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**COMMITTEE ON AGRICULTURE**  
**(2014-2015)**

SIXTEENTH LOK SABHA

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

DEMANDS FOR GRANTS (2015-2016)

**NINTH REPORT**



LOK SABHA SECRETARIAT  
**NEW DELHI**

APRIL, 2015/VAISAKHA, 1937 (Saka)

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(DEPARTMENT OF AGRICULTURE & CO-OPERATION)**

**DEMANDS FOR GRANTS (2015-2016)**

Presented to Lok Sabha on 24.04.2015

Laid on the Table of Rajya Sabha on 24.04.2015



**LOK SABHA SECRETARIAT  
NEW DELHI**

**APRIL, 2015/ VAISAKHA, 1937 (Saka)**

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## COMPOSITION OF THE COMMITTEE ON AGRICULTURE (2014-15)

**Shri Hukm Deo Narayan Yadav - Chairperson**

### **MEMBERS**

#### **LOK SABHA**

2. Shri Sanganna Amarappa
3. Prof. Ravindra Vishwanath Gaikwad
4. Shri Nalin Kumar Kateel
5. Md. Badaruddoza Khan
6. Shri C. Mahendran
7. Dr. Tapas Mandal
8. Shri Janardan Mishra
9. Shri Ajay Nishad
10. Shri Dalpat Singh Paraste
11. Shri Nityanand Rai
12. Shri Mukesh Rajput
13. Shri Konakalla Narayana Rao
14. Shri C.L. Ruala
15. Shri Arjun Charan Sethi
16. Shri Satyapal Singh
17. Shri Virendra Singh
18. Shri Kadiyam Srihari
19. Shri Jai Prakash Narayan Yadav
20. Shri Dharmendra Yadav
21. Shri B. S. Yeddyurappa

#### **RAJYA SABHA**

22. Shri A.W. Rabi Bernard
23. Shrimati Renuka Chowdhury
24. Sardar Sukhdev Singh Dhindsa
25. Shri Janardan Dwivedi
26. Shri Vinay Katiyar
27. Shri Mohd. Ali Khan
28. Shri Rajpal Singh Saini
29. Shri Ram Nath Thakur
30. Shri Shankarbhai N. Vegad
31. Shri Darshan Singh Yadav

**SECRETARIAT**

- |    |                            |   |                     |
|----|----------------------------|---|---------------------|
| 1. | Shri Abhijit Kumar         | - | Joint Secretary     |
| 2. | Smt. Abha Singh Yaduvanshi | - | Director            |
| 3. | Shri C. Vanlalruata        | - | Deputy Secretary    |
| 4. | Shri Deepak Kumar          | - | Executive Assistant |

## INTRODUCTION

I, the Chairperson, Committee on Agriculture, having been authorized by the Committee to submit the Report on their behalf, present this Ninth Report on the Demands for Grants (2015-2016) of the Ministry of Agriculture (Department of Agriculture & Co-operation).

2. The Committee under Rule 331E(1)(a) of the Rules of Procedure considered the Demands for Grants (2015-16) of the Department of Agriculture and Co-operation, which were laid on the table of the House on 17 March, 2015. The Committee took evidence of the representatives of the Department of Agriculture & Co-operation at their Sitting held on 25 March, 2015. The Report was considered and adopted by the Committee at their Sitting held on 22 April, 2015.

3. For facility of reference and convenience, the Recommendations/Observations of the Committee have been printed in bold letters in Part-II of the Report.

4. The Committee wish to express their thanks to the officers of the Department of Agriculture & Co-operation for appearing before the Committee and furnishing the information that they desired in connection with the examination of Demands for Grants of the Department.

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

**NEW DELHI;**  
**23 April, 2015**  

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**03 Vaisakha, 1937 (Saka)**

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

## ABBREVIATIONS

|                    |  |
|--------------------|--|
| <b>ABD</b>         | <b>Agri-Business Development</b>   |
| <b>ACA</b>         | <b>Additional Central Assistance</b>                                       |
| <b>AE</b>          | <b>Actual Expenditure</b>  |
| <b>AMI</b>         | <b>Agricultural Marketing Infrastructure</b>                               |
| <b>AMIGS</b>       | <b>Agricultural Marketing Infrastructure, Grading and Standardization</b>  |
| <b>APMC</b>        | <b>Agricultural Produce Market Committee</b>                               |
| <b>ATMs</b>        | <b>Assistant Technology Managers</b>                                       |
| <b>ATMA</b>        | <b>Agriculture Technology Management Agency</b>                            |
| <b>AWS</b>         | <b>Automatic Weather Stations</b>  |
| <b>BE</b>          | <b>Budget Estimate</b>   |
| <b>BGREI</b>       | <b>Bringing Green Revolution to Eastern India</b>                          |
| <b>BTMs</b>        | <b>Block Technology Managers</b>   |
| <b>CCEs</b>        | <b>Crop Cutting Experiments</b>  |
| <b>CCIS</b>        | <b>Comprehensive Crop Insurance Scheme</b>                                 |
| <b>CFQC&amp;TI</b> | <b>Central Fertilizer Quality Control &amp; Training Institute</b>         |
| <b>CPIS</b>        | <b>Coconut Palm Insurance Scheme</b>                                       |
| <b>CSS</b>         | <b>Centrally Sponsored Scheme</b>  |
| <b>DAC</b>         | <b>Department of Agriculture and Cooperation</b>                           |
| <b>DAHD&amp;F</b>  | <b>Department of Animal Husbandry, Dairying and Fisheries</b>              |
| <b>DAPs</b>        | <b>District Agriculture Plans</b>  |
| <b>DARE</b>        | <b>Department of Agricultural Research and Education</b>                   |
| <b>DOE</b>         | <b>Department of Expenditure</b>   |
| <b>DOF&amp;PD</b>  | <b>Department of Food and Public Distribution</b>                          |
| <b>DORD</b>        | <b>Department of Rural Development</b>                                     |
| <b>FCO</b>         | <b>Fertilizer Control Order</b>  |
| <b>FQCLs</b>       | <b>Fertilizer Quality Control Laboratories</b>                             |
| <b>GBY</b>         | <b>Grameen Bhandaran Yojana</b>  |
| <b>GDP</b>         | <b>Gross Domestic Product</b>  |
| <b>GOI</b>         | <b>Government of India</b>   |
| <b>GPS</b>         | <b>Ground Positioning System</b>   |
| <b>IMCT</b>        | <b>Inter-Ministerial Central Team</b>                                      |
| <b>IMD</b>         | <b>Indian Metrological Department</b>                                      |
| <b>INM</b>         | <b>Integrated Nutrient Management</b>                                      |
| <b>ISAC</b>        | <b>Integrated Scheme on Agriculture Cooperation</b>                        |
| <b>ISAC&amp;S</b>  | <b>Integrated Scheme on Agri-Census &amp; Statistics</b>                   |
| <b>ISACE&amp;S</b> | <b>Integrated Scheme on Agriculture Census, Economics &amp; Statistics</b> |
| <b>ISAM</b>        | <b>Integrated Scheme on Agricultural Marketing</b>                         |



|               |   |
|---------------|---|
| <b>ISEC</b>   | <b>Institute of Social and Economic Change</b>                      |
| <b>ITD</b>    | <b>Innovative Technology Dissemination</b>                          |
| <b>IVC</b>    | <b>Integrated Value Chain Projects</b>                              |
| <b>KCC</b>    | <b>Kisan Call Centre/Kisan Credit Cards</b>                         |
| <b>KKMS</b>   | <b>Kisan Knowledge Management System</b>                            |
| <b>KVKs</b>   | <b>Krishi Vigyan Kendras</b>  |
| <b>MIDH</b>   | <b>Mission for Integrated Development of Horticulture</b>           |
| <b>MIS</b>    | <b>Management Information System</b>                                |
| <b>MNAIS</b>  | <b>Modified National Agriculture Insurance Scheme</b>               |
| <b>MOF</b>    | <b>Ministry of Finance</b>  |
| <b>MSTLs</b>  | <b>Mobile Soil Testing Laboratories</b>                             |
| <b>NABARD</b> | <b>National Bank for Agricultural and Rural Development</b>         |
| <b>NAIS</b>   | <b>National Agricultural Insurance Scheme</b>                       |
| <b>NCIIS</b>  | <b>National Crop Income Insurance Scheme</b>                        |
| <b>NCIP</b>   | <b>National Crop Insurance Programme</b>                            |
| <b>NCOF</b>   | <b>National Centre of Organic Farming</b>                           |
| <b>NDRF</b>   | <b>National Disaster Response Force</b>                             |
| <b>NER</b>    | <b>North Eastern Region</b>   |
| <b>NFSM</b>   | <b>National Food Security Mission</b>                               |
| <b>NHM</b>    | <b>National Horticulture Mission</b>                                |
| <b>NIAM</b>   | <b>National Institute of Agriculture Marketing</b>                  |
| <b>NLCPR</b>  | <b>Non-Lapsable Central Pool of Resources</b>                       |
| <b>NMAET</b>  | <b>National Mission for Agricultural Extension &amp; Technology</b> |
| <b>NMOOP</b>  | <b>National Mission on Oilseeds and Oil Palm</b>                    |
| <b>NMPS</b>   | <b>National Mission for Protein Supplements</b>                     |
| <b>NMSA</b>   | <b>National Mission for Sustainable Agriculture</b>                 |
| <b>NPOF</b>   | <b>National Project on Organic Farming</b>                          |
| <b>PDF</b>    | <b>Project Development Facility</b>                                 |
| <b>PGS</b>    | <b>Participatory Guarantee System</b>                               |
| <b>PKVY</b>   | <b>Paramparagat Krishi Vikas Yojana</b>                             |
| <b>PMKSY</b>  | <b>Pradhan Mantri Krishi Sinchai Yojana</b>                         |
| <b>RE</b>     | <b>Revised Estimate</b>   |
| <b>RFD</b>    | <b>Results Framework Document</b>                                   |
| <b>RKVY</b>   | <b>Rashtriya Krishi Vikas Yojana</b>                                |
| <b>RST</b>    | <b>Remote Sensing Technology</b>                                    |
| <b>SAP</b>    | <b>State Agriculture Plan</b>                                       |
| <b>SAGF</b>   | <b>Strengthening of Agmark Grading Facilities</b>                   |

|              |  |
|--------------|--|
| <b>SHC</b>   | <b>Soil Health Cards</b>                                   |
| <b>SHM</b>   | <b>Soil Health Management</b>                              |
| <b>SLSCs</b> | <b>State Level Sanctioning Committees</b>                  |
| <b>SMS</b>   | <b>Short Message Service</b>                               |
| <b>STLs</b>  | <b>Soil Testing Laboratories/Seed Testing Laboratories</b> |
| <b>VCA</b>   | <b>Venture Capital Assistance</b>                          |
| <b>VIIDP</b> | <b>Vidarbha Intensive Irrigation Development Programme</b> |
| <b>VIUC</b>  | <b>Vegetable Initiative in Urban Clusters</b>              |
| <b>UCs</b>   | <b>Utilisation Certificates</b>                            |
| <b>WBCIS</b> | <b>Weather Based Crop Insurance</b>                        |

## **REPORT**

### **PART-I**

#### **CHAPTER – I**

#### **IMPLEMENTATION OF COMMITTEE'S RECOMMENDATIONS**

The Third Report of Committee on Agriculture on Demands for Grants (2014-15) of the Ministry of Agriculture (Department of Agriculture and Cooperation) was presented to the Lok Sabha and laid on the Table of Rajya Sabha on 18 December, 2014, respectively.

1.2 The Action Taken Notes on action taken by the Government on Observations/Recommendations contained in the Third Report of the Committee on Agriculture on Demands for Grants (2014-15) of Ministry of Agriculture (Department of Agriculture and Cooperation) have not been furnished to the Committee by Department of Agriculture and Cooperation.

1.3 In terms of Direction 73 A of Directions by the Speaker, the Statement to be made by the Ministry of Agriculture on the status of implementation of various Recommendations made by the Committee in their Third Report would be due on 17 June, 2015.

## **CHAPTER – II**

### **BUDGETARY ANALYSIS**

#### **(i) Contribution of Agriculture to Gross Domestic Product (GDP)**

As per the land use statistics 2011-12, the total geographical area of the country is 328.7 million hectares, of which 140.8 million hectares is the reported net sown area and 195.2 million hectares is the gross cropped area with a cropping intensity of 138.7%. The net irrigated area is 65.3 million hectares. In 2013-14, total foodgrain production has been estimated at 265.57 million tones as per the Final Estimates (FE), which is higher by 8.44 million tones than the 2012-13 production and 22.84 million tones than average foodgrain production during the last five years.

As per the 2<sup>nd</sup> Advance Estimates 2014-15, total foodgrains production in the Country is estimated at 257.07 million tones which is the fourth highest quantity of annual foodgrains production in the Country. It may be noted that despite deficiency of 12% in the monsoon rainfall during the year, the loss in production has been restricted to just around 3% over the previous year and has exceeded the average production during the last five years by 8.15 million tones. As compared to last years' production of 265.57 million tones, current year's production of foodgrains is lower by 8.50 million tones. This decline has occurred on account of lower production of rice, coarse, cereals and pulses due to erratic rainfall conditions during the monsoon season-2014.

To improve resilience of the agricultural sector and bolster food security - including availability and affordable access - our strategy for agriculture has to focus on improving yield and productivity. Though yield/productivity in countries are wide and even within different States yields vary widely, showing that there are possibilities of

raising production by increasing yield of most of the crops without necessarily increasing prices.

2.2 The Agriculture and Allied Sector contributed approximately 13.9% of India's GDP (at constant 2004-05 prices) during 2013-14. Gross Domestic Product (GDP) of Agriculture and Allied Sector and its share in total GDP of the country during the last 3 years including the current year, at 2004-05 prices is as follows:

Share of Agriculture & Allied Sector in Total GDP

**(Rs. in crore)**

| Items  | Year     |          |          |          |
|--|----------|----------|----------|----------|
|  | 2010-11  | 2011-12  | 2012-13  | 2013-14  |
| <b>GDP of Agriculture and Allied Sectors</b> | 7,17,814 | 7,53,832 | 7,64,510 | 8,00,548 |
| <b>Per cent to total GDP</b>                 | 14.6     | 14.4     | 13.9     | 13.9     |

2.3 There has been a continuous decline in the share of Agriculture and Allied Sector in the GDP from 14.6 % in 2010-11 to 13.9 % in 2013-14 at 2004-05 prices. Falling share of Agriculture and Allied Sectors in GDP is an expected outcome in a fast growing and structurally changing economy. Growth (over the previous year) in the total GDP and that in the GDP of Agriculture and Allied Sector at 2004-05 prices is given below:

**(In percentage)**

| Period  | Total GDP | Agriculture & Allied Sector GDP |
|---------|-----------|---------------------------------|
| 2007-08 | 9.3       | 5.8                             |
| 2008-09 | 6.7       | 0.1                             |
| 2009-10 | 8.6       | 0.8                             |
| 2010-11 | 8.9       | 8.6                             |
| 2011-12 | 6.7       | 5.0                             |
| 2012-13 | 4.5       | 1.4                             |
| 2013-14 | 4.7       | 4.7                             |

2.4 When asked to furnish the reasons for decline in contribution of agriculture and allied sector to GDP from 14.6% during 2010-11 to 13.9% in the year 2013-14, DAC in their written submission stated that while GDP of agriculture and allied sectors has increased in absolute terms, it has reduced in terms of percentage of total GDP as the total GDP of the country itself has increased. The Committee were also informed that the corresponding figures for 2014-15 (at 2011-12 prices) are as follows: –

GDP of Agriculture and Allied sectors – Rs.15,96,877 crores

Percentage of total GDP – 16.2 % of the total GDP of Rs.98,57,672.00 crores

2.5 It was further stated that the Government has taken a number of initiatives to increase the contribution of agriculture and allied sectors to the total GDP. This includes increasing levels of agricultural credit to farmers, increasing outlays for creation of agricultural infrastructure and rationalizing various schemes relating to agriculture and allied sectors.

