

STANDING COMMITTEE ON AGRICULTURE
(2005-06)

FOURTEENTH LOK SABHA

MINISTRY OF AGRICULTURE

(DEPARTMENT OF AGRICULTURE AND COOPERATION)

DEMANDS FOR GRANTS (2006-2007)

EIGHTEENTH REPORT



LOK SABHA SECRETARIAT

NEW DELHI

MAY, 2006/VAISAKHA, 1928 (Saka)

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(DEPARTMENT OF AGRICULTURE AND COOPERATION)**

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Presented to Lok Sabha on 19.5.2006

Laid in Rajya Sabha on 19.5.2006



LOK SABHA SECRETARIAT

MAY, 2006/VAISAKHA, 1928 (Saka)

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Composition of the Standing Committee on Agriculture (2005-2006)

Prof. Ram Gopal Yadav – Chairman

**MEMBERS
Lok Sabha**

2. Shri Hiten Barman
3. Shri Manoranjan Bhakta
4. Shri Girdhari Lal Bhargava
5. Shri Kuldeep Bishnoi
6. Smt. Anuradha Choudhary
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17. Shri M.P. Veerendra Kumar
18. * Shri Deepender Singh Hooda
19. # Vacant
20. ^ Vacant
21. @Vacant

Rajya Sabha

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SECRETARIAT

1.	Shri A.K.Singh	-	Joint Secretary
3.	Shri Hardev Singh	-	Deputy Secretary
4.	Shri N.S.Hooda	-	Under Secretary
5.	Ms. Amita Walia	-	Committee Officer

* Shri Deepender Singh Hooda nominated as a Member of the Committee on 9 December, 2005 vice Shri Prakash V.Patil expired on 21 October, 2005.

Shri Lal Chandra Kol ceased to be a member of this Committee due to his expulsion from Lok Sabha w.e.f. 23 December, 2005.

^ Shri Mahboob Zahedi ceased to be the member of this Committee owing to his demise on 8 April, 2006.

@ Shri Shivraj Singh Chouhan has resigned his seat in Lok Sabha on dated 10th May, 2006.

INTRODUCTION

I, the Chairman, Standing Committee on Agriculture, having been authorized by the Committee to submit the report on their behalf, present this Eighteenth Report on the Demands for Grants (2006-2007) of the Ministry of Agriculture (Department of Agriculture and Cooperation).

2. The Demands for Grants of the Ministry of Agriculture were laid on the table of the House on 14th March, 2006. Under Rule 331E of the Rules of Procedure and Conduct of Business in Lok Sabha, the Committee has to consider the Demands for Grants of the concerned Ministries/Departments under its jurisdiction and make a report on the same to both the Houses of Parliament.

3. The Committee took evidence of the representatives of the Ministry of Agriculture (Department of Agriculture and Cooperation) at their sitting held on 13th April 2006. The Committee also took evidence of the representatives of the Ministry of Commerce & Industry, Ministry of Finance and Planning Commission alongwith the Ministry of Agriculture on 2nd May, 2006 and they took further evidence of the Ministry of Agriculture, Ministry of Commerce & Industry and Ministry of Consumer Affairs, Food and Public Distribution on 3rd May, 2006.

4. The Committee wish to express their thanks to the officers of the Ministry of Agriculture, Ministry of Finance, Ministry of Commerce & Industry, Ministry of Consumer Affairs, Food and Public Distribution and Planning Commission for giving evidence and for placing before the Committee the study material and information desired in connection with the examination of Demands for Grants of the Department of Agriculture and Cooperation.

5. The Committee considered and adopted the report at their sitting held on 18th May 2006.

6. For facility of reference, the observations/recommendations of the Committee have been printed in bold letters and placed as Part II of the report.

NEW DELHI;
18 May, 2006
28 Vaisakha, 1928 (Saka)

PROF. RAM GOPAL YADAV
Chairman,
Standing Committee on Agriculture

PART – I

CHAPTER – I

INTRODUCTORY

1.1 Agriculture is the mainstay of the Indian economy and is central to all strategies of planned economic development in India. Agriculture accounts for 24.5 per cent of the Gross Domestic Product (GDP) and provides livelihood to 65 per cent of the country's population. This sector provides foodgrains to the population and a variety of raw materials to the major industries.

1.2 Though a very high priority has been accorded to agriculture in the Five Year Plans, over the years the agriculture sector has not received as much attention as other sectors in services and manufacturing. The emerging areas in agriculture like horticulture, floriculture, organic farming, genetic engineering and food processing have high potentials of growth.

1.3 The Department of Agriculture and Cooperation (DAC), under the Ministry of Agriculture, plays a pivotal role in formulating and implementing National Policies and Programmes for increasing agricultural production, productivity and development through a series of Schemes, Programmes aimed at optimum utilization of country's land, water, soil and plant resources. The Department undertakes measures to ensure adequate and timely supply of inputs and services, such as agricultural implements, agricultural credit, fertilizer, pesticides and seeds to the farmers.

1.4 As per Economic Survey 2005-2006 following is the Gross Capital Formation in Agriculture:

Gross Capital Formation in Agriculture

Year	Investment in Agriculture (Rs. Crore)			Share in agricultural gross investment (Per cent)		Investment in Agriculture as a per cent of GDP at constant prices
	Total	Public	Private	Public	Private	
New Series (at 1999-00 prices)						
1999-00	43473	7754	35719	17.8	82.2	2.2
2000-01	38176	7018	31158	18.4	81.6	1.9
2001-02	46744	8529	38215	18.2	81.8	2.2
2002-03	45867	7849	38018	17.1	82.9	2.1
2003-04	47833	12809	35024	26.8	73.2	2.0
2004- 05(QE)	43123	12591	30532	29.2	70.8	1.7

* Quick Estimates

Source : CSO

1.5 The decline in the share of the agricultural sector's Capital formation in GDP from 2.2 per cent in 2001-2002 to 1.7 per cent in 2004-2005 is a matter of great concern. When asked about the reasons for the shortfall, the Department informed that the decline in investment in agriculture at constant (1999-2000) prices during 2004-05 has been on account of fall in private investment and marginal fall in investment in public sector.

1.6 The share of private investment in agriculture has gone down from Rs. 38215 crore in 2001-02 to Rs. 35025 crore in 2003-04 and Rs. 30532 crore (Q.E.) in 2004-05. It was enquired as to why the private investment in agriculture sector has declined whereas whole economy is booming with active and enhanced private participation, the Department replied:

“ The private investment in agriculture, inter-alia, is also influenced by public sector investment. However, the Government has taken a series of policy initiatives to increase private investment in agriculture. These include agricultural marketing, infrastructure, grading and standardization; diversification of agriculture towards horticultural crops, cold chains and market outlets; and Grameen Bhandaran Yojna for creating scientific storage capacity in rural areas”

1.7 The Ministry in a written reply informed that in pursuance of the decision taken in the 51st Meeting of the National Development Council (NDC) held on 27th and 28th June 2005, Government set up a Sub Committee of the NDC under the Chairmanship of the Union Agriculture Minister, Consumer Affairs, Food & Public Distribution for drawing up implementable Action Plans on Agriculture and Related Issues. The Sub Committee in turn constituted six Working Groups on following subjects:-

- i) Marketing Reforms and Contract Farming under the Chairmanship of the Chief Minister of Punjab.
- ii) Irrigation and Minor Irrigation under the Chairmanship of the Chief Minister of Maharashtra.
- iii) Dryland / Rainfed Farming System including Regeneration of Degraded/ Waste land and Watershed Development Programme under the Chairmanship of the Chief Minister of Gujarat.
- iv) Region / Crop Specific Productivity Analysis and Agro Climatic Zones under the Chairmanship of the Chief Minister of Orissa.
- v) Credit and Risk Management under the Chairmanship of Member (Agriculture) Planning Commission and Chairperson, NABARD.
- vi) Animal Husbandry, Dairying, Poultry and Fisheries under the Chairmanship of the Chief Minister of Andhra Pradesh.

1.8 National Commission on Farmers was set up in 2004 to suggest an Action Plan for farmers and farm sector, which has so far submitted three Reports to the Government. The First Interim Report titled “Serving Farmers and Saving Farming” deals with integrated life saving support programme for farm families facing acute distress, productivity and livelihood enhancement in rainfed areas, a new deal for women in agriculture, strengthening and expanding the horticulture revolution, enhancing productivity, quality and global competitiveness of cotton, sustaining and expanding

trade of farm commodities and its sanitary and phytosanitary dimensions, village as knowledge centre, food and nutrition security and livestock and livelihoods. The Report also covers rehabilitation and alleviation of fishermen and farm families from distress due to TSUNAMI, empowerment of community based organizations and Panchayati Raj institutions and administrative initiatives like creation of a Gram Panchayat Mahila Fund for women.

1.9 The Second Interim Report titled “ Serving Farmers and Saving Farming- Crisis to Confidence” deals with food for all, fish for all, enhancing productivity, profitability, stability and sustainability of Hill agro ecosystem, Arid agro ecosystem, Coastal zone agriculture and Mission for the prosperity of sugarcane farmers, conservation, cultivation and marketing of medicinal plants, organic farming, bio-fuels and agricultural market reforms.

1.10 The Third Interim Report titled “Serving Farmers and Saving Farming-2006: Year of Agricultural Renewal” deals with the declaration of 2006-07 as year of agricultural renewal, strengthening agricultural research through science led evergreen revolution, establishment of an Indian single market and review of the ongoing Technology Missions.

1.11 The Government has informed that the recommendations made by the Commission in its Three Reports including the one with regard to the establishment of an Indian Trade Organization on the model of WTO are under examination in consultation with the Ministries/Departments concerned.

1.12 For the Tenth Plan against an allocation of Rs.25,001.75 crore projected by the Department, an allocation of Rs.13,300.00 crore has been approved by the Planning Commission.

<i>(Rs. in crore)</i>			
Sl. No.	Sectors	Sector- wise demand projected by DAC for Tenth Plan	Sector wise demand approved by the Planning Commission for the Tenth Plan
1	Agricultural Extension & Training	1,390.00	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	1,000.00	850.00
9	Technology Mission on Oilseeds & Pulses	2,300.00	950.00
10	Rainfed Farming	12.00	12.00
11	Horticulture	5,568.00	1,945.00
12	Secretariat Services	-	40.00
13	Trade	760.00	190.00
14	Natural Disaster Management	55.00	5.00
15	Agricultural Marketing	1,526.00	600.00
16	Information Technology	925.00	100.00
17	Natural Resources Management	120.00	40.00
18	Credit & Crop Insurance	3,100.00	2,000.00
19	Cooperation	1,854.70	500.00
20	Macro Management	5,000.00	4,313.00
Total		25,001.75	13,200.00
State Plan Scheme Watershed development in Shifting cultivation areas in NE States		-	100.00
GRAND TOTAL		25,001.75	13,300.00

1.13 The following new schemes which were scheduled to be started in the Tenth Plan, have been approved and are being implemented:-

- National Horticulture Mission;

- Micro Irrigation;
- Central Institute of Horticulture in Nagaland;
- Development of Market Infrastructure, Grading and Standardisation
- Agribusiness Project Development through Venture Capital Participation drawn up by Small Farmers Agri Business Consortium (SFAC);
- National Project on Organic Farming;
- Support to State Extension Programmes for Extension Reforms;
- Mass Media Support to Agriculture Extension;
- Monitoring of Pesticides Residues at National Level; and
- National Commission on Farmers

The other Schemes proposed to be launched during 2006-07 are listed below:

- Enhancing Sustainability of Dryland / Rainfed farming Systems
- National Mission on Bamboo Technology and Trade Development
- Forecasting Agricultural Output using Space, Agro-Meteorology and Land Based Observation (FASAL)
- Jute Technology Mission
- Capacity Building to Enhance the Competitiveness of Indian Agriculture

The proposals for launching of these new schemes are at various stages of finalisation.

1.14 Annual Average Growth Rate in Agriculture and Allied Sectors is as under:

	(per cent)	
Five Year Plan	Overall GDP Growth Rate	Agriculture & Allied Sectors
Eighth Plan (1992-97)	6.7	4.7
Ninth Plan	5.5	2.1
Tenth Plan		
2002-03	3.8	-6.9
2003-04(P)	8.5	10.0
2004-05 (Q)	7.5	0.7
2005-06(A)	8.1	2.3

Provisional, Q: Quick Estimates; A: Advance Estimates

Overall target of annual growth rate in agriculture during Tenth Plan = 4%

(Source Economic Survey)

1.15 It is seen that against the target of annual growth rate of 4 per cent during the Tenth Plan, Agricultural growth rate in 2002-2003 was negative (-6.9%) and for 2003-2004 it has been 10%. But again it declined to 0.7% for 2004-2005. While stating the steps taken to increase the growth rate in order to achieve the target of Tenth Plan i.e 4% per annum , the Ministry in a written reply informed :

“A series of initiatives through various schemes have been taken by the Government in the areas of increased credit coverage, irrigation expansion, crop diversification, marketing infrastructure, horticulture, extension services and storage facilities. Efforts are on to enhance production and productivity to 4% and to encourage farming as a remunerative profession. This process is being strengthened through farm mechanization, agri-clinics and agri-business centres. The areas for high investment include micro-irrigation comprising drip and sprinkler irrigation, National Horticulture Mission, having end-to-end approach. These initiatives are expected to accelerate growth and productivity in agriculture sector.”

CHAPTER – II

OVERVIEW OF DEMANDS

2.1 The BE & RE for 2005-2006 and BE for 2006-2007 for Demand No.1 pertaining to the Department of Agriculture and Cooperation are as under:-

BE 2005-06			RE 2005-06			BE 2006-07		
Plan	Non Plan	Total	Plan	Non Plan	Total	Plan	Non Plan	Total
4209.32	380.51	4589.83	3920.00	380.51	4300.51	4840.00	379.16	5219.16

(Rs. in crore)

2.2 There has been 6.3% decrease in plan allocation in RE (2005-2006) compared to BE (2005-06). The BE for 2006-2007 is Rs. 5219.16 crore. It is an increase of 13.7% as compared to BE 2005-2006. Plan Outlay proposed by the Department for 2006-2007 was, however, Rs. 5917 crore.

2.3 When asked as what are the reasons for the decreased allocation at RE stage inspite of Committee's recommendation for enhancing the budget. The Department stated as under:-

“Revised Estimates for a financial year is approved by Secretary (Expenditure) in the pre-budget review meeting. As against our proposal for enhanced RE 2005-06 of Rs.4211 crore under Plan, Ministry of Finance approved Rs.3920 crore. Further, as against our enhanced requirement of Rs. 540 crore for National Agricultural Insurance Scheme, only an amount of Rs. 200 crore was approved. Similarly, under Non-Plan, our enhanced requirement of Rs.630 crore for NAFED under RE-2005-06 was not agreed to and RE-2005-06 was approved at BE-2005-06 level of Rs. 380.51 crore.”

2.4 The following table shows the BE, RE and Expenditure during the last 4 years.

(Rs.in crore)

Sl.No.	Year	Budget Estimates (BE)	Revised Estimates (RE)	Expenditure
1	2002-2003			
	Plan	2187.00	1687.00	1676.77
	Non-Plan	200.00	400.00	392.15
	Total	2387.00	2087.00	2068.92
2	2003-2004			
	Plan	2187.00	2140.00	2070.77
	Non-Plan	401.34	389.00	372.85
	Total	2588.34	2529.00	2443.62
3	2004-2005			
	Plan	2670.00	2965.00	2676.77
	Non-Plan	344.00	331.50	259.36
	Total	3014.00	3296.50	2936.13
4	2005-06			
	Plan	4209.32	3920.00	3870.63
	Non-Plan	380.51	380.51	(Prov.)
	Total	4589.83	4300.51	378.56 4249.19(Prov.)

