therefore, they are not getting loans. We had a series of meetings with the DONER Department and some of the other agencies in the North Eastern Region. This is one of the areas pointed out by them

as the main reason. This is why the demand is not there from the North Eastern Region. You are right, Sir, in some cases, there is shortage of funds; in some cases, there is surrender of funds. This is the reason why such things are happening under the Scheme."

**(x) Current Status of Implementation of the Scheme**

2.65 The RGS has been merged with the Scheme for Development/Strengthening of Agricultural Marketing Infrastructure, Grading & Standardization (AMIGS), (the latter being implemented since 20.10.2004) with effect from 01.04.2014 to form a new scheme viz. Agricultural Marketing Infrastructure (AMI) which is a sub-scheme of Integrated Scheme for Agricultural Marketing (ISAM). Against the Twelfth Plan allocation of Rs. 4000.00 crore for the AMI scheme, Rs. 1900.00 crore have been released in the first 3 years of the Twelfth Plan. The off take in previous years has been so much that the funds allocated in 2014-15 under General Category of the scheme were exhausted midway and the scheme had to be temporarily stopped for new projects of General Category promoters on 05.08.2014. Right now the scheme continues only for the special categories and for North Eastern Region. In addition to Rs. 1900 crore released so far in the first 3 years of XII Plan, there is a commitment to release another Rs. 2100 crore (Approx.) towards sanctioned and pipeline projects (as on 05.08.2014). However, in order to restart the scheme for sanctioning new projects of general category promoters in the remaining period of XII Plan, additional funds will be required. This Department has also taken up the matter with Finance Ministry repeatedly.

2.66 Responding to the Committee's query on the response of the Ministry of Finance to the instant request of Department for allocation of additional funds, the Secretary deposited as under:

"...The last date for submission of Revised Estimate was 26<sup>th</sup> October. We had requested an amount of Rs.27 thousand crore for the next year, for the Department, which is more than Rs.10-11 thousand of the total..."

**(xi) Evaluation of the Scheme**

2.67 When enquired by the Committee as to whether the Government has evaluated the impact of the scheme in enhancing the socio-economic status of the rural people at large, the Department in its written reply stated as under:

"An evaluation and Impact Assessment study by M/s Global Agri System Pvt. Ltd, (Annexure-IV) shows the utilization of the godowns. According to it 62.4% units are captive and 37.6% are non captive units. States of Uttarakhand, Punjab, Gujarat were the top three States with maximum number of captive units. The overall per cent of non-captive units of private godown is limited to 37.6 %. Meghalaya, M.P. and Odisha have the maximum numbers of such units in the country. That said, the godown is a facility which would benefit the individual farmer and the village community at large.

## PART II

### OBSERVATIONS/RECOMMENDATIONS

#### NEED FOR AUGMENTING RURAL STORAGE INFRASTRUCTURE

1. The Committee note that establishment of rural godowns enables the small and marginal farmers to increase their holding capacity and avoid wastage and deterioration of their produce which in turn help them to avoid distress sale and get them remunerative prices for their produce. However, the Committee are distressed to note that most of the farmers in the country do not have adequate storage infrastructure to retain their produce and they tend to dispose of the same with out waiting for favourable market prices. On 01.04.2001, Rural Godown Scheme (RGS) was launched by the Government to promote creation of storage capacity across the country. According to the Department, 55 million MT storage capacity under the scheme has been created since its inception in the year 2001. The scheme has contributed in reducing storage gap of 35 million MT as estimated by the Planning Commission for 12<sup>th</sup> Five Year Plan. This is based on the assumption that the total marketable surplus of all major crops will grow from 130 million MT to 150 million MT by the end of the 12<sup>th</sup> Plan. As per estimates of National Centre for Agricultural Economics and Policy Research (NCAP), the total demand for food grains of the country is projected to touch 281 million MT by 2020-21 which will require storage capacity of around 196 million MT. During the course of evidence, the Secretary of the Department also informed the Committee that as per the assessment of the Government, about 600 lakh tonnes of food grains are required under the Food Security Act and

therefore, the country needs storage capacity of 600 lakh tonnes. Needless to say, warehousing is one of the critical infrastructural facilities needed to support marketing of agriculture produce in the country. It is also essential that the existing scheme for creation of scientific storage capacity with allied facilities in rural areas to meet the requirement of the farmers community may be implemented effectively so that network of godowns is created as per the requirement of the country. The Committee, therefore, recommend that keeping in view the current and future food grains production and procurement scenario, an action plan may be prepared by the Department in coordination with State Governments and other stakeholders for creation of sufficient storage capacity. The Committee would like to be apprised of the initiatives undertaken by the Department in this regard.

#### Allocation of funds

2. The Committee are distressed to note that the scheme has been temporarily stopped since 05.08.2014 for promoters of General Category due to exhaustion of funds and only committed liabilities are being met as on date. The Committee also regret to note that for want of funds, disbursement of subsidy amounting Rs.1000 crore to the beneficiaries is pending where construction of godowns is complete. This has caused undue hardship to the beneficiaries for no apparent fault of theirs. Further, godowns worth Rs.800 crore has been sanctioned by the banks and these are to be completed. According to the Secretary of the Department, additional funds are required for creational of additional storage facility. The Committee, therefore, recommend that the Department should take up matter with the Ministry of Finance and impress upon them to provide requisite funds so that creational of additional storage facility across the country under the scheme is not hampered for want of funds and

pending subsidy to the beneficiaries is released with out further delay. The Committee would like to be apprised of the action by the Department in this regard.

### Single Window System

3. The Committee note that with a view to provide a single window for creation of Agriculture Marketing Infrastructure including Storage Infrastructure, with effect from 01.04.2014, RGS was merged with the Scheme for Development/Strengthening of Agricultural Marketing Infrastructure Grading and Standardisation (AMIGS) and renamed as “Agricultural Marketing Infrastructure (AMI)” sub-scheme of Integrated Scheme of Agricultural Marketing (ISAM). Under the Scheme, subsidy is provided for creation of storage @ 25% and 33.33% to General category and Special category/region respectively and is channelized through National Bank for Agriculture and Rural Development (NABARD) (for Private Promoters)/National Cooperative Development Corporation (NCDC) (for Cooperative)Department of Agriculture, Cooperation & Farmers Welfare (DAC &FW) (for State Agency). In this context, the Secretary of the Department clarified during the course of evidence that all the schemes of the Ministry has been brought under one umbrella but that does not mean that the farmers would get all the approvals at the field level for construction of godowns. According to the Department, in certain States the concept of single window is operational and is running successfully. The Committee feel that the concept of single window concept may expedite creation of storage infrastructure and other related activity. The Committee , therefore, desire that the Department may study the single window concept operational in those States where it is running successfully

and impress upon the other States to explore the possibility to develop the system to expedite the additional storage capacity in their States .

