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STANDING COMMITTEE ON AGRICULTURE

(2003)

THIRTEENTH LOK SABHA

**MINISTRY OF AGRICULTURE
(Department of Agriculture & Co-operation)**

DEMANDS FOR GRANTS (2003-2004)

FORTIETH REPORT



Presented to Lok Sabha on .04.2002

Laid in Rajya Sabha on .04.2002

LOK SABHA SECRETARIAT

NEW DELHI

April, 2003/Chaitra, 1925 (Saka)

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COMPOSITION OF THE STANDING COMMITTEE ON AGRICULTURE (2003)

LOK SABHA

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3. Prof. S.P. Singh Baghel
4. Shri Bhan Singh Bhaura
5. Shri Ambati Brahmaniah
6. Shri Ram Tahal Chaudhari
7. Shri Shivraj Singh Chouhan
8. Shri Adhir Chowdhary
9. Shri Thawar Chand Gehlot
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12. Shri M. Master Mathan
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17. Ms. Prabha Rau
18. Shri N.R.K. Reddy
19. Shri Chandra Bhushan Singh
20. Shri Laxman Singh
21. Shri Ramjiwan Singh
22. Shri Rampal Singh
23. Shri Tejveer Singh
24. Shri Punjaji Sadaji Thakor
25. Shri Tarlochan Singh Tur
26. Shri Chintaman Wanaga
27. Shri Bhal Chandra Yadav
28. Shri Mahboob Zahedi
- *29. Shri Girdhari Lal Bhargava
30. Vacant

RAJYA SABHA

31. Dr. A.R. Kidwai
32. Shri Oscar Fernandes
33. Smt. Jamana Devi Barupal
34. Prof. R.B. S. Varma
35. Dr. A.K. Patel
36. Shri Sudarshan Akarapu
37. Dr. Swami Sakshi Ji Maharaj
38. Shri R. Kamaraj
39. Prof. M. Sankaralingam
40. Shri Gandhi Azad
41. Shri Datta Meghe
42. Shri R.S. Gavai
43. Shri Rao Man Singh
44. Shri Sukhbir Singh
45. Shri H.K. Javare Gowda

* Shri Girdhari Lal Bhargava has been nominated to this committee w.e.f. 7.4.2003.

INTRODUCTION

I, the Chairman, Standing Committee on Agriculture having been authorised by the Committee to submit the report on their behalf, present this Fortieth Report on Demands for Grants of the Ministry of Agriculture (Department of Agriculture & Co-operation) for the year 2003-2004.

2. The Standing Committee on Agriculture was constituted on 1st January, 2003. One of the functions of the Standing Committee as laid down in Rule 331E of the Rules of Procedure and Conduct of Business in Lok Sabha is to consider the Demands for Grants of the concerned Ministries/Departments and make a report on the same to the Houses. The report shall not suggest anything of the nature of cut motions.

3. The Committee took evidence of the representatives of the Ministry of Agriculture, Department of Agriculture & Co-operation on 24th March, 2003. The Committee wish to express their thanks to officers of the Ministry of Agriculture, Department of Agriculture & Co-operation for placing before them, the material and information which they desired in connection with the examination of Demands for Grants of the Ministry for the year 2003-2004 and for giving evidence before the Committee.

4. The Committee considered and adopted the Report at their sitting held on 10th April, 2003.

NEW DELHI;
10 April, 2003
20 Chaitra, 1925 (Saka)

S.S. PALANIMANICKAM
Chairman,
Standing Committee on Agriculture

PART – I

CHAPTER – I

INTRODUCTORY

1.1 Agriculture provides livelihood support to about two-thirds of country's population with a 24.2 per cent contribution (triennium ending 2001-02) to the Gross Domestic Product (GDP). The sector provides employment to 56.7 percent of country's work force and is the single largest private sector occupation. Agriculture accounts for about 14.7 per cent of the total export earnings and provides raw material to a large number of Industries (textiles, silk, sugar, rice, flour mills, milk products). Any change in this sector, positive or negative, has a multiplier effect on the entire economy. The agriculture sector, therefore, acts as a bulwark in maintaining food security and in the process, national security as well. To maintain the ecological balance, there is need for sustainable and balanced development of the agriculture and allied sectors.

1.2 The Department of Agriculture & Cooperation were allocated Rs. 9293 crore during the Ninth Plan period, out of which Rs.7673.70 crore were utilized by them and Rs.1619.30 crore surrendered. Following is the statement showing sector-wise plan and non-plan allocation and expenditure during Ninth Plan:

		Rs. In Crore					
S.No.	SECTOR	PLAN			NON-PLAN		
		Allocation during 9th Plan	Actual Utilisation	Amount Surrendered/ Amount Utilised beyond Allocation	Allocation	Actual Utilisation	Amount Surrendered/ Amount Utilised beyond Allocation
1	Agriculture Extension and Training	180.98	123.54	57.44	24.17	22.68	1.49
2	Agriculture Census	39.60	32.95	6.65	0.00	0.00	0.00
3	Agriculture Eco. & Stat.	225.90	190.60	35.3	55.74	48.00	7.74
4	Seed	114.64	93.44	21.2	0.01	9.99	* 9.98
5	Fertilizer	70.83	38.77	32.06	24186.00	15204.42	8981.58
6	Plant Protection	149.00	98.76	50.24	115.88	64.00	51.88
7	Agri Implements & Machinery	87.30	62.47	24.83	19.32	18.17	1.15

8	Crops	1036.97	448.60	588.37	13.32	9.07	4.25
9	T.M.O.& P.	855.00	796.95	58.05	4.86	4.36	0.50
10	Rainfed Farming	833.35	871.50	-38.15	0.00	0.00	0.00
11	Horticulture	1126.25	1010.46	115.79	4.90	4.77	0.13
12	Secretariat Eco. Service	16.30	7.22	9.08	92.38	89.65	2.73
13	Trade (SFAC)	18.10	9.00	9.10	0.00	0.00	0.00
14	Natural Disaster Management	23.40	13.63	9.77	0.00	0.00	0.00
15	Agriculture Marketing	40.00	48.08	-8.08	52.89	60.88	* 7.99
16	Policy and Management of Agri.	15.40	1.76	13.64	0.00	0.00	0.00
17	Macro Management of Agriculture	1343.00	1061.24	281.76	0.00	0.00	0.00
18	Soil & Water Conservation	572.18	576.74	-4.56	5.84	13.93	* 8.09
19	Credit & Crop Insurance	1749.87	1557.84	192.03	0.00	0.00	0.00
20	Cooperation	662.43	527.98	134.45	29.00	390.98	*361.98
21	Information Technology	57.50	27.17	30.33	0.00	0.00	0.00
22	International Cooperation	0.00	0.00	0.00	49.98	51.08	* 1.10
State Plan Scheme							
Watershed Dev. In Shifting Cultivation Area in North Eastern States		75.00	75.00	0.00	0.00	0.00	0.00
Total		9293.00	7673.70	1619.3	24654.29	15991.98	8662.31
* Utilised beyond Allocation							

1.3 For the Tenth Plan against an allocation of Rs.25001.75 crore projected by the Department, an allocation of Rs.13300.00 crore has been approved by the Planning Commission. Following is the sector-wise demand proposed by the Department and approved by the Planning Commission for the Tenth Plan Period:

<i>(Rs. in crores)</i>			
Sl. No.	Head of Developments	Sectorwise demand projected by DAC for Tenth Plan	Sectorwise demand approved by the Planning Commission for the Tenth Plan
1	Agricultural Extension & Training	1390.00	550.00
2	Agricultural Census	70.00	60.00
3	Agri. Economics and Statistics	450.35	365.00
4	Seed Development	390.00	275.00
5	Integrated Nutrients Management (Ferti.)	125.00	110.00
6	Plant Protection	240.70	220.00
7	Agril. Implements and Machinery	115.00	75.00
8	Crops	1000.00	850.00
9	Technology Mission on Oilseeds & Pulses	2300.00	950.00
10	Rainfed Farming	12.00	12.00
11	Horticulture	5568.00	1945.00
12	Secretariat Services	-	40.00
13	Trade	760.00	190.00
14	Natural Diasaster Management	55.00	5.00
15	Agricultural Marketing	1526.00	600.00
16	Information Technology	925.00	100.00
17	Natural Resosurces Management	120.00	40.00
18	Credit & Crop Insurance	3100.00	2000.00
19	Cooperation	1854.70	500.00
20	Macro Management	5000.00	4313.00
Total		25001.75	13200.00
<u>State Plan Scheme</u> Watershed development in Shifting cultivation areas in NE States		-	100.00
GRAND TOTAL		25001.75	13300.00

- 1.4 In the Tenth Plan, the growth rate of GDP is targeted at 8 per cent per annum. In order to achieve this target, the growth rate envisaged for the agriculture sector, including allied sectors, is 4% per annum. The Committee enquired as to how the Government propose to achieve this ambitious target in the Agriculture sector. The Department in their written reply informed that measures would aim at improving the yield of major agricultural crops, which in turn meant bridging the gaps in productivity for the country as a whole vis-à-vis international productivity levels. The Department further stated that Agricultural production was highly sensitive to weather conditions which contributed to the variations in growth rates, as shown in the following table:

GDP Growth in Agriculture (including Allied Sectors)

Year	Agriculture GDP(including Allied Sectors) at 1993-94 prices (Rs.Crore)	Growth (%)
1990-91	223114	
1991-92	219660	-1.5
1992-93	232386	5.8
1993-94	241967	4.1
1994-95	254090	5.0
1995-96	251892	-0.9
1996-97	276091	9.6
1997-98	269383	-2.4
1998-99	286094	6.2
1999-00	286983	0.3
2000-01	285877	-0.4
2001-02	302054	5.7
2002-03*	292625	-3.1

- advance estimate

- 1.5 The growth rates have ranged between -2.4 per cent and 9.6 per cent in the 1990s. This implies that while growth rate in the agriculture sector, in excess of 4 per cent as envisaged in the National Agricultural Policy, is feasible, achievement of sustained growth at 4 per cent level is subject to uncertainty mainly because agriculture production is still influenced significantly by changes in weather conditions. In order to facilitate achievement of higher growth rate in agriculture, it is necessary to implement policies and programmes aimed at improving agricultural production and productivity.

CHAPTER – II

OVERVIEW OF DEMANDS

- 2.1 The following are the Budget Estimates and Revised Estimates for 2002-2003 and Budget Estimates for 2003-04:

(Rs. in crore)

Budget Estimates 2002-03			Revised Estimates 2002-03			Budget Estimates 2003-04		
Plan	Non-Plan	Total	Plan	Non-Plan	Total	Plan	Non-Plan	Total
2187.00	200.00	2387.00	1687.00	400.00	2087.00	2187.00	401.34	2588.34

- 2.2 The budgetary allocation for the year 2002-03 was Rs.2187.00 crore, but Revised Estimates was Rs.1687.00 crore only which amounts to 23% reduction during 2002-03. Stating about the reasons for such a drastic cut at the stage of Revised Estimates the Department stated:

“The Department of Agriculture & Cooperation has proposed a RE of Rs.2367.61 crore against the BE of Rs.2187 crore for the year 2002-03. However, Ministry of Finance has reduced the RE to Rs.1887 crore. It is relevant to mention that an amount of Rs.200 crore was diverted from Plan to Non-Plan for procurement of oilseeds by NAFED during the current year. So, effectively the outlay of the Department has been reduced to Rs.1687 crores only. The Department has taken up the matter with the Ministry of Finance to enhance the RE of the Department at least by Rs.190 crore to enable to meet the committed liability towards the Crop Insurance.”