2.5 The percentage allocation of the Department of Agriculture and Cooperation vis-à-vis Central Plan Outlay of Government of India during the last five years and for 2006-07 is given below:

(Rs. in Crore)

Sl	Period	Central Plan Outlay			Allocation of DAC	% Share of DAC	
		Total	IEBR	Budgetary Support		Total	Budgetary Support
1	2	3	4	5	6	7	8
1	2001-02	130181.00	70725.00	59456.00	1970.00	1.51	3.31
2	2002-03	144038.00	77167.00	66871.00	2167.00	1.50	3.24
3	2003-04	147893.00	75741.00	72152.00	2167.00	1.47	3.00
4	2004-05	163720.00	75834.00	87886.00	2650.00	1.62	3.00
5	2005-06	211253.00	100860.00	110385.00	4179.00	1.98	3.79
6	2006-07	254041.00	122757.00	131284.00	4800.00	1.89	3.66

2.6 Comparison of the DAC's share in the Budgeted Outlays with some other

Departments of the Government of India are given below:

(Rs. in crore)						
Depts	2001-02	2002-03	2003-04	2004-05	2005-06	2006-07
1 Dept of Agriculture & Cooperation	1970.00 (1.51%)	2167.00 (1.50%)	2167.00 (1.47%)	2650.00 (1.62%)	4179.00 (1.98%)	4800.00 (1.89%)
2 Dept of Animal Husbandry & Dairying	300.00 (0.23%)	300.00 (0.21%)	300.00 (0.20%)	500.00 (0.31%)	669.00 (0.32%)	777.00 (0.31%)
3 Dept of Agriculture Research & Education	684.00 (0.53%)	775.00 (0.54%)	775.00 (0.52%)	1042.00 (0.64%)	1150.00 (0.54%)	1350.00 (0.53%)
4 Ministry of Agriculture	2954.00 (2.27%)	3242.00 (2.25%)	3242.00 (2.19%)	4192.00 (2.56%)	5998.00 (2.84%)	6927.00 (2.73%)
5 Dept of Telecommunication	20299.00 (15.59%)	19463.00 (13.51%)	14955.00 (10.11%)	11660.00 (7.12%)	11801.00 (5.58%)	19509.00 (7.68%)
6 Dept of Health	1450.00 (1.11%)	1550.00 (1.08%)	1550.00 (1.05%)	1800.00 (1.10%)	2908.00 (1.37%)	11305.00 # (4.45%)
7 Dept of Fertilizer	1149.03 (0.88%)	899.00 (0.62%)	1060.00 (0.72%)	493.00 (0.30%)	1017.00 (0.48%)	985.00 (0.39%)
8 Dept of Rural Development	6705.00 (5.15%)	10270.00 (7.13%)	10270.00 (6.94%)	11437.00 (6.99%)	18334.00 (8.67%)	24026.00 (9.46%)
9 Dept of Urban Development	4034.00 * (3.09%)	5167.00 * (3.58%)	2497.00 (1.69%)	2176.00 (1.33%)	2877.00 (1.36%)	2752.00 (1.08%)
9 Ministry of Water Resources	500.00 (0.38%)	550.00 (0.38%)	554.00 (0.37%)	580.00 (0.35%)	621.00 (0.29%)	700.00 (0.28%)
10 Dept of Elementary Education & Literacy	4000.00 (3.07%)	4900.00 (3.40%)	4900.00 (3.31%)	6000.00 (3.66%)	12532.00 (5.93%)	17128.00 (6.74%)
Dept of Food & Public Distribution	122.00 (0.093%)	144.00 (0.099%)	138.00 (0.093%)	65.00 (0.039%)	157.00 (0.074%)	207.00 (0.081%)
11 GOI's Central Plan Outlay	130181.00	144038.00	147893.00	163720.00	211253.00	254041.00

* This include the outlay for Ministry of Urban Development and Poverty alleviation as a whole

This includes the Outlay for Department of Health and family Welfare

Note: Figures in parenthesis are percentage share of Department with reference to Central Plan
Outlay Dept = Department GOI = Government of India

2.7 During the oral evidence Secretary, Department of Agriculture & Cooperation briefed the Committee as under:

“To build and sustain momentum of the Agriculture sector it is necessary that both State and Central Plan outlays are augmented to achieve the required percentage of anticipated growth in the agriculture sector. With this in view, for the fiscal year 2006-2007, the Department of Agriculture and Cooperation had proposed an outlay of Rs.5,875 crore against which an outlay of Rs.4,800 crore has been approved. The State Governments are being constantly urged to increase their outlays for agriculture, including water resources development, which constitutes the backbone of stable and assured agricultural growth.”

2.8 Following is the Statement showing sector-wise plan allocation and expenditure during last three years of 10th plan and allocation for 2006-07.

(Rs.in crore)								
S. No.	Sector	Allocation 2003-04	Expend. 2003-04	Allocation 2004-05	Expend. 2004-05	Allocation 2005-06	Prov. Expr. 2005-06	Allocation 2006-07
1	Agriculture Extension & Trg.	118.55	57.88	187.45	89.57	148.10	169.61	225.65
2	Agricultural Census	10.00	8.60	13.83	13.36	14.00	14.00	14.50
3	Agricultural Eco.&Stat.	60.30	45.26	57.35	44.76	60.79	61.12	63.00
4	Seeds	27.00	22.37	50.51	21.96	88.81	71.59	105.00
5	Integrated Nutrient Management	9.00	3.73	36.73	7.82	29.50	22.88	30.40
6	Plant Protection	25.00	16.02	52.34	27.41	40.00	37.70	43.00
7	Machinery	3.90	3.13	8.00	5.28	10.00	12.00	11.00
8	Crops	120.00	32.13	100.00	44.96	275.00	70.00	275.00
9	TMOP	165.00	154.89	193.00	276.07	257.00	276.00	278.00
10	Rainfed Farming System	2.00	0.87	2.00	0.73	1.25	1.05	1.35
11	Horticulture	291.22	197.83	542.00	283.63	1405.00	1225.49	1951.00
12	Sectt. Economic Service	6.00	2.89	4.26	2.74	8.00	8.34	8.55
13	Natural Disaster Management	1.00	0.32	1.00	0.05	1.00	0.75	0.20
14	Agriculture Marketing	100.00	88.92	155.52	139.62	165.50	128.50	183.20
15	Information Technology	15.00	4.41	27.00	3.99	27.50	22.97	37.50
16	Natural Resources Management	43.03	26.48	29.40	26.12	38.00	38.00	51.00
17	Credit & Crop Insurance	420.00	714.49	413.00	430.91	615.00	837.95	550.90

18	Cooperation	70.00	42.36	74.17	66.17	110.00	100.00	100.00
19	Policy & Plan	700.00	648.15	722.44	1186.52	913.87	821.05	910.65
20	Trade	0.00	0.00	0.00	0.00	1.00	1.00	1.00
	Total	2187.00	2070.73	2670.00	2671.67	4209.32	3920.00	4840.00

2.9 When, the Committee showed concern about the allocation of lower budget in favour of agriculture. The Member Secretary, Planning Commission while clarifying the position stated as under:-

“Let us have a bird’s eye view of the total scene during the Tenth Five Year Plan. We are now in the final year of the Tenth Five Year Plan. All the three Departments put together, namely, the DAC, DARE & DAHD&F, had a budgetary plan outlay of Rs.3,242 crore for 2002-2003. This year, in the final year of the Plan, the budgetary outlay has gone up to Rs.6,900 crore. It has more than doubled. It is very clear indication of the Prime Minister’s priority and the Planning Commission’s priority. The signal very clearly indicated and we do emphasize that agriculture as very important. Over a one single plan period, we have been able to double the outlay. Not merely that, last year their RE figures were Rs.5,559 crore. This year we have provided BE Rs.6,900 core.”

Funds for North Eastern States:-

2.10 The year wise allocation of funds to this Department at the BE and the RE stages, the allocation earmarked to the North Eastern States and actual release of funds made to the North Eastern States is given below:

(Rs. Crores)							
Year	Budget Estimate	Allocation for NE States	% of Total allocation	Revised Estimate	Allocation for NE States	% of Total allocation	Actual Release
2004-05	2650.00	265.00	10.00	2945.00	294.50	10.00	262.00
2005-06	4179.32	418.00	10.00	3890.00	389.00	10.00	289.36
2006-07	4800.00	480.00	10.00				

2.11 When asked to explain the reasons for shortfall in the actual release of funds in favour of North Eastern States the Department in written reply stated as under:

“The expenditure in a particular scheme mainly depends on the proposals from Implementing Agencies (State, Autonomous bodies, etc.) unspent balance and utilization certificates of the previous releases, etc, owing to these constraints out of allocations for 2004-2005 and 2005-2006 the release had to be restricted which resulted in less expenditure also. Further, during 2005-2006 the shortfall in expenditure was also due to late approval of the scheme Micro Irrigation and non approval of National Mission on Bamboo Technology & Trade Development.”

Delay in approval/implementation of Schemes

2.12 During examination of Demands for Grants the representative of the Department of Agriculture and Cooperation informed that the following schemes are pending / delayed because of non-clearance by the Planning Commission / Ministry of Finance / other Appraisal Agencies:-

- (1) Enhancing Sustainability of Dryland Farming Systems;
- (2) Mini Mission – II of Jute Technology Mission;
- (3) Capacity building to enhance the competitiveness of Indian Agriculture and Registration of Organic Products abroad;
- (4) Centrally Sponsored Scheme of National Bamboo Mission (NBM);
- (5) Forecasting of Agriculture output using Space, Agro-meteorology and Land based observations (FASAL);
- (6) Restructuring of State Farms Corporation of India (SFCI);
- (7) Modified National Agricultural Insurance Scheme (MNAIS); and
- (8) Establishment of Agri-Clinic Agri-Business Centres by Agriculture Graduates inclusive of subsidy component

2.13 From the information furnished by the Department, it is observed that in some cases, the schemes were sent for ‘in principle’ to the Planning Commission in June/July, 2004 [Schemes at S.Nos. (4) and (5) above] but are yet to be implemented.

2.14 To discuss the causes for the delay in approval / implementation of the Schemes, the Committee called the representatives of the following Ministries/Departments together on 2 May, 2006:-

- (1) Ministry of Agriculture (Department of Agriculture & Cooperation);
- (2) Ministry of Agriculture (Department of Agricultural Research & Education);
- (3) Ministry of Agriculture (Department of Animal Husbandry, Dairying & Fisheries);
- (4) Planning Commission;
- (5) Ministry of Finance (Department of Expenditure);
- (6) Ministry of Finance (Department of Economic Affairs); and
- (7) Ministry of Commerce and Industry (Department of Commerce).

2.15 When asked about the reasons for delay in approval of the schemes, the representative of Department of Agriculture & Cooperation stated that there are various steps of approval which take a lot of time in actual implementation of the scheme and most of their schemes are pending with Planning Commission for approval of funds or otherwise. Thereupon, Member Secretary, Planning Commission responded as under:-

“As far as availability of fund is concerned, there should be absolutely no doubt that the Planning Commission does stand side by side with the Agriculture Ministry. We would like to support their efforts and we would like to provide whatever funding is required for their schemes. It is important that the schemes are conceptualized correctly. The design of the scheme is right. If we have done our homework at the design stage, then the scheme will not be flawed. If we do not do our homework at the design stage, that means there will be exchanges between the Ministries. The inter-ministerial consultations are not sterile consultations. I would like you to go into individual cases where we have sent a case back. We have asked them to improve upon the design of the scheme. They have come back to us with much better design of the scheme. In the Planning Commission, I would also like to mention that we have three members who have

expertise in agriculture. Therefore, the knowledge inputs that are coming in from the Planning Commission are substantial.

Therefore, it takes time to put the things together and refine a scheme, which has been presented, which may have a lot of flaws in the first instance. When the refined scheme comes, that is considered. Then further refinement takes place. These are two or three processes, which take place during in principle approval stage. If there has been some time which has been taken either by the Ministry of Finance or by the Planning Commission, it is at the conceptual stage we want to get our acts right.”

2.16 During the oral evidence, the Members conveyed, that what comes in the Budget later on does not get into execution for long, and at the end of it, very little is spent for various reasons. So, when budget is passed by the Parliament, the amount asked for is at the higher end. But, ultimately, what actually spent on the scheme is far less than the required, which does not commensurate with the required results of the scheme.

2.17 The members further asked whether all the concerned department don't have time to sit together and have dialogues so that the issue is resolved fast. The Member Secretary, Planning Commission told that there is no lack of dialogue rather there is so much of dialogue.

2.18 When members asked the Secretary, Department of Agriculture and Cooperation whether they are satisfied that this is the normal time being taken, she submitted

“It is my personal belief and that of the Ministry that just too much time is being taken in giving clearances.”

2.19 After the deliberations, representatives of the Planning Commission also agreed while saying :-

2.20 “It is true that the improvement in the system is required and we support it.”

2.21 When asked Finance Secretary elaborated as under:

“There is a need for greater exercise and due diligence at every stage; no denying the fact that Finance Ministry and Planning Commission must cut out the time that they take”.

CHAPTER – III

AGRICULTURAL CREDIT

3.1 Progressive institutionalization of agricultural credit for providing timely and adequate credit support to farmers at reasonable rates of interest has been the focus of the credit policy of the country. The Government of India has taken various policy initiatives for strengthening of rural credit delivery system to meet the growing credit needs of the agriculture and rural sectors. 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.

3.2 For credit Scheme during 2006-2007 Rs.550 crore have been allocated as against the BE of Rs.615 crore and RE of Rs.837.95 crore for 2005-2006.

(Rs.in crore)

2003-2004		2004-2005		2005-2006		2006-2007
BE	Exp.	BE	Exp.	BE	RE	BE
420.00	714.49	413.00	641.72	615.00	837.95	550

3.3 As per Economic Survey 2005-2006, there has been a steady increase in the flow of Institutional Credit to agriculture over the years. Moreover, Finance Minister has announced a target of Rs.175000 crore for 2006-2007. The following Table shows the Institutional credit to agriculture during the last 4 years and up to December 2005.

Institutional Credit to Agriculture

(Rs.in crore)

Institutions	2001-02	2002-03	2003-04	2004-05	2005-06 *
Co-operative Banks	23,604	23,716	26,959	31,231	28947
Share (percent)	38	34	31	25	25
Regional Rural Banks	4,854	6070	7,581	12,597	11146
Share (percent)	8	9	9	10	9
Commercial Banks	33,587	39,774	52,441	81,481	77806
Share (percent)	54	57	60	65	66
Total	62,045	69,560	86,981	1,25,309	117899
Percent increase over the previous years	17	12	25	44	-6

* Upto December, 2005.

3.4 From the Table, It is observed that the share of Regional Rural Banks is as low as 9% to 10% to total agricultural credit, whereas RRBs are supposed to cater to the credit needs of farmers in their vicinity. When asked the reasons and steps being taken to improve their performance, the Department in a written reply stated as under:

“Although the share of RRBs is still low, they have exhibited a substantial growth in credit flow in the last 2 years. During 2004-05, the credit flow to agriculture by RRB grew by nearly 66%. Similarly in the current year, they have recorded a growth of 25% in credit flow up-to 28 February 2006 vis-a-vis their lending in the corresponding period last year. RRBs financed 18.58 lakh new farmers during 2004-05 and 12.42 lakh during 2005-06 (up-to 31 December 2005). In order to speed up the process of clearing of loan proposals, the following steps have been initiated:

- *Based on Vyas Committee recommendations, the banks have been asked to simplify the procedure for loan. The RBI has issued guidelines to the banks not to insist collateral/security for loans upto Rs.50,000/-.*
- *The progress in the credit flow is reviewed at the block level and district level bankers meeting on a quarterly basis.*
- *Banks have been advised to delegate adequate powers to branch managers to expeditiously sanction loans to farmers and eligible borrowers.”*

3.5 It is also seen that the share of Cooperative Banks which are supposed to be the backbone of agrarian economy, is decreasing every year in farm lending, reaching 25%. The main reasons stated by the Department for the poor performance of cooperative credit system are - low volume of business, low resource base, low borrowing membership, lack of democratization and professionalisation of management, poor

recovery, high incidence of overdues, increase in Non Performing Assets, lack of skilled manpower, high cost of funds, low yield on assets, high transaction cost and inadequate margin.

3.6 During the evidence, on being enquired, Secretary, Department of Agriculture and Co-operation stated that :-

“ I am happy to inform that the agriculture credit target set for disbursement for the year 2005-2006 has not only been achieved, but gone beyond. An amount of Rs.1,46,687 crore was disbursed during the year (upto February, 2006) as against the announced target of Rs.1,41,500 crore for the year 2005-2006. The Finance Minister in his Budget Speech, 2006 has indicated a target of Rs.1,75,000 crore for the fiscal year 2006-2007”.

3.7 In the budget for 2006-07, the Government of India has decided to ensure that the farmers receive crop loans upto a principle amount of Rs. 3 lakh at 7% rate of interest. This would require certain level of interest subvention to NABARD, so that they can refinance to Cooperative Banks and RRBs and these Banks in turn are able to lend Short Term Credit to farmers at 7% rate of interest. The issue has been further discussed by Finance Minister with Chief Executives of the Public Sector Banks on 17th March, 2006. Indian Banks' Association and NABARD have been requested to workout the modalities.

3.8 When asked the Department clarified that this 7% limit is applicable to Cooperative, Banks, RRBs as well as Commercial Banks also, and even if they don't take refinance from NABARD.

3.9 On the question of period of such short term loans, the Department stated:

“Period of Short-term crop loans depends upon the crop cycle of the particular crop for which loan has been availed plus some buffer period required for undertaking necessary harvest and post-harvest operations.”