#### Conversion of land use

4. The Committee note that certain States like Punjab, Uttar Pradesh, Andhra Pradesh, Haryana, West Bengal, Telangana, and Madhya Pradesh have taken advantage of the scheme and created a large number of godowns in their States. In the State of Punjab, storage capacity of 63 lakh tonnes has been created. Similarly, in States like Uttar Pradesh, Andhra Pradesh, Haryana, West Bengal, Telangana, and Madhya Pradesh, storage capacity of 50, 34, 69, 14, 50 and 86 lakh tonnes respectively has been created till August, 2015. On the other hand, in States like Bihar, Jharkhand and in North Eastern States, creation of storage capacity is comparatively unsatisfactory. The reasons attributed for sub-par performance of some of the States are lack of demand and communal ownership of the land/land holdings in North-Eastern States. It was also brought to the notice of the Committee that conversion of land is not mandatory under the scheme. Many banks sanction the loan with out land conversion certificate and the subsidy under the scheme is released. In certain States, godowns constructed in an area of 500 square metres is treated as an agriculture activity and conversion of land usage for commercial purposes is not required. In some States like in Rajasthan initially for about four to five years, there was no demand for land conversion for construction of godowns but later on, the same was insisted upon. Thus, the Committee note that there is no clarity and uniformity on the issue of conversion of land usage for the purpose of construction of godowns. This has created confusion amongst the intended beneficiaries and is proving detrimental to their interest as the guidelines on the issue are silent. The Committee are of the view that construction of rural godown is an important

agricultural activity and therefore, conversion of land usage need not be made essential for the purpose. The Committee, therefore, recommend that the Department may take up the matter with all the States and the stakeholders impressing upon them to treat construction of storage infrastructure as part of the agricultural activity and the conversion of land use may not be required and suitable amendments be made in the guidelines on the issue. The Committee also desire that the Department may also take up the matter with those States where physical progress in construction of storage capacity is dismal and direct them to make concerted and coordinated efforts to create sufficient storage capacity in their States. The Committee would like to be apprised of the initiatives undertaken by the Department in this regard.

#### **Safeguarding the interests of small and marginal farmers**

5. The Committee note that about 82.42 % of the number of projects created under the storage component of AMI sub-scheme, were by private promoters and in terms of capacity, it is almost 91%. This demonstrates that the scheme has helped to catalyze private investment and strengthen the agriculture market places at local level. However, the Committee are distressed to note that majority of the godowns constructed under the scheme belong to the affluent people as informed by the Secretary of the Department during the course of evidence. Needless to say farming community in the country is dominated by small and marginal farmers with very low income level and therefore, they are not in a position to invest sufficient funds for creation of infrastructure facility for storage of their produce. It would, therefore, be imperative for the Department to safeguard the interests of small and marginal farmers including those belonging to SC/ST category and women and their problems should be addressed promptly

with out undue delay. Needless to say, creation of storage infrastructure gives fillip to post-harvest activities and helps the farmers community to reduce post-harvest wastage and handling losses of their produce and enable them to get the favourable market prices for their produce. It also create employment opportunity for them for operating the project which will in turn may raise their income level. The Committee, therefore, recommend that the Department should make concerted and coordinated efforts with all concerned to assist the farming community particularly those small and marginal farmers in establishing storage infrastructures for their produce. The Committee, would like to be apprised of the initiatives undertaken by them in this regard.

#### **Eco-friendly godowns**

6. The Committee are of the view that usage of godown for storage of food grains and other post-harvest activities should be eco-friendly. Such godowns should not emit any hazardous chemicals adversely affecting the surrounding environment. In this regard, the Committee regret to note that the Government has not conducted any study to assess the impact of the scheme on environment. Being well aware of the adverse consequences of neglecting environmental issues, the Committee desire that a study may be undertaken at the earliest to asses the impact of usage of godowns for storage of food grains and other activities on the surrounding environment and action may be taken on the basis of the outcome of such study.

#### **Negotiable Warehouse Receipt System**

7. The Committee note that Warehousing Development and Regulatory Authority (WDRA) is mandated with the task of regulation of warehouses in the

entire country. Although, warehousing is a State subject, the Government introduced negotiable warehouse receipt system under Warehouse (Development and Regulation) Act, 2007. These receipt books are issued by the Authority to registered godowns and the same can not be duplicated. Negotiable warehouse receipts allow transfer of ownership of that commodity stored in a warehouse without having to deliver the physical commodity. However, under the Act, registration of warehouses is optional. Due to the credibility of these warehousing receipts, the people who store their products in these registered warehouses can avail easy loans from banks/financial institutions. So far 952 godowns having capacity of about 38 lakh tonnes have been registered with the Authority. The value of the produce stored in the godowns against receipts issued amounts to Rs.3806 crore against which banks have issued loans amounting to Rs.1277 crore. The Committee also note that under the crop loan scheme of the Department of Financial Services, crop loan for a period of one year at 7% rate of interest can be availed. If the loan is repaid timely by the farmers, then there is a subvention of 3% on the crop loan availed by them and the interest paid by them is only 4%. If the post-harvest produce is stored in warehouse registered by WDRA, then the period of crop loan is extended by another six months. However, the scheme is not popular amongst small and marginal farmers as they do not have surplus produce that can be stored in godowns. Further, this scheme is applicable for godowns registered with WDRA where produce can be stored against negotiable warehouse receipt. As per the terms and conditions, only small and marginal farmers possessing Kisan Credit Card can avail loan extended by the Department of Financial Services and as a result many farmers could not take the advantage of the credit facility against stored produce. In view of the foregoing, the Committee are of the view that

introduction of negotiable warehouse receipt system in the country not only helps the farmers to avail better credit facilities and avoid distress sale but the same also safeguard the financial institutions by mitigating risks inherent in credit extension to the farmers. The Committee also feel that crop loan at 7% rate of interest is high particularly for those small and marginal farmers whose level of income is very low. The Committee, therefore, recommend that the Department should take up this issue with the Ministry of Finance and impress upon them to simplify the post-harvest crop loan facility which may not cause undue hardship particularly to those small and marginal farmers. They should be provided post-harvest crop loan at an affordable and concessional rate of 4 per cent which the Committee feel incentivise farmers to store their produce in warehouses and help them to get remunerative prices for their produce. The Committee also recommend that the Government should make efforts to popularised the scheme of registration of godowns with WDRA where produce can be stored against negotiable warehouse receipt. This will help the farmers to avail concessional crop loan facility extended by the Department of Financial Services. The Committee would like to be apprised of the initiatives undertaken by the Department in this regard.

