



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

**SIXTEENTH LOK SABHA**

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

**'DEMANDS FOR GRANTS (2017-18)'**

**{Action Taken by the Government on the Observations/  
Recommendations contained in the Thirty Fifth Report (Sixteenth Lok  
Sabha) of the Standing Committee on Agriculture (2016-2017)}**

**FORTY SECOND REPORT**



**LOK SABHA SECRETARIAT  
NEW DELHI**

**August 2017/Shravana, 1939 (Saka)**

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Presented to Lok Sabha on  
Laid on the Table of Rajya Sabha on

10.08.2017  
10.08.2017



**LOK SABHA SECRETARIAT**  
**NEW DELHI**

August 2017/Shravana, 1939 (Saka)

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(2016-2017).

(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
7. Shri C. Mahendran
8. Dr. Tapas Mandal
9. Shri Janardan Mishra
10. Shri Devji Patel
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14. Shri Konakalla Narayana Rao
15. Shri C.L. Ruala
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17. Shri Satyapal Singh (Sambhal)
18. Shri Virendra Singh
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20. Shri Jai Prakash Narayan Yadav
21. Shri B. S. Yeddyurappa

#### **RAJYA SABHA**

22. Shri Sambhaji Chhatrapati
23. Sardar Sukhdev Singh Dhindsa
24. Shri Janardan Dwivedi
25. Shri Meghraj Jain
26. Shri Vinay Katiyar
27. Shri Mohd. Ali Khan
28. Shri Ram Nath Thakur
29. Shri R. Vaithilingam
30. Shri Shankarbhai N. Vegad
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  |
| 4. | Shri N. Amarathiagan | - | Committee Officer |

## **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 Forty Second Report on action taken by the Government on the Observations/Recommendations contained in the Thirty Fifth Report (Sixteenth Lok Sabha) of the Standing Committee on Agriculture (2016-17) on 'Demands for Grants (2017-18)' pertaining to the Ministry of Agriculture and Farmers Welfare (Department of Agriculture, Cooperation and Farmers Welfare).

2. The Thirty Fifth Report (Sixteenth Lok Sabha) of the Standing Committee on Agriculture (2016-17) on 'Demands for Grants (2017-18)' 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 10 March, 2017. The Action Taken Notes on the Report were received on 09 June, 2017.

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 Thirty Fifth 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***

## **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 Thirty Fifth Report of the Standing Committee on Agriculture (2016-17) on 'Demands for Grants (2017-18) 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 10 March, 2017.

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 19 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. 1, 2, 4, 5, 10, 12, 14, 15, 16 & 17  
(Chapter II - Total 10)

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

Recommendation Para Nos. Nil  
(Chapter III - Total 00)

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

Recommendation Para Nos. 3, 6, 7, 8, 13, 18 & 19  
(Chapter IV - Total 07)



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

Recommendation Para No.9 & 11

(Chapter V - Total 02)

**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.

**DOUBLING THE FARMERS INCOME BY 2022**  
**(RECOMMENDATION PARA NO. 2)**

1.5 The Committee had observed/recommended as under:-

"The Committee are happy to note that the Government proposes to double the income of farmers by the year 2022. A Committee has also been constituted by the Department to examine the issue relating to doubling of farmers income by the year 2022. The Department has also written to all State Governments for working on an appropriate strategy to realize the target of doubling of farmers' income and in this regard some of

the States like Chhattisgarh and Madhya Pradesh have already devised suitable strategies for the purpose. Further, the States have been requested to share their strategies with the Central Government also. The Committee also take note that Chairman, Commission for Agricultural Costs and Prices (CACP) has been requested to consider the role of Minimum Support Price (MSP) in ensuring a remunerative price and higher income to the farmers from the farming activity while formulating the recommendations on MSP. However, the Committee have genuine apprehensions about the presence of any definite strategy with the Government as yet, on attaining the targeted goal to double the farmers income by 2022. The Committee, therefore, strongly recommend that the Department should finalize their strategy and chalk out a detailed plan and implement it on priority basis on mission mode to achieve the target of doubling farmers income by 2022. The Committee would like to be apprised of the initiative undertaken by the Department for the purpose and the progress made there in so far."

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

"To achieve the target of Doubling Farmers' Income, the Department of Agriculture, Cooperation and Farmers Welfare has constituted a Committee under the Chairmanship of Additional Secretary (Policy) with members from all related departments and NITI Aayog to examine issues relating to doubling of farmers' income by year 2022. As of now, five meetings of the Committee have been held. NCAER has been associated with the Committee as a 'knowledge partner'. As 'Knowledge Partner', NCAER has submitted its first draft report.

Further, the Department has also written to all the State Governments for working on an appropriate strategy, as the States have a primary role in working towards realization of doubling of farmer's income. The strategy should take into account the status of end-to-end activities

from production to post-production stages. Some of the States like Chhattisgarh and Madhya Pradesh have already devised suitable strategies in this regard. State Governments were requested to hold across-the-board deliberations and prepare a strategy that will lead to doubling the income of the farmers. The States were requested to share their strategies with the Central Government also.

Secretary (AC&FW) has requested Chairman, CACP to consider the role of Minimum Support Price (MSP) for ensuring a remunerative price and higher income to the farmers from farming activity, while formulating the recommendations on MSP.

NABARD's Foundation day Seminar was held on 12th July, 2016 on doubling of farmers' income, subsequently, NABARD had been requested to organize Regional Conferences on Doubling of Farmers' Income, for preparing strategies and also to sensitize the State Governments. For this purpose, six Nodal States viz. Assam, Odisha, Uttar Pradesh, Rajasthan, Maharashtra and Karnataka were identified where the regional conferences may take place. The remaining States were attached to these nodal States. NABARD has organized the Regional Conferences in these Nodal States, giving invitation to the other attached States to attend the Conferences at the nodal States. Besides, 12 Agro-Economic Research Centre and 03 Agro-Economic Research Units were invited by NABARD to these Regional Conferences.

The approach of the Department is to initiate various activities towards doubling of farmer's income from the last Kharif season itself; some interventions are already in place which are in addition to imparting greater efficiency and establishing greater synergy in implementing various ongoing schemes. These are, a roadmap to scale up pulse production to 24 mmts by 2021, working out specific interventions under

the schemes implemented by this Department, promoting ancillary activities like bee-keeping, etc.

From the foregoing paragraphs, it may be seen that systematic efforts are being made by the Department of Agriculture, Cooperation and Farmers Welfare towards the doubling of farmers' income by the year 2022."

**1.7 The Committee had noted that towards achieving the goal of doubling of farmers income by 2022, the Department of Agriculture, Cooperation and Farmers' Welfare (DAC&FW) had taken many steps like constitution of a Committee to examine related issues and sending request to steps to work on appropriate strategies to the CACP to consider the role of Minimum Support Price (MSP) to ensure remunerative price and higher income to farmers from farming activity, etc. However, not being convinced with the steps taken by the Department had expressed apprehensions over the strategy with the Government on attaining the targeted goal to double the farmers income by 2022 and had strongly recommended that the Department should finalize their strategy and chalk out a detailed plan and implement it on priority basis on mission made to achieve the targeted goal by 2022. In their action taken notes the Department has elaborated on the steps already taken by its and about its request to NABARD to organize regional conferences on doubling of farmers income. The DAC&FW has also stated that it has undertaken various initiatives like roadmap to scale up pulse production to 24 mmts by 2021, imparting greater efficiency and establishing greater synergy in implementing various ongoing schemes including specific interventions of scheme and promoting ancillary activities like bee-keeping, etc. The Committee, however, find that no definite strategy has been finalized as yet by the Department to double the income of farmers by 2022. The Committee are of the firm opinion that the problems faced by the Indian Agriculture characterized by subsistence agriculture, overcrowding, lower-return, low share Gross Value Added**

(GVA), fluctuating and low growth rate in GVA, etc. need to be tackled by chalking out the detailed plan at national level. Further, it should be ensured that the strategies followed by different States do not work at cross purposes. The Committee, therefore, reiterate there earlier recommendation that the Department chalk out the strategy at national in consultation with the Committee constituted by it for the purpose and implement the same at the earliest, so as to meet the targeted deadline.

**BUDGETARY SUPPORT DURING 12<sup>TH</sup> PLAN PERIOD.**  
**(RECOMMENDATION PARA NO. 3)**

1.8 The Committee had observed/recommended as under:-

"The Committee note that the funds demanded by the Department for 12<sup>th</sup> Plan was Rs.3,23,024.42 crore against which Rs.1,34,746.00 crore was approved. This works out only 41.80% of the funds demanded by the Department. However, against the said plan outlay, only Rs.88,322.54 crore has been expended till 16, February, 2017, which works out 87.18% of RE. The Committee are distressed to note that the Department is not getting the budgetary allocation commensurate with projected/proposed requirement of the Department. The Committee are deeply concerned that in the absence of inadequate funds, it will be difficult for the Department to accomplish its various activities or to run its programme effectively and efficiently. According to the Department, the budget allocation could not be utilized due to reduction in allocation under Revised Estimates and non-utilization of funds under NER/SCSP/TSP categories. Allocations are normally decided by the Ministry of Finance based on its criteria as well as progress of expenditure by middle of the financial year. While the Department has been adhering to the MEP targets as approved by the Ministry of Finance, allocations are being reduced by them at RE Stage inspite of request for higher allocations at RE stage by the Department. The Committee are not convinced with the explanation of the Department for the reduced allocation by the Ministry of Finance. Even the funds

allocated at RE stage could not be utilized fully by the Department during each of the year of 12th Plan period. The Committee feel that no one except the Department is to be blamed for its failure to convince the Ministry of Finance to allocate funds as proposed by them as per their plan. It is also entirely the responsibility of the Department to prepare a road map in coordination with all stakeholders, for smooth execution of the activities/programmes ensuring optimum utilization of funds allocated to them. The Committee, therefore, recommend that the Department should strongly place its case before the Ministry of Finance for allocation of funds commensurate with the requirement so that various activities/programmes undertaken by them, are not hampered for want of adequate funds. The Committee would like to be apprised of the initiatives undertaken by the Department in this regard."

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

"During the period of the 12th Five Year plan, Ministry of Finance has allocated funds to Department of Agriculture, Cooperation and Farmers Welfare as per the following table:-

<b>XII PLAN</b>		<b>(Rs. in crore)</b>	
<b>Year</b>	<b>Budget Estimates</b>	<b>Revised Estimates</b>	<b>Actual Expenditure</b>
2012-13	20530.22	18173.94	18028.38
2013-14	21933.50	19306.82	19027.58
2014-15	22652.25	19852.00	19513.58
2015-16	17004.35	15809.54	15333.92
2016-17	35983.69	48840.50	40585.60
<b>Total</b>	<b>118104.01</b>	<b>121982.80</b>	<b>112489.06</b>

For the year 2017-18, the allocation for the Department has been fixed at Rs.52,655.00 crores."

**1.10 The Committee had inter-alia recommended that the Department should strongly place its case before the Ministry of Finance for allocation of funds commensurate with the requirement so that various activities/programmes undertaken by them are not hampered for want of adequate funds and the Committee expressed their desire to know about**

the initiatives undertaken by the Department in this direction. The action taken notes of the Department merely highlighted BE, RE and AE figures for the Twelfth Plan period and do not address the concerns of the Committee. Further, the Department has not given reasons for under utilization of funds during the 12<sup>th</sup> Plan Period as actual expenditure was Rs.1,12,489.06 crore against the approved 12<sup>th</sup> Plan allocation of Rs.1,34,746.00 crore. The Department has also not stated about action taken or proposed to be taken for chalking out roadmap for smooth execution of activities/programmes ensuring optimal utilization of funds allocated to them in the coming years. Expressing concern at the rather casual reply of the Government, the Committee caution the Department not to repeat such instances. Being well aware of the detrimental effect on the implementation of various schemes of the Department, the Committee reiterate their recommendation that the Department strongly takes up case for allocation of funds commensurate with the requirement with the Ministry of Finance, so as to ensure that implementation of schemes are not hampered for want of adequate funds.

**UTILIZATION OF FUNDS FOR NER**  
**(RECOMMENDATION PARA NO. 6)**

1.11 The Committee had observed/recommended as under:-

"The Committee are unhappy to note that the DAC&FW has not been able to fully utilize their budgetary allocation meant for North East Region (NER) in each of the last three years. Under-utilization of funds for North Eastern Region has been a regular cause of concern for the Committee. Needless to say, effective utilization of allocated funds is critical for holistic development of the region. Non-utilization of funds has its cascading effect on development goals. Under utilization of allocated funds, defeats the very purpose of having a separate sub-allocation for NER. The Committee are of the view that it is the responsibility of the Department, being the nodal authority, to impress upon the States/Implementing Agencies to

utilize the funds allocated to them in a time bound manner for various activities meant for development of the region. The issue needs to be addressed through coordinated approach amongst all stakeholders involved in the process removing basic constraints which hinder optimum utilization of funds. The Committee, therefore, desire that a mechanism may be put in place to address the issue ensuring optimum utilization of funds earmarked for North East States. The Committee would like to be informed of the initiatives undertaken by the Department in this regard."

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

"An amount of Rs.765.10 crores was earmarked for North East Region in Budget Estimates 2016-17 which was enhanced to Rs. 1195.57 crores in RE 2016-17. In 2017-18, amount of Rs.4116.60 crores has been earmarked for schemes to be implemented in North East Region. Government of India has initiated a scheme of "Organic Value Chain Development for North Eastern Region" from 2015-16 whereby development of organic farming in the region would be supported in a substantial manner. Apart from this, a Horticulture Mission for North Eastern and Himalayan (HMNEH) States is under implementation as part of the Umbrella Mission for Integrated Development of Horticulture (MIDH). Implementing schemes that cater to specific requirement of NER would ensure better acceptance by the beneficiaries, and hence, better fund utilization. Department is regularly taking up the matter regarding effective and expeditious utilization of funds in various review meetings held from time to time with NER States."