**(ii) Overview of Demands**

2.6 Demand No. 1 pertaining to the Department of Agriculture & Co-operation for the year 2015-16 was laid in the Lok Sabha on 17 March, 2015. It provides for implementation of various Central Sector, Centrally Sponsored and State Plan Schemes, for Plan and Non-Plan activities.

2.7 The macro-level break-up of Demand No. 1 is given below :-

| (Rs. in Crore)     |                 |               |                 |
|--------------------|-----------------|---------------|-----------------|
| Section            | Plan            | Non-Plan      | Total           |
| <b>REVENUE</b>     |                 |               |                 |
| Voted              | 16602.10        | 357.26        | 16959.36        |
| Charged            | -               | -             | -               |
| <b>CAPITAL</b>     |                 |               |                 |
| Voted              | 44.25           | 0.74          | 44.99           |
| Charged            | -               | -             | -               |
| <b>GRAND TOTAL</b> | <b>16646.35</b> | <b>358.00</b> | <b>17004.35</b> |

2.8 The total allocation for Department of Agriculture & Co-operation for the Fiscal 2015-16 is Rs. 17004.35 crore. Out of this Rs. 16602.10 crore and Rs. 357.26 crore are on Plan and Non-Plan sides respectively under the Revenue Section. Similarly, Rs. 44.25 crore and Rs. 0.74 crore are on the Plan and Non-Plan sides respectively under the Capital Section.

2.9 The comparison of Revised Estimates for the year 2014-15 and Budget Estimates for 2015-16 is given in the table below:

| (Rs. in crore)     |                 |          |                 |          |
|--------------------|-----------------|----------|-----------------|----------|
|                    | RE 2014-15      |          | BE 2015-16      |          |
|                    | Plan            | Non-Plan | Plan            | Non-Plan |
| <b>REVENUE</b>     | 19501.65        | 321.34   | 16602.10        | 357.26   |
| <b>CAPITAL</b>     | 28.35           | 0.66     | 44.25           | 0.74     |
| <b>Total</b>       | 19530.00        | 322.00   | 16646.35        | 358.00   |
| <b>GRAND TOTAL</b> | <b>19852.00</b> |          | <b>17004.35</b> |          |

The Revenue Section (Plan Side) BE for 2015-16 at Rs. 16602.10 crore shows decrease of Rs. 2899.55 crore from RE 2014-15 of Rs. 19501.65 crore. Similarly on

Non-Plan Side, in comparison to BE 2015-16 of Rs. 357.26 crore, the 2014-15 RE allocation was Rs. 321.34 crore. The BE for 2015-16 in the Capital Section Plan Side is Rs. 44.25 crore which is higher in comparison to RE 2014-15 of Rs. 28.35 crore. On the Non-Plan Side BE for 2015-16 at Rs. 74 lakh is higher in comparison to RE at Rs. 66 lakh for 2014-15.

**(iii) Budgeted Outlay**

2.10 Department of Agriculture & Cooperation's share in the Budgeted Outlay as compared to some other Departments of the Government of India in previous Five Year Plans is as follows:-

| <b>(Rs. in crore)</b>                                  |                  |                   |                   |
|--|------------------|-------------------|-------------------|
| <b>Ministry / Deptt.</b>                               | <b>10th Plan</b> | <b>11th Plan</b>  | <b>12th Plan</b>  |
| Department of Agriculture & Cooperation                | 13200.00         | 66577.00          | 71500.00          |
| % Share of Deptt.w.r.t Total Central Plan              | 1.48             | 3.09              | 1.65              |
| Department of Animal Husbandry, Dairying and Fisheries | 2500.00          | 8174.00           | 14179.00          |
| % Share of Deptt.w.r.t Total Central Plan              | 0.28             | 0.38              | 0.33              |
| Department of Agricultural Research and Education      | 5368.00          | 12589.00          | 25553.00          |
| % Share of Deptt.w.r.t Total Central Plan              | 0.60             | 0.58              | 0.59              |
| Department of Rural Development                        | 56748.00         | 194933.00         | 412965.00         |
| % Share of Deptt.w.r.t Total Central Plan              | 6.35             | 9.04              | 9.53              |
| Department of Food and Public Distribution             | 250.00           | 694.00            | 2194.00           |
| % Share of Deptt.w.r.t Total Central Plan              | 0.03             | 0.03              | 0.05              |
| <b>GOI's Total Central Plan</b>                        | <b>893183.00</b> | <b>2156571.00</b> | <b>4333739.00</b> |



From the above table, it is observed that the percentage share of Department of Agriculture and Cooperation with respect to the total Central Plan has decreased from 3.09% in the Eleventh Plan to 1.65% during the Twelfth Plan.

2.11 However, the Department have informed the Committee that in-line with the recommendation of the Committee, the outlay for the Agriculture Sector in 2015-16 has been increased to 2.01% of the total Central Plan Outlay of Rs. 5,78,302 crores.

2.12 On being asked to furnish the relevant comparative data for the Fiscal 2015-16, the Department in their written replies submitted that the outlays for the entire agriculture and allied sectors for the year 2015-16 was Rs.11,657.00 crores which is about 2.01% of the total central plan outlay of Rs.5,78,382.00 crores. As compared to this, allocations for other prominent sectors, in monetary and percentage terms for 2015-16 are as under –

Rural Development – Rs.3131.00 crores (0.54 %)  
Irrigation & Flood Control – Rs.772.00 crores (0.13%)  
Energy sector – Rs.167342.00 crores (29%)  
Science & Technology and Environment – Rs.19023.00 crores (3.3 %)

In so far as allocation to Department of Agriculture and Cooperation is concerned, the Central Plan allocation is Rs.5846.00 crores, out of the total BE of Rs.16,646.35 crores. It is about 1.01 % of the total central plan allocation.

2.13 This fact was further corroborated by the representative of the Department, who during the course of Oral Evidence informed that :-

".....in regard to the budget allocation, I would like to informed that this time the total Central Plan amounts to Rs. 5,78,382 crore. Out of this Department of Agriculture and Cooperation has been allocated Rs. 16,646.35 crore, which in percentage terms is 2.8%".

**(iv) Plan Allocation**

2.14 For the Twelfth Five Year Plan, the approved Outlay of the Department of Agriculture and Cooperation (DAC) is Rs. 134746.00 crore. The proposed Outlay by Department of Agriculture and Cooperation alongwith allocation and expenditure for the Twelfth Plan period till date is as under:-

| Approved XII Plan | 2012-13  |                   |          |                    | 2013-14  |                   |          |                    | 2014-15  |                   |          |                                | (Rs. in Crore)<br>2015-16 |                   |                    |
|-------------------|----------|-------------------|----------|--------------------|----------|-------------------|----------|--------------------|----------|-------------------|----------|--------------------------------|---------------------------|-------------------|--------------------|
|                   | Proposal | BE                | RE       | Actual Expenditure | Proposal | BE                | RE       | Actual Expenditure | Proposal | BE                | RE       | Actual Expenditure             | Proposal                  | BE                | Actual Expenditure |
| 134746.00         | 49674.34 | 20208.00<br>(41%) | 17867.32 | 17730.72           | 26164.21 | 21609.00<br>(83%) | 19000.00 | 18721.70           | 29211.99 | 22309.00<br>(76%) | 19530.00 | 17066.88<br>(As on 20.02.2015) | 40168.32                  | 16646.35<br>(41%) | -                  |

2.15 During the first four fiscals of the XII<sup>th</sup> Plan against the proposed outlay of Rs. 49674.34 crore, Rs. 26164.21 crore, Rs. 29211.99 crore and Rs. 40168.32 crore respectively, the Budgetary allocation was to the tune of Rs. 20208.00 crore, Rs. 21609.00 crore, Rs. 22309.00 crore and Rs. 16646.35 crore respectively which in percentage terms is 41%, 83%, 76% and 41% allocation of the proposal.

On being asked the reasons for setting aside the Plan Outlay, the Department in their written submission submitted that the reasons for reduction of budgetary allocation as compared to the proposed plan outlays during these years may be attributed to overall resource crunch and prioritization of this Department by the then Planning Commission and the Department of Expenditure. During the year, 2015-16, there has

been steep decrease in the budgetary allocation as compared to proposed Plan Outlay. This is mainly on account of reduction of almost 34.4% in the State sector (CSS components) from Rs. 16,462.50 crore in 2014-15 to Rs. 10,800 crore in 2015-16.

2.16 The Committee observed that the BE figure for the first four years of the Twelfth Five Year Plan are to the tune of Rs. 80772.35 crore which amounts to only 60% of the approved Plan Outlay. In response to a query as to whether the Department would be able to absorb 40% of the balance approved outlay in the remaining fiscal, the Committee were informed that there are a number of proposals that are received annually from the states that are funded only partially due to less budgetary allocations by Ministry of Finance. As such, the Department has adequate number of proposals/projects in the pipeline from various stakeholders, including the state governments, that would be adequate to utilize the remaining 40% of the 12<sup>th</sup> Plan outlay, in the event that the same is allocated by Ministry of Finance.

2.17 On being enquired about the basis on which the Department of Agriculture and Cooperation work out the financial requirements for various activities, both for the Five Year Plan and the Annual Plan before and after finalization of the allocation for the Department, the Committee were informed that Budgetary figures for Five Year Plans and Annual Plans are projected based on scheme-wise requirements and past year expenditure. These schemes are reviewed periodically to ascertain the quality of implementation, identification of gaps in service delivery and modifications/improvements, wherever needed, are made based on the feedback received.

2.18 Department of Agriculture and Cooperation further informed that the Scheme-wise allocations are made after detailed deliberations with the concerned stake holders and an in-depth assessment of the requirements based on previous years performance and demands / inputs received from State Governments. This is done to ensure that that the proposed allocations are duly prioritized, rational and realistic so as to not invite drastic cuts at various subsequent stages of consideration.

2.19 It was further observed that during the first three years of the current plan the BE figures of Rs. 20208.00 crore, Rs. 21609.00 crore and Rs. 22309.00 crore were revised at RE stage to Rs. 17867.32 crore, Rs. 19000.00 crore and Rs. 19530.00 crore respectively. When queried by the Committee on the reasons for reduction of budgeted funds at revised estimate stage during 2014-15, it was informed that the Revised Estimate vis-a-vis Budget Estimate in 2014-15 was decided by the Ministry of Finance based on it's own internal assessment of the fund requirements of the Department keeping in view the overall economic situation of the Country.

2.20 In response to a specific query regarding drastic reduction in BE for the current Fiscal in comparison to the last three years, it was informed that The budgetary allocation of the Department for 2015-16 has been fixed at Rs. 16,646.35 crore which is less than the BEs for the last three fiscals ( BE Rs. 17,122.87 crore for 2011-12; BE Rs. 20,208 crore for 2012-13 and BE Rs. 21,609 crore for 2013-14) and almost 74% of the fiscal for 2014-15 i.e. Rs. 22,309 crore. It is lesser than RE and Actuals for the year 2014-15. This is on account of reduction of funds in the State sector (CSS components) from Rs. 16,462.50 crore in 2014-15 to Rs. 10,800 crore in 2015-16.

2.21 During the course of Evidence, the representative of the Ministry further submitted that:-

".....The basic reason for decline is the assistance given to State Governments which has seen a big decline from 16,463 last year to this year 10,800. It is evident that due to this, factor, this years allocation of Rs. 16646 is only 75% of 22309 of last year's allocation. This is the basic premise in reduction to Assistance to State Government or Centrally Sponsored Schemes and States have been allotted 42%. The grant made to States from Central Divisible Pool by the Ministry of Finance based on the Finance Commission's Report earlier used to be 32%. But this year based on the Report by the 14<sup>th</sup> Finance Commission, it has been hiked to 42%. States have been given more money so that States have more independency and execute as per their needs which has led to a decline in grants for Central Sponsored Scheme. However, Financial Advisor has held discussions with Finance Department and a mechanism is being evolved that earlier the Schemes which had a 100:0 ratio will have a 50:50 ratio between Centre and States."

2.22 In response to a specific query whether the Department would be able to meet the physical targets for the Plan period with only 60% of the approved Plan Outlay, the Department submitted that it had proposed Rs. 49,674.34 crore, Rs. 26164.21 crore, Rs. 29211.99 crore and Rs. 40,168.32 crores respectively for the years 2012-13, 2013-14, 2014-15 and 2015-16. However, the reasons for reduction of budgetary allocation as compared to the proposed plan outlays during these years may be attributed to overall resource crunch and prioritization of this Department by the then Planning Commission and the Department of Expenditure. The Department has been urging Ministry of Finance for allocation of funds as per the 12<sup>th</sup> Plan allocations approved. However, the same has not been acceded to. This would undoubtedly affect the efforts of the Department in meeting the targets for the 12<sup>th</sup> Plan.

2.23 When queried by the Committee on the reasons for under utilisation of budgetary allocations during the Fiscals 2012-13 and 2013-14, DAC submitted that full utilization of budgetary allocation in 2012-13, 2013-14 and 2014-15 could not be achieved due to non timely receipt of proposals/utilization certificates from the States and reduction at Revised Estimates stage, apart from unspent balances. The Committee further informed that as on 31.3.2015, a sum of Rs. 19161.69 crore (provisional figures) has been utilized which is 98.1% against RE and 85.8 % against BE. The reasons attributed by Department of Agriculture and Cooperation for under-utilization of funds during 2012-13 and 2013-14 were non receipt of utilization certificates from the states for the funds released earlier and delay in receipt of proposals from the State Governments/implementing agencies, apart from pending unspent balances.

