



**STANDING COMMITTEE ON AGRICULTURE
(2016-2017)**

SIXTEENTH LOK SABHA

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

**'Augmenting Rural Storage Infrastructure through
the Scheme of Rural Godowns'**

**{Action Taken by the Government on the Observations/
Recommendations contained in the Twenty Eighth Report (Sixteenth Lok
Sabha) of the Standing Committee on Agriculture (2015-2016)}**

FORTIETH REPORT



LOK SABHA SECRETARIAT

NEW DELHI

August, 2017/Shravana, 1939(Saka)

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Presented to Lok Sabha on 10.08.2017

Laid on the Table of Rajya Sabha on 09.08.2017



LOK SABHA SECRETARIAT

NEW DELHI

August 2017/Shravana, 1939 (Saka)

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(2015-2016).

(i)

COMPOSITION OF THE STANDING COMMITTEE ON AGRICULTURE (2016-17)

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 Khadse
6. Md. Badaruddoza Khan
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RAJYA SABHA

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31. Shri Darshan Singh Yadav

SECRETARIAT

- | | | | |
|----|----------------------|---|------------------|
| 1. | Shri D.S. Malha | - | Joint Secretary |
| 2. | Shri Arun K. Kaushik | - | Director |
| 3. | Shri C. Vanlalruata | - | Deputy Secretary |

INTRODUCTION

I, the Chairperson, Standing Committee on Agriculture (2016-17), having been authorized by the Committee to submit the Report on their behalf, present this Fortieth Report on action taken by the Government on the Observations/Recommendations contained in the Twenty Eighth Report (Sixteenth Lok Sabha) of the Standing Committee on Agriculture (2015-16) on the Subject "Augmenting Rural Storage Infrastructure through the Scheme of Rural Godowns" pertaining to the Ministry of Agriculture and Farmers Welfare (Department of Agriculture, Cooperation and Farmers Welfare).

2. The Twenty Eighth Report (Sixteenth Lok Sabha) of the Standing Committee on Agriculture (2015-16) on the Subject "Augmenting Rural Storage Infrastructure through the Scheme of Rural Godowns" pertaining to the Ministry of Agriculture and Farmers Welfare (Department of Agriculture, Cooperation and Farmers Welfare) was presented to Lok Sabha and laid on the Table of Rajya Sabha on 11 August, 2016. The Action Taken Notes on the Report were received on 11 November, 2016.

3. The Report was considered and adopted by the Committee at their Sitting held on 03.08.2017.

4. An analysis of the action taken by the Government on the Observations/Recommendations contained in the Twenty Eighth Report (Sixteenth Lok Sabha) of the Committee is given in **Appendix**.

**NEW DELHI;
07 August, 2017
16 Shravana, 1939(Saka)**

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

(v)

CHAPTER - I

REPORT

This Report of the Standing Committee on Agriculture deals with the action taken by the Government on the recommendations contained in the Twenty Eighth Report of the Standing Committee on Agriculture (2015-16) 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) which was presented to Lok Sabha and laid on the Table of Rajya Sabha on 11 August, 2016.

1.2 The Ministry of Agriculture and Farmers Welfare (Department of Agriculture, Cooperation and Farmers Welfare) have furnished Action Taken Replies in respect of all the 09 Observations / Recommendations contained in the Report. These replies have been categorized as under:-

(i) Observations / Recommendations that have been accepted by the Government:

Recommendation Para Nos. 3, 4, 5, 6, 8 & 9

(Chapter II - Total 06)

(ii) Observations / Recommendations which the Committee do not desire to pursue in view of the Government's reply:

Recommendation Para No. NIL

(Chapter III - NIL)

(iii) Observations / Recommendations in respect of which action taken replies of the Government have not been accepted by the Committee:

Recommendation Para Nos. 1 & 7

(Chapter IV - Total 02)

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

Recommendation Para No. 2

(Chapter V - Total 01)

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

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

NEED FOR AUGMENTING RURAL STORE INFRASTRUCTURE
(RECOMMENDATION PARA NO. 1)

1.5 The Committee had observed/recommended as under:-

"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 is 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 without waiting for favorable 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 capacities under the scheme have 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 12th 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 12th 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, recommends 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."

