THIRTIETH REPORT

MINISTRY OF AGRICULTURE

(DEPARTMENT OF AGRICULTURE & CO-OPERATION)

DEMANDS FOR GRANTS

(2002-2003)

PART – I

CHAPTER – I

INTRODUCTORY

Agriculture is the most crucial sector of the Indian economy and the agriculture sector is Central to all strategies of planned economic development in India. As the livelihood of about two-third of the country's population depends on agriculture, it is critical to improving the quality of life of the population as a whole. Rapid growth of agriculture is essential not only to achieve self-reliance at the national level but also for household food security and to bring about equity in distribution of income and wealth resulting in reduction of poverty. The largest industries of the country like sugar, jute, textiles, food processing, milk, etc. are dependent on agriculture for their raw materials. Besides, the agriculture sector and rural areas are the biggest markets for low priced and middle priced consumer goods, including durable use item.

1.2 The Department of Agriculture and Cooperation had proposed an outlay of Rs. 18253.81 crore excluding Rs. 75 crore of State Plan Schemes for the Ninth Five Year Plan but only Rs. 9293.00 crore has been provided to this Department by the Planning Commission out of which Rs. 7536.63 crore has been spent. Sector-wise expenditure during each year of the 9th Plan period and Budget Estimates for 2002-2003 is as under:

Sector-wise details of Expenditure in different years of the Ninth Plan and BE for 2002-2003

(Rs. in Crore)

Sl. No.	Name of Schemes	1997-98 Exp.	1998-99 Exp.	1999-2000 Exp.	2000-2001 Exp.	2001-2002 Likely Exp. (RE)	2002-2003 BE
1	2	3	4	5	6	7	8
1.	Agriculture Extension and Training	9.78	12.21	28.34	33.57	44.65	86.27
2.	Agriculture Census	2.27	6.89	7.32	8.87	6.94	11.94
3.	Agriculture Eco & Stat.	28.88	30.10	48.98	37.89	48.21	48.21
4.	Seed	7.38	3.79	15.65	20.88	46.96	26.96
5.	Fertilizer	8.10	6.43	13.41	7.32	3.83	6.05
6.	Plant Protection	19.20	17.06	21.06	22.82	19.78	19.78
7.	Agri. Implements & Machinery	18.66	17.65	18.85	4.03	3.90	3.90
8.	Crops	112.12	119.47	111.74	65.57	42.37	142.37
9.	Technology Mission on Oilseeds & Pulses	164.01	154.99	160.19	157.39	163.00	165.00
10.	Rainfed Farming	149.13	225.26	186.97	215.61	1.40	2.00
11.	Horticulture	183.05	221.14	240.20	187.92	178.15	283.15
12.	Secretariat Eco Service	2.34	2.24	2.37	2.31	2.50	5.97
13	Trade (SFAC)	0.50	0.50	2.50	4.50	6.00	15.00
14	Natural Disaster Management	1.85	1.80	2.86	3.67	4.07	4.07
15	Agriculture Marketing	0.00	0.00	3.95	5.68	29.97	79.97
16	Policy and Management of Agriculture	0.00	0.06	0.20	0.96	1.25	11.25
17	Macro Management of Agriculture	0.00	0.00	0.00	381.88	675.61	736.86
18.	Soil & Water Conservation	135.50	164.90	150.27	59.20	8.50	4.75
19.	Credit	250.95	222.68	322.87	341.36	419.17	419.13

20.	Cooperation	114.08	136.22	110.18	85.84	81.55	81.45
21	Information Technology	0.00	0.50	8.99	3.77	14.19	12.92
	Sub-Total	**1207.80**	**1343.89**	**1456.90**	**1651.04**	**1802.00**	**2167.00**
	State Plan Scheme						
	Watershed Development in Shifting Cultivation Area in North Eastern States	15.00	15.00	15.00	15.00	15.00	20.00
	Total	**1222.80**	**1358.89**	**1471.90**	**1666.04**	**1817.00**	**2187.00**

CHAPTER – II

OVERVIEW OF DEMANDS

2.1 The Budget Estimate & Revised Estimate for 2001-2002 and BE for 2002-2003 for Demand No. 1 pertaining to the Department are as under:

(Rs. in crore)

BE 2001-2002		RE 2001-2002		BE 2002-2003	
Plan	*Non-Plan*	*Plan*	*Non-Plan*	*Plan*	*Non-Plan*
1985.00	123.36	1985.00	283.36	2187.00	200.00

2.2 Following are the BE, RE and Expenditure during the Ninth Plan Period:-

(Rs. in crore)

Sl. No.	Year	Budget Estimates (BE)	Revised Estimates (RE)	Expenditure
1	1997-98			
	Plan	1431.00	1266.28	1222.80
	Non-Plan	2048.51	2659.77	2650.63
	Total	3479.51	3926.06	3873.43
2 .	1998-99			
	Plan	1956.00	1378.41	1358.89
	Non-Plan	3066.57	3863.93	3863.46
	Total	5022.57	5242.34	5222.35
3	1999-2000			
	Plan	1956.00	1492.00	1471.89
	Non-Plan	4580.85	4585.84	4579.12
	Total	6536.85	6077.84	6051.01
4 .	2000-2001			
	Plan	1965.00	1692.00	1666.05
	Non-Plan	4190.97	4447.81	4438.97
	Total	6155.97	6139.81	6105.02
5 .	2001-2002			
	Plan	1985.00	1985.00	1817.00
	Non-Plan	123.36	283.36	283.36
	Total	2108.36	2268.36	2100.36
	TOTAL			
	Plan	9293.00	7813.69	7536.63
	Non-Plan	14009.36	15840.71	15815.54
	Total	23302.36	23654.40	23352.17

2.3 The total Budget allocation of the plan funds during the successive years of Ninth Plan was Rs. 9293.00 crore, which was reduced to Rs. 7813.69 crore at RE Stage. While stating the reasons attributed to scaling down of allocations at RE stage during these years, the Ministry in a written reply stated that "the main reason for scaling down of allocations at RE stage during Ninth Plan is attributed due to late approval of new schemes proposed in Ninth Plan and reduction at RE stage by the Planning Commission in the different years of the Ninth Plan. Although Department of Agriculture and Cooperation had projected higher RE for different years in the Ninth Plan, but Planning Commission did not agree to provide the funds as proposed by this Department. The

Department of Agriculture and Cooperation has utilized all the available funds provided under RE to the extent possible. Programmes like Macro-Management of Agriculture and bankable projects with back ended capital investment subsidy such as Construction of Cold-storages, Rural Godowns, On Farm-water Management have resulted in better utilization of funds."

2.4 The details of allocation in favour of Department of Agriculture and Cooperation viz-a-viz central plan outlay of the Government of India during the last five years and for the 2002-2003 is as under:-

(Rs. in crore)

Sl. No.	**Period**	**Central Plan Outlay of GOI**			**Allocation of DAC**	**% Share of DAC**	
		Total	**IEBR**	**Budgetary Resources**		**Total**	**Budgetary Resources**
1	**2**	**3**	**4**	**5**	**6**	**7**	**8**
1.	Ninth Plan	489361	285379	203982	9153	1.87	4.49
2.	1997-1998	91839	557019	36130	1416	1.54	3.92
3.	1998-1999	105187	62723	42464	1941	1.84	4.57
4.	1999-2000	103521	59521	44000	1941	1.87	4.41
5.	2000-2001	117334	66058	51276	1950	1.66	3.80
6.	2001-2002	130181	70725	59456	1970	1.51	3.31
	Tenth Plan						
7.	2002-2003	144038	77167	66871	2167	1.50	3.24

2.5 The Ministry in their background note had stated that, "Against the Ninth Plan outlay of Rs. 9153 crore, the Department of Agriculture & Co-operation has proposed an outlay of Rs. 25000 crore for the Tenth Plan and Rs. 5164 crore in the first year of the Tenth Plan i.e. annual plan 2002-03. However, against the proposed outlay of Rs. 5164 crore, the Department of Agriculture & Co-operation has been allocated Rs. 2167 crore for the 2002-03. This is increase of only 10% over the year 2001-2002, the terminal year of the Ninth Plan. The share of Department of Agriculture and Cooperation to the total Central Plan outlay for the Government of India has been reduced from 1.51% to 1.5% and share of Department of Agriculture & Co-operation to the budgetary resources of Government of India was reduced from 3.31% to 3.24% over the last year. The Tenth Plan has been formulated keeping in view the recommendations of the Steering Group as well as Working Groups constituted for the formulation of Tenth Plan and also carrying out zero Based Budgeting exercise and rationalization of our Plan Schemes."

2.6 During oral evidence of representatives of Department of Agriculture & Co-operation, the Secretary informed the Committee that against the outlay of Rs. 25,000 crore projected by Department of Agriculture & Co-operation for Tenth Plan, the Planning Commission has approved an outlay of Rs. 13,200 crore.

2.7 A comparative statement of Sector-wise Demand projected by the Department of Agriculture & Co-operation for 2002-03 and the outlay provided in the BE and difference thereof is given below:

(Rs. in crore)

SL. NO.	NAME OF THE DIVISION	DEMAND PROJECTED BY DEPARTMENT FOR 2002-03	OUTLAY PROVIDED IN BE 2002-03	DIFFERENCE BETWEEN PROJECTED AND ACCEPTED
1	Crops	200.00	142.37	57.63
2	TMOP	460.00	165.00	295.00
3	Horticulture	1000.00	283.15	716.85
4	Seeds	60.00	26.96	33.04
5	Fertiliser	25.00	6.05	18.95
6	Plant Protection	36.42	19.78	16.64
7	Agri Machinery	15.00	3.90	11.10
8	Rainfed Farming System	2.00	2.00	0.00
9	NRM(SWC)	24.00	4.75	19.25
10	Credit	1068.01	419.13	648.88
11	Cooperation	338.00	81.45	256.55
12	Extension	255.00	86.27	168.73
13	Dte. of E & S	90.98	48.21	42.77
14	Agriculture Census	12.00	11.94	0.06
15	Agri Marketing	270.00	79.97	190.03
16	Information Technology	150.00	12.92	137.08
17	NDM	7.00	4.07	2.93
18	Trade	151.00	15.00	136.00
19	Macro-Management	1000.00	736.86	263.14
20	Secretariat Eco-Service		5.97	-5.97
21	Planning & Management		11.25	-11.25
	Total	**5164.41**	**2167.00**	**2997.41**
	State Plan Scheme			
	Watershed Development in Shifting Cultivation Area in North Eastern States		20.00	-20.00
	Total	**5164.41**	**2187.00**	**2977.41**

2.8 It may be seen from the above that against the demand projected by the Department of Rs. 5164.41 crore, only Rs. 2167.00 have been provided in the BE of 2002-2003. The Committee enquired about the impact of reduced outlay on all round agriculture development, the Department stated that they have restructured their Schemes in order to increase the efficiency for agriculture development in the country and also proposed new Schemes for implementation in the Tenth Plan. With the reduced allocation, it would be difficult to achieve the objectives of the programmes proposed in Tenth Plan as well as the growth rate targeted for Tenth Plan.