**1.13 The Committee having noted that the DAC&FW was not able to fully utilize their budgetary allocation meant for North East Region in each of the previous three years, had recommended that the issue needs to be addressed through coordinated approach amongst all stakeholders involved in the process and constraints which hinder optimum utilization of funds be moved. The Committee had also recommended for putting in**



place a mechanism to address the issues to ensure optimum utilization of funds earmarked for North East Region. Although, the Department, in their Action Taken notes have intimated that an amount of Rs.4116.60 has been earmarked for schemes to be implemented in the North East Region and also furnished views that schemes that cater to specific requirements of NER would ensure better acceptances by the beneficiaries and have better utilization, no any definite plan of action has been shown to be implemented to ensure optimal utilization of funds. The Committee, therefore, would like to re-emphasize putting in place a definite mechanism to ensure optimal utilization of funds earmarked for North East Region by DAC&FW at the earliest.

**PRADHAN MANTRI FASAL BIMA YOJANA (PMFBY)**  
**(RECOMMENDATION PARA NO. 7 & 8)**

1.14 The Committee had observed/recommended as under:-

"The Committee note that the Pradhan Mantri Fasal Bima Yojana (PMFBY), a comprehensive crop insurance scheme, is being implemented from Kharif 2016-17 season. In addition, a Unified Package Insurance Scheme (UPIS) covering their assets and life of farmers besides crop insurance like house, tractor, pump set, student safety etc. has also been approved for implementation on pilot basis in selected 45 districts. PMFBY and Restructured Weather Based Crop Insurance Scheme (RWBCIS) has been implemented by 23 States during Kharif 2016 season and 24 States and 34 UTs during Rabi 2016-17 season. PMFBY provides financial protection to insured 88 farmers against crop losses due to natural non-preventable risks. According to the Department, the sum insured has been made equal to scale of finance decided by the District Level Technical Committee (DLTC), which is broadly equal to cost of cultivation. The farmers are being indemnified based on indemnity level adopted by the concerned State Government for particular notified crops viz.70%, 80% and 90%." Premium over and above of the fixed premium is met by the

Government both Central and State on 50 : 50 basis as upfront subsidy. All claims liabilities are to be met by the insurance companies. The Government has proposed to increase the coverage of cropped area under the PMFBY from the present 30% to 40% in 2017-18 and to 50% in 2018-19. Payment of claims is required to be completed in three weeks from receipt of yield data/weather data from concerned State Governments/agencies. While appreciating all positive features of the scheme, the Committee find that the scheme, being optional for States, is not being implemented by some of the States/UTs or are taking time to put the implementation mechanism in place. However, the Government is persuading all the remaining States/UTs to implement the scheme at various forums and meeting etc. The Committee trust that earnest efforts will be made by the Department to impress upon the remaining States/UTs to implement PMFBY in the interest of the farmers of the States/UTs. The Committee also note that the data regarding average time taken for settlement of claims by Insurance Companies and pending claims are awaited from States/UTs/Insurance Companies. The Committee desire that an institutional mechanism may be put in place for monitoring expeditious settlement of pending claims by insurance companies within a stipulated time. The data regarding average time taken for settlement of claim by insurance companies may also be collected and furnished to the Committee. The Committee also expect the Department to implement UPIS on pilot basis without further delay and a comprehensive review of the Scheme be undertaken speedily so that the scope and coverage thereof be expanded for the benefit of farmers of the country. As informed by the representative of the Department that some States are not readily accepting and adopting the use of technology for assessment of yield loss. Further the exercise of crop cutting experiments for arriving at yield loss is not being carried out with due diligence. Being aggrieved at this sordid state of affairs, the Committee exhort upon the Nodal Ministry to impress upon all States/UTs to adopt the latest

technology aids that would provide credence to the data generated from crop-cutting experiments. This in their considered opinion would aid the implements of Agri-Insurance Schemes to obtain an accurate data on yield loss, which would then decide the quantum of loss and compensation figures. They further desire that use of satellite imagery for Crop Cutting Experiments be also adopted on a large scale. The progress achieved in this regard may also be forwarded to the Committee."

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

"Due to efforts made by the Government, 24 States and 3 Union Territories have implemented the PMFBY/RWBCIS during Rabi 2016-17 season as against 23 States during Kharif 2016-17 season. In order to encourage more and more States and Union Territories to take up crop insurance it is proposed to launch intensive Information, Education and Communication (IEC) campaign. Committee has desired that an institutional mechanism be put in place for monitoring expeditious settlement of pending claims. Besides the guidelines which stipulates that the claims must be settled within two months from harvest, the crop insurance portal with multi-stakeholder interface will help to ensure that the claims are settled on time. The Department also conducts weekly video conferences to follow up on claim settlement. Recently, the National Level Monitoring Committee (NLMC) meeting on 17<sup>th</sup> April, 2017 also reiterated timely settlement of claims. Regarding average time taken for settlement of claims by insurance companies, this will be submitted to Committee as soon as Kharif 2016 season is closed or all undisputed claims are settled. Regarding Pilot Unified Package Insurance Scheme (UPIS), the details of the UPIS were circulated to all stakeholders and also available on the Department's website/Crop Insurance Portal [www.agri-insurance.gov.in](http://www.agri-insurance.gov.in). Some States had selected the pilot districts and notified the scheme. As per provisions of the scheme in addition to crop insurance (PMFBY/RWBCIS), selection of two other sections is mandatory. Many

States have sought that the selection of 2 sub-section other than Crop Insurance may be made voluntary rather than mandatory. Meanwhile for the one year of operation during the pilot phase it will be kept as mandatory as per original provisions of UPIS. Now all the stakeholders including State Governments, insurance companies have been requested to furnish the details of coverage etc. under the pilot so that review of pilot be made on completion of one year. Regarding use of technology for capturing CCEs data on smartphone/CCE Agri App, despite the fact it was made mandatory for States, so far only 232378 CCEs have been captured in this manner. Some States like Tamil Nadu, Chhattisgar and Odisha have taken the lead in this direction. This matter is being continuously pursued with the State Governments through regular weekly video conferences and was also discussed during NLMC meeting on 17<sup>th</sup> April, 2017. Besides this efforts are on to rationalise/reduce the number of CCEs through development of a robust statistical model through the aegis of Indian Agricultural Statistics Research Institute (IASRI) of Indian Council of Agricultural Research (ICAR). Regarding CCEs, the Mahalanobis National Crop Forecasting Centre (MNCFC) has proposed three pronged strategy, firstly for yield data collection Smartphon/CCE Agri App which has already been rolled out; secondly planning for CCEs optimisation for selected crops can be rolled out within a year subject to acceptance by National Sample Survey Organisation (NSSO) and other stakeholders; thirdly use of satellite imagery for yield estimation at village level large scale pilot study are proposed in 2017-18 for validation of approach."

**1.16 The Committee had sought to know about the action initiated and progress achieved by the Department in regard to the observations/recommendations made by the Committee pertaining to implementation of Pradhan Mantri Fasal Bima Yojana (PMFBY). The points on which the Committee had made their observations/recommendations**

related to coverage of cropped area under PMFBY, steps for implementation of PMFBY in all States/UTs, average time taken for settlement of insurance claims, pending claims, institutional mechanism for monitoring of settlement of claims by insurance companies, speedy review of implementation Unified Package Insurance Scheme (UPIS), expansion of its scope and coverage and adoption of latest technology aids for assessing yield loss. The Department in its Action Taken Notes have stated that it is proposed to launch intensive Information, Education and Communication (IEC) campaign to encourage more States/UTs to implement PMFBY. Regarding institutional mechanism for monitoring expeditious settlement of pending claims, Department has stated that the guidelines on the scheme and the crop insurance portal with multi-stakeholder interface will help ensure that the claims are settled on time. The Department has also stated that it conducts weekly video conferences to follow up on claim settlement and the point of timely settlement of claims was also reiterated in the National Level Monitoring Committee (NLMC) meeting on 17.05.2017. As regards average time taken for settlement of claims by insurance companies, the Department has intimated that the same will be submitted as soon as Kharif 2016 season is closed or all undisputed claims are settled. As far as implementation of UPIS is concerned, the Department has informed that all the stakeholders including State Governments, insurance companies have been requested to furnish the details of coverage etc. under UPIS in order that review of the Pilot Scheme be made on completion of one year. In regard to adoption of use of technology for assessment of yield loss, the Department has inter-alia stated that efforts are on to rationalize/reduce the number of Crop Cutting Experiments (CCEs) through development of robust statistical model through the aegis of Indian Agricultural Statistics Research Initiatives (ISARI) of India Council of Agricultural Research (ICAR) and the Mahalanobis National Crop Forecasting Centre (MNCFC). The Committee are anguished to note that not much progress has been achieved by the

Department in respect of those aspects of implementation of PMFBY regarding which the Committee had made observations/recommendations pointing out the steps that were required to be taken for effective implementation of the scheme. No new States/UTs since have opted for implementation of PMFBY. Information regarding increase in the coverage area of PMFBY has also not been provided. The Committee are not convinced with the reply with regard to setting up of institutional mechanism for monitoring expeditious settlement of pending claims. The Committee would like to know about effectiveness of functioning of the crop insurance portal with multi-stakeholder interface towards expeditious settlement of insurance claims. PMFBY covers all crops in addition to major crops cultivated during Kharif/Rabi. Hence, strong institutional mechanism is very essential for both effective implementation of the scheme and for increasing the coverage area of the scheme. Further, this mechanism will also be able to resolve the issue of calculation of average time taken for settlement of claims by insurance companies. The Committee, therefore, reiterate their earlier recommendations pertaining to PMFBY, particularly those relating to coverage of cropped area, establishment of strong mechanism to implement and monitor expeditious settlement of insurance claims and adoption of new technology for speedy assessment of crop/yield loss etc. to settle insurance claims. The Committee expect that the Department would take new initiatives for effective implementation of PMFBY and apprise the Committee of the action taken in the matter.

**PRADHAN MANTRI KRISHI SINCHAYEE YOJANA (PMKSY)**  
**(RECOMMENDATION PARA NO. 10)**

1.17 The Committee had observed/recommended as under:-

"Keeping in view the factors such as net un-irrigated land area in the country, additional food-grain requirement, fluctuation in monsoon rainfall,

drought, etc, the Committee are keen to see that the 'Per Drop More Crop' component of Pradhan Mantri Krishi Sinchayee Yojana (PMKSY) is effectively and efficiently implemented by the Department of Agriculture, Cooperation & Farmers Welfare. However, the Committee are displeased to note that budgetary support for the scheme was reduced at RE stage during the last two years. In 2015-16, BE of Rs.1,800 crore was reduced to Rs.1,550 at RE stage. Again in the current financial year 2016-17, BE of Rs.2,340 crore has been reduced to Rs.1,990 crore at RE stage. Against this backdrop, the Committee are deeply concerned that PMKSY may be adversely affected for want of adequate funds. Nevertheless, during 2017-18, an amount of Rs.3050 crore has been allocated for PDMC component of PMKSY. The Committee, therefore, stress that the Department should take all steps to ensure that the amount allocated for PMKSY is optimally utilized by them. In this context, the Committee note that States draw up their own irrigation development based on District Irrigation Plan (DIPs) and State Irrigation Plan (SIPS). DIPs, are the cornerstone for planning and implementation of PMKSY. It is, therefore, imperative that District Irrigation Plans and State Irrigation Plans from the States/UTs be obtained in a time bound manner so as to ensure effective implementation of the scheme. States/UTs which have been affected by drought need to be given special attention for the implementation of the Scheme. In view of the foregoing, the Committee would like the Department to act accordingly."

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

"The funds allocated under PMKSY-Per Drop more Crop are being utilized optimally for both components of PMKSY-PDMC i.e. Micro-irrigation and other Interventions components. DIPs for most of the districts have been prepared. Till date, 664 DIPs have been prepared and only 11 DIPs are due from one state and one UT. They are being persuaded to complete the DIP at the earliest. The Rainfed and Drought affected states are given

higher weightage for allocation in the PMKSY-PDMC component. During 2017-18, also rainfed area dominated States and States witnessing frequent drought are being considered for giving additional weightage for allocation of fund."

**1.19 The Committee had inter-alia expressed concern that there were short-falls in the utilization of funds allocated for PMKSY during 2015-16 and 2016-17 and therefore, stressed that the Department should take all steps to ensure optimal utilization of funds allocated for 2017-18. In the action taken notes, the Department has submitted that the funds allocated under PMKSY-PDMC are being utilized optimally. The Committee would like to be apprised about the progress achieved in the implementation of PMKSY during 2017-18 in terms of States/UT wise projects sanctions as well as in monetary terms and steps taken for effective implementation by States/UTs.**

**NATIONAL MISSION ON OIL SEEDS AND OIL PALM (NMOOP)  
(RECOMMENDATION PARA NO. 13)**

1.20 The Committee had observed/recommended as under:-

"The Committee are unhappy to note that while there has been a continuous shortfall in the domestic production of oilseeds and vegetable oil from 101.90 LT in 2013-14 to 87.70 LT in 2015-16 in the country, the Demand of the same has increased from 211.70 LT to 244.10 LT for the same period. As a result, the import of vegetable oil has increased from 109.80 lakh tonnes in 2013-14 to 156.40 lakh tonnes in 2015-16. The various schemes implemented by the Department namely, Integrated Scheme of Oilseeds, Oil Palm and Maize (ISOPOM) implemented during 2004-05 to 2013-14, Oil Palm Area Expansion (OPEA) programme implemented during 2011-12 to 2013-14 and the National Mission on Oilseeds and Oil Palm (NMOOP) being implemented from 2014-15 have not produced the satisfactory results in terms of increased domestic



production to meet the shortage of vegetable oil in the Country. The Committee are also perturbed to note that the proposed outlay of Rs.3507.00 crore for 12<sup>th</sup> Plan was reduced to Rs.2377.50 crore at BE stage, which was further curtailed to Rs.1945.60 crore at RE stage, out of which Rs.1893.65 crore was spent. According to the Department, most of the States found it difficult to match State share due to change in funding pattern from 75:25 to 60:40 (General State) and 90:10 (North Eastern States and Himalayan States). It has also been informed that the Division proposes to continue the scheme (NMOOP) on the same funding pattern for the next 5 years with certain modification/improvements and increased subsidy. However, the Committee are of the view that it is imperative that all aspects of the scheme NMOOP may be thoroughly reviewed in consultation with all States and a holistic view may be taken for smooth running of the scheme for augmenting production of Oil Seeds and Vegetable Oil in the Country. The Committee also note that against the proposed demand of Rs.551.00 crore, only Rs.403 crore has been allocated for NMOOP for the year 2017-18. The Committee are of the considered opinion that reduction in allocation of funds adversely affect the implementation of the scheme smoothly and efficiently. It is, therefore, imperative that the funds demanded by the Department for the scheme are allocated to them by the Ministry of Finance. In view of the foregoing, the Committee recommend that the Department should conduct a through review of all aspects of the scheme (NMOOP) for increasing oilseeds production in the country and come out with result oriented initiatives for both optimum utilization of budgetary support and for increasing oilseeds production in the country in a mission mode. The Committee also urge the Department to impress upon the Ministry of Finance to allocate adequate funds for NMOOP at RE Stage. The details of follow-up action taken by the Department may be intimated to the Committee along with outcome thereto.