1.6 In its Action Taken reply, the Department has stated as under: -

"The committee has mentioned that as per estimates of the National Centre for Agricultural Economics and Policy Research (NCAP), projected the total demand for food grains of the country shall touch 281 million MT by 2020-21 which will require storage capacity of around 196 million MT. The total storage capacity with Food Corporation of India (FCI), Central Warehousing Corporation (CWC) and State Warehousing Corporation (SWC) as on September 2016 is about 80 Million tonnes (*Source: Department of Food & Public distribution*). The Storage capacity sanctioned so far under the Agricultural Marketing Infrastructure (erstwhile Rural Godown Scheme) sub scheme of Integrated Scheme for Agricultural marketing (ISAM) is about 62.2 million tonnes. Of this, 48 Million Tonnes capacity has already been created. The storage capacity available under Cooperative Sector is in the range of 16.68 million tonnes (*Source: Department of Food & Public distribution*). Thus total available storage capacity is estimated to be around 144.68 million tonnes. Thus a shortage of 51.32 (196-144.68) million tonnes storage capacity is expected to be there by year 2020-21. It is expected that 14.2 million tonnes of storage capacity under construction via Agricultural Marketing Infrastructure (erstwhile Rural Godown Scheme) shall be available shortly. So the balance storage requirement which will need to be provided by year 2020-21 is 37.12 million tonnes. In view of above scenario, it would be appropriate that Agricultural Marketing Infrastructure (erstwhile Rural Godown Scheme) sub scheme of integrated scheme for Agricultural marketing (ISAM) is continued beyond 12th plan (2012-17) to suitably address the storage capacity gap by 2020-21. However, considering the fact that the scheme needs to reach the small and marginal farmers, an action plan, depending on the availability of funds, will be prepared to meet the storage gap as suggested by the committee. The Department will take into account the feedback received from the State Governments and other stake holders while framing the guidelines if the scheme is continued beyond 2017."

1.7 Taking into account that warehousing is one of the critical infrastructural facilities that support marketing of agricultural produce in the country and the existing scheme for creation of scientific storage capacity with allied facilities in rural areas was of paramount importance, the Committee had recommended that an action plan be prepared by the Department in coordination with State Government and other stakeholders for creation of sufficient storage capacity. In their action taken reply, the Department have candidly admitted that there is a balance storage requirement of 37.12 million tonnes which needs to be provided by the year 2020-21. However, they have also stated that they would be taking into account the feedback received from the State Governments and other stakeholders while framing the guidelines if the scheme is continued beyond 2017. Deeply concerned at the contrasting reply of the Government, the Committee desire that finality be accorded to the continuance of the Agricultural Marketing Scheme at the earliest or the Government come up with an alternative to the same, so as to address this pressing issue of augmenting the balance storage requirement of 37.12 million tonnes by the year 2020-21. The Committee would like to be apprised of the concrete action taken by the Department in this regard.

ALLOCATION OF FUNDS
(RECOMMENDATION PARA NO. 2)

1.8 The Committee had observed/recommended as under:-

"The Committee is 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 regrets to note that for want of funds, disbursement of subsidy amounting to 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 have been sanctioned by the banks and these are to be completed. According to the Secretary of the Department, additional funds are required for creation of additional storage facility. The Committee, therefore, recommends that the Department should take up matter with the Ministry of Finance and impress upon them to provide requisite funds so that creation 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 without further delay. The Committee would like to be apprised of the action by the Department in this regard."

1.9 In its Action Taken reply, the Department has stated as under: -

"The scheme is going to end on 31st March 2017 as per presently available sanction. The department is assessing the clear committed liabilities so that same can be fulfilled. Subsequent to stoppage of the scheme on 05.08.14 for promoters of General Category, the funds to the tune of Rs. 1320 crore has already been released to the NABARD and NCDC for disbursement of subsidy to the beneficiaries. The matter has been taken up by this Department with the Ministry of Finance to provide additional estimated funds in the range of Rs. 830 crores, in addition to BE provisions of Rs. 682.80 for year 2016-17 to clear the committed liabilities and creation of additional storage facility across the country. The Finance Ministry is yet to release additional fund for this Scheme. However, a sum of Rs. 200 crore has been recently made available from Kisan Kalyan Cess for the scheme. Furthermore, the Department is making efforts with the Ministry of Finance for providing additional funds and they have agreed to consider the request of department in the supplementary grant."

1.10 The Committee were distressed to note that lack of funds was holding up disbursement of subsidy amounting to Rs.1000 crore to the

beneficiaries who had completed the construction of Godowns, which was causing them undue hardship. Also, Godowns worth Rs.800 crore have been sanctioned by banks and the same are to be completed. Accordingly, the Committee had recommended that the Department take up this matter with Ministry of Finance for providing requisite funds so that the implementation of the scheme for creation of additional storage facility is not hampered and subsidy to beneficiaries is released at the earliest. In response, the Department in their action taken replies have stated that initially Ministry of Finance had not released the additional fund for this scheme, but due to Department of Agriculture, Cooperation and Farmers Welfare efforts, Ministry of Finance have agreed to consider their request in the supplementary grant. In the interregnum, a sum of Rs.200 crore has been made available from Krishi Kalyan Cess (KKC). Concerned to note that the Ministry of Finance has not yet released funds as sought by the Department i.e. Rs.830 crores + Rs.682.80 crore, which works out to Rs.1512.80 crore, the Committee exhort upon the Department to take up this issue with the Ministry of Finance at the highest level to ensure that adequate funding is released at the earliest to clear the committed liabilities under this scheme. The Committee would also like to be apprised about the details of steps taken and the progress achieved.

CONVERSION OF LAND USE **(RECOMMENDATION PARA NO. 4)**

1.11 The Committee had observed/recommended as under:-

"The Committee notes 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 without land conversion certificate and the subsidy under the scheme is released. In certain States, godowns constructed in an area of 500 square meters are 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 notes 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 is 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."