#### **General awareness and Training programmes**

8. The Committee are happy to note that general awareness, advertisement, publicity and training programmes are taken up with a special focus on promoters from SC/ST category and North Eastern Region and in the States/UTs where the storage component of the sub scheme has not picked up in the past. The general awareness and training programmes etc. are taken up through National Institute of Agricultural Marketing (NIAM), Jaipur, National Institute of

**Agricultural Extension Management (MANAGE), Hyderabad, Training of Personnel in Cooperative Institute (TOPIC), Gurgaon, NABARD and other national and state level institutioin/universities. It was also brought to the notice of the Committee that the Integrated Scheme for Agricultural Marketing (ISAM) also supports NIAM which provides for capacity building of stakeholders in the agri marketing sector. NIAM conducts more than 150 training programmes every year for stakeholders like wholesale market staff, various market functionaries, extension machinery staff and farmers at the grass root level. In addition, NIAM has now planned to introduce concept like Farmers Business School which will focus on all the aspects or limitation faced by the farming community at every level of the value chain. The Committee are of view that people are not aware as to how to preserve and maintain the quality of their produce and its long term preservation. It is imperative for the godown owners to adopt scientific storage of their produce to reduce the wastage and losses due to infestation. Being well aware of the importance of general awareness and training programmes to the beneficiaries of the scheme, the Committee recommend that an intensive training for a period of ten days may be imparted to all the beneficiaries under the scheme at the time of sanction of godown. Further, concerted efforts may be made to develop infrastructure for imparting training for the purpose. The Committee would also like to be apprised of the number of people imparted training per godown since the inception of the scheme.**

### **Evaluation of RGS**

**9. The Committee note that Rural Godown Scheme (RGS) was evaluated and assessed by M/s Global Agri System Pvt. Limited which submitted its report**

on 27.05.2013. The study revealed that the programme has achieved success in achieving reduction in wastage through its programme. It was also quite evident from the study that quality control measures such as frequent spraying of insecticides, fumigation and stacking is being adopted and practiced in most of the godowns which were surveyed. However, the Committee regret to note that only 10.55% farmers reported to have availed the credit against the store produce whereas 89.45% farmers did not avail any credit facility against store produce. Pledge loan against stored produce is not yet a popular practice among farmers and 37.2% were not even willing to avail the credit. Out of the remaining 26.71% were not aware about the credit facility and 24.06% did not get support from the godown owners. Only 10.55% farmers availed pledge loan. Majority of farmers had reported that they are realizing better price since storage. The said report also contains several recommendations regarding continuation of the scheme during 12<sup>th</sup> Plan, capacity building, pattern of assistance, conversion of land use, networking and National Data Bank of Capacity and Availability etc. The Committee would like to know the action taken by the Department on the findings of the study and the recommendations contained in the said report and the achievements made as a result thereof.

**NEW DELHI;**  
**08 August, 2016**  
**17 Shravana, 1938 (Saka)**

**HUKM DEO NARAYAN YADAV**  
***Chairperson,***  
***Standing Committee on Agriculture***

## Annexure-I

## PHYSICAL PERFORMANCE OF THE RURAL GODOWNS SCHEME

1	2	Sanctioned by NABARD		Sanctioned by NCDG (New)		Sanctioned by NCDG (Renovation)		Total	
		3		4		5		6(3 to5)	
Sl. No.	State	No.of projects	Capacity in tonnes	No.of projects	Capacity in tonnes	No.of projects	Capacity in tonnes	No.of projects	Capacity in tonnes
1	Andhra Pradesh	1221	5034746.427	16	1600	8	800	1245	5037146.43
2	Arunachal Pradesh	1	945	0	0	0	0	1	945.00
3	Assam	265	724155.98	1	650	0	0	266	724805.98
4	Bihar	286	410226.39	680	72161	24	4800	990	487187.39
5	Chhatisgarh	447	1391769.1	77	258350	0	0	524	1650119.10
6	Goa	1	299	0	0	0	0	1	299.00
7	Gujarat	9972	3371700.27	105	339230	20	21380	10097	3732310.27
8	Haryana	639	6050996.67	846	719699	735	338317	2220	7109012.67
9	Himachal Pradesh	33	19797.614	45	5000	0	0	78	24797.61
10	Jammu & Kashmir	10	125500	0	0	0	0	10	125500.00
11	Jharkhand	18	93070.843	0	0	0	0	18	93070.84
12	Karnataka	4030	3218672.38	415	234120	84	9515	4529	3462307.38
13	Kerala	39	55201.562	170	35305	0	0	209	90506.56
14	Madhya Pradesh	2421	8127613.023	709	367763	315	105970	3445	8601346.02
15	Maharashtra	3110	5022961.929	39	289922	45	118300	3194	5431183.93
16	Meghalaya	9	20261.76	7	750	0	0	16	21011.76
17	Mizoram	1	302	0	0	0	0	1	302.00
18	Nagaland	1	813.57	0	0	0	0	1	813.57
19	Odisha	415	770575.24	0	0	4	11000	419	781575.24
20	Punjab	1492	5989957.31	3	1000	209	385696	1704	6376653.31
21	Rajasthan	1152	2258592.286	100	63250	127	12700	1379	2334542.29
22	Tamilnadu	221	1047598.957	180	47330	647	83290	1048	1178218.96
23	Uttar Pradesh	521	3673655.96	33	167980	546	1230768	1100	5072403.96
24	Uttarakhand	229	742288.12	33	25250	4	18600	266	786138.12
25	West Bengal	2413	1387682.513	54	5550	13	1300	2480	1394532.51
26	Tripura	4	25756	0	0	0	0	4	25756.00
27	Telangana	574	3439420.261	3	4980	0	0	577	3444400.26
28	UTs	0	0	0	0	0	0	0	0.00
	<b>Total</b>	<b>29525</b>	<b>53004560.165</b>	<b>3516</b>	<b>2639890</b>	<b>2781</b>	<b>2342436</b>	<b>35822</b>	<b>57986886.165</b>

## Annexure-II

## Financial Performance of the Rural Godowns Scheme

(Amount in lakh Rs.)