2.24 During the course of Evidence, when queried about the reasons for under-utilization of allocated funds, the representative of the Ministry submitted that:-

".....The Ministry had been able to utilize 99.2% of RE allocation during 2012-13 and 99% of RE during 2013-14. This year too, more than 95% has been utilized and shall be able to utilize 98% during 2014-15. A deficit of 1.5 to 2% is always there as 10% is left for North-East at Annual Plan stage and some grant for SC & Tribal sub-Plan which generally is not utilized to the fullest. Also, not more than 15% is utilized in the last month also means 100% utilization is not achieved".

2.25 The Committee desired to be apprised of the mechanism in Department of Agriculture and Cooperation to monitor and ensure full utilization of budgetary allocation. In response, Department of Agriculture and Cooperation stated that the monitoring mechanism to ensure full utilization of budgetary allocation in the Ministry includes periodical physical and financial progress reports and field visits by officers of

the Ministry. Periodical meetings are held by the officers of the Ministry with Officers of States Governments. Progress is also monitored by video- conferencing.

**(v) Outstanding Utilization Certificates**

2.26 The Department of Agriculture and Cooperation in one of their documents furnished in the context of examination of Demands for Grants have submitted the following statement highlighting status of pending utilization certificates:-

|                           | <b>UCs Pending as on 1.4.2013</b> | <b>UCs Pending as on 1.4.2014</b> | <b>Amount liquidated upto 31.12.2014</b> | <b>Amount of UCs pending as on 31.12.2014</b> |
|---------------------------|-----------------------------------|-----------------------------------|--|---|
| <b>No. Of UCs</b>         | 1231                              | 2464                              | 5  | 2459  |
| <b>Amount (Rs/ crore)</b> | 4954.94                           | 10757.66                          | 12.00                                    | 10745.66                                      |

2.27 It was further submitted that Department of Agriculture and Cooperation is making concerted efforts for liquidating outstanding Utilization Certificates due from State Government/Implementing Agencies. No release is made to State Government/Implementing Agencies, who have not furnished UCs. There is clearance of only 5 UCs due to the reason that despite clear instructions to the States UCs have not been submitted by the States. 2464 UCs amounting to Rs. 10757.66 crore were pending as on 1.4.2014. As an amount of Rs. 12 crore only has been liquidated till 31.12.2014 i.e. even as on 31.12.2014. 2459 UCs worth Rs. 10745.66 was pending with States despite non-release of funds to the concerned State Governments/Implementing Agencies.

2.28 When asked to furnish the reasons for this pendency, the Department in their written replies submitted that there is clearance of only 5 UCs due to the reason that despite clear instructions to the States, UCs have not been submitted by the States.

2.29 On being asked to explain the reasons for the increase in number of pending UCs from 1231 as on 01.04.2013 to 2464 as on 01.04.2014, i.e. an increase of 1233 cases, the Committee were informed that as per General Financial Rules, UCs become due only after completion of one year for the grants released during the year. There were 1231 UCs due as on 01.04.2013 for the grants released only upto 31.03.2012 and on 01.04.2014, 1228 more UCs became due for the grants released for the year 2012-13 i.e. upto 31.03.2013. Therefore total no. of 2459 UCs became due as on 01.04.2014 for the grants released upto 31.03.2013. The addition of UCs for a particular year and liquidation of the old UCs are regular process of UCs monitoring and status of UCs are reported as on net accounting basis.



2.30 The Department also furnished statements highlighting State-wise and year-wise outstanding utilization certificates:-

| <b>State-wise outstanding Utilization Certificate in r/o Grant-1 as on 25-03-2015 for the grant released upto 31-03-2013</b> |                  |                         |
|--|------------------|-------------------------|
| <b>State</b>   | <b>No of UCs</b> | <b>Amount in Rupees</b> |
| Delhi  | 447              | 16762446430             |
| Andaman & Nicobar  | 4                | 34259000                |
| Andhra Pradesh   | 153              | 10584569308             |
| Arunachal Pradesh  | 16               | 306337000               |
| Assam  | 61               | 1123932025              |
| Bihar  | 81               | 3670274733              |
| Chhattisgarh   | 63               | 3369942040              |
| Daman & Diu  | 2                | 1200000                 |
| Goa  | 7                | 22713500                |
| Gujarat  | 137              | 7879301053              |
| Haryana  | 113              | 5837575033              |
| Himachal Pradesh   | 44               | 547629000               |
| J & K  | 33               | 443176478               |
| Jharkhand  | 61               | 2089963695              |
| Karnataka  | 152              | 7491676874              |
| Kerala   | 152              | 3832136270              |
| Lakshadweep  | 1                | 200000                  |
| Madhya Pradesh   | 108              | 6876759245              |
| Maharastra   | 147              | 10965660473             |
| Manipur  | 27               | 570451500               |
| Meghalaya  | 11               | 154513000               |
| Mizoram  | 21               | 460667000               |
| Nagaland   | 20               | 546671000               |
| Orissa   | 92               | 3696207054              |
| Pondicherry  | 4                | 13718000                |
| Punjab   | 58               | 1928019906              |
| Rajasthan  | 98               | 5365328108              |
| Sikkim   | 30               | 311134000               |
| Tamilnadu  | 78               | 4054572050              |
| Tripura  | 19               | 390466000               |
| Uttar Pradesh  | 117              | 5481240961              |
| Uttrakhand   | 38               | 339661290               |
| West Bengal  | 64               | 2304165105              |
| <b>Grand Total</b>   | <b>2459</b>      | <b>107456567131.00</b>  |

| <b>Year- wise outstanding Utilization Certificate in r/o Grant-1 as on 25-03-2015 for the grant released upto 31-03-2013</b> |                  |                         |
|--|------------------|-------------------------|
| <b>Year</b>  | <b>No of Ucs</b> | <b>Amount in Rupees</b> |
| 1992-93  | 1                | 410800                  |
| 1993-94  | 3                | 216234                  |
| 1994-95  | 1                | 250000                  |
| 1995-96  | 2                | 1191080                 |
| 2000-01  | 2                | 331500                  |
| 2001-02  | 7                | 905856                  |
| 2002-03  | 4                | 162550                  |
| 2003-04  | 6                | 375400                  |
| 2004-05  | 6                | 15272987                |
| 2005-06  | 6                | 49955950                |
| 2006-07  | 15               | 27439343                |
| 2007-08  | 22               | 31725500                |
| 2008-09  | 23               | 1296595500              |
| 2009-10  | 33               | 600116730               |
| 2010-11  | 55               | 493903000               |
| 2011-12  | 1045             | 47030516588             |
| 2012-13  | 1228             | 57907198113             |
| <b>Grand Total</b>   | <b>2459</b>      | <b>107456567131.00</b>  |

2.31 In response to a specific query on the steps taken by the Ministry to ensure liquidation of the pending UCs, it was submitted that the Principal Accounts Office of the Ministry has been conducting special audit for the verification of the old UCs and the UCs submitted by the states to the GOI. States and the grantee institution were advised to submit the UC latest by March, 2015. The Ministry has however taken a very stringent view and conveyed to the Chief Secretaries of the States to liquidate the outstanding UCs latest by June, 2015 otherwise the grants to be released to the states shall be put on hold till UCs are settled. Principal Accounts Office is monitoring the status of UCs and Pay & Accounts Offices have been directed not to release any payment till UCs are produced. The States and the grantee institutions have been

given 3 months time i.e. upto June, 2015. If they fail to produce the UCs the installments of the grants shall be put on hold. A workshop on the Financial Management and Financial Propriety in the implementation of the plan schemes of the Ministry by the States is being organized in May, 2015 and liquidation of UCs is one of the top agenda which shall be discussed with the top authorities of the States.

**(vi) Results Framework Document (RFD)**

2.32 The Department have informed that the concept of RFD was introduced in the year 2009, to measure the performance of Ministries/Departments of Government of India. The Ministries are required to submit a Quarterly performance report to the Cabinet Secretariat. The data is to be furnished according to the Results Framework Document (RFD). It has been further mentioned that the RFD guidelines include broad sections on standard format, Methodology for evaluation and process and timelines. The Department of Agriculture and Cooperation has furnished figures of the composite scores awarded by the High Power Committee headed by the Cabinet Secretary:-

| <b>SL. No.</b> | <b>Year</b> | <b>Score</b> |
|----------------|-------------|--------------|
| 1.             | 2009-10     | 98.3%        |
| 2.             | 2010-11     | 99.1%        |
| 3.             | 2011-12     | 97%          |
| 4.             | 2012-13     | 91.8%        |

2.33 On being asked the reasons for the decline in the Department of Agriculture and Cooperation's composite score to 91.8% in 2012-13 as compared to 99.1% in 2010-11, the Department of Agriculture and Cooperation have submitted that their performance largely depends on the States which are independent constitutional entities. Production

figures also largely depend on vicissitudes of weather. The role of the Department of Agriculture & Cooperation is mostly confined to formulation of a comprehensive perspective plan, immediate response to a crisis on account of vagaries of weather, release of funds in a time bound manner, monitoring of progress and evaluation of outcomes. Hence various physical targets which find place in our Outcome Budget are thus not controlled fully by the Department of Agriculture and Cooperation. The Department pursues the machinery of the State governments for timely and optimum implementation. The Department have also submitted that they have consistently made efforts for implementing the various schemes for getting targeted results and to further increase its composite score in future.

2.34 When asked furnish the composite score figures for 2013-14 and 2014-15, it was submitted that composite score of Department of Agriculture and Cooperation for 2013-14 and 2014-15 has not been received yet from the Performance Management Division, Cabinet Secretariat.

**(vii) Allocation of Funds to the North Eastern States**

2.35 All Ministries / Departments of the Government of India, except those specifically exempted, are required to earmark 10% of their annual budget, less allocation for externally aided schemes and local or event specific schemes / projects, for expenditure in North Eastern Region. Since 1998-99, unutilized portion of funds earmarked by non-exempted Ministries/Departments is surrendered in a Non-Lapsable Central Pool of Resources (NLCPR) set up in Ministry of Finance, D/o Expenditure which is maintained on proforma basis.

2.36 On being asked to furnish allocation and utilization figures for North-Eastern Region during the Twelfth Plan period, the Ministry furnished the following figures.\

**BE & RE for the projects/Schemes for the benefits of North Eastern Region**

| Year         | BE             | RE             | Expenditure | (Rs. in crore)               |
|--------------|----------------|----------------|-------------|------------------------------|
|              |                |                |             | Percentage Utilisation of BE |
| 2012-13      | 969.20         | 836.30         | 783.5       | 80.84                        |
| 2013-14      | 1005.50        | 1004.34        | 871.38      | 86.66                        |
| 2014-15      | 1217.60        | 1112.00        | -           |                              |
| 2015-16      | 1214.64        | -              | -           | -                            |
| <b>Total</b> | <b>4406.94</b> | <b>2952.64</b> | -           | -                            |

From the above, it can be inferred that BE has been revised at RE stage during the fiscals 2012-13, 2013-14 and 2014-15. The utilization of funds was lower in comparison to the allocation during the fiscals 2012-13 and 2013-14. However, Department of Agriculture and Cooperation have not furnished the actual utilization figures for the Fiscal 2014-15.

2.37 While deposing before the Committee, representative of the Ministry while acknowledging that underutilization of funds earmarked for the North Eastern Region was hampering the optimum utilization of funds, submitted as under:

"Seldom full utilisation of funds occurs and this also impacts the overall utilisation of funds allocated to the Department. A deficit of 1.5 to 2% is always there as 10% is left for North-East at Annual Plan stage and some grant for SC & Tribal sub-Plan which generally is not utilized to the fullest."

## **CHAPTER – III**

### **EVALUATION OF SCHEMES**

#### **(i) Changed Funding Pattern of Centrally Sponsored Schemes**

There are 5 Central Sector schemes which are fully supported by the Department of Agriculture & Cooperation. These are (1) National Crop Insurance Programme (NCIP); (2) Integrated Scheme on Agriculture Cooperation (ISAC); (3) Integrated Scheme for Agricultural Marketing (ISAM); (4) Integrated Scheme on Agriculture Census, Economics and Statistics (ISACE&S) and (5) Secretariat Economic Service (SES). There are 6 Centrally Sponsored Schemes (CSS), the funding of which is shared by the Central and State Governments. These are: (1) National Food Security Mission (NFSM); (2) Mission for Integrated Development of Horticulture (MIDH); (3) National Mission On Oilseeds & Oil Palm (NMOOP); (4) National mission for Sustainable Agriculture (NMSA); (5) National Mission on Agriculture Extension and Technology (NMAET) and (6) Rashtriya Krishi Vikas Yojna (RKVY). In the Budget proposal for 2015-16 there has been a reduction in the allocation of state sector (CSS) schemes viz. the above six schemes. In view of this, these six schemes are proposed to be implemented with revised sharing pattern keeping in mind the enhanced allocation available with the State on account of the acceptance by the Government of the recommendations of the 14<sup>th</sup> Finance Commission, which provide for larger devolution of tax resources to the States. This would ensure that the overall resources for the above CSS schemes are not changed.

3.2 Elaborating on the changed scenario of Centre and State spending on these Schemes the representative of the Ministry deposed before the Committee.

"Although, it is not clear how this will be spent and on which Schemes and there is feeling and expectation that State Government's will make special provisions for agriculture also. However, there is not much of variation in Central Schemes. With the decline in Centre's share, it is expected States will contribute in reducing deficit. The point that arises here is that there are many scheme in which earlier is providing 100% assistance, some such as NHM in which we are providing 85% and State Government 15%. Schemes like Integrated Oil Seeds head assistance ratio of 75:25 and there are many which have differing operating proportions. Since our allocation have been reduced, it is being examined how necessary changes could be worked out in these schemes. We are bringing a draft note for Cabinet and to seek their approval on the arrangements of State sharing of grants assistance ratio. Also a high level Committee has been constituted under the Chairmanship of Chief Minister of MP by NITI Aayog and final decision will be taken on its recommendations. The present pattern is only an interim arrangement."

**(ii) Restructuring of Missions/Schemes during the Twelfth Plan period**

3.3 In their Budgetary Documents, the Department of Agriculture and Cooperation have informed that in order to keep up the momentum gained during the 11<sup>th</sup> Plan and achieve the targeted growth rate of 4% during the Twelfth Five Year Plan as also to ensure focused approach and to avoid overlap, all the Schemes of the Department has been restructured into five Missions viz. National Food Mission (NFSM), Mission for Integrated Development of Horticulture (MIDH), National Mission on Oil Seeds and Oil Palm (NMOOP), National Mission for Sustainable Agriculture (NMSA) and National Mission on Agricultural Extension & Technology (NMAET); four Central Sector Schemes viz. National Crop Insurance Programme (NCIP), Integrated Scheme on Agri-Census & Statistics (ISAC&S), Integrated Scheme of Agriculture Marketing (ISAM) and Integrated

Scheme of Agriculture Cooperation (ISAC); and one State Plan Scheme viz. Rashtriya Krishi Vikas Yojana (RKVY).