1.12 In its Action Taken reply, the Department has stated as under: -

"This is submitted that Entry 18 and 45 of the Seventh Schedule (List-II, i.e. State List) of the Constitution clearly confers legislative power and administrative competence to the States on issues Land and Land Revenue including assessment and collection of revenue , maintenance of land records , land management and alienation of land revenue , etc. Exercising the powers available in the Constitution , some of the States have legislated Land Resource Act or Land Revenue Act and framed rules there under to, inter alia, regulate the conversion of usage of land from agriculture to residential, industrial or commercial, and they have identified the activity to cover there under. While some other States have not passed any regulation on this issue. Grameen Bhandaran Yojana (GBY) operational guidelines are legally correct in being silent on the issue because the issue of land conversion is to be governed under the concerned States land regulation provisions. The department will refer the matter of treating godowns as an agricultural activity and therefore waive the need for land conversion to enable construction, to the Department of Land Resources. Based on their operation, the State will be appropriately advised. The only remedy available is for the States to amend their respective laws to provide that construction of godowns upto certain capacity can be treated as agricultural activity. Department has already started collecting State-wise regulatory provision. The department will take up the matter with the States through Department of Land Resources, being it the nodal department."

1.13 The Committee had noted that there was no clarity or uniformity on the issue of conversion of land usage for the purpose of construction of godowns and this was creating confusion amongst the intended

beneficiaries and was proving detrimental to their interest. Accordingly, the Committee recommended that the Department take up this matter with all the States and Stakeholders to treat construction of storage infrastructure as part of agricultural activity so that conversion of land use may not be required. They further desired that suitable amendments may be made in the guidelines on the issue. The Department in their action taken replies submitted that as per the Constitutional Provisions, the States have been conferred legislative power and administrative competence on issue of land, land revenue, land records, land management and alienation of land revenue. As land conversion is under the State domain, Grameen Bhandaran Yojana (GBY) operational guidelines are legally correct in being silent on the issue. However, the Department will refer the matter of treating godowns as agricultural activity with the Department implore upon Department of Land Resources. The Department have also started collecting state-wise regulatory provision. Being appreciative of the pro-active approach taken by the Department on this vital issue, the Committee desire that the Department of Land Resources be impressed upon to take up this matter with all states and impress upon them to amend their laws so as to treat construction of rural godowns upto certain capacity as agricultural activity and thus negate the need for land conversion. The details of progress achieved herein may be communicated to the Committee at the earliest.

NEGOTIABLE WAREHOUSE RECEIPT SYSTEM
(RECOMMENDATION PARA NO. 7)

1.14 The Committee had observed/recommended as under:-

"The Committee notes 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 cannot 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 notes 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, recommends 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 incentivize farmers to store their produce in warehouses and help them to get remunerative prices for their produce. The Committee also recommends that the Government should make efforts to popularize 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."

1.15 In its Action Taken reply, the Department has stated as under: -

"The Warehousing Development & Regulatory Authority (WDRA), a Statutory Authority under the Department of Food and Public Distribution, Government of India is involved with the task of developing and regulating warehouses, registration of warehouses to enable them to issue Negotiable Warehouse Receipts (NWRs), building fiduciary trust of Banks in NWRs and promotion of orderly growth of the warehousing business in the country. The WDRA has approved 11 accreditation agencies and notified 123 agricultural commodities for issuing NWRs. So far, WDRA has registered 1321 warehouses including 260 warehouses belonging to the Primary Agricultural Cooperative societies. Out of the 11 accreditation agencies, 3 belong to the Ministry of Agriculture, namely, the Directorate of Marketing & Inspection, Faridabad (attached office of Ministry of Agriculture & FW), Chaudhary Charan Singh National Institute of Agricultural Marketing, Jaipur (an autonomous organization under the

Ministry of Agriculture & FW) and the National Co-operative Development Corporation, New Delhi, which are actively associated with WDRA in the field of accreditation process. However, there is a need to expedite the pace of accreditation. The WDRA is facing certain challenges in registering the warehouses and promoting the NWRs. These include, a) The warehousing sector is un-organized and fragmented, b) Registration of warehouses is voluntary and hence limited c) There is inadequate regulatory framework d) The registration system and issuance of NWRs are manual and e) The monitoring system of registered warehouses is inadequate. In order to address these above issues, WDRA has undertaken a transformation plan to invigorate the warehousing sector and significantly improve post-harvest lending to farmers against NWRs. Under Interest Intervention scheme of the Govt., the crop loan is available to the farmer at 7 percent of interest rate. Further, there is provision for a concession of 3 percent of interest rate on prompt repayment. Thus a farmer can get short term crop loan at 4 percent of interest rate. As regards post harvest loan, the benefit of crop loan scheme has been made available to small and marginal farmers having Kisan Credit Card (KCC) for a further period of up to six months post harvest on the same rate as available to crop loan against negotiable warehouse receipt for keeping their produce in warehouse. Loan shall not exceed 75% of actual value of produce pledged. However, the benefit of interest subvention is available only up to Rs. 3lakh. The actual value of produce may be determined on the basis of the prevailing market rate or the Minimum Support Price (MSP) announced by the Government, whichever is less. In case MSP has not been announced in respect of a particular crop, banks may ascertain market price from the nearest Agricultural Produce Marketing Committee (APMC). Loan under the scheme would be available for a period of up to six months. Government of India will provide interest subvention @2% p.a. to Cooperative Banks and Regional Rural Banks on their own funds involved, in respect of individual loans against

NWR up to Rs.3 lakh provided by them to farmers at interest rate of 7% p.a. However, subvention (incentive) for prompt repayment will not be available to the farmers for loans extended against negotiable receipts.