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

"The Oilseeds Division, Department of Agriculture, Cooperation and Farmers Welfare, Ministry of Agriculture and Farmers Welfare is implementing National Mission on Oilseeds and Oil Palm (NMOOP) since 2014-15. NMOOP aims to enhanced production of oilseeds from 28.93 million tonnes to 35.51 million tonnes, to bring additional area of 1.25 lakh ha under Oil palm with focus on productivity improvement of oilseeds and fresh fruit bunches (FFBs) of oil palm by end of 2016-17.

1. Oil seeds Production Scenario

- Despite, delayed and deficit monsoon during last two consecutive years, oilseeds production has been sustained at an estimated production of 33.60 million tonnes during 2016-17 as against highest production 32.75 million tonnes in 2013-14.
- An average of 30.30 million tonnes has been achieved during 12<sup>th</sup> plan (2012-13 to 2016-17) period as against an average production of 28.93 million tonnes during 11<sup>th</sup> Plan (2007-08 to 2011-12) period.

During the course of its three years implementation of following modifications were made in the pattern of assistance under NMOOP for the benefits of oilseeds growers.

- Seed subsidy for certified seed distribution oilseeds was increased by more than 100% (from Rs.1200/- to 2500/0 per qtl. and from Rs.2500/- to Rs.5000/- per qtl. for hybrids and sesame from 2016-17).
- Subsidy on water carrying pipes increase from Rs.25/- per mt. to Rs.50/- per mt for HDPE pipes, Rs.35/- per mt for PVC pipes and inclusion of HDPE laminated woven lay flat tubes with subsidy of Rs.20/- mt from Kharif - 2016.
- A Special scheme under RKVY "Targeting rice fallow areas in Eastern India for Pulses and Oilseeds" has been initiated from

Rabi 2016 and covered 19.00 lakh ha as against target of 10.0 lakh hectare rice fallows of six eastern states during 2016-17.

- 423 KVKs of ICAR and more than 25 SAUs are involved for cluster demonstrations and FLDs of various oilseeds crops during 2016-17.
- Age relaxation of varieties under distribution subsidy from 10 years to 15 years.

## 2. Special attention on Oil Palm

- The total area under oil palm cultivation in India was 2.19 lakh ha in 2011-12 (end of 11<sup>th</sup> plan). During 12<sup>th</sup> plan an area of 95,000 ha have been brought under oil palm as against targeted area of 1.25 lakh ha. Due to drastic fall in CPO prices in international market and subsequent fall in FFBs price in 2014-15/2015-16, had resulted setback for oil palm growers and slow area coverage (76%). Therefore, oil palm growers have been supported through MIS to assured FFBs prices as and when the international price of CPOs falls below \$800.
- States are being regularly pursued to declare oil palm as plantation crop and to avail the benefit of 100% FDI on oil palm & olive. State of Karnataka has declared oil palm and state of Rajasthan declared olive as plantation crops."

**1.22 The Committee had inter-alia recommended that DAC&FW should conduct a thorough review of all aspects of National Mission on Oilseeds and Oilpalm (NMOOP) and come out with a result oriented initiative for both optimum utilization of budgetary support and for increasing oilseeds production in a mission mode. They further urged DAC&FW to take up case for adequate allocation of funds for MNOOP at RE stage. However, the Committee are dismayed to note that the Action Taken notes of the Department do not contain any specific reply with reference to both recommendations of the Committee. Also, no new initiatives has been**

taken or proposed to be taken for increasing oilseeds-production in the Country in a time bound manner. Nor any reply has been given with reference to taking up of case with Ministry of Finance for additional allocation of funds for NMOOP for 2017-18 at RE stage. Deeply anguished at the absence of any action initiated by the Department, the Committee reiterate their earlier recommendation in the matter and expect that the DAC&FW tackle this issue with the alacrities it deserves and initiate concrete measure to increase the cultivation-area of oilseeds and oilseeds-production in the Country in good time, so as to ensure that the country attains self sufficiency in oilseeds production at the earliest.

**CONSTITUTION OF VIGILANCE COMMITTEE**  
**(RECOMMENDATION PARA NO. 17)**

1.23 The Committee had observed/recommended as under:-

"The Committee are of the view that a committee separate from the committee of DISHA should be constituted under the Chairmanship of Member of Parliament at the District Level for review, monitoring and evaluation of all schemes related to agriculture implemented by the Government. Only officers concern with agriculture from block level to KVK and Chairman of the Advisory Committee of ATMA should be made members of the proposed Committee. The Committee feel that only such a Committee will be able to present ground realities and the problems actually being faced by the small and marginal farmers so that various schemes implemented by the Government are reviewed, evaluated and improved/modified in order to address the difficulties of the farmers comprehensively and effectively by the Government. The Committee also suggest that a small leaflet/booklet may also be distributed amongst the farmers in their vernacular to create awareness amongst farmers about the various schemes being implemented by the Government. The Committee would like the Government to initiate action in this regard.

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

"In order to ensure that all the activities of various Departments and Ministries of Government of India, and also those of the Government of the States and Union Territories are implemented in a systematic and comprehensive manner to promote growth of agriculture and allied sectors and the welfare of the farmers, an institutional mechanism for strengthening the policy & advisory support and review and monitoring system has been devised. The aim is to cover all the farmers throughout the country and ensure that the intended benefits under various schemes/programs reach them. Committees would be constituted at District/State level to work synergistically to achieve welfare of the farmers. The Committees would also closely monitor the developing field situation and enable prior detection of indigence and suicidal tendencies amongst farmers and respond with alacrity and needed sharpness to prevent such an eventuality. These Committees can also ensure speed and quality of implementation, coordination and harmonization of efforts and convergence of resources for achieving the targeted growth rates and farmers' welfare.

The main objectives to be achieved by these Committees are as follows:

- i. Focus on increasing the net income from each unit of farm by reducing the cost of cultivation, increasing per unit yield and higher market return on the farmers' produce.
- ii. Make efforts to offer security to farmers against unpredictable nature of agriculture through Comprehensive Crop Insurance, Unified Insurance Package (UIP), speedy & efficient delivery of relief entitlements and the like.
- iii. Enhance access to institutional credit both by increasing the volume of credit and also by better targeting.
- iv. Supplement the farmers' income, particularly during off-season times by creating an enabling environment for generating alternate off- farm activities.

- v. Build farmers' resilience and prepare them to negotiate unpredictable nature of farm activities and low level of income by coverage under various welfare schemes of the Government.
- vi. Check every possibility of farmer-suicide by working to remove indigence and vulnerability among the farming community.
- vii. Improve Governance with a view to achieve efficiency and transparency in delivery of agricultural services.

The District Level Review and Monitoring Committee shall be chaired by Minister In-charge of the District and the State Level Review and Advisory Committee shall be Chaired by the Chief Minister of the State concerned. The State Government may also make necessary changes to the suggested composition of the Committee at both District and State levels, as felt necessary.

Both the District level and State Level Committees shall conduct meetings at least three times in a year i.e. in the months of January, May and September. State Level Committee meeting may follow the District Level Committee meetings, so as to benefit from the data, information and recommendations of the District Level Committees.

While the District Level Committees should focus on implementation, state level committee may like to focus on providing policy, coordination and budgetary support."

**1.25 The Committee had recommended for constitution of a separate Vigilance Committee at the District level comprising of officers concerned with agriculture from block level to Krishi Vigyan Kendras (KVKs) and Chairperson of the advisory Committee to ATMA as members under the chairpersonship of Member of Parliament, on the lines of DISHA for review, monitoring and evaluation of all schemes related to agriculture implemented by the Government in order to address the difficulties of farmers comprehensively and effectively. The Committee had also suggested that leaflet / booklet on various schemes implemented by Government be distributed to create awareness amongst farmers. In this**

regard, the Department in their action taken note, has not given any reply with reference to the recommendation for distribution of vernacular leaflet / booklet on various schemes. In regard to the recommendation for constitution of separate Vigilance Committee, the Department has furnished details about the mechanism in the existing system for review of and monitoring of the implementation of the Department at the District and State levels. The Committee are of the opinion that an additional Vigilance Committee at District level is felt necessary to address the problems faced by farmers in availing the benefits of the schemes implemented by the Government for agriculture sector. Hence, the Committee hope that necessary follow up action will be taken on the recommendations for distributions of leaflet / booklet on schemes among farmers and constitution of a separate Vigilance Committee at the District level so that the benefits of schemes implemented by the Government for agriculture sector reaches the targeted persons.

**PENDENCY OF UTILIZATION CERTIFICATES**  
**(RECOMMENDATION PARA NO.18)**

1.26 The Committee had observed/recommended as under:-

"The Committee are deeply anguished to note that the Department fails to get utilization certificates from the States/Implementing Agencies for the funds released to them under various schemes. Pendency of a large number of UCs only goes to show that no sincere efforts have been made by the Department to liquidate outstanding UCs or the corrective measures, if any, undertaken by them have been proved to be futile. The issue of liquidation of Outstanding Utilization Certificates (UCs) has been raised time and again by the Committee in their earlier Reports. However, much to their chagrin, the Committee note that as on 14.02.2017 429 UCs amounting to Rs.1,491 crore are pending out of which, 69 UCs pertain to the year 2012-13, 144 UCs to 2013-14 and the remaining 216 UCs pertain to the year 2014-15. The Committee are of the view that several ambitious schemes like Soil Health Cards and PM Fasal Bima Yojana have been

implemented by the Government after lot of deliberations which may improve the socio-economic conditions of poor farmers in the Country. However, it is essential that these schemes be implemented and completed timely without any hindrances so that the benefits of the schemes may accrue to the farmers. The Committee, therefore, desire that the Department needs to have a serious introspection to find out the reasons for pendency of a large number of UCs and come out with clear and innovative action plan for liquidation of outstanding UCs. If felt necessary, the Department may sit together with the States/Implementing Agencies and review/evaluate the schemes to address the constraints in its implementation for optimum and timely utilization of funds. The Committee would like to be apprised of the initiatives taken by the Department in this regard."

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

"It has been mentioned in the observation/recommendation No.18 titled 'Pendency of Utilization Certificate' that "Committee noted that as on 14.02.2017, 429 UCs amounting to Rs.1491 crore are pending out of which, 69 UCs pertain to the year 2012-13, 144 UCs to 2013-14 and the remaining 216 UCs pertain to the year 2014-15".

S.No	Year	UCs pending As on 01.04.2016		UCs pending As on 14.02.2017		UCs pending as on 22.03.2017	
A	B	C		D		E	
		No.	Amount (In Cr)	No.	Amount (In Cr)	No.	Amount (In Cr)
1	2012-13	77	42.16	69	37.56	67	37.15
2	2013-14	160	450.98	144	436.75	142	435.63
3	2014-15	601	1936.55	216	1017.20	213	1016.76
	<b>Grant Total</b>	<b>838</b>	<b>2429.69</b>	<b>429</b>	<b>1491.50</b>	<b>422</b>	<b>1489.54</b>



From above table, it may please be seen that from 01/04/2016 to 22/03/2017, department has reduced 416 UCs amounting to Rs.940.15 cr.

UC clearance and accumulation is a continuous process. Every year new UCs become due and are added to previous pending list of UCs, while clearing pending UCs simultaneously.

However the department do not release any fresh grant to any implementing agency till previous UCs are obtained."