2.9 According to the Department the Sectors against which BE provision is much less than the Demand Projected by the Department of Agriculture and Cooperation is as under:

(I) Technology Mission on Oilseeds and Pulses
(II) Horticulture
(III) Credit
(IV) Cooperation
(V) Agriculture Extension
(VI) Agricultural Marketing
(VII) Trade
(VIII) Macro Management

2.10 When asked about the reduced allocation to the Department, the Secretary, Department of Agriculture & Co-operation, during evidence stated:

"I am disappointed with the lower allocations to us for the year 2002-2003. We had requested the Planning Commission for an allocation of Rs. 5,164 crore. Against that, our allocation for the current year is Rs. 2,167 crore. It is almost 40 per cent of what we suggested. Unless agriculture grows at four per cent, the Indian economy cannot grow at eight per cent. For us to grow at four per cent, we had projected a requirement of Rs. 25,000 crore for the Tenth Plan. I am disappointed to tell you that the outlay, which has been conveyed to us only yesterday, is Rs. 13,200 crore. I would say that in terms of allocation, our Department of Agriculture & Co-operation budget requires further stepping up."

2.11 On the same subject, the representative of the Department further stated as follows:

"Our resources are limited. I know that I cannot ask for it. So, within the limited resources, we have to reorient our programmes and policies in such a way that the farmer's condition is improved a lot. In our Plan, you will find that there are some efforts towards that. But at the end of the day. I would again reiterate that having done all this, unless I get a little financial support I would really not be able to move as fast as the Committee may like us to move."

<u>Foodgrains production</u>

2.12 The production of foodgrains, oilseeds, sugarcane and cotton during the years 1997-98 to 2001-02 was as given below:

(million tonnes)

Crop/ Group of crops	**1997-98**	**1998-99**	**1999-2000**	**2000-01**	**2001-02 #**
Foodgrains	192.26	203.61	209.80	195.92	209.17
Oilseeds *	21.32	24.75	20.71	18.40	21.06
Sugarcane	279.54	288.72	299.32	299.21	294.98
Cotton **	10.85	12.29	11.53	9.65	11.96

* Includes groundnut, castor seed, sesame, nigerseed, rapeseed & mustard, linseed, safflower, sunflower and soyabean.

** Production in million bales of 170 kgs. each.
# As per Second Advance estimates released on 22.01.2002.

The annual growth rates of agriculture and allied sector for the years 1997-98 to 2001-02 based on the estimates of GDP released by Central Statistical Organisation are given below:

Year	1997-98	1998-99	1999-2000	2000-01 *	2001-02 **
Annual Growth Rate of agriculture & allied sector (%)	-2.4	7.1	0.5	-0.2	5.7

2.13 When asked about the targets fixed for 2002-03, the Department of Agriculture & Co-operation informed the Committee that target for production for the year 2002-03 have not been finalized yet. No specified targets have been fixed for growth rate of agriculture sector as a whole for 2002-03. However, the National Agriculture Policy announced July, 2000 envisages a growth rate in excess of 4% during the next two decades.

2.14 During oral Evidence, the Secretary Department of Agriculture & Co-operation, while informing the Committee about the foodgrain production stated:

"In the year 2001-2002, there has been a record production of foodgrains in the country. We have produced 211.17 million tones of foodgrains, which is the largest ever, produced. Last year, the foodgrains production was 195.92 million tonnes. The rice production this year will be about 90.75 million tones, which would be the highest ever. We are hoping a production of 73.5 million tones of wheat and similarly 33 million tones of coarse cereals. Even in the case of our oilseeds, our production is likely to be about 21 million tones as compared to about 18 million tones last year. Another good feature is that the production of pulses will be about 13.7 million tones as compared to about 10.67 million tones last year. So, the production of almost every crop will be higher."

Export and Import of Agricultural Produce

2.15 The value of export of agricultural commodities from India to various other countries was Rs. 25510.64 crore, Rs. 25313.66 crore and Rs. 28909.30 crore for the year 1998-99, 1999-2000 and 2000-2001 (provisional) respectively.

2.16 The value of import of agricultural commodities had been Rs. 7055.59 crore in 2000-2001 and Rs. 9311.55 crore in 2001-2002 (Provisional).

2.17 Policy of exports of agricultural products forms an integral part of the export/import policy. The Minister of Commerce has announced a new EXIM Policy on 31.03.2002 which makes export free and easy for farmers. When asked about the steps taken to increase exports in view of new EXIM Policy the Secretary during the oral Evidence stated:

"At present there is no restriction on exports. There is some restriction on onion and pulses. We are largest producer of pulses but we are also the largest consumer of pulses. That is right that farmers cannot export their produce themselves. One proposal, which came up as an alternative to, the present system and then we are also concentrating on diversification because we are still importing vegetable oils and pulses. So diversification is very important."

Macro Management

2.18 During 2000-01 a new approach to management of Agriculture named Macro-Management to ensure timely and effective application of limited allocation has been adopted by the Government. The Department proposed to subsume 27 ongoing centrally sponsored schemes under macro-management mode work plans approved on MOU basis. In the National Agriculture Policy stress has been given for macro management mode. During 2000-2001, Rs.770.64 crore and for 2001-2002 Rs. 800.25 crore have been allocated for supplementation/complementation of States efforts through work plan. Rs. 709.85 crore have been earmarked for 2002-2003.

CHAPTER – III
CROPS

3.1 As against the production of 199.44 million tonnes in the terminal year of 8th Plan (1996-97) and production of 195.92 million tones in 2000-2001, the estimated foodgrains production in terminal year of the Ninth Plan (2001-2002) is 209.17 million tonnes. The crop wise details are as follows:-

Crop/community	Production in 2000-01	Advanced estimates 2001-02
Rice	84.87	91.05
Wheat	68.76	73.06
Coarse Cereals	31.62	31.91
Pulses	10.67	13.15
Total foodgrains	195.92	209.17

3.2 Following is the outlays and expenditure during Ninth Plan and BE for 2002-2003 under crops division.

(Rs. in crore)

Ninth Plan approved Outlay	**Expenditure Ninth Plan**	**BE 2002-2003**
1279.82 crore	497.27 crore	142.37 crore

3.3 Following plan schemes are being implemented during 2002-2003.

(i) Directorate of commercial crops.

(ii) On-farm Water Management system for increasing production in Eastern States.

(iii) Technology Mission on Cotton.

(iv) Varietal Diversification and popularization of recently evolved technology

On farm Water Management Scheme

3.4 This is a new scheme approved only on 08.03.2002 for increasing crop production in Eastern India. The scheme is to be implemented in the States of Assam, Bihar, Jharkhand, Orissa, Chattisgarh, Eastern U.P., West Bengal, Arunachal Pradesh, Manipur and Mizoram. The major component of the scheme will be assistance of shallow tube wells with pumping sets to individual farmers and assistance for dry wells in hills and plateau region. Enquired about the funding pattern, the Ministry informed, "The funding pattern of the scheme for construction of shallow tube wells/water pump sets is as follows:

30% of the unit cost as subsidy from Government of India
50% of the unit cost as loan from nationalized banks

20% of the unit cost as beneficiary contribution.

The scheme will be implemented as a credit linked scheme through NABARD and will be fully funded by the Government of India without any sharing by the States.

Under the Scheme for 'On Farm Water Management' BE for 2002-2003 is Rs. 115.00 crore."

3.5 During oral evidence representative of the Department of Agriculture & Co-operation while informing about the scheme, stated:

"One of the most important schemes which has been pending is on-farm water management for Eastern India. It is to exploit the underground water, create facilities for minor irrigation, and provide facilities for pump-sets. This scheme has been approved. If higher production has to come, we find that Eastern India – States like Eastern U.P., Bihar, West Bengal, Assam, Orissa, parts of Manipur, Arunachal and others – has the highest potential. In the case of on-farm water management, we will provide 30 per cent subsidy to the farmers; 20 per cent, they will bring from their own resources, and 50% would be the loan arranged from the commercial banks or cooperative banks. Minor irrigation facility will be created. We are hoping that with this minor irrigation coming up, rabi production in these States will go up, cropping intensity will increase along with the foodgrains production, especially production of pulses will go up; horticulture sector will also get a boost."

Technology Mission on Cotton

3.6 The Technology Mission on Cotton was launched in January, 2000 and became operational from 2000-2001. The area under cotton cultivation in the country during 1998-99, 1999-2000, 2000-2001 and 2001-2002 was as under:-

Year	Area in Lakh hectares
1998-1999	93.42
1999-2000	87.09
2000-2001	85.76
2001-2002 (second advance estimates)	85.80

3.7 When asked about the state-wise production & productivity of cotton the Department of Agriculture & Co-operation furnished the following statement:

STATE		1998-99	1999-2000	2000-2001
Andhra Pradesh	A	12.81	10.39	10.22
	P	15.22	15.95	16.63
	Y	202	261	277
Gujarat	A	16.58	15.39	16.15
	P	39.03	20.86	11.61
	Y	400	230	122
Haryana	A	5.82	5.44	5.55
	P	8.73	13.04	13.83
	Y	255	408	424
Karnataka	A	6.36	5.46	5.60
	P	9.77	6.64	9.80
	Y	261	207	298

Madhya Pradesh	A	4.97	4.88	5.06
	P	4.29	4.17	2.38
	Y	147	145	80
Maharasthra	A	31.99	32.54	30.77
	P	26.19	30.99	18.03
	Y	139	162	100
Orissa	A	0.29	0.38	0.40
	P	0.53	0.61	0.65
	Y	311	273	276
Punjab	A	5.62	4.76	4.74
	P	5.95	9.52	11.99
	Y	180	340	430
Rajasthan	A	6.45	5.83	5.10
	P	8.72	9.84	8.05
	Y	230	287	268
Tamil Nadu	A	2.19	1.78	1.94
	P	4.06	3.39	3.25
	Y	315	324	285
Uttar Pradesh	A	0.07	0.07	0.06
	P	0.08	0.06	0.05
	Y	194	146	142
All-India	A	93.42	87.09	85.76
	P	122.87	115.3	96.52
	Y	224	225	191

A = Area in Lakh hectares
P= Production in Lakh bales
Y = Lint Yield (Kg per hectare)

3.8 The Committee pointed out that there was continuous decline in the yield of cotton in the States of Gujarat, Madhya Pradesh, Maharashtra & Tamil Nadu and enquired about the concrete steps taken by the Department of Agriculture & Co-operation to improve the yield of cotton. The Secretary, Department of Agriculture & Co-operation during evidence stated:

"Cotton is a very important crop. This is a crop especially of the dry-land, rain-fed areas. In 50% area of the country, it is grown. Unfortunately, in the last two years, in the States like Gujarat and also Madhya Pradesh, Maharashtra, there has been drought condition. On account of drought condition, productivity has further come down. The Government sanctioned a Technology Mission on Cotton. What we find in the case of cotton is that there are two or three things, which are very important. One is good quality seed. That is very important. The other thing that we found is that there is a lot of contamination in cotton even after it is harvested. Our cleaning process or post-harvesting system of cotton is also not very good. The third thing is, of course, marketing, ginning and other things. Another thing is that the cotton crop is most prone to pests and diseases."

3.9 In this connection, Committee enquired about the details of the Bt. Cotton, the Secretary, Department of Agriculture & Co-operation during the course of oral evidence apprised the Committee as under:

"Bt. Cotton, is a genetically modified cotton. So, we have the Environment Protection Act. In the case of GM, one has to be very careful about its effect on environment, ecology and things like that. In fact, in the United States, I think, there too the first crop took almost 10 years. Under the law, the Environment Protection Act, which is being administered by the Ministry of Environment and Forests, for any GM, studies were required for assessing its effect on environment, ecology, human beings and animals. The entire biodiversity is affected by that. The ICAR was supposed to experiment it from environment angle; this study is over. Varieties of Bt. Cotton are: Bt. Mech 12, 162 and 184. They have been approved subject to certain conditions."