However, there are impediments in the implementation of this scheme and most of the farmers are not able to get loan under this scheme against NWRs. The impediments are as follows:

1. Only those farmers who have obtained crop loan are entitled for post harvest loan on NWRs for a period of another six months. The farmers who do not avail crop loan due to some or other reasons are not entitled for post-harvest loan with interest subvention against NWRs.
2. One of the conditions for availing pledge finance against NWRs is that first crop loan should be repaid.
3. The above loan is available to only small and marginal farmers having Kisan Credit Card (KCC). Since, most of small and marginal farmers have little surplus agricultural produce to store in scientific warehouses, there is limited benefit of this scheme and the main objective of increasing liquidity in rural areas through loan against negotiable warehouse receipts cannot be achieved.

A committee under the chairmanship of Chairman, WDRA has been constituted for strengthening Negotiable Warehouse Receipts (NWRs) in the country in October 2014 and the committee has submitted its report in February, 2015. In its report, the above committee has recommended that the pledge financing scheme should be provided to all farmers holding KCC against NWRs issued by all the registered warehouses including cold storages. The loan should be for a period of six months and the maximum loan amount should be enhanced to Rs.5 lakhs. It is learnt that the Dept of Financial Services is against such a proposal."

1.16 The Committee were of the considered view that introduction of negotiable warehouse receipt systems not only helps the farmers to avail

better credit facilities and avoid distress sale, but also safeguards the financial institutions by mitigating risks inherent in credit extension to farmers. However, the Committee felt that crop loan at 7% rate of interest is high, particularly for small and marginal farmers whose level of income is very low, and therefore recommended that the Ministry of Finance be impressed upon to simplify the post harvest crop loan facility to small and marginal farmer and to provide them loan at a concessional rate of 4% which would incentivize farmers to store their produce in warehouses and help them to get remunerative prices for their produce. Further, Government should make efforts to popularize the scheme of registration of godowns with WDRA. The Department in its action taken reply informed about the various problems being faced by WDRA in registering the warehouses and promoting NWRs. It was further informed that the report of a Committee under the Chairmanship of Chairman, WDRA had submitted its report in February, 2015 recommending that pledge financing schemes should be provided to all farmers holding KCC against NRWs issued by all registered warehouses including cold storage. The loan period was to be for 6 months and the maximum loan amount be enhanced to Rs.5 lakhs. However, the Department of Financial Services (DFS) was against such proposal. Concerned at this negative stand of DFS on this vital issue, the Committee desire that the Department request the Department of Food and Public Distribution to take this issue with the Department of Financial Services so as to change their stand on the recommendations contained in the report of the Committee under the Chairmanship of Chairman WDRA. Deeply concerned the silence of the Department on the issue of providing post-harvest crop loan to small and marginal farmers at a concessional rate of 4% to incentivize farmer to store their products in warehouses, the Committee desire that this matter be given a serious thought and be debated in the Government. The details of action initiated and the progress achieved in this regard be communicated to the Committee.

CHAPTER-II

OBSERVATIONS/RECOMMENDATIONS WHICH HAVE BEEN ACCEPTED BY THE GOVERNMENT

SINGLE WINDOW SYSTEM

RECOMMENDATION PARA NO. 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 Standardization (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 feels 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.

REPLY OF THE GOVERNMENT

The Sub scheme AMI under the ISAM is at the fag end of its sanctioned duration (XII five year plan i.e. 2012-17) and the possibility to introduce single

window concept in the revised operational guidelines shall be adopted if the scheme is continued beyond March 2017.

Ministry of Agriculture & Farmers Welfare
(Department of Agriculture, Cooperation and Farmers Welfare)
No. H-11016/1/2016-M-II, dated: 10.11.2016

CONVERSION OF LAND USE
(RECOMMENDATION PARA NO. 4)

The Committee notes 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 without land conversion certificate and the subsidy under the scheme is released. In certain States, godowns constructed in an area of 500 square meters are 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 notes 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 is 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.