- 2.3 The details of allocation in favour of Department of Agriculture and Cooperation vis-a-vis central plan outlay of the Government of India during Ninth Plan and Tenth Plan 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
	Ninth Plan	489361	285379	203982	9153	1.87	4.49
1.	1997-1998	91839	557019	36130	1416	1.54	3.92
2.	1998-1999	105187	62723	42464	1941	1.84	4.57
3.	1999-2000	103521	59521	44000	1941	1.87	4.41
4.	2000-2001	117334	66058	51276	1950	1.66	3.80
5.	2001-2002	130181	70725	59456	1970	1.51	3.31
	Tenth Plan	893183	487448	405735	13200	1.48	3.25
6.	2002-2003	144038	77167	66871	2167	1.50	3.24

7.	2003-04	147893	75741	72152	2167	1.47	3.00
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2.4 It may be observed from the above table that there has been decrease in percentage share of Department of Agriculture and Cooperation to the total Central Plan Outlay of the Government of India from 1.50 during 2002-03 to 1.47 in 2003-04. However, the Plan outlay of the Department of Agriculture and Cooperation for the year 2003-04 has been kept at the same level as in 2002-03. Similarly, the percentage share of Department of Agriculture and Cooperation to the Central Plan Outlay of Government of India has also shown declining trend from 1.87% during the 9th Plan to 1.48% in the 10th Plan. During evidence, the Secretary (DAC) informed the Committee that percentage of investment in agriculture, as a portion of the GDP, has also fallen. In the last one decade, it has been falling from 1.6 per cent to 1.3 per cent. Similarly the gross capital formation in agriculture also is showing a decline from 7.5 per cent to 6 per cent during the same period

2.5 The sector-wise details of demand projected by the Department of Agriculture & Cooperation and demand accepted by the Planning Commission during 2003-04 is given below:-

<i>(Rs. in crores)</i>				
Sl. No.	Head of Developments	Sectorwise demand projected by DAC 2003-04	Sectorwise demand accepted by the Planning Commission 2003-04	Difference between the projected and accepted
1	Agricultural Extension & Training	71.86	78.55	-6.69
2	Agricultural Census	10.94	10.00	0.94
3	Agri. Economics and Statistics	79.82	60.30	19.52
4	Seed Development	89.26	27.00	62.26
5	Integrated Nutrients Management (Ferti.)	9.00	9.00	0.00
6	Plant Protection	47.85	25.00	22.85
7	Agril. Implements and Machinery	14.01	3.90	10.11
8	Crops	159.50	120.00	39.50
9	Technology Mission on Oilseeds & Pulses	199.60	165.00	34.60
10	Rainfed Farming	2.50	2.00	0.50
11	Horticulture	478.70	291.22	187.48
12	Secretariat Services	6.00	6.00	0.00

13	Trade	180.00	40.00	140.00
14	Natural Disaster Management	0.75	1.00	-0.25
15	Agricultural Marketing	151.19	100.00	51.19
16	Information Technology	29.38	15.00	14.38
17	Natural Resources Management	34.95	23.03	11.92
18	Credit & Crop Insurance	400.87	420.00	-19.13
19	Cooperation	103.56	70.00	33.56
20	Macro Management	1200.00	700.00	500.00
Total		3269.74	2167.00	1102.74
State Plan Scheme Watershed development in Shifting cultivation areas in NE States		20.00	20.00	0.00
GRAND TOTAL		3289.74	2187.00	1102.74

- 2.6 It may be seen from the above that against the demand projected by the Department of Rs. 3269.74 crore, only Rs.2167 crore have been provided in the BE of 2003-04. Planning Commission has kept the BE of 2003-04 at the same level of the BE of 2002-03. The Ministry in a written reply stated that with the reduced allocation it would be difficult to achieve the objectives of the programmes proposed for the year 2003-04 as well as the growth rate targeted for the year.
- 2.7 The Sectors against which BE provision was much less than the demand projected by the Department of Agriculture & Cooperation are given below:-
1. Macro Management
 2. Horticulture
 3. Trade
 4. Seed
 5. Crops
 6. Technology Mission on Oilseeds and Pulses
 7. Cooperation
- 2.8 The Finance Minister in his Budget Speech for 2003-2004 has mentioned "Agriculture and related aspects including irrigation" as one of the 'Panch Priorities' for economic security of the country. When asked as to how the Department propose to face the challenge of managing the agriculture on priority basis for the country in view of the stagnating budget amount allocated to them, the Department in a written reply stated that Agriculture was a State subject and the Department of Agriculture & Cooperation was implementing the various Central Sector and Centrally Sponsored Schemes to complement and supplement the efforts of the State Governments. It would definitely help these efforts if

more funds were made available, for which the Department had been making utmost efforts with the Planning Commission etc.

2.9 The statement showing sector-wise plan & non-plan allocation and expenditure during 2002-03 and 2003-04 is as follows:

Rs. In Crore							
S.NO.	SECTOR	PLAN			NON-PLAN		
		Allocation 2002-03	Likely Expenditure 2002-03	Allocation 2003-04	Allocation 2002-03	Likely Expenditure 2002-03	Allocation 2003-04
1	Agriculture Extension and Training	86.27	47.00	78.55	5.54	5.59	5.77
2	Agriculture Census	11.94	9.50	10.00	0.00	0.00	0.00
3	Agriculture Eco. & Stat.	59.45	40.00	60.30	13.39	13.72	14.04
4	Seed	26.96	21.20	27.00	0.00	0.00	0.00
5	Integrated Nutrient Management	6.05	2.70	9.00	0.00	0.00	0.00
6	Plant Protection	19.78	15.50	25.00	15.29	15.96	17.81
7	Agri Implements & Machinery	3.90	3.00	3.90	4.92	4.67	5.28
8	Crops	142.37	110.00	120.00	2.87	2.51	2.74
9	T.M.O.& P.	165.00	133.00	165.00	1.29	1.35	1.70
10	Rainfed Farming	2.00	1.30	2.00	0.00	0.00	0.00
11	Horticulture	283.15	218.00	291.22	1.19	1.30	1.33
12	Secretariat Eco. Service	5.97	5.00	6.00	23.55	22.46	24.98
13	Trade (SFAC)	15.00	18.00	40.00	0.00	0.00	0.00
14	Natural Disaster Management	4.07	1.40	1.00	0.00	0.00	0.00
15	Agriculture Marketing	79.98	68.00	100.00	18.30	18.90	19.65
17	Policy & Planning	736.86	597.00	700.00	0.00	0.00	0.00
18	Soil & Water Conservation	4.75	6.40	23.03	1.52	1.52	1.61
19	Credit	419.13	323.00	420.00	0.00	0.00	0.00
20	Cooperation	81.45	40.00	70.00	100.00	300	294.02
21	Information Technology	12.92	7.00	15.00	0.00	0.00	0.00
22	International Cooperation	0.00	0.00	0.00	12.14	12.02	12.41
	State Plan Scheme						
	Watershed Dev. In Shifting Cultivation						
	Area in North Eastern States	20.00	20.00	20.00	0.00	0.00	0.00
	Total	2187.00	1687.00	2187.00	200.00	400.00	401.34

- 2.10 The Department in their background material has informed that the Department of Agriculture and Cooperation had initiated 61 new schemes during the 9th Plan period out of which 21 schemes were approved while other 40 schemes could not be approved due to different reasons. All the 21 schemes which have been approved during 9th Plan Period have been continued for implementation in the 10th Five Year Plan period also except for one scheme i.e. Watershed Development Fund which was initiated during 9th Plan for one year only by creating a corpus fund of Rs. 100 crores for the Watershed Development implemented by NABARD. Most of the Schemes implemented in the 9th Plan have been re-structured/merged as a result of Zero Based Budgeting exercise carried out for the formulation of Tenth Five Year Plan, thereby reducing the total number of schemes to 39 from 81 implemented in the terminal year of the 9th Plan.
- 2.11 The Committee enquired about the details of new schemes scheduled to be started in Tenth Plan and the latest position of their approval & implementation, the Department informed as under:
 “Nine new schemes were proposed by the Department of Agriculture & Cooperation for implementation in the Tenth Plan period. It may be mentioned that none of the new schemes has become operational yet except one scheme i.e. Development of Rural Godown Schemes which was approved only for the first year of the Tenth Plan. The details of the new schemes along with the status of formulation are given below:-

1.	High-tech horticulture for efficient utilization of resources through precision farming.	EFC circulated. Planning Commission is yet to give ‘in principle’ approval.
2.	Sustainable development of horticulture through technological interventions and adoption.	EFC circulated. Planning Commission is yet to give ‘in principle’ approval.
3.	National Project on promotion of organic farming.	On the basis of ‘in principle’ approval and as advised by the Planning Commission. EFC memo is being revised. Thereafter file will be submitted for fixing a date for holding EFC meeting.
4.	Establishment of National Institute for agricultural mechanization and appropriate technology.	The proposal has been dropped.
5.	Rehabilitation Package for Revamping of the Cooperative Credit Structure	Ministry of Finance will implement this Scheme.

6.	Forecasting of Agricultural Output Using Space, Agro-Meteorology and Land Based Observation (FASAL)	Comments from Department of Space on EFC Memo are awaited for submission to Planning Commission.
7.	Development of Market infrastructure, Grading and Standardisation.	'In principle' approval of Planning Commission has been received. Comments of IFD division has also obtained. EFC Memo has been circulated. The comments of appraisal agencies are awaited.
8.	Development of Rural Godowns	The Scheme was approved only for the first year of the Tenth Plan. A draft EFC for continuation of scheme for the remaining period of the Xth Plan has been sent to IFD for fixing the date of EFC meeting.
9.	Strengthening of IT Apparatus	'In principle' approval of Planning Commission has been solicited for this Scheme. Reply is awaited.

- 2.12 As regards unspent balances with the State Governments, the Secretary during evidence informed the Committee that as on 1st April, 2002, the unspent balances with States were Rs.279 crore. During the current year i.e. 2002-03, they have allocated Rs.1064 crore more to them. As on date Rs.774 crore are lying unspent with the States.
- 2.13 Expressing concern about the large amount of money surrendered during Ninth Plan period during first year of the Tenth Plan, the Committee enquired about the new mechanism the Department has placed before Planning Commission as well as Finance Ministry and the steps taken against the Governments which were not spending money within stipulated time, the Secretary submitted that, "They suffer a cut in the next year's allotment. That is one thing. They are aware of that. Therefore, that puts pressure on them not to leave unspent balances also. And if they do not spend it, the second instalment also gets cut, sometimes partly, sometimes to a greater extent depending on the time by which they have not spent the money. These are some of the innovations which have been thought of in the last few years."
- 2.14 On a query on the unspent money during 2002-03 till date (25.3.03), the representative of the Department informed that "With regard to our Annual Plan allocation in the current year, the Budget Estimate was Rs.2,187 crore and at the time of Revised Estimate it became Rs.1,687 crore. We have, so far, been able to spend Rs.1,448 crore which is about 85 per cent of the RE figure and we are

confident that we would be able to spend the remaining amount also without any considerable difficulty.”

- 2.15 As regards the unspent balance lying with the State Governments, the Secretary, Department of Agriculture & Cooperation informed the Committee that, “We do have a system by which performance by States is encouraged and non-performance is discouraged. Like, for instance, if at the beginning of a year there is an unspent balance, they suffer a certain cut. Usually our moneys are released in two instalments during the year. When the first instalment if it is spent, a certain amount is spent and utilization certificate is given by the audited statements of accounts, then the second instalment is released.”

CHAPTER – III
MACRO MANAGEMENT

3.1 With a view to ensuring that the Central assistance is spent on well focused and specific interventions in areas of priority of different States and to ensure maximum benefits in terms of increased productivity and consequential increased prosperity of the farming community, a Centrally Sponsored Scheme-Macro Management of Agriculture was evolved by integrating 27 Centrally Sponsored Schemes.

3.2 Plan Allocation during 2002-03 and 2003-04 are as under:

BE 2002-2003	RE 2002-03	BE 2003-04
Rs. 736.86 cr.	Rs. 597.00 cr.	Rs. 700.00 cr.

3.3 When asked about the reasons for less allocation of funds in R.E. (2002-03), the Department stated:

"Under the Scheme of Macro Management of Agriculture, a provision of Rs. 736.86 crore was made at B.E. stage and a provision of Rs. 746.86 Crore was proposed at R.E. 2002-03. However, the allocation of the Department of Agriculture & Cooperation was reduced at R.E. stage. Accordingly, corresponding cut was effect for the Macro Management Scheme at R.E. stage. We have already intimated the States regarding their allocations under the scheme and the States have been requested to furnish their Work Plan for the year 2003-04 as quickly as possible. We have requested our Budget Wing to make appropriate provision in the" Vote of Account" for 2003-04 to enable us to release the 1st instalment under the scheme as soon as the Work Plans are finalized."

3.4 State-wise allocation vis-a-vis utilization during 2001-2002 and 2002-2003 are as under:

(Rs. in lakhs)

S No	States	2001-02		2002-03	
		Allocation	Utilisation	Allocation	Utilisation
1	ANDHRA PRADESH	4500.00	3421.40	3800.00	
2	ARUNACHAL PRADESH	439.00	373.85	440.00	237.57
3	ASSAM	1047.00	769.86	700.00	512.97
4	BIHAR	3600.00	940.59	2500.00	
5	JHARKHAND	1400.00	675.00	1200.00	
6	GOA	200.00	199.29	200.00	102.88
7	GUJARAT	3800.00	625.92	3200.00	
8	HARYANA	1800.00	1767.57	1600.00	764.54
9	HIMACHAL PRADESH	1800.00	1751.76	1600.00	665.62
10	JAMMU & KASHMIR	1800.00	1130.41	1600.00	745.46

11	KARNATAKA	6500.00	6072.36	5800.00	3067.29
12	KERALA	3600.00	2313.54	3000.00	1506.00
13	MADHYA PRADESH	5000.00	3674.88	4500.00	2783.31
14	CHHATTISGARH	1700.00	1483.00	1400.00	748.07
15	MAHARASHTRA	9000.00	9443.78	8200.00	3941.70
16	MANIPUR	690.00	517.11	600.00	
17	MIZORAM	720.00	785.75	800.00	400.00
18	MEGHALAYA	405.00	677.9	600.00	273.39
19	NAGALAND	1002.00	776.80	1000.00	
20	ORISSA	3000.00	1756.58	2500.00	1279.09
21	PUNJAB	2100.00	370.26	1700.00	
22	RAJASTHAN	7500.00	6667.52	6700.00	2415.57
23	SIKKIM	422.00	659.45	500.00	500.00
24	TAMILNADU	4500.00	5333.81	4200.00	2319.54
25	TRIPURA	700.00	653.23	800.00	352.42
26	UTTAR PRADESH	7500.00	6270.65	6885.00	2843.13
27	UTTARANCHAL	1400.00	1469.15	1400.00	518.55
28	WEST BENGAL	2500.00	1908.03	2400.00	1845.66
29	DELHI	200.00		160.00	
30	PONDICHERRY	300.00	99.44	200.00	
31	A&N ISLANDS	200.00	60.11	200.00	
32	CHANDIGARH	100.00		100.00	
33	DADRA & NAGAR HAVELI	300.00	6.54	200.00	
34	DAMAN & DIU	100.00		100.00	
35	LAKSHADWEEP	200.00	64.02	200.00	
	Total	80025.00*	62719.56	70985.00*	27447.76**

* Allocation is on the basis of B.E. which was reduced to Rs. 680.49 crore during 2001-02 and Rs. 597 crore during 2002-03.