**1.28 The Committee had desired that the Department introspect on the reasons for pendency of a large number of UCs and come out with clear and innovative action plan for liquidation of outstanding UCs. The Committee also recommended that, if felt necessary, the Department might sit together with the States/Implementing Agencies and review/evaluate the schemes to address the constraints in its implementation for optimum and timely utilization of funds. In response, the Department has stated that from 01.04.2016 to 22.03.2017 it has reduced 416 UCs amounting to Rs.940.15 crore. UC clearance and accumulations is a continuous process. Every year new UCs become due and are added to previous pending list of UCs while clearing pending UCs simultaneously. Further, the Department do not release any fresh grant to any implementing agency till previous UCs are cleared. The Committee feel that the Department has not given due importance to the recommendations of the Committee and furnished replies in a routine manner. The Committee chose to make their recommendations on this point after finding that optimal utilization of funds for the implementation of major programmes like NFSM, RKVY, NMOOP, PMKSY etc. are affected by pendency of UCs and therefore, recommended to the Department to come out with clear and innovative action plan for liquidation of outstanding UCs. However, the action taken reply of the Department does not give any indication regarding new initiatives taken by the Department. Deeply anguished at the State of affairs which shows no signs of abating, the Committee desire the Department**

**come forth with a new initiative that would ensure a lasting solution to this perennial problem. They would also like the Department to continue to motivate all States/UTs for furnish timely the UCs of past allocations.**

**MINIMUM SUPPORT PRICE**  
**(RECOMMENDATION PARA NO.19)**

1.29 The Committee had observed/recommended as under:-

"The Committee are not happy with the methodology adopted by CACP for determining MSP. The Committee are of the considered opinion that CACP do not take into consideration various factors which add to the cost of their product. Needless to say, irrigation through diesel pump is costlier as compared to electric pump. Further, the kind of labour put in by the farmers in sowing seeds or cutting or threshing of crops or protecting crops from rats or animals are not taken into consideration for evaluation for the purpose of determining MSP. Further, there is no arrangement for purchase of their produce or to store their produce, as a result they are compelled to sell their produce less than MSP under distress. In this context, the Committee are of the view that farmers who are progressive and winners of awards like Jagjivan Ram Pushkar or those who are selected by ATMA for awards and are identified or recognised, should be consulted for working out MSP for various crops. In this context, the Committee were informed that Ramesh Chand Committee, which was constituted to examine the various aspects of fixation of MSP, has submitted its report to revamp methodology to calculate MSP and its recommendation will be implemented at the earliest. It is unquestionable that the farmers need to be incentivized to produce more crops so as to ensure food security in the Country. The Committee, therefore, recommend that the entire issue may be relooked into and a holistic view may be taken for determining MSP for the benefits of farmers. The Committee would like to be apprised of the action taken by the Department in this regard."

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

"Government fixes the Minimum Support Prices (MSPs) of various agricultural crops on the recommendations of the Commission for Agricultural Costs & Prices (CACP), the views of concerned State Governments and Central Ministries/Departments. Cost of production is one of the important factors considered by CACP in recommending MSP. The cost of production, inter alia, includes all paid out costs such as those incurred on account of hired human labour, bullock labour/machine labour, rent paid for leased in land, expenses incurred on use of material inputs like seeds, fertilizers, manures, irrigation charges, diesel/electricity for operation of pump sets, insurance, transport charges etc. and imputed value of family labour (A2+FL). In addition, the CACP also considers, *inter alia*, a number of factors which include trends in market prices, demand and supply situation, effect on general price level, effect on cost of living etc. The MSP fixed by the Government provides adequate returns over all India weighted average all paid out costs including family labour (A2+FL) as estimated by CACP. The Government offers to procure the crops at MSP. Food Corporation of India (FCI) is the designated central nodal agencies for undertaking price support operations for paddy, wheat, coarse cereals, pulses and oilseeds. The National Agricultural Cooperative Marketing Federation of India Limited (NAFED), National Cooperative Consumers' Federation (NCCF), Central Warehousing Corporation (CWC) and Small Farmers Agri - Business Consortium (SFAC) supplement the efforts of FCI for undertaking price support operations for pulses and oilseeds. Cotton Corporation of India (CCI) is the Central Nodal Agency for undertaking price support operations for Cotton. NAFED supplements the efforts of Cotton Corporation of India (CCI) for undertaking cotton procurement. All the crops conforming to the prescribed specifications offered for sale at specified centres are bought by the public procurement agencies. The producers have the option to sell their produce to FCI/NAFED/State Agencies at MSP or in the open market

as is advantageous to them. Cost of production is one of the important factors taken into account in fixing the Minimum Support Prices (MSPs). The estimates of cost of cultivation/cost of production are made available to the Commission through the *Comprehensive Scheme for Studying the Cost of Cultivation of Principal Crops*, operated by Directorate of Economics and Statistics, Department of Agriculture, Cooperation and Farmers Welfare, Ministry of Agriculture and Farmers Welfare, Government of India. These data are collected with the help of State Agricultural Universities/Institutions located in various States. Bringing in refinement in the methodology for collecting cost of cultivation/production of principal crops in the country is a continuing process. From time to time, expert committees were constituted to review the methodology and system of calculation of the cost of cultivation/production of agricultural produce, to arrive at Minimum Support Prices (MSPs)."

**1.31 The Committee express their dissatisfaction over the unconvincing reply of the Government in reference to the recommendation of the Committee in regard to Minimum Support Price (MSP) mechanism in the country and the need for review of all aspects of functioning of MSP mechanism. The Committee had inter-alia pointed out the issues of under-estimation of the cost of labour put in by farmers, distress sale of agricultural produces at below MSP rate by farmers, and the need for incorporating a consultation process with progressive farmers and award-winners in agriculture for working out MSP for various principal crops. None of the issues pointed out by the Committee nor the problems connected therewith have been addressed or resolved. The Committee, therefore, exhort the Government to tackle this serious issue with the alacrity it deserves. They, therefore, reiterate their recommendation that the entire MSP mechanism and all aspects of functioning of MSP mechanism may be relooked into at the earliest so as to address the issues pointed out by the Committee.**

## **CHAPTER-II**

### **OBSERVATIONS/RECOMMENDATIONS WHICH HAVE BEEN ACCEPTED BY THE GOVERNMENT**

#### **OVERVIEW**

##### **(RECOMMENDATION PARA NO. 1)**

The Committee note that as per the 2011 census figures about 54.6% of our populace is engaged in agriculture and allied activities. The share of Agriculture and Allied Sector in total GVA was Rs. 20,93,081.00 crore and it contributed 17% to the country's Gross Value Added (GVA) at current prices during 2015-16. The percentage share of net irrigated area in the net area sown has increased from 40.46% in 2001-02 to 48.15% in 2013-14. As a result cropping intensity has increased from 133.6 % in 2001-02 to 142% in 2013-14. However, the Committee also observe that as per the land use statistics for 2013-14, net un-irrigated area in the country is 73.33 million hectares as against 68.10 million hectares of net irrigated area and 12.39 million hectares of agricultural land is culturable waste land. Further, current fallow land is 14.15 million hectares, and the fallow lands other than current fallow is 10.69 million hectares and culturable waste land is 12.39 million hectares land. While accepting the reality that Indian agriculture is broadly reliant on monsoon rains, the Committee feel that there is immense potential in the country to tap the 12.39 million hectares of culturable waste land and more than 10.00 million hectares of fallow land. The Committee, therefore, recommend that all efforts should be made to increase the net irrigated area in the country, undertake cultivation in culturable wastelands/fallow land and thereby increase the cropping intensity. The Committee also recommend that the Department should chalk out long term perspective plan in consultation and coordination with all States/UTs and stakeholders in the matter so as to increase agricultural produce and productivity to meet the increasing needs of the country in a time bound manner. The Committee would like to be apprised of the initiatives undertaken by the Department in this regard.

#### **REPLY OF THE GOVERNMENT**

The information on the parameters such as Cropping Intensity, Net Un-irrigated Area Net Irrigated Area, Culturable Waste Land, Fallow Land and Fallow land other than current fallow have been verified and found correct. However the Value of GVA in Agriculture and Allied Sector was Rs. 23,82,289.00 crore and it contributed 17.3 % to the country's Gross Value Added (GVA) at current prices during 2016-17 as per Second Advance Estimates of National Income, 2016-17 (latest available) released on 28th February 2017 by Central Statistics Office(CSO), M/o Statistics & PI.

Under NFSM, Department has proposed further measures to utilize fallow lands:-

- i) More area coverage under pulses cultivation in rice fallow area in Eastern States.
- ii) Additional allocation for increasing Pulses production during Rabi and Summer season.
- iii) Enhancement of production of breeder seeds of pulses through Indian Council of Agricultural Research (ICAR) institutes and State Agriculture Universities (SAUs).
- iv) Creation of seed hubs of pulses at ICAR institutes/SAUs/KVKs for sustainable seed production.
- v) Cropping system based demonstration of pulses as second crop after harvesting of rice.
- vi) Targeted rice fallow area in Eastern states for production of pulses and oilseeds.

Pradhan Mantri Krishi Sinchayee Yojana (PMKSY) has been made operational from 1st July, 2015 with the motto of 'Har Khet Ko Paani' for providing end-to end solutions in irrigation supply chain, viz. water sources, distribution network and farm level applications. PMKSY not only focuses on creating sources for assured irrigation, but also creating protective irrigation by harnessing rain water at micro level through 'Jal Sanchay' and 'Jal Sinchan'.

Union Cabinet in its meeting held on 27<sup>th</sup> July, 2016 approved implementation of PMKSY in a mission mode. The mission objective is to complete 99 major and medium irrigation projects having potential of 76.03 lakh ha in phases by Dec., 2019, including command area development. The Mission is being administered by Ministry of Water Resources, RD & GR.

Ministry of Agriculture & Farmers Welfare  
(Department of Agriculture, Cooperation and Farmers Welfare)  
No.6-4/2017-B&A dated 9.6.2017

### **DOUBLING THE FARMERS INCOME BY 2022** **(RECOMMENDATION PARA NO. 2)**

The Committee are happy to note that the Government proposes to double the income of farmers by the year 2022. A Committee has also been constituted by the Department to examine the issue relating to doubling of farmers income by the year 2022. The Department has also written to all State Governments for working on an appropriate strategy to realize the target of doubling of farmers' income and in this regard some of the States like Chhattisgarh and Madhya Pradesh have already devised suitable strategies for the purpose. Further, the States have been requested to share their strategies with the Central Government also. The Committee also take note that Chairman, Commission for Agricultural Costs and Prices (CACP) has been requested to consider the role of Minimum Support Price (MSP) in ensuring a remunerative price and higher income to the farmers from the farming activity while formulating

the recommendations on MSP. However, the Committee have genuine apprehensions about the presence of any definite strategy with the Government as yet, on attaining the targeted goal to double the farmers income by 2022. The Committee, therefore, strongly recommend that the Department should finalize their strategy and chalk out a detailed plan and implement it on priority basis on mission mode to achieve the target of doubling farmers income by 2022. The Committee would like to be apprised of the initiative undertaken by the Department for the purpose and the progress made there in so far.

## **REPLY OF THE GOVERNMENT**

To achieve the target of Doubling Farmers' Income, the Department of Agriculture, Cooperation and Farmers Welfare has constituted a Committee under the Chairmanship of Additional Secretary (Policy) with members from all related departments and NITI Aayog to examine issues relating to doubling of farmers' income by year 2022. As of now, five meetings of the Committee have been held. NCAER has been associated with the Committee as a 'knowledge partner'. As 'Knowledge Partner', NCAER has submitted its first draft report.

Further, the Department has also written to all the State Governments for working on an appropriate strategy, as the States have a primary role in working towards realization of doubling of farmer's income. The strategy should take into account the status of end-to-end activities from production to post-production stages. Some of the States like Chhattisgarh and Madhya Pradesh have already devised suitable strategies in this regard. State Governments were requested to hold across-the-board deliberations and prepare a strategy that will lead to doubling the income of the farmers. The States were requested to share their strategies with the Central Government also.

Secretary (AC&FW) has requested Chairman, CACP to consider the role of Minimum Support Price (MSP) for ensuring a remunerative price and higher income to the farmers from farming activity, while formulating the recommendations on MSP.

NABARD's Foundation day Seminar was held on 12th July, 2016 on doubling of farmers' income, subsequently, NABARD had been requested to organize Regional Conferences on Doubling of Farmers' Income, for preparing strategies and also to sensitize the State Governments. For this purpose, six Nodal States viz. Assam, Odisha, Uttar Pradesh, Rajasthan, Maharashtra and Karnataka were identified where the regional conferences may take place. The remaining States were attached to these nodal States. NABARD has organized the Regional Conferences in these Nodal States, giving invitation to the other attached States to attend the Conferences at the nodal States. Besides, 12 Agro-Economic Research Centre and 03 Agro-Economic Research Units were invited by NABARD to these Regional Conferences.

The approach of the Department is to initiate various activities towards doubling of farmer's income from the last Kharif season itself; some interventions are already in place which are in addition to imparting greater efficiency and establishing greater synergy in implementing various ongoing schemes. These are, a roadmap to scale up pulse production to 24 mmts by 2021, working out specific interventions under the schemes implemented by this Department, promoting ancillary activities like bee-keeping, etc.

From the foregoing paragraphs, it may be seen that systematic efforts are being made by the Department of Agriculture, Cooperation and Farmers Welfare towards the doubling of farmers' income by the year 2022.

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(Department of Agriculture, Cooperation and Farmers Welfare)  
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### **COMMENTS OF THE COMMITTEE**

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

### **ALLOCATION OF FUNDS FOR THE YEAR 2017-18** **(RECOMMENDATION PARA NO. 4 & 5)**

The Committee note that a budgetary provision of Rs.52,655.00 crore has been made for DAC&FW for the year 2017-18. This amount constitutes only 0.69 percent of the total budgeted amount of Rs.75,46,144.03 crore of the Union Government. The Committee find that BE of Rs.52,655.00 for the year 2017-18 shows an increase of 7.81% over the RE of Rs.48,840.50 for 2016-17. However, the Committee observe that inspite of this increase, the allocation for the Department is less as compared to some other social sector Departments/Ministries such as the Ministry of Consumer Affairs, Ministry of Rural Development and Ministry of Human Resource Development. Taking into focus the plight of our farmers, desired level of agricultural credit flow, need for effective and extensive implementation of crop insurance schemes and the set target to double the income of farmers by 2022 and being well aware that the country has miles to go before it can achieve the goal of Food and Nutritional Security for all, the Committee urge the Ministry of Finance to increase the share of the Department in Central Plan so that various schemes undertaken by them do not suffer for want of funds. The Committee would like the Department to pursue the matter with the Ministry of Finance for allocating funds to them as per their requirement at RE stage.



During the course of examination of Demands for Grants 2017-18, the Committee sought to know the tangible positive outcome of the financial allocation made to the Agriculture Sector. The Secretary, DAC&FW while deposing before the Committee simply stated that the same is being quantified. Not being convinced with this evasive reply, the Committee desire that the Department should pay special attention to this vital aspect and work out a formula for quantifying the tangible outcome of financial allocations made for various agri-schemes so that policy makers are acquainted with the situation prevalent at the ground level. The Committee would like to be apprised of the progress achieved in this regard.