3.10 The Members of the Committee have observed that in some State like U.P. and Bihar there is a law to arrest farmers who default in repayment of loans. Moreover, they are not only kept in jails for two to four months but the expenditure incurred on their food, transport and other things in jail is also recovered from them. When asked to state the reasons for such inhuman behaviour which also appears to be a factor for the suicides by farmers, the Department informed that in some States, “provisions in the Public Debt Recovery Acts provide for imprisonment of loanees who default in repayment of loans. After exhausting all other avenues for recovery of loans, banks invoke this legal provision to secure arrest warrants for the defaulters”.

3.11 The Department further stated :

“The Ministry of Agriculture has taken up the issue with the State Governments at the level of Union Minister for Agriculture. Vide Agriculture Minister’s letter dated 28th August, 2000 and 26th April, 2005, the State Governments have been requested to review the respective state laws to remove the provision for arrest/detention of farmers and recovery of such expenditure from the defaulting farmers. States have also been reminded at the level of Secretary (A&C) vide D.O. letter dated 12th August, 2005 to expedite amendment in the concerned state laws to remove the provision of arrest/detention of the farmers for default in the payment of overdue loan installments”.

3.12 Showing concern about the recovery from agricultural farmers and its impact on them, the Committee suggested to constitute, a Debt Reconciliation Board, at State level as organized by Choudhary Chottu Ram, in pre-independence joint Punjab in Sikander Hyatt’s Cabinet. One of the main features of that Board was that of the debt recovery and the legal process had to start from the Reconciliation Board which was headed at that time by Choudhary Maru Ram who himself was a farmer. It was a Board in which a

substantial membership of the Board was farmers, who were deciding how the farmers should be made to pay and to settle their bad debts or the loans.

3.13 During the oral evidence the subject of debt reconciliation board was discussed at length. When asked, the Secretary, Department of Agriculture and Cooperation deposed :

“Debt Reconciliation Board will be facilitated by State Governments. But the burden has to be shared by Central Government only because it needs to write off the agricultural debts also”

CHAPTER – IV

CROP INSURANCE

4.1 Over a period of implementation of National Agricultural Insurance Scheme (NAIS), certain limitations/shortcomings relating to unit area of insurance, calculation of guaranteed income, low indemnity level, delay in settlement of insurance claims etc. have been observed. Keeping in view the limitations in the existing scheme National Common Minimum Programme (NCMP) provided for redesigning of the Crop Insurance Schemes. Accordingly, a Joint Group was constituted to study the improvements required in the existing crop insurance schemes. The department informed that Based on the recommendations of the Joint Group and the views/comments of the States/UTs, Modified NAIS was formulated and sent to the Ministry of Finance, Department of Expenditure and Planning Commission for “in principle ” approval. The MNAIS was discussed during the presentation held in Planning Commission on 22.6.2005 and in the meeting between Agriculture Minister and Finance Minister on 22.6.2005

4.2 As informed by the Department the main features of the Modified NAIS (MNAIS) are:

- (1) The MNAIS would have two components, i.e. voluntary and compulsory;
- (2) Under voluntary component, all farmers (i.e. both loanee and non-loanee) will participate on voluntary basis;
- (3) Under mandatory portion, the participation of loanee farmers will be compulsory and non-loanee farmers may be allowed to participate on voluntary basis;
- (4) The crops in different States/UTs would be categorized on the basis of net premium to be paid by the farmers. Farmers growing insurable crops with net premium (after subsidy) up to 4% would be taken under compulsory category and the farmers growing crops with net premium payable above 4% would be categorized as ‘voluntary’.

The Department expect that under the proposed modified scheme, the coverage of farmers (mainly small and marginal) would increase to 3 crore (25% of the total farmers) in the first year of its implementation.

4.3 During the oral evidence, when Agriculture Secretary, Finance Secretary and Member Secretary, Planning Commission were called together to resolve the issue of pending schemes, the Secretary, DAC informed the Committee that the department has sent a proposal to Planning Commission for the Modified National Agricultural Insurance Scheme (MNAIS) incorporating some improvements as per the suggestions of members and recommendations of the task force set up for the purpose. She stated as under:

“ Proposal for MNAIS was sent to Planning Commission in February 2005. And now in the last week of April 2006, we received a letter from the Planning Commission not giving ‘ in principle approval’ but making certain observations on this particular scheme. I quote the observations: (i) Shifting of NAIS to Non-Plan side. Till then, the NAIS may continue in its present form, as stated by the Finance Minister in his Budget Speech for 2006-07. (ii) The Planning Commission favours funding only the overhead component of cost of the modified NAIS such as undertaking crop-cutting experiments and threshold yield determination for major crops. The third observation, which we feel is a contradiction to the earlier observations, reads (iii) Planning Commission also supports implementation of proposed MNAIS on pilot basis in selected districts/States, which have requisite data collection capability/infrastructure for obtaining the feedback. This is all that we have on record. Now we are still trying to interpret what this means.”

4.4 Thereupon, Member Secretary, Planning Commission, responded as under:-

“I would like to submit here that the insurance scheme, as it has been conceived, would have, from what we can see, two major components. One is a component

where they would want some infrastructural support to carry out a pilot project where they would be able to establish what kind of system needs to be introduced. When you talk of insurance, you are talking of actuarial calculations and when are you talking about actuarial calculations, you have to have time series data. The kind of actuarial calculations that would be required for looking at crop failures and the probability and things like that would require a stupendous amount of data, which does not exist. Actually, insurance in true sense would be very difficult to structure in a situation like this. We may call it insurance scheme, but it will not be truly insurance in that sense and therefore, we are very definite about this. It would probably take something like five million crop-cuts to give the kind of data that you would need to do an actuarial calculation. We still felt that we will go along with Agriculture Ministry to help them set up a pilot project and go through this because we do believe that when they do go through this, they will realize whether they should call it an insurance scheme or by some other name because we do feel that it will be an insurance scheme only in name and the premiums will be so high that actually it will involve massive amount of subsidy on the premium. If it is subsidy on the premium, we feel that this is a Non-Plan activity. We do not say that this should not happen. We are not saying that this is an activity, which should not happen, but we do not see it as a Plan activity.

In your days also, Sir, we had a system where we were able to give relief to the farmers. The main dues in collection system was malgujari, abpashi, takavi. We have a system by which if there was a crop failure, we would give a suspension of collection of dues. If there were two successive crop failures in the same area, we would do half remission. If they had three successive crop failures, then we would do a full remission. That was the system which we had inherited from the

British days which was working and it had a softening touch, but now with the passage of time that system seems to have collapsed. We do believe that there is a need to give reliefs and supports of that kind – gratuitous relief, distress takavi or things of that kind – in distress situations, but we do not think that it can, by any stretch of imagination, constitute a Plan activity. Therefore, the likelihood is that this scheme in the Planning Commission will not get through. In its totality, the scheme will not get through the Planning Commission.”

4.5 When members asked that whether the views expressed by Member Secretary have the approval of Planning Minister, the Deputy Chairman, and all others in the Planning Commission, the Member Secretary deposed:

“I am not reflecting the views of the Planning Commission. I am reflecting the views of the internal Planning Commission, namely, my Member Agriculture, the Deputy Chairman, and other Members in it. This is the view on the insurance side of it, namely, a large countrywide scheme on insurance is something that we would not be able to give.”

4.6 During the evidence members expressed their concern about the damage to crops due to Palu, Frost, Hailstorm, Lu, hurricane etc and cover them under crop insurance. The Secretary, Department of Agriculture and Cooperation informed that frost situation is not covered Under Natural Calamity Relief Fund. The responsibility for these kinds of calamities has shifted to Home Ministry.

4.7 On the question of proposal to include more crops under the coverage of NAIS. The Department clarified :

“The National Agricultural Insurance Scheme (NAIS) envisages coverage of all the food crops (cereals, millets and pulses), oilseeds (including mustard) and annual commercial/horticultural crops in respect of which past yield data is available for adequate number of years and provided the concerned State/UT

Government makes available the yield data based on requisite number of Crop Cutting Experiments. Among the annual commercial/horticultural crops, so far, sugarcane, potato, cotton, ginger, onion, turmeric, chillies, pine-apple, annual banana, jute, tapioca, coriander, cumin and garlic have been covered under the scheme. Other annual commercial/horticultural crops can also be notified by the State Govt. subject to availability of adequate past yield data and capacity to conduct the requisite number of Crop Cutting Experiments (CCEs) as stipulated in the scheme”

CHAPTER – V

CROPS

5.1 Under the Crops Division following is the Plan BE & Expenditure for 2003-2006.

(Rs. in crore)

2003-2004		2004-2005		2005-2006		2006-2007
BE	Expenditure	BE	Expenditure	BE	RE	BE
120.00	32.13	100.00	44.96	275.00	70.00	275.00

5.2 Following is the foodgrains production from 2001-02 onwards:-

Foodgrains production					
					(Million tonnes)
Crop/Year	2001-02	2002-03	2003-04	2004-05 *	2005-06 \$
Rice	93.3	71.8	88.3	85.3	73.8
Wheat	72.8	65.8	72.1	72.0	-
Coarse Cereals	33.4	26.1	38.1	33.9	26.4
Pulses	13.4	11.1	14.9	13.4	5.0
Foodgrains					
(i) Kharif	112.1	87.2	116.9	103.3	105.3
(ii) Rabi	100.8	87.6	96.6	101.3	-
Total (i) + (ii)	212.9	174.8	213.5	204.6	-

* 4th advance estimates \$ 1st advance estimates (Kharif only)

5.3 Total foodgrains production declined from 213.5 MT in 2003-2004 to 204.6 MT in 2004-2005. Output of jute and mesta and sugarcane was also lower in 2004-2005 than in 2003-2004. However, there was better performance in oilseeds and cotton production in 2004-2005 relative to 2003-2004.

5.4 According to Situation Assessment Survey of Farmers carried out by National Sample Survey Organisation (NSSO) in its 59th Round (January – December, 2003), 71 per cent of farmers did not know or understand the concept of Minimum Support Price. Remaining 19 per cent not only understood the idea of Minimum Support Price but also

knew the agency to which they would sell their crop if its market price fell below the Minimum Support Price.

5.5 Following is the Statewise Percentage of Farmers Households Having No Awareness of MSP:-

State/UT	%age of Farmers Not Aware of MSP	State/UT	%age of Farmers Not Aware of MSP
Andhra Pradesh	70.6	Arunachal Pradesh	76.0
Assam	78.4	Bihar	80.5
Chhatisgarh	64.8	Gujarat	73.3
Haryana	33.3	Himachal Pradesh	78.2
Jammu & Kashmir	73.2	Jharkhand	87.4
Karnataka	70.8	Kerala	38.9
Madhya Pradesh	70.6	Maharashtra	72.2
Manipur	98.0	Meghalaya	81.0
Mizoram	84.6	Nagaland	90.0
Orissa	87.5	Punjab	36.8
Rajasthan	89.5	Sikkim	92.6
Tamilnadu	50.1	Tripura	66.2
Uttar Pradesh	66.7	Uttaranchal	77.0
West Bengal	69.7	Group of UTs	58.8
All India			70.4

Scheme On Enhancing Sustainability Of Dryland Rainfed Farming Systems

5.6 A special programme for dryland farming in the arid and semi-arid regions of the country is to be introduced. The Department of Agriculture & Cooperation has formulated a new scheme on 'Enhancing Sustainability of Dryland Rainfed Farming Systems'. Inadequate soil moisture especially in rainfed and dryland areas is the major constraint, among others, for crop centric agriculture. The proposed Scheme aims at addressing issues like rainwater harvesting and its efficient utilisation; in situ soil moisture conservation; use of organic manures; alternate land use; and adoption of improved dryland farming technologies.

5.7 The Department in a written reply informed that Ministry of Finance has desired that launching of separate Scheme on 'Enhancing Sustainability of Dryland Farming Systems' should be reconsidered. The Scheme was submitted to Ministry of Finance in February, 2006 for the approval of Hon'ble Finance Minister. However, the Ministry of Finance has returned the scheme with an observation to reconsider the scheme as a number of schemes, with similar objectives, are already under implementation by various Departments/Ministries of Central Government. The scheme may be reviewed and modified according to the observations of the Ministry of Finance and will be submitted for consideration. The scheme will be on **100% funding** from Government of India. However, beneficiary farmers will contribute 50% of cost of the activities/work to be taken up at their /individual farm holdings as subsidy for an activity/item will be limited to 50% of actual cost involved. Beneficiaries will have an option to draw loans from the Banks, in which case subsidy amount will be released to the Banks.

5.8 During the evidence, when it was observed that this scheme is pending approval for long, the Committee asked the Secretary, DAC to explain about it. She informed the Committee that this scheme was sent to the Finance Ministry after the EFC approval but then Finance Ministry has sent it back to the Agriculture Ministry for reconsideration of the scheme. Explaining the things, Secretary, Finance stated:

"In December 2005, the requisition for the Expenditure Finance Committee came up. The EFC meeting was held on 3rd February and the Scheme as it came and got approved by EFC was below Rs.100 crore of outlay. Notwithstanding the Budget outlay which was for Rs.200 crore, the Scheme now proposed was for Rs.73.7 crore which is well below Rs.100 crore. Therefore, the power lay with the administrative Minister, that is the Hon'ble Agriculture Minister in conjunction with the hon. Minister of Finance. After the EFC meeting, the hon. Agriculture Minister was pleased to put his approval and send it for the approval

of the Finance Minister. The Finance Minister raised only one simple question, and that is, that the thrust of this Scheme is to concentrate on the dry land farming. There are half a dozen or so other Schemes going under the Plan in the country. In order to obviate the possibility duplication of effort, can we see a harmonization of the Scheme? This is the simple question. It has gone back and I am told by my colleague Secretary, Agriculture that with the clarification as to what extent there is overlap, if any, and if overlap is desirable, see that it does not militate against the regiment of other ongoing scheme practically concentrating on the same problem and then it is expected that in one week's time it is received, we can undertake that the Finance Minister's consideration would be obtained and approval given by a date not later than 31st of May."

Cotton Cultivation

5.9 The Secretary Department of Agriculture and Cooperation clarified her department's position as under:

"The Scheme was initially sent to Planning Commission in January 2005 as a Rs.2650 crore to be implemented in 200 districts of the country but on the instructions of Planning Commission it was reduced to Rs.13 crore covering 16 districts only on pilot basis. Then the beauty of the whole thing is that after at the advice of the Planning Commission, we cut down this scheme to 16 districts and I chaired that EFC because it was less than Rs.100 crore, I got a call from the Planning Commission to say – 'No, we cannot live with this; this Rs.76 crore you must bring it up to Rs.200 crore because the Prime Minister has made an announcement from the ramparts of the Red Fort and you please increase it to Rs.200 crore'. This is what happened in the evening of the scheme having been approved by the EFC.

I do agree that nothing which is sent to the Planning Commission is perfect and it is mould. But we need to put a stop this flip-flop. Somebody in the Planning Commission needs to take a view whether we need a Rs.73 crore scheme or we need a Rs.200 crore scheme or we need nothing.”

5.10 The area under cotton cultivation during last three years, is as under:

<u>Year</u>	<u>Area (Lakh hectare)</u>
2003-04	76.30
2004-05	89.20
2005-06 (Provisional)	88.60

5.11 The information on quantum of Bt. Cotton seeds used, is as under:-

State	Quantity in Quintals		
	Khaif 2003	Kharif 2004	Kharif 2005 (Estimated)
Andhra Pradesh	60.75	792.00	1005.40
Madhya Pradesh	148.5	957.59	1514.69
Gujarat	463.5	1400.21	1659.65
Maharashtra	243	1795.50	5656.32
Karnataka	33.75	381.44	326.30
TamilNadu	85.5	133.38	189.22
Punjab*	0	0	783.11
Haryana*	0	0	119.73
Rajasthan*	0	0	25.66
Total	1035	5460.12	11280.07

* Bt cotton hybrids were released for northern states during 2005

5.12 When asked about the productivity of BT Cotton seed, the department informed:

“The reports received from the State Governments indicated that the productivity of Bt. Cotton hybrids has increased by 15% to 30% as compared to non-Bt cotton and the farmers have derived economic benefits. It is, however, to be mentioned that the main purpose of Bt. Cotton seed is to provide protection against bollworm. It has been observed that the number of sprays to control attack of boll worm in case of Bt. Cotton was less in comparison to non- Bt cotton. The benefits

accrued on account of less insecticides usage resulted into higher profitability to the Bt. Cotton growers.”

5.13 During the oral evidence, the Members of the Committee were concerned about the crop of wheat and its import. While stating about the productivity scenario of wheat in India, Secretary, Dept. of Agriculture & Cooperation informed the members that there is no loss in the area as far as wheat crop is concerned rather it has increased around two to three lakh hectares. So area is not so much of a problem. Productivity is really becoming an issue. Productivity is a matter of serious concern and we have to do something about it.