** The expenditure figures are based on the information furnished by the States so far.

3.5 Elaborating about the Macro-Management Scheme, the Department in a written reply informed that, “The Macro Management Scheme provides flexibility to the States to implement programmes according to their regional priorities. The States are therefore free to allocate funds to the various programmes included in their Work Plans according to their priorities within the ceiling of funds allocated to them.”

3.6 The Committee enquired as to whether any performance appraisal of the scheme has been conducted by the Department so far. The Department in their written reply stated that, “as per the scheme guidelines, the concurrent evaluation of the scheme will be done by the State Agriculture University or some other independent agency to be designated by the States. The States have been requested to send us the name of the University/independent agency who has been entrusted with the

work of concurrent evaluation of the Macro Management scheme as well as the results of the evaluation. The Department of Agriculture & Cooperation also propose to undertake the Mid-Term Review of the Scheme through the reputed Institutions for which the proposal has already been initiated.”

CHAPTER – IV
CROPS

4.1 Following is the allocation for 2002-2003 and BE for 2003-2004 under crops division.

(Rs.in crore)

BE 2002-2003	RE 2002-2003	BE 2003-2004
142.37	110.00	120.00

4.2 Against planned BE (2002-03) of Rs.142.37 crore for Crops Division Rs.110 crore has been provided in RE (2002-03). When asked as to what prompted the Planning Commission to decrease the allocation at the Revised Estimate stage, the Ministry stated in their query that, “the allocation was not decreased by the Planning Commission. However, as is the normal procedure at RE stage, the allocation was reduced keeping in view the progress of expenditure and the unspent balance available with the State Governments and implementing agencies.”

4.3 The following is the estimated production of foodgrains in 2001-2002 and 2002-2003.

Crop	2001-02(in million tones)	2002-03(Second advance estimate as on 3.2.03) in million tonnes
Rice	93.08	77.72
Wheat	71.81	68.89
Coarse Cereals	33.94	25.10
Pulses	13.19	11.46
Total Foodgrains	212.02	183.17

On Farm Water Management for Increasing Crop Production in Eastern India

4.4 A centrally sponsored scheme of 'On Farm Water Management for Increasing Crop Production in Eastern India' was launched in March, 2002 for implementation in ten eastern States. During 2002-03 against Budgetary Allocation of Rs.115 crore, Rs.100 crore was released to NABARD. Rs.82 crore have been allocated for 2003-2004. The scheme is being implemented through NABARD as a back ended credit linked scheme. The funding pattern of the scheme is on 20:50:30 basis i.e. 20% of actual cost by the beneficiaries, 50% as loan from Commercial/Cooperative/Regional Rural Banks and the remaining 30% being the assistance from Government of India as subsidy. According to the progress report submitted by NABARD as on 3.3.2003 NABARD has released about Rs.52 crore to the implementing banks. The amount of funds disbursed by NABARD as on 3.3.2003 to different states and the number of beneficiaries are as follows:

4.5

S.No.	Name of the State	Funds disbursed by NABARD (Rs. in lakhs)	Physical Progress reported (Number of beneficiaries)
1	Assam	7.24	0
2	Bihar	2,164.27	3550
3	Jharkhand	617.38	486
4	Chattisgarh	0.00	0
5	Orissa	619.76	195
6	Eastern UP	1,101.27	11,003
7	West Bengal	504.83	63
8	Arunachal Pradesh	24.88	0
9	Manipur	68.82	0
10	Mizoram	93.01	0
	Total	5,201.46	15,297

4.6 It may be seen that in some of the states viz. Chattisgarh, Arunachal Pradesh, Manipur and Mizoram the number of beneficiaries so far is nil. Therefore, it appears that the scheme has still to pick up to its full potential.

Bt. Cotton

4.7 The Government approved the planting of genetically modified Bt.Cotton last year. The State-wise area and production under Bt Cotton during Kharif, 2002 is estimated as under:

STATE	Area (Area in acres)	Estimated Lint Production under Bt-Cotton (Qtls)
Gujarat	22918	27409
Madhya Pradesh	3676	2770
Maharashtra	30227	25454

Andhra Pradesh	9192	13236
Karnataka	5463	5850
Tamil Nadu	1485	2199

4.8 The Ministry in a written reply informed that as reported by Central Institute for Cotton Research (CICR), Nagpur, the expected production of cotton this year would be 140 lakh bales. The average productivity this year is reported to be about 325 kg lint/ha, while in case of Bt.Cotton, the surveys of CICR, Nagpur estimate the productivity to be about 400 kg lint/ha. Also the surveys have indicated that the Bt cotton was attacked less by the bollworm. On an average the farmers have sprayed between 6-8 sprays on general cotton, but it was only between 2-3 sprays in Bt.Cotton.

CHAPTER – V

SEEDS

5.1 Seed is a critical and basic input for attaining sustained growth in agricultural production. Seed is the carrier of new technology for crop production. Distribution of assured quality seed is necessary for attaining higher crop yields. The role of the seed industry is not only to produce adequate quantity of quality seeds but also to achieve varietal diversity.

5.2 Following is the BE & RE for 2002-03 and BE for 2003-04 under the Seeds Division:

(Rs. in crore)

BE 2002-2003	RE 2002-2003	BE 2003-2004
26.96	21.20	27.00

5.3 The Committee in their 30th report on Demands for Grants 2002-03 had recommended that the allocations for Seeds Sector at Revised Estimate stage should be increased to the level proposed by the Department in the Annual Plan which was Rs.60 crore, it being the most vital sector for agricultural production. However, the allocation has been further scaled down at RE stage to Rs.21.20 crore from BE of Rs.26.96 crore. When asked about the reasons, the Department stated that, “The provision in BE 2002-03 and RE 2002-03 has been scaled down at the unilateral instance of Planning Commission and Ministry of Finance.”

5.4 The production of Breeder and Foundation Seeds and the production and distribution of Certified/quality seeds during the last 3 years and target for 2003-04 are as under:-

I. Breeder Seeds

Breeder Seed Year	Quantity indented (Targetted)	Quantity produced (Achievement)
1999-2000	48975.75	51236.26
2000-2001	43717.19	42390.20
2001-2002	54424.29	47676.25
2002-03	62851.00	32648.71 quintals in respect of five crops viz. Paddy, Urd., Moong, Ground Nut, Soybean and Potato. For remaining crops production report is awaited.
2003-04 (Kharif 2003 only)	14216.00	

II. Foundation Seeds

Quantity in Quintals

Foundation Seed Year	Quantity Required	Quantity Available
2000-01	399398	528924
2001-02	332444	646298
2002-03	348525	549491
2003-04 (Kharif 2003 only)	135395	256942

Seeds Bill

5.5 In regard to enactment of Seeds Bill, the Department informed the Committee that the draft Seeds Bill had been prepared on the basis of the recommendations of the Seed Policy Review Group and in consultation with various stakeholders including Governments, Central Ministries/ Departments, State Seeds Corporations, State Seed Certification Agencies and representatives of the Seed Trade/Industry. The draft Seeds Bill had been submitted to the Ministry of Law on 8th July, 2002 for vetting, and they were actively pursuing the matter with the Legislative Department for vetting the draft Seeds Bill at the earliest. After the draft Seeds Bill was vetted by the Ministry of Law, it would be submitted to the Cabinet for approval regarding its introduction in Parliament.

Establishment & Maintenance of Seed Bank

5.6 The objective of the scheme Establishment and Maintenance of Seed Bank is to meet sudden demand of seeds arising out of national calamities like floods, drought, etc. Under the scheme Rs.6.97 crore have been allocated for 2003-04 as against Revised Estimate of Rs.7.00 crore in 2002-03.

5.7 As per the information given by the Department, the requirement of seeds to mitigate the affect of the drought has been catered to by the provision made under the Seed Bank scheme for 2002-03. The provision made under this scheme for 2003-04 will cater to the contingent requirement, if any, that may arise during Kharif, 2003 or Rabi, 2003-04.

5.8 65,424 Qtls. of seeds was distributed from Seed Bank during 2002-03. The State-wise seed demand and seed distribution is as under:

(Qty. in Qtls.)

Sl. No.	State	Demand	Distribution
1.	Gujarat	1752	1752
2.	Haryana	4072	4072
3.	Andhra Pradesh	3850	3850
4.	Karnataka	6042	6042
5.	Orissa	3140	3140

6.	Rajasthan	456	456
7.	NSC *	29810	29810
8.	SFCI *	16302	16302
	Total	65,424	65,424

* NSC and SFCI have received the demand from different State Agencies.

5.9 On a query about the quality of seeds supplied to the farmers, the Department stated that no complaint about poor quality of the seeds distributed under the Seed Bank scheme has so far been reported.

CHAPTER – VI

TECHNOLOGY MISSION ON OILSEEDS AND PULSES

6.1 The Technology Mission in the Department of Agriculture & Cooperation is responsible for the development of oilseeds through its four Mini-Mission on production technology, post harvest, input supply and support services, marketing and credit aspects. In addition the National Oilseeds and Vegetable Oils Development (NOVOD) Board is supplementing the efforts of TMOP also by opening of newer areas for non-traditional oilseeds and non-traditional areas for promotion of traditional oilseeds cultivation. It is also promoting tree-borne oilseeds. TMOP is implementing the following schemes:-

- Oilseeds Production Programme (OPP)
- National Pulses Development Project (NPDP)
- Accelerated Maize Development Programme (AMDP)
- Post Harvest Technology (PHT)
- Oil Palm Development Programme (OPDP)
- National Oilseeds & Vegetable Oils Development (NOVOD), Board.

6.2 Under the division of Technology Mission on Oilseeds and Pulses Rs.165 crore have been allocated for 2003-04 as against B.E. of Rs.165 crore and R.E. of Rs.133 crore during 2002-03.

6.3 The loss of production of pulses and oilseeds during current year (2002-03) in physical term as compared to last year due to drought situation in some of the states are given below:-

(Prodn. in Lakh Tonnes)

Year	Estimated Production	
	Pulses	Oilseeds
2001-02	131.91	204.61
2002-03	114.58	154.35
Estimated Loss of Production	17.33	50.26

6.4 The loss of production of pulses & oilseeds in monetary terms is given below. The monetary loss have been worked out based on the weighted average Minimum Support Prices (MSP) calculated on the basis of important pulses & oilseeds:-

Crop	Estimated Loss of Prodn. (Physical) (Lakh tonnes)	Weighted Average MSP (Rs./Tonne)	Estimated Loss of Prodn.
			(Financial) (Rs. in Crores)
Pulses	17.33	12538.05	2172.83
Oilseeds	50.26	11973.62	6017.94

The National Pulses Development Project

6.5 The scheme of National Pulses Development Project (NPDP) is being implemented in 28 states and 2 UTs covering 350 districts. With the implementation of NPDP scheme, the production of pulses which was 128.6 lakh tonnes in 1989-90, increased to 149.1 lakh tonnes in 1998-99. The productivity of pulses which was 549 kg per ha increased to 634 kg per ha. during the same period. However the production of pulses declined to some extent and has fluctuated during the last 3 years due to erratic monsoons and the drought like conditions prevailing in the major pulses growing states. The details of the area, production and productivity during the period from 1989-90 to 2002-03 are given below:

{Area in lakh ha.}
{Prodn. in lakh tonnes}
{Yield in kg./ha}

S.No.	Year	Area	Production	Yield
1.	1989-90	234.1	128.6	549
2.	1990-91	246.6	142.6	578
3.	1991-92	225.4	120.2	533
4.	1992-93	223.6	128.2	573
5.	1993-94	222.5	133.0	598
6.	1994-95	230.3	140.4	610
7.	1995-96	222.8	123.1	552
8.	1996-97	224.5	142.4	635
9.	1997-98	228.7	129.8	567
10.	1998-99	235.0	149.1	634
11.	1999-2000	211.2	134.2	635
12.	2000-2001	203.5	110.7	544
13.	2001-2002	216.6	131.9	609
14	2002-03 (Prov.)	198.0	114.6	579

CHAPTER – VII **HORTICULTURE**

- 7.1 The horticulture sector, with a wide variety of crops, which include fruits, vegetables, root and tuber crops, mushroom, floriculture, medicinal and aromatic crops, cashewnut, plantation crops contribute over 29.5 percent to agricultural GDP with just only 8.5 percent area under horticulture crops. The sector provides best diversification of agriculture owing to better land use, creation of employment opportunities and overall nutritional security. Since growing of horticultural crops is economically rewarding, it is expected to grow and contribute to food and nutritional security.
- 7.2 The horticulture production during 2000-2001 has been 152.5 million tonnes as compared to 149.2 million tonnes during 1999-2000. India accounts for about 10 per cent of the production of fruits in the world with an annual production of 45.37 million tonnes during 2000-01 from an area of 3.89 million hectares. Significant achievements have been obtained in terms of vegetable production, which has increased to 93.9 million tonnes during 2000-01 from 58.5 million tonnes during 1991-92. India is next only to China in the production of vegetables. India contributes about 13.7 per cent to the world vegetable production and occupies first position in the production of cauliflower, second in onion and third in cabbage in the world. The production of vegetables increased by 3.4% during the past one year. But approximately 40% of the horticultural production go waste every year for want of adequate timely marketing facilities for the farmers.
- 7.3 National Horticulture Board operates 'Market Information Service for Horticulture Crops' with the objective of generating information on whole sale prices, arrival, trends in markets for important fruits, vegetables and flowers, etc., developing a sound market strategy and collecting and disseminating information on national and international prices of horticultural crops. At present 33 Market Information Centres are collecting the information on prices and arrivals in their respective markets and the information is being disseminated by National Horticulture Board through media and websites which help the farmers in marketing their produce.
- 7.4 The main thrust of schemes in horticulture division has been to facilitate availability of quality seeds and planting material, rejuvenation of senile orchards and productivity improvement of existing plantations, Technology dissemination through training and demonstration, integrated management of pests and diseases, post harvest management and dissemination of market information etc. Budget allocation for the year 2003-04 is Rs.291.22 crore.