## **REPLY OF THE GOVERNMENT**

The budget allocation of Department of Agriculture, Cooperation and Farmers Welfare has been enhanced from Rs.48840.50 crores in 2016-17 to Rs.52,655.00 crores in 2017-18.

A copy of the output / outcome framework for schemes of Department of Agriculture, Cooperation & Farmers Welfare from 2017-18 to 2019-20 is placed at Annexure-X.

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## **PRADHAN MANTRI KRISHI SINCHAYEE YOJANA (PMKSY)** **(RECOMMENDATION PARA NO. 10)**

Keeping in view the factors such as net un-irrigated land area in the country, additional food-grain requirement, fluctuation in monsoon rainfall, drought, etc, the Committee are keen to see that the 'Per Drop More Crop' component of Pradhan Mantri Krishi Sinchayee Yojana (PMKSY) is effectively and efficiently implemented by the Department of Agriculture, Cooperation & Farmers Welfare. However, the Committee are displeased to note that budgetary support for the scheme was reduced at RE stage during the last two years. In 2015-16, BE of Rs.1,800 crore was reduced to Rs.1,550 at RE stage. Again in the current financial year 2016-17, BE of Rs.2,340 crore has been reduced to Rs.1,990 crore at RE stage. Against this backdrop, the Committee are deeply concerned that PMKSY may be adversely affected for want of adequate funds. Nevertheless, during 2017-18, an amount of Rs.3050 crore has been allocated for PDMC component of PMKSY. The Committee, therefore, stress that the Department should take all steps to ensure that the amount allocated for PMKSY is optimally utilized by them. In this context, the Committee note that States draw up their own irrigation development based on District Irrigation Plan (DIPs) and

State Irrigation Plan (SIPS). DIPs, are the cornerstone for planning and implementation of PMKSY. It is, therefore, imperative that District Irrigation Plans and State Irrigation Plans from the States/UTs be obtained in a time bound manner so as to ensure effective implementation of the scheme. States/UTs which have been affected by drought need to be given special attention for the implementation of the Scheme. In view of the foregoing, the Committee would like the Department to act accordingly.

### **REPLY OF THE GOVERNMENT**

The funds allocated under PMKSY-Per Drop more Crop are being utilized optimally for both components of PMKSY-PDMC i.e. Micro-irrigation and other Interventions components. DIPs for most of the districts have been prepared. Till date, 664 DIPs have been prepared and only 11 DIPs are due from one state and one UT. They are being persuaded to complete the DIP at the earliest. The Rainfed and Drought affected states are given higher weightage for allocation in the PMKSY-PDMC component. During 2017-18, also rainfed area dominated States and States witnessing frequent drought are being considered for giving additional weightage for allocation of fund.

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### **COMMENTS OF THE COMMITTEE**

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

### **NATIONAL FOOD SECURITY MISSION (NFSM)** **(RECOMMENDATION PARA NO. 12)**

The Committee note that the National Food Security Mission was launched from Rabi 2007-08 (11th Plan) to increase the production of rice, wheat and pulses and coarse cereals through area expansion and productivity enhancement, in a sustainable manner in the identified districts of the country, restoring soil fertility and productivity at the individual farm level and enhancing farm level economy to restore confidence amongst the farmers. The Mission achieved the targeted additional production of rice, wheat and pulses. The expenditure for implementation of NFSM scheme was funded 100% by Government of India. However, from 2015-16, the mission is being implemented on 60:40 sharing basis between Centre and States/UTs (90:10 for North-Eastern & Himalayan States). However, the Committee note with distress that against the proposed allocation of Rs.12,350 crore for 12th Plan, only Rs.9,130 crore was allocated at BE Stage which was further reduced to Rs.8092.78 crore, out of which actual expenditure was Rs.7,896.72 crore, till 12.01.2017, for 2017-18,

Rs.1500 crore has been allocated for NFSM which is less than allocation made for 2016-17 i.e. Rs.1700 crore. In the opinion of the Committee reduction in plan allocation and the under utilization may adversely affect the implementation of NFSM and achievements of planned targets. However, the Committee are happy to note that focused and target oriented implementation of the mission has helped to widen the food basket of the Country. The various intervention of the mission have been instrumental in bringing about significant yield gain to the farmers resulting into increase in their income level. The average annual production of about 202.5 MT of food grains during 10th Plan rose to the level of about 237.5 MT during the 11th Plan and 252.02 MT in 2014-15. However, the Committee observe that there were shortfalls in actual expenditure for the NFSM- (Rice, Wheat, Pulses & Coarse cereals) from 2012-13 onwards and for NFSM (commercial crops) from 2013-14 and 2014-15 onwards due to unspent balances lying with States/Implementing Agencies. The Committee, therefore, would like the Department to impress upon the States/Implementing Agencies to expedite optimum utilization of funds allocated for the purpose so as to sustain continuous growth in production of food grains as well as commercial crops in the coming years. The Committee would like to be apprised of the initiatives undertaken by them in this regard.

#### REPLY OF THE GOVERNMENT

NFSM programme was approved by CCEA for an amount of Rs. 12,350 crores for 12<sup>th</sup> Five Year Plan. The allocation of funds was provided under NFSM on the basis of budget allocation of the Department on priority basis.

**The financial performance during for 12<sup>th</sup> Five Year Plan (2012-13 to 2016-17), the BE/RE and actual release position of NFSM is given below:**

(Rs. in crore)

S. No.	Year	Allocation		Final Grant	Actual Expenditure (Release)	Percentage(%) with reference to RE
		BE	RE			
1	2012-13	1850.00	1763.57	-	1725.65	97.85
2	2013-14	2250.00	1962.60	2044.84	2027.08	103.29
3	2014-15	2030.00	1830.00	1874.64	1872.77	102.34
4	2015-16	1300.00	1136.61	1164.03	1162.39	102.27
5	2016-17	1700.00	1280.00	1286.81	1286.24	100.49
	<b>Total</b>	<b>9130.00</b>	<b>7972.78</b>		<b>8074.13</b>	<b>101.27</b>

\*As on 31.03.2017

It may be seen that against the proposed allocation of Rs. 12350.00 crore for 12<sup>th</sup> Plan, only Rs. 9130.00 crore was allocated at BE Stage which was further reduced to Rs. 7972.78 crore at RE stage, out of which actual expenditure is Rs. 8074.13 crore, till 31.03.2017, for 2017-18, Rs. 1720.00 crore has been allocated for NFSM which is higher than the allocation made for 2016-17 i.e. Rs. 1700.00 crore. During the 12<sup>th</sup> Plan Period, there was overall reduction in the funds provided to this Department at BE/RE stage; therefore there was proportionate decrease in the funds under NFSM.

The unspent balances available with the States/Implementing agencies at the beginning of the financial year are adjusted from the release made to them during the year with the approval of IFD. During 2014-15, funds were released to the States through respective States Treasuries. No reduction of the funds was made because as per the recommendations of the 14<sup>th</sup> Finance Commission, From 2015-16, the National Food Security Mission (NFSM) is being implemented on 60:40 sharing basis between Centre and States/UTs (90:10 for North-Eastern & Himalayan States) and no reduction was made in the allocation of the funds for NFSM Programme.

During the year 2013-14 and 2014-15, funds were released as compared to Revised Estimates which is about 103.29% and 103.24% respectively.

- i) Department has already in touch with State Governments to release the funds from Government of India to States and request to State Governments to release the Central share with matching State share to State Agriculture Departments for timely release of funds to districts. Review of the progress of the Scheme by National Consultant, Senior Officers of the Department and Crop Development Directorate under control of this Department to visit with States and districts for proper implementation of the programme. Besides, the Scheme is also reviewed by the Hon'ble Agriculture Minister in NFSM-Governing Council Meeting, Executive Committee Meetings and National Conferences on Kharif and Rabi Campaign. Department has put more focus on pulse production and major initiatives have been taken by the Government which are as under:-
- ii) Total allocation of funds under NFSM-Pulses is from total allocation of NFSM for NFSM- Pulses during 2017-18, which is 60% of total allocation of Rs. 1700.00 crore.
- iii) In order to boost faster adoption of newer varieties of pulses, distribution of certified seeds of less than 10 years old varieties as seed mini kits of pulses were done free of cost to farmers.
- iv) Additional area coverage under cultivation of pulses through inter-cropping with food & commercial crops and promotion of Arhar on Rice Bunds.
- v) Promotion of stress tolerant varieties of rice under cluster demonstrations and seed distribution.
- vi) Use of drum seeder and seed drills in rainfed areas of rice to promote line sowing.

- vii) Under NFSM, more area coverage under pulses cultivation in rice fallow area in Eastern States.
- viii) Additional allocation for increasing Pulses production during Rabi and Summer season.
- ix) Enhancement of production of breeder seeds of pulses through Indian Council of Agricultural Research (ICAR) institutes and State Agriculture Universities (SAUs).
- x) Creation of seed hubs of pulses at ICAR institutes/SAUs/KVKs for sustainable seed production.
- xi) Cluster frontline demonstrations of pulses through Krishi Vigyan Kendras (KVKs) have been organized.
- xii) 15% allocation of pulses component of NFSM is earmarked for production of quality seeds of pulses.
- xiii) Cropping system based demonstration of pulses as second crop after harvesting of rice.
- xiv) Targeted rice fallow area in Eastern states for production of pulses and oilseeds.

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**SOIL HEALTH CARDS**  
**(RECOMMENDATION PARA NO. 14)**

The Committee find that a target has been set to provide 14 crore Soil Health Cards to farmers households during the 12th Plan period. Soil Health Card will provide information to farmers on soil nutrient status of their soil and recommendation on appropriate dosage of nutrients to be applied for improving soil health and its fertility. Soil Health Card will be issued every two years for all land holding in the Country so as to promote balanced and integrated use of plant nutrients. During the course of evidence, the Secretary of the Department reported to the Committee that 2.65 crore soil samples have been collected on the basis of which 14 crore soil health cards will be issued. So far 5.50 crore soil health cards have been distributed. However, the Secretary of the Department candidly accepted that they would not be able to issue rest of the cards by March, 2017. According to him, inadequacy of soil testing facilities has been the main reason for slow progress in the distribution of Soil Health Cards. The Committee also note that BE 2016-17 was Rs.360 crore which was increased to Rs.418 crore at RE stage against which the actual expenditure was only Rs.198.08 crore and thus Rs.219.92 crore remained unutilized during 2016-17, as on 15.02.2017. BE for 2017-18 is Rs. 450 crore, out of which Rs.72 crore will be used for strengthening of soil testing facilities in the Country. The Secretary assured that by May-June, 2017, Soil Health Cards will be issued to all the 14 crore farmers. The Committee trust that genuine efforts will be made in

coordination with all concerned to issue soil health cards to all the 14 crore farmers by May-June, 2017 as assured by the Secretary of the Department. The Committee also feel that the existing procedure of soil testing of the sample taken from 5-10 places does not seems to be correct for accurate and reliable results and therefore, desire that same may be reviewed to find out more reliable and scientific way to analyze soil status and its fertility accurately, for generation of Soil Health Cards for judicious use of chemical fertilizers and micro nutrients by the farmers for increasing production and productivity of their crops. In this regard, the Committee strongly recommend that rural youths trained in Agri-Clinics and Agri-Business Centres (ACABCs) may be involved as consultant for soil testing from time to time and to advise the farmers about the appropriate doses and nutrients required for improving the soil health and its fertility. The Committee would like to be apprised of the progress made in this regard from time to time.

### **REPLY OF THE GOVERNMENT**

As on 21.03.2017, against the target of 253.54 lakh soil samples, States has collected 273.73 lakh samples and tested 210.76 lakh samples tested and issued 582.90 lakh soil health cards. As regards release of funds, many state Governments have not furnished utilization certificates and progress reports. In the absence of the above documents, it is not feasible to release funds to the errant States. However, as on 20.03.2017, funds amounting to Rs.217.76 crore have been released. Efforts are being made to complete the target by May-June, 2017. The State Governments have been advised to engage the rural youths trained in Agri-Clinics and Agri-Business Centres (ACABCs) as consultant for soil testing from time to time and to advise the farmers about the appropriate doses and nutrients required for improving the soil health and its fertility.

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### **SUB-MISSION OF AGRICULTURAL EXTENSION (SMAE) (RECOMMENDATION PARA NO. 15)**

The Committee note that State Extension infrastructure, Agricultural Technology Management Agencies (ATMAs), Agri-Clinics and Agri-Business Centres (ACABCs), play an important role in providing Agricultural Extension services to farmers. However, the Committee are distressed to note that out of an approved outlay of Rs.5580.24 crores for 12th Plan under SMAE, only Rs.3224.95 crore could be utilized during 12th Plan. Further, the Committee note that there are shortfalls against targets in the implementation of some of the components of SMAE Programmes during the 12 plan period. For illustration, as against the target of 1200 training courses under MANAGE for higher and middle

level functionaries of the State Governments who in terms provide training and extension support to the farmers, only 881 courses were organised during 12th Plan. 750 Model testing courses were to be organized in ICAR Institutes and SAUs on thrust areas of Agriculture, Horticulture, Animal Husbandry and Fisheries Extension against which only 296 courses were conducted during 12th Plan. Under Centrally Sponsored Component, 1 crore farmers were to be trained but only 58,01,498 farmers could be trained during 12th Plan. Considering the pivotal role of SMAE programmes, the Committee recommend that bottlenecks which impede the effective implementation of the scheme be addressed at the earliest. The Department being the nodal agency should play pro-active role and motivate the Implementing Agencies to ensure optimum utilization of central funds. The Committee also desire that a detailed note on the outcome of the in-depth independent evaluation of ATMA and ACABCs being undertaken may be furnished along with action proposed to be taken thereon.