Sl.No.	State	NABARD		NCDC (Construction)		NCDC (Renovation)		Total	
		Subsidy sanctioned	Subsidy released	Subsidy sanctioned	Subsidy released	Subsidy sanctioned	Subsidy released	Subsidy sanctioned	Subsidy released
1	Andhra Pradesh	25764.381	21950.034	8	0	0.873	0	25773.2540	21950.0340
2	Arunachal Pradesh	6.3	6.3	0	0	0	0	6.3000	6.3000
3	Assam	7070.1702	2881.0689	3.33	3.33	0	0	7073.5002	2884.3989
4	Bihar	2341.62	1606.656	360.492	360.492	5.7475	5.7475	2707.8595	1972.8955
5	Chhatisgarh	6112.11	4483.206	509.6202	509.622	0	0	6621.7302	4992.8280
6	Goa	1.85	0.897	0	0	0	0	1.8500	0.8970
7	Gujarat	20458.183	14309.0105	1684.33155	1675.58155	12.573	9.236	22155.0876	15993.8281
8	Haryana	28927.955	22585.256	4387.7075	3406.45314	131.5925	52.7805	33447.2550	26044.4896
9	Himachal Pradesh	203.5125	97.7974	33.3238	33.3238	0	0	236.8363	131.1212
10	Jammu & Kashmir	287.9	173.3	0	0	0	0	287.9000	173.3000
11	Jharkhand	411.079	211.857	0	0	0	0	411.0790	211.8570
12	Karnataka	17856.63	13073.401	1453.0815	891.59255	16.943	0.568	19326.6545	13965.5616
13	Kerala	269.109	146.477	242.1937	173.4785	0	0	511.3027	319.9555
14	Madhya Pradesh	41421.223	30322.889	2727.202	632.155	101.8245	41.605	44250.2495	30996.6490
15	Maharashtra	20075.105	18160.558	1012.79978	933.799	78.31875	35.78953	21166.2235	19130.1465
16	Meghalaya	183.137	178.873	5.001	5.001	0	0	188.1380	183.8740
17	Mizoram	5.0395	2.5167	0	0	0	0	5.0395	2.5167
18	Nagaland	6.779	5.946	0	0	0	0	6.7790	5.9460
19	Odisha	3273.128	2374.293	0	0	4.699	4.699	3277.8270	2378.9920
20	Punjab	18902.788	17774.629	7.25	7.875	66.95425	66.95425	18976.9923	17849.4583
21	Rajasthan	10034.3364	5899.9229	308.875	264.25	14.991	14.991	10358.2024	6179.1639
22	Tamilnadu	4326.574	3622.826	174.538	185.98321	118.3111	42.33125	4619.4231	3851.1405
23	Uttar Pradesh	14682.09	13747.964	653.585	459.04	126.6295	126.6285	15462.3045	14333.6325
24	Uttarakhand	3303.73	2625.761	97.4825	95.8075	8.85	8.85	3410.0625	2730.4185
25	West Bengal	5208.01	4069.061	27.75	24.25	1.31	1.31	5237.0700	4094.6210
26	Tripura	276.5625	276.5625	0	0	0	0	276.5625	276.5625
27	Telangana	22257.524	16566.398	23.34	23.34	0	0	22280.8640	16589.7380
28	UTs	0	0	0	0	0	0	0.0000	0.0000
	<b>Total</b>	<b>253666.8261</b>	<b>197153.4609</b>	<b>13719.90353</b>	<b>9685.37425</b>	<b>689.6171</b>	<b>411.49053</b>	<b>268076.3467</b>	<b>207250.3257</b>

**STATUS OF GODOWNS SANCTIONED UNDER SCHEME OF RURAL GODOWNS**

Plan	Year	No. of projects sanctioned	Capacity in Lakh MT		Financial ( Rs. in crores)	
			Target	Achievement	Total Budget Allocation	Expenditure*
Year 2001-02 of IX Plan & Xth Plan	2001-02 to 2006-07	14368	140.00	182.17	424.68	424.61
XIth Plan	2007-08	2448	15.00	32.11	70.00	69.96
	2008-09	3577	15.00	24.08	80.00	80.00
	2009-10	1444	20.00	18.28	68.00	60.95
	2010-11	2869	20.00	26.62	120.00	109.80
	2011-12	3381	20.00	33.92	141+ 50(supplementary)	190.86
	<b>Total of XI Plan</b>		<b>13719</b>	<b>90.00</b>	<b>135.01</b>	<b>529.00</b>
XII Plan	2012-13	2790	40.00	89.73	244.96	244.85
	2013-14	2982	45.00	102.78	344.16	344.10
	2014-15 *	1381	45.00	44.83	926.71 (AMI of ISAM)	878.18 (RGS-335.75)
	2015-16 upto <u>September, 2015</u>	582	50	25.34	800.75 (BE) (AMI of ISAM)	508 (RGS-297.48)
	<b>Total of XII Plan up to September, 2015</b>	<b>7735</b>	<b>180</b>	<b>262.68</b>	<b>2316.58</b>	<b>1975.13 (RGS-1222.18)</b>
<b>Grand Total</b>		<b>35822</b>	<b>410</b>	<b>579.86</b>	<b>3270.26</b>	<b>2911.31 (RGS-2158.33)</b>

**Note:** \*From 2014-15 onwards, Budget allocation is for AMI Sub-Scheme of ISAM which includes both storage and other marketing infrastructure.

## EVALUATION AND IMPACT ASSESSMENT FOR THE CENTRAL SECTOR SCHEME OF GRAMEEN BHANDARAN YOJNA

(Study awarded 08.11.2011 : Report submitted on 27.05.2013)

### EXECUTIVE SUMMARY

Warehousing is one of the critical infrastructural facilities needed to support marketing of agriculture produce. Total storage capacity for agricultural produce and inputs in the country is 108.75 MMT. As per working group on warehousing 35 MMT additional capacity needs to be created just to meet the existing demand for storage to address the national food security concerns. There will be additional requirement for storage of inputs and byproducts which has not been estimated.

In India, small and marginal farmers constituting major farming community do not have the facility to retain the farm products with themselves till the market prices are favorable. In order to create good marketing infrastructure, there is a need to have adequate warehousing capacity in conjunction with wholesale markets.

Moreover, it is very much essential to provide the growers facilities for scientific storage so as to avoid produce deterioration during post harvest period till the produce is withheld for marketing at appropriate time. Therefore, an establishment of Rural Godowns will enable small and marginal farmers to increase their holding capacity which will make them to sell their produce at remunerative prices and avoid distress sales.

Among the major agencies engaged in warehousing and storage, Food Corporation of India (FCI) constructs godowns for its own need of procurement and public distribution. The storage facilities of Central Warehousing Corporation (CWC) and State Warehousing Corporation (SWCs) are by and large used by FCI, traders and for stocking fertilizers. The farmers either do not have access to warehousing or primarily depend on the private facilities wherever these exist.

#### ***Necessity of Warehousing in rural areas***

- To store food grains in scientific manner, minimize losses and maintain quality.
- To avoid damages by rats, birds, small insects etc. and deterioration in quality of the grains.
- Non-availability of storage facilities at the farmers, forces them to sell their produce during the peak harvest season, when prices are the lowest depriving of remunerative prices.