3.10 While stating about the conditions put forth by the Ministry of Environment and Forests for growing Bt. Cotton, the representative of the Department stated:

"They have approved it for 3 years. Every field where Bt. Cotton is planted shall be fully surrounded by a belt of land called `refuge' in which the same non-Bt. Cotton variety shall be sown. That means, the non-Bt. Cotton has to be sown all along wherever you are sowing the Bt. Cotton. Corridor has to be created to prevent gene flow, etc. so that it does not go in other neighbouring fields. Then there are conditions like whoever is selling Bt. Cotton, he has to sell non-Bt. Cotton for that purpose so that the farmers takes it, does sowing. But same pattern is followed. Labelling requirement is there. So also as to what is the content and as to how it has been to be sown. It has to be labelled. Genetic, etc. has to be mentioned.

MAHYCO seed has been approved. They have to enter into an agreement with their dealers to the effect that they would provide dealers as to how much seed they have, as to how much area they have cultivated and as to which region they have sown so that there is a proper monitoring."

CHAPTER – IV
SEEDS

4.1 Seed is a crucial and vital input for attaining sustained growth in agricultural production and productivity in different agro-climatic regions and different geographical locations. Seeds are also critical for achieving the desirable nutrition attributes in food crops and for introduction of new crop varieties in non-conventional areas.

4.2 During 9th plan Rs. 95.65 crore have been utilized as against approved outlay of Rs. 130.80 crore. During 2002-2003, Rs. 26.96 crore have been allocated for this sector as against the RE of Rs. 647.96 crore during 2000-2001.

The scheme-wise details are as under-

(Rs. in crore)

S.No.	**Scheme**	**Tenth Plan outlay**	**Annual Plan outlay**	
			Proposed earlier	**Proposed in BE 2002-03**
1.	Implementation of Protection of Plant Varieties and Farmers' Rights Act, 2001	40.00	10.00	5.50
2.	Development and Strengthening of Infrastructure facilities for production and distribution of quality seeds.	200.00	40.00	19.32
3.	Restructuring of National Seeds Corporation (NSC) and State Farms Corporation of India (SFCI)	150.00	10.00	2.14
	Total	**390.00**	**60.00**	**26.96**

4.3 The Department in a written note informed that the proposed outlay has been reduced in BE 2002-03 because it has been assessed that in the first year of the Tenth Plan period it may not be possible to launch the schemes right in the beginning and implement it in full swing.

4.4 The target and achievement of Production of Breeder, Foundation Seeds and distribution of quality seeds during the last 3 years and target for 2002-2003 are as under:

Quantity in qtls.

Breeder Seed Year	**Quantity indented (Targeted)**	**Quantity produced (Achievement)**
1998-99	55069.64	38994.48

1999-2000	49765.76	51236.26
2000-2001	50445.00	44326.00
2001-2002	42560.00	Production report awaited from Indian Council of Agricultural Research
2002-2003	13982.00 (Kharif2002 only)	-

Quantity in qtls.

Foundation Seed Year	Quantity required	Quantity available
1999-2000	392094	560233
2000-2001	399398	528924
2001-2002	332444	646298
2002-2003 (Kharif 2002)	162078	299267

4.5 The Committee in their 18th Report on Demands for Grants (2001-2002) had shown concern about the low seed replacement rate. The Committee were informed that the Department had circulated a Vision 2020 seed document to all the states for preparation of perspective plan for seed development and distribution to increase the production of certified/quality seed to meet the availability of at least 25% of the total requirement of seed by the year 2020. The Ministry in a written reply informed that the following States have prepared their perspective plan for seed development: Rajasthan, Uttar Pradesh, Gujarat, Karnataka, Maharashtra, Bihar, Jammu & Kashmir, Tripura, Punjab (only vegetable crops), and Mizoram.

Seed Crop Insurance

4.6 A pilot scheme of `Seed Crop Insurance' is being implemented from Rabi 1999-2000 through General Insurance Corporation of India. When asked about the performance of the scheme, the Ministry in a written note informed the Committee that the scheme has not reached the desired level of popularity owing to following reasons:-

- High premium rate as compared to the National Crop Insurance Scheme;
- No subsidy on premium is available as compared to the National Crop Insurance Scheme;
- Sum Insured amount low.

They further stated that, "the Scheme has not gained much popularity as generally seed production is taken up by progressive farmers under assured irrigation condition. Since seed production involves high cost of input, certification and processing charges farmers are not willing to pay high premium amount."

State Farms Corporation of India

4.7 M/s SBICAP Markets Ltd. was appointed as consultant for conducting a study towards reorganizing and revitalizing the National Seeds Corporation (NSC) and State Farms Corporation of India (SFCI).

4.8 When asked about the recommendations made by the consultants, the Ministry in a written reply stated that the M/s SBI Capital Markets Ltd. has since submitted a report on restructuring and revitalizing the two Corporations. The Consultant has inter-alia recommended that both the Corporations should be merged after restructuring to form a single viable unit.

4.9 When asked about the action taken on the report, the Ministry stated that "both NSC and SFCI have been referred to the Disinvestment Commission. Further necessary action in the matter will be taken on receipt of recommendations of the Commission."

4.10 On the same subject, during evidence, the representative of the Department of Agriculture & Co-operation added:-

"As regards seeds, I would like to mention that we need more money. We are moving in three directions so far as seed is concerned. We are strengthening our legal position so that eventually the private sector will play a very important role in production, supply and sale of seeds. Today's position is that if you do not want to bring your seed under the certification system, then there is no law, which compels you. If you want to sell them, you can do so. There is no control. We want to amend the Seeds Act so that whoever is producing and selling seeds to the farmers, will subscribe to certain specifications and standards. National Seed Corporation and State Seed Corporation are producing seeds and supplying it to the farmers. So, they require some financial support. Therefore, I need more money in the seed sector. I need policy support on the legislation side and financial support so that adequate quantity of seed is available to the farmers. Ninety per cent of the seeds come from the farmer to the farmer. Only ten per cent really comes from the organized sector, whether it is private or public. We also need legislative support."

CHAPTER – V
TECHNOLOGY MISSION ON OILSEEDS, PULSES & MAIZE

5.1 The Technology Mission on Oilseeds was set up in 1986 to increase the production of oilseeds to reduce import and achieve self sufficiency in edible oils by adopting a mission mode approach to tackle all aspects of production, processing, input-support and services, marketing, storage and credit. Pulses were brought within the purview of the Mission in 1990-91, Oil Palm in 1992-93 and maize in 1995-96. Research and Development in Post Harvest Technology is an important component of Technology Mission. Activities of NOVOD Board set up in 1983 have also been brought under the purview of TMOP. The immediate objectives of the TMOP were to increase production of Oilseeds, Pulses & Maize and thereby cut down import of oilseeds and pulses and achieve self-sufficiency in these items. Under the Technology Mission, the following programmes are included:-

Existing Schemes:

- i) Oilseeds Production Programme (OPP).
- ii) National Pulses Development Project (NPDP).
- iii) Oil Palm Development Programme (OPDP).
- iv) Accelerated Maize Development Programme (AMDP).
- v) Research and Development of Post Harvest Technology in Oilseeds & Pulses (PHT).
- vi) National Oilseeds & Vegetable Oils Development Board (NOVOD Board).

According to the Department of Agriculture & Co-operation, the above programmes would be implemented during the first six months of 2002-03.

5.2 The Planning Commission has restructured the above programmes in the following manner for being implemented during the subsequent six months of 2002-03 with a plan outlay of Rs. 8275 lakh as per details given below:

Restructured Schemes:

(Rs. in lakh)

S.No.	**Scheme**	**Outlay**
1.	PHT including TMOP (Hq.)	765.00
2.	Integrated Scheme of Oilseeds, Pulses, Oil Palm and Maize	7260.00
3.	Tree Borne Oilseeds	250.00
	Total	8275.00

5.3 In totality, a plan outlay of Rs. 16500 lakh and non-plan outlay of Rs. 129.00 lakh has been provided for the implementation of existing as well as restructured schemes of the Mission during 2002-03. The plan outlay for the existing schemes is Rs. 82.25 crore and for the restructured schemes Rs. 82.75 crore.

5.4 The area and production of pulses and oilseeds during the year 1998-99, 1999-2000 and 2000-2001 are as follows:

Area in 000'ha
Production in 000'tonnes

Crop	1998-99		1999-2000		2000-2001	
	Area	Production	Area	Production	Area	Production
Oilseeds	26228.8	24748.2	24282.4	20715.5	23249.8	18400.1
Pulses	23500.7	14907.3	21116.1	13418.3	20026.1	10665.3

5.5 Under the Oil Palm Development Programme (OPDP) Ninth Plan target was of 80,000 ha, but by the end only 20281 ha. area has been covered, which is only 24.42% of the target fixed. Rs. 4.20 crore have been allocated for this scheme during 2002-2003**.**

National Oilseeds and Vegetable Oil Development Board

5.6 The Board is charged with the responsibilities of opening newer areas and non-traditional seasons for promotion of Oilseeds crops as well as area expansion under cultivated crops like Soyabean, Groundnut, white sesame, Niger & castor during Kharif season and sunflower, rapeseed – mustard, safflower, groundnut and linseed during Rabi/summer season. When asked about the activities of the Board, the Secretary Department of Agriculture & Co-operation during evidence stated as under:

"Our country imports 40 lakh tones of vegetable oil and this much is used as edible oils. There are some oils, which can substitute even petroleum products. For this purpose NOVOD is functioning. But now Planning Commission has continued it for six months only after that it will review the performance of the Board. We are taking up the matter with Planning Commission again for its continuance."

CHAPTER – VI
FERTILIZERS AND MANURE

6.1 To support Crop Production to reach the level contemplated great stress has been laid in the 9th Plan on adequate and timely delivery of core inputs such as fertilizer. For obtaining the best response from fertilizer use, it is imperative that all the three nutrients i.e. Nitrogen (N), Phosphate (P) and Potash (K) are used in a balanced proportion, which is termed to optimum NPK ratio. At the national level, a consumption ratio of 4:2:1 has been referred to as being optimum.

6.2 Out of the total 9th Plan Outlay of Rs. 167.50 crore, total expenditure during the period was Rs. 39.10 crore. Budget Estimate for 2002-2003 is Rs. 6.05 crore.

Soil Testing Laboratories

6.3 The Centrally sponsored scheme `Balanced & Integrated Use of Fertilizers' which was initiated in 1990-91 was continued during IXth plan with one of the components of setting up/strengthening of soil testing laboratories.

6.4 The Ministry in a written note has informed that a total 533 soil testing laboratories are working in different States with a capacity of 8.0 million soil samples per year. Since this central sponsored scheme has been included in the macro-management mode w.e.f. October 2000, therefore, the State governments were requested to incorporate the component of setting up/strengthening of soil testing laboratories in the work plan of the State. However, in the presently operated system of macro-management mode of implementation, the States/UTs, have flexibility to set up mobile soil testing laboratories as per their requirements. The Department supports proposals for setting up of mobile soil testing laboratories, which are included in their work plan.