REPLY OF THE GOVERNMENT

This is submitted that Entry 18 and 45 of the Seventh Schedule (List-II, i.e. State List) of the Constitution clearly confers legislative power and administrative competence to the States on issues Land and Land Revenue including assessment and collection of revenue , maintenance of land records , land management and alienation of land revenue , etc. Exercising the powers available in the Constitution , some of the States have legislated Land Resource Act or Land Revenue Act and framed rules there under to, inter alia, regulate the conversion of usage of land from agriculture to residential, industrial or commercial, and they have identified the activity to cover there under. While some other States have not passed any regulation on this issue. Grameen Bhandaran Yojana (GBY) operational guidelines are legally correct in being silent on the issue because the issue of land conversion is to be governed under the concerned States land regulation provisions. The department will refer the matter of treating godowns as an agricultural activity and therefore waive the need for land conversion to enable construction, to the Department of Land Resources. Based on their operation, the State will be appropriately advised.

The only remedy available is for the States to amend their respective laws to provide that construction of godowns upto certain capacity can be treated as

agricultural activity. Department has already started collecting State-wise regulatory provision. The department will take up the matter with the States through Department of Land Resources, being it the nodal department.

Ministry of Agriculture & Farmers Welfare
(Department of Agriculture, Cooperation and Farmers Welfare)
No. H-11016/1/2016-M-II, dated: 10.11.2016

COMMENTS OF THE COMMITTEE

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

SAFEGUARDING THE INTERESTS OF SMALL AND MARGINAL FARMERS (RECOMMENDATION PARA NO. 5)

The Committee notes 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 without undue delay. Needless to say, creation of storage infrastructure gives fillip to post-harvest activities and helps the farmer's community to reduce post-harvest wastage and handling losses of their produce and enable them to get the favorable market prices for their produce. It also creates employment

opportunity for them for operating the project which, in turn, may raise their income level. The Committee, therefore, recommends 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.

REPLY OF THE GOVERNMENT

With the objective that more number of small and marginal farmers get the direct benefit of construction of godowns and availing the subsidy thereon, department by revising the guidelines reduced the eligible capacity for subsidy from 100 MT to 50 MT, while for hill areas farmers, it was further reduced to 25 MT. Certainly, this endeavor of the Department has benefitted such category farmers, including SCs/STs. Further, such category of farmers get more benefit indirectly by putting their meager surpluses in the constructed warehouses under the scheme or otherwise available warehouse, which doubly benefits them by reducing storage losses and preventing distress sale.

The suggestion of the Committee to re-draft the scheme guidelines so as to benefit small and marginal farmers shall be taken up, in case of continuation of scheme beyond March, 2017.

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(Department of Agriculture, Cooperation and Farmers Welfare)
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ECO-FRIENDLY GODOWNS **(RECOMMENDATION PARA NO. 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 assess 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.

REPLY OF THE GOVERNMENT

The godowns under GBY are constructed on scientific basis as meant for storage of agricultural commodities. The guidelines provide that the warehouses are to be constructed as per standards of CWC and FCI as prescribed by WDRA for Negotiable Warehouse Receipt System (NWRS). In addition to this, other technical specification required under the guidelines have inbuilt provision to protect the stored commodities from rodents and birds and proper ventilation so that use of insecticide and fumigants is reduced to the minimum. As regards the Committee's recommendation for conducting the study on impact of usage of godowns for storage of food grains and other activities on the surrounding environment shall be taken up.

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(Department of Agriculture, Cooperation and Farmers Welfare)
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GENERAL AWARENESS AND TRAINING PROGRAMMES **(RECOMMENDATION PARA NO. 8)**

The Committee is 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 institution/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 is 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 recommends 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.

REPLY OF THE GOVERNMENT

The NIAM has organized 72 training programmes from the inception of the scheme in the year 2001 and around 1400 persons have been imparted training. These include mostly godown promoters themselves. As per the evaluation report of Global Agri Systems, 85.5% of godowns are operated by owners and the rest are operated by the employed workers. There is a need to train these workers numbering about 4500. Recently the Department has prepared an action plan under the Prime Minister's Kaushal Vikas Yojana (PMKVY) to train the workers. The training is scheduled from 2016-17 to 2021-22. Training will be imparted on standard packages of practices for scientific management of stocks;

costing methods, basic accounting & book keeping etc. and communication and basic IT practices. The training programs will start once the proposed plans are approved. The training institutes like National Institute of Agricultural Marketing (NIAM), Jaipur and other national and state level institutions/universities will be roped in to conduct these training programmes and the existing infrastructure of the partner institutes will be utilized for the same. The Committee will be apprised of further development accordingly.

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EVALUATION OF RGS
(RECOMMENDATION PARA NO. 9)

The Committee notes 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 regrets 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 12th 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.

REPLY OF THE GOVERNMENT

The committee mentioned that the M/s Global Agri System Pvt. Ltd. contains several recommendations regarding continuation of the scheme during 12th Plan, capacity building, pattern of assistance, conversion of land use, networking and National Data Bank of Capacity and Availability etc. The agency emphasized for target of creation of 20 million MT storage capacity during XII plan period. In this regard, it is apprised that the scheme was continued during XII Plan and target of 23 million MT storage capacity during XII plan Period has been fixed under the scheme and against this target 30.92 million MT storage capacity has been created under the scheme during XII plan (till Sep.2016) under the revised scheme Agricultural Marketing Infrastructure (AMI) continued after subsume of earlier schemes GBY and AMIGS. The proposal for training to godown owner/operators for scientific management of the Godowns is under process.