In a macro view of all the above and to facilitate farmers with the diverse benefits of the Rural Godowns and associated schemes especially initiated for them, Gramin Bhandaran Yojana, a Capital Investment Subsidy Scheme for Construction / Renovation / Expansion of Rural Godowns has been introduced by Govt. of India. The main objectives of the scheme include:

- Creation of scientific storage capacity with allied facilities in rural areas to meet the requirements of farmers for storing farm produce, processed farm produce and agricultural inputs;

- Promotion of grading, standardization and quality control of agricultural produce to improve their marketability;
- Prevention of distress sale immediately after harvest by providing the facility of pledge financing and marketing credit;
- Strengthen agricultural marketing infrastructure in the country by paving the way for the introduction of a national system of warehouse receipts in respect of agricultural commodities stored in such Godowns and
- To reverse the declining trend of investment in agriculture sector by encouraging private and cooperative sectors to invest in the creation of storage infrastructure in the country.

## Major Findings

### Profile of godown owners

- During survey, 66.60 percent of the respondents were having farming as their main occupation, whereas around 4.82 percent trading as their mainstay. Around 11.03 percent respondents were engaged in activities apart from farming or trading, where as 17.56 respondents did not responded. It is may be noted that the significant majority of the godowns are owned by farmers which fulfills the objectives of the Scheme.
- Evaluation of the education profile of godown owners reflects that around 38% of the respondents were educated till high school whereas 35.5% were Intermediate. It is important to note that around 22.2% of the respondents were educated till graduation. Only 2.0 % of the farmers were illiterate.
- More than 66% of the godown owners throughout the country belong to the General Caste category, while 16.6% individuals belonging to SC/ST and 16.8% belonging to OBC category owned the godowns.

### Ownership Type

- The survey reveals that the majority of the godowns by NABARD are owned by individual. During the study it was found that 885 respondents owing godowns were individual's including farmers which constituted 94.75 of the total NABARD godown studied and only 5.25 % godowns were owned by companies/ corporation/ firms etc.
- Only two categories viz. Corporation, Cooperative and Federation took benefit of NCDC programme on rural godown. Under the Scheme, 169 godowns were constructed with assistance from NCDC of which 167 godowns were owned by corporation/ cooperatives constituting around 98.82 per cent.
- The Study also reveals that around 85.49 % of surveyed godowns are being managed by the owners whereas around 14.51 per cent of godowns are being managed by the employee's.
- During the study it was found that 95.07 percent of the beneficiaries had their own land for construction of godowns, whereas 4.93 per cent beneficiaries had leased land for construction of godowns.

## Godown Profile

- It has been found that most of the godowns have single chamber constituting 82.59% on pan India basis. Whereas 14.32 percent godowns had two chambers. Around 4.8 percent godowns had three or more than three chambers. More than 76% of surveyed godowns are of less than 1000 MT capacity and remaining less than 14 % were more than that of 1000 MT. This also explains the reason for majority being of single chambered godowns
- Newly constructed godowns accounted for 100% of the total projects sanctioned by NABARD.
- Report reveals that NCDC assisted newly constructed godowns accounted for 84.02 percent of all the projects sanctioned by NCDC whereas 15.98 godowns were renovated. Tamil Nadu has one of the states where found the 100 per cent newly constructed godowns. In case of NABARD newly constructed godowns account for 100 % as no godowns was renovated.

## Utilization of godown

- The average capacity utilization of all surveyed godowns is 76.02 % and the average capacity utilization of godowns sanctioned by NABARAD and NCDC are 77.02 % and 70.50 %, respectively. The Gujarat has the maximum capacity utilization of 95.16 % and Assam has the minimum i.e. 56.5 %
- It has been revealed by the survey that most of the godowns were being used for storage of own produce and only spare capacity was being offered to other users. 62.4% units are captive and 37.6% are non captive units. States of Uttarakhand, Punjab, Gujarat were the top three States with maximum number of captive units. The overall per cent of non-captive units of NABARD godown is limited to 37.6 %. Meghalaya, M.P. and Odisha have the maximum numbers of such units in the country.
- Overall 81.14% projects utilization was for the storage of the agricultural produce and 18.86% for that of Agri inputs. Bihar and Haryana had 100% projects relating to input storage
- About 43.43 % of surveyed godowns remain engaged for a period of 4-6 months and about 34.36 per cent of godowns were reported to be engaged for 2-3 months. Only few godowns accounting 4.9 per cent remains busy for more than 6 months. There has not been even single godown which does not get utilized during main crop season.

## Wastage Reduction

- The study reveals that programme has achieved success in achieving reduction in wastage through its programme. During interaction with farmers, around 54 per cent farmers reported reduction of wastage by 50 percent whereas around 9.75 percent farmers succeeded in achieving reduction between 60- 75 percent. The extent of reduction was reported to be as high as 75% and 30% on the lower side.

## Employment Generation

- The employment generation is very impressive as employment generated per crore subsidy is around 13. It may be seen that average employment per project is 6.25 persons which on extrapolation on 28087 projects promoted by DMI will work out to 1.75 lakhs persons that too in rural areas.

### **Quality control measures taken at time of storage**

- It is quite evident from the study that quality control measures such as frequent spraying of insecticides, fumigation and stacking is being adopted and practiced in most of the godowns which were surveyed. Around 76.79 percent respondents reported to have sprayed insecticides on regular intervals whereas 64.73 percent respondents used fumigation for maintaining the quality of produce. Similarly 53.22 percent farmers were adopting stacking of sacks in their godowns.

### **Impact on credit facilitation**

- It is important to note that only 10.55 percent farmers reported to have availed the credit against the store produce whereas 89.45 percent farmers did not avail any credit facility against stored produce.
- Pledge loan against stored produce is not yet a popular practice among farmers and significant numbers i.e. 37.42% were not even willing to avail the credit. Out of remaining 26.71% were not aware about the credit facility and 24.06% did not get support from the godown owners. Only 10.55% farmers availed pledge loan out of which 4.96% got loan up to 60% of market value and 3.32% got loan up to 70% of the market value.
- The state-wise analysis revealed that in Uttar Pradesh, Bihar and Haryana 100% farmers responded that they don't have any interest in availing the marketing credit and in Uttarakhand, Meghalaya, Orissa, Karnataka and West Bengal, the main reason behind it is the lack of support from the rural godown.

### **Price Realization**

- Majority of respondents (62.30 percent) reported in affirmation when asked whether they are realizing better price since storage. Only 1.50 said that they are not getting better price for their produce and 36.20 percent did not respond to the query.
- There is a positive impact on the price realization as 62.30% users have experienced increase in the prices. Even those who have not experienced increase belong to states where procurement under MSP is very high as such 100% respondents in Haryana and Uttar Pradesh and 80% respondents in Punjab have indicated no increase in price realization which constitutes 19.60% of farmers who use rural godowns for storage of output.