**The list of ongoing schemes rationalized under above Umbrella Schemes to be implemented during 2015-16 are given below:**

| <b>Sl. No.</b> | <b>Schemes to be rationalized</b>                        | <b>Rationalized Umbrella Scheme</b>     |
|----------------|--|---|
| 1              | National Food Security Mission                           | KRISHONNATI YOJANA                      |
| 2              | National Horticulture Mission                            |   |
| 3              | Integrated Scheme on Agricultural Census and Statistics  |   |
| 4              | Integrated Scheme on Agriculture Cooperation             |   |
| 5              | Investment in Debentures of State land Development Banks |   |
| 6              | Integrated Scheme on Agriculture Marketing               |   |
| 7              | National Agri-tech Infrastructure                        |   |
| 8              | National Mission on Agriculture Extension and Technology |   |
| 9              | National Mission for Sustainable Agriculture             |   |
| 10             | National Mission on Oilseeds and Oil Palm                |   |
| 11             | Price Stabilization fund for Cereals and Vegetables      |   |
| 12             | Pradhan Mantri Krishi Sinchai Yojana                     | PRADHAN MANTRI KRISHI SINCHAI YOJANA    |
| 13             | National Crop Insurance Programme(NCIP)                  | NATIONAL CROP INSURANCE PROGRAMME(NCIP) |
| 14             | Rashtriya Krishi Vikas Yojana(RKVY)                      | RASHTRIYA KRISHI VIKAS YOJANA           |



3.4 Department of Agriculture also furnished a statement highlighting the utilization of funds under the Schemes/Missions subsumed under Krishonnati Yojana as on 30-03-2015 for the year 2014-15 is as follows :

| Sl.No. | Name of Scheme   | Amount utilized<br>(Rs. in crore) |
|--------|--|-----------------------------------|
| 1.     | National Food Security Mission                           | 1872.77                           |
| 2.     | National Horticulture Mission (Now MIDH)                 | 1897.76                           |
| 3.     | National Mission on Agriculture Extension and Technology | 1072.93                           |
| 4.     | National Mission for Sustainable Agriculture             | 1343.32                           |
| 5.     | National Mission on Oilseeds and Oil Palm                | 301.87                            |
| 6.     | Integrated Scheme on Agricultural Census and Statistics  | 214.92                            |
| 7.     | Integrated Scheme on Agriculture Cooperation             | 93.90                             |
| 8.     | Investment in Debentures of State Land Development Banks | 9.59                              |
| 9.     | Integrated Scheme on Agriculture Marketing               | 957.42                            |
| 10.    | National Agri-tech Infrastructure                        | 0.00                              |
| 11.    | Price Stabilization Fund for Cereals and Vegetables      | 50.00                             |

All the above Missions/Schemes are under implementation as on date.

**(iii) Krishonnati Yojana**

3.5 In response to a specific query on the rationale for subsuming 5 mission and 6 schemes under Krishonnati Yojana from the year 2015-16 especially when the Schemes of the Department were restructured recently at the start of the Twelfth Five Year Plan, the Department via their written reply informed that Krishonnati Yojana has

been envisaged as an umbrella programme with a specific focus on enhancing the agricultural output by rationalizing various schemes under implementation into one integrated scheme. This shall help in weeding out components that were duplicating in nature amongst various schemes and help in delivering the services and allocating resources in a more efficient and effective manner.

3.6 When queried as to how Krishonnati Yojana would accelerate the all round development of agriculture in the Country, the Department's response was that the Scheme shall enable better focus on efficient service delivery and efficient allocation of resources.

3.7 Department of Agriculture and Cooperation further informed that the ongoing Schemes/Missions that have now been included in the Krishonnati Yojana shall continue to operate in the existing manner. In so far as funding is concerned, the Department shall continue to urge Ministry of Finance to allocate adequate funds so that the targets for the 12<sup>th</sup> Plan are fully met.

3.8 Responding to a query on the changed Centre-State funding pattern for the Scheme, the Department stated that the matter relating to changed sharing pattern of various components of the Krishonnati Yojana is presently under examination.

**(iv) Pradhan Mantri Krishi Sinchai Yojana (PMKSY)**

3.9 Pradhan Mantri Krishi Sinchai Yojana is a new scheme proposed to be launched from 2015-16. It will provide end to end solutions in irrigation supply chain, viz. water sources and distribution network and farm level applications.

3.10 Furnishing details of this Scheme, Department of Agriculture and Cooperation in their written replies submitted that overreaching vision of Pradhan Mantri Krishi Sinchai Yojana (PMKSY) is to ensure access to some means of irrigation to all agricultural farms in the country, to produce 'per drop more crop', thus bringing much desired rural prosperity. The programme will focus at:

- To ensure access to water to every agriculture farm (*Har Khet Ko Pani*);
- To increase agricultural production and productivity by increasing availability and efficient use of water.
- To provide flexibility and autonomy to States in the process of planning and executing programmes for ensuring water to every farm;
- To ensure a holistic approach by way of preparation of comprehensive District and State irrigation development plans based on agro-climatic conditions, sources of availability of water.
- To promote extension activities related to on farm water management and crop alignment for farmers and grass root level field functionaries.

It was further informed that the detailed structure and guidelines of the Scheme are presently under finalization. Once these are finalized and approved, the scheme shall commence implementation.

3.11 When queried about the agencies that would be involved in the implementation of the Scheme, it was informed that as per the budget announcement the PMKSY has been aligned in three major segments like irrigation source creation and distribution (Ministry of Water Resources), Watershed Development to the (Department of Land Resources) and Micro Irrigation & extension activities for addressing water use efficiency to the (Department of Agriculture & Cooperation).

3.12 Funds allocated for this Scheme for the year 2015-16 is Rs. 1800 crore. Elaborating further about fund allocation the Ministry in their Outcome Budget stated as follows:-

District Irrigation Plans (DIPs) shall be the cornerstone for planning and implementation of PMSKY. DIPs will identify the gaps in irrigation infrastructure vis-à-vis infrastructure currently available and resources that would be added during XII Plan from other ongoing schemes (both State and Central) like Mahatma Gandhi National Rural Employment Guarantee Scheme (MGNREGS), Backward Regions Grant Fund (BGRF), Rashtriya Krishi Vikas Yojana (RKVY), Integrated Watershed Management Programme (IWMP), Accelerated Irrigation Benefit Programme (AIBP), National Mission for Sustainable Agriculture (NMSA) etc.

PMKSY will adopt a dynamic annual fund allocation methodology that will mandate States to allocate more funds to irrigation sector for becoming eligible to access PMKSY funds. Inter State allocation of PMKSY funds will be decided based on (i) share of percentage of unirrigated area in the State vis-à-vis National average and (ii) increase in percentage share of expenditure on Irrigation and related activities in State Plan expenditure in the previous year over the three years prior to it.

**(v) Rashtriya Krishi Vikas Yojana (RKVY)**

3.13 Rashtriya Krishi Vikas Yojana(RKVY) was launched in 2007-08 to incentivize States to enhance investment in agriculture and allied sectors to achieve and sustain the desired growth rate in agriculture and allied sectors. Funds for implementation of RKVY are made available to the States as 100% grants by the Union Ministry of

Agriculture in the form of Additional Central Assistance (ACA). The approved outlay for the scheme for the XI Plan was Rs. 25000 crore. RKVY requires the States to prepare District and State Agriculture Plans. States have been provided flexibility and authority for selection, planning, approval and execution of schemes as per their priorities and agro-climatic requirements. Projects under the scheme are approved by the State Level Sanctioning Committees (SLSCs) under the Chairmanship of Chief Secretary of the respective States. Funds are routed through the State Agriculture Department, which is the nodal Department for implementation of the scheme in the State.

3.14 Based on feedback received from States, experiences garnered during implementation in 11<sup>th</sup> Plan and inputs provided by Stakeholders; Operational Guidelines of RKVY have been revised for implementation from 2014-15 not only to enhance efficiency and efficacy of the programme but also its inclusiveness during 12th Plan period. The revised Operational Guidelines of the scheme mandated that at least 35% of Normal RKVY allocation should be utilized by the states for implementing Infrastructure and Assets development projects.

3.15 The Ministry enumerated the main objectives of RKVY Scheme as under:

- To incentivize the States so as to increase public investment in Agriculture and allied sectors.
- To provide flexibility and autonomy to States in the process of planning and executing Agriculture and allied sector schemes.

- To ensure the preparation of agriculture plans for the districts and the States based on agro-climatic conditions, availability of technology and natural resources.
- To ensure that the local needs/crops/ priorities are better reflected in the agricultural plans of the States.
- To achieve the goal of reducing the yield gaps in important crops through focused interventions.
- To maximize returns to the farmers in Agriculture and allied sectors.
- To bring about quantifiable changes in the production and productivity of various components of agriculture and allied sectors by addressing them in a holistic manner.

3.16 The implementation strategy of RKVY accords flexibility and autonomy to States in planning and executing projects related to agriculture and allied sectors. States are empowered to formulate strategies for development of the agriculture and allied sectors in a holistic way taking into account their agro-climatic conditions so as to effectively address their local needs and priorities, rather than continuing with business as usual mode of “one size fits all” formula. Projects under RKVY cover the entire gamut of activities in the agriculture and allied sectors supplementing ongoing Centrally Sponsored/State Plan Schemes and projects in these sectors. RKVY also emphasizes on convergence through District Agriculture Plans (DAPs) and State Agriculture Plan (SAP) for eliminating overlap of resources & efforts for optimal utilization of funds available through various schemes. Besides, planning and execution of projects, RKVY provides complete flexibility and autonomy to States to customize interventions as per local requirements. For a vast country like India with diverse soil & agro-climatic

conditions, varying technological capabilities and agronomic practices, RKVY framework has enabled States to plan and chart their own developmental trajectory. At national level, it enables the country to achieve the target of 4% annual growth in agriculture and allied sectors. Over the years, RKVY has also facilitated in addressing national priorities, without affecting the autonomy and flexibility of States, through special sub-schemes e.g., Bringing Green Revolution to Eastern India (BGREI), Vegetable Initiative in Urban Clusters (VIUC), Saffron Mission, Vidarbha Intensive Irrigation Development Programme (VIIDP), Crop Diversification Project, National Mission for Protein Supplements (NMPS) are being implemented as sub-schemes of RKVY during 2014-15.

3.17 One of the basic objectives of RKVY is to incentivize investments in agriculture and allied sectors by linking State wise allocation of RKVY funds to the increased share of State Plan Expenditure in agriculture and allied sectors. This has helped in stepping up allocation to agriculture and allied sectors as a percentage of total State Plan Expenditure from 4.88% (Rs 8,770 crore) in 2006-07 to 6.82% (Rs 29,413 crore) in 2011-12 (RE) and 7.05% (Rs. 38,083 crore) during 2012-13(RE). Leveraging higher investments, States have been able to enhance production and productivity of crops and animal husbandry sector. During 11th Plan, States have taken up 5,749 projects across the entire spectrum of agriculture & allied sectors e.g., crop development, horticulture, agricultural mechanization, marketing & post-harvest management, animal husbandry, dairy development, fisheries, extension, etc. Concerted efforts by Centre and States has helped Agriculture and allied sector to achieve an annual growth rate of

4.1% (at 2004-05 prices) during the 11<sup>th</sup> Plan against 2.46% per annum during 10th Plan period.

3.18 In regard to the eligibility criteria to RKVY funds the Ministry in their written replies stated that it is twofold viz.:-

- The base line share of Agriculture and allied sectors in its total State Plan (excluding RKVY funds) expenditure is at least maintained; and
- District Agriculture Plans (DAP) and State Agriculture Plans (SAP) have been formulated.

3.19 Elaborating the criteria for allocation of funds the Department stated that six parameters are laid down for allocation of fund. These are as follows:-

| Sl. No. | Criteria/Parameter  | Weightage |
|---------|---|-----------|
| 1.      | Percentage share of net un irrigated area in a State to the net un irrigated area of all eligible States.   | 15%       |
| 2.      | Last three (3) years average area under oil seeds and pulses  | 5%        |
| 3.      | State's highest GSDP for agriculture and allied sectors for the past five years.  | 30%       |
| 4.      | Increase in expenditure in Agriculture and allied sectors in the previous year over the year prior to that year. (For example, previous year for allocating State's share for 2014-15 would be the year 2012-13 and the year prior to that would be 2011-12). | 30%       |
| 5.      | Increase in Plan and non-plan expenditure made by the States from the State Budgets on Animal Husbandry, Fisheries, Agricultural Research & Education in the previous years over the year prior to that year.   | 10%       |
| 6.      | Inverse of Yield gap between state average yield and potential yields as indicated in the frontline demonstration data  | 10%       |



3.20 Elaborating the streams of funding in RKVY the Department stated as follows:-

- RKVY (Production Growth) with 35% of annual outlay,
- RKVY (Infrastructure and Assets) with 35% of annual outlay;
- RKVY (Special Schemes) with 20% of annual outlay; and
- RKVY (Flexi Fund) with 10% of annual outlay (States can undertake either Production Growth or Infrastructure & Assets projects with this allocation depending upon State specific needs/ priorities).

The requirement of minimum allocation of funds to production growth stream has been waived off to boost creation of Infrastructure & Assets. Thus, the States are able to allocate their entire RKVY normal allocation to Infrastructure & Assets Stream.

3.21 For the Twelfth Plan period, the Department had proposed an allocation of Rs. 125000.00 crore for RKVY against which the approved outlay is Rs. 63246.00 crore. The status of proposed allocation, BE, RE and AE under the Scheme during the Twelfth Plan period is as follows:-

**(Rs in crore)**

| <b>Year</b>  | <b>Proposed Allocation</b> | <b>BE</b>       | <b>RE</b>       | <b>Actual Expenditure</b>  |
|--------------|----------------------------|-----------------|-----------------|----------------------------|
| 2012-13      | 25000.00                   | 9217.00         | 8400.00         | 8400.00                    |
| 2013-14      | 12500.00                   | 9954.00         | 7089.00         | 7052.51                    |
| 2014-15      | 15000.00                   | 9954.00         | 8444.00         | 7993.30 (as on 19.02.2015) |
| 2015-16      | 18000.00                   | 4500.00         | -               | -                          |
| <b>Total</b> | <b>70500.00</b>            | <b>33625.00</b> | <b>23933.00</b> | <b>23445.81</b>            |

The above table reveals that out of the approved Twelfth Plan Outlay of Rs. 63246.00 crore, the BE is to the tune of Rs. 33625.00 crore, which in monetary terms exhibits a reduction of Rs. 29621.00 crore and in percentage terms is only 53.16% of the approved outlay. The BE figures for the Fiscals 2012-13, 2013-14 and

2014-15 have been revised downward at RE stage and the actual expenditure is lower than the AE figures. Also, the BE for 2015-16 has been sharply reduced to Rs. 4500.00 crore in comparison to the BE 2014-15 of Rs. 9954.00 crore.