7.5 The Schemes are implemented as central intervention directly by Horticulture Division or through National Horticulture Board, Coconut Development Board, Small Farms Agro Business Consortium. The details of the schemes along with the allocations for 2003-04 are as follows:

(Rs. in crore)

S.No.	Name of the Scheme	Budget Estimates 2003-04
1.	National Horticulture Board-Capital Investment Subsidy Construction/Modernization/Expansion of Horticulture Produce	105.00
2.	Coconut Development Board including Technology Mission on coconut	40.00
3.	Human Resource Development in Horticulture	1.00
4.	Integrated Programme for Development in Horticulture in Tribal/Hilly Areas	9.00
5.	Technology Mission for Integrated Development of Horticulture in North East Including Sikkim, Jammu & Kashmir, Himachal Pradesh and Uttranchal.	134.22 (120.00+14.22)
New Schemes		
6.	Hi-Tech Horticulture for efficient utilization of resources through Precision Farming	1.00
7.	Sustainable Development of Horticulture through Technological Intervention and Adoption	1.00
		291.22

Hi-Tech Horticulture and Precision Farming

7.6 The Finance Minister in his Budget Speech has announced a new Central Sector Scheme on 'Hi-Tech Horticulture and Precision Farming' with an initial provision of Rs. 50 crores.

7.7 Under the Central Sector Scheme on 'Hi-tech Horticulture and Precision Farming', the following components are proposed to be taken up:

Sl. No.	Item
1.	Precision farming in horticulture
2.	Fertigation
3.	Hi-tech Green house
4.	Hi-tech nursery
5.	In-situ moisture conservation through mulching
6.	Hi-tech Mechanization in Horticulture
7.	Recycling of horticulture waste for environment quality improvement
8.	Green Food Production
9.	Biological Control
10.	High Density Planting

11.	Cultivation of Micro propagated Plants
12.	Constitution of National Council for Precision Farming
13.	Precision Farming Development Centres

7.8 According to the Department, as this is a new scheme to be launched after observing the formalities, a token provision of Rs. 1.00 crores has been earmarked during 2003-04. This would, however, be enhanced after the approval of the scheme by EFC and CCEA.

7.9 Following is the state-wise details of production of major horticultural crops during 2000-01:

Sl. No.	States	Production in 000' MT				
		Fruits	Vegetables	Spices	Cashew	Coconut
1	Andhra Pradesh	5003.4	3147.7	885.3	75.0	751.8
2	Arunachal Pradesh	123.1	83.7			
3	Assam	1293.8	2693.1			93.5
4	Bihar	3237.5	10219.7			
5	Chattisgarh	154.3	1146.3			
6	Goa	71.5	76.0		25.0	86.1
7	Gujarat	2268.2	3070.8	137.3		
8	Haryana	232.0	2191.5			
9	Himachal Pradesh	438.3	734.2			
10	Jammu & Kashmir	837.3	757.9			
11	Jharkhand	265.1	2109.5			
12	Karnataka	4819.5	5763.0	193.7	42.0	1206.9
13	Kerala	1772.6	2530.9	123.2	76.0	3781.2
14	Madhya Pradesh	1740.4	3501.9	353.4		
15	Maharashtra	8680.8	5142.0	118.5	98.0	168.1
16	Manipur	118.7	67.4			
17	Meghalaya	186.9	303.6			
18	Mizoram	66.7	47.3			
19	Nagaland	290.4	253.6			
20	Orissa	1284.4	8089.1	220.9	59.0	75.6
21	Punjab	479.7	2310.0			
22	Rajasthan	339.3	386.4	378.0		
23	Sikkim	10.0	59.7			
24	Tamil Nadu	6237.7	6011.0	211.5	59.0	2173.0
25	Tripura	450.8	328.1			4.8
26	Uttar Pradesh	2713.0	13030.4			
27	Uttaranchal	541.0	1138.1			
28	West Bengal	1656.5	17779.4			227.4
29	Dadra & Nagar Haveli	7.1	13.5			
30	Daman Diu	3.4	1.1			
31	Delhi	1.0	862.7			
32	Lakshdweep	1.1	0.2			
33	Chandigarh	1.1	1.7			
34	Andman & Nicohar	16.7	15.8			60.0
35	Pondicherry	26.7	54.2			
36	Others			401.4	16.0	38.5
	Total	45370.0	93921.5	3023.2	450.0	8666.9

Capital Investment Subsidy Scheme

7.10 Under the 'National Horticulture Board including Investment Capital Subsidy Scheme' for construction of cold storages, Rs. 105 crore have been allocated during 2003-04 as against RE of Rs. 91.30 crores during 2002-03.

7.11 Under the "Capital Investment Subsidy Scheme for Construction/Expansion/ Modernisation of Cold Storages and Storages for Horticulture Produce" being implemented by the National Horticulture Board (NHB), an autonomous organization under the Department of Agriculture & Cooperation, details of cold storages created is as under:

Plan	Period	No. of Projects Sanctioned	Capacity created	Subsidy released (Rs. in crores)
			(lakh MT)	
9 th Plan	Dec. 99 to 31 st March, 02	521	24.12	181.11
10 th Plan	2002-2003	159	6.40	31.21

The targets for the 10 Plan are as under:

	2002-03	2003-04	2004-05	2005-06	2006-07	Total
Cold storage Units	140	140	140	140	140	700
Capacity (lakh Tonnes)	7.00	7.00	7.00	7.00	7.00	35.00
Subsidy (Rs. in crores)	70.00	80.00	80.00	75.00	75.00	380.00

CHAPTER – VIII

PLANT PROTECTION

8.1 For Plant Protection during 2003-04, Rs.25.00 crore have been allocated as against RE of Rs.15.50 crore for 2002-03. The allocation for Plant Protection during 2000-2001 and 2001-2002 has been Rs.25.56 crore and Rs.19.78 crore, respectively. However, during 2002-03, the RE has been less than the normal as the Planning Commission had suggested merger of the existing 4 schemes viz. Promotion of Integrated Pest Management, Implementation of Insecticides Act, Locust Control and Research and Training in Plant Protection into one Scheme i.e. “Strengthening and Modernization of Pest Management Approach in India” and accordingly these four continuing schemes were budgeted only for six months and the remaining outlay was budgeted under the merged scheme.

8.2 Elaborating on the subject, the Department in a written reply informed that, “the increase in outlay is due to the proposal for establishment of 6 new Central Integrated Pest Management Centres, new training programmes of ‘Training of Facilitators’ and increased number of Farmers’ Field Schools, strengthening of Registration Committee, Central Insecticides Laboratory & Regional Pesticides Testing Laboratories and establishment of new Plant Quarantine Stations and undertaking of Pest Risk Analysis of important crops.”

8.3 The Department in a note stated that, “the BE of Rs. 289 lakh allocated for 2003-04 includes Rs. 164 lakh under Major Head 2070 i.e. Revenue Expenditure, Rs. 100 lakh as Grants-in-Aid for Strengthening/Setting up of State Pesticides Testing Laboratories in States/UT s and Rs. 25 lakh for construction activities. The quality control of pesticides is a major concern of the Government and therefore, an increased outlay has been kept for grants-in-aid to States/UT s for setting up/strengthening of SPTLs as well as for machinery and equipment for CIL at Fridabad and two Regional Pesticides Testing Laboratories at Kanpur and Chandigarh. The list of State-wise Pesticides testing Laboratories with their analysis capacity is given as under:

(As on 28.2.2003)

Sl. No.	State/UTs	Number of Laboratories	Location	Capacity of analysis per annum
1.	Andhra Pradesh	5	Rajendra Nagar, Guntur, Anantapur, Tadepalligudem & Warangal	10000
2.	Assam	1	Guwahati	200
3.	Bihar	1	Patna	500

4.	Gujarat	2	Junagarh & Gandhinagar	2200
5.	Haryana	2	Karnal & Sirsa	2200
6.	Himachal Pradesh	1	Simla	--
7.	Jammu & Kashmir	2	Srinagar & Jammu	700
8.	Karnataka	5	Bangalore, Bellary, Dharwad, Shimoga & Kotnoor	6000
9.	Kerala	1	Trivendrum	2000
10.	Madhya Pradesh	1	Jabalpur	1000
11.	Maharastra	4	Pune, Amaravathi, Thane & Aurangabad	5000
12.	Manipur	1	Mantipukhri	30
13.	Orissa	1	Bhubaneshwar	1000
14.	Punjab	3	Amritsar, Ludhiana & Bhatinda	3900
15.	Rajasthan	2	Jaipur, Bikaner	1200
16.	Tamil Nadu	9	Coimbatore, Kovilpatti, Erode, Mdurai, Trichy, Aduthrai, Salem, Cuddalore & Kanchipuram	16236
17.	Uttar Pradesh	3	Meerut, Lucknow & Varanasi	3000
18.	West Bengal	1	Midnapore	450
19.	Pondicherry	1	Pondicherry	500
	TOTAL	46		56116

CHAPTER – IX

AGRICULTURAL 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. The Government has been playing an important role in developing the Agricultural Marketing System in the country. Department of Agriculture and Cooperation has two organizations dealing with marketing under its administrative control, namely, the Directorate of Marketing & Inspection (DMI) and the National Institute of Agricultural Marketing (NIAM), Jaipur.

9.2 Following are the approved outlay and expenditure for Ninth Plan & Tenth Plan and Financial allocations for 2003-04 in respect of Agricultural Marketing Division:

(Rs. in crores)

NINTH PLAN			TENTH PLAN		
Allocation	Actual Expn.	% Expn.	2002-03 (BE)	2002-03 (RE)	2003-04 (BE)
166.93	48.11	32.43	79.97	68.00	100.00

It can be seen from the above table that allocation for Ninth Plan was Rs. 166.93 crores, but actual expenditure was only Rs. 48.11 crores amounting to 32.43% only.

Construction of Rural Godowns

9.3 The main objectives of the scheme include creation of scientific storage capacity with allied facilities in rural areas to meet the requirements of farmers for storing farm produce, processed farm produce, consumer articles and agricultural inputs; promotion of grading, standardisation and quality control of agricultural produce to improve their marketability; prevention of distress sale immediately after harvest by providing the facility of pledge financing and marketing credit; to strengthen agricultural marketing infrastructure in the country by paving way for the introduction of national system of warehousing receipts in respect of agricultural commodities stored in such godowns and to reverse the declining trend of investment in agriculture sector by encouraging private and cooperative sector to invest in the creation of storage infrastructure in the country.

9.4 The new Central Sector Scheme of 'Construction of Rural Godowns' has been approved in February, 2002 for implementation during 2001-02 and 2002-03 with an outlay of Rs. 90 crores. Under this Scheme new storage capacity of 18.50 lakh MT and modernisation of cooperative godowns of 1.50 lakh MT has been envisaged. According to the Department, the scheme has received tremendous response from the entrepreneurs. NABARD has sanctioned 601 projects with a total capacity of 46.859 lakh MT and NCDC has sanctioned 1575 projects with a

capacity of 7.41 lakh MT respectively. Following is the list of the projects sanctioned by NABARD and NCDC:

PROJECTS SANCTIONED BY NABARD UPTO 31ST JANUARY, 2003

<u>SL. No.</u>	<u>NAME OF THE STATE</u>	<u>NUMBER OF SCHEMES</u>	<u>CAPACITY (in lakh MT)</u>
1.	Andhra Pradesh	252	13.150
2	Haryana	72	10.440
3	Karnataka	92	0.579
4	Madhya Pradesh	04	0.052
5	Maharashtra	04	0.028
6	Punjab	174	22.540
7	Chhatisgarh	03	0.070
	Total	601	46.859

PROJECTS SANCTIONED BY NCDC UPTO 24TH FEBRUARY, 2003

<u>SL. No.</u>	<u>NAME OF THE STATE</u>	<u>NUMBER OF GODOWNS</u>	<u>CAPACITY</u>
1.	Andhra Pradesh	58	5050
2	Assam	0	0
3	Arunachal Pradesh	14	3800
4	Bihar	285	28500
5	Chhattisgarh	110	359800
6	Gujarat	0	0
7	Haryana	139	13900
8	Himachal Pradesh	40	2800
9	Jharkhand	49	4900
10	Jammu & Kashmir	0	0
11	Madhya Pradesh	191	179950
12	Manipur	9	900
13	Meghalaya	19	1700
14	Karnataka	26	4850
15	Kerala	160	21850
16	Maharashtra	6	61000
17	Nagaland	65	3250
18	Orissa	2	200
19	Punjab	0	0
20	Rajasthan	22	1850
21	Tamil Nadu	103	10300
22	Tripura	0	0
23	Uttar Pradesh	31	3100
24	West Bengal	207	21000
25	Uttaranchal	39	12900
	Total	1575	741600

9.5 According to the Department, it is proposed to continue the scheme during the remaining period of 10th Plan with a Central outlay of Rs. 305 crores with a view to create 65 lakh MT of new storage capacity and 5 lakh MT of renovation of rural godowns.