### **Role of Intermediaries**

- About 42.10% farmers mentioned that the role of intermediaries and brokers has been reduced. Out of remaining 66.21%, the farmers of UP, Haryana and Punjab (constituting 21.30% of sample size) are mostly engaged in MSP related sales and thus have to follow the procedures specified by the procurement agencies.

### **Marketing of produce**

- It is important to note that rural godowns do not help in marketing their produce. The rural godown only helps in storing the produce to prevent the produce from wastage; it does not have any relation with marketing services.

## **Avoidance of Transportation**

- According to the most of the farmers rural godown helps in avoidance of problem in transportation and in avoidance of brokerage and intermediary charges.

## **Funding**

- The study also reveals the varied number of installment in which bank loan were disbursed which ranged from 1 to 10 installments. In 74.9% cases the installment numbers are indicated to be 2 to 4 installments. Majority of promoters received approval for subsidy within six months; only 17.49% received approval after six months. The major problem facing by farmers in getting the subsidy are:
  - Lengthy procedure
  - No cooperation from officials
  - Delay in release subsidy

## **Operating Profit**

- Most of the godown owners did not have standard accounting system, therefore, the detailed financial analysis and operating ratios could not be obtained. However, being generally aware about the profitability position and the trend over previous year, the owners were able to provide the operating profit position. 61% projects were showing profit of up to Rs.1 lakhs and only 9 projects out of 1103 had shown a profit of Rs.20 lakhs and above. No project has indicated operating loss. The increment over the previous year, 41% projects have indicated more or less the same position as last year and about 40% has shown increase in operating profit at 3 to 6%.

## **Quality of Construction and Scientific Designing**

- Maximum rural godowns have been constructed under the rural godown programme through NABARD's assistance and during construction of these godowns 16 quality parameters were finalized for scientific storage which assess the quality construction of godowns. The study reveals that quality has been compromised in many States such Gujarat, Odisha, Maharashtra, Uttarakhand, Meghalaya, Punjab and M.P.

## **Recommendations**

### **A. Continuation of the Scheme during XII Plan**

#### **a. Performance of the Scheme**

- The Scheme has made impressive progress since inception (2001) by establishing 28087 godowns in the country creating storage capacity of 31.71 million MT. Farmers & entrepreneurs in some States such as Gujarat, Karnataka, Maharashtra and West Bengal have taken maximum benefit of the Scheme by creating network of godowns in their respective States. So it is recommended to continue the scheme.
- Indian farming community is dominated by small & marginal farmers with bare minimum income level which was substantiated during the study wherein annual income of 77.81 percent farmers was found to be below 1.80 lacs which is not sufficient for undertaking

any investment for creation of infrastructural facilities like scientific ware housing. Therefore, the subsidy programme on rural godown should continue further to assist farmers and rural entrepreneurs in establishing scientific storage structures.

#### **b. Future Requirements**

- The country at present has storage capacity of around 108.75 million metric tonnes (as per Working Group on Agriculture Marketing Infrastructure, Secondary Agriculture and Policy Required for Internal and External Trade for XII Plan Period) against food grain production of around 259 million metric tonnes which falls short by around 73 million metric tonnes. ***As per estimates of National Centre for Agricultural Economics and Policy Research (NCAP) the total demand for foodgrains of the country is projected to touch 281MMT by 2020-21 which will require storage capacity of around 196 MMT.***

#### **B. Target for XII Plan**

- ***As discussed above there is voluminous task ahead to create additional storage space in the Country. It is therefore recommended that the scheme may be continued and higher target may be fixed for setting up godowns under the scheme. Target for XII Plan may be fixed at least at 20 MMT, an increase of about 50% over the achievement in XI Plan.***

#### **C. Capacity Building**

- To encourage and promote warehousing on scientific lines it is important to train Godown owners on ***standard packages of practices for scientific management of stocks; costing methods, basic accounting & book keeping etc. and training on communication and basic internet usage for tracking price movement through various websites such as AGMARKNET, TNAU, IFFCO, etc.***

#### **Target for XII Plan**

- National Institute of Agricultural Marketing (NIAM) should be assigned the task to prepare co-curriculum on above mentioned topics. Based on the syllabus six to seven days training capsules may be designed. It is proposed that training may be made mandatory to all new projects and all existing Godown owners may also be covered in this programme. On the lines of training in Agri Clinics scheme, about ten institutes / NGOs may be selected to impart training and capacity building exercise. These institutes may take up batches of 30-40 entrepreneurs at the rate of one batch per month. This way about 4500 to 5000 entrepreneurs can be trained per year and therefore, target of 20,000 entrepreneurs may be fixed for the XII Plan period. These institutes are to be supported and monitored by NIAM who should submit quarterly progress report and fund release may be linked to the progress of the programme.

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#### **D. Pattern of Assistance**

##### **a. Cost of Project**

- In order to create quality infrastructure, the level of assistance needs to be kept reasonable. The survey brings out the fact that Godowns lack in quality of construction on

various counts. The latest trend in private warehousing is to construct pre-engineered building, which scores much higher on meeting quality parameters. However, keeping in view the higher cost of such structures, the consultants propose the conventional cost may be considered for setting the limit of assistance. **However, entrepreneurs may be given liberty to construct pre-engineered building or conventional building.**

- Our study and interactions with godown experts reiterated the fact that the pattern of assistance is insufficient as the cost of construction works out to be Rs. 4000/MT. Food Corporation of India has also recently revised the cost of construction. **Looking at the urgency for modern and scientific storage system in the country the consultants have recommend that cost of construction and pattern of assistance be revised @ Rs 4000/ MT irrespective of storage capacity.**

#### **b. Subsidy level in lagging states**

- During study it was found that many States despite being large in area and with significant food grain production have not taken advantage of the Scheme to create additional storage capacity. The Department should therefore focuss and direct all States, which has created less than 10% storage space in comparison to their food production, to step up their effort to create additional storage space in their States.

#### **E. Conversion of Land Use**

- During discussion with entrepreneurs it was found that the process of conversion of land use takes lots of time and was cited one of the major impediments in construction of godowns. **Since rural godown is an important agricultural activity, it is recommended that obtaining Conversion of Land Use (CLU) may be exempted for construction of godowns. Similarly, water and electricity may be provided to godowns and charged at par with farmers.**

#### **F. Networking and National Data Bank of Capacity and Availability**

- To strengthen food security it is important to bring all godowns in the country under internet based network. For this adequate software must be developed by National Informatics Centre (NIC) which should be installed/ distributed to all the godown owners. **Installation of the software must be made mandatory for all the godown owners and some incentives may be provided to them for regular uploading of the data and maintaining the systems.**

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**COMMITTEE ON AGRICULTURE  
(2015-16)**

**MINUTES OF THE SEVENTH SITTING OF THE COMMITTEE**

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The Committee sat on Tuesday, the 27<sup>th</sup> October, 2015 from 1100 hours to 1230 hours in Committee Room 'E', Parliament House Annexe, New Delhi.