The agency has recommended a revision in the normative cost @ Rs. 4000/MT of the godown. As per the guideline of the scheme the normative cost is Rs. 3500/MT for construction of godown upto 1000 MT and Rs. 3000/MT for godowns above 1000 MT capacity whereas Rs. 4000/MT in case of projects constructed in NER. A system for collection, uploading of data and networking of data of the godowns has been developed and being further strengthened to increase its coverage and outreach.

A total of 37,574 storage infrastructure projects since inception w.e.f. 01.04.2001 till 30.09.2016, with storage capacity of 62.64 million MT were sanctioned under the scheme. In addition to above, a total of 18,205 other than storage infrastructure projects since inception w.e.f. 20.10.2004 till 30.09.2016 were sanctioned under the scheme.

In order to promote NWRS based credit among the farmers, the department will undertake the following:-

- Discuss with WDRA for simplification of accreditation process.
- Promote accreditation of RGS godowns.
- Hold orientation programmes for the godown owners & operators regarding credit facility.
- Create awareness among the farmers to store & avail of NWR based credit facility.
- Orient Banks & cooperatives about pledge loan scheme.

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CHAPTER - III

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

- NIL -

CHAPTER - IV

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

NEED FOR AUGMENTING RURAL STORAGE INFRASTRUCTURE (RECOMMENDATION PARA No.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 is 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 without waiting for favorable 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 capacities under the scheme have 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 12th 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 12th 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, recommends 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.

REPLY OF THE GOVERNMENT

The committee has mentioned that as per estimates of the National Centre for Agricultural Economics and Policy Research (NCAP), projected the total demand for food grains of the country shall touch 281 million MT by 2020-21 which will require storage capacity of around 196 million MT.

The total storage capacity with Food Corporation of India (FCI), Central Warehousing Corporation (CWC) and State Warehousing Corporation (SWC) as on September 2016 is about 80 Million tonnes (*Source: Department of Food & Public distribution*). The Storage capacity sanctioned so far under the Agricultural Marketing Infrastructure (erstwhile Rural Godown Scheme) sub scheme of Integrated Scheme for Agricultural marketing (ISAM) is about 62.2 million tonnes. Of this, 48 Million Tonnes capacity has already been created. The storage capacity available under Cooperative Sector is in the range of 16.68 million tonnes (*Source: Department of Food & Public distribution*). Thus total available storage capacity is estimated to be around 144.68 million tonnes.

Thus a shortage of 51.32 (196-144.68) million tonnes storage capacity is expected to be there by year 2020-21. It is expected that 14.2 million tonnes of storage capacity under construction via Agricultural Marketing Infrastructure (erstwhile Rural Godown Scheme) shall be available shortly. So the balance storage requirement which will need to be provided by year 2020-21 is 37.12 million tonnes.

In view of above scenario, it would be appropriate that Agricultural Marketing Infrastructure (erstwhile Rural Godown Scheme) sub scheme of integrated scheme for Agricultural marketing (ISAM) is continued beyond 12th plan (2012-17) to suitably address the storage capacity gap by 2020-21. However, considering the fact that the scheme needs to reach the small and marginal farmers, an action plan, depending on the availability of funds, will be prepared to meet the storage gap as suggested by the committee. The Department will take into account the feedback received from the State Governments and other stake holders while framing the guidelines if the scheme is continued beyond 2017.

Ministry of Agriculture & Farmers Welfare
(Department of Agriculture, Cooperation and Farmers Welfare)
No. H-11016/1/2016-M-II, dated: 10.11.2016

COMMENTS OF THE COMMITTEE

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

NEGOTIABLE WAREHOUSE RECEIPT SYSTEM (RECOMMENDATION PARA NO. 7)

The Committee notes 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 cannot 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 notes 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, recommends 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 incentivize farmers to store their produce in warehouses and help them to get remunerative prices for their produce. The Committee also recommends that the Government should make efforts to popularize 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.

REPLY OF THE GOVERNMENT

The Warehousing Development & Regulatory Authority (WDRA), a Statutory Authority under the Department of Food and Public Distribution, Government of India is involved with the task of developing and regulating warehouses, registration of warehouses to enable them to issue Negotiable Warehouse Receipts (NWRs), building fiduciary trust of Banks in NWRs and promotion of orderly growth of the warehousing business in the country. The WDRA has approved 11 accreditation agencies and notified 123 agricultural commodities for issuing NWRs. So far, WDRA has registered 1321 warehouses including 260 warehouses belonging to the Primary Agricultural Cooperative societies. Out of the 11 accreditation agencies, 3 belong to the Ministry of Agriculture, namely, the Directorate of Marketing & Inspection, Faridabad (attached office of Ministry of Agriculture & FW), Chaudhary Charan Singh National Institute of Agricultural Marketing, Jaipur (an autonomous organization under the Ministry of Agriculture & FW) and the National Co-operative Development Corporation, New Delhi, which are actively associated with WDRA in the field of accreditation process.