6.5 The State-wise no. of soil testing laboratories are as under:

SOIL TESTING LABORATORIES IN THE COUNTRY (1999-2000)

SL. NO	NAME OF THE STATE	NO. OF SOIL TESTING LABORATORIES			ANNUAL ANALYZING CAPACITY (NO.)
		STATIC	MOBILE	TOTAL	
A.	LABORATORIES WITH STATES				
I.	**SOUTH ZONE**				
	1.Andhra Pradesh	23	4	27	513000
	2.Karnataka	21	3	24	555000
	3.Kerala	13	7	20	340000
	4.Tamil Nadu	19	16	35	903000
	5.Pondicherry	2	-	2	20000
	6.A&N Islands	1	-	1	12000
	7.Daman & Diu	-	-	-	-
	8.Lakshadweep	-	-	-	-
	TOTAL	79	30	109	2343000

II.	**WEST ZONE**				
	9.Gujarat	16	5	21	270000
	10.Madhya Pradesh	20	5	25	342000
	11.Maharashtra	29	-	29	287000
	12.Rajasthan	8	12	20	313000
	13.Goa	1	1	2	28000
	14.Dadra & Nagar Haveli	1	-	1	1000
	TOTAL	75	23	98	1241000
III.	**NORTH ZONE**				
	15.Haryana	25	-	25	351000
	16.Punjab	48	13	61	795000
	17.Himachal Pradesh	11	-	11	130000
	18.Uttar Pradesh	56	15	71	1275000
	19.Jammu & Kashmir	3	3	6	56000
	20.Delhi	1	-	1	6000
	21.Chandigarh	-	-	-	-
	TOTAL	144	31	175	2613000
IV.	**EAST ZONE**				
	22.Bihar	30	2	32	380000
	23.Orissa	11	-	11	270000
	24.West Bengal	13	4	17	191000
	TOTAL	54	6	60	841000
V.	**NORTH-EAST ZONE**	7	4	11	156000
	25.Assam	5	1	6	70000
	26.Tripura	3	1	4	55000
	27.Manipur	3	-	3	50000
	28.Nagaland	1	-	1	10000
	29.Arunachal Pradesh	3	1	4	50000
	30.Meghalaya	1	1	2	23000
	31.Sikkim	1	-	1	18500
	32.Mizoram				
	TOTAL	24	8	32	432500
	GRAND TOTAL	**376**	**98**	**474**	**7470500**
B.	**LABORATORIES WITH FERTILIZER INDUSTRIES**	39	20	59	544700
	TOTAL ALL INDIA (A+B)	**412**	**118**	**533**	**8015200**

Bio-fertilizers

6.6 At present 122 biofertilizers production units including 83 GOI supported units with an installed capacity of 10525 tonnes and 39 private units with an installed capacity of 7975 tonnes are engaged in production of biofertilizers.

6.7 The production of biofertilisers through GOI supported units during last three years was as under:

Year	1998-99	1999-2000	2000-2001	Total
Production (Tons).	**3783**	**4376**	**5584**	**13743**

6.8 Asked about the efforts made to popularize the use of Bio-fertilizers by the farmers, the Ministry in a written note stated that "the demand of biofertilizers in the country is gradually increasing. More efforts need to be made by State Governments and the Government of India to further popularise the use of biofertilizers in the country."

6.9 Stating about the details of the scheme, the Government in a note stated that, "in view of increased consumption of fertilisers and insecticides, concerns for food safety and potential for promoting organic food, both for domestic consumption and for exports, the concept of integrated use of plant nutrients, and plant protection measures and organic farming are being propagated. The Organic Farming is eco-friendly and can give better prices to the farmers for their produce. Organic farming can be defined as a system of farming without use of chemical inputs like chemical fertilisers, insecticides etc. and is primarily based on the principle of use of organic inputs like Farm Yard Manure, compost, Green manures, biogas slurry, crop residues and bio fertilizers etc. and also natural biological pest control measures with minimal use of permissible natural minerals and plant protection measures to promote agro economic system and soil biological activity. A Task Force on Organic Farming set up by Department of Agriculture & Co-operation under the chairmanship of Shri Kunwarji Bhai Jadav, with Members of Parliament, senior Government functionaries and experts as members have recommended for setting up of a National level permanent body to oversee the promotion of organic farming in the country.

For ensuring production, promotion, market development and for formulation of standards for process certification of organic agriculture in the country, a National Organic Agriculture Board (NOAB) is proposed to be set up during 10th Plan."

6.10 The study of Agricultural Input Subsidies in India - Impact on Small and Marginal Farmers was conducted by the Institute of Economic Growth, Delhi University and the report was presented to the Government in September 2001. The study examines all type of subsidies including fertilizers.

CHAPTER – VII
HORTICULTURE

7.1 India is the second largest fruit and vegetable producing country in the world after China. Horticulture sector suffers from various technological and infrastructural constraints, preponderance of old and senile trees, poor management, acute shortage of seeds and planting material of improved quality and lack of post harvest handling, sorting, grading, packaging, storage and transportation etc. Besides, inadequate processing infrastructure and poor marketing network are other constraints for growth and expansion of horticulture. The North-East region, which has tremendous potential for horticulture development, has severe constraints of connectivity. Organically produced, chemical free horticulture products are labour intensive. There is scope for organic farming, but potential remains under-utilized.

7.2 Under the Horticulture Sector following are the allocations and expenditure:

(Rs. in crore)

Ninth Plan Outlay = Rs. 1256.00 crore

Ninth Plan Expenditure = Rs. 1010.46 crore

	1998-99	1999-2000	2000-2001	2001-2002	2002-2003
BE	300.00	360.00	132.55	137.00	163.15
Expenditure	221.14	240.20	179.42	145.25 (RE)	-

7.3 A wide variability of agro-climatic conditions enables India to produce a wide range of horticultural crops such as fruits, vegetables, tropical tuber crops, ornamental crops, medicinal and aromatic plants, spices and plantation crops like coconut, cashew, cocoa etc.

7.4 The details of area and production of major horticultural crops during the period 1997-98 to 1999-2000 is given in the following Table:

AREA AND PRODUCTION OF MAJOR HORTICULTURAL CROPS
Area (A) in million hectares, Production (P) in million tonnes.

	1997-98		**1998-99**		**1999-2000**	
	A	P	A	P	A	P
Fruit	3.68	40.05	3.72	44.04	3.80	45.50
Vegetable	5.63	72.83	5.87	87.53	5.99	90.83
Spices	2.48	2.76	2.50	2.87	2.52	2.91
Coconut	1.86	8.75	1.91	8.61	1.78	8.42
Cashew	0.67	0.36	0.73	0.46	0.69	0.52
Others	0.27	1.50	0.28	1.65	0.42	1.75

Total	**14.59**	**126.25**	**15.01**	**145.16**	**15.20**	**149.93**

7.5 The details of area and production of some important fruits is as under:

AREA AND PRODUCTION OF MAJOR FRUITS
(Area in thousand hectares, production in thousand tonnes)

Crop	**1997-98**		**1998-99**		**1999-2000**	
	Area	**Prodn.**	**Area**	**Prodn.**	**Area**	**Prodn.**
Apple	227.70	1320.59	231.4	1380.4	238.3	1047.4
Banana	441.69	10324.37	464.3	15072.7	490.7	16813.5
Citrus	482.72	4258.51	488.1	4575.0	526.9	4650.6
Grapes	40.84	969.30	42.6	1082.7	44.3	1137.8
Guava	151.50	1631.41	151.3	1800.5	150.9	1710.5
Litchi	57.84	454.74	56.2	428.9	56.4	433.2
Mango	1381.18	10156.96	1401.6	9781.8	1486.9	10503.5
Papaya	69.20	1582.13	67.7	1582.4	60.5	1666.2
Pineapple	69.05	946.73	74.2	1006.4	75.5	1025.4
Sapota	48.22	629.31	50.4	667.6	64.4	800.3
Others	711.76	7776.87	699.0	6664.0	601.2	5707.6
Total	**3681.70**	**40050.92**	**3726.8**	**44042.4**	**3796.8**	**45496.0**

7.6 The various schemes of horticulture subsumed under Macro Management Scheme are as following:

Sl. No.	**Name of Scheme**
1.	Integrated Development of Fruits
2.	Integrated Development of Vegetables
3.	Development of Commercial Floriculture
4.	Development of Mushroom
5.	Development of spices
6.	Development of Horticulture through Plasticulture Intervention
7.	Integrated Development of Cashew & Cocoa
8.	Development of Beekeeping for improving Crop Productivity
9.	Development of Medicinal& Aromatic Plants

Capital Investment Subsidy Scheme

7.7 Rs. 106.65 crore have been allocated for National Horticulture Board including investment capital subsidy scheme for 2002-2003 as against RE of Rs. 95.10 crore for 2001-2002. When enquired about the response of the entrepreneurs/farmers to the Capital Investment Subsidy Scheme, the Ministry in a note stated as follows:

"There has been an overwhelming response from the Entrepreneurs/farmers for availing the cold storage scheme. In all about 522 projects have been received by the Board. Under the scheme 441 number of cold storage projects has been sanctioned leading to additional capacity of 21 lakh MT (approx.) as on 12-2-2002 including one pilot onion project being established by NAFED with capacity of 4000 MT. As per the provision of the scheme, the scheme will be implemented in those States/UTs/Area which do not control rental for cold storage under any statutory or administrative order."

7.8 The Committee enquired about the performance of the technology mission on coconut. The Secretary, Department of Agriculture & Co-operation stated:

"In the technology mission on coconut there are two components. The major component is fighting the disease affecting coconut. There should be a proper research on the bio-control measures. If bio-control measures cannot help, the `IPM' technique is used. So, IPM and bio-control on the one hand and also, if required even the chemical treatment. Therefore, in the technology mission on coconut, on the one hand we are working out on disease control, on the other hand we are working on diversifications of the coconut."

7.9 The Committee during the course of evidence pointed out to large-scale damage of coconut crop due to infestation of coconut mite in States of Kerala, Karnataka, Tamil Nadu & Maharashtra. On being enquired of the steps taken to control it, the representative of Department stated, "As far as mite is concerned, it was identified in 1998, and due to our inititatives, we could immediately get some control measures. Then, we had a consortium approach to work out the technologies. We have 9 centres working together. So, we have an `Integrated Management Technology' already available with us.

Besides that, we have the Steering Committee, which reviews all the programmes along with the States about the mite. Right now, we have the technology of integrated management of mite. Besides that, we have a biological agent itzutela thumsoni. That is a fungus, which attacks the mite. We have already isolated them. Now, within three to four months time, we would be coming into the commercial scale. We have already released that as a mico hit. But there was certain problem in the formulations. So, we have gone for the commercial scale.

As far as infestation is concerned, it has reduced in Kerala. But in new areas, it is infecting now. For example, we got a report from Orissa that it has reached there. But there is a reduction in infestation in Kerala and even in Tamil Nadu to some extent. But in Karnataka, the infestation has increased much more than, what it was there two years before.

As far as we are concerned, till date, we have already sanctioned Rs. 55 crore to different States for controlling of mite based on the technological recommendations. So, we are well aware about the mite. Every month we have a review to see where it is infecting. We are also creating awareness regularly. That is the reason why to a greater extent we have been in a position to manage it though it is considered to be a serious problem."

CHAPTER – VIII
PLANT PROTECTION

8.1 Plant Protection involves protection of Indian Agriculture from the ingress of exotic pests and diseases, promotion of Integrated Pest Management for eco-friendly management of pests, implementation of Insecticides Act for ensuring the availability of safe and quality pesticides, training and extension activities in plant protection and locust control in scheduled desert areas. Rs. 19.78 crore have been allocated during 2002-2003 as against outlay of Rs. 23.00 crore during 2001-2002.