**PRESENT**

Shri Janardan Dwivedi – In the Chair

**MEMBERS**

**LOK SABHA**

2. Prof. Richard Hay
3. Shri C. Mahendran
4. Dr. Tapas Mandal
5. Shri Janardan Mishra
6. Shri Konakalla Narayana Rao
7. Shri C.L. Ruala
8. Shri Arjun Charan Sethi
9. Shri Satyapal Singh (Sambhal)
10. Shri Jay Prakash Narayan Yadav

**RAJYA SABHA**

11. Shri A.W. Rabi Bernard
12. Sardar Sukhdev Singh Dhindsa
13. Shri Vinay Katiyar
14. Shri Mohd. Ali Khani
15. Shri Rajpal Singh Saini

**SECRETARIAT**

- |                       |   |                  |
|-----------------------|---|------------------|
| 1. Shri U.B.S. Negi   | - | Joint Secretary  |
| 2. Shri N.K. Pandey   | - | Director         |
| 3. Shri C.Vanlalruata | - | Deputy Secretary |

**WITNESSES**  
**MINISTRY OF AGRICULTURE AND FARMERS WELFARE**  
**(DEPARTMENT OF AGRICULTURE, COOPERATION AND FARMERS WELFARE)**

<b>S.No.</b>	<b>Name of the Officer</b>	<b>Designation</b>
1.	Shri Siraj Hussain	Secretary
2.	Shri Kumar Sanjay Krishna	Additional Secretary
3.	Shri K.S. Srinivas	JS (Marketing)
4.	Ms. Anuradha Vemuri	Additional Commissioner
5.	Dr. S.K. Malhotra	Horticulture Commissioner

**DEPARTMENT OF FOOD & PUBLIC DISTRIBUTION**

1.	Shri Subhasish Panda	JS (Storage)
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**NATIONAL COOPERATIVE DEVELOPMENT CORPORATION (NCDC)**

1.	Shri K.J. Singh	Chief Director
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**WAREHOUSING DEVELOPMENT & REGULATORY AUTHORITY**

1.	Shri Ranvir Singh	Joint Secretary
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**NATIONAL BANK FOR AGRICULTURE AND RURAL DEVELOPMENT**  
**(NABARD)**

2.	1.	Shri S.K. Bansal	Chief General Manager
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In the absence of the Chairperson, the Committee chose Shri Janardan Dwivedi, MP (Rajya Sabha) to act as Chairperson for the Sitting under Rule 258 (3) of the Rules and Procedure and Conduct of Business in Lok Sabha.

3. At the outset, the Chairperson welcomed the Members of the Committee to the Sitting convened for briefing on the Subject "Augmenting Rural Storage Infrastructure through Scheme of Rural Godowns" by the Department. Thereafter, the Chairperson welcomed the witnesses to the Sitting and apprised them of the provisions of the

Directions 55(1) and 58 of the 'Directions by the Speaker, Lok Sabha' regarding confidentiality of the proceedings.

3. After introduction, a Representative of the Department made a power point representation and briefed the Committee about the Subject on various aspects. The following points/issues were *inter-alia* raised/discussed in the sitting of the Committee:-

- I. Creation of storage capacity in high performing States like Uttar Pradesh, Telangana, West Bengal, Madhya Pradesh, Haryana;
- II. Need to work for creation of storage capacity in States like Bihar, Jharkhand;
- III. Less allocation of funds by the Ministry of Finance as compare to liability created as a result of sanction/creation of godowns;
- IV. Details of Private Entrepreneurs Guarantee Scheme by implementation since 2009 by the Department of Food & Public Distribution. Presently this scheme is being implemented in 20 States and as a result of which storage capacity of 130 MT has been created;
- V. Planned scheme being run by the Department of Food & Public Distribution under which Food Corporation of India (FCI) is directly funded for creation of storage capacity in North-Eastern States and in four States where there is shortage of storage capacity viz. Himachal, Goa, Odisha and Kerala;
- VI. Reasons for less expenditure as compared to total budget allocation under Rural Godown Scheme;
- VII. Difference in subsidy sanctioned and released by National Bank for Agriculture and Rural Development (NABARD) and National Cooperative Development Corporation (NCDC) in various States;
- VIII. Rationale behind release of second installment of subsidy after 5 years;
- IX. Reasons for the under-performance of the scheme in the North-Eastern Region;

- X. Rationale behind banks not closing the Term Loan Account of promoters before five years;
  - XI. Reasons for low storage capacity and low allocation of funds to Mizoram;
  - XII. States of North-East need to carry forward proactively and provide land for creation of storage;
  - XIII. The practice and procedure followed in the godowns for long-term preservation of food grains; and
  - XIV. Construction of Silos all over the Country for safe, secure and long term preservation of food grains;
4. The Representatives of the Ministry responded to the queries raised by the Members. The Chairperson thanked the witnesses for sharing the information with the Committee and desired that the requisite information on the points/items, which was not readily available with them be furnished to the Secretariat at the earliest.

***A copy of the verbatim proceedings has been kept separately.  
The Committee then adjourned.***

**STANDING COMMITTEE ON AGRICULTURE  
(2015-16)**

**MINUTES OF THE TENTH SITTING OF THE COMMITTEE**

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The Committee sat on Monday, the 23<sup>rd</sup> November, 2015 from 1500 hours to 1650 hours in Committee Room '139', Parliament House Annexe, New Delhi.