3.22 Asked to furnish the reasons for variation between the approved outlay and the actual allocation, the Department in their written replies submitted that the allocations for the scheme are dependent upon the overall allocations of the Department that are finalized by Ministry of Finance. The Department has been urging Ministry of Finance for appropriate budgetary allocations.

3.23 Responding to a query as to whether Department of Agriculture and Cooperation would be able to absorb the balance allocation of Rs. 29621.00 crore in the last Fiscal, 2016-17, Department of Agriculture and Cooperation informed that there are a number of project proposals in the pipeline whose fund requirements can be met in the event that adequate budget allocation is made. Apart from this, existing projects that have already been sanctioned can be released committed funds in full. Thus the scheme can fully absorb Rs. 29,621.00 crores in the event that these funds are made available.

3.24 Regarding under-utilization of allocated funds, the Department in their written reply stated that Utilization of funds released under RKVY is the prerogative of State Governments. Department insists on furnishing of UCs along with progress reports at the time of release of funds. Less utilization of funds by some States may be due to weather related factors. Further completion of infrastructural projects under RKVY generally take longer as compared to other projects due to which States have unspent balances. The Department further informed that the total utilization during 2014-15 is Rs. 2984.96 crore against the release of Rs.8443.20 crore.

3.25 Department of Agriculture and Cooperation further informed that the allocation during the year 2015-16 has been fixed at Rs.4500 crore by Ministry of Finance. As there is an increase of 10% in fund devolution from Centre to the States, as per the recommendation of 14<sup>th</sup> Finance Commission, the funds allocated to regular schemes of Agriculture have been reduced by Ministry of Finance. However, in order to keep the allocation fixed at the level of 2014-15, i.e., at Rs.9954 crores, 50-50 sharing pattern between Centre and State is proposed.

3.26 The Department also stated that as there is greater devolution of funds from Centre to the State, States may augment the shortfall of funds under RKVY from its own resources.

3.27 About the existence of a Central Monitoring mechanism for effective monitoring of the Scheme, the Department submitted that States must take up 25% of projects sanctioned for third party monitoring. States are required to make entries regarding implementation of all projects in RKVY –MIS. Further, subject matter Division of the Department Monitors projects related to their stream under RKVY.

3.28 The Committee were also informed that Institute of Social and Economic Change(ISEC) has been assigned the task of impact evaluation of RKVY scheme. Proposal for concurrent evaluation of RKVY during XII plan is also under process with the Department. ISEC has submitted 2 reports of evaluation till now. As RKVY is a State Plan scheme, the recommendations of the study are to be carried out by the concerned States.

**(vi) National Crop Insurance Programme (NCIP)**

**(a) Introductory**

3.29 In order to provide financial support to the farmers in the event of failure of crops as a result of natural calamities, such as 12% monsoon shortage, erratic weather scenario & cyclones viz. Hud Hud in Andhra Pradesh & Odisha, a Comprehensive Crop Insurance Scheme (CCIS) was introduced in the country with effect from Kharif, 1985. The participation in the scheme was voluntary and the States were free to opt for the scheme. All farmers who availed crop loans from Commercial Banks, Regional Rural Banks and Cooperative Banks for growing wheat, paddy, millets (including maize), oilseeds and pulses were eligible & compulsorily covered for coverage under the scheme. CCIS remained under implementation till Kharif 1999.

3.30 Spelling out the salient features of NCIP the Ministry stated as follows:-

- Component schemes of NCIP i.e. MNAIS, WBCIS & CPIS will be implemented on full-fledged basis throughout the country. Implementation is made compulsory for loanee farmers.
- Two higher indemnity levels of 80% & 90% would be available instead of three i.e. 70%, 80% & 90% under pilot MNAIS.
- If, states are unable to implement MNAIS at village/village panchayat level initially then such states may be allowed to implement it at higher unit area level (upto a cluster of maximum 15 villages) with prior approval of DAC for first 3-5 years.
- States implementing MNAIS at Village/Village Panchayat level are entitled for 50% reimbursement of incremental expenses of CCEs from GOI with the cap provision based on the annual budget.
- Under WBCIS, provision for add-on/index plus products for horticultural crops for compensating losses due to perils of hailstorm, cloudburst etc.
- For successful implementation of WBCIS, 5000 AWS will be set-up in the country through the model of Public Private Participation mode for which GOI shall share with the states provision of viability gap funds in the ratio of 50:50.
- Pilots for use of Remote Sensing Technology (RST)/Satellite imageries to supplement the yield assessment through CCEs.
- Under Coconut Palm Insurance Scheme (CPIS), insurance eligibility condition of having at least 10 healthy palms has been reduced to 5 palms, increased Sum Insured; loss intimation time has been increased from 7 days to 15 days.

3.31 BE, RE and actual utilization under NCIP during the last three fiscals alongwith BE for the current year is as follows:-

| (Rs. in crore) |                |                |                               |
|----------------|----------------|----------------|-------------------------------|
| Year           | BE             | RE             | Actual Expenditure            |
| 2012-13        | 1167.00        | 1575.00        | 1574.68                       |
| 2013-14        | 2177.00        | 2571.00        | 2576.16                       |
| 2014-15        | 2848.00        | 2795.00        | 2362.75<br>(as on 20.02.2015) |
| 2015-16        | 2835.00        | -              | -                             |
| <b>Total</b>   | <b>9027.00</b> | <b>6941.00</b> | <b>6513.59</b>                |

The above-data reveals that during the Fiscals 2012-13 and 2013-14 the BE figures of Rs. 1167.00 crore and Rs. 2177.00 crore were revised upward at RE stage to Rs. 1575.00 crore and Rs. 2571.00 crore respectively. However, during the Fiscal 2014-15 BE of Rs. 2848.00 crore was revised downward at RE stage to Rs. 2795.00 crore. On the actual expenditure, it has been observed that during the year 2012-13 the AE of Rs. 1574.68 crore almost matched the RE of Rs. 1575.00 crore. In the Fiscal 2013-14 the AE of Rs. 2576.16 crore exceeded the RE of Rs. 2571.00 crore. During the last Fiscal the AE was Rs. 2362.75 crore (As on 20 February, 2015). The BE for the Fiscal 2015-16 is Rs. 2835.00 crore, which is lower than the BE for the preceding year i.e. Rs. 2848.00 crore.

3.32 On being asked to explain the reasons for upward revision of BE and RE stage during the 2012-13 and 2013-14, the Committee were informed that with the aim to provide financial compensation to farmers against losses to their crops due to non-preventable causes including natural calamities like flood, drought etc. and adverse weather conditions, Department of Agriculture & Cooperation (DAC) of Ministry of

Agriculture, till Kharif 2013 season was implementing one crop insurance scheme i.e. National Agricultural Insurance Scheme (NAIS) and three schemes namely, Modified NAIS (MNAIS), Weather Based Crop Insurance Scheme (WBCIS) and Coconut Palm Insurance Scheme (CPIS) on pilot basis. However from Rabi 2013-14 an umbrella scheme of National Crop Insurance Programme (NCIP) with three component schemes namely MNAIS, WBCIS and CPIS was introduced. The NAIS was to be withdrawn simultaneously. However, NAIS was also continued for Rabi 2013-14 & year 2014-15 at the request of States. These schemes are demand driven and therefore, requirement of funds depended on climatic conditions such as monsoon, drought, floods, cyclones and coverage of farmers etc.

3.33 As per the provisions of NAIS, Government of India is providing funds as subsidy @ 10% in the premium in the case of small and marginal farmers, for contribution towards premium and claims over and above the premium. There were huge claims under NAIS during Kharif 2012, Rabi 2012-13 and Kharif 2013 season due to severe deficiency of monsoon rains followed by unseasonal rains, which caused damage to crops thus requiring additional funds at RE stage. Under MNAIS & WBCIS, implemented as pilot scheme till Kharif 2013 and thereafter, as components scheme of NCIP, Government provided only upfront premium subsidy whereas claim liability rested with the insurance companies. Besides, due to increase in the coverage/penetration of schemes as more and more farmers are coming under crop insurance fold, requirement of funds is increasing every year. Further, from Rabi 2013-14, MNAIS and WBCIS are being implemented on full-fledged basis throughout the country, hence

there is requirement of additional funds due to increase in coverage of farmers and areas/crops.

3.34 The reasons for downward revision of BE at RE stage during 2014-15 due to the fact that during 2014-15, the total demand of funds under the crop insurance was on higher side. However, due to reduced allocation of funds to the Department, the crop insurance could get less. Some funds were allocated under North Eastern States (NER) for the first time. Since NER States had not opted for MNAIS/WBCIS, the requirement of funds against Government of India liabilities against premium subsidy is less. Claims liabilities under NAIS under implementation in NER would be met by Agriculture Insurance Company from out of the premium collected. Therefore, allocation under RE is revised downward in 2014-15 due to less requirement for NER. However, requirement of funds for non-NER under crop insurance schemes is more and therefore some of the liabilities for current financial year will be met from the allocation of 2015-16.

3.35 When asked to furnish the up-to-date expenditure for 2014-15, Department of Agriculture and Cooperation furnished the follow data:-

|              |   |                          |
|--------------|---|--------------------------|
| NAIS         | : | Rs. 1543.56 Crore        |
| MNAIS        | : | Rs. 584.78 Crore         |
| WBCIS        | : | Rs. 470.00 Crore         |
| <b>Total</b> | : | <b>Rs. 2598.34 Crore</b> |

**(b) National Crop Income Insurance Scheme (NCIIS)**

3.36 The Committee have been informed that the Government is desirous to introduce a comprehensive insurance instrument to protect the farmers against both yield loss and price fluctuations. Ministry is in the process of soliciting views of various stakeholders to evolve an acceptable insurance instrument to insure farmers against yield loss and price volatility. Hon'ble Union Agriculture Minister has written to the Chief Ministers/Administrators of all the States/UTs soliciting their suggestions in this regard. Five meetings have been convened recently in the Ministry with the State Governments/empanelled insurance companies/farmers' representatives and other stakeholders to solicit their views. A Committee under the Chairmanship of MOS(A) with Agriculture Ministers of States and Principal Secretaries of some States to finalise the new crop insurance scheme to cover both yield and price risks has been constituted on 6<sup>th</sup> February, 2015. The first meeting of the Committee was held on 20<sup>th</sup> February, 2015.

3.37 In view of above Rs. 1.00 crore has been proposed as token budget provision for the year 2015-16 for National Crop Income Insurance Scheme (NCIIS), which is proposed to be implemented during 2015-16.



**(c) Crop Insurance and Unseasonal Rains**

3.38 Having witnessed the havoc caused to standing Rabi Crops due to unseasonal rains in the month of March in Northern, Central, Western and Southern India, the Committee desired to be apprised about the extent of damage crop-wise/State-wise and its likely impact on crop production, to which, the Department submitted that as per the recent memorandum dt.25.3.2015 received from Uttar Pradesh 24.65 lakh ha area was affected resulting in crop loss of more than 50% in 10.74 lakh ha area due to hail storm. The exact quantum of loss to crop production is being assessed.

3.39 Informing the Committee on the steps taken by them in this regard, it was informed that the Department has initiated specific measures to assess the damage and provide relief to farmers. On receipt of memorandum from Uttar Pradesh, Inter-Ministerial Central Team (IMCT) on 30<sup>th</sup> March, 2015 to visit the state and assess the situation and recommend financial assistance from NDRF. Under Crop Insurance Schemes compensation is provided to the insured farmers for notified crops in notified areas only. As per provisions, claims are settled by the insurance companies on receipt of requisite yield data from the State Government under yield based schemes of National Agricultural Insurance Scheme (NAIS) and Modified NAIS(MNAIS) and weather data from the IMD and third party vendors under weather index based scheme of Weather Based Crop Insurance Scheme (WBCIS) and on receipt of the requisite Government share in premium subsidy and/or claims.

3.40 However, all the insurance companies implementing crop insurance schemes have been advised to expedite the processing and settlement of claims in unseasonal rains/hailstorm affected areas. They have also been advised to take suitable action for assessment of crop loss/claims at individual farm level in the areas reported/notified to indemnify the localized risks under MNAIS and add-on/index plus under WBCIS along with 'on account' payment of claims.

**Some of the ongoing Schemes now subsumed under the Umbrella of Krishonnati Yojana are discussed in the following Paragraphs**

**(vii) Integrated Scheme for Agricultural Marketing (ISAM).**

**Grameen Haat**

3.41 The Marketing Division of Department of Agriculture and Cooperation is concerned with the policy and programme implementation for Agricultural Marketing. For the remaining period of the 12<sup>th</sup> Plan, the ongoing Central Sector Schemes (CSS) being implemented by the Division were integrated into a new Scheme viz. Integrated Scheme for Agricultural Marketing (ISAM) have five sub-schemes as follows:-

- (1) Agricultural Marketing Infrastructure (AMI), the objective of this component is to create market infrastructure including Storage Infrastructure and Integrated Value Chain Projects (IVC) {The earlier schemes of Grameen Bhandaran Yojana (GBY) [being implemented w.e.f. 01.04.2001] and Development/ Strengthening of Agricultural Marketing Infrastructure, Grading and Standardization (AMIGS) [being implemented w.e.f. 20.10.2004] have been subsumed into one sub-scheme of ISAM called AMI w.e.f. 01.04.2014.}
- (2) Marketing Research and Information Network (MRIN)
- (3) Strengthening of Agmark Grading Facilities (SAGF),
- (4) Agri-Business Development (ABD) through Venture Capital Assistance (VCA) and Project Development Facility (PDF) and
- (5) Training, Research and Consultancy through Choudhary Charan Singh National Institute of Agriculture Marketing (NIAM).

3.42 Department of Agriculture and Cooperation have informed that in order to provide single window approach and user & investment friendly atmosphere, six Plan Schemes implemented during the XI Plan period have been put under one umbrella scheme of ISAM. It aims to (i) promote agri-marketing through creation of marketing and agribusiness infrastructure including storage, (ii) incentivize agri-market reforms, (iii) provide market linkages to farmers, (iv) provide access to agri-market information and (v) support quality certification of agriculture commodities. This scheme was initiated w.e.f. 01.04.2014.

3.43 During the course of Evidence the Committee enquired about the initiatives taken to strengthen rural markets and providing them facilities at par with mega food parks and also evolving proper policy framework for these markets and sought information if any survey had been conducted on the number of the rural markets operating in the country and any evaluation been carried out for these markets; whether these markets have led to establishment of a direct relationship between the consumer and the producer and the steps being taken to modernize them and provide concrete structures so that water logging does not occur during rains. They also desired to know whether small cold storages, godowns have been developed in such markets so that farmers can store their produce temporarily in the absence of buyers and sell them as and when markets are favourable to them; and creating more Grameen Haats by having access to infrastructure developed for Mega Food Parks for development of synergy between these rural markets and Mega Food Parks.