8.2 Following are the schemes being implemented under this division:

- (i) Promotion of Integrated Pest Management;
- (ii) Implementation of Insecticides Act;
- (iii) Strengthening and Modernisation of Plant Quarantine facilities in India;
- (iv) Strengthening and Modernisation of Locust Warning Organisation; and
- (v) Training in Plant Protection.

The Insecticides (Amendment) Act, 2000

8.3 The import, manufacture, sale and use etc. of pesticides as one of the most important inputs in crop production is being regulated under the provisions of the Insecticides Act, 1968 and the Rules framed hereunder the Insecticides (Amendment) Act, 2000 has come in force with effect from 7.8.2000. The major amendments that came into force vide the Insecticides (Amendment) Act, 2000 with effect from 7.8.2000 are as under:-

- (a) Section 21(1) (d) amended enhancing the period of stopping sale of an insecticide from 20 days to 30 days.
- (b) Section 22(3) amended to provide for payment towards cost of samples of insecticides, drawn by the Insecticide Inspectors, only in case of samples being found not misbranded;
- (c) Section 24(1) amended bringing down the period of delivery of analysis reports by the Insecticide Analysts to the Insecticide Inspectors from 60 days to 30 days;
- (d) Section 24(4) also amended to prescribe the period of reporting of 30 days by the referral laboratory which did not exist earlier;
- (e) Section 27 (1) amended to prohibit sale, etc. of insecticides, both technical grade and formulations, for reasons of public safety;
- (f) Section 29 amended to enhance penalties for contravention of various provisions of the Act; and
- (g) A new Section 31A introduced empowering States to set up special courts and designate specified existing courts for speedy trial of offences.

Strengthening and Modernisation of Pest Management approach in the country

8.4 Under a new scheme of `Strengthening and Modernisation of Pest Management approach in the country', Rs.11.58 crore have been allocated for 2002-2003.

8.5 While giving the details about the scheme Ministry stated that, "As per the recommendation of the Planning Commission, the following 4 on-going Schemes have been proposed to be merged into one single scheme.

a) Promotion of Integrated Pest Management.
b) Locust Control & Research.
c) Training in Plant Protection.
d) Implementation of Insecticides Act.

This new Scheme will be implemented through the above mentioned 4 Sub-Schemes by promoting eco-friendly approach of pest management, locust control and research in the Scheduled Desert Area (SDA), human resource in the field of Plant Protection and regulating import, manufacture, transport, sale, distribution, etc. of pesticides with a view to preventing risk to human beings, animals and environment."

CHAPTER – IX

AGRICULTURE MARKETING

9.1 The object of the various schemes operated by the Agriculture Marketing Division is to provide a network of services that will improve the quality and availability of agricultural products in the country. Following schemes are being implemented for the purpose.

9.2 The allocations for Agricultural Marketing are as follows:

(**Rs. in crore**)

2001-2002	2002-2003
29.97 (RE)	79.97 (BE)

9.3 There has been quantum jump in the allocation for agricultural marketing. Stating about the reasons for increase, the Ministry informed that the, "increased allocation of Rs. 20.00 crore and Rs. 70.00 crore has been made for agricultural marketing during 2001-02 and 2002-03 respectively to implement the newly approved Central Sector Scheme of construction of Rural Godowns."

Construction of Rural Godowns

9.4 In pursuance of the announcement made by the Hon'ble Finance Minister in his budget speech in Lok Sabha on 28-2-2001, the Department of Agriculture & Co-operation has formulated a new Central Sector Capital Investment Subsidy Scheme for Construction/ Expansion/ Renovation of Rural Godowns. The main objectives of the scheme include creation of scientific storage capacity with allied facilities in rural areas to meet the requirement of farmers for storing farm produce, processed farm produce, consumer articles and agricultural inputs, promotion of grading, standardisation and quality control of agricultural produce to improve their marketability, prevention of distress sales immediately after harvest by providing the facility of pledge financing and marketing credit and to strengthen agricultural marketing infrastructure in the country by paving way for the introduction of a national system of warehouse receipts in respect of agricultural commodities stored in such godowns. Under the scheme, 25% back-ended subsidy shall be provided on the capital cost of the project. In the case of North-East, hilly areas and entrepreneurs belonging to SC/ST, the subsidy shall be 33.33%. An amount of Rs.90.00 crore has been allocated (Rs. 20 crore during 2001-2002 and Rs. 70 crore during 2002-2003) for implementation of the scheme.

9.5 As regards marketing, the Secretary, Department of Agriculture & Co-operation during evidence informed the Committee as under:

"We are proposing a large-scale setting up of the markets by the public sector marketing boards, by the private sector, by cooperatives. States godowns have been constructed but they are not being used. We are doing two-three things as part of marketing reform and also in regard to godowns. We are attempting that the godown should become a place for storage where the farmer should be able to keep his produce for sometime. We are also promoting a concept of warehousing receipt where we say that if the farmer keeps his agricultural produce in a godown, the receipt for that should work as a negotiable instrument so that farmers do not really have to go through troubles."

9.6 The Secretary, Department of Agriculture & Co-operation during evidence elaborating on amendments in the Marketing Act informed the Committee as under:

"As regards the amendment in the Marketing Act the legal provision today is, wherever there are agricultural crops marketing committee, like in UP, Haryana, Punjab and in many other States, only the marketing committee will set up the market and a farmer cannot sell his produce outside the market. Private people cannot make investment into the marketing infrastructure. We have made a beginning for the marketing of fruits and vegetables because these are the most perishable items. We got a study conducted and it was suggested that the Agricultural Produce Marketing Act be amended in such a way that private people, NDBB are able to set up markets of fruits and vegetables.

We first talked to the States. Karnataka Government agreed that they will amend the Act and will allow the NDBB to set up a parallel market. In the meeting of the Chief Ministers they have said that they will amend the Marketing Act so that private sector is also able to make investment in creating marketing infrastructure.

It means they will also be supplying to market. They will have to care to packing, quality, and all that. Secondly, if some processing industry wants to buy wheat or paddy directly from the farmer, they cannot buy wherever this Act is there. That is why, we have suggested amendment of this Act. Some States like Madhya Pradesh, Uttar Pradesh have agreed to do so. We have read in the newspapers that Haryana has also agreed. They are now permitting the processor to buy directly from the farmers. So, this is the kind of change is required in the Marketing Act."

CHAPTER – X
AGRICULTURAL EXTENSION

10.1 Agricultural Extension is aimed at promoting agricultural development by providing farmers with information and training on continuous basis regarding improved production technologies and their adoption. Approved outlay and expenditure during 9th plan is as under:

(Rs. in crore)

Year	Approved Outlay	Expenditure
1997-98	17.50	9.78
1998-99	32.48	12.21
1999-2000	40.00	28.34
2000-2001	43.16	33.57
2001-2002	44.27	44.65 (RE)

10.2 Budget allocation for 2002-2003 under the Extension division is Rs. 86.27 crore. When asked about the reasons for substantial increase in the BE for Agricultural Extension, the Department stated, "The increased allocation is mainly on account of adequate budgetary support to `Innovations in Technology Dissemination' (ITD) Component of World Bank funded National Agricultural Technology Project (NATP) which accounts for Rs.50 crore. So also the UNDP supported Food Security Programme is provided with Rs. 15 crore and other central support programmes like information support activities, training interventions etc. account for the rest."

Innovation in Technology Dissemination component (ITD) of World Bank assisted National Agricultural Technology Project

10.3 National Agriculture Technology Project (NATP) is an externally aided project to facilitate reforms in agricultural extension supportive to the farming community at large, addressing the location specific issues related to agricultural production in different agro-ecological situation in the project districts. Technology Dissemination component (ITD) is being implemented to pilot test new institutional arrangements for technology dissemination at the district level and below.

10.4 Seven States namely, Andhra Pradesh, Bihar, Himachal Pradesh, Jharkhand, Maharashtra, Orissa and Punjab are covered under Innovations in Technology Dissemination (ITD) Component of National Agriculture Technology Project (NATP) covering four districts in each. The Project became effective in November, 1998 and target date for completion is 31st December, 2003.

10.5 When asked if more States are to be covered under the project the Ministry clarified that there is no proposal at present to bring in more States under ITD component of NATP. The Project provides for pilot-testing new institutional arrangements for technology dissemination at the district level and below. Agricultural Technology Management Agency (ATMA), an autonomous organization has been established at the district level representing various stakeholders whereas Block Technology Teams (BTTs) established at the block level operate the programmes through Farmers Interest Groups.

Restructuring of Extension Schemes

10.6 In the Tenth Plan the various extension Schemes have been merged into two schemes viz., Extension Support to Central Institute of DOE and Support to State Extension Services.

10.7 The Ministry clarified that the former is proposed to be a Centrally Sponsored Scheme whereas the later is restructured Central Sector Scheme. The support to the State Extension Programmes would provide major central government funding to the States for agricultural extension provided they undertake reforms as envisaged in the new extension policy. The Scheme would provide support to States through State Extension Work Plans (SEWPs), which will have two components namely ongoing programmes and new reforms and initiatives. A token provision of Rs.1.00 crore has been kept in B.E. of 2002-03.

10.8 The other scheme - Extension Support to Central Institutes/DOE envisaged to provide mechanism for effective backstopping and monitoring extension reforms. It is a Central Sector intervention that would also facilitate operating interstate and international commitments. The scheme broadly falls in HRD, Media – IT Support and M & E areas, which in turn would backstop the effective implementation of State Work Plans leading to reforms in agricultural extension. A token provision of Rs. 2.00 crore has been kept in B.E. for 2002-2003 for this purpose.

CHAPTER – XI
COOPERATION

11.1 The Co-operation Sector has been playing a significant role in the area of disbursing agricultural credit providing marketing support for farmers, distribution of agricultural inputs, imparting co-operation education and training.
11.2 An outlay of Rs. 765.00 crore was approved by the Planning Commission for the schemes of Cooperation Division during the 9th Five Year Plan. However, the year wise allocation provided at BE stage and its utilisation are as follows:

(Rs. in crore)

Year	BE	R.E.	Actual Exp.
1997-98	131.09	114.08	114.08
1998-99	170.00	136.22	136.22
1999-2000	170.00	110.18	110.18
2000-2001	106.33	84.98	85.80
2001-2002	85.00	81.55	67.10 (as on 15.3.02)
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	662.42	527.01	513.40

During 2002-2003 Rs. 81.45 crore have been allocated for the various schemes under the cooperation division.

Assistance to NCDC for Development of Cooperatives

11.3 Under the restructured scheme of "Assistance to NCDC for development of Cooperatives", five on-going schemes have been merged viz; (i) Assistance for Cooperative marketing, Processing, Storage Programme in Cooperative under/least developed State/UTs.; (ii) Share capital participation in Cooperative Sugar Factories; (iii) Share capital Participant in Cooperative Spinning Mills (iv) Assistance to National Cooperative Federation; and (v) Assistance for National Federation for Labour Cooperation.
11.4 Elaborating about the scheme, the Ministry stated that, "the restructured scheme of Assistance to NCDC for development of cooperatives has been proposed by way of convergence in accordance with the recommendations of Expenditure Reforms Commission, observations of Planning Commission and Zero Based Budgeting Committee. The scheme seeks to achieve the objectives of Agriculture Policy relating to the role of cooperatives in support to agriculture."
11.5 Assistance to NCDC for various components of the scheme will be made available as per the criteria fixed for that component based on the projected requirement of the 10th Plan period. The grant portion of the component will only be provided by the

Government of India. Rs. 39.00 crore have been allocated for 2002-2003 for the purposes. The loan component will be arranged by the NCDC on its own.