CHAPTER – X

NATURAL RESOURCE MANAGEMENT

10.1 The Scheme-wise BE 2002-2003, RE 2002-2003 and BE 2003-2004 under Natural Resource Management Division is given below:

(Rs.in Crores)

Name of the Scheme	BE 2002-2003	RE 2002-2003	BE 2003-2004
All India Soil and Land Use Survey.	4.25	5.80	6.38
National Land Use and Conservation Board.	0.50	0.60	0.65
Watershed Development Project in Shifting Cultivation Areas.	20.00	20.00	20.00
Eco-restoration Project of degraded lands in the catchments of Jhelum, Chenab and Shivalik of J&K State.	0.00	0.00	16.00
Total	24.75	26.40	43.03

10.2 As per the information given by the Department during 2002-2003 three schemes namely (i) All India Soil & Land Use Survey (ii) National Land Use and Conservation Board and (iii) Watershed Development Projects in Shifting Cultivation have been implemented. An additional amount of Rs. 1.55 crore and Rs. 0.10 crore was utilised under the schemes of All India Soil & Land Use Survey and National Land Use and Conservation Board respectively.

10.3 According to the Department, the substantial increase of 73.85% in BE for 2003-04 over the BE for 2002-03 is due to the following reasons:

- Under BE for 2002-03, for the scheme of All India Soil & Land Use Survey, initial provision was made for 6 months only as the scheme was listed under “weeding out” category by the Planning Commission. Later the scheme was allowed to continue during 2002-03, by the Planning Commission.
- Under BE for 2002-03, for the scheme of National Land Use and Conservation Board, initial provision was made for 6 months only as

the scheme was listed under “weeding out” category by the Planning Commission. Later the scheme was allowed to continue during 2002-03, by the Planning Commission.

- A centrally sponsored scheme of Eco-restoration of degraded catchments of Jhelum, Chenab and Shivaliks in J & K. has been proposed for implementation with a budget provision of Rs.16 crore during 2003-04. This scheme is a part of the package announced by Hon’ble Prime Minister for J. & K. State during 2002.

10.4As regards degraded land estimates, the Department in a written note stated that according to an estimate made by the Department of Agriculture & Cooperation in 1985 an area of 173.6 m.ha. was degraded. The feasibility of having a fresh estimate of degraded land was being examined. An area of 1.05 lakh ha. had been reclaimed during 2002-03. The target for reclamation during 2003-04 is 0.36 lakh ha. through the programmes of Watershed Development Project in Shifting Cultivation.

10.5As per the information given by the Department, draft Land Use Policy has been formulated by State Government of Uttar Pradesh. Action for formulation of Land Use Policy has already been initiated by State Governments of Arunachal Pradesh, Assam, Jammu & Kashmir, Kerala and Mizoram.

10.6Perspective Plan has been formulated by State Government of Arunachal Pradesh, Karnataka, Kerala, Punjab, Tamil Nadu, Tripura, Uttar Pradesh and Goa. For preparation of Perspective Plan, action has been initiated by Andhra Pradesh, Assam, Gujarat, Haryana, Himachal Pradesh, Maharashtra and Pondicherry.

10.7The Scheme of Watershed Development Project in Shifting Cultivation Areas in N.E. States (WDPSCA) was launched in 1994-95 to protect hill slope of jhoom areas and to reduce further land degradation process. Total problem area is 22.68 lakh ha. with 19.91 lakh ha. in 7 N.E. states

10.8A statement showing the State-wise and year-wise release and area treated under the Scheme of Watershed Development Project in Shifting Cultivation Areas (WDPSCA) in N.E. States is as under:

Name of States	1994-95		1995-96		1996-97		1997-98		1998-99		1999-2000		2000-2001		2001-02	
	Release	Area Treated	Release	Area Treated	Release	Area Treated	Release	Area Treated	Release	Area Treated	Release	Area Treated	Release	Area Treated	Release	Area Treated
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17
Arunachal Pradesh	5	0	196.00	0	0.00	4020	200.00	2320	150.00	2500	110.00	5354	120.00	1695	0.00	3003
Assam	200	0	0.00	0	0.00	863	125.00	2447	35.00	1969	120.00	1402	17.00	3253	243.00	2885
Manipur	200	0	500.00	10819	600.00	12982	355.00	3526	65.00	5110	160.00	4772	41.00	3233	40.00	0
Meghalaya	151	0	0.00	1856	170.00	1045	120.00	5068	160.00	2841	160.00	752	202.00	3577	200.00	3129
Mizoram	196.31	0	300.00	6649	300.00	2818	300.00	15261	440.00	15475	400.00	7011	485.00	7750	400.00	6171
Nagaland	200	0	470.00	5514	330.00	17092	300.00	5420	500.00	10901	400.00	5543	485.00	6128	421.00	5067
Tripura	50.31	0	134.00	1089	80.00	2576	100.00	2036	150.00	1752	150.00	3127	150.00	5138	196.00	1750
Total	1002.62	0	1600.00	25927	1480.00	41396	1500.00	36078	1500.00	40548	1500.00	27961	1500.00	30774	1500.00	22005

CHAPTER – XI
TRADE

11.1 Following is the BE & RE for 2002-03 and BE for 2003-04 under the Trade Division.

(Rs. in crore)

BE 2002-2003	RE 2002-2003	BE 2003-04
15.00	18.00	40.00

Establishment of a Network of Agri-clinics and Agribusiness Centres

11.2 For the scheme of establishment of a network of Agri Clinic and Agri Business Centres Rs.36.00 crore have been allocated for 2003-04 as against Revised Estimate of Rs.8.00 crore during 2002-03. When asked about the proposal to utilize the amount of Rs.36.00 crore during this year, the Department in a written reply mentioned that there was a provision of 40 crores for Agri-Clinic and Agri-Business Centre Scheme for 2003-2004, out of which it was proposed to spend Rs. 17 crores for the training and Rs. 23 crores on subsidy.

11.3 The Department in a note stated that the Parliamentary Standing Committee had also agreed for subsidy component of the scheme and had recommend that the Department should pose the demand to the Planning Commission for provision of 25% subsidy to make the scheme of Agri Clinics a commercially viable venture. They further added that the matter was being taken up again with Planning Commission.

CHAPTER – XII

AGRICULTURAL CREDIT

12.1 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.

12.2 The total credit flow to agriculture during 2001-02, 2002-03 and target for 2003-04 along with its percentage to total credit flow to other sectors has been as under:

(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	1999-2000	44612	15.2%
2	2000-01	53504	17%
3	2001-02#	64000	Not available
4	2002-03*	75000	Not available
5	2003-04@	80000	Not available

Estimated

* Likely achievement

@ Target as conveyed by NABARD

12.3 As per the RBI instructions every commercial bank has to give minimum 18% of total credit to agriculture. Percentage credit given to agriculture by major commercial banks, bank- wise as on March, 2002 is given below:

S.No	Name of the Bank	Total Agricultural advances as percent to net bank credit
1.	Allahabad Bank	16.72
2	Andhra Bank	14.97
3	Bank of Baroda	15.81
4	Bank of India	15.88
5	Bank of Maharashtra	12.84
6	Canara Bank	15.10
7	Central Bank of India	12.27
8	Corporation Bank	10.50
9	Dena Bank	12.49
10	Indian Bank	18.08
11	Indian Overseas Bank	18.19
12	Oriental Bank of Commerce	11.46
13	Punjab National Bank	15.38
14	Punjab & Sind bank	15.34
15	Syndicate Bank	18.07
16	Union Bank of India	13.81
17	United Bank of India	11.95
18	UCO Bank	12.12
19	Vijaya Bank	15.10
20	State Bank of India	15.82
21	State Bank of Bikaner & Jaipur	16.69
22	State Bank of Hyderabad	18.02
23	State Bank of Indore	18.03
24	State Bank of Mysore	15.17
25	State Bank of Pariala	17.95
26	State Bank of Saurashtra	19.98
27	State Bank of Travancore	16.52
	Total	15.81

12.4 Stating about the reasons attributed by the banks for non-adherence to the stipulation the Ministry in a written reply informed that target of 18% of net bank credit had been stipulated for the domestic scheduled commercial banks for lending to agriculture. According to many banks, one of the main reasons for their non-adherence to the stipulation while showing improvement in absolute terms was that total bank credit to other sectors had been increasing at a faster pace. In addition to this region-specific problems such as flood, drought in several parts of the country and high incidence of NPAs, introduction of prudential norms for asset classification and provisioning, lack of adequate security for agriculture loans etc. had been cited as other reasons.

12.5A committee appointed by Government of India on the issues pertaining to Rural Credit under the Chairmanship of Shri Anant Geete, the then Hon'ble Minister of State for Finance looked into the rates of interest charged on agricultural loans by the cooperatives, RRBs and Commercial Banks. The information gathered by that committee in respect of the ranges of interest charged by the banks was as under:-

Loan amount	Rate of interest (per annum.)		
	Cooperative Banks	RRBs	Commercial Banks
Upto Rs.25000	12% to 16%	11.5% to 15%	10% to 15%
From Rs.25000 to Rs. One lakh	12.25% to 16%	12.5% to 15.5%	11% to 13.5% or PLR (15% in few cases)
From Rs. One lakh to two lakh	12.25% to 17%	12.25% to 17%	11% to 15% or PLR
Above Rs. two lakhs	12.5% to 17%	12.5% to 17%	11.5% to 16.5%

12.6The Finance Minister in his Budget Speech 2003-04 while mentioning about the Credit availability stated:

“Timely availability of adequate credit is of utmost importance for the development of the rural economy and agriculture. At present Regional Rural Banks, commercial banks and credit cooperatives, encouraged mainly by the Government, undertake this function. I am not satisfied with this arrangement. We can not have a system wherein credit for motor cars is on easier terms than for farm equipment or tractors. Therefore, subject to the Reserve Bank of India’s prudential norms and approvals, private banks will hereafter be encouraged to open branches in rural areas, to service both farm and non-farm sectors there. I will also examine afresh this whole question of franchising agricultural credit, including through Post Offices. The full benefits of the declining rates of interest have not percolated to critical sectors such as agriculture and small-scale industry. This has to be rectified. Therefore, in order to pass on the benefits of lower rates of interest to agriculture and the SSI sector, the State Bank of India has announced an interest rate band of 2 per cent above and below its prime lending rate (PLR) for secured advances. The India Bank Association (IBA) is now advising all its member banks to adopt a similar interest rate band. This is a welcome move. Agriculture and SSI will hereafter have to pay no more than an extra 2 percentage points than the best bank customers.”

12.7During evidence when asked as to what instructions were received from the RBI with respect to co-operative banks, the representatives of NABARD stated that, “RBI is issuing instructions regarding rate of interest. The RBI has deregulated the rate of interest. They are not stipulating what should be the ultimate lending rate that the bank should charge. However, from time to time, instructions have been issued that banks should keep in view the ultimate absorption capacity of the farmers and charge rate of interest which should be very reasonable and which should not be very high. These are the rates which were charged before the Budget was presented.”

12.8The Committee in their 35th Action Taken Report on DFG (2002-2003) had recommended that the rate of interest charged from farmers should not be higher by more than 2% rate of interest on which NABARD was giving refinance to the Banks.

Refinance should be given to only those banks which were ready to give benefits of refinance to farmers and at operational cost up to maximum of 2% only on the rate of interest charged by NABARD.

- 12.9 The Department in a written reply informed the Committee that after the introduction of financial reforms each bank was free to decide its lending rates to ultimate borrowers keeping in view the transaction and other costs of funds to be advanced. Limiting the spread of 2% between the refinance interest rates and ultimate lending rates depended on the cost of transaction, risk, cost of raising funds by the banks etc. Again, NABARD refinance constitutes only a small proportion (i.e. 18%) of the ground level credit disbursed by the banks. Major portion of the resources were arranged by the banks from the open market, the cost of which was generally high.
- 12.10 In this connection, the representative of the NABARD informed that, "From NABARD side most of the refinances is going at less than the rates at which we are receiving from RBI. We are receiving at 6 per cent to 6.5 per cent from the RBI. Mainly it goes for the Cooperatives and the Regional Rural Banks. The Cooperatives have a three-tier structure. The money goes to the State Cooperative Banks first; then from State Cooperative Banks to District and Central Cooperative Banks; and then from there it goes to the Primary Banks. They keep their own margins, and at different levels. May be, the ultimate rate will be between 12 per cent and 13 per cent when it reaches the farmers."
- 12.11 The representative of NABARD further stated that, "In the case of commercial banks, we are not giving any crop loan refinance. But we give refinance to them at 6.75 per cent or 7.75 per cent or 8.5 per cent for some areas where they have made investment in agriculture. All of them do not take refinance from us today because of their own enlarged liquidity and other position."
- 12.12 In reply to a query, the Department informed that Effective from April 19, 2001, PLR had been converted to a benchmark rate for banks rather than treating it as the minimum rate chargeable to the borrowers. Banks were now allowed to offer loans above Rs.2 lakh at below PLR rates to exporters or other creditworthy borrowers on the lines of a transparent and objective policy approved by their Board.
- 12.13 The Prime Minister announced a waiver of interest on agricultural loans in the drought affected areas. As per the guidelines issued by Reserve Bank of India 20% of the deferred interest on Kharif 2002 crop loan is to be waived by the banks. The Committee during evidence pointed out that it has come to their notice that this benefit was not being extended to farmers having Kisan Credit Card.