3.44 Responding to the various queries raised by the Committee, the representative of the Ministry submitted as under:-

".....as per the estimates provided by Ministry of Panchayat Raj & Ministry of Rural Development, there are 22,759 bazars. As per APMC Act, there are 7114 regulated markets in the Country. We have no idea about the turnover of these markets. The Committee will be apprised of the same after obtaining the information from Ministry of Panchayat Raj & Ministry of Rural Development. Regarding the issue of basic amenities in these bazar and godowns and cold storage, it is submitted that we have a scheme ISAM which had a sub-scheme Agricultural Marketing Infrastructure. It had two components, Rural Storage and Agricultural Marketing Integrated Marketing Grading and Channelization. These two had been clubbed into one in 12<sup>th</sup> Plan and allocation of Rs. 4000 had been made towards it., whoever wishes to avail the benefits, does not have to come to the Government. It is upto him to prepare detailed project scheme, whether he wishes to build godown or market shade or shuttering machine or anything connected to the market. After preparing a Detailed Project Report of the scheme, he has to go to his service bank, which will approve the project and send it to NABARD which vets the project. Consequently, we transfer the subsidy in two instalments to the Bank. We subsidize to a maximum of 33.33% and in some cases 25% also. Earlier there were few takers for the Scheme, but in the last two years there has been a significant jump in the demand and we have reached the situation where all the allocation has been utilized. Of the Rs. 4000 crore we have already disbursed Rs. 1950 crore and rest Rs. 2150 crore will be disbursed in the next two years. The Scheme has been closed temporarily."

**(viii) Soil Health Management (SHM) under National Mission for Sustainable Agriculture (NMSA)**

3.45 Soil Health Management (SHM) is one of the important interventions under NMSA. SHM aims at promoting Integrated Nutrient Management (INM) through judicious use of chemical fertilizers including secondary and micro nutrients in conjunction with organic manures and bio-fertilizers for improving soil health and its productivity; strengthening of soil and fertilizer testing facilities to provide soil test based recommendations to farmers for improving soil fertility; ensuring quality control requirements of fertilizers , bio-fertilizers and organic fertilizers under Fertilizer Control Order, 1985; upgradation of skill and knowledge of soil testing laboratory staff,

extension staff and farmers through training and demonstrations; promoting organic farming practices etc.

- Soil Health Management (SHM) include components on : -
- (i) Soil Health and
  - (ii) Integrated Nutrient Management & Organic Farming.

### **Soil Health Components**

3.46 The components under Soil Health include the components of erstwhile National Project on Management of Soil Health & Fertility implemented up to 31.03.2014.

During 2012-13, against BE of Rs. 30.00 crore, RE was Rs. 13.20 crore and expenditure of Rs. 12.73 crore was incurred. Trainings were organized by Central Fertilizer Quality Control & Training Institute (CFQC&TI) for fertilizer dealers, foreign nationals, fertilizer inspectors and fertilizer laboratory staff. In order to complete the activities of setting up of laboratories, the 2<sup>nd</sup> instalments of previous years were released during 2012-13.

During 2013-14, against BE of Rs. 30.00 crore, RE was Rs. 24.50 crore and expenditure of Rs. 23.50 crore was incurred. Trainings were organized by Central Fertilizer Quality Control & Training Institute (CFQC&TI) for fertilizer dealers, foreign nationals, fertilizer inspectors and fertilizer laboratory staff. A total of 10 new static Soil Testing Laboratories (STLs), 5 new Mobile STLs, strengthening of 2 existing STLs, 1 new Fertilizer Quality Control Laboratory (FQCL) and strengthening of 1 FQCL were sanctioned apart from trainings and demonstrations on balanced use of fertilizers.

## **Organic Farming Components**

3.47 The components under organic farming include components of erstwhile National Project on Organic Farming (NPOF) implemented up to 31.03.2014. During 2012-13, against BE of Rs. 21.00 crore, RE was Rs. 12.72 crore and expenditure of Rs. 11.44 crore was incurred. Trainings were organized by National Centre of Organic Farming (NCOF) for certification course on organic farming, refresher courses for analysts, field functionaries, trainers training, News Letters on organic farming and biofertilizers were brought out. During 2013-14, against BE of Rs. 15.00 crore, RE was Rs. 14.57 crore and expenditure of Rs. 13.62 crore was incurred. Trainings were organized by National Centre of Organic Farming (NCOF) for certification course on organic farming, refresher courses for analysts, field functionaries, trainers training, News Letters on organic farming and biofertilizers were brought out. Allocation for the National Mission on Promotion of Organic Farming is Rs. 17 crore.

## **Implementation during 2014-15**

3.48 The above schemes have been subsumed under National Mission for Sustainable Agriculture during 12<sup>th</sup> Plan (from 2014-15) and being implemented under it as Soil Health management (SHM) intervention. The BE 2014-15 is Rs 154.40 crore (including Soil Health Card scheme) against which RE 2014-15 amounting to Rs 108.98 crore has been provided and likely expenditure is also Rs 108.98 crore. Allocation for National Project on Management of Soil Health and Fertility (including Soil Health Card) is Rs. 200 crore (BE) for the year 2015-16.

## **New Scheme**

3.49 A new scheme "Soil Health Card" under NMSA has been approved for implementation during the remaining period of 12<sup>th</sup> plan to provide soil Health Card to all farmers in the country. Soil Health Card will provide information to farmers on soil nutrient status of their soil and recommendation on appropriate dosage of nutrient to be applied for improving soil health and its fertility. Soil Health Card will be issued every 3 years for all land holdings in the country. A sum of Rs. 23.59 crore has been released recently in 2014-15 to the States for soil sampling, training, awareness and providing of GPS etc so that preparatory activities for issue of soil health card to farmers are started by States.

3.50 It has been stated that in view of the concern about the imbalanced utilization of fertilizers resulting in deterioration of soil, Rs. 56 crore have been set aside to set up 100 mobile soil testing laboratories across the country in the year 2014-15 Budget, of which 56 Mobile Soil Testing Laboratories (MSTLs) have been sanctioned to State Governments during 2014 -15. During 2015-16, analysis of 97 lakh soil samples is targeted to generate and distribute 5.47 crore Soil Health Cards to farmers. The Department informed that the Soil Health Card Scheme has been launched on 19.02.2015 with an outlay of Rs. 568.54 crore during the 12<sup>th</sup> Plan period.

3.51 On being asked about the timeframe for completion of the rest of the soil testing laboratories, the Ministry have submitted that setting up of Soil Testing Laboratory is time taking process and it is expected that States would be able to set up the sanctioned laboratories by 2015 -16 and also Mobile Soil Testing Laboratories (MSTLs) are sanctioned as per proposals/requirement of States.

**(ix) National Mission on Agriculture Extension and Technology**

**Sub mission on Agriculture Extension & Training**

**Agriculture Technology Management Agency (ATMA)**

3.52 As a step towards Revitalization of Agricultural Extension System a new institutional arrangement for technology dissemination through Agriculture Technology Management Agency (ATMA) is under implementation. To further strengthen the extension system, the following provisions have been subsequently made in the modified ATMA Scheme:

- (i) Increased provision of specialist and functionary support at different levels viz. Gender Coordinator and Assistant Technology Managers (ATMs) at the Block level;
- (ii) Increased consolidated remuneration for the contractual posts viz. State Coordinators, BTMs, ATMs and Computer Programmer;
- (iii) Increased contingency amount for Farmer Friend from Rs.4000 /year to Rs.6000 /year;
- (iv) Revision in ATMA Cafeteria (i.e. list of extension related activities to choose from) enhanced unit costs for some of the activities;
- (v) Innovative Technology Dissemination (ITD) Activities: Use of ITD like Display Boards, Pico-Projectors, low cost films, hand held devices, mobile based services etc. and activities like Kala Jatha are included as mandatory activities;
- (vi) Provision for operational expenses for Farmers Advisory Committees at State, District and Block levels comprising a group of farmers to advise and provide inputs to the administrative bodies at each level;

According to the Ministry the Toll Free No. has been changed from 1551 to '1800-180-1551' to facilitate accessibility of KCC services through mobile telephones and telephone network of private service providers. Kisan Knowledge Management System (KKMS) has been developed to provide instant information backup to Call Centre Agents for answering farmer queries. The nation-wide SMS Portal for farmers has now enabled all Departments, Offices & Organization of Government of India & State Government (down to the block level) to send information, provide services & give



advisories to farmers in their local language in respect of their location and for preference of crops/agriculture practices.

**(x) National Mission on Sustainable Agriculture  
Paramparagat Krishi Vikas Yojana (PKVY)**

3.53 This Ministry is promoting Organic Farming as a sub-component under National Mission on Sustainable Agriculture (NMSA). In order to promote participatory certification of Organic Farming in a cluster approach, so as to bring down its costs, some components, namely (a) adoption of organic farming through cluster approach under PGS (PGS certification), (b) support to PGS system for online data management and residue analysis, (c) training and demonstration on organic farming, (d) organic village adoption for manure management and biological nitrogen harvesting, have been clubbed together as a cluster based programme and named Paramparagat Krishi Vikas Yojana. It is intended to enhance the area under organic farming to 5.0 lakh hectares within a period of 3 years. It is targeted to cover 10000 clusters of farmers (about 50 farmers in each cluster ) in three years with an expenditure of Rs 1495 crore. 3300 clusters shall be covered in the first year with an expenditure of Rs 500 crore.

## **PART –II**

### **RECOMMENDATIONS AND OBSERVATIONS OF THE COMMITTEE**

#### **IMPLEMENTATION OF THE COMMITTEE’S RECOMMENDATIONS**

1. The Committee note that the Action Taken Replies regarding the action taken by the Government on the Observations / Recommendations contained in the Third Report of the Committee have not been furnished by the Government within the stipulated three months. They further note that the Statement of the Minister under Direction 73-A of Directions by the Speaker, Lok Sabha is not due till June, 2015. Deprecating this delay in furnishing of action taken replies by the Government, the Committee urge the Government to furnish the same to the Committee at the earliest and also ensure that in future deadlines are scrupulously adhere to.

#### **CONTRIBUTION OF AGRICULTURE AND ALLIED SECTOR TO GROSS DOMESTIC PRODUCT (GDP)**

2. The Committee note with a sense of relief on being informed that GDP of agriculture has increased from Rs. 8,00,548 crore in 2013-14 to Rs. 15,96,877 crore during the Fiscal 2014-15. However, they are concerned to note that in percentage terms, the contribution of Agriculture sector has reduced as the total GDP of the Country has increased. The Committee also note that the share of the Department of Agriculture and Cooperation with respect to the Central Budgeted Outlay has decreased from 3.09% in the Eleventh Plan to just 1.65%

during the Twelfth Plan. The Committee are concerned about the funding of the Agriculture Sector which is the backbone of the Country in terms of employment and food security. While the Committee note with satisfaction the initiatives taken by the Government to increase contribution of agriculture and allied sectors to the total GDP, such as increasing levels of agricultural credit to farmers, increasing outlay for creation of agricultural infrastructure and rationalizing various schemes to make them more focussed, the Committee are of the considered opinion that these initiatives though well meaning have not been able to achieve the desired result. Being of the firm opinion that agriculture is the bedrock of the Indian economy, they exhort upon the Government to strive harder in this regard, especially, on the implementation aspect so as to increase the viability of the agriculture sector, which ultimately would result in increased contribution of agriculture and allied sectors to our GDP.

### **SHARE OF AGRICULTURE AND ALLIED SECTOR IN CENTRAL PLAN**

3. While perusing the documents furnished by the Department in context of examination of Demands for Grants (2015-16), the Committee came across a instance wherein a variation in numerical terms was witnessed. In their Background Material, the Department submitted that the outlay for agriculture sector in 2015-16 has been increased to 2.01% of the total Central Plan Outlay of Rs. 5,78,302 crore; during the course of Evidence the representative of the Department deposed before the Committee that the allocation to Department of Agriculture and Cooperation for the Fiscal 2015-16 was Rs. 16,466.35 crore which in percentage terms in 2.8% of the Central Plan Outlay of Rs. 5,78,382 crore, while

in their Post-Evidence written replies, the Department again submitted that outlay for the entire agriculture and allied sectors for the year was Rs. 11,675.00 crores, which is 2.01% of the total Central Plan Outlay of Rs. 5,78,382.00 crore.

The Committee strongly deprecate this variance in figures regarding allocation to Agriculture and allied sectors out of the Central Plan Outlay for the Fiscal 2015-16, as it is reflective of their callous attitude while furnishing any information to Parliament. They, therefore, caution the Department that in the future, extreme care should be taken before furnishing any document to Parliament to ensure uniformity in data on a particular topic across all documents to avoid repeat of this incident.

4. In spite of our economy being an agri-dominant and one which sustains more than half of our population, the Committee note with concern that when the issue of distribution of financial resources crops up, the agriculture sector is not given its due by the Government. In spite of Department of Agriculture and Cooperation's claim that in line with the recommendation of the Committee, the outlay for the entire agriculture and allied sector in the year 2015-16 has been increased to Rs. 11,657.00 crore, which is about 2.8% of the total Central Plan Outlay of Rs. 5,78,382.00 crore, the Committee are of the considered opinion that this is a meagre amount, which pales in comparison to the allocation to some of the other vital sectors such as energy sector of Rs. 167342.00 crore which is 29% and science & technology sector of Rs. 19023.00 crore i.e. 3.3% of the Central Plan Outlay. Being well aware of the precarious state of agriculture sector in the Country, the Committee fail to understand this rather sordid state of affairs. In their considered opinion, if indeed, the Government is serious about

reinvigorating this sector, the first step in the right direction would be a quantum enhancement in allocation of funds for agriculture and allied sectors. The Committee, therefore, recommend that the Government should break free from its unsynchronized approach and adopt a holistic approach to this vital sector of our economy. They are pretty sanguine that if the Government act promptly on this, the fortunes of Indian agriculture would witness a comprehensive turnaround in the near future. They, therefore, strongly recommend that the initiatives proposed for the year 2015-16 and the XII<sup>th</sup> Plan by the Government in order to develop the most important area of our economy, in terms of employment and food security, should be extensively supported and backed up by requisite funding at RE stage to the Agriculture and Allied Sector.