However, there is a need to expedite the pace of accreditation. The WDRA is facing certain challenges in registering the warehouses and promoting the NWRs. These include, a) The warehousing sector is un-organized and fragmented, b) Registration of warehouses is voluntary and hence limited c) There is inadequate regulatory framework d) The registration system and issuance of NWRs are manual and e) The monitoring system of registered warehouses is inadequate. In order to address these above issues, WDRA has

undertaken a transformation plan to invigorate the warehousing sector and significantly improve post-harvest lending to farmers against NWRs.

Under Interest Intervention scheme of the Govt., the crop loan is available to the farmer at 7 percent of interest rate. Further, there is provision for a concession of 3 percent of interest rate on prompt repayment. Thus a farmer can get short term crop loan at 4 percent of interest rate.

As regards post harvest loan, the benefit of crop loan scheme has been made available to small and marginal farmers having Kisan Credit Card (KCC) for a further period of up to six months post harvest on the same rate as available to crop loan against negotiable warehouse receipt for keeping their produce in warehouse. Loan shall not exceed 75% of actual value of produce pledged. However, the benefit of interest subvention is available only up to Rs. 3lakh. The actual value of produce may be determined on the basis of the prevailing market rate or the Minimum Support Price (MSP) announced by the Government, whichever is less. In case MSP has not been announced in respect of a particular crop, banks may ascertain market price from the nearest Agricultural Produce Marketing Committee (APMC). Loan under the scheme would be available for a period of up to six months. Government of India will provide interest subvention @2% p.a. to Cooperative Banks and Regional Rural Banks on their own funds involved, in respect of individual loans against NWR up to Rs.3 lakh provided by them to farmers at interest rate of 7% p.a. However, subvention (incentive) for prompt repayment will not be available to the farmers for loans extended against negotiable receipts.

However, there are impediments in the implementation of this scheme and most of the farmers are not able to get loan under this scheme against NWRs. The impediments are as follows:

1. Only those farmers who have obtained crop loan are entitled for post harvest loan on NWRs for a period of another six months. The farmers who do not avail crop loan due to some or other reasons are not entitled for post-harvest loan with interest subvention against NWRs.

2. One of the conditions for availing pledge finance against NWRs is that first crop loan should be repaid.
3. The above loan is available to only small and marginal farmers having Kisan Credit Card (KCC). Since, most of small and marginal farmers have little surplus agricultural produce to store in scientific warehouses, there is limited benefit of this scheme and the main objective of increasing liquidity in rural areas through loan against negotiable warehouse receipts cannot be achieved.

A committee under the chairmanship of Chairman, WDRA has been constituted for strengthening Negotiable Warehouse Receipts (NWRs) in the country in October 2014 and the committee has submitted its report in February, 2015. In its report, the above committee has recommended that the pledge financing scheme should be provided to all farmers holding KCC against NWRs issued by all the registered warehouses including cold storages. The loan should be for a period of six months and the maximum loan amount should be enhanced to Rs.5 lakhs. It is learnt that the Dept of Financial Services is against such a proposal.

Ministry of Agriculture & Farmers Welfare
(Department of Agriculture, Cooperation and Farmers Welfare)
No. H-11016/1/2016-M-II, dated: 10.11.2016

COMMENTS OF THE COMMITTEE

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

CHAPTER - V

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

ALLOCATION OF FUNDS (RECOMMENDATION PARA NO. 2)

The Committee is 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 regrets 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 have been sanctioned by the banks and these are to be completed. According to the Secretary of the Department, additional funds are required for creation of additional storage facility. The Committee, therefore, recommends that the Department should take up matter with the Ministry of Finance and impress upon them to provide requisite funds so that creation 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 without further delay. The Committee would like to be apprised of the action by the Department in this regard.

REPLY OF THE GOVERNMENT

The scheme is going to end on 31st March 2017 as per presently available sanction. The department is assessing the clear committed liabilities so that same can be fulfilled. Subsequent to stoppage of the scheme on 05.08.14 for promoters of General Category, the funds to the tune of Rs. 1320 crore has already been released to the NABARD and NCDC for disbursement of subsidy to the beneficiaries. The matter has been taken up by this Department with the

Ministry of Finance to provide additional estimated funds in the range of Rs. 830 crores, in addition to BE provisions of Rs. 682.80 for year 2016-17 to clear the committed liabilities and creation of additional storage facility across the country. The Finance Ministry is yet to release additional fund for this Scheme. However, a sum of Rs. 200 crore has been recently made available from Kisan Kalyan Cess for the scheme. Furthermore, the Department is making efforts with the Ministry of Finance for providing additional funds and they have agreed to consider the request of department in the supplementary grant.

Ministry of Agriculture & Farmers Welfare
(Department of Agriculture, Cooperation and Farmers Welfare)
No. H-11016/1/2016-M-II, dated: 10.11.2016

COMMENTS OF THE COMMITTEE

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

NEW DELHI;
02 August, 2017
11 Shravana, 1939 (Saka)

HUKM DEO NARAYAN YADAV
Chairperson,
Standing Committee on Agriculture

STANDING COMMITTEE ON AGRICULTURE
(2016-17)

MINUTES OF THE TWENTY FIFTH SITTING OF THE COMMITTEE

The Committee sat on Thursday, the 03rd August, 2017 from 1500 hrs. to 1700 hrs. in Committee Room No. 1 (Block-A), Extension to Parliament House Annexe Building, New Delhi.