CHAPTER – VI

SEEDS

6.1 Under the Seeds sector, following are the allocations and expenditure:-

(Rs. in crore)

	2002-03	2003-04	2004-05	2005-06	2006-07
BE	26.96	27.00	50.51	88.81	105.00
Expenditure	11.53	22.37	21.96	71.59 (RE)	

6.2 The target and achievement of production of breeder, foundation seed and distribution of quality seed during last 3 years and target for 2006-07 are as under:

Class	2003-04		2004-05		2005-06		2006-07
	Target	Achievement	Target	Achievement	Target	Achievement	Target
Breeder Seed in Qtls.	46921	47789	65653	61825	51787	66460	54702
Foundation Seeds in Qtls.	330697	532102	395602	623181	409746	577220	500000
Certified Quality Seed Distribution in lakhs Qtls.	117.00	108.39	127.40	113.10	138.50	118.52	149.53

6.3 The production of certified/quality seed in the country, made available to the farmers against the assessed requirement by the State Governments for the last 3 years and for 2006-07 are as under:

2003-04		2004-05		2005-06		2006-07 (Only Kharif 06)	
Requirement	Availability	Requirement	Availability	Requirement	Availability	Requirement	Availability
99.32	124.38	110.83	132.27	107.08	140.50	60.22	67.65

6.4 When asked as to how the Government would ensure availability of only genuine and good quality seeds to farmers and whether instances of sale of questionable quality seeds and resultant loss of crop production have come to the notice of the Government, the Department stated as under:

“The responsibility of the Seeds Law Enforcement is vested with the State Governments. Accordingly, these State Governments/UTs have notified 8,000 to 10,000 Seed Inspectors to regulate the quality of seeds. Action is taken against the seller of substandard seeds as per the provisions specified in the Seeds Act, 1966 and Seeds (Control) Order, 1983.”

6.5 The Department further informed that :

“However, Ministry of Agriculture has not received any reference from the State Government with regard to loss of crop production due to sale of questionable quality seeds”.

6.6 In India, 80% of the farmers rely on farm-saved seeds and the low seed replacement rate (SRR) results in low yields. The Seed Replacement Rate for the last 3 years are as under :

CROP	SEED REPLACEMENT RATE IN %			
	2003-04	2004-05	2005-06	2006-07 TARGET
WHEAT	14.35	14.36	14.56	13.42
PADDY	19.92	20.30	20.66	29.76
MAIZE	25.78	30.50	32.80	70.18
JOWAR	19.78	20.87	22.95	60.68
BAJRA	44.90	51.02	53.57	62.50
RAGI	23.60	28.09	33.71	44.94
BARLEY	8.22	7.96	8.62	6.63
GRAM	10.63	10.90	12.27	8.72
LENTIL	9.90	11.33	14.16	8.50
PEAS	8.87	10.36	11.83	10.36
URD	22.53	23.04	25.60	20.48
MOONG	19.64	19.48	22.73	22.73
ARHAR	8.70	9.52	10.20	13.60
GROUNDNUT	6.93	7.92	8.71	11.14
RAPE/MUST	40.62	44.64	44.64	66.96
TIL	15.90	17.05	22.73	28.40
SUNFLOWER	42.10	52.63	56.39	82.70

SOYABEAN	25.43	27.42	28.67	15.96
LINSEED	0.68	3.38	4.05	13.50
CASTOR	29.10	29.85	33.58	35.07
SAFFLOWER	7.84	9.80	11.76	37.25
COTTON	19.84	20.45	22.27	40.90
JUTE	27.40	34.25	41.10	84.93
POTATO	1.95	2.22	2.36	5.84

6.7 The volume of seeds made available during 2005-2006 by private sector is 66.61 lakh quintals. Out of total 140.51 lakh quintals which constitute to 47% by private sector.

6.8 During the evidence the members showed concern about the impact of Genetically Modified seeds. The seed is not giving the desired yield. They also expressed their concern about the undertrial Genetically Modified seeds and crops being sold in the market.

CHAPTER – VII

COOPERATION

7.1 The Cooperatives have been playing an important role in shaping our agricultural and rural economy. They are engaged in several economic activities such as disbursement of credit, distribution of agricultural inputs like seeds, fertilizers, agro-chemicals and in arranging storage, processing and marketing of farm produce. Cooperatives enable farmers in getting quality inputs at reasonable prices as well as in getting remunerative returns for their farm produce. The cooperative agro-processing units add value to their precious farm produce such as milk, sugarcane, cotton, fruits and vegetables and thus facilitate better returns.

7.2 The Cooperative sector in India has emerged as one of the largest in the world with more than 5.49 lakh societies of various types with membership of more than 22.95 crores and working capital of about Rs.3,82,7496.00 crore . Almost 100 per cent villages and about 75 per cent of the rural household have been covered under the cooperative fold.

7.3 Following is the scheme-wise BE and Expenditure for 2003-04,2004-05, BE & RE for 2005-06 and BE for 2006-07 for the cooperation Division:-

(Rs.crore)								
S.	Scheme	2003-04		2004-05		2005-06		2006-07
		BE	Exp.	BE	Exp.	BE	RE	BE
1	Ongoing/Restructured Schemes							
i)	Scheme for Coop.Edu.and Training*	33.00	20.30	18.00	18.00			
ii)	Restructured scheme for Coop.Edu.& Trg.	1.50		27.00	24.57	70.00	70.00	65.00
2)	Assistance to National Coop.Federations	1.50	0.50	0.30	0.30	1.25	1.25	1.25
3	Assistance for Coop.Marketing processing storage etc.in UD States/UTs	10.00	9.06	9.30	9.30	8.75	6.00	7.75
4	Share Capital	10.00	0.50	2.00	1.80	12.00	8.00	11.00

	Participation in Growers Coop.Spinning Mills.							
5	ICDP in Selected Districts	12.00	12.00	12.00	12.20	18.00	14.75	15.00
6	Restructured Scheme of Assistance to NCDC Programmes for Coop.Dev. +	2.00		5.50		40.00	30.00	35.00
	Total	70.00	42.36	74.17	66.17	110.00	100.00	100.00

This scheme was implemented on the pattern of 9th Plan during 2003-04, however, now the scheme has been approved as restructured scheme during 10th Plan.

7.4 Most of the Cooperatives in India are financially and structurally weak. Informing about the steps the government have taken to strengthen the sick cooperatives and revive them expeditiously, the Department stated as under:

“In August 2004, Government of India appointed a Task Force under the Chairmanship of Prof. A. Vaidyanathan to suggest measures for revival of rural Cooperative Credit Institutions. This Task Force submitted its report in respect of Short-term Cooperative Credit Structure to the Government in February, 2005. The Government accepted ‘in principle’ the recommendations made by the Task Force and initiated process of further consultations with the State Governments/UTs and other stakeholders on these recommendations. Based on the recommendations made by the task Force and consensus arrived at with the State Governments/UTs, a package for revival of Short Term Cooperative Credit Structure has been approved by the Government in December, 2005. All the State Governments/UTs have been requested to take necessary action for implementation of the revival package .The task Force is examining the long term Cooperative Credit Structure to suggest measures for revival /strengthening of long term Cooperative Credit Institutions”

7.5 Under the market intervention scheme of National Agricultural Cooperative Marketing Federation of India Ltd. (NAFED). The Department of Agriculture & Cooperation is implementing two Schemes namely Price Support Scheme and Market Intervention Scheme.

7.6 **Price Support Scheme:** Price Support Scheme (PSS) is implemented for procurement of oilseeds and pulses through NAFED which is the Central nodal agency at the Minimum Support Price (MSP) declared by the Government. NAFED undertakes procurement of oilseeds and pulses under PSS as and when prices fall below the MSP. Procurement under PSS is continued till prices stabilise at or above the MSP. Losses, if any, incurred by NAFED in undertaking MSP operations are fully reimbursed by the Central Government. Profit, if any, earned in undertaking MSP operations are credited to the Central Government.

7.7 **Market Intervention Scheme:**

Market Intervention Scheme (MIS) is implemented on the request of a State/UT Government for procurement of agricultural and horticultural commodities generally perishable in nature and not covered under Price Support Scheme. The MIS is implemented in order to protect the growers from making distress sale in the event of bumper crop when there is glut in the market and the prices fall below economic levels/cost of production. Procurement under MIS is made by NAFED as Central agency and by the State designated agencies. Losses, if any, incurred by the procuring agencies are shared between Central Government and the concerned State Government on 50:50 basis (75:25 in case of North-Eastern States). However, the amount of loss to be shared between Central Government and the concerned State Government is restricted to 25% of the procurement cost. Profit, if any, earned by the procuring agencies is retained by them.

7.8 The members of the Committee expressed their concern about misusing the power by the members of the executive of cooperative societies in not repaying their debts.

CHAPTER – VIII

HORTICULTURE

8.1 India is bestowed with a varied agro-climate, which is highly favourable for growing a large number of horticultural crops such as fruits, vegetables including root tuber and ornamental, aromatic plants, medicinal, spices and plantation crops like coconut, arecanut, cashew and cocoa. Presently, horticultural crops occupy 10 per cent of gross cropped area of the country producing 152 million tones. India is the second largest producer of fruits and vegetables. Total production of fruits has been estimated at 45.70 million tonne from 4.74 million hectare. Vegetables occupy an area of 5.22 million hectares with a production of 88.0 million tonne. Our share in world fruit and vegetables production is 10 per cent and 13.28 per cent, respectively.

8.2 India is next only to China in area and production of vegetables and occupies prime position in the production of cauliflower, second in onion and third in cabbage in the world. The area and production of major vegetables during 2003-2004 is estimated at 5.22 million ha with a production of 88.0 million tones and average productivity of 16.84 tonnes per ha. The production has increased by 3.8 percent.

8.3 Under the Horticulture sector following are the allocations and expenditure:-

(Rs. in crore)

	2002-03	2003-04	2004-2005	2005-2006	2006-2007
BE	283.15	291.22	542.00	1,405.00	1951.00
Expenditure	218.05	197.83	257.82	1,225.49	

8.4 The details on the export of various horticulture produce along with quantum and

ITEM	2002-03		2003-04		2004-05		2005-06	
	Qty	Value	Qty	Value	Qty	Value	Qty	Value
Floriculture & Seeds								
Floriculture	0.00	165.86	30659.53	249.55	26262.35	210.99		
Fruits & Vegetables Seeds	10657.65	100.97	5169.83	53.60	6307.33	62.94		
Total for Floriculture & Seeds	10657.65	266.83	35829.36	303.15	32569.68	273.93		
Fruits and Vegetables								
Fresh onions	588711.75	361.80	859938.76	715.87	833209.81	621.09		
Other Fresh Vegetables	183019.33	287.64	188320.82	252.28	181956.66	224.39		
Dried Nuts (Walnuts)	7631.24	121.23	6417.98	101.43	5674.14	92.83		
Fresh Mangoes	38003.43	84.19	60551.32	110.52	52381.96	86.95		
Fresh Grapes	25680.62	110.15	26783.83	105.89	35936.17	110.67		
Other Fresh Fruits	90608.46	121.74	149294.26	171.27	131541.49	164.00		
Total for Fruits and Vegetables	933654.83	1086.75	1291306.97	1457.26	1240700.23	1299.93		
Processed Fruits & Vegetables								
Dried & Preserved Vegetables	216640.16	561.03	211160.09	520.49	351034.32	765.75		
Mango Pulp	96107.31	297.01	89514.84	241.99	90988.6	300.86		
Pickle & Chutney	56384.37	154.16	63052.73	119.75	67193.29	120.58		
Other Processed Fruits & Vegetables	54792.77	194.73	66070.26	243.58	80760.5	275.53		
Total for Processed Fruits & Vegetables	423924.61	1206.93	429797.92	1125.81	589976.71	1462.72		
Cashew Nuts (upto Jan 06)	1,04,000	1933	100800	1804	126,000	2709	9545	2124.78
Spices (Upto Jan 06)	264107	2086.71	246566	1905.08	285224	1872.59	271992	1875.01

value of export during 2002-2003 to 2005-2006 are as follows:

8.5 Under the Scheme of National Mission on bamboo Technology, Rs. 30.00 crore were allocated during 2005-2006. But at RE stage the allocation has been Nil and again BE for 2006-2007 is Rs.10.00 crore. When asked the reasons the department replied that Expenditure Finance Committee had approved this scheme for implementation during the last two years of the X Five Years Plan and first three years of the XI Five Year Plan with

a total estimated cost of Rs.600 crores vide its meeting held on 7th September, 2005. As it is a new Centrally Sponsored Scheme, the approval of the full Planning Commission is

required before the same can be considered by CCEA. The Secretary, Department of Agriculture and Cooperation informed that as on date, the approval of the Planning Commission is still awaited.

8.6 The Finance Minister in his speech has announced that the Public Private Partnership (PPP) model will be employed to set up model terminal markets in different parts of the country. A sum of Rs. 150 crore has been earmarked for this purpose in 2006-07 under the National Horticulture Mission. When asked to explain the details of PPP the Department in a written reply stated as under:

“Construction of requisite infrastructure for post-harvest management and marketing is one of the components of National Horticulture Mission under which assistance is extended at 25% of the capital cost in general and 33.33% of the cost in case of Hilly and Tribal Areas. This Department has accordingly taken the initiative and initially identified 8 important centers in the country wherein modern terminal markets for fruits, vegetables, flowers, aromatics, herbs, meat and poultry are planned to be established. The selected places are Bhopal, Kolkata, Nagpur, Mumbai, Nasik, Patna, Rai and Chandigarh (Union Territory). The terminal markets are envisaged to operate on a ‘Hub-and-Spoke’ format wherein the Terminal Market (the hub) would be linked to a number of collection centres (the spokes), conveniently located in key production centers to allow easy access to farmers for the marketing of their produce. The markets would provide the facility of electronic auction, grading, washing and packing lines, packaging, banking, processing and exports. The Terminal Market would be built, owned and operated by a Corporate/ Private/ Co-operative entity.”

8.6 Under the Central Plan Schemes of National Horticulture Board including Investment Capital Subsidy Scheme, Rs.100.00 crore have been earmarked for 2006-07 as against allocation of Rs.70.00 crore during 2005-06. As per annual report of the department , Cold storage capacity of 56.18 lakh metric tones has been created with assistance of Rs.356.47 crore from NABARD through National Horticulture Board.

CHAPTER – IX

AGRICULTURAL MARKETING

9.1 The Government has been playing an important role in developing the Agricultural Marketing system in the country. Department of Agriculture and Co-operation has three organizations dealing with marketing under its administrative control, namely, the Directorate of marketing & Inspection (DMI), Small Farmers' Agribusiness Consortium (SFAC), New Delhi and the Ch. Charan Singh National Institute of Agricultural Marketing (NIAM), Jaipur.

9.2 **Directorate of Marketing and Inspection** is an attached office of the Department and is headed by Agricultural Marketing Adviser. The Directorate has its Head Office at Faridabad (Haryana), Branch Head Office at Nagpur (Maharashtra), 11 Regional Offices and the Central Agmark Laboratory at Nagpur. Besides, there are 26 Sub-Offices, 16 Regional Agmark Laboratories (RALs) spread all over the country.

9.3 **National Institute of Agricultural Marketing (NIAM)** has been set up at Jaipur in 1987 for imparting training in agricultural marketing designed to develop leadership potential in the management of agricultural marketing enterprises and services and to undertake research in agricultural marketing for Government, Cooperative and other Institutes, both on public funding and by contract.

Small Farmers Agri-business Consortium (SFAC) was registered by Department of Agriculture & Cooperation as a Society under the Societies Registration Act, 1860 on 18th January, 1994. The mission of the Society is to support innovative ideas for generating income and employment in rural areas by promoting private investments in agribusiness projects. The Central Sector Scheme for Agri-business Development is

being implemented by Small Farmers' Agri-business Consortium (SFAC) in close association with Commercial Banks

9.4 Following are the allocations for 2004-2005, 2005-06 and BE for 2006 for Agricultural Marketing Division:-

(Rs. In crore)				
2004-05		2005-06		2006-07
B.E	Expenditure	BE	RE	BE
155.52	139.62	165.50	128.50	183.20

9.5 With a view to creating scientific storage in rural areas to meet the requirements of farmers for storing farm produce, the Department is implementing a Central Sector Scheme of construction of Rural Godowns. Under this scheme, 25% of the capital cost is to be provided as credit linked back-ended subsidy. Ass per the background note furnished by the Department, the scheme with certain modifications has been approved for continuation beyond 30.9.2004 upto 31.3.2007. Under the revised scheme 15% subsidy will be provided to individuals, companies and corporate and 25% subsidy will be provided to all categories of farmer, agricultural graduates, co-operatives, CWC/SWC. An amount of Rs. 70 crores has been allocated for implementation of the scheme during 2006-07. The Ministry informed that :-

“11113 number of rural godowns with a total capacity of 163.94 lakh tonne have been sanctioned in the country upto 28.2.2006.