Revamping of Cooperative Credit Structure (CCS)

- 12.14 A Task Force constituted by the Government of India under the Chairmanship of Shri Jagdish Capoor, the then Deputy Governor, Reserve Bank of India to study the functioning of cooperative credit and structure suggest package for their revival/restructuring had submitted its report in July, 2000. A Joint Committee of the Cooperation Ministers of eight selected States under the chairmanship of Union Minister of State for Finance Shri B V Patil on revamping of cooperative credit structure had submitted its report in December, 2001. An announcement has also been made in the Union Budget for the year 2002-03 for revitalization of cooperative credit structure in the country. A provision of Rs.100.00 crore has already been made in the budget of Ministry of Finance for the year 2002-03.
- 12.15 In this connection, the Committee enquired as to why the scheme for Revitalization of Cooperative Credit Structure has not been implemented so far, the Secretary, Department of Agriculture & Cooperation during evidence states that, “We have formulated the scheme. We have no control over its implementation. We have submitted it to the Finance Ministry. Just like it is done in the case of re-capitalization of commercial banks and RRBs, this re-capitalization also will be taken up by the Ministry of Finance. They will implement it as a programme in their Ministry.”

CHAPTER – XIII

CROP INSURANCE

13.1 To enlarge the coverage in terms of farmers (loanee and non-loanee both), more crops and more risks Government have introduced a new scheme (in place of Comprehensive Crop Insurance Scheme-CCIS) titled, 'National Agricultural Insurance Corporation (NAIS) – (Rashtriya Krishi Bima Yojna)' from Rabi 1999-2000 season in the country. The scheme is available to all the farmers – loanee and non-loanee both – irrespective of their size of holding. 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.

13.2 During the last two years i.e. 2000-2001 and 2001-02, Rs.289 crore and Rs.314.17 crore have been released to the General Insurance Corporation of India (GIC) for implementation of the schemes. Rs.300 crore have been provided for 2002-03. Out of which Rs.150 crore have already been released to the GIC.

13.3 NAIS, at present, is being implemented by the following 21 States and 2 UTs. :-

1. Andhra Pradesh	2. Assam	3. Bihar
4. Goa	5. Gujarat	6. Himachal Pradesh
7. Karnataka	8. Kerala	9. Maharashtra
10. Madhya Pradesh	11. Meghalaya	12. Tamil Nadu
13. Uttar Pradesh	14. West Bengal	15. Sikkim
16. Chattisgarh	17. Jharkhand	18. Tripura
19. Orissa	20. Uttranchal	21. Jammu & Kashmir
22. Andaman and Nicobar Islands		23. Pondicherry

13.4 It may be seen from the above that NAIS is not being implemented by three major States viz. Punjab, Haryana and Rajasthan. Other small states like Arunachal Pradesh, Mizoram, Nagaland, Manipur are also not participating in the scheme.

13.5 The main reservations expressed by the non-implementing States/UTs are :-

- i) non availability of requisite past yield data based on Crop Cutting Experiments (CCEs) especially in North-Eastern States,
- ii) sharing of financial liabilities between Central and States in the ratio of 2 : 1 instead of 1 : 1,
- iii) some states want financial assistance for undertaking CCEs,
- iv) threshold yield/ guaranteed yield should be based on normal yield instead of past three or five years yield data;
- v) Higher indemnity level limit with a minimum of 80%.
- vi) the scheme should be made optional to the farmers.

vii) Claims/ indemnity should be paid by GIC in lumpsum to the state and how the amount should be distributed amongst affected farmers should be left to the wisdom and judgement of the State government.

13.6 During oral evidence, when enquired as to why the Government has given the opportunity to the States for optional implementation of NAIS, the Secretary, Department of Agriculture & Cooperation stated that, "Even within a State, it is open to the State to declare only certain portions of the State as eligible for the insurance scheme obligation or certain crops in that area again. It is selective even within a given State. So, therefore, some States, whose agricultural systems are relatively immune from the hazards of natural calamities, do not wish to participate in the scheme because they do not find that over a period of five years, ten years or 15 years, there is any risk at all. So, they are not interested."

13.7 Explaining about the reasons for non-participation by some States, the representative of the Department stated:

"One reason is that the irrigated area is quite large, may be more than 90 per cent. The second reason is the resources of the States. For example, in Rajasthan, even in the Assembly, this issue was raised that the State Government should come forward and this National Agriculture Insurance Scheme should be introduced. The State Governments should find funds to contribute 50 per cent. So, both the reasons are there. One is, how much is the probability of suffering loss because of the inclement weather, and the second is the financial position of the State. Premium covers only about 25 per cent of the claims. The rest of the losses, which are 75 per cent or sometimes more than 80 per cent, are shared equally, that is, 50 per cent by the State Government and 50 per cent by the Central Government. After taking these two into consideration, the State decides."

13.8 NAIS is under implementation in the country from Rabi 1999-2000 season. The details of total indemnity claims and premium received from the farmers under NAIS during the years 1999-2000 to 2001-02 are as under :

(Rs. in lakhs)

Year	Premium	Claims
1999-2000	542.48	769.76
2000-2001	23452.15	128198.58
2001-2002	29175.73	53272.51
Total	53170.36	182240.85

13.9 The details of pending claims for the last five crop seasons i.e. from Rabi 1999-2000 to Rabi 2001-02 are as under :

(Rs. in lakhs)

Sr. No	State/UT	Season	Claims Pending (100%)	Reasons
1.	Assam	Rabi 1999-2000	0.50	50% Share of the concerned State Government is awaited.
		Kharif 2000	0.75	
		Rabi 2000-01	0.17	
		Kharif 2000	1.60	
		Rabi 2001-02	12.11	
2.	Madhya Pradesh	Kharif 2000	12.65	
		Rabi 2001-02	1904.38	
3.	Maharashtra	Rabi 2000-01	23.45	
		Rabi 2001-02	212.39	
4.	Andhra Pradesh	Rabi 2000-01	22.18	
		Kharif 2001	41.34	
5.	Karnataka	Rabi 2001-02	12.07	
6.	Kerala	Rabi 2001-02	1.57	
7.	West Bengal	Rabi 2001-02	267.46	
	Total		2512.62	

13.10 Year-wise and State-wise details of amount disbursed (claims paid) to the farmers under NAIS is as follows :

(Rs. in lakhs)

S.NO.	STATE	1999-2000	2000-2001	2001-2002
1	Andhra Pradesh	N.P.	3491.65	8839.02
2	Assam	-	-	-
3	Bihar	N.P.	541.32	272.34
4	Chhattisgarh	Part of M.P.	7988.98	13.31
5	Goa	0.10	0.08	2.05
6	Gujarat	218.02	77313.33	14906.22
7	Himachal Pradesh	0.01	42.50	0.00
9	Jammu & Kashmir	N.P.	N.P.	N.P.
10	Jharkhand	N.P.	0.00	0.00
11	Karnataka	N.P.	326.94	13431.03
12	Kerala	29.54	250.40	114.35
13	Madhya Pradesh	11.33	9772.27	3324.33
14	Maharashtra	508.32	16752.20	7188.28

15	Meghalaya	N.P.	4.21	6.59
16	Orissa	0.17	10689.59	334.08
17	Sikkim	N.P.	N.P.	0.00
18	Tamil Nadu	N.P.	50.95	1662.59
19	Tripura	N.P.	N.P.	0.00
20	Uttar Pradesh	N.P.	784.94	648.05
21	West Bengal	N.P.	73.50	75.22
22	A & N Islands	N.P.	0.36	0.25
23	Pondicherry	1.27	56.16	1.88
	Total	768.76	128139.38	50819.59
N.P. : Not Participated				

13.11 The Standing Committee in their Action Taken Report on Demands For Grants (2002-03) had recommended that Government should give all out assistance to states to reach gram panchayat level as unit for crop insurance at the earliest. When asked about the action taken by the Government thereon, the Ministry in a written reply stated that National Agricultural Insurance Scheme (NAIS) was being implemented area approach basis. The defined area may be a Gram Panchayat, Mandal, Hobli, Circle, Firka, Block, Taluka etc. as decided by the State Government. But reduction in the unit of insurance requires conducting greater number of Crop Cutting Experiments. The Implementing States were not in a position to undertake additional Crop Cutting Experiments because of limited manpower and other infrastructural facilities available with them. Therefore, to overcome these difficulties the new technique of 'Small Area Crop Estimation Method' (SACEM) was being experimented.

13.12 As regards the new technique of SACEM, the representative of the Department informed the Committee that they had requested National Sample Survey Organization (NSSO) to take up this project on a pilot basis.

CHAPTER – XIV

COOPERATION

14.1 The Cooperative Sector has been playing a significant role in the area of disbursing agricultural credit, providing market support to farmers, distribution of agricultural inputs and imparting cooperative education and training etc. The basic objective of the Cooperation Division is to design long term and short term strategies for reducing economic disparities between the down trodden rural people and the rural rich as well as regional imbalances including rural and urban differences.

14.2 During the 9th Plan, total allocation was Rs.765.00 crore which was reduced to Rs.662.42 crore at RE level. The total expenditure during 9th Plan was Rs.527.98 crore. The shortfall in expenditure was due to the reduction of allocation at RE stage on account of resource constraints, non utilisation of fund allocated under the Externally Aided Schemes by NCDC and non approval of the new schemes by the Planning Commission.

14.3 Following is the B.E. & R.E. for 2002-03 and B.E. for 2003-04 under the Cooperation Division

(Rs. in Crore.)

B.E.2002-03	RE.2002-03	B.E.2003-04
81.45	40.00	70.00

14.4 Stating about the reasons for reduction in the allocations for the Division during the Revised Estimate stage in 2002-03, the Department in a written reply informed as under:-

“The schemes of the Cooperation Division were restructured by merging the several on-going schemes implemented during the 9th Plan and incorporating new components. The Re-structured Central Sector Schemes of ‘Cooperative Education and Training’ and ‘Scheme of Assistance to NCDC for Cooperative Development’ are yet to be approved by the competent authority for implementation during Tenth Plan. As a result only three on-going schemes are being currently implemented namely, ‘Scheme of Assistance for cooperative Marketing Processing and Storage Programme in Cooperatively under-developed States/UTs’, ‘Scheme of Cooperative Education and Training’ and ‘assistance to National Cooperative Federations’ on the pattern of Ninth Plan. Accordingly the allocations were reduced at the RE stage.”

14.5 Following is the Number of Cooperatives functioning at present in different States/UTs: -

Sl. No.	State	Credit	Non Credit	Total
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1	Andhra Pradesh	9828	28017	37845
2	Arunachal Pradesh	35	127	162
3	Assam	1516	3161	4677
*4	Bihar/ Jharkhand	7717	22139	29856
5	Gujarat	11803	39027	50830
6	Haryana	3351	16626	19977
7	Himachal Pradesh	2480	1737	4217
8	Jammu & Kashmir	4	90	94
9	Karnataka	6819	15803	22622
10	Kerala	2677	12350	15027
*11	Madhya Pradesh/Chhatishgarh	6780	14071	20851
12	Maharashtra	38903	99701	138604
13	Meghalaya	243	528	771
14	Manipur	332	3853	4185
15	Mizoram	657	840	1497
16	Nagaland	431	748	1179
17	Orissa	3456	3794	7250
18	Punjab	4828	15535	20363
19	Rajasthan	6108	13283	19391
20	Sikkim	0	455	455
21	Tamil Nadu	6640	21877	28517
22	Tripura	404	1145	1549
*23	Uttar Pradesh/ Uttaranchal	10636	24227	34863
24	West Bengal	11868	13648	25516
25	Andaman & Nicobars Islands.	63	325	388
26	Delhi	1061	3891	4952
27	Lakshdweep	0	26	26
28	Pondicherry	123	331	454
29	Chandigarh	336	1289	1625
30	Dadar & N.H.	30	82	11
31	Goa	377	1412	1789
32	Daman & Diu	6	43	49
	Total	139512	360181	499693

* Indicate figures of undivided states.

- 14.6 Under grant to NAFED for MIS/PSS the non-plan expenditure of Rs.100.00 crore in BE (2002-03) has been raised to Rs.300.00 crore or RE (2002-03). Further a budgetary allocation of Rs.294.02 crore has been made in 2003-04. While specifying the reasons for substantially raising the non-plan allocation at revised estimate stage, the Department stated as under:-
“NAFED is the Central Nodal Agency for procurement of oil-seeds and pulses under the Price Support Scheme (PSS). The losses, if any, incurred by NAFED under PSS are fully reimbursed by the Government of India. It is the responsibility of this Department to make available the working capital for NAFED for undertaking PSS operation.

Market Intervention Scheme (MIS) for procurement of Horticultural Commodities is implemented on the request of a State Government when the price of a Horticulture produce falls below the economic level in case of bumper production. The procurement is made by NAFED as the Central agency. Losses, if any, incurred under MIS are shared on the basis of 50:50 between the Central Government and the State Government concerned. In case of North-Eastern States the loss is shared on 75:25 basis between the Central Government and the State Government.

During 1999-2000 and thereafter the rates of most of the oil-seed crops ruled below the minimum support price declared by the Government. Therefore, NAFED had to procure a large quantities of various oil-seeds like soybean, groundnut, mustard seed, sunflower seed, safflower seed, copra etc. under PSS. Since, large scale procurement had to be undertaken by the NAFED during the year 2002-03, the allocation was increased to Rs. 300 crore at RE stage to meet the losses of NAFED under PSS.”