PRESENT

Shri Hukm Deo Narayan Yadav – Chairperson

MEMBERS

LOK SABHA

2. Prof. Ravindra Vishwanath Gaikwad
3. Shri Nalin Kumar Kateel
4. Smt. Raksha Khadse
5. Md. Badaruddoza Khan
6. Shri Janardan Mishra
7. Shri Neiphiu Rio
8. Shri B. S. Yeddyurappa

RAJYA SABHA

9. Shri Sambhaji Chhatrapati
10. Shri Janardan Dwivedi
11. Shri Mohd. Ali Khan
12. Shri Ram Nath Thakur

SECRETARIAT

- | | | | |
|----|----------------------|---|---------------------|
| 1. | Shri D.S. Malha | - | 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 |

LIST OF WITNESSES

MINISTRY OF AGRICULTURE AND FARMERS WELFARE
(DEPARTMENT OF AGRICULTURAL RESEARCH AND EDUCATION)

<u>S.No.</u>	<u>NAME OF THE OFFICER</u>	<u>DESIGNATION</u>
1.	Dr.Trilochan Mohapatra	Secretary (DARE) &DG (ICAR)
2.	Dr. K. Alagusundaram	Deputy Director General (NRM), ICAR
3.	Dr. S.K. Chaudhari	Assistant Director General (SWM),
4.	Dr. P.K. Chakrabarty	ICAR
5.	Dr. P.P. Biswas	Assistant Director General (PP&B),
6.	Dr. Krishan K. Sharma	ICAR
7.	Shri B.S.Phogat	Principal Scientist (Soils), ICAR
8.	Shri D.D.K.Sharma	Principal Scientist, IAR, New Delhi Additional Plant Protection Advisor Secretary, Central Board of Insecticides & Registration Committee

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

- | | | |
|----|--------------------------|-----------------|
| 1. | Shri Shobhana Pattanayak | Secretary |
| 2. | Shri Ashwani Kumar | Joint Secretary |

MINISTRY OF CHEMICALS & FERTILIZERS
(DEPARTMENT OF CHEMICALS & PETROCHEMICALS)

- | | | |
|----|-------------------------|---|
| 1. | Shri Rajeev Kapoor | Secretary (Department of Chemicals
& Petrochemicals) |
| 2. | Shri Samir Kumar Biswas | Joint Secretary (Chemicals) |
| 3. | Dr. Jitendra Kumar | Director (IPFT) |
| 4. | Shri S.P.Mohanty | Chairman & Managing Director (HIL) |

MINISTRY OF CHEMICALS & FERTILIZERS
(DEPARTMENT OF FERTILIZERS)

1. Shri Dharam Pal

Addl. Secretary

2. At the outset, the Chairperson welcomed the Members to the Sitting of the Standing Committee. Then, the Committee took up the following draft Reports for consideration and adoption:

- | | | | | |
|--------|--|------|------|------|
| *(i) | XXXX | XXXX | XXXX | XXXX |
| (ii) | Draft Report on the Action Taken by the Government on the Observations/Recommendations contained in the Twenty-eighth Report of the Standing Committee on Agriculture 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) (English Version); | | | |
| *(iii) | XXXX | XXXX | XXXX | XXXX |
| *(iv) | XXXX | XXXX | XXXX | XXXX |

3. After some deliberations, the Committee adopted the draft Reports without any amendments and authorized the Chairperson to finalise the Reports and present the same to Parliament.

[WITNESSES WERE USHERED IN]

- | | | | | |
|-----|------|------|------|------|
| *4. | XXXX | XXXX | XXXX | XXXX |
| *5. | XXXX | XXXX | XXXX | XXXX |
| *6. | XXXX | XXXX | XXXX | XXXX |

A verbatim record of the proceedings has been kept separately.

The Committee then adjourned.

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

APPENDIX

(Vide Para 4 of Introduction of the Report)

ANALYSIS OF ACTION TAKEN BY GOVERNMENT ON THE TWENTY EIGHTH REPORT OF STANDING COMMITTEE ON AGRICULTURE (2015-16) 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)

(i)	Total number of Recommendations	09
(ii)	Recommendations/Observations which have been Accepted by the Government Para Nos. 3, 4, 5, 6, 8 and 9 Total Percentage	 06 66.67%
(iii)	Recommendations/Observations which the Committee Do not desire to pursue in view of the Government's replies Para No. Nil Total Percentage	 NIL 0 %
(iv)	Recommendations/Observations in respect of which replies of the Government have not been accepted by the Committee Para Nos. 1 and 7 Total Percentage	 02 22.22%
(v)	Recommendations/Observations in respect of which Final replies of the Government are still awaited Para No. 2 Total Percentage	 01 11.11%