## **REPLY OF THE GOVERNMENT**

As against an approved outlay of Rs. 5880.24 crores for the XII Five Year Plan (2012-13 to 2016-17), only a sum of Rs. 3662.366 crores was made available for various Extension initiatives under Sub Mission on Agriculture Extension (SMAE). This amount was further reduced to Rs. 3352.96 crores at RE stage against which an expenditure of Rs. 3403.31 crores has been made up to 31.03.2017.

It was only due to the reduced availability of funds that the achievements against the targets with respect to training courses by MANAGE; Model Training Courses being organized by ICAR Institutes/SAUs/SAUs and number of farmers trained under Centrally Sponsored initiatives viz. ATMA of SAME were less.

It may be worthwhile to mention here that against a drop of 40% of funds (from allocation to RE stage), the percentage drop in physical targets was only 27% in case of Model Training Courses and 42% in case of number of farmers trained.

The aforesaid contention is substantiated from the fact that with a 2% reduction in budgetary allocation under ACABC Scheme (from Rs. 126.56 crore of allocation to Rs. 124.23 crore as per RE), the no. of trained persons (24426) has surpassed the targeted nos. (23695).

As regards the evaluation of ATMA and ACABC scheme, it is submitted that an Impact Study of ACABC Scheme has already been conducted by the Directorate of Economics and Statistics through Agricultural Economics Research Centre (AERC) and Report is about to be submitted. As regards ATMA initiative of SMAE, the process of undertaking the Impact Study has already been initiated.

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**SUB-MISSION ON SEED AND PLANTING MATERIAL**  
**(RECOMMENDATION PARA NO. 16)**

The Committee being aware that seeds are the basic and critical input for agricultural production, are keen to see that there is no shortage of the availability of seeds in the country and farmers get quality seeds at affordable prices. The Committee in particular, would like to emphasize on conservation of traditional seed varieties which can withstand adverse conditions, pest attack and require less spraying of pesticides. The Committee in this regard recommend that important traditional seed varieties of different crops be identified, conserved and production of the same be undertaken on demand basis. Also top priority be accorded to Seed Village Scheme so as to maintain the quality of farm saved seeds as well as their storage. The Government should provide all help to the producers of traditional seeds so that farmers need not to depend on companies for hybrid seeds. The Committee are also of the view that mobile seed processing machines should be given to all the Districts through KVK or ATMA to enable the farmers to get their seeds processed, graded and certified. In this context, it was informed to the Committee that an Impact Evaluation Study at the National Level is proposed to be undertaken through an independent agency to assess the impact of the SMSP in achieving its objectives and accordingly, Expression of Interest has been invited from the IIMs, DU and other agencies. The Committee would like to be apprised of the progress made in this regard.

**REPLY OF THE GOVERNMENT**

The Department of Agriculture, Cooperation & Farmers Welfare is making efforts through various schemes and programmes to ensure adequate availability of quality seeds to the farmers. During 2016-17, the total availability of quality seeds in the country is 380 lakh quintal against requirement of 353 lakh quintal. Thus, adequate quantity of quality seeds are available to the farmers in the country. Further, in order to improve the quality of seeds saved by the farmers, the Department of Agriculture, Cooperation & Farmers Welfare is implementing a seed village scheme. During last three years, the quality of farm saved seed of sixty six lakh farmers in about 94000 villages have been improved under the seed village scheme and total 316 lakh quintal quality seed was produced.

The Ministry of Agriculture & Farmers Welfare is also encouraging the conservation and protection of traditional varieties of various crops. The National Bureau of Plant Genetic Resources (NBPGR) in ICAR has so far conserved 64,829 traditional varieties in Gene banks located in different parts of the country. Similarly, the Protection of Plant Varieties and Farmers Rights Authority (PPV & FRA) (a statutory body in DAC&FW) encourages the community and individuals engaged in conservation, improvement and preservation of plant genetic resources of economic plants and their wild relatives particularly in the areas identified as agro-biodiversity hotspots by awarding the community and



individuals who have played stellar roles in such activities. PPV & FRA has so far registered 1070 traditional varieties in different crops.

The mandate of ATMA scheme is to provide capacity building to the farmers in latest agricultural technologies to enable them to adopt those technologies for enhancing production and productivity through various extension activities namely, farmers training, demonstration, kisan meals, exposure visits, farm schools and mobilization of FIGs/CIGs. Under this scheme, there is no specific provision for distribution of agricultural equipments/ machineries including mobile seeds processing machine to all the districts to enable the farmers to get their seeds processed, graded and certified. However, they have been requested to explore the feasibility to include mobile seed processing machines under ATMA/KVK scheme.

The work of Evaluation/Impact Assessment Study of the Central Sponsored Scheme Sub-Mission on Seeds and Planting Material under National Mission on Agricultural Extension and Technology (NMAET) has been awarded to the Department of Management Studies, IIT, Delhi.

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#### **CONSTITUTION OF VIGILANCE COMMITTEE** **(RECOMMENDATION PARA NO. 17)**

The Committee are of the view that a committee separate from the committee of DISHA should be constituted under the Chairmanship of Member of Parliament at the District Level for review, monitoring and evaluation of all schemes related to agriculture implemented by the Government. Only officers concern with agriculture from block level to KVK and Chairman of the Advisory Committee of ATMA should be made members of the proposed Committee. The Committee feel that only such a Committee will be able to present ground realities and the problems actually being faced by the small and marginal farmers so that various schemes implemented by the Government are reviewed, evaluated and improved/modified in order to address the difficulties of the farmers comprehensively and effectively by the Government. The Committee also suggest that a small leaflet/booklet may also be distributed amongst the farmers in their vernacular to create awareness amongst farmers about the various schemes being implemented by the Government. The Committee would like the Government to initiate action in this regard.

#### **REPLY OF THE GOVERNMENT**

In order to ensure that all the activities of various Departments and Ministries of Government of India, and also those of the Government of the States and Union Territories are implemented in a systematic and

comprehensive manner to promote growth of agriculture and allied sectors and the welfare of the farmers, an institutional mechanism for strengthening the policy & advisory support and review and monitoring system has been devised. The aim is to cover all the farmers throughout the country and ensure that the intended benefits under various schemes/programs reach them. Committees would be constituted at District/State level to work synergistically to achieve welfare of the farmers. The Committees would also closely monitor the developing field situation and enable prior detection of indigence and suicidal tendencies amongst farmers and respond with alacrity and needed sharpness to prevent such an eventuality. These Committees can also ensure speed and quality of implementation, coordination and harmonization of efforts and convergence of resources for achieving the targeted growth rates and farmers' welfare.

The main objectives to be achieved by these Committees are as follows:

- viii. Focus on increasing the net income from each unit of farm by reducing the cost of cultivation, increasing per unit yield and higher market return on the farmers' produce.
- ix. Make efforts to offer security to farmers against unpredictable nature of agriculture through Comprehensive Crop Insurance, Unified Insurance Package (UIP), speedy & efficient delivery of relief entitlements and the like.
- x. Enhance access to institutional credit both by increasing the volume of credit and also by better targeting.
- xi. Supplement the farmers' income, particularly during off-season times by creating an enabling environment for generating alternate off- farm activities.
- xii. Build farmers' resilience and prepare them to negotiate unpredictable nature of farm activities and low level of income by coverage under various welfare schemes of the Government.
- xiii. Check every possibility of farmer-suicide by working to remove indigence and vulnerability among the farming community.
- xiv. Improve Governance with a view to achieve efficiency and transparency in delivery of agricultural services.

The District Level Review and Monitoring Committee shall be chaired by Minister In-charge of the District and the State Level Review and Advisory Committee shall be Chaired by the Chief Minister of the State concerned. The State Government may also make necessary changes to the suggested composition of the Committee at both District and State levels, as felt necessary.

Both the District level and State Level Committees shall conduct meetings at least three times in a year i.e. in the months of January, May and September. State Level Committee meeting may follow the District Level Committee meetings, so as to benefit from the data, information and recommendations of the District Level Committees.

While the District Level Committees should focus on implementation, state level committee may like to focus on providing policy, coordination and budgetary support.

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### **COMMENTS OF THE COMMITTEE**

For comments of the Committee please refer to Para No. 1.25 of Chapter I of this Report.

**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**

#### **BUDGETARY SUPPORT DURING 12<sup>TH</sup> PLAN PERIOD.** **(RECOMMENDATION PARA NO. 3)**

The Committee note that the funds demanded by the Department for 12<sup>th</sup> Plan was Rs.3,23,024.42 crore against which Rs.1,34,746.00 crore was approved. This works out only 41.80% of the funds demanded by the Department. However, against the said plan outlay, only Rs.88,322.54 crore has been expended till 16, February, 2017, which works out 87.18% of RE. The Committee are distressed to note that the Department is not getting the budgetary allocation commensurate with projected/proposed requirement of the Department. The Committee are deeply concerned that in the absence of inadequate funds, it will be difficult for the Department to accomplish its various activities or to run its programme effectively and efficiently. According to the Department, the budget allocation could not be utilized due to reduction in allocation under Revised Estimates and non-utilization of funds under NER/SCSP/TSP categories. Allocations are normally decided by the Ministry of Finance based on its criteria as well as progress of expenditure by middle of the financial year. While the Department has been adhering to the MEP targets as approved by the Ministry of Finance, allocations are being reduced by them at RE Stage inspite of request for higher allocations at RE stage by the Department. The Committee are not convinced with the explanation of the Department for the reduced allocation by the Ministry of Finance. Even the funds allocated at RE stage could not be utilized fully by the Department during each of the year of 12th Plan period. The Committee feel that no one except the Department is to be blamed for its failure to convince the Ministry of Finance to allocate funds as proposed by them as per their plan. It is also entirely the responsibility of the Department to prepare a road map in coordination with all stakeholders, for smooth execution of the activities/programmes ensuring optimum utilization of funds allocated to them.

The Committee, therefore, recommend that the Department should strongly place its case before the Ministry of Finance for allocation of funds commensurate with the requirement so that various activities/programmes undertaken by them, are not hampered for want of adequate funds. The Committee would like to be apprised of the initiatives undertaken by the Department in this regard.

## REPLY OF THE GOVERNMENT

During the period of the 12th Five Year plan, Ministry of Finance has allocated funds to Department of Agriculture, Cooperation and Farmers Welfare as per the following table:-

### XII PLAN

(Rs. in crore)

Year	Budget Estimates	Revised Estimates	Actual Expenditure
2012-13	20530.22	18173.94	18028.38
2013-14	21933.50	19306.82	19027.58
2014-15	22652.25	19852.00	19513.58
2015-16	17004.35	15809.54	15333.92
2016-17	35983.69	48840.50	40585.60
<b>Total</b>	<b>118104.01</b>	<b>121982.80</b>	<b>112489.06</b>

For the year 2017-18, the allocation for the Department has been fixed at Rs.52,655.00 crores.

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## COMMENTS OF THE COMMITTEE

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

### UTILIZATION OF FUNDS FOR NER (RECOMMENDATION PARA NO. 6)

The Committee are unhappy to note that the DAC&FW has not been able to fully utilize their budgetary allocation meant for North East Region (NER) in each of the last three years. Under-utilization of funds for North Eastern Region has been a regular cause of concern for the Committee. Needless to say, effective utilization of allocated funds is critical for holistic development of the region. Non-utilization of funds has its cascading effect on development goals. Under utilization of allocated funds, defeats the very purpose of having a separate sub-allocation for NER. The Committee are of the view that it is the responsibility of the Department, being the nodal authority, to impress upon the States/Implementing Agencies to utilize the funds allocated to them in a time bound manner for various activities meant for development of the region. The issue needs to be addressed through coordinated approach amongst all stakeholders involved in the process removing basic constraints which hinder optimum utilization of funds. The Committee, therefore, desire that a mechanism may be put in place to address the issue ensuring optimum utilization of funds

earmarked for North East States. The Committee would like to be informed of the initiatives undertaken by the Department in this regard.

## **REPLY OF THE GOVERNMENT**

An amount of Rs.765.10 crores was earmarked for North East Region in Budget Estimates 2016-17 which was enhanced to Rs. 1195.57 crores in RE 2016-17. In 2017-18, amount of Rs.4116.60 crores has been earmarked for schemes to be implemented in North East Region. Government of India has initiated a scheme of “Organic Value Chain Development for North Eastern Region” from 2015-16 whereby development of organic farming in the region would be supported in a substantial manner. Apart from this, a Horticulture Mission for North Eastern and Himalayan (HMNEH) States is under implementation as part of the Umbrella Mission for Integrated Development of Horticulture (MIDH). Implementing schemes that cater to specific requirement of NER would ensure better acceptance by the beneficiaries, and hence, better fund utilization. Department is regularly taking up the matter regarding effective and expeditious utilization of funds in various review meetings held from time to time with NER States.