National Agricultural Cooperative Marketing Federation (NAFED)

11.6 For 2000-2001, the non-plan allocation for NAFED was increased in RE to Rs. 85 crore from BE of Rs. 25 crore. For BE (2002-03) an allocation of Rs. 100 crore has been made. While giving the reasons for substantially increasing the allocation in RE (2001-2002) and then lowering the allocation in BE (2002-2003) the Department in a written reply stated that, "the non-plan allocation for NAFED during the year 2000-01 under B.E. was Rs. 1.00 crore. An additional amount of Rs. 25.00 crore was provided under R.E. During 1999-2000 and 2000-01, the rates of various oilseeds like soyabean, sunflower seed, mustard seed, copra, saflowerseed, groundnut etc. were ruling below the Minimum Support Prices announced by the Government. NAFED had to procure huge quantities of these oilseeds under Price Support Scheme in order to provide remunerative price to the farmers. Since the rates of these oilseeds ruled below their MSP, NAFED had incurred huge losses in disposal of procured quantities under PSS."

11.7 Under the market intervention scheme, following are the product and quantity of products procured by NAFED during each of the last three years in each State and also the price of the produce at that time vis-à-vis MIS price paid by NAFED to the farmers:

Year	State	Commodity	Quantity Procured (Quantity in MTs)	Ruling Market Price (Rs. per Qtl.)	Procurement price (Rs. per Qtls.)
1998-99	Rajasthan	Corriander Seeds	1279.00	1000-1100	1250
	Uttar Pradesh	Kinoo/ Malta	398.46	250-325	450 (B grade) 375 (C grade)
	Himachal Pradesh	Kinoo/ Malta	166.54	250-325	425 (B grade) 365 (C grade)
	Himachal Pradesh	Galgal	277.24	100-175	250
	Himachal Pradesh	Culled Apple	78495.00	150-225	325
1999-2000 and 2000-2001	Andhra Pradesh	Oilpalm	65000	225	275
	Karnataka	Oilpalm	5000	225	275
1999-2000	Maharashtra	Onion	65000	100-175	250
	Himachal Pradesh	Kinoo/ Malta and Galgal	350	200-325 for Kinoo Malta 125-175 for Galgal	425 (B grade) 365 (C grade) 250 Galgal
2000-2001	Himachal Pradesh	Apple (Kinnaure)	3437.57	400-700	1000
	Himachal Pradesh	Culled Apple	44000	150-225	375
2000-2001 and 2001-2002	Andhra Pradesh	Red Chillies	602	1500-2000	2400
2000-2001 and 2001-2002	Andhra Pradesh	Oil Palm	39301	225	275
2001-2002	Karnataka	Oil Palm	8000 (Approved for Procurement)	225	275
2001-2002	Goa	Arecanut	208.53	4400-6000	7300

11.8 In this connection, the Ministry further informed that, "the Central Sector Scheme of assistance to NAFED is to be discontinued during the 10th Plan. NAFED will continue to work as a Central Nodal Agency for undertaking PSS and MIS operations on behalf of Government of India."

11.9 The Finance Minister in budget speech has mentioned about Companies (Second Amendment) Bill 2001 (already introduced in Parliament) which will enable the conversion of existing producer cooperative business into companies. When asked as to what benefit will accrue to the cooperatives in case of their conversion to companies. The Department in a written reply stated as under:

"The Department of Company Affairs initiated a proposal to amend the Companies Act, 1956 to provide for the formation of Producers Company based on

Principles of mutual assistance. One of the provision is to convert the existing producers' cooperative societies extending to more than one state into such producer companies.

The conversion of a cooperative society into such producers company is an option based on the expressed will of the members. These organizations shall have access to capital market and would be able to compete with other economic enterprises on a level playing field. It is felt that even after conversion the producer cooperatives will not lose their decentralised character."

11.10 During evidence, the Department of Agriculture & Co-operation was asked to state their views on the Companies Act (Amendment) Bill, and enquired as to whether the amendment would spoil the spirit of the cooperative system. The Secretary Department of Agriculture & Co-operation stated:

"In our opinion, this will not spoil the cooperative movement. Ultimately, the Multi-State Co-operative Societies Bill is before the Parliament. We are talking about autonomy of co-operatives, autonomy of the members, professional management and things like this. Now, if the co-operative will continue to be there, and supposing the members want to convert it into a company, it gives the power to the members. In fact, here it is only an option that is given for certain types of activities.

The basic philosophy of co-operative is to leave the decision to the members and the members will decide whether they will be a part of the Multi-State Act or the State Act."

CHAPTER – XII
NATURAL RESOURCE MANAGEMENT

12.1 A close look at the present health of the soil and water resources reveals their wanton mis-use and degraded environment. About 173 m.ha. covering slightly half of the country are threatened by various types of degradation like salinity, alkalinity, water logging, ravinous and gullied lands, areas under ravages of shifting cultivation, desertification, etc. About 800 ha. of arable land are being lost annually due to ingress of ravines.

12.2 In this connection, the Committee desired to know the estimated degraded area in the country, target of reclamation during 9th Plan and target for 2002-2003. In reply, the Department in a note stated as follows:-

Under Natural Resource Management for soil and water conservation division Rs. 24.75 crore have been allocated during 2002-2003, the details are as under:

(Rs. In crore)

Nine Plan Outlay	**Ninth Plan Expenditure**	**BE –2002-2003**
966.62	594.87	24.75

12.3 An area of 173.6 Million ha. is estimated to be degraded in the country. An area of 12.62 lakh ha. is likely to be reclaimed under the Land Development Programmes of NRM Division during Ninth Five Year Plan. The target proposed for 2002-2003 is 0.2 lakh ha. Besides this, an area of 262 lakh ha. is targeted to be covered under different types of soil surveys.

12.4 The Committee in their 18th Report on Demands for Grants 2002-2003 had opined that to achieve success in treatment of lands, various schemes of reclamation of lands of all the Ministries should be reviewed by Inter Ministerial Committee and Group of Ministers in order to integrate them into a comprehensive scheme dealt by one nodal Ministry, so that there was no overlapping of schemes and funds were utilized more efficiently.

12.5 In this connection, it was decided that Planning Commission may prepare an inventory of all the watershed management schemes in operation at present and bring up a paper evaluating in depth performance of various soil conservation and watershed based schemes/projects. When asked about the latest position, the department informed, "the matter of Single National Initiative for Watershed Development Programmes is under consideration of the Planning Commission and Committee of Secretaries."

12.6 The three schemes, namely, (i) Soil Conservation for Enhancing Productivity of Degraded Lands in the Catchments of River Valley Projects and Floor Prone Rivers , (ii) Reclamation of Alkali Soils and (iii) Strengthening of State Land Use Boards have been subsumed under Macro Management Mode w.e.f. November, 2000. During 2000-01, the States made a provision of Rs. 104.42 crore under Macro Management against allocation of Rs. 127.5 crore by the Department of Agriculture & Cooperation under the above schemes. It indicates a declining trend.

12.7 During 2000-01, an area of 2.36 lakh ha. has been reclaimed by the States at a total cost of Rs. 110.83 crore under the various schemes of Land Reclamation subsumed under Macro Management Mode.

CHAPTER – XIII
AGRICULTURAL CREDIT

13.1 In order to strengthen the Cooperative Credit Institutions for meeting the credit requirement of the farmers, Central Assistance is released to the State Governments under various Centrally Sponsored and Central Sector Plan schemes.

13.2 Under the credit division against the Ninth Plan outlays of Rs.903.85 crore, only Rs.525.53 crore could be spend, which accounts for 58.14% of total outlay. For credit schemes during 2002-2003 Rs.119.13 crore have been allocated.

(Rs. in crore)

Ninth Plan approved Outlay	**Expenditure**	**2001-2002 BE**	**2001-2002 RE**	**2002-2003**
903.85	525.53	60.00	105.00	119.13

13.3 The total credit flow to agriculture during 2000-2001, 2001-2002 and target for 2002-03 along with its percentage to total credit flow to other sectors is given below:

(Rs. in crore)

S.No.	**Year**	**Total Credit Flow to agriculture sector**	**Credit flow to agriculture as % to total credit flow to other sectors**
1	2000-2001#	53504	11%
2	2001-2002*	64000	Not available
3	2002-2003@	75000	Not available

Provisional
* Likely achievement
@ Target

13.4 According to the Department, the following are the rates of interest on short-term agricultural loans charged from farmers by Cooperative Banks and RRBs

Sl. No.	**State**	**Rates of interest charged (% per annum ranging between)**	
		By PACS to members	By RRBs
1.	Andhra Pradesh	15	13 – 18.5
2.	Gujarat	13.5 – 16	13.5 – 17
3.	Maharashtra	14 – 15.5	13.5 –17
4.	Madhya Pradesh	14.5 – 17.5	12 – 17
5.	Orissa	16.5 – 18	14.5-18
6.	Rajasthan	15.5	12-16
7.	Tamil Nadu	12 – 16	13.5 – 17

8.	Uttar Pradesh	12 – 14.5	12.5-17
9.	West Bengal	13.5 – 14.5	13.5-17
10.	Karnataka	12-17	13-18

13.5 It has been noticed that Commercial Banks, Cooperative Banks and RRBs have been given freedom to fix interest rates to be charged to the beneficiaries. The Department was asked the reasons for not keeping a check on interest rates on agricultural loans particularly when they were re-financed by NABARD. The Department in a note stated:

"As a part of financial sector reforms, the Commercial Banks, Cooperative Banks and RRBs have been given freedom to fix their interest rates on loans and advances to be charged from the ultimate borrowers. However, there are certain indirect checks exercised by RBI/NABARD to fix the interest rate at a reasonable level. In case of Commercial Banks there is a stipulation by the Reserve Bank of India that they cannot charge interest rates to the ultimate borrowers at rates higher than their Prime Lending Rate (PLR) for loans upto Rs.2.00 lakh. The cooperative banks have been permitted by the Reserve Bank of India to determine their own interest rates based on their cost of funds, cost of management etc. subject to a minimum of 12%. In case of RRBs there is no such provision of minimum rate. NABARD periodically reviews the rate of interest being charged by Cooperative Banks and RRBs and advises them to fix the interest rates at a reasonable level. It is however pointed out that NABARD refinance to Cooperative Banks is only 23% of their total short term lending and the balance requirement is met by borrowing from the market which results in increasing the borrowing cost of cooperative banks resulting in their charging higher rates of interest than the rate at which they have been granted loans/ advances by NABARD."

13.6 During evidence, the members of the Committee expressed their grave concern at the rate of interest being charged from the farmers on the agricultural credit though the commercial banks are refinanced by NABARD. In response, the Chairman NABARD stated:

"As far as short-term loans to be provided by the cooperative banks are concerned, where we are supporting them, we provide them loans at the rate of interest varying between 5.5 per cent to 7 per cent. That is on short-term loans that are for seasonal agricultural operations. We get this money from the RBI at six to six-and-a-half per cent. We provide at five-and-a-half to seven per cent. As far as the term loans are concerned, which are for investment credit, the rate of interest varies. The re-finance rate at which we finance is varying from 7% to 10%. Now we are charging on the size of the loan. When the banks provide loan upto Rs. 25,000 for agricultural and development, we charge a rate of interest for that re-finance from 7 to 7.5 per cent. In the case of cooperative banks and RRBs, since they are weaker institutions, we charge 7 per cent. We charge 7.5% from commercial banks.