**PRESENT**

Shri Hukm Deo Narayan Yadav – Chairperson

**MEMBERS**

**LOK SABHA**

2. Prof. Richard Hay
3. Shri Janardan Mishra
4. Shri Ajay Nishad
5. Shri Dalpat Singh Paraste
6. Shri Mukesh Rajput
7. Shri Satyapal Singh (Sambhal)
8. Shri Jay Prakash Narayan Yadav

**RAJYA SABHA**

9. Shri Janardan Dwivedi
10. Shri Mohd. Ali Khani
11. Shri Rajpal Singh Saini
12. Shri Shankarbhai N. Vegad

**SECRETARIAT**

- |                         |   |                     |
|-------------------------|---|---------------------|
| 1. Shri U.B.S. Negi     | - | Joint Secretary     |
| 2. Shri Arun K. Kaushik | - | Director            |
| 3. Smt. Juby Amar       | - | Additional Director |
| 4. Shri C.Vanlalruata   | - | Deputy Secretary    |

## WITNESSES

### MINISTRY OF AGRICULTURE & FARMERS WELFARE (DEPARTMENT OF AGRICULTURE, CO-OPERATION & FARMERS WELFARE)

<u>S.No.</u>	<u>NAME OF THE OFFICER</u>	<u>DESIGNATION</u>
1.	Shri Siraj Hussain	Secretary
2.	Shri A.K. Srivastava	Special Secretary
3.	Shri K.S. Srinivas	JS (Marketing)
4.	Dr. Shakil Ahamed	JS (MIDH)
5.	Shri B.K. Tiwari	Deputy AMA, DMI

### DEPARTMENT OF FOOD & PUBLIC DISTRIBUTION

1.	Shri Subhasish Panda	JS (Storage)
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### NATIONAL COOPERATIVE DEVELOPMENT CORPORATION (NCDC)

1.	Shri K.J. Singh	Chief Director
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### WAREHOUSING DEVELOPMENT & REGULATORY AUTHORITY (WDRA)

1.	Shri Ranvir Singh	Joint Secretary
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### NATIONAL BANK FOR AGRICULTURE AND RURAL DEVELOPMENT (NABARD)

1.	Shri K. Malligaraj	General Manager
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### CCS NATIONAL INSTITUTE OF AGRICULTURAL MARKETING

1.	Shri M.S. Jairath	Consultant
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2.

At the outset, the Chairperson welcomed the Members of the Committee to the sitting convened for taking evidence of the Ministry of Agriculture and Farmers Welfare (Department of Agriculture, Cooperation and Farmers Welfare) on the Subject "Augmenting Rural Storage Infrastructure through Scheme of Rural Godowns". Thereafter, the Chairperson welcomed the witnesses to the sitting and apprised them

of the provisions of the Directions 55(1) and 58 of the 'Directions by the Speaker, Lok Sabha' regarding confidentiality of the proceedings.

3. After the witnesses introduced themselves, the Committee inter-alia raised the following queries:-

- I. Scientific Construction of Godowns under the Scheme;
- II. Quality control measures being undertaken at the time of storage of food grains by farmers;
- III. Introduction of Single Window System for creation of Godowns;
- IV. Constraints being encountered in the effective implementation of the Scheme and measures undertaken to address them;
- V. Increase in quantum of subsidy with rise in prices;
- VI. Rationale behind different subsidy ceiling for various categories and whether the subsidy ceiling could be made same for all categories;
- VII. Creation of employment through the Scheme;
- VIII. Composition of the Joint Inspection Committee and the evaluation of the time-period taken by them for submission of their report for releasing 50% of the subsidy into the SRF account;
- IX. Reasons for gap between production and storage capacity;
- X. Reasons for variation between amount of subsidy sanctioned and subsidy released to various States;
- XI. Any study carried out as to whether farmers are actually utilizing the Godowns for the purpose for which the same have been constructed and benefiting from this Scheme and the quantum of grains stored therein, State-wise;
- XII. Geographical evaluation of godowns requirements and constructed;

- XIII. Whether godowns are constructed on need based pattern and equipped to store all kinds of agricultural produce effectively and what quality control measures are being undertaken at time of storage of food grains by farmers;
  - XIV. Training of farmers for proper management and utilization of the capacity of godowns and it should be made compulsory for sanction of godowns before release of subsidy;
  - XV. Funds required for release of sanctioned subsidy to the existing projects under the Scheme;
  - XVI. Rural Godowns registered with the Warehousing Development and Regulatory Authority (WDRA) for issue of Negotiable Warehouse Receipts, so as to facilitate availing crop loans from Banks;
  - XVII. Land Conversion for construction of godowns and the names of the States which have made rules for the purpose including the steps taken to address the issue;
  - XVIII. Step undertaken to popularize registering Rural Godowns by WDRA.
- 4. The Representatives of the Ministry responded to the queries raised by the Members. The Chairperson thanked the witnesses for sharing the information with the Committee and desired that the requisite information on the points/items, which was not readily available with them be furnished to the Secretariat at the earliest.
  - 5. A copy of verbatim record of the proceedings has been kept separately.

**The Committee then adjourned.**

**STANDING COMMITTEE ON AGRICULTURE**  
**(2015-16)**

**MINUTES OF THE TWENTY NINTH SITTING OF THE COMMITTEE**

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The Committee sat on Monday, the 08<sup>th</sup> August, 2016 from 1000 hrs. to 1100 hrs. in Room No. '138', Chairperson's Chamber, Parliament House, New Delhi.

**PRESENT**

*Shri Hukm Deo Narayan Yadav – Chairperson*

***MEMBERS***

**LOK SABHA**

2. Shri Sanganna Karadi
3. Shri Nalin Kumar Kateel
4. Smt. Raksha Nikhil Khadse
5. Shri C. Mahendran
6. Shri Janardan Mishra
7. Shri Ajay Nishad
8. Shri Mukesh Rajput
9. Shri Konakalla Narayana Rao
10. Shri Satyapal Singh (Sambhal)
11. Shri Virendra Singh

**RAJYA SABHA**

12. Shrimati Renuka Chowdhury
13. Shri Janardan Dwivedi
14. Shri Meghraj Jain
15. Shri Mohd. Ali Khan
16. Shri Ram Nath Thakur
17. Shri Shankarbhai N. Vegad

## SECRETARIAT

1.	Shri U.B.S. Negi	–	Joint Secretary
2.	Shri Arun K. Kaushik	–	Director
3.	Smt. Juby Amar	–	Additional Director
4.	Shri C. Vanlalruata	–	Deputy Secretary
5.	Shri Sumesh Kumar	–	Under Secretary

2. At the outset the Chairperson welcomed the members to the Sitting of the Committee. The Committee, then, took up the following draft Reports for consideration:-

\*(i) XXXX XXXX XXXX XXXX XXXX XXXX;

(ii) Twenty Eighth Report on the Subject "Augmenting Rural Storage Infrastructure through the Scheme of Rural Godowns" of the Ministry of Agriculture and Farmers Welfare (Department of Agriculture, Cooperation and Farmers Welfare);

\*(iii) XXXX XXXX XXXX XXXX XXXX XXXX;

\*(iv) XXXX XXXX XXXX XXXX XXXX XXXX

3. After some deliberations, the Committee adopted the draft Reports without any modification and authorized the Chairperson to finalise the Reports on the basis of factual verification from the concerned Ministry/ Department and present the same to Parliament.

**The Committee then adjourned.**

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**\*Matter not related to this Report.**