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## **COMMENTS OF THE COMMITTEE**

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

## **PRADHAN MANTRI FASAL BIMA YOJANA (PMFBY)** **(RECOMMENDATION PARA NO. 7 & 8)**

The Committee note that the Pradhan Mantri Fasal Bima Yojana (PMFBY), a comprehensive crop insurance scheme, is being implemented from Kharif 2016-17 season. In addition, a Unified Package Insurance Scheme (UPIS) covering their assets and life of farmers besides crop insurance like house, tractor, pump set, student safety etc. has also been approved for implementation on pilot basis in selected 45 districts. PMFBY and Restructured Weather Based Crop Insurance Scheme (RWBCIS) has been implemented by 23 States during Kharif 2016 season and 24 States and 34 UTs during Rabi 2016-17 season. PMFBY provides financial protection to insured 88 farmers against crop losses due to natural non-preventable risks. According to the Department, the sum insured has been made equal to scale of finance decided by the District Level

Technical Committee (DLTC), which is broadly equal to cost of cultivation. The farmers are being indemnified based on indemnity level adopted by the concerned State Government for particular notified crops viz. 70%, 80% and 90%." Premium over and above of the fixed premium is met by the Government both Central and State on 50 : 50 basis as upfront subsidy. All claims liabilities are to be met by the insurance companies. The Government has proposed to increase the coverage of cropped area under the PMFBY from the present 30% to 40% in 2017-18 and to 50% in 2018-19. Payment of claims is required to be completed in three weeks from receipt of yield data/weather data from concerned State Governments/agencies. While appreciating all positive features of the scheme, the Committee find that the scheme, being optional for States, is not being implemented by some of the States/UTs or are taking time to put the implementation mechanism in place. However, the Government is persuading all the remaining States/UTs to implement the scheme at various forums and meeting etc. The Committee trust that earnest efforts will be made by the Department to impress upon the remaining States/UTs to implement PMFBY in the interest of the farmers of the States/UTs. The Committee also note that the data regarding average time taken for settlement of claims by Insurance Companies and pending claims are awaited from States/UTs/Insurance Companies. The Committee desire that an institutional mechanism may be put in place for monitoring expeditious settlement of pending claims by insurance companies within a stipulated time. The data regarding average time taken for settlement of claim by insurance companies may also be collected and furnished to the Committee. The Committee also expect the Department to implement UPIS on pilot basis without further delay and a comprehensive review of the Scheme be undertaken speedily so that the scope and coverage thereof be expanded for the benefit of farmers of the country.

As informed by the representative of the Department that some States are not readily accepting and adopting the use of technology for assessment of yield loss. Further the exercise of crop cutting experiments for arriving at yield loss is not being carried out with due diligence. Being aggrieved at this sordid state of affairs, the Committee exhort upon the Nodal Ministry to impress upon all States/UTs to adopt the latest technology aids that would provide credence to the data generated from crop-cutting experiments. This in their considered opinion would aid the implements of Agri-Insurance Schemes to obtain an accurate data on yield loss, which would then decide the quantum of loss and compensation figures. They further desire that use of satellite imagery for Crop Cutting Experiments be also adopted on a large scale. The progress achieved in this regard may also be forwarded to the Committee.



## REPLY OF THE GOVERNMENT

Due to efforts made by the Government, 24 States and 3 Union Territories have implemented the PMFBY/RWBCIS during Rabi 2016-17 season as against 23 States during Kharif 2016-17 season. In order to encourage more and more States and Union Territories to take up crop insurance it is proposed to launch intensive Information, Education and Communication (IEC) campaign.

Committee has desired that an institutional mechanism be put in place for monitoring expeditious settlement of pending claims. Besides the guidelines which stipulates that the claims must be settled within two months from harvest, the crop insurance portal with multi-stakeholder interface will help to ensure that the claims are settled on time. The Department also conducts weekly video conferences to follow up on claim settlement. Recently, the National Level Monitoring Committee (NLMC) meeting on 17<sup>th</sup> April, 2017 also reiterated timely settlement of claims. Regarding average time taken for settlement of claims by insurance companies, this will be submitted to Committee as soon as Kharif 2016 season is closed or all undisputed claims are settled.

Regarding Pilot Unified Package Insurance Scheme (UPIS), the details of the UPIS were circulated to all stakeholders and also available on the Department's website/Crop Insurance Portal [www.agri-insurance.gov.in](http://www.agri-insurance.gov.in). Some States had selected the pilot districts and notified the scheme. As per provisions of the scheme in addition to crop insurance (PMFBY/RWBCIS), selection of two other sections is mandatory. Many States have sought that the selection of 2 sub-section other than Crop Insurance may be made voluntary rather than mandatory. Meanwhile for the one year of operation during the pilot phase it will be kept as mandatory as per original provisions of UPIS. Now all the stakeholders including State Governments, insurance companies have been requested to furnish the details of coverage etc. under the pilot so that review of pilot be made on completion of one year.

Regarding use of technology for capturing CCEs data on smartphone/CCE Agri App, despite the fact it was made mandatory for States, so far only 232378 CCEs have been captured in this manner. Some States like Tamil Nadu, Chhattisgarh and Odisha have taken the lead in this direction. This matter is being continuously pursued with the State Governments through regular weekly video conferences and was also discussed during NLMC meeting on 17<sup>th</sup> April, 2017. Besides this efforts are on to rationalise/reduce the number of CCEs through development of a robust statistical model through the aegis of Indian Agricultural Statistics Research Institute (IASRI) of Indian Council of Agricultural Research (ICAR). Regarding CCEs, the Mahalanobis National Crop Forecasting Centre (MNCFC) has proposed three pronged strategy, firstly for yield data collection Smartphon/CCE Agri App which has already been rolled out; secondly planning for CCEs optimisation for selected crops can be rolled out within a year

subject to acceptance by National Sample Survey Organisation (NSSO) and other stakeholders; thirdly use of satellite imagery for yield estimation at village level large scale pilot study are proposed in 2017-18 for validation of approach.

Ministry of Agriculture & Farmers Welfare  
(Department of Agriculture, Cooperation and Farmers Welfare)  
No.6-4/2017-B&A dated 9.6.2017

### **COMMENTS OF THE COMMITTEE**

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

### **NATIONAL MISSION ON OIL SEEDS AND OIL PALM (NMOOP)** **(RECOMMENDATION PARA NO. 13)**

The Committee are unhappy to note that while there has been a continuous shortfall in the domestic production of oilseeds and vegetable oil from 101.90 LT in 2013-14 to 87.70 LT in 2015-16 in the country, the Demand of the same has increased from 211.70 LT to 244.10 LT for the same period. As a result, the import of vegetable oil has increased from 109.80 lakh tonnes in 2013-14 to 156.40 lakh tonnes in 2015-16. The various schemes implemented by the Department namely, Integrated Scheme of Oilseeds, Oil Palm and Maize (ISOPOM) implemented during 2004-05 to 2013-14, Oil Palm Area Expansion (OPEA) programme implemented during 2011-12 to 2013-14 and the National Mission on Oilseeds and Oil Palm (NMOOP) being implemented from 2014-15 have not produced the satisfactory results in terms of increased domestic production to meet the shortage of vegetable oil in the Country. The Committee are also perturbed to note that the proposed outlay of Rs.3507.00 crore for 12<sup>th</sup> Plan was reduced to Rs.2377.50 crore at BE stage, which was further curtailed to Rs.1945.60 crore at RE stage, out of which Rs.1893.65 crore was spent. According to the Department, most of the States found it difficult to match State share due to change in funding pattern from 75:25 to 60:40 (General State) and 90:10 (North Eastern States and Himalayan States).

It has also been informed that the Division proposes to continue the scheme (NMOOP) on the same funding pattern for the next 5 years with certain modification/improvements and increased subsidy. However, the Committee are of the view that it is imperative that all aspects of the scheme NMOOP may be thoroughly reviewed in consultation with all States and a holistic view may be taken for smooth running of the scheme for augmenting production of Oil Seeds and Vegetable Oil in the Country. The Committee also note that against the proposed demand of Rs.551.00 crore, only Rs.403 crore has been allocated for NMOOP for the year 2017-18. The Committee are of the considered opinion that

reduction in allocation of funds adversely affect the implementation of the scheme smoothly and efficiently. It is, therefore, imperative that the funds demanded by the Department for the scheme are allocated to them by the Ministry of Finance. In view of the foregoing, the Committee recommend that the Department should conduct a through review of all aspects of the scheme (NMOOP) for increasing oilseeds production in the country and come out with result oriented initiatives for both optimum utilization of budgetary support and for increasing oilseeds production in the country in a mission mode. The Committee also urge the Department to impress upon the Ministry of Finance to allocate adequate funds for NMOOP at RE Stage. The details of follow-up action taken by the Department may be intimated to the Committee along with outcome thereto.

## **REPLY OF THE GOVERNMENT**

The Oilseeds Division, Department of Agriculture, Cooperation and Farmers Welfare, Ministry of Agriculture and Farmers Welfare is implementing National Mission on Oilseeds and Oil Palm (NMOOP) since 2014-15. NMOOP aims to enhanced production of oilseeds from 28.93 million tonnes to 35.51 million tonnes, to bring additional area of 1.25 lakh ha under Oil palm with focus on productivity improvement of oilseeds and fresh fruit bunches (FFBs) of oil palm by end of 2016-17.

### **1. Oil seeds Production Scenario**

- Despite, delayed and deficit monsoon during last two consecutive years, oilseeds production has been sustained at an estimated production of 33.60 million tonnes during 2016-17 as against highest production 32.75 million tonnes in 2013-14.
- An average of 30.30 million tonnes has been achieved during 12<sup>th</sup> plan (2012-13 to 2016-17) period as against an average production of 28.93 million tonnes during 11<sup>th</sup> Plan (2007-08 to 2011-12) period.

During the course of its three years implementation of following modifications were made in the pattern of assistance under NMOOP for the benefits of oilseeds growers.

- Seed subsidy for certified seed distribution oilseeds was increased by more than 100% (from Rs.1200/- to 2500/0 per qtl. and from Rs.2500/- to Rs.5000/- per qtl. for hybrids and sesame from 2016-17).
- Subsidy on water carrying pipes increase from Rs.25/- per mt. to Rs.50/- per mt for HDPE pipes, Rs.35/- per mt for PVC pipes and inclusion of HDPE laminated woven lay flat tubes with subsidy of Rs.20/- mt from Kharif - 2016.
- A Special scheme under RKVY "Targeting rice fallow areas in Eastern India for Pulses and Oilseeds" has been initiated from Rabi 2016 and covered 19.00 lakh ha as against target of 10.0 lakh hectare rice fallows of six eastern states during 2016-17.
- 423 KVKs of ICAR and more than 25 SAUs are involved for cluster demonstrations and FLDs of various oilseeds crops during 2016-17.

- Age relaxation of varieties under distribution subsidy from 10 years to 15 years.
2. Special attention on Oil Palm
- The total area under oil palm cultivation in India was 2.19 lakh ha in 2011-12 (end of 11<sup>th</sup> plan). During 12<sup>th</sup> plan an area of 95,000 ha have been brought under oil palm as against targeted area of 1.25 lakh ha. Due to drastic fall in CPO prices in international market and subsequent fall in FFBs price in 2014-15/2015-16, had resulted setback for oil palm growers and slow area coverage (76%). Therefore, oil palm growers have been supported through MIS to assured FFBs prices as and when the international price of CPOs falls below \$800.

States are being regularly pursued to declare oil palm as plantation crop and to avail the benefit of 100% FDI on oil palm & olive. State of Karnataka has declared oil palm and state of Rajasthan declared olive as plantation crops.

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## **COMMENTS OF THE COMMITTEE**

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

## **PENDENCY OF UTILIZATION CERTIFICATES (RECOMMENDATION PARA NO. 18)**

The Committee are deeply anguished to note that the Department fails to get utilization certificates from the States/Implementing Agencies for the funds released to them under various schemes. Pendency of a large number of UCs only goes to show that no sincere efforts have been made by the Department to liquidate outstanding UCs or the corrective measures, if any, undertaken by them have been proved to be futile. The issue of liquidation of Outstanding Utilization Certificates (UCs) has been raised time and again by the Committee in their earlier Reports. However, much to their chagrin, the Committee note that as on 14.02.2017 429 UCs amounting to Rs.1,491 crore are pending out of which, 69 UCs pertain to the year 2012-13, 144 UCs to 2013-14 and the remaining 216 UCs pertain to the year 2014-15. The Committee are of the view that several ambitious schemes like Soil Health Cards and PM Fasal Bima Yojana have been implemented by the Government after lot of deliberations which may improve the socio-economic conditions of poor farmers in the Country. However, it is essential that these schemes be implemented and completed timely without any

hindrances so that the benefits of the schemes may accrue to the farmers. The Committee, therefore, desire that the Department needs to have a serious introspection to find out the reasons for pendency of a large number of UCs and come out with clear and innovative action plan for liquidation of outstanding UCs. If felt necessary, the Department may sit together with the States/Implementing Agencies and review/evaluate the schemes to address the constraints in its implementation for optimum and timely utilization of funds. The Committee would like to be apprised of the initiatives taken by the Department in this regard.

## REPLY OF THE GOVERNMENT

It has been mentioned in the observation/recommendation No.18 titled 'Pendency of Utilization Certificate' that "Committee noted that as on 14.02.2017, 429 UCs amounting to Rs.1491 crore are pending out of which, 69 UCs pertain to the year 2012-13, 144 UCs to 2013-14 and the remaining 216 UCs pertain to the year 2014-15".

S.No	Year	UCs pending As on 01.04.2016		UCs pending As on 14.02.2017		UCs pending as on 22.03.2017	
A	B	C		D		E	
		No.	Amount (In Cr)	No.	Amount (In Cr)	No.	Amount (In Cr)
1	2012-13	77	42.16	69	37.56	67	37.15
2	2013-14	160	450.98	144	436.75	142	435.63
3	2014-15	601	1936.55	216	1017.20	213	1016.76
	<b>Grant Total</b>	<b>838</b>	<b>2429.69</b>	<b>429</b>	<b>1491.50</b>	<b>422</b>	<b>1489.54</b>

From above table, it may please be seen that from 01/04/2016 to 22/03/2017, department has reduced 416 UCs amounting to Rs.940.15 cr.

UC clearance and accumulation is a continuous process. Every year new UCs become due and are added to previous pending list of UCs, while clearing pending UCs simultaneously.

However the department do not release any fresh grant to any implementing agency till previous UCs are obtained.

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## **COMMENTS OF THE COMMITTEE**

For comments of the Committee please refer to Para No. 1.28 of Chapter I of this Report.