An amount of Rs.289.79 crores has been released as subsidy for construction/ renovation of godowns.

The target is for creation/ renovation of 10 lakh tonne capacity of rural godowns during 2005-06”.

CHAPTER – X

INTEGRATED NUTRIENT MANAGEMENT

10.1 The continuing use of chemical fertilizers has started showing deleterious effects on soil fertility specially in high fertilizer consuming and intensively cultivated areas. Micronutrient deficiencies is another emerging problem of imbalanced fertility status. Imbalance in use of plant nutrients results into declining response and profitability in crop production. The Government has, therefore, been giving special thrust on integrated plant nutrient supply. This involves the use of organic manures of various types like compost, vermi compost, phospho compost, sugarcane press mud, etc. and biological nutrient sources like bio-fertilizers along with chemical fertilisers. The fertilizer use recommendations have to be made on the basis of soil test reports to ensure balanced and efficient fertilization of soils.

10.2 India is the third largest producer and consumer of fertilizers in the world after China and USA and contributes about 11.4 and 11.8 percent of total world production/consumption of NPK nutrients respectively. However, in terms of Kg/ha, the consumption in India (100Kg) is much lower than many of the developing countries like China (275 Kg), Korea Republic (410Kg), Pakistan (138Kg), Sri Lanka (310Kg) and Bangladesh (178Kg).

10.3 The Budget Estimate and Expenditure in respect of the schemes of Integrated Nutrient Management sector are as under:

(Rs.in crore)										
S. No.	Name of the Scheme	2002-2003		2003-2004		2004-2005		2005-2006		2006-2007
		BE	Exp.	BE	Exp.	BE	Exp.	BE	Exp #	BE
1*	National Project on Development and Use of Bio-fertilizers	2.57	2.33	2.50	1.99	2.23	1.52	Scheme has been discontinued w.e.f., 30.9.2004		
2	Strengthening of Central Fertilizer Quality Control & Training Institute and Its Regional Laboratories, Faridabad	1.95	1.56	1.00	1.65	2.50	1.87	2.50	2.10#	3.40
3	National Project on Organic Farming, Ghaziabad	2.98	Nil	3.50	Nil	32.00**	4.52	27.00	20.20#	27.00
4	Integrated Nutrient Management	0.50	Nil	-	-	-	-	-	-	-
5	National Project on Fertilizer Quality Control	Nil	Nil	2.00	Nil	-	-	-	-	-
	Total	8.00	3.89	9.00	3.64	36.73	7.91	29.50	22.88	30.40

* The Scheme “National Project on Development and Use of Bio-Fertilizers” has been subsumed in the New Scheme “National Project on Organic Farming” since 1.10.2004.

** Funds under the Scheme of “National Project on Organic Farming” (NPOF) during the year 2002-03 and 2003-04 was provided but the scheme had not been approved and was approved only from 1st October, 2004 and B.E. for the year 2004-05 of Rs. 32.00 crore was reduced to Rs. 4.69 crore in R.E. as the scheme

was approved quite late in the year. The B.E. of Rs.27.00 crores for the year 2005-06 was reduced to Rs.20.78 crores.

10.4 Under Centrally Sponsored Scheme on **Balanced And Integrated Use Of Fertilizers**, Government is promoting establishment of new for soil testing laboratories and strengthening of existing soil testing laboratories along with training/orientation of soil testing laboratories staff. In addition, the Soil Testing Laboratories have also been set up by State Government from their own funds and a few by the Fertilizer Industry. At present there are 551 soil-testing laboratories out of which 426 are static and 125 are mobile laboratories. The total annual analyzing capacity of these laboratories, is 6.75 million.

10.5 Following is the Statement showing state-wise number of soil testing laboratories and their annual analyzing capacity during last three years.

Sl. No.	Name of the State	2002-2003		2003-2004		2004-2005	
		No. of Soil Testing Labs	Annual Analyzing Capacity	No. of Soil Testing Labs	Annual Analyzing Capacity	No. of Soil Testing Labs	Annual Analyzing Capacity
I	South Zone		(in 000)		(in 000)		(in 000)
1.	Andhra Pradesh	30	363	30	1018	31	523
2.	Karnataka	26	345	26	417	25	419
3	Kerala	24	379	24	379	24	372
4.	Tamil Nadu	38	880	38	848	37	828
5.	Pondicherry	2	20	2	20	2	3
6.	A&N Islands	1	12	1	12	2	12
7.	Lakshadweep	0	0	0	0	0	0
	Total	121	1998	121	2694	121	2157
II	West Zone						
8.	Gujarat	25	252	25	250	25	239
9.	Madhya Pradesh	28	314	28	314	26	314
10.	Maharashtra	39	155	39	159	40	179
11.	Rajasthan	22	283	22	278	22	278
12.	Goa	2	24	2	1	2	24
13.	D&N Haveli	1	1	1	NA	1	1
14.	Daman & Diu	0	0	0	0	0	0
15.	Chhattisgarh	4	40	4	40	4	40
	Total	121	1069	121	1066	120	1075
III	North Zone						
16.	Haryana	31	306	31	313	31	313
17.	Punjab	76	595	64	565	66	581
18.	Himachal Pradesh	13	100	13	100	13	100
19.	Uttar Pradesh	74	1592	74	1618	72	1637
20.	Jammu & Kashmir	6	41	9	55	9	55
21.	Uttaranchal	10	87	11	87	15	84
22.	Delhi	1	12	1	6	1	5
23.	Chandigarh	1	0	1	0	0	0
	Total	212	2733	204	2740	207	2775
IV	East Zone						
24.	Bihar	23	225	23	31	23	200
25.	Orissa	11	120	11	120	11	120
26.	West Bengal	23	136	26	127	27	131
27.	Jharkhand	7	100	9	63	10	67
	Total	64	581	69	341	71	518
V	North East Zone						
28.	Assam	11	100	13	112	12	106
29.	Tripura	6	25	6	20	6	20
30.	Manipur	1	10	1	10	6	20
31.	Nagaland	3	30	3	45	3	45
32.	Arunachal Pradesh	1	5	1	5	1	5
33.	Meghalaya	1	10	2	10	2	10

34.	Sikkim	1	10	2	10	1	8
35.	Mizoram	1	8	1	8	1	8
	Total	25	198	29	220	32	222
	GRAND TOTAL	543	6579	544	7065	551	6746

10.6 The NPK consumption ratio, which is an indicator of balanced use of chemical fertilizers on All India basis has been 5.7: 2.2: 1 during 2004-05 as against suggested ratio of 4: 2: 1 by Ministry. When asked about the action the Government propose to improve the balanced use of chemical fertilizers, because unbalanced use induces infertility in the soil. The Department replied that to improve the balanced use of Fertilizers, Govt. is promoting Integrated Nutrient Management (INM) based on soil test and judicious use of chemical fertilizers in conjunction with organic sources of nutrients, like organic manures, farm yard manure, green manure, compost, vermicompost, bio-fertilizers, etc.

10.7 Following is the State-wise number of of Fertiliser Samples Analysed and Found Non-Standard during 2004-05.

STATEWISE NUMBER OF FERTILISER SAMPLES ANALYSED AND FOUND NON-STANDARD DURING 2004-05

S.No.	Name of State	No. of Labs.	Annual Analysing Capacity	No. of samples	Non-Standard (failing in)			% Capacity Utilisa-tion	% Samples Non-standard
					Nutrient Content	Physical parameter & impurities	Total		
				Analysed					
1	Assam	1	250	167	2	0	2	66.8	1.2
2	Mizoram	1	250	0	0	0	0	0.0	0.0
3	Jharkhand	1	1500	677	1	0	1	45.1	0.1
4	Bihar	1	2000	881	34	0	34	44.1	3.9
5	Orissa	2	3500	2429	184	13	197	69.4	8.1
6	West Bengal	3	4500	3286	218	33	251	73.0	7.6
	Total East & NER	9	12000	7440	439	46	485	62.0	6.5
7	Gujarat	3	7750	8206	95	1	96	105.9	1.2
8	M.P.	4	9150	5388	844	153	997	58.9	18.5
9	Chhatisgarh	1	4800	1933	124	0	124	40.3	6.4
10	Maharashtra	4	10000	9106	936	276	1212	91.1	13.3
11	Rajasthan	3	6000	4096	153	32	185	68.3	4.5
	Total West Zone	15	37700	28729	2152	462	2614	76.2	9.1
12	Haryana	2	3300	2801	162	25	187	84.9	6.7
13	H.P.	2	2000	1762	211	7	218	88.1	12.4
14	J&K	2	1280	822	7	10	17	64.2	2.1

15	Punjab	2	3500	3513	91	0	91	100.4	2.6
16	U.P.	3	10000	10847	1033	0	1033	108.5	9.5
17	Uttaranchal	2	800	437	15	0	15	54.6	3.4
	Total North Zone	13	20880	20182	1519	42	1561	96.7	7.7
17	A.P.	5	15000	13551	186	39	225	90.3	1.7
18	Karnataka	4	8150	5756	187	101	288	70.6	5.0
19	Kerala	2	5000	4209	376	0	376	84.2	8.9
20	Pondicherry	1	700	682	1	0	1	97.4	0.1
21	Tamil Nadu	14	16800	17221	356	237	593	102.5	3.4
	Total South Zone	26	45650	41419	1106	377	1483	90.7	3.6
22	Govt. Of India	4	8500	11089	311	81	392	130.5	3.5
	Total All India	67	124730	108859	5527	1008	6535	87.3	6.0

10.8 Following is the State-wise details of follow up action on Non standard samples during 2004-05:-

STATEWISE DETAILS OF FOLLOW UP ACTION ON NON STANDARD SAMPLES DURING 2004-05													
s. No.	Name of State	Non Std. Samples	Charging higher price	Administrative action			Seizure of stock/ stop sale	Disposal allowed under Cl. 23	Prosecution launched	Conviction awarded	Cases pending in court	Cases pending for action	No. of cases other violation of FCO
				DRC Cancelled	DRC suspended	Other action							
1	Assam	0	0	0	0	0	0	0	0	0	0	0	0
2	Bihar	34	N.A.	NA	N.A.	N.A.	N.A.	NA	N.A.	N.A.	N.A.	N.A.	NA
3	Jharkhand	1	N.A.	NA	N.A.	N.A.	N.A.	NA	N.A.	N.A.	N.A.	N.A.	NA
4	Orissa	197	0	12	0	197	1	0	0	0	0	66	20
5	West Bengal	251	0	1	0	151	0	0	0	0	0	0	0
6	Mizoram	0	0	0	0	0	0	0	0	0	0	0	0
7	Gujarat	96	0	2	0	55	17	0	15	0	307	42	0
8	M.P.	997	0	85	270	616	0	0	47	0	4	0	0
9	Chattisgarh	124	0	0	2	128	0	0	0	0	0	34	0
10	Maharashtra	857	0	2	0	486	181.77 MT & 1635 lt	0	56	0	56	315	0
11	Rajasthan	185	0	0	0	338	0	0	21	0	0	38	0
12	Haryana	187	0	4	0	155	0	0	28	0	0	0	0
13	H.P.	218	0	2	0	0	4	0	0	0	0	0	0
14	J&K	17	4	0	0	0	0	0	10	0	0	0	10
15	Punjab	77	1	64	0	10	8	0	8	5	57	32	11
16	U.P.	1033	0	866	0	24	581mt	6	85	0	0	576	107
17	Uttaranchal	15	0	7	0	7	0	0	0	0	0	0	0
18	A.P.	225	0	2	0	0	1	0	0	0	0	147	0
19	Karnataka	288	0	0	0	44	0	0	1	0	0	243	0
20	Kerala	376	0	9	0	37	6	0	0	0	0	324	0
21	Pondicherry	1	0	0	0	0	0	0	3	0	0	0	0
22	Tamil Nadu	593	0	0	82	121	0	0	0	0	0	350	47
	TOTAL	5772	5	1056	354	2369	33	6	274	5	424	2167	195

10.9 During the oral evidence when Secretary, Dept. of Agriculture & Cooperation posed a problem of decreased productivity for wheat crop, the Members of the Committee asked the Secretary, Department of Agricultural Research & Education for the reasons for decreased productivity. The Secretary, DARE stated:

“As far as to increase the productivity of wheat is concerned two-three things are important, for example, if we talk about Punjab, productivity has increased but it is not constant. Total factor productivity or rate of growth is decreasing. This is because in Punjab, nitrogen, potash and phosphorous ratio, has come to 35:9.4:1. This is a very critical situation. Not only in Punjab, even in other States of the country also in 90% of land, sulphur has been decreased and in nearly about 80% of land zinc and boron has been reduced. So the requisite micro-nutrients are decreasing which are affecting the productivity.”

He further submitted that another important factor is organic matter. If organic matter in the soil is decreased, the productivity is bound to be low because the micro-bacterial activities of the soil depend on organic carbon.”

National Project on Organic Farming

10.10 It is being increasingly realized that use of high amounts of chemicals like fertilizers, insecticides, weedicides, etc. cause pollution of soils and underground waters. There are special benefits and scope for developing Organic Farming in the country in some specified areas and crops. Organic produce will meet the requirement of such consumers who prefer food items grown in a chemical free environment. The demand for organically grown food is increasing in the Western world, which will increase the scope of export of organic produce.

10.11 A New Scheme “National project on Organic Farming” was taken up in October 2004 with an outlay of Rs.57.05 crore for production, promotion and market development of organic farming in the country. Rs.27 crore have been allocated for 2006-2007 as against Re of 20.78 crore for 2005-2006 and expenditure of 4.00 crore during 2004-2005.

10.12 The main components of National project on Organic Farming include putting in place regulatory mechanism and certification system for organic farming, financial assistance for organic input production units, production and promotion of organic sources of nutrients, capacity building through service providers, trainings programmes and, setting up of model organic farms etc. The details of physical targets and achievements during the last two years is as under:-

Sl. No	Component	2004-05		2005-06	
		Target (In Nos)	Achievement (in Nos)	Target (In Nos)	Achievement (upto Feb 06) (in Nos)
1.	Capacity building through Service providers	40	20	160	150
2.	Training programmes	40	204	245	655
3.	Field demonstration	370	362	1900	1502
4.	Setting up of Model Organic Farm.	12	40	50	91

CHAPTER – XI

AGRICULTURAL EXTENSION

11.1 Public extension had played a major role in increasing production and productivity in agriculture and allied sectors. However, during the recent past, the nature and scope of agricultural extension has undergone fundamental changes necessitating immediate revitalization of the existing agricultural extension system in the country.

11.2 The main ingredients of extension reform are (i) decentralized institutional arrangements, (ii) active involvement of farmers through user groups/associations; (iii) increasing the use of media and information technology to disseminate knowledge; (iv) building gender concerns into the extension system; and (v) promoting agripreneurs.

11.3 The Department of Agriculture & Cooperation (DAC) has initiated a number of Schemes to revitalize the agricultural extension system in the country, duly incorporating the elements of needed reform. These Schemes are:

- Support to state Extension Programmes for Extension Reforms – based on Agricultural Technology Management Agency (ATMA) model.
- Mass Media Support to Agricultural Extension –Utilizing infrastructure of Doordarshan and All India Radio.
- Kisan Call Centres – for providing agricultural information through toll free telephone lines.
- Establishment of Agri-Clinics and Agri-Business Centres – by agricultural graduates.

11.4 Agricultural Extension is aimed at promoting agricultural development by providing farmers with information and training on continuous basis regarding improved

production technologies and their adoption. Plan BE and Expenditure for the last three years and BE for 2006-2007 is as under:

(Rs. in crore)

Year	BE	Expenditure
2003-2004	118.55	57.88
2004-2005	187.45	89.57
2005-2006	148.10	169.61 (RE)
2006-2007	225.65	-

11.5 In their Reports on Demands for Grants, the Committee had recommended to provide 25% subsidy to the agricultural graduates to set up their ventures on schemes of Agri-Business and Agri-Clinics. When asked about the latest position the Department in written reply stated:

“The Planning Commission had given “in principle” approval for the subsidy component on capital cost (25%) and interest subsidy with the following observations.

- (i) Department of Agriculture & Cooperation (DAC) should link this ACABCs programme to Agriculture Technology Management Agencies (ATMAs) being constituted to support State Extension Reforms;*
- (ii) To improve the content and quality of agri-preneurship training and;*
- (iii) To reorient the scheme to make it ‘buyer-driven’*

A revised EFC proposal including subsidy component has been prepared and submitted to IFD for comments.”

11.6 During the course of evidence, when the members of the Committee expressed their views regarding use of Mass Media to generate awareness among the farmers, the Secretary Department of Agriculture and Cooperation informed that :

“They propose to re-enforce Krishi Darshan Programme and they have started back to back programme as soon as Krishi Darshan Programme is finished. The new programme is broadcast through 18 regional centers, 5 times a week. Moreover 96 AIR Stations also broadcast 30 million programme 6 days in a week”.