#### **MISMATCH BETWEEN PROPOSED AND ACTUAL ALLOCATION**

5. The Committee find that Department had proposed an allocation of Rs. 29,211.99 crore for the 2014-15 and received only Rs. 22,309 crore (BE) which was further reduced to Rs. 19,530 crore at RE level. Similarly, for the year 2012-13 and 2013-14 the BE allocation for the Department was 41% and 83% of that proposed/sought by the Department of Agriculture and Cooperation. The worst is for 2015-16 where the Department had sought Rs. 40,168.32 crore, however, a definite spike has been poked in the wheel by grant of only 41% i.e. Rs. 16,646.35 crore for the year 2015-16. The Committee are concerned to note the quantum variation in the funds sought by the Department and the actual allocation done by the Planning Commission/Ministry of Finance which seems to make a mockery of the extant planning process. The Department candidly admitted that the reasons

for reduction of budgetary allocation as compared to the proposed plan outlays during these years may be attributed to overall resource crunch and prioritization of this Department by the then Planning Commission and the Department of Expenditure. The Committee were further informed that during the year, 2015-16, there has been steep decrease in the budgetary allocation as compared to proposed Plan Outlay. This is mainly on account of reduction of almost 34.4% in the state sector (CSS components) from Rs. 16,462.50 crore in 2014-15 to Rs. 10,800 crore in 2015-16. Not buying this argument put forth by the Department and being of the firm opinion that the huge mismatch between proposal and allocation not only makes a mockery of the extant planning process but also sends wrong signals to the farming community. Having witnessed this process during the course of the Eleventh Five Year Plan, wherein Department of Agriculture and Cooperation's actual allocation did not match the approved outlay for the entire Plan, the Committee desire that allocation should be done as per planning and not planning as per allocation as is currently in vogue. They, therefore, exhort upon all agencies involved in the planning process to arrive at a model wherein the figures of approved outlay and actual allocation are brought on an even keel to make the planning process rational, realistic and meaningful. They also desire the Department to impress the need to implement the Schemes that are ongoing as well as initiated during the year 2015-16 with the National Institution for Transforming India (NITI) Ayog and Planning Commission and seek more funds at RE stage for the same.

## **ALLOCATION AND UTILISATION OF FUNDS**

6. During the course of examination of Demands for Grants first three fiscals of the Twelfth Plan, the Committee have observed out of approved Plan Outlay of Rs. 134746.00 crore, the actual allocation for the first four fiscals amounts to only Rs. 80772.35 crore, which is only 60% of the approved Plan Outlay, thus leading to a gap of Rs. 53973.65 crore between the funds earmarked and actually allocated. This has lead to a situation wherein the Department is left with 40% of the approved Plan Outlay for the last Fiscal of the Twelfth Plan i.e. 2016-17. However having been a witness to this roller coaster, the Committee are well aware that the chances of such a situation fructifying is not impossible. The rather candid assurance of the Department that in case of such an eventuality actually arising, they would be able to utilize the remaining 40% of the Twelfth Plan Outlay in the Fiscal 2016-17 is not dittoed by the Committee. However, empathizing with the Department on this issue, they urge the Ministry of Finance to adopt a rational approach while making future allocations to ensure that the mismatch between approved Outlay and actual allocation is narrowed down to a great extent.

7. The Committee observed that the BE figures for the first three fiscals i.e. 2012-13, 2013-14 and 2014-15 of Rs. 20208.00 crore, Rs. 21609.00 crore and Rs. 22309.00 crore were revised at RE stage to Rs. 17867.32 crore, Rs. 19000.00 crore and Rs. 19530.00 crore respectively, a difference of Rs. 2340.63 crore, Rs. 2609.00 crore and Rs. 2779.00 crore respectively, will retard the progress of agriculture in our Country. The Committee also find that 2459 utilization certificates worth

Rs. 10745.66 crore are still outstanding. On behalf of our ever toiling and resilient farmers, the Committee urge upon Department of Agriculture and Cooperation to impress upon all implementing agencies to increase their pace of utilizing allocation of Central funds, so as to ensure a uniform pace of utilization during a fiscal year as well as ensuring the availability of scarce resources. This would have a two pronged benefit i.e. ensure optimum utilization of sanctioned funds as well as ensure that at RE stage, there is no reduction in allocation by Ministry of Finance. Further, all the implementing agencies be impressed upon to ensure timely submission of fresh proposals and utilization certificates of past allocation to ensure smooth functioning of the planning process. Also they themselves will be the beneficiaries as this would not lead to any cuts at RE stage due to slow paced utilization of funds.

8. The Committee note with concern that consequent to the award of the 14th Finance Commission the grant made to States from Central Divisible Pool has been hiked from 32% to 42%, which has resulted in drastic reduction of BE for 2015-16 of Department of Agriculture and Cooperation, which is to the tune of Rs. 16646.36 crore as compared to Rs. 20,208.00 crore, Rs. 21,609.00 crore and Rs. 22,309.00 crore for the Fiscals 2012-13, 2013-14 and 2014-15 respectively. This reduction was on account of reduction of funds in the State sector i.e. Centrally Sponsored Scheme component from Rs. 16,462.50 crore in 2014-15 to Rs. 10,800.00 crore in 2015-16.

While agreeing with the sentiments of this increased share of States in terms of fund allocation so as to increase their share in the funds pie, they are concerned to note that the revised contribution of States in Centrally Sponsored



Schemes has not been arrived at. Rather, it is under discussion of a high level Committee in the NITI Ayog. Deprecating this haste in reduction of funds even before the quantum of State's contribution is finalised, the Committee desire that the high level Committee work out all modalities and arrive at the percentage share of States expeditiously. In their view the Government should have completed this task well before revising the funding pattern of CSS Schemes.

### **OUTSTANDING UTILIZATION CERTIFICATES**

9. In spite of repeatedly pursuing the case of liquidation of pending UCs, the Committee are anguished to be apprised that no positive outcome has been forthcoming. The Committee have been apprised that inspite of the efforts of Department of Agriculture and Cooperation, as on 31 December, 2014, 2459 Utilization Certificates are still pending, amounting to Rs. 10745.66 crore. The Committee express their displeasure at this pervading morass, at it is abundantly clear that the follow-up mechanism currently in place is unable to provide a lasting solution to this vexed issue. Strongly feeling that there is an urgent need to relook the extant mechanism and put in place necessary correctives at the earliest so that States/UTs are persuaded to adopt financial discipline and take cogent measures to liquidate these outstandings in a time bound manner and thereby ensure that the flow of Central funds continues unhindered. They, therefore, recommend that Department of Agriculture and Cooperation initiate corrective measures in this respect in good time and apprise them of the action initiated in this regard.

## **RESULTS FRAMEWORK DOCUMENT (RFD)**

10. The Committee are well aware that Agriculture being a State subject, the role of Department of Agriculture and Cooperation generally gets restricted to a broad policy formulation and the implementation of Schemes lies with the implementing agencies i.e. the States and Union Territories, who are independent constitutional entities. However, Department of Agriculture and Cooperation cannot just resort to passing the buck when asked to furnish reasons for drop in composite score from a high of 99.1% in 2010-11 to 91.8% in 2012-13, as the conditions that were prevailing 2010-11 remained unchanged during 2012-13. In view of the above, as also to see the Department of Agriculture and Cooperation perform, the Committee desire that the Department undertake a proper introspection of its performance so that their composite for the Fiscal 2013-14 and 2014-15 can match the score of 2010-11 of 99.1%.

They further impress upon the Cabinet Secretariat to forward the composite score for the Fiscals 2013-14 and 2014-15, so that requisite remedial action can be initiated by Department of Agriculture and Cooperation to further fine tune the implementation of its schemes and thereby increase their viability.

## **ALLOCATION TO NORTH EASTERN STATES**

11. The continuous vicious cycle of under-utilization of funds earmarked for the North Eastern Region has been a regular cause of concern for the Committee. This being so, as this under utilization of funds has had a negative impact on the overall utilization of the Department. This fact was candidly admitted to by the

representative of the Department during the course of evidence that a deficit of 1.5 to 2% in overall utilisation is always there as 10% is left to North East at Annual Plan stage and some grant for SC & Tribal sub-Plan which generally is not utilized fully. Not wanting to be critical of any party(ies) involved in the process, but espousing the cause of Indian agriculture and its practitioners, the Committee desire that all concerned should undertake a comprehensive review of the present process, the reasons for non-utilisation of funds in North East and address these issues. Department of Agriculture and Cooperation should seek the view points of the North Eastern Region through the representatives of the people, discuss it threadbare with them and then come up with a mutually agreeable mechanism which would ensure active participation of the North Eastern Region in schemes being implemented by Department of Agriculture and Cooperation. The Committee further desire to be informed of the progress achieved herein.

#### **RESTRUCTURING OF MISSIONS/SCHEMES DURING THE TWELFTH PLAN PERIOD**

12. The Committee fail to contemplate the rationale of the Government in subsuming 5 National Missions i.e. National Food Security Mission, National Horticulture Mission, National Mission on Agriculture Extension and Technology, National Mission for Sustainable Agriculture and National Mission on Oilseeds and Oil Palm and 6 Schemes, namely, Integrated Scheme on Agriculture Cooperation, Investment in Debentures of State Land Development Banks, Integrated Scheme on Agriculture Marketing, National Agri-tech Infrastructure

**Fund and Price Stabilization Fund for Cereals and Vegetable under the Krishonnati Yojana. This being so, when it was only a little while ago i.e. at the beginning of the Twelfth Plan that the plethora of Schemes being implemented by Department of Agriculture and Cooperation were subsumed under various National Missions so as to be implemented in Mission mode. The Committee feel that the Government has put too many eggs in one basket and this would definitely retard the implementation of individual mission/scheme due to a scattered focus.**

**Inspite of the confidence of Department of Agriculture and Cooperation that Krishonnati Yojana would enable better focus on efficient service delivery and efficient allocation of resources, the Committee feel that a rational approach would have been to implement Krishonnati Yojana Scheme on a pilot basis with selective Missions/Schemes. Based on the results obtained, its scope could have been widened in the future. However, the Committee would await the outcome of the implementation of Krishonnati Scheme before passing any further remarks.**

**13. Expressing this displeasure over the fact that the matter relating to changed fund sharing pattern between the Centre and States of various components of the Krishonnati Yojana has not been finalized, but is presently under examination, the Committee urge the Government to arrive at a mutually acceptable decision to both parties at the earliest so that implementation of Krishonnati Scheme does not suffer for want of adequate funding.**

## **PRADHAN MANTRI KRISHI SINCHAI YOJANA (PMKSY)**

14. The Committee note with satisfaction the initiative of the Government in coming up with the Pradhan Mantri Krishi Sinchai Yojana, which in their opinion if implemented correctly would bring about a paradigm shift in the irrigation sector. The major portion of the area under irrigation is rainfed, which leaves the farmers at the mercy of the vagaries of nature in terms of adequate/inadequate or poor rainfall. The Committee view this Scheme as a step in right direction to ensure access to water to every agriculture farm and are pretty sanguine that if implemented properly, the day is not far away, when each and every field would be provided adequate quantity of water for irrigation purpose. They, therefore, implore upon all the agencies involved to grant clearance to this Scheme at the fast pace so that it can see the light of the day in good time and is implemented throughout the Country promptly and ensure 'Har Khet Ko Pani'. The proper implementation would definitely enhance the productivity i.e. per drop more crop.

15. The Committee, however, apprehensive that involvement of multi-agencies in the implementation of a Scheme may not be a bottleneck in its smooth implementation as in many other cases. Having observed this phenomenon in a myriad of cases, the Committee are of the considered opinion that the Government should ensure that the three agencies involved in implementation of this Scheme, i.e. Department of Agriculture and Cooperation, Ministry of Water Resources and Department of Land Resources have a clear cut demarcation of their area of operations and jurisdiction so that there is no overlapping of efforts or resources at the same time. There is no passing of the buck. If this is done,

the Committee are confident that involvement of multi-agencies in a Scheme would act as a boon and not a bane.

#### **RASHTRIYA KRISHI VIKAS YOJANA (RKVY)**

16. Rashtriya Krishi Vikas Yojana, the flagship Scheme of the Ministry of Agriculture, since its inception in 2007-08 has proved to be a real boon for Indian Agriculture both in terms of increased production and incentivizing investments in agriculture and allied sectors by linking State-wise allocation of RKVY funds to the increased share of State Plan Expenditure in agriculture and allied sectors. This is evident from that fact that allocation to agriculture and allied sectors as a percentage of total State Plan Expenditure has gone up from 4.88% (Rs. 8,770 crore) in 2006-07 to 7.05% (Rs. 38,083 crore) during 2012-13. While lauding the Central Government and all implementing agencies for the success of the Scheme, the Committee raise their concern over the fact that under-utilization of funds is being witnessed even in this flagship Scheme, which is slowing its progress. On their part, the Centre has palmed off all the responsibility to the implementing agencies by taking the plea that utilization of funds released under RKVY is the prerogative of State Governments.

Deprecating this lackadaisical attitude on the part of the Government, the Committee recommend that the Centre stop restricting its role to a mere provider of funds, but play a pro-active role and motivate the implementing agencies to optimally utilize the funds allocated, which would continue the march of Indian agriculture towards sustainability and viability in the long term.

17. The Committee are concerned to note the variation in the figures pertaining to actual expenditure for the Fiscal 2014-15. In their Basic Material, it has been stated that expenditure till 20th February, 2015 is to the tune of Rs. 7993.33 crore. However, in their Post-Evidence Replies they have submitted that the total utilization during 2014-15 is Rs. 2948.96 crore against the release of Rs. 8443.20 crore. This variance of Rs. 5008.37 crore if taken into consideration on its face value would point towards an unprecedented instance in the annals of the RKVY Scheme. This being so that within a span of slightly more than a month, the actual utilization figures have witnessed a steep drop of Rs. 5008.37 crore. Completely flummoxed with this state of affairs, the Committee recommend that the Department reconcile the variation in figures and furnish the correct figures of actual utilization during the Fiscal 2014-15 within three months of the presentation of the Report to Parliament.

The Committee would also caution the Ministry to ensure that such instances are never repeated, as it reflects them in a poor light.

18. The Committee find that one hand the Department is starved of funds to implement their various schemes/plans/activities while on the other hand the States while not utilizing these scarce resources fully are also not coming forward with their utilization certificate so as to claim for further funds accordingly. The Committee are aware that the implementation of the agriculture schemes are to be carried out by the State as Agriculture is a State Subject, however, the Committee expect that the Department have an effective monitoring system.

19. On the issue of a dynamic monitoring mechanism at the apex level, the Committee opine that this is very essential to ensure that funds allocated by the Centre for Development of Agriculture are fully utilized for the same and are not kept unutilized, re-appropriated or misused in any way. Though Agriculture is a State Subject, yet the Centre needs to be an impartial watchdog to ensure a smooth and hassle free functioning of this pivotal scheme. Thus, they desire that the Ministry's monitoring mechanism be a dynamic one, so as to ensure real-time data updation and effective use of Management Information System (MIS).

20. As informed by Department of Agriculture and Cooperation that the Institute of Social and Economic Changes (ISEC) has submitted two reports of evaluation of the Scheme. The Committee desire to be apprised of the recommendations of this Scheme as well as the status of implementation of these recommendations within three months of the representation of this Report.

#### **NATIONAL CROP INSURANCE PROGRAMME (NCIP)**

21. The Committee express their satisfaction on observing that during the course of the Twelfth Five Year Plan, due to increase in the coverage/penetration of schemes, a more and more farmers are coming in crop insurance fold. The resultant of this is the increasing requirement of funds as is evident from the figures of allocation and utilization of funds, which reflect the same. They further note that for the first time, the States of the North Eastern Region (NER) were brought under the ambit of insurance scheme. Being well aware of the fact that vagaries of nature have increased the element of risk and uncertainty in



agriculture, the Committee exhort upon the Government to further fine tune the implementation of NCIP so that the risk factor can be mitigated to the extent possible and in the wake of natural calamities, settlement of claims be resolved in real time so that succour can be provided to farmers when they need it most.