Where the loan size is from Rs. 25,000 to Rs. 2 lakh, we charge 8.5%. Where the loan size is above Rs. 2 lakh – these are comparatively bigger farmers – we charge at 10% on our re-finance. So, what we have been trying to do is that we give re-finance at lower lower rate of interest and larger loans at a slightly higher rate of interest. To weaker institutions, we provide a lower rate of interest. From stronger institutions, we charge a little more."

13.7 When a point was made that the banking system should increase its lending to agriculture as against present stipulation of 18 per cent to a target of 25 per cent, the Chairman NABARD stated:

"The RBI is a Central Bank of the country. They have to see that different sectors of the country get adequate allocations. As far as the NABARD is concerned, I would like to see that the entire money should go to agriculture. But the RBI would like to see that all sectors of the economy are adequately served. Therefore, the final view will have to be taken by the RBI and not by NABARD."

13.8 When asked as to why the loans to agricultural sector were not increasing adequately, the representative of NABARD stated:

"The reasons are quite a few. The banks feel that the demand for agriculture is not adequate. That is banks' side. The banks' viewpoint could be that they require a large number of applications. They are not receiving adequate numbers of applications." On a reply to a query the Chairman NABARD informed the Committee that presently the average credit from Commercial Banks is between 14 and 15 per cent.

National Agriculture Insurance Scheme (NAIS)

13.9 This scheme has been introduced to enlarge the coverage in terms of farmers (loanee and non-loanee both), more crops and more risks. It envisages coverage of all the food crops (cereals, millets and pulses), oilseeds and annual commercial/horticultural crops, in respect of which past yield data is available for adequate number of years.

13.10 Small and marginal farmers are entitled to subsidy of 50% of the premium charged from them, which will be shared on 50:50 basis by the Central and State Governments.

13.11 At present, the scheme is being implemented by the following 19 States and 2 Union Territories.

1. Andhra Pradesh	2. Assam	3. Bihar
4. Chhattishgarh	5. Goa	6. Gujarat
7. Himachal Pradesh	8. Jharkhand	9. Karnataka
10.Kerala	11. Maharashtra	12.Madhya Pradesh
13. Meghalaya	14.Orissa	15. Sikkim
16. Tamil Nadu	17. Tripura	18.Uttar Pradesh
19. West Bengal	20. Pondicherry	21. Andaman and Nicobar Islands.

13.12 Details of farmers covered, area covered, sum insured, insurance charges, area coverage and indemnity claims under NAIS during Rabi 1999-2000 to Rabi 2000-2001 are as under:

S.No	Particulars	Rabi 1999-2000	Kharif 2000	Rabi 2000-01
1.	Farmers covered (in lakh)	5.80	84.09	20.79
2.	Sum Insured (Rs. in crore)	356.40	6903.47	1525.15
3.	Insurance Charges (Rs. in crore)	5.42	206.51	27.45
4.	Area Coverage (in lakh ha.)	7.80	130.00	30.92
5.	Claims (Rs. in crore)	7.69	1179.49	41.90

13.13 For 2002-2003 Rs. 300.00 crore have been allocated under National Agricultural Insurance Scheme (NAIS) as against RE of Rs. 314.17 crore during 2001-2002.

13.14 As per the performance budget indemnity claim of farmers were Rs. 3.34 crore in Rabi 1999-2000, and Rs. 1153.66 crore in Kharif 2000.

13.15 While furnishing the data regarding amounts of funds disbursed under the scheme, the Department replied as follows: "the State-wise insurance claims actually paid by the implementing agencies during 2000-2001 and 2001-2002 are given as under:

(Rs. in lakh)

Sr. No.	***Name of State/UT***	***2000-2001***	***2001-2002***
1.	Andhra Pradesh	2601.78	Claims of crop year 2001-02 would actually be paid during Financial year 2002-03.
2.	Assam	-	
3.	Bihar	528.67	
4.	Chhatisgarh	8004.87	
5.	Goa	0.08	
6.	Gujarat	76743.06	
7.	Himachal Pradesh	-	
8.	Jharkhand	-	
9.	Karnataka	213.05	
10.	Kerala	242.88	
11.	Madhya Pradesh	5517.03	
12.	Maharashtra	10235.18	
13.	Meghalaya	0.14	
14.	Orissa	10551.86	
15.	Sikkim	-	
16.	Tamil Nadu	0.66	
17.	Tripura	-	
18.	Uttar Pradesh	478.80	
19.	West Bengal	58.95	
20.	A & N Islands	0.36	
21.	Pondicherry	-	

13.16 During evidence, the Committee enquired as to who was the real beneficiary of the NAIS – the insurance company or the farmer. The Secretary, Department of Agriculture & Co-operation in reply stated as under:

"Insurance company is in fact the happiest person in this because insurance companies do not have to bear the losses. They are borne by the Central and the State Governments. Frankly, I would say that it is the Central and the State Governments who bear the losses and the insurance companies are implementing agencies. Even we pay for establishment cost also."

13.17 When the Members sought clarifications about the collection of data for crop insurance, crop cutting experience and enquired about the difficulties encountered in taking village as a unit for the purpose, the Secretary during evidence stated:

"We have our data collection system because we require about 10 years average yield because that is what is normally called as threshold yield or that is what is called the guaranteed yield. If the production is below that, he will get the insurance claim and if the yield is more than that, then he will not get it. The data that we have collected or the information that we have is up to the tehsil level. It was a more reliable data. I would like to tell you that this has been approved by the Government. We want to reach the village level. First it was up to tehsil level, then we came to below block level. We came up to that. Then, group of villages are there. Some States have come up to that. We were wanting to first reach up to the panchayat level.

The panchayat will be two to three villages. There also the problem is coming. Minimum eight crop cutting experiments are needed. Many States do have very good system. What is important is to undertake crop-cutting experiment and build five to ten years data. That is more critical and that is why this is not happening. I would like to assure the Committee that as a policy, we want to move with village as a unit. Now, wherever the State Government is ready with the proper system of crop cutting experiment and data collection, may be there will come down, let us say, from block level to Panchayat level and thereafter village level and wherever the data collection system is weak we may have to stay at block level for some time. Now, tehseel was selected as a unit because at that point of time, in 1985 when this was accepted as a unit we had a reliable data up to tehseel only."

CHAPTER – XIV
TRADE

14.1 For the Central Sector Schemes under Trade Division Rs. 15 crore have been allocated during 2002-2003.

Establishment of a Network of Agri Clinics & Agri Business Centres.

The primary objective of the scheme is to upgrade the variety of technical and support services to farmers, through agri clinics and agri business Centres with the involvement of private sector in particular of the agricultural graduates supplementing the efforts of the/Government and public sector agencies. It is envisaged that 5000 such ventures would be set up every year on individual or joint group basis. A sum of Rs.5.00 crore has been earmarked for implementation of the scheme for the years 2002-03.

14.2 During evidence, the representative of Department of Agriculture & Co-operation while informing about Agri-clinics, stated as under:

"Agri-clinic is one programme on which this hon. Standing Committee has given its guidance. The idea is that the graduates and the post-graduates will undergo proper training; they will create facilities for soil testing, for supply of inputs, for extension, for guidance on how to use pesticides. They will be extension agents. They will also provide infrastructure. That would be a private initiative of technically qualified people. This will also solve the problem of unemployment of agricultural graduates and post-graduates.

I am very glad to tell you, we have received a tremendous response for our advertisement. In fact, about 9000 graduates and post-graduates have made applications for undergoing training. I may tell you that the response is from every State. For instance, from a State like U.P., we have received about 1,500 applications. Similarly, we have got applications from Karnataka, Tamil Nadu, West Bengal and from everywhere. It is also very interesting to note that the age group is ranging from 21 to say 65-66. Even those people who are retired or who are on the verge of retirement, they also think that this is a very good scheme. We wanted that we should provide some incentive, about 25 per cent subsidy, to such people so that they get attracted towards the programme. Once the initial capital cost is reduced, initial burden is reduced, this becomes more profitable, but we have not been successful as yet. In fact, at the end, I will request the Committee to lend their support to us. Maybe, we would approach the Planning Commission for sanctioning this."

Small Farmers Agriculture Business Consortium (SFAC)

14.3 Under the scheme of setting up of Small Farmers Agriculture Business Consortium (SFAC) Rs. 47.75 crore have been utilized during Ninth Plan. BE for 2002-2003 is Rs. 10.00 crore. The Department in a written note has informed that, "During the 8th and 9th Plan whereas counterpart state level SFACs have been set-up in 13 states of the country, these are yet to be established in the rest of the country. It is proposed that during the 10th Plan, the counterpart state level SFACs be set-up all over the country at an additional cost of Rs. 10 crore. Besides providing assistance for setting up of the counterpart state level SFACs, assistance would also be required by SFAC to carry out the responsibilities assigned by the Government."

PART – II
RECOMMENDATIONS/OBSERVATIONS
RECOMMENDATION NO. 1
REDUCED ALLOCATIONS IN FAVOUR OF DEPARTMENT

The Committee note with concern that the Department of Agriculture & Co-operation had proposed an outlay of Rs. 18253.81 crore for the Ninth Five Year Plan but only Rs. 7813.69 crore (at RE stage) has been provided to the Department by the Planning Commission, which works out to be only 43% of the amount proposed. Again during the Tenth Plan the Department posed a demand of Rs. 25,000 crore before the Planning Commission, but only Rs. 13,200 crore has been approved, which is only 52.8% of the amount proposed. The Committee are further disappointed to note that against the projected demand of Rs. 5164.41 crore for 2002-2003, the department has been provided Rs. 2167 crore, which is only 41.96% of the proposed demand. Thus, it is seen that continuously for years together less than 50% of the amount is being allocated by the Planning Commission as against the proposed amount, i.e. less than half of the requirement of funds is being met. The Committee are unable to understand as to how the Government proposes to double the agricultural production in 10 years as envisaged with only 50% of funds required to undertake various schemes to increase production by the Department. The Committee wish to emphasize that the agricultural growth has a strong bearing on the growth of economy as a whole. In their opinion, continued inadequate allocations for this key sector of economy will have an adverse impact on the total economy of the country.

The Committee, therefore, strongly recommend that the Planning Commission should take a realistic view on the amount of funds required by the Department and enhance budgetary allocation at the Revised Estimate stage. They also desire that in the subsequent years the Planning Commission should try to make budgetary provisions as per the projections of the Department.

RECOMMENDATION NO. 2
REMUNERATIVE PRICES TO FARMERS

The Committee are happy to find that there has been a record production of foodgrains in the country in the year 2001-2002. Many States will now become surplus in foodgrains. The Committee feel that the responsibility now lies with the Government to ensure that farmers get due benefit of good production and prices of foodgrains do not crash. The Government has recently announced Minimum Support Price (MSP) of wheat and other agricultural commodities. The Committee desire that Department should maintain an active coordination with the Ministry of Food and Public Distribution so as to oversee that prices do not fall alarmingly in

any of the mandis. It should also be ensured that appropriate and timely measures are taken to procure the food grains at MSP.

RECOMMENDATION NO. 3
EXPORT PROMOTION FOR AGRICULTURAL PRODUCE

The Committee are happy to note that the new EXIM Policy announced by the Minister of Commerce is beneficial to the farmers as it makes export free, easy and rewarding for them. There has been increase in foodgrains production during 2001-2002, but it will be beneficial only if the farmers are able to export their produce and get better remuneration for their labour. Now new EXIM Policy being in favour of farmers, it is for the Department to take advantage of the policy and make suitable schemes for farmers to help export their produce. Keeping in view this liberal policy, the Committee recommend that the Department should set up a committee to explore various avenues for promoting exports. As the farmers cannot export their produce individually, there must be some agency to channelise their exports.