11.7 During evidence, Secretary, Department of Agriculture and Cooperation informed the members about Kisan Call Centres with toll free number 1551 and stated :-

“I must inform you that it has been a very successful programme. We have got about 13 lakh calls in a period of a year and a half. However we are not ending at that. Probably this number may not be much, but we are trying to assess whether it was just a curiosity call or whether he is getting the value for the dial. We are trying to convert it as a knowledge center. We are trying to tell our officers to go through the query that the farmer has made and whether he has got the right reply. We will make an assessment at the end of the day. We will make an assessment by the repetition of the number of questions that farmers across the country are asking or the issues on which he or she is most concerned.”

11.8 Thereupon, members asked about satisfaction level of the calls. The Secretary assured that department will get evaluation done.

CHAPTER – XII

DROUGHT MANAGEMENT

12.1 The Drought Management Division performs functions of coordinating responses of Central Government for management of drought in the 'Crisis Management mode'. As informed by the Department assistance provided for drought during 2004-2005 is Rs.934.97 crore from National Calamity Contingency Fund (NCCF) there have been news of the farmers committing suicide due to drought, indebtedness, etc. when asked about the number of farmers who committed suicide the Ministry provided the following statements:

Sl. No	Name of the States	Period	No. (Based on the figures reported by State Govts.)	Amount of financial relief/ex-gratia paid (in lakhs of rupees)	Remarks
1	Andhra Pradesh	2000-01 2001-02 2002-03 2003-04 (upto 13.5.2004) 2004-05 (from 14.5.2005 to 11.11.2005)	191 233 280 254 1068	189 233 280 254 990	
2	Karnataka	2000-01 2001-02 2002-03 2003-04 2004-05 2005-06 (upto 30/11/05)	2630 2505 2340 708 271 86	5.70 3.50 Details not Available 205 111 46	The figures for the years 2000-01 to 2002-03 are based on the records with the State Crime Records Bureau and for the subsequent years on the basis of records maintained by the State Agriculture Department. 11 and 18 cases of suicide by farmers for the years 2004-05 and 2005-06 (upto 23.8.2005) respectively are pending with the Committee for want of additional information.
3	Maharashtra	2001 2002 2003 2004 2005	64 101 150 524 142	8 39 23 109 17	
4	Punjab	2002-03 2003-04 2004-05 2005-06 (upto 30.6.05)	Nil 2 Nil Nil	Nil Nil Nil Nil	
5	Kerala	2002 2003 2004 2005	44 40 96 21		State Government has extended financial assistance of Rs.50,000 to each of the affected families.
6	Orissa	2001-02 2002-03	2 1	Nil Nil	These cases are on account of Indebtedness and non-payment of

		2003-04 2004-05 (upto 28.2.2005) 2005-06 (1.3.05 to 30.9.05)	Nil Nil 5	Nil Nil	remunerative prices.
7	Gujarat	2001 2002 2003 2004 2005	13 6 Nil 4 1	N.A. N.A N.A N.A N.A	These cases are on account of indebtedness and financial problems. The information is based on the State Police Records.

12.2 During the evidence when the members asked about the number of farmers committed suicide, there appears some confusion about the data available with State and Centre, the Department told that during 2005, 142 farmers committed suicide in Maharashtra, whereas the members of the Committee presented a list of the names of 435 farmers who had committed suicide in Vidarbha region of Maharashtra from June 2005 onwards.

12.3 During the discussion in the Parliament, the Agriculture Minister announced to draw a package for 30 districts, which will address their credit, insurance, irrigation, and subsidy income needs through Dairy, Poultry and horticulture.

12.4 When asked, the Department informed that the criteria for selection of districts have been the severity of suicides. The districts that have been identified for inclusion in the proposed package are as under:-

A. Maharashtra

1. Akola
2. Wardha
3. Amarvati
4. Buldhana
5. Wasim
6. Yavatmal

B. Karnataka

1. Belgaum
2. Hasan
3. Chitradurga
4. Chikmagalur
5. Kodagu
6. Shimoga

C. Kerala

1. Wayanad
2. Palakkad
3. Kasaragod

D. Andhra Pradesh

1. Prakasam
2. Guntur
3. Nellore
4. Chittoor
5. Ananthapur
6. Kurnool
7. Alilabad
8. Karimnagar
9. Khammam
10. Mahbubnagar
11. Medak
12. Nalgonda
13. Nizamabad
14. Rangareddy
15. Warangal

PART – II

RECOMMENDATION NO. 1

Budgetary Allocation

The Committee note that despite their repeated recommendations in various Reports to substantially increase budgetary allocations for Agriculture Sector to give required impetus to agricultural development, the allocations in respect of this vital sector continues to be unsatisfactory and much below the requirement. The Committee have been informed by the representatives of the Department of Agriculture and Cooperation that to build and sustain momentum of the Agriculture Sector it is necessary that both State and Central Plan outlays are augmented to achieve the required percentage of anticipated growth in the agriculture sector. Keeping that in view they had proposed a Plan outlay of Rs.5917 crore for 2006-2007 but only Rs.4840 crore have been approved. The Committee note that Plan allocation of Rs.3920 crore for 2005-06 at Revised Estimate (RE) stage was 6.3% less as compared to Budget Estimate (BE) of Rs.4209.32 crore of the same year.

The Committee are not at all impressed by the rosy picture portrayed by Member Secretary, Planning Commission during evidence where he profoundly declared that Plan allocation in favour of all the three departments of the Agriculture put together (Department of Agriculture and Cooperation, Department of Agricultural Research and Education and Department of Animal Husbandry, Dairying and Fisheries) has been doubled within a single Plan period from Rs.3242 crore in 2002-03 to Rs.6900 crore. The Committee observe that in view of the inflation and the value of money in real terms, the overall allocations are not actually being made for Agriculture to carry out activities under its various

programmes, although it has been termed as a priority sector. This can also be gauged from the fact that percentage share of the Agriculture to Central Plan Outlay of Government of India has come down from 2.84% in 2005-2006 to 2.73% in 2006-2007, of which share of Department of Agriculture and Cooperation accounts for 1.98% in 2005-2006 and 1.89% in 2006-2007.

The Committee are of the firm opinion that to meet the challenges faced by Agriculture Sector, the Government has to reprioritize the role for Department of Agriculture and Cooperation to achieve the targeted 4% growth rate envisaged for agricultural and allied sector and to help the farmers to compete in the WTO regime.

The Committee strongly recommend that the Department should be provided Rs.5917 crore by Planning Commission and Ministry of Finance at the RE stage, as proposed by them at BE stage, since many of their new initiatives and other programmes are suffering owing to lack of requisite funding. The Committee further recommend that no financial cuts should be imposed on the Department at RE stage for smooth implementation of the Schemes, as financial cuts imposed now may lead to further addition of miseries to Indian farmers and people engaged in the agricultural sector, in the absence of timely help.

RECOMMENDATION NO.2

Allocation for North Eastern States

The Committee note that though 10% of the total funds is invariably being allocated for North Eastern States but actual release is far less than the money allotted. During 2004-2005 actual release has been Rs.262.00 crore as against the allocation of Rs.294.50 crore and during 2005-2006 only Rs.289.36 crore could be released against the allocation of Rs.389.00 crore. The Committee have been informed that late approval of Schemes, non-submission of proposals and unspent balances are the reasons for shortfall in the actual release. The Committee also observe that there is a lack of financial performance appraisal system in respect of North Eastern States.

The Committee, therefore, recommend that in order to receive timely proposal from North Eastern States, due publicity of the Schemes should be given by providing more extension services in these areas. Timely release of the funds should be made to this otherwise resource starved area of the country. They further desire that the expenditure actually incurred on the schemes in North Eastern States should be reflected in Demands for Grants of the Department separately so as to have clear cut picture of progress made in this regard.

The Committee further note that the Centrally Sponsored Scheme 'National Mission on Bamboo Technology' for North Eastern States is still pending for final approval. They, therefore, desire that this Scheme be implemented at the earliest, because all Members of Group of Ministers (GoM) including Finance Minister have accorded their approval and only the CCEA sanction is required after getting PMOs approval, so that North Eastern States could reap the benefit of this very useful scheme.

RECOMMENDATION NO. 3

Delay in approval of Schemes

The Committee are constrained to find that there are inordinate delays in the conceptualisation and final implementation of the various schemes. The Committee have been informed that eight schemes of the Department of Agriculture and Cooperation are pending at various stages for approval and most of these Schemes are pending with Planning Commission for approval of funds or otherwise. The Representatives of Planning Commission while admitting the delays and need to improve the system, pointed that sometimes schemes at design stage are not conceptualised correctly, therefore, additional/modified information/clarifications sought from the Ministries results in delays. Even the representatives of Ministry of Finance, while emphasising the need for greater exercise and due diligence at every stage, admitted that the Planning Commission and Finance Ministry must cut out the time they take for granting approvals for the schemes.

The Committee feel that whatever is announced in Budget and in Parliament, do not get into execution for long because of difference of opinions among various sanctioning/approving agencies involved. They, therefore, recommend that whenever any such situation arises, all the authorities/Ministries involved should have coordinated meetings together and solve the issues expeditiously instead of writing, clarifying and /or reclarifying again and again to each other thus wasting valuable time and money. Together during discussions they can come to amicable solutions and get the Schemes cleared real fast. The Committee observe that since sometimes appraisal agencies also take long to submit their comments, a definite time frame should be given to them, failing which it should be deemed that they don't have anything to comment and further process should continue.

The Committee desire that the department should concentrate more on the proper formulation of the schemes at conceptualising stage before sending the scheme to Planning Commission. The Committee urge upon Planning Commission to have a detailed scrutiny before granting 'in principle' approval and send any suggestion/clarification for modifications or otherwise before that only, so that the Department does not have to waste time in redrafting the memos and project reports again and again resulting in inordinate delays in approval of the much awaited schemes for the welfare of farmers.

RECOMMENDATION NO. 4

Revamping of Cooperatives

The Committee note with dissatisfaction that there has been gross under-utilisation of the funds under cooperation division during the last a few years. During 2003-2004, only Rs.42.36 crore could be spent as against the allocation of Rs.70.00 crore Budget Estimates and in 2004-2005 also Rs.66.17 crore were spent in spite of an allocation of Rs.74.17 crore. The main reasons as told to the Committee are unspent balances with the Implementing agencies and non-approval of Schemes. The Committee desire that the Government should fully utilise Rs.100 crore allocated for 2006-2007 and ask for enhanced allocation at RE stage because as the pending Schemes have been approved now, the amount of Rs.100 crore is not sufficient enough to implement all the Schemes of Cooperative Sector.

The Committee are at a loss to notice the deteriorating conditions of the cooperatives in India. The Report of the Task Force headed by Shri Jagdish Capoor on revamping of cooperatives was received by the Government in July 2000. The Task Force under the Chairmanship of Prof. A. Vaidyanathan, to suggest measures for revival of rural cooperative credit institutions, has also submitted its report in respect of Short-term Cooperative Credit Structure and examination of the long term cooperative credit structure is in process. Meanwhile, the cooperatives are in a complete disarray, with the result the financial position of cooperatives, which are backbone of agriculture, is going down from bad to worse. Most of the Cooperatives in India are in shambles being financially and structurally weak. The Committee feel that unless urgent steps are taken to arrest this decline, the Cooperatives cannot perform effectively in making available the credit and other requirement of the farmers. They, therefore, recommend that since the scope of the cooperatives in our country is very wide, so urgent steps

should be taken for their revival by implementing the recommendations of the Capoor Committee and A. Vaidyanathan Committee in letter and spirit at the earliest.

The Committee have experienced that sometimes the defaulters in repayment of loans manipulate to become the Member of the Executive of Cooperative Societies and then misuse their position in not paying their loan on time. The Committee, therefore, recommend that the Government should ensure that no defaulter is included/elected to the executive committee of the cooperatives so that the cooperatives are saved from further becoming financially weak and corrupt.

RECOMMENDATION NO. 5

Inclusion of Frost, Heat waves etc for Crop Insurance

The Committee are pained to observe that the farmers are facing lots of troubles due to crop failures for various reasons and consequently some farmers even commit suicide as they cannot face the distressed life and humiliation at the hands of lending agencies. National Agricultural Insurance Scheme (NAIS) is being implemented in the country but a lot of improvements are required therein. The Committee note that Frost, fog, Pala and extreme conditions of Heat Waves (Lu) are not covered under National Calamity Relief Fund. The Committee have been informed by the Secretary, Department of Agriculture and Cooperation that the natural calamities other than drought are responsibility of the Ministry of Home Affairs but the committee do not question the jurisdiction of Ministries rather they desire to cover these conditions under Crop Insurance.

The Committee opine that Frost, fog and Pala do severe damage to the crops as it did to mustard crop this year. Even in some areas, Heat Waves (Lu) have a devastating effect and create drought conditions. They feel that till now no insurance scheme is farmer specific as many a times, the crop of a particular area or village is damaged, for example by Frost, hail-storm or whirl-wind and sometimes only a few farmers are affected. Also there are examples of mix-crop sown by the farmers and either of the crop is damaged by Frost, Pala or heat-waves conditions, but no insurance compensation is given to the farmers nor that condition is taken into consideration for deferring his crop loans to next season which many a time lead to his selling a part of his land to save his honour or may lead him to commit suicide. They, therefore, recommend that Frost, Fog, Pala, extreme Heat waves (Lu), and hailstorms, all should be covered for compensation under NAIS and taken into consideration while assessing the damage for crop insurance. Whenever, there

is any crop failure due to either of these reasons, the claim should be settled under NAIS. The Committee further recommend that as the farmers are giving their 100 per cent in growing their crops and it is not the shift system of work, as in case of commercial establishments or Industries, but 24 hours vigil as well as hard work is involved, therefore, Agriculture Insurance for crops should be made more comprehensive to give the farmers health insurance, life insurance and insurance for his agricultural implements as well since these are the basic needs of the farmers for growing crops, to avoid any suicide attempt or distress sale of their agricultural land.

RECOMMENDATION NO. 6

Modified National Crop Insurance Scheme

The Committee note that taking cognizance of certain shortcomings/limitations like 'unit' area of insurance, calculation of guaranteed income, low indemnity level, delay in settlement of insurance claims etc., a Modified National Agricultural Insurance Scheme (MNAIS) has been prepared by the Ministry of Agriculture and submitted to Planning Commission for approval in February 2005. Even after 14 months, the Planning Commission has not been able to approve it, which speaks volumes of disinterest and callous attitude shown towards the farmers of India who never get remunerative price of their crop when compared to the inputs he uses in growing them. During the evidence when representatives of Planning Commission and Department of Agriculture & Cooperation were called together, Secretary, DAC, informed the Committee that Planning Commission has returned the MNAIS with certain observations on 20th April 2006 viz (i) Shifting of NAIS to non-Plan side, (ii) Planning Commission favours funding only the overhead component of costs of Modified NAIS such as undertaking crop cutting experiments and threshold yield determination for major crops, (iii) Planning Commission also supports implementation of proposed MNAIS on pilot basis in districts/States which have requisite data collection capability/infrastructure for obtaining the feedback. The representative of Department submitted that these contradictory observations are harsh blow to their efforts to bring more farmers under the umbrella of insurance and Department is unable to interpret their observations. The representative of the Planning Commission informed the Committee that in view of non-availability of data required to have actuarial calculations, and there being need to have subsidy on the premium, this cannot be a Plan activity and it should come under Non-Plan.

Therefore, in its totality, the Scheme will not get through the Planning Commission. He further testified emphatically that he was reflecting the views of the whole internal Planning Commission, namely Member Agriculture, the Deputy Chairman and all other Members in it.

The Committee, while taking serious note of the issue, feel that how come an ongoing Scheme which is very much being implementated as a Plan Scheme since, 2000, if approached for some modifications, can be categorized under non-plan activity. Moreover, the modifications are suggested in view of covering more farmers and crops, the proposal to implement it on pilot basis defeat the very purpose of it. The Committee, therefore, desire that the matter should immediately be resolved and may be taken up at Cabinet level, if required. They feel that the further delay in the issue means playing the havoc with the lives of farmers, who are the backbone of our country.