14.7 A statement showing commodity-wise, State-wise and year-wise position for procurement of oilseeds and pulses by NAFED is as under:-

Value in Rs. Lakhs. and Qty. in MTs

Commodity	STATE	2002-03(upto 10/03/03)		2001-02		2000-01	
		QUANTITY	VALUE	QTY	VALUE	QTY	VALUE
Mustard Seed	RAJASTHAN	352397.336	45811.66	249901.63	29988.19	201482.37	21905.25
	MP	17853.43	2320.95	5983.50	718.02	10165.159	1155.89
	GUJARAT	14619.59	1900.55	32810.96	3937.32	8335.58	906.25
	UP	3815.22	495.98	902.43	108.29	1584.79	172.30
	HARYANA	75306.26	9789.81	36016.27	4321.95	25860.188	2810.54
	DELHI	3202.15	416.28	3909.23	469.11		
	PUNJAB	305.98	39.78	0	0		
	CHATTISGARH	129.52	16.84	0	0		
	TOTAL	467629.476	60791.85	329524.03	39542.88	247428.09	26950.23
Copra (Milling)	ANDAMAN	6485	1841.74	7527.41	2137.78	8732.38	2535.46
	GOA	320.90	105.90	853.80	281.75	1069.94	353.08
	TAMILNADU			2949.19	969.93	112012.42	36390.40
	AP			1223.40	368.24	16175.80	4870.38
	KERALA			334.09	110.25	85430.755	27551.96
	KARNATAKA(M)			696.38	229.81		
	KARNATAKA (Ball Copra)			34367.00	12200.29	6332.76	2216.46
	LAKSHDWEEP	1173.19	387.15	1407.00	464.31	3867.42	1256.91
TOTAL	6805.90	2334.79	49358.26	16762.36	233621.48	75174.65	

Safflower Seed	MAHARASTRA	372.59	48.44	504.55	60.55	3627.44	393.77
	AP	430.12	55.91	1042.99	125.16	386.60	44.23
	KARNATAKA	1217.56	158.28	1654.18	198.50	2568.45	282.53
	TOTAL	2020.26	262.63	3201.72	384.21	6582.49	720.53
Sunflower Seed	Chhatisgarh	17.47	2.07	25.70	3.01		
	KARNATAKA**					25269.331	2918.6
	GUJARAT					6.17	0.70
	MP					7413.95	856.31
	UP					7.54	0.89
	AP					11564.857	1389.17
	TOTAL	17.47	2.07	25.70	3.01	44261.838	5165.67
Soyabean	AP					1454.01	125.77
	MAHARASTRA					2652.08	229.40
	RAJASTHAN					1537.29	132.98
	MP					48354.34	4180.88
	KARNATAKA					748.23	64.72
	TOTAL					54745.94	4733.75
GN Pods	KARNATAKA			3225.99	432.28	609.18	74.32
	GUJARAT			116140.84	15562.87		
	UP			2031.65	272.24		
	RAJASTHAN			27789.10	3723.74		
	ORISSA			425.16	51.87		
	AP			14306.02	1917.01	27487.51	3353.48
	TOTAL			163918.75	21960.01	28096.70	3427.80
Oilseeds	Grand Total	0.00	0.00	0.00	0.00	0.00	0.00
TOOR	DELHI			2916.09	3824.92		
	AP	50.00	6.63	734.92	97.01	98.00	11.76
	KARNATAKA			124.00	16.37		
	TOTAL	50.00	6.63	3775.00	3938.30	98.00	11.76
URAD	Chattisgarh	257.00	34.31				
	MP	3232.00	431.47				
	UP	6900.00	921.15				
	GUJARAT	3956.00	528.13				
	BIHAR	1001.00	133.63				
	ASSAM	260.00	34.71				
	West Bengal	165.00	22.03				
	TOTAL	15771.00	2105.43				
PULSES	Grand Total	15821.00	2112.05	3775.00	3938.30	98.00	11.76

14.8 Statewise procurement of Horticultural Commodities under Market Intervention Scheme(MIS) from 2000-01 to 2002-03 is as under:-

S. No	Commodity	State	2000-2001	2001-2002	2002-2003
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			Qty. (in MTs)	Value (Rs. in lakhs)	Qty. (in MTs)	Value (Rs. in lakhs)	Qty. (in MTs)	Value (Rs. in lakhs)
1.	Apples Culled	Himachal Pradesh	44000	1650.00	-	-	-	-
2.	Apples Kinnaur	Himachal Pradesh	3437	343.70	-	-	-	-
3.	Red Chillies	Andhra Pradesh	-	-	602	144.48	-	-
4.	Oilpalm	Andhra Pradesh	65000	1787.50	39301	1080.77	-	-
5.	Oilplam	Karnataka	5000	137.50	2489	68.44	-	-
6.	Arecanut	Goa	-	-	208	151.84	-	-
7.	Arecanut	Karnataka	-	-	-	-	3097	1858.20
8.	Arecanut	A & N Islands	-	-	-	-	756	415.80

14.9 The Committee wanted to know whether the Department was satisfied with the purchase mechanism of products by NAFED and also how it was ensured that the entire benefit reached the farmers. The representative of the Department of Agriculture & Cooperation during evidence stated as under:

“The intention of the Government is that the benefit should go to the farmers. Sometimes, if the price is not announced in time then the small and the marginal farmers try to sell their produce as early as possible because their holding capacity is very small. Last year also, mustard price was announced well in time and we procured about 5 lakh tonnes of mustard seeds which is a record. Out of that more than 4 lakh tonnes were procured from Rajasthan. Though it was affected by drought, the mustard crop was good. I am happy to share it with the hon. Members that the entire stock procured by NAFED, they have been able to dispose of not only this year’s but previous year’s stock also because there was slight increase in the price and Government will be able to earn more profit while selling mustard seeds. Our effort is that the prices whether under MIS or PSS should be announced as early as possible so that before products go to the market, farmers know the price.”

14.10 On the same subject, the Secretary, Department of Agriculture & Cooperation during oral evidence stated that, “In an unprecedented move, recognizing the fact that on account of the drought, the farmers, particularly in certain parts of the country had to undergo extra expenditure on inputs and investments, special drought relief prices were announced in excess of the normal MSP. For instance, for paddy, Rs.20 extra was given over Rs.530. For jowar, Rs.5 was given extra over Rs.85. For maize, Rs.10 was given extra over Rs.485. For wheat, Rs.10 was given extra over Rs.620. These extra prices were given only because when they were originally announced, the drought was not expected and because the farmer had to undergo extra expenditure of installing pump sets

for more number of irrigation applications. Taking all this into account, the extra price was announced.”

PART – II

OBSERVATIONS/RECOMMENDATIONS

RECOMMENDATION NO. 1

Budgetary allocations

The Committee are unhappy to find that despite their repeated recommendations in various Reports to substantially increase budgetary allocations for Agriculture Sector to give required impetus to agriculture development, the allocations in respect of this vital sector continues to be unsatisfactory and much below the requirement. As against the requirement of Rs.3269.74 crore projected by the Department for 2003-04, essential for implementation of various schemes/programmes for achieving a growth rate of 4% envisaged in the Tenth Plan, a budgetary allocation of only Rs.2187 crore has been made for 2003-04, which is the same as provided in BE 2002-03. Taking into consideration the inflationary trends, the allocation for agriculture in real terms has come down by around 10% in 2003-04. The Committee find this to be in total contradiction of the Finance Minister's statement at the beginning of his Budget Speech(2003-04), wherein he referred to Agriculture and related aspects as one of the five priorities for economic security of the country. Adequate funds are not being made available to Agriculture for carrying out activities under its various programmes although it has been termed as a priority sector. This can also be gauged from the fact that the percentage share of Department of Agriculture and Cooperation to Central Plan Outlay of Government of India has shown declining trend from 1.87% during the 9th Plan to 1.48% during the 10th Plan. The Committee are of the view that for a developing country like India whose economy depends largely on Agriculture, this is not a healthy trend. The Committee, therefore, strongly recommend that the Planning Commission and the Ministry of Finance should review the allocation of funds to this Sector and make allocations keeping in view its importance and growth targets set by the Government also the policies and programmes aimed at improving agricultural production and productivity should not suffer due to resource crunch.

RECOMMENDATION NO. 2

Unspent balance with States

The Committee find that against the Ninth Plan allocation of Rs.9293 crore, the actual utilization was Rs.7673.70 crore only and the rest Rs.1619.30 crore have been surrendered by the Department. They are also constrained to note that large amount of unspent balances are lying with the states under different schemes, which is one of the major factors leading to the underutilization of Ninth Plan allocation. In the first year of Tenth Plan itself, there has been no improvement in utilization of

funds by States and the Committee was informed that as on 25.3.2003, Rs.774 crore were lying unspent with the States. The Committee are of the view that with so much of unspent balances with the States it would be difficult for the Department to justify their demand for more funds from the Planning Commission. The Committee, therefore, desire that a detailed analysis should be done to identify the States with large unspent balances in order to find out the reasons for these states lagging behind in utilization of funds along with suitable remedial steps to be taken in this regard. They further desire that suitable monitoring mechanism should be put in place so that the States are able to utilize the full amount made available to them.

RECOMMENDATION NO. 3

Reduction in Revised Estimates

The Committee are distressed to note that the Ministry of Finance unilaterally reduced the Revised Estimates 2002-03 to Rs.1887 crore against Budget Estimates 2002-03 of Rs.2187 crore which amounts to 23% reduction. Out of Rs.1887 crore, Rs.200 crore was diverted from Plan to Non-Plan (for procurement of oilseeds by NAFED), thus effectively the outlay of the Department has been reduced to only Rs.1687 crore. The Committee highly deplore this attitude of the Planning Commission/Ministry of Finance and urge upon them not to resort to such unilateral reduction in Revised Estimates as it affect the smooth implementation of various schemes of the Department.

The Committee are also perturbed to note that the Department have still not fully utilized the reduced amount of Rs.1887 crore made available to them. The Committee were informed that Rs.1667 crore i.e. 85% of the amount have been spent up to 25.3.2003. The Secretary, Department of Agriculture & Cooperation during evidence informed the Committee that they were hopeful of utilizing the full amount by 31.03.2003. The Committee wonder as to how the Department would spend the rest of the amount i.e. Rs.240 crore in the remaining 6 days. They, therefore, desire that such a huge release of funds at the fag end of the financial year should not be resorted to lest it may result into unfruitful expenditure without any tangible benefits to the farmers.

RECOMMENDATION NO. 4

New Schemes of Tenth Plan

The Committee are constrained to find that even though the first year of Tenth Plan is over, out of nine new schemes proposed by the Department for implementation during the Tenth Plan period, none of them has become operational except one 'Development of Rural Godown Schemes', which was approved only for the first year of the Tenth Plan. For all other schemes, Planning Commission is yet

to give 'in principle' approval. With this pace, the Committee are apprehensive that these may not see the light of the day even in the year 2003-04. The Committee, therefore, desire that the Ministry should vigorously pursue with the Planning Commission for early approval of these schemes, so that these could be implemented in the current year itself.

The Committee further note that a draft EFC for continuation of the scheme of 'Development of Rural Godowns' which was approved only for first year of Tenth Plan is yet to be considered in EFC meeting. Since the scheme has got a very good response from the entrepreneurs and has been a major success, any gap in the implementation may affect the enthusiasm generated for the scheme. The Committee, therefore, recommend that this scheme should be approved for the remaining period of Tenth Plan also at the earliest.

RECOMMENDATION NO. 5

Macro Management Mode

The Committee find that one of the major section affected by the unilateral cut by the Ministry of Finance during 2002-03 is the Macro Management Mode. The Budget Estimates (2002-03) of Rs.736.86 crore has been reduced to Rs.587.00 crore in Revised Estimates (2002-03), even though a higher allocation of Rs.746.85 crore was proposed by the Department in R.E. (2002-03). The Committee are of the view that since agriculture is a State subject and schemes under Macro Management mode are being implemented by States according to their work plans, any delay in release of funds will affect the smooth implementation of the various ongoing schemes. The Committee, therefore, strongly recommend that the Government should not reduce the allocation at the Revised Estimates stage in Macro Management Mode so that funds can be released timely to the States as per their requirement.

The Committee also observe that in some of the States during 2001-02, utilization of funds under the macro-management mode is very poor. They, therefore, desire that the Department should intensify the monitoring so that these states gear up their activities so as to have full utilization of the funds under the programme.

RECOMMENDATION NO.6

On Farm Water Management Scheme

The Committee are constrained to find that the centrally sponsored scheme of 'On Farm Water Management for increasing Crop Production in Eastern India' which was expected to make a big impact on the foodgrain production in the eastern states' has not picked up to the desired level. Even though NABARD has disbursed Rs.52 crore, the number of beneficiaries has been very low. In some States, especially in North Eastern States, the number of beneficiaries have been nil. The

Committee desire that the Department should find out the reasons for this scheme not picking up in these states and take remedial steps in this regard. They further recommend that sufficient publicity to this scheme should be given in these States to motivate farmers to take up this scheme in a big way.

RECOMMENDATION NO. 7

Seeds

The Committee are highly perturbed to note the continued low allocation to the seed sector. The already meagre budget provision for seed sector of Rs.26.96 crore in 2002-03 was further scaled down to Rs.21.20 crore in Revised Estimate (2002-03). For Budget Estimate (2003-04) again a meagre provision of Rs.27 crore has been made. As stated by the Department, the provision in Budget Estimate (2002-03), Revised Estimate (2002-03) and Budget Estimate (2003-04) has been scaled down at the unilateral instance of the Planning Commission and the Ministry of Finance. The Committee strongly deplore the approach of these organizations for making unilateral cuts without giving adequate reasons to the concerned Department who are instrumental in executing the planned development of Agriculture in the country.

The Committee in their 30th Report on Demands for Grants 2002-03 and again in 35th Report on Action Taken by Government on 30th Report had strongly recommended that allocations for seeds should be enhanced sufficiently and no cut should be imposed on seeds sector, it being the most crucial input of the Agricultural production. Notwithstanding the Committee's repeated recommendations the Planning Commission and Ministry of Finance have made very inadequate allocations for this sector. While showing disappointment on the disregard shown to their recommendation by the Government, the Committee once again recommend that the Government should review the allocation to the seeds sector afresh so as to bring the necessary reforms in the sector as envisaged in the Tenth Plan.