The Committee further desire that the Department should set up a separate wing for providing export intelligence to the farmers in regard to what type of variety should be grown, which is in great demand in the international market and similar information. It will facilitate the farmers to accordingly produce and export as per the requirement of the international market to reap maximum benefits out of it.

The Committee desire that Department should give a careful consideration to all the above suggestions of the Committee and bring out a comprehensive scheme in this regard. The Department should also play a proactive role in facilitating export of agricultural produce.

RECOMMENDATION NO. 4
ON FARM WATER MANAGEMENT

The Committee are happy to note that the scheme `On-Farm Water Management in Eastern India' has been finally approved by the Planning Commission. The Committee are given to understand by the Department that this is a very vital scheme and it will make a big difference in the foodgrain production as the eastern states have a great potential for development of minor irrigation through ground water.

The Committee, therefore, desire that since the scheme has now been approved, the Department of Agriculture & Co-operation should make concerted efforts to realize the full potential of the scheme. The Department should also ensure that the financial institutions provide easy and timely credit to the farmers so that more and more pump sets are installed to take benefit of the scheme.

RECOMMENDATION NO. 5
COTTON CROP

The Committee are constrained to note the continuous decline in the yield of cotton in some of the States. In Gujarat, Maharashtra, Madhya Pradesh, Tamil Nadu it has come down from 400, 139, 147, 315 kg. per hectare in 1998-99 to respectively 122, 100, 80, 268 kg. per hectare in 2000-2001. The Technology Mission on cotton has not been able to address the woes of the cotton farmers and farmers continue to commit suicide due to failure of crops and losses sustained.

The Committee desire that the Government should take a serious note of it as cotton is a very important crop especially of rainfed areas and is grown on 50% area of the country. They desire that immediate and vigorous steps should be taken in regard to availability of good quality of seeds, removal of contamination in cotton, marketing, ginning and remedy for pests and disease affecting cotton crops.

RECOMMENDATION NO. 6
Bt. COTTON

The Committee find that the Government have approved the planting of Genetically Modified Bt. Cotton. The variety has been permitted after undertaking wide range of studies on its effects on environment, ecology, human beings and animals. The planting of Bt. Cotton has been approved subject to some conditions so as to prevent gene flow to neighbouring fields. The Committee recommend the Department to be vigilant about the conditions being strictly followed by dealers/farmers. But at the same time it may be ensured that the implementing agencies should not harass the farmers. A suitable monitoring machinery in this connection should be put in place.

RECOMMENDATION NO. 7
SEEDS

The Committee note that as against Rs. 60 crore proposed for seed sector by the Department only Rs. 26.96 crore have been allocated by the Planning Commission. The representative of Department of Agriculture & Co-operation during evidence submitted that to bring improvement in seed sector they would need more financial support to sustain the schemes under operation as well as legislative support to bring about change in Seeds Act. The Committee opine that seed being the most crucial and vital input of agriculture production, necessary financial and legislative support should be given to the Department for carrying out reforms in the sector. The Committee, therefore, recommend that the allocation for seeds should be increased at the revised estimate stage to the level proposed by the Department. So as to enable them to implement the scheme fully.

RECOMMENDATION NO. 8
SEED CROP INSURANCE

The Committee note that pilot scheme for Seed Crop Insurance has not gained popularity due to high premium rates. No subsidy on premium is available to the farmers under the scheme. The Committee are of the view that without subsidy this scheme cannot be expected to be a success. They, therefore, recommend that the Government should review the scheme and provide necessary subsidy support to it as is done in the case of National Agricultural Insurance Scheme.

RECOMMENDATION NO. 9
NOVOD

The Committee observe that National Oilseeds & Vegetables Oil Development Board (NOVOD) is functioning for opening up newer areas and non-traditional seasons for promotion of oilseeds crops. It is also looking into developing newer and unconventional methods for the use of vegetable oils, promoting good nurserical programmes and marketing thereof. The Committee were informed that the Planning Commission wished to discontinue it but on request from the Department, NOVOD has been allowed to function for another six months only, after which its performance will be reviewed by the Planning Commission for continuation or otherwise. The Committee are of the opinion that NOVOD has come up with newer strategies in this area, which sound very promising in the future. The biotechnology is coming up in a big way and private dealers will come up with new genetically modified seeds which will affect farmers. The Committee, therefore, recommend that Planning Commission should approve the continuation of NOVOD Board so that development of non-traditional crops gets the required impetus.

RECOMMENDATION NO. 10
SOIL TESTING

The Committee are constrained to note inadequate soil testing facilities in the country especially in West & East Zone. As per the material submitted by the Department, while the annual analyzing capacity is 2343000 and 261300 number of soil samples per year in South & North Zone, it is only 124100 and 841000 number in West and East Zone. The Committee would like the Department to find out the reasons for low capacity of Soil Testing Labs in these zones and desire that suitable steps should be taken to enhance the soil testing capacity in those areas.

RECOMMENDATION NO. 11
INFESTATION OF COCONUT CROPS

The Committee note with serious concern the large-scale damage to coconut crops due to mite infestation in the States of Kerala, Karnataka, Orissa, Andhra Pradesh, Maharashtra and Tamil Nadu. They are constrained to note that the disease which first came to notice in 1998 has still not been controlled even after 4 years. It is apprehended that if the disease is not controlled, the economy of the entire Southern States would be affected and the phenomenon of cotton farmers committing suicide would reach the coconut farmers also. It has also come to the notice of the Committee that farmers are resorting to toddy tapping due to mite infestation. As toddy tapping destroys the real crop of coconut, they feel that efforts should be made to make it disease free so that the farmers are not compelled to resort to toddy tapping, which proves to be very destructive in long term for them.

The Committee, therefore, strongly recommend that the Department should address this problem urgently and find out some biological/chemical solutions to effectively control this mite in a time bound manner.

RECOMMENDATION NO. 12
MARKETING REFORMS

The Committee observe that the main problem that the farmers face is related to the marketing of their produce. They have been informed that most of the States have `Agricultural Marketing Act', which forces individual farmers to sell their produce only to designated agencies and do not allow them to sell in the open market. It has also been stipulated in the act that private sector cannot make investment in the marketing infra-structure. The Committee note that Karnataka Government had agreed to amend the act and has signed an MOU with NDDB to set up horticulture terminal market and associated facilities with their collaboration. The Committee highly appreciate this move of the State Government and desire that the other States should also follow Karnataka Government and make amendment in their respective marketing acts, so that private sector is also able to set up the market and farmers have freedom to sell their produce wherever it is profitable to them. This recommendation of the Committee may be communicated to the State Governments for its expeditious implementation by the Ministry.

RECOMMENDATION NO. 13
RURAL GODOWNS

The Committee note that the Department has formulated a new Central sector `Capital Investment Subsidy Scheme' for construction/expansion/renovation of Rural Godowns to create scientific storage capacity with allied facilities in rural areas, wherein it is proposed to provide 25% subsidy on the capital cost to the

entrepreneurs. Under the scheme 25 per cent, entrepreneurs will contribute and 50% loan will be provided by Cooperative Bank or other institutions.

The Committee fully approve the scheme as it would meet the long-standing requirement of the farmers for storing their farm produce in the vicinity of their farm and prevent them from resorting to distress sale immediately after harvest. They desire that the scheme should be finalized at the earliest and implemented at the earliest.

RECOMMENDATION NO. 14
NATURAL RESOURCE MANAGEMENT

The Committee are unhappy to find the slow pace of reclamation of degraded land undertaken by the Department. During the Ninth Plan an area of 12.62 lakh ha. is likely to be reclaimed against the total estimated area of 173.6 million hectares of degraded land in the country. The Committee note that although the scheme on reclamation of degraded land was subsumed under Macro-Management mode w.e.f. November, 2000 but there was a decline in provision for schemes under NRM in this mode. The States made a provision of Rs. 104.42 crore during 2000-2001 under Macro-Management for the schemes of National Resource Management against an allocation of Rs. 127.5 crore by the Department. The Committee are of the view that since land reclamation schemes require huge funds and give only long-term benefits, these schemes should be taken out of the Macro-Management mode and implemented separately as a Central sector scheme.

RECOMMENDATION NO. 15
AGRICULTURAL CREDIT

The Committee are of the opinion that credit plays an important role in successful agricultural operation. As per the instructions of the Reserve Bank of India, every commercial bank has to give minimum 18 per cent of the total credit to agriculture. But many banks have not been able to reach even 18 per cent. As informed by Chairman, NABARD during evidence that the average credit by banks to agriculture sector is between 14 and 15 per cent. The Committee desire that RBI should go into non-adherence of their instructions by commercial banks and ensure that this stipulation is met by all the banks.

The Committee are unhappy to note the high rate of interest being charged on the loans to the farmers. The Committee note that NABARD was established mainly for refinancing activities relating to agriculture & rural development. NABARD is giving refinance to commercial banks, RRBs and cooperative banks at the interest rate varying between 5.5% and 7.0% on short-term loans to farmers. The commercial banks provide loan to farmers at high rate of interest. In case of cooperative banks the loan reaches the farmers through a three layers system. At each layer transaction cost is added and ultimately the farmers are getting loans at the interest rate as high as 13-17%. This is an area of deep concern to the Committee and they, therefore, recommend that the Government needs to give

focused attention in this regard with a view to ensuring that the interest rate which are ultimately charged from the farmers get reasonably reduced. The Committee desire that rate of interest charged from farmers should not be more than 2% of rate of interest on which NABARD is giving refinance.

RECOMMENDATION NO. 16
CROP INSURANCE

The Committee are constrained to note that National Agricultural Insurance Scheme, which is very important for farmers, has not become popular with them as it suffers from inherent defects. The unit of Insurance is currently being taken as block level. The Committee have been informed that the Government has reliable data upto block level and they are trying to reach panchayat level and ultimately they propose to reach village as a unit.

The Committee are of the view that unless the village level is reached the farmers will be unable to get full benefit from the scheme. The Committee, therefore, recommend that the Government should make all out efforts to reach the village level as a unit as early as possible so that the farmers do not get disillusioned with the scheme.

RECOMMENDATION NO. 17
AGRI-CLINICS

The Committee are happy to note that the new central sector scheme for establishment of Agri-clinics and Agri Business Centres, wherein graduates and post-graduates in agriculture or allied services will be trained to create facilities for soil testing, supply of inputs, extension, guidance on how to use pesticides is receiving a very good response. The Committee feel that besides helping the farmers in absorption of productivity enhancing technologies, it will also provide opportunities for self-employment to agricultural graduates and post graduates in a big way. However, the viability of units will greatly depend on the suitability of training given to entrepreneur for this venture. The representative of Department of Agriculture & Co-operation informed during evidence that only the training component of the scheme has been approved by Planning Commission and they propose to approach Planning Commission to provide incentive of about 25% subsidy on initial cost to eligible people, so that they get attracted towards programme.

The Committee, therefore, recommend that the Department should pose the demand to Planning Commission for provision of 25% subsidy at revised estimates stage to make the scheme of Agri-clinics a commercially viable venture.

NEW DELHI;
15th April, 2002
25 Chaitra, 1924 (Saka)

S.S. PALANIMANICKAM
Chairman,
Standing Committee on Agriculture