RECOMMENDATION NO. 7

Balanced Use of Fertilisers

The Committee note that the continuing use of chemical fertilisers has started showing deleterious effects on soil fertility specially in high fertiliser consuming and intensively cultivated areas. The Committee are perturbed to note the alarming NPK consumption ratio, which is an indicator of balanced use of chemical fertilisers on All India basis up to 5.7:2:1 during 2004-2005 as against the suggested ratio of 4:2:1 by the Ministry. In some of the food growing traditional states like Punjab, this ratio has gone as high as 35:9.5:1. To increase the foodgrain production, the farmers are just injecting lot of nitrogen and thus doing damage to our agriculture. On the issue of increasing productivity, the Committee was informed by Secretary, Department of Agricultural Research and Education that due to unjudicious use of fertilisers not only in Punjab, even in other states of the country also in 90% of land, sulphur has been decreased and nearly in 80% of land, zinc and boron has been reduced. So the requisite micro-nutrients are decreasing which are affecting the productivity. The Committee, therefore, recommend to the Department of Agriculture and Cooperation to implement the Integrated Nutrient Management Scheme more vigorously. The farmers should be educated about judicious use of chemical fertilisers. They should also be made aware of the organic source of nutrients like organic manure, farm yard manure, green manure, compost, vermicompost and bio-fertilisers also. The micro-bacterial activities of the soil depend on organic carbon, therefore, they should be advised to increase the organic matter of the soil to increase the productivity. The Committee further desire the Government to take up the Scheme of 'National Project on Organic

Farming' seriously and popularise this concept because the demand of organic food is not only increasing in domestic market but the food is being welcomed world wide for having good nutrient value in this health conscious global scenario.

RECOMMENDATION NO. 8

Supply of Sub Standard Fertiliser

The Committee are constrained to note that during last three years about 7% of fertiliser samples collected and analysed, have been found sub-standard on an all India basis. In North Zone alone, out of 20182 samples analysed, 1561 samples (7.7%) have not been found of the requisite standard during 2004-2005. What is more ironical is that in Uttar Pradesh alone, there are 1033 such cases out of which 576 cases are still pending for final follow-up action.

The Committee have also experienced that farmers are getting duplicate/sub-standard/adulterated/spurious fertilisers and they realise it only after their crop fails and soil are damaged over a period of time. The Committee, therefore, urge upon the department to ensure availability of standard fertilisers in time. For this, farmers should be told that they can get the sample tested at the test laboratories. Moreover, the Government should also increase the number of fertiliser testing labs, as the present number of 67 labs with annual analysing capacity of 124730 is very much inadequate and cannot cater to the needs of all the farmers in the country.

RECOMMENDATION NO. 9

Soil Testing Laboratories

The Committee note that at present there are 551 soil testing laboratories out of which 426 are static and 125 are mobile laboratories, with the total annual analysing capacity of 67.46 lakh samples. The Committee recommend that the Department should give encouragement to the private sector also for setting up soil testing laboratories so that endeavour to provide one soil- testing laboratory in each Block/Mandal could be reached. The Government should also set up more mobile soil testing labs so that the farmers could go for the soil testing in their vicinity and they could be educated to use only those fertiliser nutrients which are found deficient in their land and also up to the extent required. The help of soil testing labs will also be beneficial for the farmers in choosing the crop to be sown. The Committee would like the Government to find out the feasibility of providing the soil testing facilities and authorising Agriculture Universities and colleges to do the soil testing on commission basis so as to sustain their test lab facilities.

RECOMMENDATION NO. 10

Agricultural Credit and Rate of Interest

The Committee appreciate the gesture that in order to ensure the crop loans at reasonable rates, the Government has decided to provide short term credit at 7 per cent with an upper limit of Rs.3 lakh principal amount. The Committee have been informed that Indian Banks Association (IBA) and NABARD are working out the modalities for interest subvention required to be given to NABARD in this regard. Furthermore, period of short-term crop loans depends upon the crop cycle of the particular crop for which loan has been availed plus some buffer period required for undertaking necessary harvest and post-harvest operations.

The Committee find the clarification given by the Government regarding period of short-term is very vague. Because if any farmer takes loan for a tractor or other agricultural machinery, it has nothing to do with the crop of that particular harvesting season. The Committee, therefore, recommend that the loan should be made available for at least 3 years at this rate. IBA and NABARD should be asked to expedite to finalize the modalities so that farmers get loan on time.

The Committee feel that worst exploitation of the farmers is through the adverse credit policies of the financial institutions which compel farmers to starve under the burden of loans and commit suicides. The Committee find that in 1918 Britishers passed a Usurious Loans Act which provided that no farmer can be charged a rate of interest higher than the authorised rate which at that time was 5.5 per cent and if charged, the case could be reopened in the court and entire accounts resettled. Moreover, the total amount of interest could not be higher than the original capital. But in 1949 a Banking Regulation Act was passed which made a special provision under Article 21(a) saying that these will not apply to banking companies including cooperative banks.

In view of plight of farmers due to heavy burden of credits the Committee recommend that section 21(a) of the Banking Regulation Act should be scrapped. All out concerted efforts should be made to bring down the rate of interest on Farm Credit to the level of 5.5% simple interest, as it used to be in early 20th century. In case of cooperatives, transaction cost/margin at each layer must be reduced as the length of chain, from RBI to NABARD to State-District and Cooperative Societies at village level and Regional Rural Banks, is very big. Eventually the farmer has to take the burden of all these middlemen/lending agencies. The Committee, therefore, recommend to shorten this chain so that eventual creditor is directly linked to the borrower. The Committee further desire the Government to ensure that in no case, the interest should be higher than the original capital and charging of compound rate of interest should be absolutely prohibited so that exploitation of farmers by financial institutions is minimised.

RECOMMENDATION NO. 11

Debt Recovery Measures

The Committee are shocked to learn that in some States like Uttar Pradesh and Bihar, there is a law to arrest farmers who default in repayment of loans. Moreover, they are not only kept in jail but the expenditure incurred on their food, transport and other things in jail is also said to be recovered from them. The Committee are informed by the Secretary of the Department that in some States, provision in the Public Debt Recovery Acts provide for imprisonment of loanees who default in repayment of loans. After exhausting all other avenues for recovery of loans, banks invoke this legal provision to secure arrest warrants for the defaulters. The Committee fail to understand as to what are the other avenues that are exhausted before the imprisonment of defaulting farmers is sought. How any law stipulates for recovery of food, transport and other expenditure from a farmer detainee in a country where even hard core criminals have free food and shelter in jail. And why the provision of this law are not invoked to imprison defaulting industrialists and commercial borrowers.

The Committee wish to draw the attention of the Government towards Debt Reconciliation Board organised by Chaudhary Chhottu Ram in 1939 in Punjab State. One of the main features of that Board, with substantial membership of farmers, was that all the legal processes for debt recovery or mode of repayment, etc., had to start from the Debt Reconciliation Board. The Board used to decide, weighing all the circumstances, the amount to be paid, amount to be written off, mode of repayment and number of instalments etc., but not let them adopt any coercive measure to take away the source of the livelihood of the farmers like land, cattle, machinery, hearth and home etc.

The Committee, therefore, urge upon the Central Government to immediately get abrogated this draconian law which provide the detention of the poor farmers and make them pay for it too. When pre independence era could see farmers from humanitarian angle, why can't independent India see it.

The Committee recommend that the State Governments should be sternly instructed to immediately stop this trend. The Government should further evolve some mechanism on the lines of Debt Reconciliation Board by incorporating suitable provisions as per the need of the hour, with a view to providing some respite to poor farmers, so that they can pay their debt conveniently and do not resort to the extreme steps of committing suicide.

RECOMMENDATION NO. 12

Suicides by Farmers

Since Independence, the hardworking and proud farmers of India have increased the country's foodgrain production by nearly four times from 60 million tonnes at Independence to 210 million tonnes (MT) in 2005-06. The Committee are pained to see the plight of farmers today who have made this possible with their blood and toil, tears and sweat with the hope and aspirations to get rid of hunger and poverty and to lead a respectable life for themselves and their children.

Unfortunately, the farmers have not got their full dues. They have to sell their produce at very low rates; there are continuous crop failures; droughts and they are not able to repay their debts. Under the circumstances, the only escape route for them is to commit suicide. Thus in the last 5 years, as per the records of Department of Agriculture and Cooperation, about 11782 farmers have ended their lives out of frustration and humiliation.

The Committee note that the Government has announced a package for 30 districts in 4 States namely Maharashtra, Karnataka, Kerala and Andhra Pradesh which will address the farmers' credit, insurance, irrigation, subsidy and income needs through Dairy, poultry and horticulture.

The Committee are informed that the criteria for selection of the districts has been the severity of suicides and the State Governments have conducted some studies in this regard. The Committee opine that one of the main reasons for crop failures, which in turn compel farmers to commit suicides, is adverse climatic conditions and droughts in many parts of the country. Rajasthan, Gujarat and Orissa are mainly drought-affected States but why none of their districts is included in the list of 30 districts. In Punjab and other States also a number of farmers have committed suicide. The Committee wonder whether the Government is waiting for

farmers of these States to commit suicide in large numbers before announcing any package for them. The Committee, therefore, recommend that while identifying the districts for suicide affected areas, ground realities should be taken into consideration and the rehabilitation package for these States should also be drawn in order to save the farmers and their families well before they commit suicide. The Committee further recommend that instead of severity of suicide by the farmers of a particular district of the State, their economic condition to repay the loans, crop failure, drought conditions and natural calamity should be the criteria for giving special package for their rehabilitation.

The Committee further note that as per the information provided by the Department, number of suicide cases in the country during last 5 years (2000 onwards) is 11782 but the figure does not seem to be correct for example in Maharashtra the number of cases projected by Department are 142 in 2005 whereas the Committee are aware that only in Vidarbha region of Maharashtra 435 farmers have committed suicide since June 2005. The Committee, therefore, recommend the Government to straighten their records and ask the State Governments to project the factual position so that the Government and the people of the country are aware of the actual position and act accordingly.

RECOMMENDATION NO. 13

Agricultural Extension

The Committee find that Agriculture Extension is a weak area in agriculture. Agriculture Extension is aimed at providing farmers with information and training on continuous basis regarding improved production technologies and their adoption. The Committee are informed that mass media like Radio and T.V. is also used to educate farmers about the latest techniques for agriculture activities, seed, and latest schemes of the Government. The Committee feel that a lot more need to be done in this direction. According to situation assessment survey of farmers carried out by National Sample Survey Organisation (NSSO), 71 per cent of farmers did not know or understand the concept of Minimum Support Price (MSP). The Committee, therefore, recommend that more programmes for farmers should be started on Television not only on Doordarshan Channel but on other channels also, wherein the information about the new schemes/ongoing schemes, agricultural concept, etc., should be disseminated as the farmers are simply not aware of them.

The Committee, further recommend that whenever any scheme is announced/proposed, the detailed information may be provided to Members of Parliament, MLAs and Members of local bodies, so that they can also educate the farmers about these, because those are the people, who are well connected with the masses and are aware of the ground realities.

RECOMMENDATION NO. 14

Agri-Clinics and Agri business Centres

The Committee in their earlier Reports had recommended to provide 25% subsidy under the Scheme of Establishment of Agri-clinics and Agri Business Centres by Agriculture Graduates. They are informed that the Scheme is under implementation with only the training component, as in March 2004, Planning Commission and Ministry of Finance did not agree to the subsidy component. Again, when the matter was taken up with Planning Commission in October, 2004, as per the Committee's recommendation, they have accorded 'in principle' approval in January 2006. The Committee recommend that now the 25% subsidy component of the Scheme should also be cleared at the earliest so that more agriculture graduates could set up their ventures which in turn is beneficial for the agrarian economy of the country.

RECOMMENDATION NO. 15

Kisan Call Centres

The Committee are satisfied to note that with a view to solving the queries of farmers and disseminate information, the Government has provided the facility of Kisan Call Centres with toll free number 1551 in 21 languages, wherein about 13 lakh calls have been received since its inception in January, 2004. The Committee feel that this medium can be used as knowledge centre to know about the actual needs of the farmers of the country. The Committee desire the Government to make an assessment study to know the satisfaction level of the queries made by the farmers. They, therefore, recommend that an evaluation study should be conducted to know the number of farmers utilizing this facility and their satisfaction level with regard to their queries. Some agriculture scientists should be deputed on fixed days, to these centres to solve the farmer's queries on the spot and they are not asked to ring up again some day or that the answer to their queries will be sent in due course. The farmers do not have that much time to wait and work. They require the help immediately so that they can take the quick decision about sowing of crops, using fertilizers or pesticides for a particular crop.

RECOMMENDATION NO. 16

Enhancing Sustainability of dryland farming systems

The Committee note that the scheme for ‘Enhancing sustainability of dryland farming systems’ which was sent to Planning Commission on 20.6.2005 is yet to be cleared. The Committee have been informed by the Secretary, Department of Agriculture and Cooperation that initially the scheme was sent to Planning Commission for Rs.2640 crore to be implemented in 200 districts of the country but on the instruction of Planning Commission, it was reduced to Rs.73 crore covering 16 districts only, on pilot basis. Moreover, the Ministry of Finance has desired that launching of separate Scheme on Enhancing Sustainability of dryland farming system should be reconsidered. However, during the course of evidence it appeared that there is some confusion between Planning Commission and Department of Agriculture and Cooperation regarding the allocation of funds for dryland farming system. The Secretary, Department of Agriculture and Cooperation clarified that as per the advice of Planning Commission, the Scheme has been approved for Rs.73.70 crore on 3.2.2006 but afterwards Planning Commission has asked Ministry of Agriculture to bring it up to Rs.200 crore because the Prime Minister has made an announcement in this regard. Therefore, again this Scheme has to be rescheduled and modified.

The Committee taking cognizance of the whole situation recommend that since at one stage this scheme has already been approved for Rs.73.70 crore, it should immediately be implemented. As far as the issue of enhancing it to Rs.200 crore is concerned, it can be taken up separately. At least, no further dilly-dallying should be made and no more reconsiderations are required at present stage. The Committee opine that at the time when ground water level in the whole country is decreasing, there is an urgent need to enhance the sustainability of dryland farming

and in another few years there will be huge scarcity of water. They, therefore, recommend its immediate implementation and desire the Planning Commission and Finance Ministry to clear it immediately in the present form and modify other modalities later at the revised estimates stage so that the scheme is implemented immediately and the enhanced amount is made available later on in this financial year itself.

RECOMMENDATION NO. 17

Quality Seeds

The Committee feel that the quality seed is the most critical and basic input for agricultural output, and accounts for 25-30 per cent of yield increase. In India 80 per cent of the farmers rely on farm saved seed and the low seed replacement rate results in low yields. Through the information furnished by the Department, the Committee have been informed that there is adequate availability of Certified Quality seeds as per the demand of the farmers. However, the experience of Members of the Committee is different from the picture projected by the Department. They observe that the farmers are not getting adequate quality seeds in time. When the farmers require the seed, the Government agencies do not have sufficient stock to supply and the farmers have to buy it from private dealers at high rate, who do not guarantee for its germination. Even the Department has admitted that the volume of seeds made available during 2005-2006 by private sector is 66.61 lakh quintals, out of total supply of 140.51 lakh quintals. The Committee further note that there are some instances when spurious seed is supplied to the farmer, like chatkatkar cotton seed sold by Mahyco Seed Company, but he gets to know about it only after some time when the seeds are either not properly germinated or there is much lesser yield. Now he becomes helpless as he has already spent the money on those seeds and there is no time left to use other good quality seeds again, and so he is completely ruined. The Committee, therefore, recommend that Government should deal the issue of spurious seeds with iron hand and deterrent punishment or fine may be imposed on these spurious seed dealers. There should be checks on seeds/seeds dealers before making them available to the farmers. All out concerted efforts should be made to provide good quality seeds in time because without good quality seeds, it is not possible to increase production and have a good crop.

The Committee further recommend that special attention should be paid to grow drought tolerant varieties and hybrids for oilseeds, wheat, maize and pulses to increase their productivity.

The Committee desire the Government to oversee the role of Genetically Modified (GM) seeds. These are sold on exorbitant prices luring the farmers for double yield but do not produce the desired result. Moreover, it has also been seen that in some cases the yield of under trial GM seeds is sold and without knowing the final outcome and their impact, these are used by farmers and consumers. Therefore, there is an urgent need to have a check in this regard to ensure no under trial seed/crop goes into the market. Moreover, pros and cons and requirements for using GM seed should also be told to the farmers before selling it to them.

RECOMMENDATION NO. 18

Rural Godowns and Cold Storages

The Committee note that with a view to creating scientific storage in rural areas to meet the requirements of farmers for storing farm produce, a Central Sector Scheme of construction of Rural Godowns with 15% - 25% of capital cost being provided as credit linked back-ended subsidy, is implemented. The Committee are informed that 11113 rural godowns with a total capacity of 163.94 lakh tonnes have been sanctioned up to 28.2.2006 with an amount of Rs.289.79 crore as subsidy for construction/renovation of godowns. The Committee also note a capital subsidy scheme for construction/expansion/modernisation of cold storage and storages of Horticulture Produce is also being implemented and cold storage capacity of 56.18 lakh metric tonnes has been created with assistance of Rs.356.47 crore from NABARD through National Horticulture Board.