22. Deeply concerned to note the havoc wrecked by unseasonal rains/hail storm in the Country during the month of March, 2015 on the standing Rabi crops, the Committee recommend that the Government leave no stone unturned in firstly assessing the quantum of loss and then get the insurance claims of the affected farmers verified and settled by the insurance companies at the earliest. This in their considered view would provide the farmers relief to some extent for the monumental losses suffered by them. If the Government adopts a pro-active role herein, and ensures speedy settlement of claims, the effect of this unseasonal rainfall would be mitigated to a certain extent and motivate the farmers to start work preparatory work for the ensuing Kharif season.

23. The Committee laud the Government for having come up with the concept of a comprehensive insurance scheme to protect the farmers against both yield loss and price fluctuations. They also note that at present, the Ministry is in the process of soliciting views of various stakeholders to evolve an acceptable insurance instrument to ensure farmers against yield loss and price volatility. Keeping in perspective the vulnerability of our farmers to the vagaries of nature, the Committee desire that the Government treat this issue with the alacrity it deserves and discuss threadbare the modalities of this scheme with all stakeholders, especially, the farmers and then arrive at a mutually agreeable

scheme which would insulate our farmers against yield loss and price fluctuations in good time. They further desire to be apprised of the latest developments in this regard.

#### **GRAMEEN HAAT**

24. As Agriculture is moving towards increased mechanisation leading to increased production there is an urgent need for creating policy environment for sustaining their growth by providing easy access to proper marketing, storage, banking, transport and insurance facilities. As there are more than 22000 Grameen Haats operating in the Country, a mechanism must be evolved for creating infrastructure by earmarking proper place for these markets. It must be also be kept in mind most of the people flocking to these haats are women and at present there are no basic amenities for them in these markets. Keeping in view the foregoing, the Committee desire that a holistic view should be taken for developing these Grameen Haats by developing proper sanitation and hygienic conditions for encouraging more and more women to participate and create cohesive and comfortable environment for them. They further desire that there should be proper transport linkages developed for efficient operation of Grameen Haats and these must be linked to all weather routes by involving all the relevant agencies be it through Pradhan Mantri Grameen Sadak Yojana or PWD or the highways authority.

25. The rather casual response of the Ministry that they do not possess any data on the turnover of the 7114 regulated markets in the Country under the Agricultural Produce Market Committee (APMC) Act is strongly deprecated by the Committee as in their opinion it reflects a very callous attitude of the Government and the total lack of a monitoring mechanism at the apex and field level. The Committee, therefore, strongly recommend that the Government set its house in order and come up with a monitoring mechanism promptly to ensure that all data pertaining to 7114 regulated markets under the APMC Act are collected, analysed and made available in the public domain.

They further desire that the Ministry of Agriculture obtain all necessary data on the 22,759 rural markets from the Ministry of Panchayati Raj and Rural Development at the earliest and furnish the Report to the Committee within three months from the presentation of this Report to Parliament.

**SOIL HEALTH MANAGEMENT (SHM) UNDER NATIONAL MISSION FOR SUSTAINABLE AGRICULTURE (NMSA)**

26. The deteriorating soil health in our Country is a constant cause of concern to the Committee. They are fully aware of its dire consequences to our agriculture, if not combated on a war footing and that too at the earliest. The Committee consider the Soil Health Management (SHM) Scheme under the National Mission on sustainable Agriculture to be a pivotal scheme, that, if implemented correctly would nurture our soil health and sustain it in the long run. This is so, as Soil Health Management aims at promoting integrated nutrient management through judicious use of chemical fertilizers including secondary and micro nutrients in conjunction with organic manures and bio-fertilizers for

improving soil health and its productivity; strengthening of soil and fertilizer testing facilities to provide soil test based information to farmers for improving soil fertility. This Scheme also aims to upgrade skill and knowledge of Soil Testing Laboratory staff, extension staff and farmers through training and demonstration and promoting organic farming practices etc. The Committee, therefore, impress upon all agencies involved in the implementation of this scheme to work in real earnest towards firstly having real-time information on the status of soil health across India and then taking cogent remedial measures to improve and sustain our soil health in good time. They emphasise the Department to pursue the States to implement the Scheme in letter and spirit.

27. The Committee express satisfaction on being informed that the new Scheme of Soil Health Card has been implemented w.e.f. February, 2015. Considering it to be a Scheme of vital importance, the Committee desire that this scheme be structured in such a way that the infrastructure and soil testing paraphernalia is easily accessible to the farmer at the village level. In particular, attention needs to be paid to increasing the number of mobile soil testing laboratories. Further, the exercise of collection of soil sample from a field should be comprehensive i.e. soil sample to be collected from all the five sides of a field. The said information should cater to both micro and macro nutrients. Farmers should also be provided a pictorial chart in regional languages highlighting what crops to plant in their field to raise the content of micro and macro nutrients and also educate them on the benefits of crop diversification.

Further, on the institutional level, the Committee desire that a synergy should exist between the Centre, States, Agri-Universities, Krishi Vigyan Kendras

and the farmer at the field level to have clarity on the implementation of this Scheme. Also, farmers need to be educated on mixed and judicious use of bio/chemical fertilizers.

Lastly, trained agri-graduates, agri-clinics, agri-business centres, as well as science students during their vacations, after a crash course on soil testing equipment etc, living in rural areas should be roped in for doing the field work of collection of sample and its analysis.

#### **AGRICULTURE TECHNOLOGY MANAGEMENT AGENCY (ATMA)**

28. Observing that Agricultural Technology Management Agency (ATMA) is a purportedly farmer-driven institutionalized arrangement at district level for dissemination of farm technology and knowledge and which aims at making extension system farmer driven and farmer accountable. Taking into consideration the pivotal nature of this scheme that aims for empowering the farmer, the Committee desire that ATMA work in such a way that the benefits of agriculture technology in terms of good practices/new developments in scientific approach are able to percolate down to the farmer who is then able to imbibe the same with his traditional knowledge and practice. This can only be ensured if the extension services are able to deliver their mandate. Further, Government should ensure adequate funding and impress upon optimum utilization of allocated funds, so as to make this extension system farmer centric and farmer accountable. The Department should conduct periodic training of specialist/functionary staff, who would in turn impart training to the farmers i.e. 'Training the Trainers' so that they can further train large number of farmers.

**PARAMPARAGAT KRISHI VIKAS YOJANA (PKVY)**

29. Rampant and injudicious use of chemical fertilizers, pesticides and insecticides, due to lack of proper knowledge about its harmful effects has lead to a situation of loss of soil fertility and presence of pesticide and chemical residue in crops, thereby affecting the human & animal lives also. As such, there is an urgent need to reorient agricultural practices according to our traditional farming knowledge/wisdom. Organic Farming needs to be given impetus, while dependence on chemical fertilizers needs to be lessened. The Committee are petty sanguine that if properly implemented, the Paramparagat Krishi Vikas Yojana would be successful in bringing about the perfect mix of balanced use of fertilizers and also ensure the increased popularity of organic farming by motivating farmers to use more of organic manure and bio-pesticides/bio-fertilizers.

The Committee further desire that in order to popularize organic farming the Government should provide all sops/incentives to the organic fertilizer/bio-pesticides/bio-fertilizer industry so as to bring them at par with the chemical fertilizer industry and give our farmers the right to choose between the same. Lastly, they impress upon the Government to widen the scope of PKVY and bring under its ambit the upgradation/modification of traditional agricultural implements as well as popularize the usage of traditional/light weight agri-implements so as to cater to the needs of small and marginal farmers.

**NEW DELHI;  
23 April, 2015**  

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**03 Vaisakha, 1937 (Saka)**

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

**COMMITTEE ON AGRICULTURE**

**(2014-15)**

**MINUTES OF THE TWENTIETH SITTING OF THE COMMITTEE**

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The Committee sat on Wednesday, the 25<sup>th</sup> March, 2015 from 1500 hours to 1740 hrs. In Committee Room 'E', Parliament House Annexe, New Delhi.

**PRESENT**

Shri Hukm Deo Narayan Yadav – Chairperson

**MEMBERS**

**LOK SABHA**

2. Prof. Ravindra Vishwanath Gaikwad
3. Dr. Tapas Mandal
4. Shri Janardan Mishra
5. Shri Ajay Nishad
6. Shri Dalpat Singh Paraste
7. Shri Mukesh Rajput
8. Shri Arjun Charan Sethi
9. Shri Satyapal Singh
10. Shri Virendra Singh

**RAJYA SABHA**

11. Shri A.W. Rabi Bernard
12. Sardar Sukhdev Singh Dhindsa
13. Shri Janardan Dwivedi
14. Shri Vinay Katiyar
15. Shri Mohd. Ali Khan
16. Shri Rajpal Singh Saini
17. Shri Ram Nath Thakur
18. Shri Shankarbhai N. Vegad

**SECRETARIAT**

|    |                            |   |                  |
|----|----------------------------|---|------------------|
| 1. | Shri Abhijit Kumar         | – | Joint Secretary  |
| 2. | Smt. Abha Singh Yaduvanshi | – | Director         |
| 3. | Shri C.Vanlalruata         | – | Deputy Secretary |

**WITNESSES**

**MINISTRY OF AGRICULTURE**

**(DEPARTMENT OF AGRICULTURE AND CO-OPERATION)**

| <b><u>S.No.</u></b> | <b><u>NAME OF THE OFFICER</u></b> | <b><u>DESIGNATION</u></b>                |
|---------------------|-----------------------------------|--|
| 1.                  | Shri Siraj Hussain                | Secretary                                |
| 2.                  | Shri Raghav Chandra               | Additional Secretary & Financial Adviser |
| 3.                  | Shri A. K. Srivastava             | Additional Secretary                     |
| 4.                  | Shri Raghavendra Singh            | Additional Secretary                     |
| 5.                  | Ms. Sangeeta Verma                | Economic and Statistical Advisor         |
| 6.                  | Shri Joseph Abraham               | Senior Advisor                           |
| 7.                  | Shri Sanjeev Gupta                | Joint Secretary                          |
| 8.                  | Shri Sanjeev Chopra               | Joint Secretary                          |
| 9.                  | Shri U.K. Singh                   | Joint Secretary                          |
| 10.                 | Smt. I. Rani Kumudini             | Joint Secretary (INM and M&T)            |
| 11.                 | Shri R.B. Sinha                   | Joint Secretary (NMSA & Admn.)           |
| 12.                 | Shri Raj Singh                    | Joint Secretary (C&C)                    |
| 13.                 | Dr. A.K. Bhutani                  | Joint Secretary (Mktg)                   |
| 14.                 | Shri Narendra Bhooshan            | Joint Secretary (RKVY)                   |
| 15.                 | Shri Sanjay Lohia                 | Joint Secretary (NFMS & Seeds)           |
| 16.                 | Dr. Shakil Ahammed                | Joint Secretary (PC, GC & Policy)        |
| 17.                 | Shri R.K. Singh                   | Joint Secretary                          |
| 18.                 | Shri Rajesh Kumar Singh           | Joint Secretary (Seeds)                  |
| 19.                 | Shri Sanjay Kumar                 | DDG, National Bamboo Mission             |
| 20.                 | Shri Anil Srivastava              | CA                                       |
| 21.                 | Dr. A.K. Vishandass               | Chariman, CACP                           |
| 22.                 | Shri Rajeev Lochan                | Advisor (AS), DAC                        |
| 23.                 | Ms. Mamta Saxena                  | Advisor (Hort.), DAC                     |
| 24.                 | Dr. S.K. Mukherjee                | Advisor, DAC                             |
| 25.                 | Shri Rohit Mathur                 | Director (Budget), DAC                   |



2. At the outset, the Chairperson welcomed the members of the Committee and representatives of the Ministry of Agriculture (Department of Agriculture and Cooperation) to the Sitting.

3. After the witnesses introduced themselves, the Additional Secretary briefly highlighted the activities/achievements made by the Department during the Twelfth Plan Period and preceding Financial Year. Thereafter, the Committee discussed, among other things, reasons for variation between approved allocation, proposed allocation; budget estimates, revised estimates and actual allocation; reasons for subsuming five National Missions and six schemes under 'Krishonnati Yojana' from the current fiscal; the state-wise number of weekly haats, their turnover, plan to modernise these haats and equipping them with basic amenities, providing them with Godowns, Cold Storages and ensuring easy access to highways; likely time period of operationalization of Soil Health Cards scheme as well as the features of this scheme; basis of calculation of cost of cultivation by the Commission on Agricultural Costs and pricing; institutionalization of traditional farming methods knowledge; bringing about a broad based national consensus for uniform subsidy for agricultural implements; timely solution to the alleged over-pricing of imported Chinese power tillers; status of the proposed comprehensive insurance scheme to cover both yield/ price risks and how to ensure reduction in agriculture input costs so as to increase profitability and sustainability of agriculture.

***A verbatim record of the proceedings has been kept separately.***

***The Committee then adjourned.***

**COMMITTEE ON AGRICULTURE**  
**(2014-15)**

**MINUTES OF THE TWENTY THIRD SITTING OF THE COMMITTEE**

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The Committee sat on Wednesday, the 22<sup>nd</sup> April, 2015 from 1500 hrs. to 1530 hrs. in Committee Room 'C', Parliament House Annexe, New Delhi.

**PRESENT**

Shri Hukm Deo Narayan Yadav – Chairperson

**MEMBERS**

**LOK SABHA**

2. Shri Sanganna Amarappa
3. Shri Nalin Kumar Kateel
4. Shri C. Mahendran
5. Shri Ajay Nishad
6. Shri Dalpat Singh Paraste
7. Shri Mukesh Rajput
8. Shri Satyapal Singh
9. Shri Virendra Singh

**RAJYA SABHA**

10. Sardar Sukhdev Singh Dhindsa
11. Shri Janardan Dwivedi
12. Shri Mohd. Ali Khan
13. Shri Ram Nath Thakur
14. Shri Shankarbhai N. Vegad

## **SECRETARIAT**

- |    |                            |   |                  |
|----|----------------------------|---|------------------|
| 1. | Shri Abhijit Kumar         | – | Joint Secretary  |
| 2. | Smt. Abha Singh Yaduvanshi | – | Director         |
| 3. | Smt. Juby Amar             | – | Deputy Secretary |

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

\*(i) XXXX      XXXX      XXXX      XXXX      XXXX      XXXX

(ii) Ninth Report on Demands for Grants (2015-16) of the Ministry of Agriculture (Department of Agriculture & Cooperation).

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

**The Committee then adjourned.**

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\*Matter not related to this Report.