### **MINIMUM SUPPORT PRICE (RECOMMENDATION PARA NO. 19)**

The Committee are not happy with the methodology adopted by CACP for determining MSP. The Committee are of the considered opinion that CACP do not take into consideration various factors which add to the cost of their product. Needless to say, irrigation through diesel pump is costlier as compared to electric pump. Further, the kind of labour put in by the farmers in sowing seeds or cutting or threshing of crops or protecting crops from rats or animals are not taken into consideration for evaluation for the purpose of determining MSP. Further, there is no arrangement for purchase of their produce or to store their produce, as a result they are compelled to sell their produce less than MSP under distress. In this context, the Committee are of the view that farmers who are progressive and winners of awards like Jagjivan Ram Pushkar or those who are selected by ATMA for awards and are identified or recognised, should be consulted for working out MSP for various crops. In this context, the Committee were informed that Ramesh Chand Committee, which was constituted to examine the various aspects of fixation of MSP, has submitted its report to revamp methodology to calculate MSP and its recommendation will be implemented at the earliest. It is unquestionable that the farmers need to be incentivized to produce more crops so as to ensure food security in the Country. The Committee, therefore, recommend that the entire issue may be relooked into and a holistic view may be taken for determining MSP for the benefits of farmers. The Committee would like to be apprised of the action taken by the Department in this regard.

## **REPLY OF THE GOVERNMENT**

Government fixes the Minimum Support Prices (MSPs) of various agricultural crops on the recommendations of the Commission for Agricultural Costs & Prices (CACP), the views of concerned State Governments and Central Ministries/Departments. Cost of production is one of the important factors considered by CACP in recommending MSP. The cost of production, *inter alia*, includes all paid out costs such as those incurred on account of hired human labour, bullock labour/machine labour, rent paid for leased in land, expenses incurred on use of material inputs like seeds, fertilizers, manures, irrigation charges, diesel/electricity for operation of pump sets, insurance, transport charges etc. and imputed value of family labour (A2+FL). In addition, the CACP also considers, *inter alia*, a number of factors which include trends in market prices, demand and supply situation, effect on general price level, effect on cost

of living etc. The MSP fixed by the Government provides adequate returns over all India weighted average all paid out costs including family labour (A2+FL) as estimated by CACP.

The Government offers to procure the crops at MSP. Food Corporation of India (FCI) is the designated central nodal agencies for undertaking price support operations for paddy, wheat, coarse cereals, pulses and oilseeds. The National Agricultural Cooperative Marketing Federation of India Limited (NAFED), National Cooperative Consumers' Federation (NCCF), Central Warehousing Corporation (CWC) and Small Farmers Agri - Business Consortium (SFAC) supplement the efforts of FCI for undertaking price support operations for pulses and oilseeds. Cotton Corporation of India (CCI) is the Central Nodal Agency for undertaking price support operations for Cotton. NAFED supplements the efforts of Cotton Corporation of India (CCI) for undertaking cotton procurement. All the crops conforming to the prescribed specifications offered for sale at specified centres are bought by the public procurement agencies. The producers have the option to sell their produce to FCI/NAFED/State Agencies at MSP or in the open market as is advantageous to them.

Cost of production is one of the important factors taken into account in fixing the Minimum Support Prices (MSPs). The estimates of cost of cultivation/cost of production are made available to the Commission through the *Comprehensive Scheme for Studying the Cost of Cultivation of Principal Crops*, operated by Directorate of Economics and Statistics, Department of Agriculture, Cooperation and Farmers Welfare, Ministry of Agriculture and Farmers Welfare, Government of India. These data are collected with the help of State Agricultural Universities/Institutions located in various States. Bringing in refinement in the methodology for collecting cost of cultivation/production of principal crops in the country is a continuing process.

From time to time, expert committees were constituted to review the methodology and system of calculation of the cost of cultivation/production of agricultural produce, to arrive at Minimum Support Prices (MSPs).

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(Department of Agriculture, Cooperation and Farmers Welfare)  
No.6-4/2017-B&A dated 9.6.2017

### **COMMENTS OF THE COMMITTEE**

For comments of the Committee please refer to Para No. 1.31 of Chapter I of this Report.

## **CHAPTER - V**

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

#### **INTEREST SUBVENTION SCHEME (RECOMMENDATION PARA NO.9)**

The Committee note that the Interest Subvention Scheme which was earlier implemented by the Department of Financial Services, has been transferred to the Department of Agriculture, Cooperation and Farmers Welfare from the current financial year 2016-17. The Government has allotted a sum of Rs.15000 crore to the DAC&FW for setting the claims under Interest Subvention Scheme. Under the Scheme, farmers are provided with 3% additional interest subvention for the short term crop loan of upto Rs.3 lakh for a maximum period of one year for prompt repayment on or before the due date. Thus, farmers, who promptly repay their crop loans as per the repayment schedule fixed by the banks, are extended loans at an effective interest rate of 4% per annum. Further, in order to discourage distress sale by farmers and to encourage them to store their produce in warehouses against warehouse receipts, the benefit of interest subvention scheme has been extended to small and marginal farmers having Kisan Credit Card for a further period upto six months post harvest on the same rate as available to crop loan against negotiable warehouse receipt for keeping their produce in warehouses. To provide relief to farmers affected by natural calamities, the interest subvention of 2% continues to be available to banks for the first year of the restructured amount. The Committee find that the agriculture credit flow has increased consistently over the years. While during 2013-14, Rs.322007.31 crore was disbursed to the small and marginal farmers, Rs.379997.67 crore was disbursed during 2015-16. Against the set target of Rs.8,50,000.00 crore for 2015-16, the agricultural credit flow was to the tune of Rs.8,77,527.00 crore including Rs.3,79,997.67 crore for small and marginal farmers. As per provisional data upto December, 2017, an amount of Rs.3,06,162.45 crore has been disbursed to small and marginal farmers during the year 2016-17. The Government has announced Rs.10.00 lakh crore as agricultural credit target for 2017-18. However, the Committee note with concern that the budgetary allocation for implementation of the Interest Subvention Scheme has been far below the actual requirement, resulting in backlog of settlement of audited claims received from banks. The budgetary support of Rs.15,000.00 crore for 2017-18, is grossly inadequate considering the estimated cumulative liabilities of Rs. 41,748.00 crore including the carry over balance liability of Rs.23,472.00 crore and estimated claim amount of Rs.18,276.00 crore for the year 2016-17. Being of the considered opinion that inadequate budgetary



support should not hamper agricultural credit flow particularly to the small and marginal farmers, the Committee urge the Government that additional budgetary support be provided to the Department at the RE Stage and would like the Department to pursue the matter with the Ministry of Finance with the alacrity and seriousness it deserves. It has also been reported that the Sarangi Committee was set up in October, 2015 to suggest feasible measures/options for improving targeted lending to small and marginal farmers. The said Committee has given its report and its recommendation are under consideration of the Government. The Committee, desire that the recommendations made by the Sarangi Committee may be considered and implemented at the earliest. The Committee would like to be apprised of the progress made in this regard.

## **REPLY OF THE GOVERNMENT**

The observations of the Committee regarding inadequate budgetary support for Interest Subvention Scheme has been noted and depending upon the claims received from Reserve Bank of India (RBI) and National Bank for Agriculture & Rural Development (NABARD), the implementing agencies, the matter will be actively taken up with Ministry of Finance for allocation of additional budgetary support at Revised Estimate (RE) Stage during 2017-18.

As regards recommendations made by the Sarangi Committee, the Department has had a series of inter-ministerial consultations on the recommendations and after firming up the Departmental views will shortly seek approval of Cabinet on the same.

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(Department of Agriculture, Cooperation and Farmers Welfare)  
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## **RASHTRIYA KRISHI VIKAS YOJANA (RKVY)** **(RECOMMENDATION PARA NO. 11)**

Rashtriya Krishi Vikas Yojana, launched in 2007-08, is one of the flagship schemes of the Ministry. The scheme was fully funded by the Central Government till 2014-15. An amount of Rs.22,408.77 cr was released for RKVY during the 11th Plan period. In the 12th Plan, against an outlay of Rs.63,246.00 crore the year-wise allocation for RKVY was very less. The RE for RKVY in 2012-13 was Rs.8,400.00 crore and in the subsequent two financial years of 2013-14 and 2014-15, the RE amounts were Rs.7,089.00 crore and Rs.8,444.00 crore respectively. In the year 2015-16, BE of Rs.4500.00 crore was curtailed at RE stage to Rs.3,900.00 crore. For 2016-17, BE of Rs.5400.00 crore was reduced to Rs.3,800 crore in 2016-17. Thus, a drastic and continuous reduction of funds for RKVY were witnessed during each of the year of the 12th Plan

period. BE for the current fiscal is Rs.4500.00 crore. The Committee also note that as per the revised operational guidelines of RKVY, the funding pattern of the scheme has been changed from 2015-16, under which funds are shared between Centre and States in the ratio of 60:40 (90:10 for 8 North-Eastern and 3 Himalayan States). As a result, States have to arrange their share of 40% or 10% as the case may be. Thus, the Committee have reasons to believe that the changes in the funding pattern have lead to decline in allocation and utilization of funds under RKVY. The Committee are also distressed to note that only 12 State Agriculture Plans (SAP) and out of 652 districts, only 247 District Agriculture Plans (DAPs) have been prepared as on 15.02.2017. It has also been reported that the Department does not circulate the national priority areas and special sub-schemes under RKVY, to States/UTs in advance. The Committee are of the considered opinion that the benefits under RKVY would not accrue to the farmers if the funds allocated under the scheme are not utilized optimally. It is, therefore imperative that funds allocated under RKVY are utilized optimally and timely by the States. It is also essential that DAP/SAP are prepared and approved by the States to avoid reduction of allocation of funds at RE stage. Timely release of matching State share would enable implementation of RKVY projects in time. In view of the foregoing, the Committee, recommend that the entire scheme of RKVY may be reviewed holistically and constraints involved in the smooth implementation of RKVY may be addressed in consultation with all States. The Committee would also like that a definite timeline be set for the preparation and submission of DAPs/SAPs by the States. The Department should periodically circulate national priority areas and proposed special sub-schemes under RKVY to States/UTs to enable them to prepare and submit their annual proposals and action plan in time. The Committee desire that the Department should also prevail upon the States/UTs through appropriate intervention measure to ensure that the matching State share (40% or 10%) is released by them in time. The Committee would like to be apprised of the action taken by the Department in this regard.

## **REPLY OF THE GOVERNMENT**

The existing guidelines of Rashtriya Krishi Vikas Yojana (RKVY) is undergoing a revision for the holistic development of the scheme and with a view to remove the constraint being faced by the states for implementation of the scheme after obtaining suggestions from the state governments. The preparation of EFC Note for the revision of the Guidelines is under progress. Setting Timeline for completion of various activities such as submitting various documents by the state are being considered for incorporating in the revised scheme guidelines. Allocation to states under the sub-scheme of RKVY can be communicated only after Budget provision for RKVY is made available as RKVY can utilize a maximum of 20% of its allocation for sub-schemes. As soon as each sub-scheme under RKVY for a year is approved by the Agriculture Minister, this has been communicated to the State Governments by the Subject Matter Division of

this department. The issue of under utilization of funds and the need for effective implementation of RKVY scheme is being taken up with the officials of the concerned State Governments in various meeting and also reviewed in the Desk Review meetings held for reviewing the progress of implementation of RKVY in the States by the Department every year with concerned officials of the states during the month of October/November. Department has also time and again impressed upon all the States in Desk Review meetings and also through various communications the need for timely utilization of fund to avail 2<sup>nd</sup> installment for which the states have to submit UCs of fund released including UCs for state share utilized. Besides communications are also being issued to defaulting states to furnish UCs for matching share to become eligible for release of 2<sup>nd</sup> installment.

Ministry of Agriculture & Farmers Welfare  
(Department of Agriculture, Cooperation and Farmers Welfare)  
No.6-4/2017-B&A dated 9.6.2017

**NEW DELHI;**  
**07 August, 2017**  
**16 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 03<sup>rd</sup> 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)**

<b><u>S.No.</u></b>	<b><u>NAME OF THE OFFICER</u></b>	<b><u>DESIGNATION</u></b>
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), ICAR
4.	Dr. P.K. Chakrabarty	Assistant Director General (PP&B), ICAR
5.	Dr. P.P. Biswas	Principal Scientist (Soils), ICAR
6.	Dr. Krishan K. Sharma	Principal Scientist, IAR, New Delhi
7.	Shri B.S.Phogat	Additional Plant Protection Advisor
8.	Shri D.D.K.Sharma	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)  | XXXX | XXXX | XXXX | XXXX |
| *(iii) | XXXX | XXXX | XXXX | XXXX |

(iv) Draft Report on the Action Taken by the Government on the Observations/Recommendations contained in the Thirty-fifth Report of the Standing Committee on Agriculture on 'Demands for Grants (2017-18)' pertaining to the Ministry of Agriculture and Farmers Welfare (Department of Agriculture, Cooperation and Farmers Welfare) (English Version).

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.***

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

## **APPENDIX**

(Vide Para 4 of Introduction of the Report)

### **ANALYSIS OF ACTION TAKEN BY GOVERNMENT ON THE THIRTY FIFTH REPORT OF STANDING COMMITTEE ON AGRICULTURE (2016-17) ON 'DEMANDS FOR GRANTS (2017-18)' OF THE MINISTRY OF AGRICULTURE AND FARMERS WELFARE (DEPARTMENT OF AGRICULTURE, COOPERATION AND FARMERS WELFARE)**

(i)	Total number of Recommendations	19
(ii)	Recommendations/Observations which have been Accepted by the Government  Para Nos. 1, 2, 4, 5, 10, 12, 14, 15, 16 & 17  Total Percentage	10 52.63%
(iii)	Recommendations/Observations which the Committee Do not desire to pursue in view of the Government's replies Para No. Nil Total Percentage	NIL 00.00%
(iv)	Recommendations/Observations in respect of which replies of the Government have not been accepted by the Committee Para Nos. 3, 6, 7, 8, 13, 18 & 19 Total Percentage	07 36.84%
(v)	Recommendations/Observations in respect of which Final replies of the Government are still awaited Para No. 9 & 11 Total Percentage	02 10.53%