The Committee have also noted that every year, there is wastage of at least Rs.50,000 crore worth of foodgrains, fruits and vegetables, which if could be saved, will add to the farmer's prosperity. The available facility of rural godowns and cold storages are still very far from the actual requirement. In the absence of adequate storage facilities in their vicinity, farmers have to sell their produce in grain/vegetable mandis at a very low prices. Therefore, the Committee recommend that all out efforts should be made to increase the number of godowns and cold storages, and cooperatives and private entrepreneurs may be encouraged to set up the ventures in the rural areas.

RECOMMENDATION NO. 19

Remunerative Prices to Farmers

While explaining the reasons for the decision of the Government to import five lakh tonnes of wheat to replenish the depleted buffer stock of wheat, the Committee have been informed by the representative of the Ministry of Consumer Affairs, Food and Public Distribution on 3.5.2006, that the decision to import five lakh tonnes of wheat was taken because of low buffer stocks (norm 40 lakh tonnes), falling procurement and to contain the price rise of wheat especially in the southern States. The decision to import another 30 lakh tonnes has also been taken.

The Committee feel that the low procurement of wheat in the current year by the Government Agencies is due to the fact that the farmers prefer to sell their produce to private traders who offer them better prices than the Minimum Support Price (MSP) fixed by the Government. MSP announced this is Rs.650 per quintal and after including bonus of Rs.50, it comes to Rs.700 whereas the farmers have sold their produce to private traders at Rs.800 per quintal. The Committee fail to understand as to why the Government cannot pay remunerative price to the farmers in the first instance rather than importing wheat and spending more on import. Had the Government sufficiently raised the MSP at the initial stage itself, they would have not gone to the private traders.

While agreeing that interests of both the farmers and consumers should be taken care of, the Committee recommend that the interest of the poor farmers should be assiduously protected by paying them remunerative prices for their produce. Once the farmers are assured of attractive price for their produce, they would prefer to sell their entire surplus produce to the Government Agencies and there would be no difficulty in meeting the procurement targets. The Committee further recommend that the MSP should be fixed well in advance, as this year,

wheat started coming from Madhya Pradesh around 15th of March itself but by that time Government price was not announced which compelled the farmers to sell their produce in the open market dominated by private traders .

The Committee observe that the growth of grain production is not matching with the population growth. Also due to the non-remunerative prices of foodgrains, the farmers are leaning towards cash crops, leading to lower production of foodgrains, especially wheat. If the Government really want to increase the foodgrain production, they should announce MSP long before the arrival of the crops in the market and give reasonable remunerative price to the farmers so that the Government could have the desired foodgrain stocks to cater to the future needs of nation. Moreover, the Government should not import the wheat at the time of arrival of new crop in the market, since it will be a discouraging factor for the farmers. The Government can import the wheat later on if they are not able to fill up the requisite stock from indigenous procurement of wheat.

NEW DELHI;
18 May, 2006
28 Vaisakha, 1928 (Saka)

PROF. RAM GOPAL YADAV
Chairman,
Standing Committee on Agriculture

APPENDIX -I

**MINUTES OF THE TWELFTH SITTING OF THE STANDING COMMITTEE
ON AGRICULTURE HELD ON THURSDAY, THE 13TH APRIL, 2006 AT 1100
HRS. IN ROOM, '139', FIRST FLOOR, PARLIAMENT HOUSE ANNEXE, NEW
DELHI**

The Committee sat from 1100 hrs. to 1410 hrs.

PRESENT

Prof. Ram Gopal Yadav – Chairman

MEMBERS

LOK SABHA

2. Shri Manoranjan Bhakta
3. Shri Girdhari Lal Bhargava
4. Shri Khagen Das
5. Shri Sharanjit Singh Dhillon
6. Shri Raghunath Jha
7. Shri Nihal Chand Chauhan
8. Smt. Rupatai D. Patil Nilangekar
9. Shri Deepender Singh Hooda

RAJYA SABHA

10. Smt. Mohsina Kidwai
11. Shri Harish Rawat
12. Dr.M.S.Gill
13. Shri Pyarelal Khandelwal
14. Shri Bhagwati Singh
15. Shri Datta Meghe
16. Shri Sharad Anantrao Joshi

SECRETARIAT

- | | | | |
|----|-------------------|---|------------------|
| 1. | Shri A.K.Singh | - | Joint Secretary |
| 2. | Shri Hardev Singh | - | Deputy Secretary |
| 3. | Shri N.S.Hooda | - | Under Secretary |

WITNESSES

1. Smt. Radha Singh Secretary (A&C)
2. Shri R. Vishwanathan Advisor
3. Shri A.K. Singh Additional Secretary
4. Smt. C.T. Mishra Additional Secretary
5. Shri Raghav Saran Pandey Additional Secretary
6. Shri Alok Sinha Additional Secretary
7. Shri Prem Prakash Mathur Additional Secretary & F.A.
8. Dr. N.B. Singh Agriculture Commissioner
9. Shri A.K. Agarwal Joint Secretary
10. Shri Prem Narain Joint Secretary
11. Smt. Anjali Prasad Joint Secretary
12. Shri P.K. Jalali Joint Secretary
13. Shri Satish Chander Joint Secretary
14. Shri Naveed Masood Joint Secretary
15. Shri S.L. Bhat Joint Secretary
16. Dr. M.L. Chowdhary Horticulture Commissioner
17. Shri Alok Ranjan Managing Director NAFED
18. Shri P. Umashankar Managing Director, NCDC
19. Shri Mitra Executive Director, NABARD
20. Ms. Suranjana Ray Managing Director, SFAC

At the outset, the Chairman, welcomed the members of the Committee and representatives of the Department of Agriculture and Cooperation, Ministry of Agriculture to the sitting of the Committee and read out the contents of Direction 55(1) of Directions by the Speaker. Thereafter, the Chairman requested the Secretary to introduce her colleagues to the Committee. After the introduction, the Secretary gave a brief account of the Demands for Grants (2006-2007) of the Department including the allocations made vis-à-vis the proposals initiated, growth rate in agricultural sector, foodgrain production, special package for farmers, agricultural credit and agricultural extension and support systems, etc.

2. Thereafter, the Chairman and Members of the Committee sought certain clarifications on marketing reforms, post-harvest losses, rates of interest being charged by various banks and NABARD on agricultural credit, plight of farmers, agricultural insurance, poor condition of cooperatives, allocations for and approval of new schemes and other related issues. The representatives of the Department of Agriculture and Cooperation replied to some of the queries raised by the Members and assured to send written information on rest of the issues.

3. The Committee decided to call for evidence the representatives of Planning Commission, Ministry of Finance and Ministry of Commerce along with representatives of all the three Departments of Ministry of Agriculture to clarify the issues related to allocation, delayed /pending approval of various schemes, etc.

4. The witnesses then withdrew.

5. A verbatim record of the proceeding of the sitting has been kept.

6. The Committee then adjourned.

APPENDIX-II

**MINUTES OF THE FOURTEENTH SITTING OF THE STANDING
COMMITTEE ON AGRICULTURE HELD ON TUESDAY, THE 2ND MAY, 2006
AT 1100 HRS. IN ROOM, 'D', GROUND FLOOR, PARLIAMENT HOUSE
ANNEXE, NEW DELHI**

The Committee sat from 1100 hrs. to 1255 hrs.

PRESENT

Prof. Ram Gopal Yadav – Chairman

MEMBERS

LOK SABHA

2. Shri Girdhari Lal Bhargava
3. Smt. Rupatai D. Patil Nilangekar
4. Shri Y.S.Vivekananda Reddy

RAJYA SABHA

5. Smt. Mohsina Kidwai
6. Dr.M.S.Gill
7. Shri Sk. Khabir Uddin Ahmed
8. Shri Bashistha Narain Singh

SECRETARIAT

- | | | | |
|----|-------------------|---|------------------|
| 1. | Shri A.K.Singh | - | Joint Secretary |
| 2. | Shri Hardev Singh | - | Deputy Secretary |
| 3. | Shri N.S.Hooda | - | Under Secretary |

WITNESSES

Ministry of Agriculture (Department of Agriculture and Cooperation)

S.NO.	Name	Designation
1.	Smt. Radha Singh	Secretary (Department of Agriculture & Cooperation)
2.	Shri Prem Prakash Mathur	Additional Secretary & FA
3.	Dr. S.M. Jharwal	Principal Adviser
4.	Shri S.L. Bhatt	Joint Secretary
5.	Shri S.R.K Varshney	Director

Ministry of Agriculture (Department of Agricultural Research and Education)

S.NO.	Name	Designation
1.	Dr. Mangala Rai	Secretary (DARE) & DG (ICAR)
2.	Smt. Sushama Nath	Addl. Secretary, (DARE) & Secretary (ICAR)
3.	Dr. Rita Sharma	Addl. Secretary & FA (DARE/ICAR)
4.	Dr. P.Das	Deputy Director General (Agril. Extension)

Ministry of Agriculture (Department of Animal Husbandry Dairying and Fisheries)

S.NO.	Name	Designation
1.	Shri P.M.A. Hakeem	Secretary (Animal Husbandry Dairying & Fisheries)
2.	Smt Neerja Rajkumar	Joint Secretary (C&DD)
3.	Shri Ajay Bhattacharya	Joint Secretary (FY)
4.	Shri Arvind Kaushal	Joint Secretary (P&F)

Ministry of Commerce and Industry (Department of Commerce)

S.NO.	Name	Designation
1.	Shri Jayant Dasgupta	Joint Secretary
2.	Shri Mohan Kumar	Chairman, MPEDA
3.	Shri K.S.Money	Chairman, APEDA

Planning Commission

S.NO.	Name	Designation
1.	Shri Rajeeva Ratna Shah	Member Secretary
2.	Dr. Pronab Sen	Pr. Adviser
3.	Dr. V.V. Sadamate	Adviser (Agriculture)

Ministry of Finance

S.NO.	Name	Designation
1.	Dr. Adarsh Kishore	FS & Secy (Exp.)
2.	Shri Ashok Chawla	Additional Secretary (Department of Economic Affairs)

At the outset, the Chairman, welcomed the Members of the Committee and representatives of the Ministry of Agriculture (Department of Agriculture and Cooperation, Department of Agricultural Research and Education and Department of Animal Husbandry, Dairying and Fisheries), Ministry of Finance, Ministry of Commerce & Industry and Ministry of Consumer Affairs, Food and Public Distribution and Planning Commission to the sitting of the Committee and read out the contents of Direction 55 (1) of Directions by the Speaker. Thereafter, the Chairman requested the representatives of respective Ministries to introduce themselves to the Committee.

2. After the introductions, the Committee took up for examination the schemes of the Ministry of Agriculture pending sanction/implementation at various stages and other related issues which could be sorted out by the aforesaid Ministries in a coordinated way. The Members raised clarificatory queries relating to late approval or sanctions of the new schemes by Planning Commission or Ministry of Finance, as the case may be. Some of the queries were answered by the representatives of the respective Ministries and Planning Commission. The Chairman directed them to send the written replies to the queries which could not be resolved during evidence.

3. On the issue of the import of wheat, to fill up the gap in the buffer stock, the Committee decided to call the representatives of Ministry of Agriculture alongwith the Ministry of Consumer Affairs, Food and Public Distribution, Ministry of Commerce & Industry and also the Chairman of Food Cooperation of India (FCI) and the Chairman of State Trading Cooperation (STC) on 03.05.2006.

4. The witnesses then withdrew.

5. A verbatim record of the proceedings of the sitting has been kept.

6. The Committee then adjourned.

APPENDIX-III

**MINUTES OF THE FIFTEENTH SITTING OF THE STANDING COMMITTEE
ON AGRICULTURE HELD ON WEDNESDAY, THE 3RD MAY, 2006 AT 1100
HRS. IN ROOM, 'D', GROUND FLOOR, PARLIAMENT HOUSE ANNEXE,
NEW DELHI**

The Committee sat from 1100 hrs. to 1213 hrs.

PRESENT

Prof. Ram Gopal Yadav – Chairman

MEMBERS

LOK SABHA

2. Shri Manoranjan Bhakta
3. Shri Girdhari Lal Bhargava
4. Shri Khagen Das
5. Smt. Rupatai D. Patil Nilangekar

RAJYA SABHA

6. Smt. Mohsina Kidwai
7. Dr.M.S.Gill
8. Shri Sk. Khabir Uddin Ahmed

SECRETARIAT

- | | | | |
|----|-------------------|---|------------------|
| 1. | Shri A.K.Singh | - | Joint Secretary |
| 2. | Shri Hardev Singh | - | Deputy Secretary |
| 3. | Shri N.S.Hooda | - | Under Secretary |

Ministry of Agriculture (Department of Agriculture and Cooperation)

S.NO.	Name	Designation
1.	Smt. Radha Singh	Secretary
2.	Dr. S.M. Jharwal	Principal Adviser
3.	Shri P.P. Mathur	Additional Secretary & FA
4.	Shri Ashish Bahuguna	Joint Secretary
5.	Smt. Anjali Prasad	Joint Secretary
6.	Shri Satish Chandra	Joint Secretary
7.	Shri S.R.K.Varshney	Director

Ministry of Consumer Affairs, Food & Public Distribution

S.NO.	Name	Designation
1.	Shri R.N. Das	Secretary
2.	Shri Vivek Mehrotra	A&FA
3.	Shri Sanjay Kaul	Joint Secretary

Ministry of Commerce & Industry

S.NO.	Name	Designation
1.	Dr. Rahul Khullar	Additional Secretary

Food Corporation of India

S.NO.	Name	Designation
1.	Shri A.K. Dubey	CMD, FCI

State Trading Corporation of India

S.NO.	Name	Designation
1.	Dr. Arvind Pandalai	CMD, STC

At the outset, the Chairman welcomed the Members of the Committee and representatives of Ministry of Agriculture (Department of Agriculture and Cooperation), Ministry of Commerce & Industry, Ministry of Consumer Affairs, Food and Public Distribution alongwith the Chairman of Food Corporation of India and State Trading Corporation to the Sitting of the Committee and read out the contents of Direction 55(1) of Directions by the Speaker.

2. Thereafter, the Members of the Committee asked them the reasons for importing 35 lakh tonnes of wheat. The representatives of the Ministry of Consumer Affairs, Food and Public Distribution clarified about the need of importing wheat to fill up the gap in buffer stock. However, the Members were not satisfied with the import of wheat at the time of fresh arrival of wheat crop in the market.

3. The witnesses then withdrew.

4. A verbatim record of the proceedings of the Sitting has been kept.

5. The Committee then adjourned.

APPENDIX-IV

**MINUTES OF THE SEVENTEENTH SITTING OF THE STANDING
COMMITTEE ON AGRICULTURE HELD ON THURSDAY, THE 18 MAY, 2006
AT 1100 HRS. IN COMMITTEE ROOM '139', FIRST FLOOR, PARLIAMENT
HOUSE ANNEXE, NEW DELHI**

The Committee sat from 1500 hrs to 1530 hrs

PRESENT

Prof. Ram Gopal Yadav – Chairman

MEMBERS

LOK SABHA

2. Shri Girdhari Lal Bhargava
3. Shri Hiten Barman
4. Shri Khagen Das
5. Shri Raghunath Jha
6. Shri Sippiparai Ravichandran
7. Shri K.J.S.P. Reddy
8. Shri Y.S.Vivekananda Reddy

RAJYA SABHA

9. Shri Harish Rawat
10. Shri Sk. Khabir Uddin Ahmed
11. Shri Sharad Anantrao Joshi

SECRETARIAT

- | | | | |
|----|-------------------|---|------------------|
| 1. | Shri A.K.Singh | - | Joint Secretary |
| 2. | Shri Hardev Singh | - | Deputy Secretary |
| 3. | Shri N.S.Hooda | - | Under Secretary |

At the outset, the Chairman welcomed the Members. Thereafter, the Committee took up for consideration the Draft Reports on Demands for Grants (2006-07) of the following Ministries/Departments :-

(1) Ministry of Agriculture

(i) Department of Agriculture & Cooperation

(ii) Department of Agricultural Research & Education

(iii) Department of Animal Husbandry & Dairying

(2) Ministry of Food Processing Industries

2. The Committee adopted the Draft Reports with minor additions/modifications, as suggested by the members of the Committee.

3. The Committee then authorised the Chairman to finalise the above-mentioned Reports on Demands for Grants (2006-07) and present them to the House on a date and time convenient to him.

4. The Chairman thanked the Members for their cooperation and valuable suggestions made by them during consideration of the Demands for Grants of the concerned Ministries/Departments. The Committee also placed on record their appreciation of the strenuous efforts put in by the officers and staff of the Agriculture Committee Branch for reflecting Committee's concerns and observations in the draft reports.

The Committee then adjourned with a vote of thanks to the Chair.