RECOMMENDATION NO. 8

Distribution of Quality Seeds

The Committee find that there is continuous shortfall in achievement of targets for distribution of certified & quality seeds in respect of oilseeds, pulses, cotton, jute and potato. The seed is the most important input and without good quality seeds, it is not possible to increase productivity and have a good crop. The Committee, therefore, strongly recommend that reasons for non-achieving the targets should be analysed and suitable steps be taken to achieve the target.

RECOMMENDATION NO. 9

Seeds Bill

The Committee note that a draft Seeds Bill for replacing the Seeds Act, 1966 had been formulated by the Department in consultation with State Governments and various stakeholders. The Committee has also been informed that the draft Seeds Bill had been submitted to the Ministry of Law on 8th July, 2002 for vetting but it is still pending with them.

The Committee are dismayed to note that this draft Bill is pending with the Ministry of Law for the last Nine months and they have not returned the draft after vetting so far. The Committee, therefore, strongly desire that the Department should take up the matter with the Ministry of Law for expediting immediate clearance of the draft so that the Bill could be passed during the current Budget Session of Parliament itself and the ensuing Act could be implemented at the earliest.

RECOMMENDATION NO. 10

Bt. Cotton

The Committee are perturbed to find that there has been wide disparity in the results achieved after one year of sowing of Bt. Cotton and the publicity being given by Bt. Cotton Industry on the efficacy of Bt. Cotton seed. The Department in their note have stated that during Kharif 2002 productivity in case of Bt. Cotton is about 400 kg lint/ha against an average productivity of 325 kg lint/ha. It shows that the productivity in case of Bt. Cotton is only marginally more than the general cotton crop. In regard to Bt. Cotton's resistance to bollworm, the Department have informed that farmers have sprayed between 6-8 sprays on general cotton, but it was only between 2-3 sprays in Bt. Cotton. It shows that Bt. Cotton farms can not totally dispense with insecticidal sprays to eliminate the bollworm. Taking into consideration the high cost of Bt. Cotton seeds and the need for more application of fertilizer and water in cultivation of Bt. Cotton, the Committee find that farmers who have grown Bt. Cotton have been put to loss in most of the places. Moreover, the risk of reducing the biodiversity and other environmental hazards does not make the sowing of Bt. Cotton a sensible proposition.

Since the Genetic Engineering Approval Committee (GEAC) has approved the cultivation of Bt. Cotton for three years, the Committee recommend that a mid term evaluation by an independent team of experts drawn from various fields should be done on environmental integrity and economic viability of Bt. Cotton. The Committee also recommend that the Government should also ensure that conditions imposed by GEAC on sowing of Bt. Cotton are strictly adhered to by the farmers so that the environmental damages are avoided.

RECOMMENDATION NO. 11

Marketing of Agricultural Products

The Committee are happy to note that there has been good production of horticultural produce. The horticultural production during 2000-2001 has been 152.5 million tonnes as compared to 149.2 million tonnes during 1999-2000. India contributes 13.7% of vegetables production and 10% of the fruit production of the world. But approximately 30-40 per cent of the horticulture produce go waste for want of adequate marketing facilities. Therefore, the Indian farmers do not get adequate return for their produce and hard labour. The Committee feel that it is also through good marketing that farmers can prosper and country's economy can go in all directions.

The Committee feel that the model has been set for the marketing of milk by the Dairy Development Board. The successful marketing of milk has not only enriched the farmers but has also helped in increasing milk production as a result of which India, with production of 88 Million Tonnes of milk (2002-03), is the largest producer of milk in the world. Therefore, the Horticulture Board should immediately adopt exactly the same strategy, organizational structure and procedure as has been done in the case of milk industry. The Committee recommend that for this purpose the expertise and experience of NDDDB should be utilized by the Horticulture Board and also by the growers of vegetables and fruits. The essential feature of this new scheme in this regard should be the formation of Primary Horticultural Cooperatives in rural areas through which the horticultural produce of individual farmers should be collected in each village and after packaging dispatched to distant markets in towns and cities by rail. For this purpose, Railways should provide necessary facilities for quick transport to places where fruits and vegetables should be sold through milk depots at fixed prices on commission basis. The new scheme should ensure full utilization of fruits and vegetables by an efficient marketing system so that the farmers may get full benefit of their produce and the consumers get plenty of horticultural produce at reasonable prices.

RECOMMENDATION NO. 12

Timely announcement of prices under MIS and PSS

The Committee note that there has been good production of Potatoes in Uttar Pradesh and some other States. Despite higher production, the farmers could not reap the benefits due to lack of adequate storage/holding and transportation capacity with them and they had to resort to distress sales.

NAFED is entrusted with the responsibility of purchase of the produce under Market Intervention Scheme (MIS) and Price Support System(PSS). It has come to the notice of the Committee that prices under MIS & PSS were not timely

announced with the result farmers were being put to great loss. The Committee, therefore, recommend the NAFED to effectively monitor the price of agriculture produce in various States and immediately intervene in case of drastic reduction in prices and take steps to announce MIS and PSS so that farmers could sell their produce to the NAFED and get their remunerative prices. The Government should immediately open the NAFED Centres at these places and procure the produce under MIS and PSS.

The Committee also desire that the Department should ensure that the benefits of these purchases should go to the farmers directly and not to the middlemen.

RECOMMENDATION NO. 13

MSP/MIS(special drought relief prices)

The Committee find that due to drought in many parts of the country, the farmers had to undergo extra expenditure on inputs and investments. Further, special drought relief prices have been announced by the Government in excess of normal MSP taking into account the extra expenditure. The Committee, however, find that most of the States are not implementing the additional prices announced by the Government. They, therefore, desire that the Department should effectively monitor the implementation of additional prices by all the States so as to ensure that the benefits reach the affected farmers.

RECOMMENDATION NO. 14

Agri-clinics & Agri Business Centres

The Committee note with satisfaction that the establishment of Agri-Clinics and Agri-Business Centres Scheme which was launched in April, 2002, intended to assist Graduates of Agriculture and allied subjects, has generated tremendous response among agriculture graduates across the country. Till February, 2003, 16,471 applications have been received and 1865 applicants have completed their training. In this connection, the Committee note with concern that only 387 trained graduates could set up agri-business centres so far. The Committee were informed that these ventures were set up by the Agriculture graduates with the help of bank finance.

The Committee in their 30th report on Demands for Grants had recommended that the Department should approach the Planning Commission to provide incentive of about 25% subsidy on initial cost to the eligible people for setting up agri-business ventures, so that they get attracted towards the programme. The Planning Commission has so far not agreed to the subsidy component of the scheme. The Committee are of the firm opinion that if the subsidy component is not provided to the trained graduates, they would not be in a position to set up the agri-ventures thereby defeating the very purpose of the training. They, therefore, strongly recommend that the Department should take up the matter with the

Planning Commission for providing about 25% subsidy to the budding entrepreneurs willing to establish agri-clinics & agri-business centres in their areas, so that they could utilize their trained expertise for their self-employment as well as for the benefit of the poor farmers at large.

RECOMMENDATION NO. 15

Land Use Policy

The Committee note that one of the activities of National Land Use and Conservation Board (NLCB), is formulation of Land Use Policies. But, till now only Uttar Pradesh has formulated the draft land Use Policy and in other states the formulation is still in process. The Committee desire that the Department should persuade States to speed up the action in this regard and monitor the progress of the States monthly, instead of quarterly as being done at present.

The Committee have also observed that Finance Minister in his Budget Speech (2000-2001) had announced for setting up of 'National Commission on Land Use Policy'. In this connection, the Committee have been informed that, the proposal for constitution of the 'National Commission on Land Use Policy' after approval of Agriculture Minister has been sent to Prime Minister's Office in November, 2000 and the decision is still awaited. The Committee are not aware of the reasons for delay in approval of the proposal. They, therefore, desire that the Department should take up the matter with the Prime Minister's Office and take necessary steps to set up the Commission at the earliest.

RECOMMENDATION NO. 16

Interest on Agricultural Loans

The Committee have repeatedly in various Reports expressed their concern on the high rate of interest being charged on agriculture loan despite a general lowering of interest by banks. Recently, the Finance Minister in his budget speech has himself admitted that full benefits of declining rate of interest rates have not percolated to the agriculture sector. The Committee note that in order to pass on the benefits of lower rates of interest to agriculture, the State Bank of India has announced an interest rate band of 2 per cent above and below the prime lending rate (PLR) for secured advances. The Committee, not being fully satisfied with this announcement, desire that the Government should review the entire system of providing agricultural loans to farmers along with the interest rates charged from them as compared to other sectors. They also desire that a committee should be set up to go into the entire gamut of the agricultural credit in order to study the percentage recovery of agricultural loans, NPA portion of agricultural loans as compared to loans given to various other sectors and work out a justified rate of interest for agricultural loans so that farmers are not discriminated against as compared to other sectors.

RECOMMENDATION NO. 17

Waiver of Interest on Agricultural Loans

The Committee find that to mitigate the suffering of farmers in the drought hit areas, the Prime Minister announced the waiver of interest on Agricultural loans. However, the Committee feel that the announcement has not been properly interpreted by Reserve Bank of India and interest on the loans for only first year has been waived which has given very little relief to the farmers. The Committee desire that the Government should look into the matter and provide the benefit of full waiver of interest to the affected farmers.

It has come to the notice of the Committee that farmers having Kisan Credit Cards were not being extended the benefit of interest waiver. The Committee fail to understand the logic behind it and strongly recommend that the interest waiver should also be extended to the farmers holding Kisan Credit Cards.

RECOMMENDATION NO. 18

Agricultural Credit

The Committee are highly perturbed to note that most of the banks have not been able to achieve the stipulated minimum limit of 18% net bank credit to agriculture. In this connection, the Committee are further distressed to find that RBI has not taken any action against the defaulting banks. The reasons stated for not adhering to the stipulated minimum limit that while showing improvement in absolute terms, the bank credit to other sectors has been increasing at a faster pace do not convince the Committee. They have come to the conclusion that there is lack of commitment on the part of banks and RBI to reach the limit and no concrete effort has been made in this direction. The Committee strongly recommend the Government to give due attention to the matter and Banks be instructed by RBI to reach the stipulated limit in a suitable timeframe.

RECOMMENDATION NO. 19

Crop Insurance

The Committee are constrained to note that although the National Agricultural Insurance Scheme (NAIS) has been introduced 3 years back but it is still not being implemented in all the States. Implementation of NAIS by States/UTs has been kept optional by the Government. Even within a State, it is open to the State to declare only certain portions of the State as eligible for the insurance scheme obligation. Although the Department have listed several reservations expressed by the non-implementing States/UTs of the scheme, the Committee during evidence found two main reasons for non-implementation of the scheme by these States viz. (i) sharing of financial liabilities between Central and States i.e. the ratio

of 2:1 instead of 1:1 and (ii) Some States irrigated area is quite large and their agricultural system are relatively immune from the hazards of natural calamities.

The Committee are of the strong view that NAIS which greatly benefits the farmers should not be allowed to be unimplemented on account of some difference between the Centre and the States. States like Rajasthan, Punjab and Haryana, which faced drought during last years are not implementing the scheme with the result, the farmers are being deprived of the benefits of NAIS. The Committee, therefore, recommend that the Government should make NAIS mandatory for all States and at the same time the Government should look into the reservations of the States and work out a formula for sharing financial liabilities acceptable to them.

The Committee further note that some NAIS claims are pending in some States, as the stipulated 50% share of the concerned State Governments have not been received by the Centre. The Committee desire that the Government should take up the matter with the concerned State Government urgently and settle the claim expeditiously so that the farmers do not suffer due to delay on the part of the State Government.

RECOMMENDATION NO. 20

Revitalization of co-operative credit structure

The Committee are unhappy to find that even after one year since the Finance Minister had made an announcement in the Union Budget 2002-03 for revitalization of co-operative credit structure in the country for which a provision of Rs.100 crore was made in budget 2002-2003, the scheme has still not been formulated and finalized by the Ministry of Finance. The matter of revitalization of co-operative structure is pending with the Government for a number of years. The Report of the Task Force headed by Shri Jagdish Capoor was received by the Government in July, 2000 and had been under their consideration since then. Meanwhile, the cooperatives are in a complete disarray with the result, the financial position of cooperatives, which are backbone of agriculture is going from bad to worse. The Committee feel that unless urgent steps are taken to arrest this decline, the Cooperatives can not perform effectively in making available credit requirements of the farmers. They are constrained to find that such an important issue requiring urgent attention has been pending with the Government for so long, though the Finance Minister himself had made the announcement in the House to this effect. The Committee are of the opinion that any announcement made by the Finance Minister in budget speech becomes a commitment of the Government which has to be, not only fulfilled but also implemented expeditiously with in a reasonable time. The Committee, therefore, strongly recommend that the Ministry of Finance should urgently finalize the scheme so that after its approval by the Competent authority, it can be implemented in the current year itself.

RECOMMENDATION NO. 21

Cooperatives

The Committee note that the number of cooperatives are very less in north eastern states like Arunachal Pradesh, Meghalaya, Manipur, Mizoram, Nagaland, Sikkim and Tripura. It shows that Cooperative movement has not picked up in these states. The Committee recommend that the Government should analyse the reasons for it and take appropriate effective steps to spread the cooperative movement in these States.